



**The Department of Agriculture, Land Reform and Rural  
Development**

**2020/21 Annual Performance Plan**



## ACRONYMS

SP	Strategy Plan
DALRRD	Department of Agriculture, Land Reform and Rural Development
DEXCO	Departmental Executive Committee
IDP	Integrated Development Plan
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
PSSC	Provincial Strategy Session Commission
SA	South Africa
SDG	Sustainable Development Goals
DRDLR	Department of Rural Development and Land Reform
DAFF	Department of Agriculture, Forestry and Fisheries
CPAs	Communal Property Association Policy

## EXECUTIVE AUTHORITY STATEMENT

Agriculture is one of the important sectors with the greatest potential for economic growth and job creation. Over the medium term, we stand ready to expand agricultural production and transform the industry. Last year we completed the poultry master plan aimed at supporting chicken farmers and processors. We also commenced the work on the Sugar Masterplan that will guide future growth of the sector. It is important to indicate that these two industries were facing challenges that necessitated intervention urgently.

It is for this reason that they preceded the work of the Agriculture Sector Plan, which will be our focus from now on.

Using the expertise of the Agricultural Research Council, we will implement drought mitigation strategies focusing on developing drought resistant seeds, planting and storing fodder, removing of invasive plants and management strategies to prevent soil degradation.

Working with other government departments, over the medium term we will finalise the strategy on hemp as well as cannabis. Policy and regulatory measures are being developed in order to regulate the commercialisation of these commodities for industrial and medicinal use. In opening up this new industry, it is critical that we open opportunities for small-scale farmers.

### **Exports**

Growth in the agricultural sector have to be managed through focusing on different aspects. The growth of exports cannot be over emphasised and it must focus on ensuring that more volumes of local products are exported to International markets. We will improve on the registration of products used in the agricultural field as well as agricultural and liquor products exported from South Africa.

### **Biosecurity**

We have to strengthen our animal health and biosecurity measures. We have to manage the risks associated with animal and plant pests and disease, genetically modified organisms. In implementing these measures, we also need to create a more conducive regulatory environment to stimulate economic growth.

### **Land Reform**

As announced by President Matamela Cyril Ramaphosa in his 2020 State of the Nation Address, government will implement key recommendations of the Presidential Advisory Panel on Land Reform and Agriculture to accelerate land redistribution.

The department will also implement spatial planning and land use management systems to promote social and economic inclusion, equal opportunity and access to government services. We must transform land ownership patterns and access to land especially for the previously disadvantaged, through allocating land to smallholder producers and provide them with comprehensive support packages.

The new beneficiation policy once signed into law will prioritise youth, women and people with disabilities and those who have been farming on communal Land. The policy includes compulsory training for potential beneficiaries before land allocation.

We will continue to restore our people's dignity by giving them land ownership through our programme of issuing title deeds to those communities who lodged claims in 1998.

### **Spatial Planning, Survey and Registry of Deeds**

We continue to transform our Deeds registry and building capacity of the Office of the Valuer-General and our surveyors.

### **Rural Development**

We will prioritise the inclusion of rural areas in the economic activities of this country by providing social and economic opportunities to overcome triple challenges associated with poverty, unemployment and inequality. It requires better planning and coordination in the provision of basic services, food security and rural town development.

Agri-parks as a concept relates to a combination of elements that if implemented well can change the rural landscape of our country. These relates to the creation of Farmer Production Support Units. This is a facility that will ensure that in a given district municipal area, identification will be made of what is commonly produced and or what has a potential in terms of the soil types and climatic conditions. For instance, in an area where grains are dominant the Production centre will have relevant implements to support farmers through the provision of tractors, planters, harvester, seeds, fertilisers, sprays and pesticides.

I am pleased to table the 2020-2025 Strategic Plan of the Department of Agriculture, Land Reform and Rural Development.

  
Honourable Minister AT Didiza (MP)

## ACCOUNTING OFFICER STATEMENT

The 2020/2021 Annual Performance Plan is the first for the newly created Department of Agriculture, Land Reform and Rural Development (DALRRD). It identifies the outputs, indicators and targets that the Department undertakes to achieve in the financial year, aligned to the outcomes reflected in the five-year Strategic Plan.

The newly established Department which is the result of a merger between the Department of Agriculture and the Department of Rural Development and Land Reform, provides an opportunity for the implementation of more efficient programs, policies and a result driven approach to ensure greater growth in the sector.

The development of this APP was informed by the National Development Plan, the 2020-2025 Medium Term Strategic Framework priorities, pronouncements in the State of the Nation Address (SONA), and the Department's Strategic Plan.

In his State of the Nation Address, the President said the agricultural sector has been identified as one which has the potential to contribute significantly to South Africa's economic growth. Working closely with key stakeholders the Department is therefore spearheading the development of the Agriculture Master Plan which will drive much needed growth and inclusivity in the sector.


The current economic climate in the country calls for a bold and decisive approach to targeting and implementation of programmes and policies to meet economic growth targets. Agriculture and land reform programmes will therefore intensify efforts toward contributing to the reduction of inequality, unemployment and poverty.


The full utilisation of available agricultural land for production purposes is essential to the drive for improved and sustainable food security and economic growth. The Department will as a result be focused on allocation of state land to selected beneficiaries including under-serviced farm dwellers, labour tenants, and vulnerable groups.

Appropriate support mechanism to these beneficiaries will be activated to ensure the allocated land is fully productive. The post-settlement and agricultural production support programs have been redesigned to realise value for money and return on investment.

We intend to scale back on land acquisitions, to focus on putting to productive use, the farms and land that has already been acquired through the Land Redistribution Programme. In addition to this, a review process is underway to ensure the current policies and programmes of the Department are focused on the implementation of programmes which will impact the lives of the people.

In the 2020/2021 financial year, the Department will also re-focus its programmes in support of the District Development Model (DDM) which is a vehicle to deliver integrated services at district level. The model is a key intervention by government to improve coherence, efficiency and effectiveness in the implementation of programmes. Work has already commenced in this regard, following the launch of the pilot sites in the OR Tambo District Municipality (Eastern Cape), eThekweni Metropolitan Municipality (KwaZulu-Natal) and Waterberg District Municipality (Limpopo).

Signature   
Mr Mdu Shabane  
Accounting Officer

Signature   
Mr Mike Mlengana  
Accounting Officer  
24/3/2020

## OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- Was developed by the Management of the Department of Agriculture, Land Reform and Rural Development (DALRRD) under the guidance of Honourable Minister Thoko Didiza
- The Annual Performance Plan considers all the relevant policies, legislation and other mandates for which the DALRRD is responsible.
- It accurately reflects the outcomes and outputs which the DALRRD will endeavour to achieve over the three (3) year period of the 2020/21 – 2022/23 financial years.


Signature: \_\_\_\_\_



Mr Mokitule Kgobokoe

Head of Policy, Planning, Monitoring & Evaluations

Signature: \_\_\_\_\_



Ms Rendani Sadiki

Chief Financial Officer

Signature \_\_\_\_\_



Mr Jacob Hlatshwayo

Chief Financial Officer

Signature: \_\_\_\_\_



Mr Mdu Shabane

Director General

Signature: \_\_\_\_\_



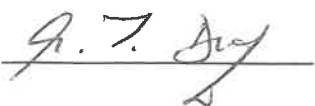
Mr Mike Mlengana

Director General

24/3/2020

Approved by:

Signature: \_\_\_\_\_



Honourable Minister Thoko Didiza (MP)





## ACCOUNTING OFFICER STATEMENT

It is an honour for us to present the 2020/21 Annual Performance Plan (APP) for the Department of Agriculture, Land Reform and Rural Development (DALRRD) to the honourable Minister for approval and tabling in Parliament. The APP has been developed for implementation in the coming financial year 2020/21 and has been planned for the outer years of the Medium Term Expenditure Framework (MTEF).

The APP is the detailed service delivery programme that implements the departmental strategic plan. The APP is mainly guided by the National Development Plan (NDP) as the apex of the policy frameworks that informs sector specific policies. Our service delivery targets are guided by the Government priorities oriented to the outcomes-based performance management approach. It outlines robust action targets that will be pursued to accelerate service delivery within the agriculture, land reform and rural development space.

DALRRD contributes to the 7 (seven) Government priorities in many different ways either as core, enabler or as contributor. We will however highlight the core Government priorities that the Department contributes to below:

- A Capable, Ethical and Developmental State
- Economic Transformation and Job Creation
- Education, Skills and Health
- Spatial Integration, Human Settlements and Local Government

The above core priorities 1, 2, 3 and 5 mainstream the departmental work along 7 (seven) Outcomes namely:

Outcome 1: Improved governance and service excellence

Outcome 2: Spatial transformation and effective land administration

Outcome 3: Redress and equitable access to land and producer support

Outcome 4: Increased production in the agricultural sector

Outcome 5: Increased market access and maintenance of existing markets

Outcome 6: Integrated and inclusive rural economy

Outcome 7: Enhanced biosecurity and effective disaster risk reduction

A number of interventions and activities will be undertaken through the APP and outputs delivered to achieve the targeted Outcomes in the Strategic Plan with a number of outputs that will be delivered.

We are very confident that the shift to Outcome based approach will reduce fragmentation of effort and resources across the agricultural, land reform and rural development functions as a result of an integrated portfolio.

An integrated Annual Performance Plan promotes collective accountability of administrative leadership. The first outcome promotes administration and mainstreams corporate governance to ensure ethical and well-run Government with accountability and transparency being priority. The other five Outcomes align the work of technical line function branches to the outcomes-based performance and delivery of specific outputs.

This APP is structured in four parts: Part A provides for our legislative and policy mandate. Part B details our strategic focus, which includes the situational analysis focusing on the internal and external environment. Part C is measuring our performance, which includes the programme performance information and the explanation of performance over the medium term period. In this section, performance indicators and targets have been clearly spelt out indicating consideration of resources and the risk management. Finally, Part D defines the Technical Indicator Description and details the performance that will be measured, means of verification and the collection of data.

We wish to thank the newly appointed Minister of Agriculture, Land Reform and Rural Development: Mrs A.T Didiza, the Deputy Minister: Mr Mcebisi Skwatsha and the Deputy Minister: Mr Sdumo Dlamini as our new political leaders as we start this new term of Government. With their direction and guidance, we believe that we will be able to attain the core priorities relating to economic transformation and job creation and spatial integration.

In conclusion, we would like to express our appreciation to the public entities for their contribution and support. We also wish to thank the management team and all the staff members in the Department for their dedication and efforts in contributing towards meeting our Outcomes and commitments towards the people of South Africa.

Signature \_\_\_\_\_

Mr Mdu Shabane

Accounting Officer

Signature \_\_\_\_\_

Mr Mike Mlengana

Accounting Officer

# PART A: OUR MANDATE

## UPDATES TO THE RELEVANT LEGISLATIVE AND POLICY MANDATES

The Department of Agriculture, Land Reform and Rural Development (DALRRD) derives its mandate from sections 24, 25 and 27 of the Constitution, which can be summarised as follows:

- Section 24(b)(iii) (environmental clause) and 27(1)(b) (health care, food, water and social security clause) covers the agriculture value chains: from inputs, production and value adding to retailing.
- Section 25 (property clause) establishes the framework for the implementation of land reform, and sections 24 (environment clause);
- Section 27 (health care, food, water and social security clause) establish the framework for the implementation of the CRDP

### LEGISLATIVE AND POLICY MANDATES

The Department of Agriculture, Land Reform and Rural Development legislative and policy mandates are informed by national, provincial and local legislations and policies. The legislations and policies can be concurrent or apply to one level.

#### Legislative Mandates

The department draws its legislative mandate from various pieces of legislation, which in turn informs the operations of the department. The pieces of legislation are indicated as follows:

Table 1: DALRRD Legislation and Purpose

Act no. and year	Purpose
Agricultural Debt Management Act, 2001(Act No.45 of 2001)	Provides for the establishment of the Agricultural Debt Account and the use of the account as a mechanism to manage agricultural debt repayment
Agriculture Law Extension Act, 1996 (Act No.87 of 1996)	Provides for the extension of the application of certain laws relating to agricultural matters to certain territories, which form part of the national territory of the Republic of South Africa; the repeal of certain laws which apply in those territories; and for matters connected therewith
Agricultural Law Rationalisation Act, 1998 (Act No.72 of 1998)	Provides for the rationalisations of certain laws relating to agricultural affairs that remained in force in various areas of the national territory of the Republic prior to the commencement of the Constitution of the Republic of South Africa
Agricultural Pests Act 1983 (Act No.36 of 1983)	Provides for measures by which agricultural pests may be prevented and combated
Agricultural Produce Agents Act,1992 (Act No.12 of 1992)	Provides for the establishment of an Agricultural Produce Agents Council and fidelity funds in respect of agricultural

Act no. and year	Purpose
	produce agents and for the control of certain activities of agricultural produce agents
Agricultural Product Standards Act, 1990 (Act No. 119 of 1990)	Provides for the control over the sale and export of certain agricultural products, control over the sale of certain imported agricultural products and control over other related products
Agricultural Research Act, 1990 (Act No.86 of 1990)	Provides for the establishment of a juristic person to deal with agricultural research; the determination of its objects, functions, powers and duties
Animal Diseases Act, 1991 (Act No.35 of 1984)	Provides for the control of animal diseases and parasites, and for measures to promote animal health
Animal Identification Act, 2002 (Act No.6 of 2002)	Provide the consolidation of the law relating to the identification of animals and incidental matters
Animal Improvement Act, 1998 (Act No.62 of 1998)	Provides for the breeding identification and utilisation of genetically superior animals in order to improve the production and performance of animals
Animals Protection Act, 1962 (Act No.71 of 1962)	Provides the consolidation and amendment of the law relating to the prevention of cruelty to animals
Conservation of Agricultural Resources, 1983 (Act No.43 of 1983)	Provides for control over the utilisation of the natural agricultural resources of the Republic in order to promote the conservation of the soil, water sources and vegetation and the combating of weeds and invader plants
Deeds Registries Act, 1937 (Act No. 47 of 1937)	Provides for the provision for the administration of the land registration system and the registration of rights in land. Through the Office of the Chief Registrar of Deeds, the department is mandated to register title.
Fencing Act, 1963 (Act No. 31 of 1963)	Provides for the consolidation of the laws relating to fences and the fencing of farms and other holdings and matters incidental thereto
Fertilisers, Farm Feeds Agricultural Remedies and Stock Remedies (Act No.36 of 1947)	Provides for the appointment of a Registrar of Fertilizers, farm feeds, agricultural remedies and stock remedies; the registration of fertilisers, farm feeds, agricultural remedies, stock remedies, sterilizing plants and pest control operators; the regulation or prohibition of the importation, sale, acquisition, disposal or use of fertilizers, farm feeds, agricultural remedies and stock remedies and the designation of technical advisers and analysts
Genetically Modified Organisms (Act No.15 of 1997)	Provides for measures to promote the responsible development, production, use and application of genetically modified organisms, to provide for an adequate level of protection during all activities involving genetically modified organisms that may have an adverse impact on the

Act no. and year	Purpose
	conservation and sustainable use of biological diversity, human and animal health
Groot Constantia Trust Act, 1993 (Act No. 58 of 1993)	Provides for the provision of the incorporation of the Groot Constantia Control Board as an association not for gain; for the transfer of the Groot Constantia Estate to the said association; and for matters connected therewith
KwaZulu Cane Growers' Association Repeal Act, 2002 (Act No. 24 of 2002)	Provides for the repealing of the KwaZulu Cane Growers' Association Act, 1981 and matters connected therewith
Land Reform: Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993)	Provides for the designation of certain land, the regulation of the subdivision of such land and the settlement of persons on it. In addition, it provides for the acquisition, maintenance, planning, development, improvement and disposal of property and the provision of financial assistance for land reform purposes.
Land Reform (Labour Tenants) Act, 1996 (Act No. 3 of 1996)	Provides for the provision of security of tenure for labour tenants and those persons occupying or using land as a result of their association with labour tenants. It also makes provision for the acquisition of land and rights in land by labour tenants.
Land Survey Act, 1997 (Act No. 8 of 1997)	Provides for the regulation of the surveying of land in South Africa. The department is responsible for surveying land throughout the country.
Liquor Products Act, 1989 (Act No. 60 of 1989)	Provides for the control over the sale and production for sale of certain alcoholic products, the composition and properties of such products and the use of certain particulars in connection with the sale of such products; for the establishment of schemes; and for control over the import and export of certain alcoholic products
Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996)	Provides for the authorisation of the establishment and enforcement of regulatory measures to intervene in the marketing of agricultural products, including the introduction of levies on agricultural products; and to establish a National Agricultural Marketing Council
Meat Safety Act, 2000 (Act No.40 of 2000)	Provides for measures promoting meat safety and the safety of animal products; to establish and maintain essential national standards in respect of abattoirs; to regulate the importation and exportation of meat; to establish meat safety schemes; and to provide for matters connected therewith
Onderstepoort Biological Products Incorporation Act, 1999 (Act No.19 of 1999)	Provides for the establishment of a company to manage the institution known as Onderstepoort Biological Products

Act no. and year	Purpose
Performing Animals Protection Act, 1935 (Act No. 24 of 1935)	Provides for the regulation of the exhibition and training of performing animals and the use of dogs for safeguarding
Perishable Products Export Control Act, 1983 (Act No. 9 of 1983)	Provides the control of perishable products intended for export from the Republic of South Africa
Planning Profession Act, Act 36 of 2002	The objective of the PPA is to provide for the establishment of the South African Council for Planners as a juristic person; to provide for different categories of planners and the registration of planners; to authorize the identification of areas of work for planners; to recognize certain voluntary associations; to protect the public from unethical planning practices; to maintain a high standard of professional conduct and integrity; to establish disciplinary mechanisms and an appeal board, and to provide for incidental matters.
Plant Breeders' Rights (Act No. 15 of 1976)	Provides a system whereby plant breeders' rights relating to varieties of certain kinds of plants may be granted and registered; for the requirements which must be complied with for the granting of such rights; for the protection of such rights and the granting of licenses in respect of the exercise thereof
Plant Improvement (Act No. 53 of 1976)	Provides for the registration of premises from which the sale of certain plants or the cleansing, packing and sale of certain propagating material may be undertaken; prescribes the conditions subject to which such plants or propagating material may be sold for the purposes of cultivation
Restitution of Land Rights Act, 1994 (Act No. 22 of 1994)	Provides for the provisioning of restitution of rights in land to persons or communities dispossessed of such rights after 19 June 1913 as a result of past racially discriminatory laws or practices. To administer this task, the act provides for the establishment of a Commission on Restitution of Land Rights and a Land Claims Court, and for matters connected with land restitution.
Societies for the Prevention of Cruelty to Animals Act, 1993 (Act No. 169 of 1993)	Provides the control of societies for the prevention of cruelty to animals and for matters connected therewith
Subdivision of Agricultural Land Act, 1970 (Act No. 70 of 1970)	Provides the subdivision and, in connection therewith, the use of agricultural land
Spatial Planning and Land Use Management Act (SPLUMA), 2013 (Act No. 16 of 2013)	Provides to bridge the racial divide in spatial terms and to enable transformation of the settlement patterns of this country in a manner that gives effect to the key constitutional provisions, by the introduction of a new



Act no. and year	Purpose
	<p>approach to spatial planning and land use management, based on the following instruments:</p> <ul style="list-style-type: none"> <li>• Development principles, norms and standards that must guide spatial planning, land use management and land development throughout the country by every sphere of government</li> <li>• Spatial development frameworks, to be prepared by national, provincial and local government</li> <li>• Municipal wall-to-wall Land Use Schemes to manage and facilitate land use and land development, and</li> <li>• Land development management procedures and structures.</li> </ul>
Veterinary and Para veterinary Professions Act, 1992 (Act No. 19 of 1992)	Provides for the establishment, powers and functions of the South African Veterinary Council

Table 2: Planned legislation

Planned legislation for approval
<ul style="list-style-type: none"> <li>• Agricultural Produce Agencies Amendment Bill</li> <li>• Agricultural Produce Agencies Amendment Bill</li> <li>• Agricultural Products Standards Amendment Bill</li> <li>• Communal Land Bill, 2018;</li> <li>• Deeds Registries Amendment Bill, 2018;</li> <li>• Feed and Pet Food Bill</li> <li>• Fertilizers Bill Land Survey Amendment Bill, 2018; and</li> <li>• Perishable Products Export Control Bill</li> <li>• Planning Profession Amendment Bill, 2018;</li> <li>• Plant Health (Phytosanitary) Bill</li> <li>• Preservation and Development of Agricultural Land Bill</li> <li>• Regulation of Agricultural Land Holding Bill, 2018;</li> <li>• Rural Development Bill, 2018.</li> <li>• Sectional Titles Amendment Bill, 2018</li> </ul>



## Policy Mandates

### Department of Agriculture Land Reform and Land Reform (DALRRD) Policy Mandate

The Department of Agriculture, Land Reform and Rural Development had to finalise outstanding policies and initiate others in order to execute its mandates. The following are the approved and planned policies;

Table 3: DALRRD approved policies

Approved Policies
Agricultural Land Holdings Policy Framework
Agro-processing Policy
Bio-safety Policy
DAFF External Bursary Scheme policy (2004)
Development Finance Policy Framework
Experiential training, internship, professional development Policy (2004)
Food and Nutrition Security Policy
International Training Policy (2005)
Mafisa Credit Policy Framework
Marketing Policy
National Policy on Extension and Advisory Services
Pesticides Management Policy
Plant Breeders Rights Policy
Plant Health (Phytosanitary) Policy
State Assets Acquisition and Lease Disposal Policy
Land Development Support Policy
Rural Development Framework

Table 4: DALRRD planned policies

Planned Policies
Animal Identification and Traceability Policy
Agricultural Insurance Policy Framework
Communal Land Tenure Policy
Communal Property Association Policy
Crop Production Policy
Electronic Deeds Registration Policy
Land Holdings in South Africa
National Policy on Plant Improvement
National Land Tenure Policy: Responses to Historically Racial Based Social and Economic Disparate Spaces
National Policy on Comprehensive Producer Development Support
National Research and Development Policy
National Policy on organic production

Planned Policies
Policy for the Sustainable Management of Veld (range) and Forage Resources in South Africa
Policy on Access to Historical Land Marks and Heritage Sites on Private Land (in collaboration with DAC)
Policy on the Exceptions on the June 1913 Cut-off Date of the Restitution of Land Rights
Proactive Land Acquisition and Farm Share Equity Schemes
Rural Development Agency Policy
Rural Investment and Development Financing Facility
Rural Enterprises and Industry Development Policy
Rural Settlements Operations Policy
Sustainable Management of Veld (range) and Forage Resources in South Africa
Strengthening of Relative Rights for People Working the Land Policy

## RELEVANT COURT RULINGS

Below are the court rulings that could negatively impact the operation of the department:

- i. National Societies for the Prevention of Cruelty to Animals vs Minister of Agriculture, Forestry and Fisheries and Others, 2013 (5) SA 571 (CC)

There was one court judgement and a few review applications relating to the Subdivision of Agricultural Land Act (SALA). The impact of the judgement compels the delegate and Minister to produce concrete scientific and other evidence to substantiate decisions regarding subdivision. The SALA is being replaced by the Preservation and Development of Agricultural Land Bill (PDALB).

- ii. Land Access Movement of South Africa and Others v Chairperson of the National Council of Provinces and Others (CCT40/15) [2016] ZACC 22; 2016 (5) SA 635 (CC); 2016 (10) BCLR 1277 (CC) (28 July 2016)

In the above-mentioned case, the Restitution of Land Rights Amendment Act 15 of 2014 was declared invalid. The declaration of invalidity of paragraph 2 took effect from July 2016 meaning that no new land claims should be entertained by the Commission for Restitution of Land Rights. It was stated that, pending the re-enactment by Parliament of an Act re-opening the period of lodgement of land claims envisaged in section 25(7) of the Constitution, the Commission on Restitution of Land Rights, represented in these proceedings by the Chief Land Claims Commissioner (Commission), is interdicted from processing in any manner whatsoever land claims lodged from 1 July 2014. In effect this means that only claims that were lodged before 31 December 1998 should be finalized and the reopening of new claims will be done through new legislation.

- iii. Mwelase and Others v Director-General for the Department of Rural Development and Land Reform and Another (CCT 232/18) [2019] ZACC 30 (20 August 2019)

The judgement in this case makes provision for the appointment of a special master for labour tenants by Land Claims Court. The special master will, in collaboration with the Department, develop a costed implementation plan for the efficient processing and referral of applications to court, for approval by the court; and to monitor the implementation of labour tenants' applications in line with Land Reform (Labour Tenants) Act 3 of 1996. The implication for the department is that it must ensure that all labour tenant applications are prioritised for settlement or referral to court.

iv. Constitutional Court judgments on the Upgrading of Land Rights Act 112 of 1991

The Constitutional Court handed down two judgments on the constitutionality of various sections of the Upgrading of the Land Rights Act 112 of 1991 ("ULTRA") ULTRA provides for the upgrading and conversion into ownership of certain rights granted in respect of land, and for the transfer of communal land in full ownership to traditional communities. When ULTRA was passed, some parts of South Africa had been balkanised into the so-called TBVC states which were not subject to the law passed by the South African Parliament. It therefore did not apply to the TBVC states. The operation of ULTRA was extended to the rest of the country in 1998, save for sections 3, 19 and 20 of ULTRA.

The first judgment, *Rahube v Rahube and Others* 2019 (2) SA 54 (CC), dealt with the constitutionality of section 2 (1) of ULTRA which provides for the conversion of land tenure rights mentioned in schedule 1 of the Act. The Court held that section 2(1) of ULTRA is constitutionally invalid insofar as it automatically converted holders of any deed of grant or any right of leasehold as defined in regulation 1 of Chapter 1 of the Regulations for the Administration and Control of Townships in Black Areas, 1962 Proc R293 GG 373 of 16 November 1962 (Proclamation R293) into holders of rights of ownership in violation of women's rights in terms of section 9 (1) of the Constitution. The declaration of invalidity was made retrospective to 27 April 1994, and Parliament was given 18 months to introduce a constitutionally permissible procedure for the determination of rights of ownership and occupation of land to cure the constitutional invalidity of the impugned provisions.

The second judgment, *Herbert No & Others v Senqu Municipality* [2019] ZACC 31, dealt with the constitutionality of section 25A of ULTRA which provided that the Act applies through the Republic except sections 3, 19 and 20. The Applicants challenged was limited, by the facts of the case, to the non-application of section 3. The Constitutional Court confirmed the declaration of invalidity made by the High Court of South Africa, Eastern Cape Division, that section 1 of the Land Affairs General Amendment Act 61 of 1998 and section 25A of the Upgrading of Land Tenure Rights Act 112 of 1991 are inconsistent with the Constitution and invalid to the extent that they do not extend the applicability of section 3 of the ULTRA to the entire Republic of South Africa. The remedy given by the Court was that as from 22 August 2019 of the court section 25A of ULTRA shall be read as if it makes no reference to section 3.

The Department is presently finalizing a Bill to Amend ULTRA.

# PART B: OUR STRATEGIC FOCUS

## VISION, MISSION AND VALUES

### Vision

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Equitable access to land, integrated rural development, sustainable agriculture and food security for all

### Mission

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To accelerate land reform, catalyse rural development and improve agricultural production to stimulate economic development and food security through:

- transformed land ownership patterns
- agrarian reform
- implementation of an effective land administration system
- sustainable livelihoods
- innovative sustainable agriculture
- promotion of access to opportunities for youth, women and other vulnerable groups
- integrated rural development

### Values

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1. Courtesy and compassion
2. Effective communication and transparency
3. People centred service standards
4. Professionalism and accountability
5. Respect and integrity (ethics and honesty)

### External Environment Analysis

In order to ensure that the DALRRD has a Strategic Plan that is relevant to the context in which it operates, an External Environment Analysis was conducted. The analysis takes into account the broader macroeconomic environment which will have direct, indirect and induced effects on the Department, its partners and its customers.

#### The Macroeconomic Environment

While South Africa is one of the largest economies on the African continent, it has experienced marginal growth and has been out-performed by other emerging economies, such as Nigeria. As illustrated in the figure below, Gross Domestic Product (GDP) has been growing at less than 1,1% over the past five years.<sup>1</sup> While the impact of uncertain global economic conditions have contributed to this stagnation, other key contributors include policy uncertainty, energy crises, and low investor sentiment.

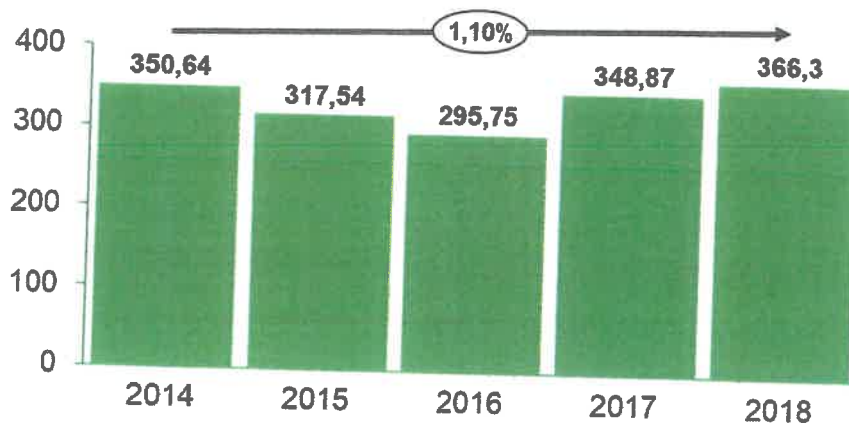


Figure 1: Gross Domestic Product (GDP) for South Africa over a 5-year period (US\$ billions)

Over this period, the Finance, Real Estate and Business Services sector has been the key economic driver of the economy, contributing to 22,61% of the GDP (Figure 1).<sup>2</sup> This is also the fastest growing sector, and has grown by 2,5% over this period. Government services follow as the second largest contributor, speaking to high levels of expenditure characteristic of the country. While mining still contributes 7,96% to the GDP of the country, the industry is shrinking due to unstable conditions. The Agriculture, Forestry and Fisheries sector, which is of most significance to DALRRD, is the second smallest contributor to the South African economy, contribution only 2,47%. Further to this, the sector has been experiencing relatively stagnant growth over the past

<sup>1</sup> World Bank Data, 2019 - <https://data.worldbank.org/country/south-africa>

<sup>2</sup> StatsSA, 2018 - Quarterly Gross Domestic Product Review



5 years, at 0,6%. This indicates that there is work to be done by the DALRRD to boost the growth of the South African agriculture sector.

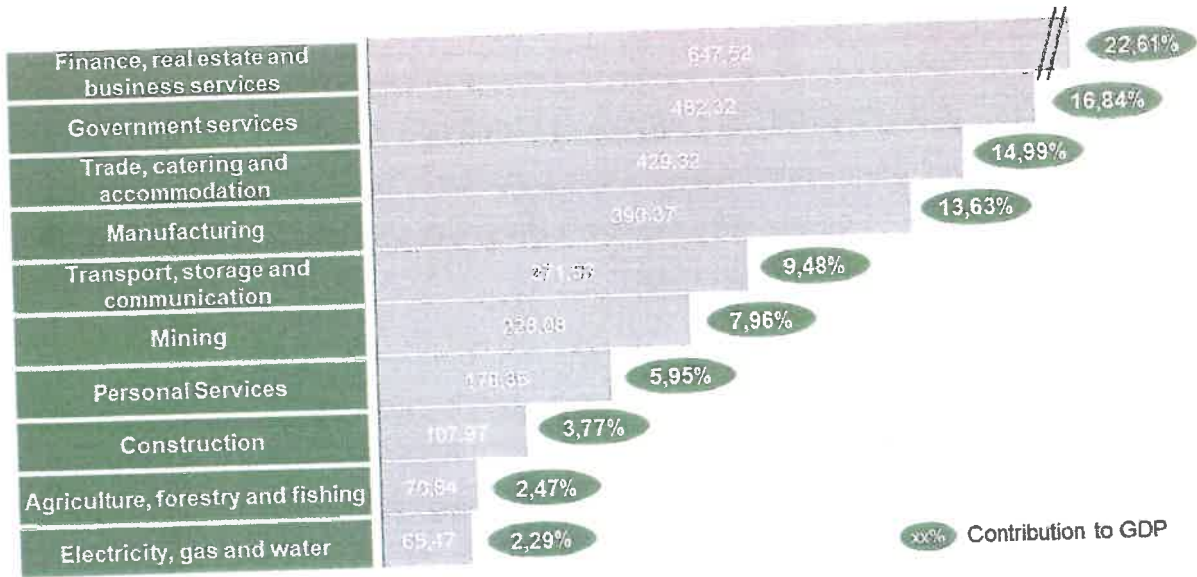
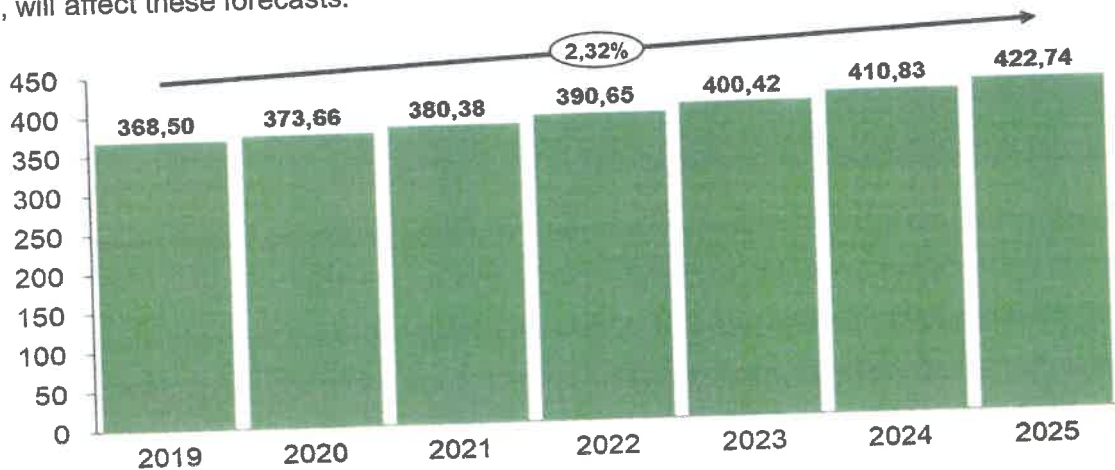


Figure 2: Industry Value Added to South African Gross Domestic Product (R billion)<sup>3</sup>

Moving forward, the South African economic outlook is predicted to remain relatively stagnant over the next five-year period. As illustrated below, Fitch Solutions forecasts that the country's GDP will grow at an average rate of 2,07% between 2018 and 2025. Given South Africa's close links with the global economy, the country remains heavily exposed to the external environment. A combination of still relatively low commodity prices and a challenging operating environment will keep growth mild, below 2,5% year-on-year over the next six years.<sup>4</sup> The politically uncertain global environment, as well as national contributing factors such as corruption and the energy crisis, will affect these forecasts.<sup>5</sup>



<sup>3</sup> StatsSA, 2018 - Quarterly Gross Domestic Product Review  
<sup>4</sup> Fitch Solutions, 2019 – South Africa Country Risk Report  
<sup>5</sup> StatsSA, 2018 - Quarterly Gross Domestic Product Review



Figure 3: Forecast Gross Domestic Product (GDP) for South Africa for 2019 – 2025 (US\$ billions)<sup>6</sup>

While this context provides an overview of the historic and projected economic performance on South Africa, these trends have a dialectic relationship with the socio-economic context of the country, which is central to the desired impact of the DALLRD. In order to holistically understand the socio-economic context of South Africa, multiple indicators need to be taken into account including inequality levels, education provision, healthcare and unemployment, as these provide an indication of the macro-issues which rural development aims to target.

In terms of inequality, South Africa has one of the highest Gini Coefficients in the world, at 0,68.<sup>7</sup> Moreover, the state of inequality worsened between 2011 and 2015, as illustrated below.. Within this socio-economic context, 21,9 million people, or 40% of the population, live under the lower-bound poverty line of R647/month, and 30,4 million people, of 55,5% of the population, live under the upper-bound poverty line of R992/month.<sup>8</sup>



Figure 4: Gini Coefficient of South Africa over time<sup>9</sup>

Education, healthcare and the economic structure play critical roles in the state of employment in the country. South Africa's unemployment rate has been on the rise, reaching 29% in 2019.<sup>10</sup> This is both a symptom and a cause of the current economic and socio-economic climate. Youth

<sup>6</sup> Fitch Solutions, 2019 – South Africa Country Risk Report

<sup>7</sup> StatsSA, 2015 – Poverty Trends in South Africa

<sup>8</sup> StatsSA, 2015 – Poverty Trends in South Africa

<sup>9</sup> StatsSA, 2015 – Poverty Trends in South Africa

<sup>10</sup> StatsSA, 2019 – Q2 Labour Survey

unemployment is also, as President Cyril Ramaphosa termed in the 2019 State of the Nation Address, “a national crisis that demands urgent, innovative and coordinated solutions”.<sup>11</sup> The unemployment rate for youth aged 15-24 years old current sits at 55,2%.<sup>12</sup> While there is a relatively high graduate unemployment rate, education is a key correlate of employment, illustrated the interconnected nature of the socio-economic challenges faced by South Africa.<sup>13</sup>

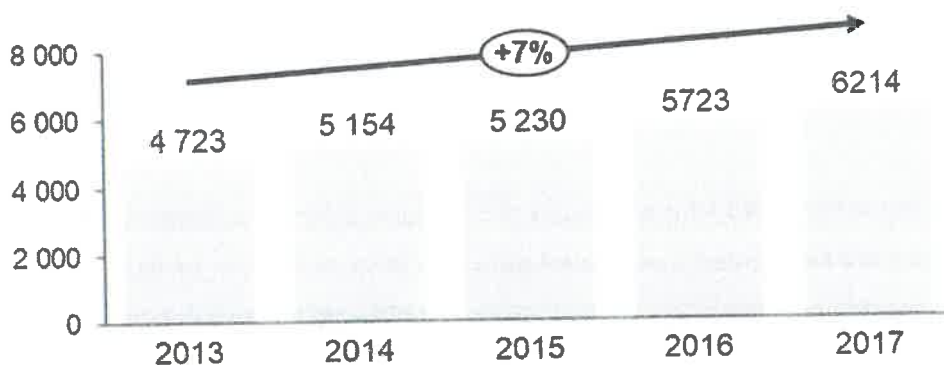


Figure 5: Growth in the number of unemployed citizens 2013 – 2017 ('000s of people)<sup>14</sup>

Overall, it is evident that the South African macroeconomic environment is characterised by a myriad of challenges. The national economy has been stagnant due to both internal and external factors, and this has in turn contributed to the socio-economic context of high poverty and inequality. While the above analysis has illustrated the high-level challenges faced by South Africa, the DALRRD has an imperative role to play in tackling national objectives to change the status quo set out in the NDP Vision 2030, specifically bolstering agriculture, land reform and rural development as levers for economic growth and development.

#### *Impact on beneficiaries*

Within this environment, the DALRRD is specifically mandated to support rural South Africa and should thus take into account how the macroeconomic context affects the customers it serves. In this regard, the beneficiaries of the department are South Africans in the agriculture sector, South Africans living in rural areas, and all South Africans with land claims or land administration needs. In order to better understand how the macroeconomic environment affects these citizens, a more detailed analysis of rural South Africa has been conducted, as this is the beneficiary sphere of focus for the department.

<sup>11</sup> South African Government, 2019 – State of the Nation Address

<sup>12</sup> StatsSA, 2019 – Youth Graduate employment rate increases in Q1: 2019

<sup>13</sup> StatsSA, 2019 – Youth Graduate employment rate increases in Q1: 2019

<sup>14</sup> StatsSA, 2019 – Q2 Labour Survey

Approximately 33,7% of the South African population lives in rural areas (Figure 6). This figure is below the global average of 44,7% (2018),<sup>15</sup> and has been declining gradually over the ten years due to rapid urbanisation, as illustrated in the figure below. While rural areas were a key development priority in the early 2000s, an increasing global focus on cities through the development of the New Urban Agenda and Sustainable Development Goal 11 focusing on Sustainable Cities has meant that rural areas have been deprioritised to a certain extent. This has been a contributing factor to the state of rural poverty and underdevelopment.

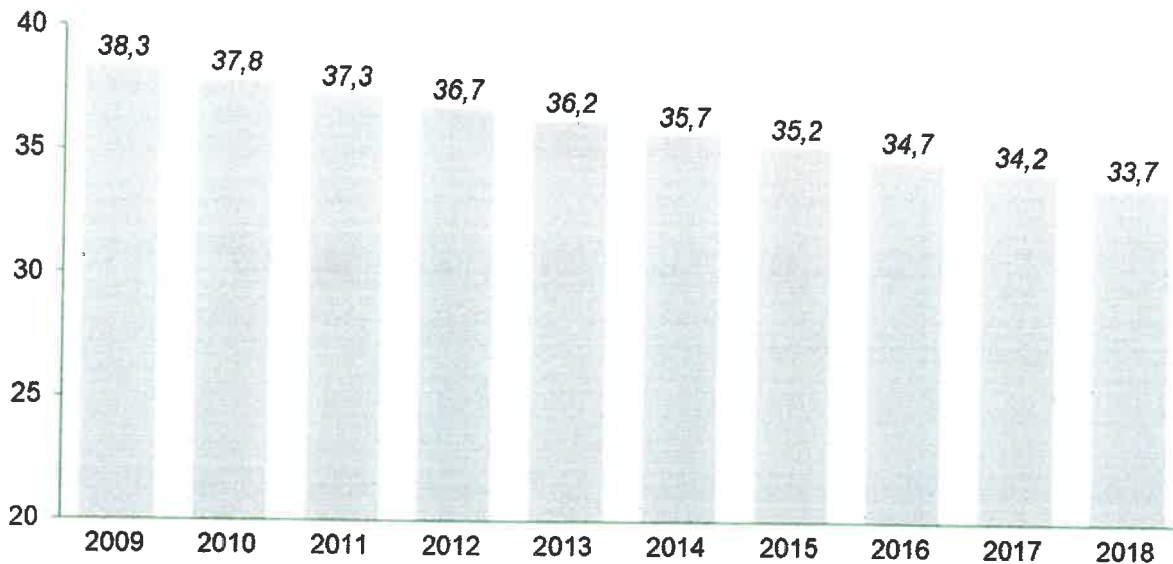


Figure 6: South African rural population as a percentage of the total national population (%)<sup>16</sup>

In South Africa, rural areas have the highest poverty concentration. It is estimated that 59,7% of the population living below the poverty line are found in rural areas. This is illuminated when the provincial distribution of poverty is analysed. As illustrated below, there is a correlation between low poverty levels and highly urbanised provinces, such as Gauteng and the Western Cape – and conversely, between high poverty levels in provinces where the majority live in rural areas, such as the Eastern Cape and Limpopo.<sup>17</sup> This illustrates that there are spatial patterns of economic development in South Africa which result in acute poverty in rural areas. While the disconnected nature of rural areas may be an explanatory factor of this phenomenon, the spatial configuration of national value chains and broader economic climate are also key factors.<sup>18</sup>

<sup>15</sup> World Bank Data, 2019 – Rural Population (% of total population)

<sup>16</sup> World Bank Data, 2019 – Rural Population (% of total population) in South Africa

<sup>17</sup> StatsSA, 2015 – Living Conditions Survey

<sup>18</sup> du Toit, 2017 – Explaining the Persistence of Rural Poverty in South Africa

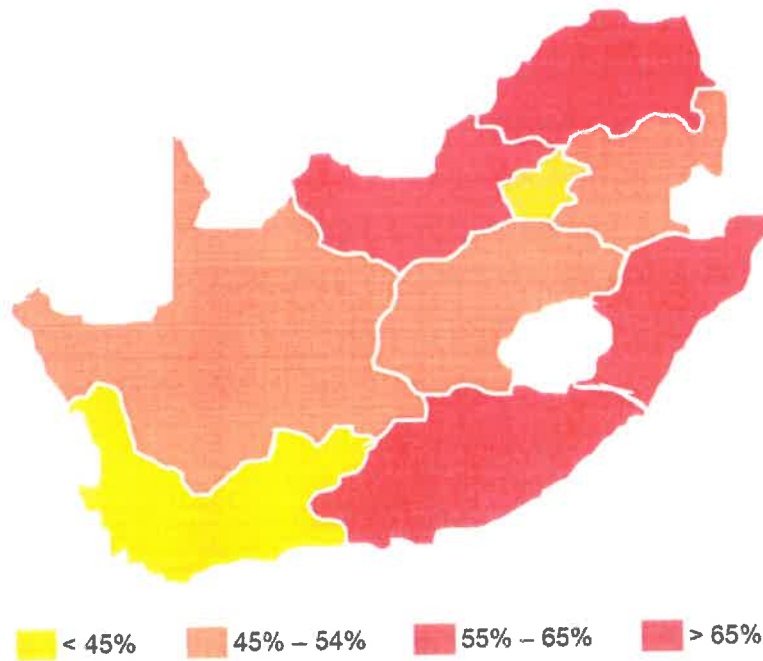


Figure 7: Provincial poverty levels in South Africa<sup>19</sup>

The characteristically poverty-stricken nature of rural South Africa is both a cause and effect of poor-performing socio-economic indicators including education, healthcare and employment. The majority of rural South Africa as it stands today fell under the homelands system during colonialism and Apartheid, emphasising their historic exclusion from service delivery. Limited access to quality education and healthcare is an acute challenge in rural areas, due to undeveloped infrastructure and limited economic activity.<sup>20</sup> There are a total of 11 252 schools in rural areas across South Africa, many of which face infrastructural challenges, teacher shortages and other critical challenges.<sup>21</sup> In terms of healthcare, recent health outcomes indicate that a child living in rural Eastern Cape is more than twice as likely to die in the first year of life than a child from the Western Cape.<sup>22</sup> While there are a number of factors affecting this disparity, the rural-urban divide is chief among them.

A contributing factor to rural poverty and underdevelopment is the rapid rate of rural-urban migration which is taking place in South Africa. The rate of rural-urban migration has almost doubled over the past two decades, increasing from 15 people per 1 000 to 28 people per 1 000.<sup>23</sup> Both economic and non-economic reasons cause citizens to move from rural areas to urban areas, including hopes of employment and higher wages, better access to social services such

<sup>19</sup> StatsSA, 2015 – Living Conditions Survey

<sup>20</sup> du Toit, 2017 – Explaining the Persistence of Rural Poverty in South Africa

<sup>21</sup> Hlalele, 2012 – Social Justice and Rural Education in South Africa

<sup>22</sup> Gaede & Versteeg, 2011 – The State of the Right to Health in Rural South Africa

<sup>23</sup> Ntshidi, 2017 – Patterns of Rural-Urban Migration in South Africa

as healthcare and education, and to reunite with family living in cities.<sup>24</sup> While the promise of the city may seem appealing to rural residents, prosperity in urban areas is not necessarily guaranteed, as the rapid influx of people into the cities has put pressure on social services and housing requirements. In rural areas, the outflow of citizens who constitute the majority of the economically active population exacerbates underdevelopment. This results in decreased economic activity and investment in rural areas. It is within this context that the DALRRD is mandated to serve residents in rural areas by provide economic stimulation in a three-pronged manner: by stimulating the agriculture sector, co-ordinating rural development, and promoting access to and productivity of land.

### *Impact on the Department*

While the macroeconomic environment impacts the beneficiaries of DALRRD, there are also key implications for the department itself which will affect its operations. As has been discussed, the current economic climate of the country has put strain on the national fiscal position. South Africa's fiscal position is forecast to remain under pressure due to a number of ambitious social programmes including the roll out of the National Health Insurance Scheme.<sup>25</sup> The 2019/20 appropriated budget for DAFF decreased by 0.9% (nominal).<sup>26</sup> The budget for DRDLR, although increased in nominal terms, decreased by 0.19% after adjustment for inflation.<sup>27</sup> While these are not significant effects to the overall budget allocated to agriculture and rural development, there may be calls for higher budgetary constraints in the medium to long term, which may require the department to cut down on costs and increase the efficiency of expenditure.<sup>28</sup>

With the new cabinet which was introduced in May 2019, there have been a number of political and policy changes which will affect the operating environment of the DALRRD. Most notably, the merging of the Agriculture with the Rural Development and Land Reform functions in an attempt to consolidate similar functions and optimise expenditure has called for the restructuring and re-imagining of the departments, represented in this Strategic Plan. Further to this, Revised Framework for Strategic and Annual Performance Plans provided by the Department of Planning, Monitoring and Evaluation has placed increased focus on measuring the impact of state departments, which emphasises the need for DALRRD to target its efforts strategically and efficiently.

<sup>24</sup> Mlambo, 2018 – An Overview of rural-urban migration in South Africa: its causes and implications

<sup>25</sup> Fitch Solutions, 2019 – South Africa Country Risk Report

<sup>26</sup> <https://pmg.org.za/taled-committee-report/3869/>

<sup>27</sup> <https://pmg.org.za/taled-committee-report/3870/>

<sup>28</sup> National Treasury, 2019 – Key Budget Statistics

The changing political climate also calls for increased coordination between departments, and thus the context of departments with overlapping mandates to DALRRD must be acknowledged. The primary space for coordination within the scope of DALRRD is in the rural development arm of its mandate. Moving forward, the economic and political context of departments providing social services in rural areas, such as the Departments of Health; Human Settlements, Water and Sanitation; Mineral Resources; Public Works and Infrastructure; Small Business Development; Social Development; and Transport.<sup>29</sup> These departments may also face budgetary constraints in the medium to long term, and this will indirectly affect the impact of the DALRRD.<sup>30</sup> From a political perspective, the Commission of Inquiry into State Capture has set a precedent against corruption, which will require departments to better monitor the management of funds and tender processes.<sup>31</sup> Overall, the next five years will require better coordination between departments, a need to optimise expenditure and reduce costs, and an imperative to increase transparency and accountability of government processes.

Taking this into account, it is evident that the macroeconomic environment in which DALRRD is operating is characterised by stagnant economic growth, high levels of inequality, and inadequate social services provision. Within this context, the DALRRD is specifically mandated with serving rural population of South Africa. These customers of the Department face specific challenges, with access and service provision challenges contributing to rural poverty and underdevelopment. In the face of rapid rural-urban migration, the DALRRD needs to focus specifically on stimulating economic activity and uplifting social conditions in rural areas through its mechanisms of agricultural support, land administration and tenure, and rural development coordination.

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<sup>29</sup> South African Government, 2019 What are the Government Clusters and Which Are they?

<sup>30</sup> Fitch Solutions, 2019 – South Africa Country Risk Report

<sup>31</sup> Corruption Watch, 2019 – Zondo Commission – Updates, Analysis and Other Material



## The Rural Development Landscape

Within this macroeconomic environment in which the DALRRD operates, one of the central tenants of the department is to focus on and bolster rural development within South Africa. As has been discussed, approximately 33,7% of the South African population live in rural areas.<sup>32</sup> However, the majority of this population lives in poverty and has poor access to social services such as education and healthcare. In response to the state of rural South Africa, the government, private sector and civil society have taken action to socio-economically uplift rural communities through 'rural development'.<sup>33</sup> In order to analyse the landscape of rural development in South Africa, it will be analysed in terms of its economic structure, key stakeholders, as well as emergent trends within the sector.

### *Economic Structure of Rural South Africa*

Agriculture and mining are traditionally thought to be the foundation of rural economies as these sectors tend to be the key drivers of external investment into rural areas.<sup>34</sup> While this chiefly refers to commercial agriculture, it is worth noting that subsistence agriculture plays an important role in meeting the needs of residents in rural areas.<sup>35</sup> Beyond agriculture and mining, there are also a number of other components of the rural economy which can be leveraged for rural development. While secondary sector activities such as manufacturing, processing and construction are most often developed in urban or peri-urban settings, they also form an important economic driver in rural and semi-rural areas.<sup>36</sup> In terms of the tertiary sector, there are critical activities which support rural communities, in the form of both local business and chain stores. Overall, all of these components of the rural economy are interconnected and connected to industrial activity and the urban economy.<sup>37</sup> The reciprocal relationships and various connections between sectors are will be discussed, as illustrated in the figure below.

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<sup>32</sup> World Bank Data, 2019 – Rural Population (% of total population) in South Africa

<sup>33</sup> Mabugu, 2017 – Introduction to Rural Development and Intergovernmental Fiscal Relations

<sup>34</sup> National Planning Commission – An Integrated and Inclusive Rural Economy

<sup>35</sup> Maiphethi & Jacobs, 2009 – The Contribution of Subsistence Farming to Food Security in South Africa

<sup>36</sup> Trade and Industry Portfolio Committee, 2003 – Integrated Manufacturing Strategy

<sup>37</sup> Hemson, 2004 – Rural Development

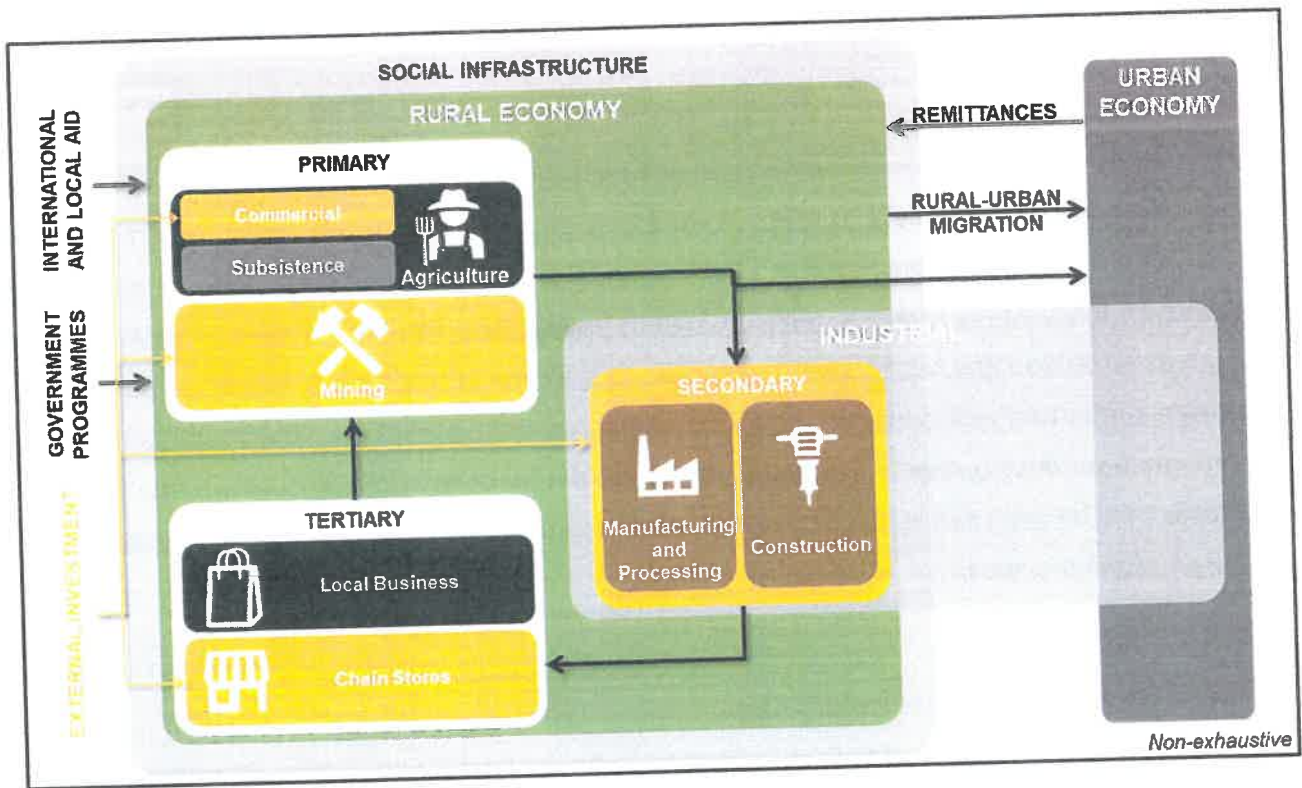


Figure 8: Diagram illustrating the Economic Structure of Rural South Africa

As illustrated in the diagram, the two key inflows of support for the social infrastructure aside from external investment are international or local aid and government programmes. In terms of aid, there are a myriad of multilateral, bilateral and local non-governmental organisations – such as the United Nations Development Programme, the Belgian Development Agency, and the Rural Development Support Program – which have programmes in areas of rural South Africa with the aim to contribute to rural development.<sup>38</sup> These stakeholders will be discussed in detail below.

In terms of government intervention, there are various schemes and programmes which support the rural economy. One of the government's largest contributors to the social infrastructure of rural areas is the social grant scheme, which includes financial stipends for old age pensions, child support, care dependency, war veterans, foster child support and disabilities.<sup>39</sup> A total of 44,3% of households in South Africa are receiving at least one grant, the majority of which reside in rural areas.<sup>40</sup> This is illustrated by the provincial illustration of percentages of households benefitting from social grants. As illustrated in the figure below, provinces with a higher rural population such as the Eastern Cape, Northern Cape and Limpopo have a higher proportion of

<sup>38</sup> Various organisation websites

<sup>39</sup> Sinyolo, 2016 – The impact of social grants on rural households' incentives to farm, market participation and farm entrepreneurship

<sup>40</sup> StatsSA, 2018 – General Household Survey



households receiving social grants. This illustrates that social grants play an important role in supporting the social infrastructure of rural economies.

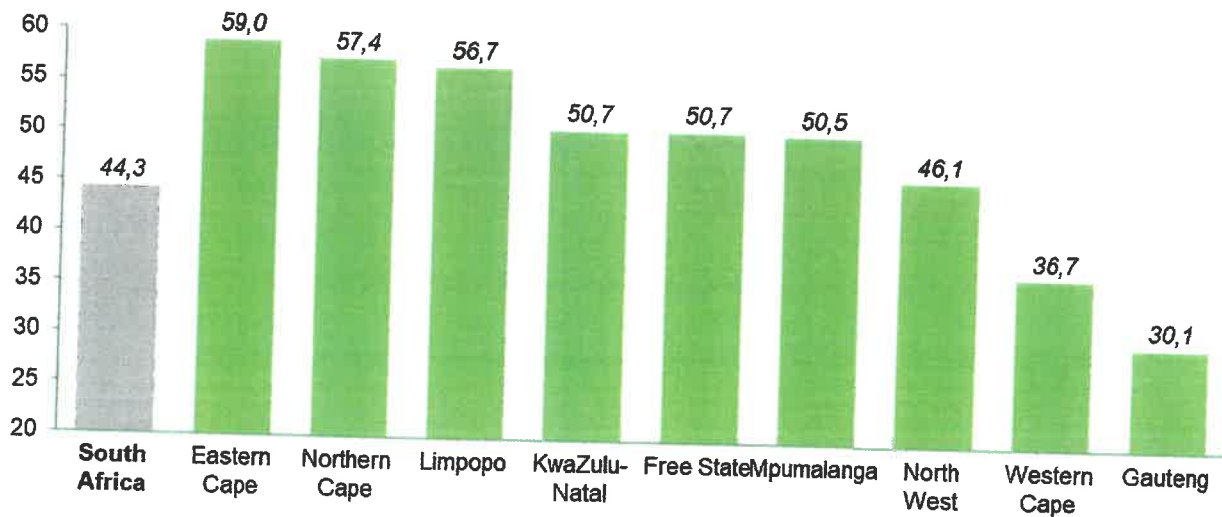


Figure 9: Percentage of households benefitting from social grants by province, 2018<sup>41</sup>

As has been mentioned, external private investment in agriculture and mining sectors have been the basis of rural economies. However, both of these sectors are facing significant challenges in the current macroeconomic environment. As agriculture is a central focus of DALRRD, the current opportunities and threats facing this sector will also affect the implementation of the departmental strategy. Despite contributing 7,96% to the country's GDP, the mining sector is facing a number of challenges.<sup>42</sup> Data from the past four years indicates that the mining sector has shrunk by 0,2%, from R 229,3 billion to R228 billion, as illustrated in the figure below.<sup>43</sup> Overall, there has been a 48% decline in industry profits over the past five years, resulting from labour unrest, an unreliable electricity supply, commodity price and exchange rate movements and an overall challenging global economy.<sup>44</sup> This situation has a negative impact on the rural economy of South Africa, as it has led to the shutting down of mines, and the abandonment of mining towns who were founded on the investment by mining companies. This poses a challenge to rural development which needs to be considered by the DALRRD.

<sup>41</sup> StatsSA, 2018 – General Household Survey

<sup>42</sup> StatsSA, 2018 – Gross Domestic Product, Q3

<sup>43</sup> StatsSA, 2018 – Gross Domestic Product, Q3

<sup>44</sup> Menton, 2019 – Strikes and Eskom blamed for shrinking mining production

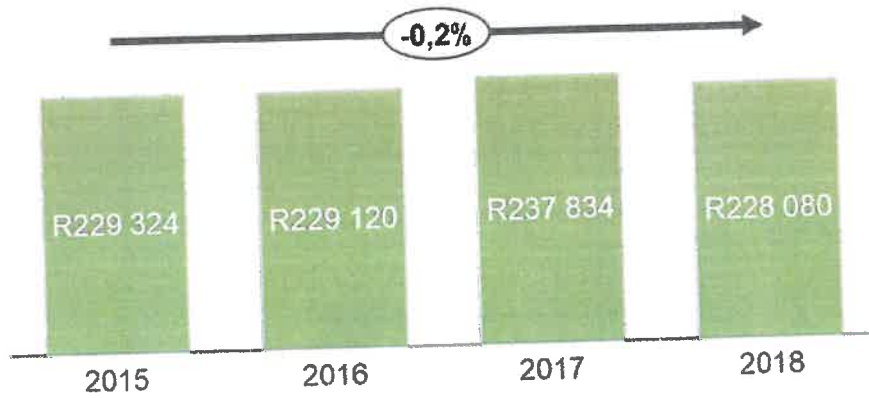


Figure 10: Mining Industry Value Added to GDP (constant 2010 prices, seasonally adjusted and annualised from Q3)<sup>45</sup>

While the secondary sector is mainly found near urban nodes and in peri-urban areas, the sector still plays an important role in the rural economy in two regards. Firstly, processing, manufacturing and construction all require inputs from the primary sector, and are thus consumers of the outputs of agriculture and mining, alongside the export market.<sup>46</sup> Secondly, the development of the secondary sector in rural areas provides job creation where labour-intensive industries are developed.<sup>47</sup> While urban and coastal areas have been a central focus of Industrial Development Zones (IDZs), the Department of Trade and Industry has also earmarked various Special Economic Zones (SEZs) across rural South Africa. Some of the proposed SEZs include agro-processing in the Eastern Cape and KwaZulu-Natal, Platinum Group Metals (PGMs) in Limpopo and the North West.<sup>48</sup> While the South African manufacturing sector is facing increasing global competition, there may be opportunities to leverage the sector as a mechanism for rural development.

As economic activity in rural areas has increased, there has been an increasing demand for tertiary sector services. Historically, these services have been provided by local businesses through spaza shops or farmer's markets, however this landscaping is changing.<sup>49</sup> Between 1962 and 2009, 160 retail centres were developed nationally in township and rural areas, generating approximately R34 billion worth of business sales.<sup>50</sup> While the emergence of malls in rural areas has provided employment, chain stores have threatened previously owner-run retail outlets in rural areas. In order to promote rural development, the DALRRD must navigate these tensions by

<sup>45</sup> StatsSA, 2018 – Gross Domestic Product, Q3

<sup>46</sup> Hart, 1996 – The agrarian question and industrial dispersal in South Africa (*The Journal of Peasant Studies*)

<sup>47</sup> Hart, 1996 – The agrarian question and industrial dispersal in South Africa (*The Journal of Peasant Studies*)

<sup>48</sup> DTI, 2016 – SEZ Performance Analysis Bulletin

<sup>49</sup> Rambhai, 2018 – Risky business? Investing in township/rural centres vs urban malls (*Future Growth*)

<sup>50</sup> BizCommunity, 2012 – Retail Outlets in Rural Areas Offer Good Opportunities

facilitating adequate support for rural businesses to innovate and adapt to the changing environment.

It is evident that the economic structure of rural South Africa is complex and changing. The rural economy is fundamentally supported by both externally induced and internal economic activity across the primary, secondary and tertiary sectors. Further to this, the support received from government and non-governmental aid play a fundamental role in reducing rural poverty and building on the social infrastructure in rural areas. While rural-urban migration poses a threat to the labour supply in rural areas, the remittances received in rural areas from urban-dwelling family play a critical role in sustaining the rural economy, as do social grants. Given the economic structure of rural South Africa, the DALRRD needs to strategically position itself to make impact in terms of rural development. In order to do so, an understanding of the stakeholders currently contributing to rural development is needed – and will be discussed next.

### *Key Considerations*

While urbanisation is resulting in a decreasing proportion of South Africans living in rural areas, rural development remains a strategic and important element of national economic development. As outlined in the National Development Plan, the nation is working towards achieving an inclusive and integrated rural economy.<sup>51</sup> The DALRRD plays a fundamental role in coordinating national efforts in order to reduce rural poverty and create gainful socio-economic development in rural South Africa. However, as the face of rural South Africa is rapidly changing, there are certain considerations which need to be taken into account, specific to challenges and trends emerging in the sector. Key considerations for the DALRRD are:

- **The decreased profitability of the mining sector** may result in less investment in rural communities and potential job losses<sup>52</sup>
- **Agricultural productivity challenges** threaten existing and new farmers, resulting from climate change, increased water scarcity and a lack of training available for new farmers
- **A decreased economically active population in rural areas** further limits economic activity taking place in rural areas, but may result in remittances which supports rural residents<sup>53</sup>
- **Decreased funding and social programmes for South Africa and rural areas:** While South Africa experienced a boom in foreign aid post-1994, this has declined as there is now increasing competition for aid globally, coupled with decreasing their contributions

<sup>51</sup> South African national Development Plan Vision 2030

<sup>52</sup> StatsSA, 2018 – Gross Domestic Product, Q3

<sup>53</sup> StatsSA, 2015 – Living Conditions Survey

from donors and implementing more rigorous regulations. With the global prioritisation of is will have adverse effects on funding for rural areas in South Africa.<sup>54</sup>

- **The commercialisation of the retail sector in rural areas** has increased competition for previously owner-run businesses

While these considerations illustrate that the DALRRD faces significant challenges in the Rural Development landscape, the department is also uniquely positioned to tackle these challenges strategically through the co-ordination of rural development efforts in the private, public and government sectors.

## The Land Reform Landscape

### *Overview*

One of the most critical areas of redress in South Africa has been the issue of land. Throughout South Africa's history dispossession of land has been systemic, embodied in policies such as the Native Land Act of 1913, and the Group Areas Act during the Apartheid era.<sup>55</sup> In 1994, it was estimated that 83% of agricultural land was owned by white capital.<sup>56</sup> Thus, from the onset of democracy land reform as a mechanism for redress has been a focus of the South African government, historically carried out by what is now the Department of Agriculture, Land Reform and Rural Development.

### *Policy Environment*

Over the past 25 years, there have been a number of policies and legislation put in place in order to implement land reform in South Africa, with approaches sometimes changing under new leadership. Predominantly, the national position on land reform has been a willing buyer-willing seller model mediated by the government, coupled with a legal restitution process. The various policies have been covered in detail in the Legislative Mandates section of this document.

### *Progress to Date*

In 1994, the South African government set out a target to redistribute 30% (24,7 million hectares) of agricultural land by 2014.<sup>57</sup> South Africa comprises 122 million hectares, of which approximately 82% (100 million hectares) are classified as 'farmland' which has potential to be cultivated.<sup>58</sup> This

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<sup>54</sup> GreaterCapital, 2018

<sup>55</sup> Weiner & Levin, 1991 – Land and Agrarian Transition in South Africa (*Antipode*)

<sup>56</sup> StatsSA, 2017 – Regulation of Agricultural Land Bill: Facts, Figures and Content Analysis

<sup>57</sup> StatsSA, 2017 – Regulation of Agricultural Land Bill: Facts, Figures and Content Analysis

<sup>58</sup> World Wildlife Fund, 2018 – Agriculture: Facts and Trends South Africa

illustrates that agrarian land reform would need to be a specific focus, not only because it makes up the lion's share of land, but also because of its economic potential to contribute to the agriculture sector. Since 1994, the government has approached land reform through legal restitution processes which deal with specific land claims, as well as through broader land redistribution policies.

In terms of restitution, the Restitution of Land Rights Act set up a Commission on Restitution of Land Rights in 1995.<sup>59</sup> However, due to the slow progress made by the Commission, an amendment was then made in 1997 which allowed claimants to directly approach the Land Claims Court and the then Minister of Land Affairs.<sup>60</sup> The deadline for land claims has been shifted four times from 2002, contributing to an increasing backlog of cases. In 2011, it was reported that a total of 76 506 restitution claims were made, of which 76 023 have been settled. 82% of these claims have been in urban areas, with only 18% being in rural areas, illustrating that agrarian land reform has not necessarily been a focus of restitution regimes.<sup>61</sup> There are a number of factors contributing to the overall backlog, including conflict among beneficiaries, claims on privately owned land with unwilling sellers, and claims on communal land.

The other lever which the South African government has used to implement land reform is land redistribution. Since 1995, a market-based willing buyer-willing seller model has been adopted, starting with the Settlement/Land Acquisition Grants which were in place from 1995 to 1999.<sup>62</sup> The grants provided poor households with grants of up to R16 000 to purchase land on the market. However, the grants were overall ineffective in making substantial changes to land ownership patterns, as the amount did not meet market prices for land, and the resultant resource pooling by communities to buy land tended to result in social tensions and inefficiencies. In 2000, the Land Redistribution for Agricultural Development (LRAD) was thus established. This programme focused primarily on redistributing agricultural land to individuals with commercial intentions, providing support to previously disadvantaged commercial farmers.<sup>63</sup>

Despite headway made by both restitution and redistribution programmes, it is estimated that only 9% of South African agricultural land has been redistributed, well below the initial target set of 30%. While this target was adjusted down to 16,5 million hectares (approximately 20%) in the National Development Plan, there is still substantial work to be done by the government to acquire

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<sup>59</sup> South African History Online – Land Restitution in South Africa since 1994

<sup>60</sup> South African History Online – Land Restitution in South Africa since 1994

<sup>61</sup> Commission on Restitution of Land Rights 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007a, 2008, 2009, 2010, 2011

<sup>62</sup> Hall, 2004 – A Political Economy of Land Reform in South Africa (*Review of African Political Economy*)

<sup>63</sup> Hall, 2004 – A Political Economy of Land Reform in South Africa (*Review of African Political Economy*)

land and redistribute it. This is illustrated in the figure below, which highlights that there are still 8 million hectares (2018) of land outstanding.

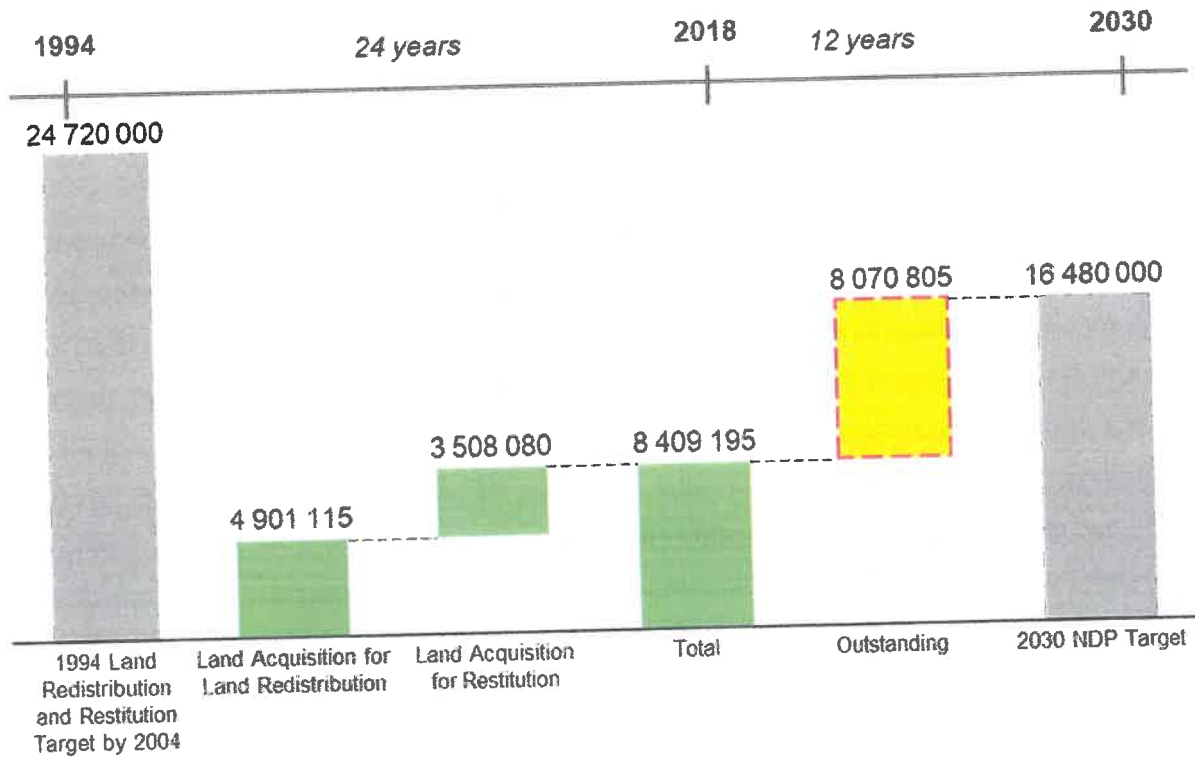


Figure 11: Land Acquisition for Restitution and Redistribution Targets vs Progress<sup>64</sup>

While the above analysis speaks to the quantity of land which has been redistributed, there is an increasing importance being placed on which land is redistributed. Economic transformation is one of the key objectives of land reform, and so land redistributed needs to be productive for the recipient, in order to promote profitability and economic prosperity.<sup>65</sup> However, due to the market forces at play in the willing buyer-willing seller model, the most unproductive pieces of land have been redistributed. This is illustrated when the economic distribution of land acquired for redistribution and restitution is examined, as shown in the figure below. It is evident that a large amount of land has been acquired is in the Northern Cape, however this province consists of mainly dry and relatively unproductive land.<sup>66</sup>

While the majority of land distributed has been in the Northern Cape, the highest number of beneficiaries from redistribution have been in KwaZulu-Natal, indicating that smaller pieces of land may have been distributed to more individuals. As illustrated in the figure below, there have been 8 381 beneficiaries on KwaZulu-Natal between 2009 and 2017, which constitutes

<sup>64</sup> StatsSA, 2017 – Regulation of Agricultural Land Bill: Facts, Figures and Content Analysis

<sup>65</sup> Sibanda, 2001 – Land Reform and Poverty Alleviation in South Africa

<sup>66</sup> DRDLR, 2018 – Department Strategy



approximately 39% the total beneficiary population.<sup>67</sup> Of the total 21 517 beneficiaries, only 40,7% (8 763 beneficiaries) have been women, and only 30,3% (6 517 beneficiaries) have been youth. These demographic dimensions illuminate a potential challenge regarding the ability for land reform to create substantial economic transformation and equity in the country. In order to substantially transform the country's economic structure, land reform must be conducted in a gender-sensitive manner that provides the economically active population an opportunity to improve the agricultural productivity of South African land. This must be taken into account by DALRRD as it develops its strategy for the next five years.

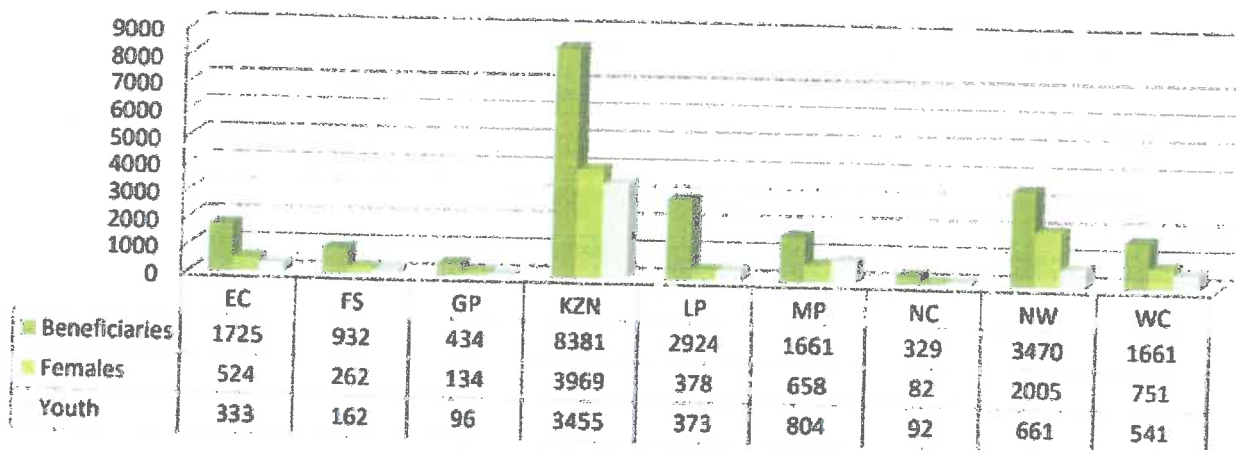


Figure 12: Provincial and Demographic Distribution of Land Reform Beneficiaries for 2009 - 2017<sup>68</sup>

### Recent Developments

In order to accelerate the land reform process, there has been a political shift to allow land expropriation without compensation. In this regard, the Parliament's Constitutional Review Committee held public hearings in 2018 to input into the proposed amendment to Section 25 of the Constitution. The draft bill to change the constitution follows on from the initial Expropriation Bill of 2015 which has been amended and is now open for public comment before it gets passed into law.<sup>69</sup> The most significant addition of the Expropriation Bill of 2019 is that it specifies that five types of land may be expropriated for nil compensation: land occupied by a labour tenant, land held for speculative purposes, land owned by state-owned entities, abandoned land and land with a lesser value than the state subsidies it received.<sup>70</sup> Two important elements to note regarding the Bill are that "nil" does not necessarily mean no compensation, but rather a "just and equitable" price; and secondly, that homes and productive agricultural land are not included in the list.<sup>71</sup>

<sup>67</sup> Commission for Gender Equality, 2009 – A Gendered Analysis of Land Reform Policy and Implementation Outcome in South Africa

<sup>68</sup> Commission for Gender Equality, 2009 – A Gendered Analysis of Land Reform Policy and Implementation Outcome in South Africa

<sup>69</sup> gerber, 2019 – Land Expropriation: Bill to amend Constitution Expected in December

<sup>70</sup> du Plessis, 2019 – Expropriation Bill: Striking a balance in land reform

<sup>71</sup> du Plessis, 2019 – Expropriation Bill: Striking a balance in land reform

In spite of the current attempts to accelerate the land reform process in South Africa, there are still significant challenges which need to be tackled by DALRRD over the next five years. primarily, the key challenges are:<sup>72</sup>

- **A lack of political consensus on how to approach land reform:** With the current climate, political parties and members of parliament are divided in terms of how land reform should be approached. This has resulted in a number of different policies being adopted over the past twenty-five years with changing approaches which limits the potential for follow-through
- **Difficult and lengthy land acquisition processes:** Under the willing buyer-willing seller model, land acquisitions are essentially supply-driven, which means that prices are high, and negotiation takes time, hindering land acquisition requirements
- **The restitution and redistribution processes face various dilemmas:** While these processes intend to redress land inequity, the desired outcomes do not always occur, specifically because:
  - *There is a lack of capacity in the system:* The amount of land claims received is challenging to deal with given the capacity of the department as well as the legal systems in place
  - *Financial compensation is often an outcome of restitution processes:* While this means that redress does occur, it does not address the central issue of land equity within the country
  - *Water rights are separated from restituted land:* Access to water is not necessarily guaranteed in processes where land is claimed through restitution
- **Land recipients face a myriad of challenges:** It has been seen that in many cases where land is redistributed, its productivity declines due to the segmentation of land and limited training. While this is being addressed gradually by the DALRRD, more support is needed for land reform beneficiaries to ensure that the objective of economic transformation is met through land reform by increasing productivity and thus profitability of agricultural land

It is evident that land reform is both politically charged and crucial to equity in South Africa. While progress is still behind the 16,5-million-hectare target which was set in the National Development Plan, there are key elements of the current landscape which will enable the DALRRD to accelerate the process and achieve the aims of redress and economic transformation. Taking into account the key challenges facing land reform in South Africa – notably the difficulties in the acquisition,

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<sup>72</sup> Department of Rural Development and Land Reform, 2013 – Land Tenure Security Policy for Commercial Farming Areas



restitution and redistribution processes, the DALRRD must work towards improving the effectiveness and efficiency of its land reform processes. Further to this, the merging of the two departments provides a unique opportunity to tackle the productivity challenge which has been a key hindrance to accelerating economic transformation in the agriculture sector. Taking this into account, the agriculture landscape will now be analysed.

## The Agriculture Landscape

### *Overview*

The global agricultural operating environment is currently facing a number of critical changes. Brexit and the trade war between United States and China have already been changing global trade flows. Further to this, Europe's environmental protection laws as well as sanitary and phytosanitary regulations are getting stricter and trade in Africa remains influenced by protectionism, high transaction costs and ad hoc policy applications. Within this context, close collaboration with the private sector and agile responses by governments will contribute to success in the global markets.<sup>73</sup> The DALRRD must ensure that over the next five years, it is prepared for rapid social, economic and technological change.

Within this global context, South Africa's agriculture sector has the characteristic of having a greater degree of mechanisation and technological application than other African countries. The sector contributes to less than five percent of South Africa's GDP and provides employment to close to six percent of the total labour force.<sup>74</sup> All elements of the agricultural value chain, including production, research, transport, manufacturing, retail and waste of agricultural products are at a vital point of change. There is growing discourse and attention being paid to in terms of impacts on health and wellbeing, nutrition and the environment. Within this context, national policy aims to accomplish sustainable and inclusive economic growth whilst feeding a growing population and reducing disparities regarding land ownership and distribution.<sup>75</sup>

According to a survey conducted by Statistics South Africa for the years 2016 and 2017, the largest contributors to agricultural income are large and small agricultural enterprises contributing R195,1 billion and R60,6 billion respectively in 2017. Medium and micro enterprises both contributed similarly with R23,3 billion and R23,2 billion respectively. The following figure shows the percentage contribution to agricultural income accruing to enterprise size.

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<sup>73</sup> BFAP, 2019, BFAP Baseline, Agricultural Outlook 2019-2028

<sup>74</sup> StatsSA, 2018 - Quarterly Gross Domestic Product Review

<sup>75</sup> GCRF AFRICAP, 2018, Report on the GCRF-AFRICAP participatory scenarios workshop

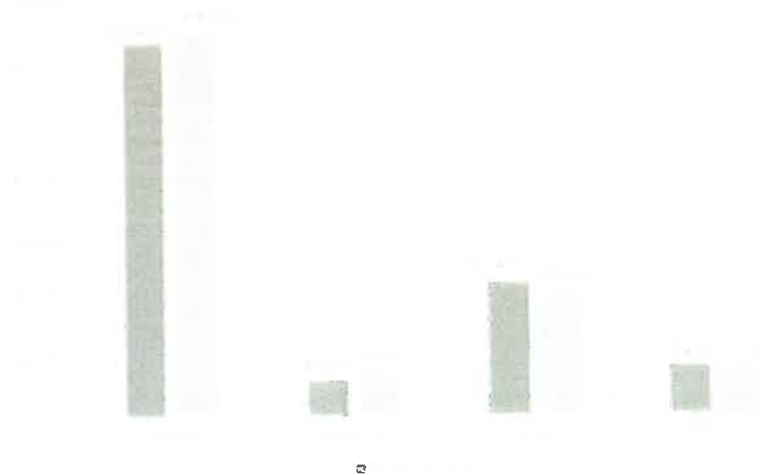


Figure 13: Percentage contribution to income of the agriculture and related services industry according to enterprise size for 2016 and 2017

Subsistence agriculture plays an important role in food security for the nation. According to the General Household Survey for 2018, of all the households that are involved in agricultural activities, 75,6% sought to secure additional sources of food through subsistence activities<sup>76</sup>. As seen in the following figure from the mentioned survey, relatively larger percentages of households in the Eastern Cape, Free State, KwaZulu Natal, Mpumalanga and Limpopo practiced agricultural activities to increase their existing sources of food.

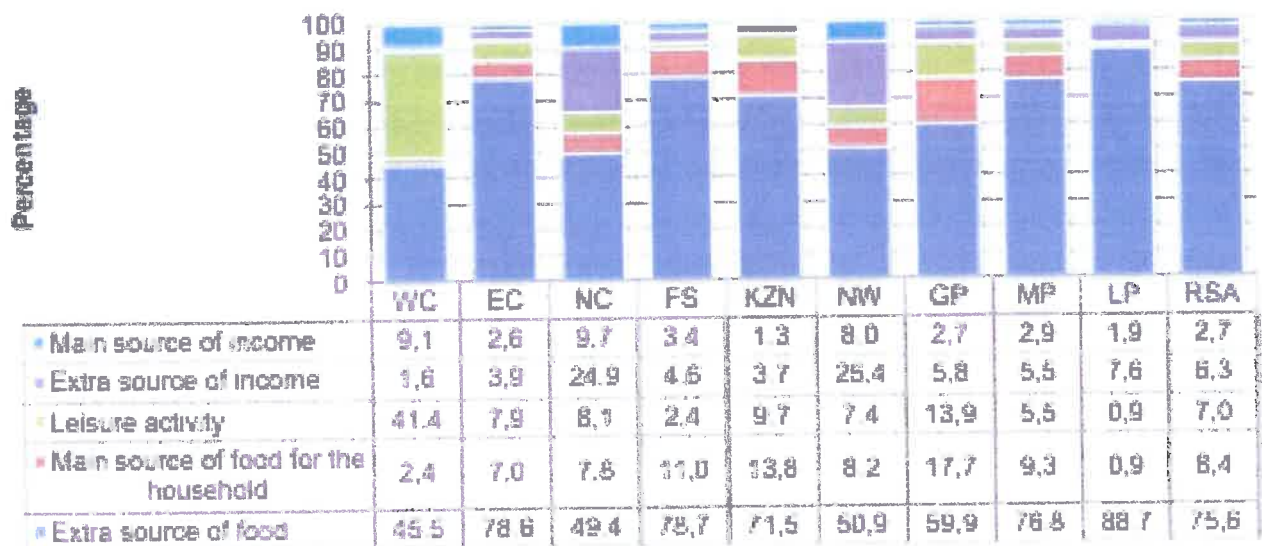


Figure 14: Distribution of main reasons for agricultural activities by households in provinces, 2018<sup>77</sup>

<sup>76</sup> StatsSA, 2018 – General Household Survey

<sup>77</sup> StatsSA, 2018 – General Household Survey

In general, the South African consumer base is characterised by socio-economic and cultural diversity, high levels of income inequality, a young population and persistent urbanisation. The macroeconomic environment contributes to difficulties faced by households such as high levels of unemployment and increasing debt. Restricted access to food is a reality faced by 25% of people.

Over the next five years, various trends affect the future of the agricultural sector in South Africa, a few of which are: social and economic development, environmental governance and focus of sustainable food production/ practices, demographic shifts and urbanisation, changing dietary patterns and requirements, as well as the accepting and dissemination of technologies. The uncertainty around the forthcoming trajectory of these trends and the potential impact on production and food security, should be taken into account in decision and policy-making. In order to establish how suited policy is to this changing environment, an analysis of the current agricultural policy environment will follow.

### *Policy Environment*

South Africa's agricultural sector is guided by several policies and legislation, which include the following:

There have recently been a few legislative updates that relate to the agricultural sector which should be taken into account, specifically regarding water, carbon tax, land reform, conservation and climate change:<sup>78</sup>

- **Water:** Regulations were greatly influenced in 2018 by the continued drought conditions experienced throughout South Africa. There was a need for water users to significantly decrease water consumption, supervise their usage of water and to comply with enforcements of metering installation and reporting requirements as defined by the National Department of Water and Sanitation (DWS). There have been restrictions imposed on general water usage, particularly in the Western Cape, and by December 2018, upon substantial recovery in capacity of the Western Cape Water Supply System, the DWS made the decision to reduce but still maintain water restrictions, which overall resulted in a 10% water usage restriction for agriculture. In January 2018, the DWS posed restrictions on groundwater use, within the same areas, and decreased groundwater abstraction rates by 60%. All water users were required to implement electronic water measurement instruments to monitor their water usage, abstraction and storage rates so that these records could be submitted to the DWS weekly. Despite the significant restrictions, agricultural users have managed to reduce water usage,

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<sup>78</sup> GreenCape, 2019, Sustainable Agriculture-2019 Market Intelligence Report

adapted to produce crops with higher returns and have introduced technologies regarding water-efficiency to monitor usage. The DWS provided the Western Cape with decision-making instructions regarding the control of dam release rates and held irrigation boards and water use associations responsible for water metering, reporting and monitoring. On 26 October 2018, the Western Cape High Court legalised the Lower Berg Irrigation Board approving requests for the transfer of water rights temporarily between farms, meaning that irrigation boards will be empowered again to take decisions regarding water use.

- **Carbon tax:** The Carbon Tax Bill was implemented on 1 June 2019. Agriculture and other land use and waste sectors will be exempted from direct greenhouse gas emission taxes during the first phase of implementation, which ends in 2022, however indirect taxes will apply for fuel and energy usage. Phase two of implementation will have adjusted taxation measures based on a review of the first phase.<sup>79</sup> Following 2022, sectors with carbon dioxide equivalent emissions exceeding 100 000 tonnes are expected to be taxed. Few agricultural enterprises are expected to be taxed as the threshold requirement for taxation is relatively high. However, sectors related to agriculture, such as logistics and inputs for agriculture, will be taxed and thereby provide secondary tax implications for the agriculture sector. Despite the financial implications posed by the Carbon Tax Bill, it also poses an incentive for the shift to alternative climate smart agricultural practices.

**Land reform:** As has been discussed above, there has been a spotlight on land reform policy following the public hearings for the Expropriation Bill. However, the State has declared that commercial farms that contribute to the products in the agricultural-food market, will be exempt from the land expropriation policy. Regardless of this, it is expected that investor confidence will be influenced by the policy.

- **Conservation Agriculture:** In February 2018, a Draft Conservation Agriculture Policy was released. It has been recognised that conventional farming mechanisms are not sustainable, and the policy aims to encourage and establish ecologically and financially sustainable systems to enhance food security. These systems should foster cooperation between conservation, agricultural production and enhancement of rural livelihoods.
- **Climate-smart agriculture:** In August 2018, the then Department of Agriculture, Forestry and Fisheries gazetted the Draft Climate Smart Agriculture (CSA) Strategic Framework which outlines the CSA measures in combating problems facing the South African agricultural sector that are related to climate change. The Framework outlines the role that Climate Smart

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<sup>79</sup> National Treasury, 2019, Publication of the 2019 Carbon Tax Act

Agriculture (CSA) can play in enhancing agricultural and food production in a sustainable manner while addressing vulnerabilities to the adverse climate change effects facing the agriculture sector. Emphasis is placed on the importance of implementing mitigation (reducing greenhouse gas emissions e.g. methane from livestock) and adaptive (enhancing resilience of food and agricultural production systems, e.g. Drought tolerant cultivars) strategies while ensuring food security. CSA can be mainstreamed into production processes and programmes as well as the requirement of resource investment in indigenous knowledge systems. The framework will guide government, developmental partners and investors whilst integrating CSA into projects and initiatives to promote and scale up best farming practices.

Within this policy context, the DALRRD is mandated with overseeing the development of agriculture, playing a coordinating role of various stakeholders across the agricultural value chain. An analysis of the various stakeholders is thus conducted below.

## Stakeholder Analysis

In order to understand the key players in the agricultural sector, an understanding of the value chain is necessary. As illustrated below, the agricultural value chain is largely dominated by large companies, especially in terms of distribution and retail, with limited participation from rural communities.

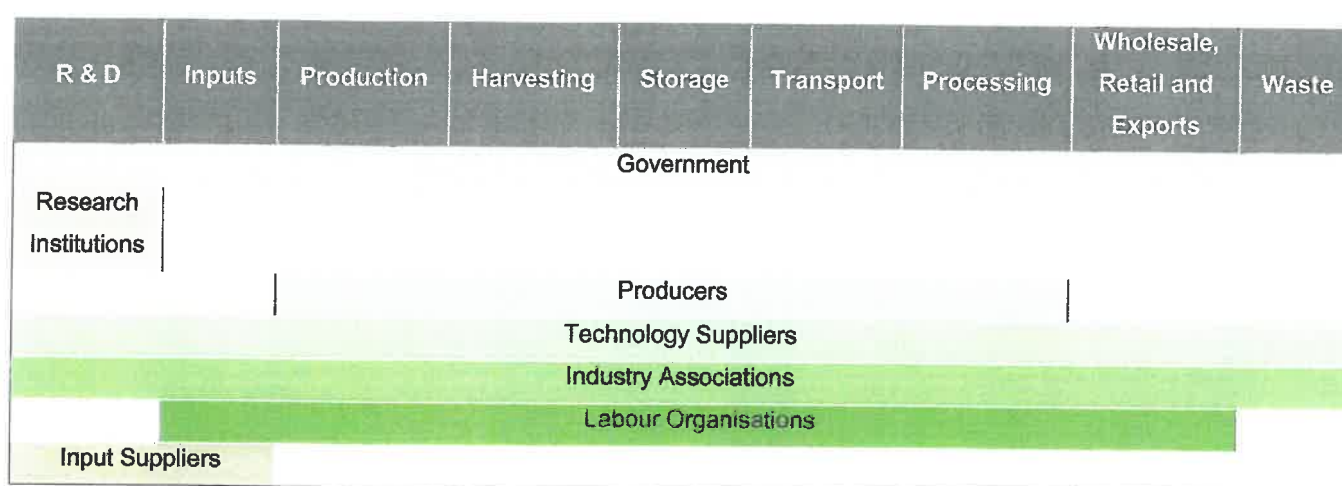


Figure 15: Agricultural value chain participation in rural areas



Key stakeholders across the entire agricultural sector involve consumers of agricultural products, international competitors and similar organisations/individuals of the role players in the agricultural sector, rural residents who may be affected by agricultural activities and the media who communicate information among stakeholders. Key stakeholders/ role players across the value chain of the agricultural sector can be divided into seven categories as show in the figure below and involve the following:<sup>80</sup>

- **Government:** The Department of Agriculture, Land Reform and Rural Development (DALRRD) is responsible for the governance of the entire industry.
- **Research Institutions:** Organisations that undertake investigations regarding all aspects of the value chain.
- **Producers:** This category includes both large scale and small scale farmers who in most cases, carry out their own harvesting, storage and transportation, and others who produce, process and/or distribute agricultural commodities.
- **Technology Suppliers:** Involves the suppliers of equipment and innovative solutions to be used across the value chain.
- **Industry Associations:** These are organisations that support farmers/producers with the applicable and reliable information involving regulations, logistics, cultivar developments etc., as well as being involved in or supports research for various agricultural topics.
- **Labour Organisations:** Organisations which support employees across the agricultural sector by aiding in attaining the best possible social and financial positions in employment.
- **Input Suppliers:** Producers of agricultural inputs such as seeds, fertiliser, pesticides, packaging and machinery.



<sup>80</sup> GreenCape, 2019, Sustainable Agriculture, Market Intelligence Report



## *Agricultural Commodities*

South Africa's agricultural industry is vastly diversified, comprising the production of crops, livestock farming and value-added activities such as slaughtering, processing and preserving of fruit, vegetables and meat, production of dairy products, grain mill products, crushing of oilseeds, preparation of animal feeds, sugar and cocoa refining as well as other foodstuff production. The major outputs of the South African agriculture sector have been analysed in terms of:

- a) Summer crops for grains and oilseed;
- b) Winter crops for grains and oilseed;
- c) Sugarcane and sugar;
- d) Meat, wool and eggs;
- e) Milk and dairy products;
- f) Potatoes;
- g) Fruit; and
- h) Wine grapes and wine.

### **Summer field crops for grains and oilseed**

In 2019, the yield expectations for field crops are lower than in 2018 for all summer crops. Estimates from the Crop Estimate Committee (CEC) expect a 10.9-million-ton harvest which is 13% less from 2018. This, in combination with the 2.7 million tonnes of stock on 1 May 2019, is sufficient for domestic consumption and expected exports are set to be close to over a million tonnes in the marketing season.

Looking at the next decade, distinct and substantial differences for the demand of different summer crops will emerge. White maize and sorghum chiefly consumed as food, while the bulk of yellow maize is dedicated to the animal feed industry. Majority of oilseeds such as sunflower and soybeans are crushed to produce vegetable oil and protein meal. Given their usage, dietary diversification is anticipated to decrease and the combination of an expanding population and demand for meat products dictate that the projected demand for summer grains will increase, particularly for yellow maize.

### **Winter field crops for grains and oilseed**

Following a period of sustained decrease, wheat has stabilised over the previous five years. Neither wheat nor barely are expected to expand significantly in irrigated areas owing to various alternative crops, such as pecan nuts, being too strong of competition. A 25% increase in wheat production is expected and the wheat share of imported products is anticipated to decline marginally in the next decade. In the case of barley, South Africa is close to being self-sufficient in its production as with the canola production in recent years and the expected capability for this to be sustained.

### **Sugarcane and Sugar**

Tariff free imports in combination with the imposed Health Promotions Levy (HPL) has had major impact on production and market demand. Revenue from the sugar industry has been reduced by close to R 1.5 billion and export earnings have been realised at below production costs. Declining profit margins have encouraged sugarcane farmers to diversify into other long-term crops such as avocados, macadamias, citrus fruit etc. It is anticipated that mills may be forced to close down in coastal production regions. It will become vital for government and industry to take

into account alternatives that will aid in converting export sugar into more lucrative products such as ethanol through a biofuel regime or consideration for electricity cogeneration must be made.

### **Meat, wool and eggs**

In 2018, various meat markets were impacted by a number of factors such as the listeriosis outbreak which caused temporary closure of some processing facilities and reduced the demand for pork. The pork industry saw an overall average 12% decrease in prices since 2017. Higher global prices for sheep and poultry meat, combined with the substitution effect, sustained a five percent and six percent increase in domestic poultry and lamb prices respectively in 2018. Regardless of limited supply, beef prices during the first half of 2019 traded 10% less than for the first half of 2018, owing to the outbreak of Foot and Mouth Disease (FMD) and the diversion of export products into the local market, where spending power has been under significant pressure.

In the past decade, South Africa has been one of the leading wool production and export countries, with the gross value of wool in South Africa increasing by 203%. Unfortunately, in 2019, the FMD outbreak stalled South Africa's exports into China and high stock volumes were resulting for the wool industry. In the next decade, production is anticipated to increase, however, at a marginally slower rate than the past decade resulting from difficulties relating to livestock theft and predation as well as expected decrease in export rates.

With respect to eggs, the industry is still recuperating from the Avian Influenza outbreak in 2017, which caused close to 20% of layer flock being culled across the country. Farmers are concerned with the absence of a strategy for vaccinations, with only culling as a means of control for future outbreaks.

### **Milk and dairy products**

The number of producers of milk have reduced over the past decade however production from this industry is expected to increase. Raw milk production is seasonal and is also impacted by cost of feed. Fluctuations in production levels and the industry's small contribution to internationally traded products, results in volatile prices.

The national dairy market is comprised of two sectors, 62% are liquid products and 38% are processed concentrate products. The production for both fluid milk production and processed concentrate products is expected to increase gradually over the next decade.

### **Potatoes**

Potato production has historically increased in South Africa with a forecast to further increase in future. Potato prices are determined by domestic supply and demand dynamics since potatoes are not usually traded in bulk, making prices sensitive to weather conditions. In the upcoming decade, production is expected to increase by an average of 0.7% annually attributed to higher yields.

### **Fruit**

South Africa's fruit sector comprises mainly of citrus, table grapes, pome and stone fruit. Of total fruit production, 50% of total hectares are cultivated in the Western Cape and the rest spread out between Limpopo, Mpumalanga, North West, KwaZulu-Natal, the Eastern cape and the Northern Cape. The fruit sector faces a major challenge with respect to water availability and has initiated

the creation of innovative solutions, such as night irrigation, different irrigation types and netting to reduce evaporation of water. The EU and the UK are the export areas of choice for South African fruit. However, the demand in these regions is slowing, due to decreased population growth. It is vital that access to new markets are obtained, where there is growth in demand and consumers have strong buying power.

No major deviations expected for domestic consumption and processing for fruit in upcoming years are expected. Consumption of pears per capita is following the same trend for the past 20 years and apple consumption has been relatively consistent as well. Nectarines and plums are expected to increase in production, despite the period of drought, where producers will most likely choose to irrigate plum trees instead of other orchards, owing to plum's export potential and greater impact on the bottom line. As a result of this, other stone fruit such as peaches and apricots will experience a decline in local market share, and this has already been seen.

### **Wine grapes and wine**

During the period of 2005 to 2015, South African wine production grew quickly, however, increase in exports and domestic consumption were limited, giving rise to a time of stock accumulation, decrease in prices and a resulting lack of competitiveness as compared with other horticultural products. Regardless of the challenges that have been faced, the wine industry is still one of the greatest contributors to income from agricultural products. In light of declining production, additional value strategies must be put into place. Domestically, accurate segmentation is crucial, while sustaining exploitation of opportunities for wine tourism.

### *Threats and Opportunities*

Growth in the agricultural sector has been slow and this is unlikely to change during the following decade. This highlights the need for an encouraging investment environment and therefore, highlights the requirement of an effective land reform programme which will maintain lawful integrity of market dealings while tackling the country's past legacy of dispossession.

The agriculture sector in South Africa faces a number of vulnerabilities, which include; Crop losses, rising input costs, Unemployment rates, Marginalised small-scale farmers and Increasing demand for food.

While these vulnerabilities should be a focus of the DALRRD, there are also a number of market opportunities in the sector, which could contribute positively to the re-vitalisation of agriculture in South Africa. These opportunities include; Sustainable agriculture, Renewable energy for agriculture, Alternative waste treatment, Water usage efficiency and Symbiosis programme mapping.

There is a need to improve resilience, sustainability and market connectivity in order to address the challenges facing the agricultural sector. There are various initiatives that can be taken to build the agriculture sector within South Africa in order to increase productivity and profitability. The DALRRD can leverage the success of these initiatives to ensure that the agriculture sector contributes meaningfully to economic growth, employment and poverty reduction in South Africa.

## Internal Environment Analysis

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### Background on the merger of the two departments to form DALRRD

On the 29th May 2019, President Cyril Ramaphosa announced the appointment of a reconfigured national executive following the recently held general elections. The President committed to a process of further reforms to “promote coherence, better coordination and improved efficiency” of government.

The President then announced a new department i.e. Department of Agriculture, Land Reform and Rural Development (DALRRD), which is a merger between the Department of Agriculture, Forestry and Fisheries (DAFF) and the Department of Rural Development and Land Reform (DRDLR)<sup>81</sup>. However, only the agricultural segment was merged with DRDLR.

The key priorities of the Sixth Administration as highlighted in the President’s State of the Nation Address with regards to DALRRD are as follows:

- Land Restitution: focusing on the land restitution cases that have not been resolved since 1998;
- Labour tenants’ claims: the resolution of labour tenants’ claims to ensure that their land rights are addressed not only in law, but also in how they can utilise that land for their livelihoods;
- Agricultural activity: Increasing the market share of black producers in the various sectors of the agricultural economy, be it at a primary production level or in the agri-business industry;
- Rural development: building infrastructure that will support farmer production units located in the 44 districts of our country and social infrastructure such as rural roads;
- Social development: speedy release of state land for human settlement as well as agricultural development;
- Deeds registrations: transforming the deeds registry to record the land rights in SA (The department would look at developing policy for this transformation. This would be supported by tenure legislation in the case of unrecorded rights in communal areas).

With the formation of the merged department, the strategic objectives will be streamlined; duplication of duties avoided; and collaborative effort used to successfully execute on the mandate. Therefore, a better level of performance is expected for the merged department.

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<sup>81</sup> Nationalgovernment.co.za

Other benefits for the reconfiguration include the following:

- The department will have an organisational structure that ensures limited duplication of duties and tasks.
- A lean and focused organisation will ensure successful execution of mandate with a smaller budget.
- Collective efforts in smallholder development support will increase smallholder participation in dynamic markets.

Following the reconfiguration of the government departments, the department (DAALRRD) embarked on reconfiguration process. Six work streams were identified focusing on integrating human resources, finance, Information and Communication Technology (ICT), communication, administration and legal processes into the new department.

Human resource embarked on developing the macro and micro start-up structure. These were endorsed by the Minister of the department and concurred by the Minister of Public Service and Administration. Both DAFF and DARDLR staff will be transferred into DAALRRD with existing conditions of service and retain those conditions of service until reviewing take place. Matching and placing process for SMS member has been completed. The process was done in line with the criteria as outlined in Resolution 1 of 2019.

The department reviewed policies from the old departments to ensure seamless transition for the new department. A total number of 36 human resource policies were successfully reviewed; awaiting consultation with organised labour. Financial management policies successfully reviewed 18 policies; financial delegations and the Standard Operating Procedures (SOPs). The reviewed policies should be in place for the new department by 01 April 2020. The department will further develop a new operating model which will ensure that the structure, processes and technology are integrated to deliver on the strategy.

The department adheres to Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing approved in February 2020. All projects affecting beneficiaries, where applicable, will be disaggregated according to youth, women and people with disabilities.



## SWOT analysis of DALRRD

The departments collaboratively reflected on the operating environment and the internal environment and came up with a SWOT analysis to identify key opportunities and risks that they should address.

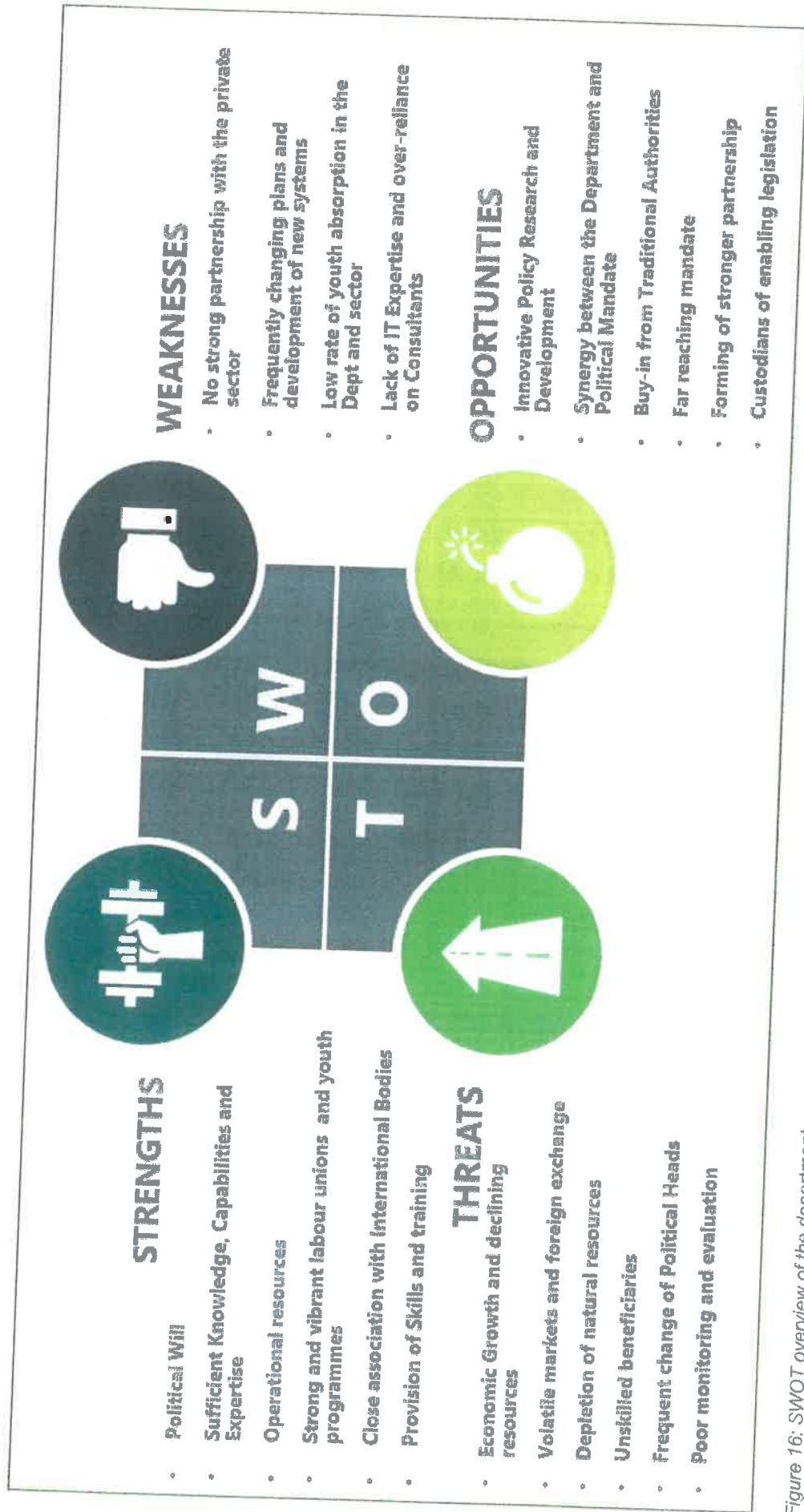


Figure 16: SWOT overview of the department

## Strategic focus areas for the DALRRD

The first step in being lean and organised for execution was the merging of the former Department of Agriculture and the Department of Rural Development and Land Reform. The new Department of Agriculture, Land Reform and Rural Development has complementary resources with the requisite skills to address the land reform, agriculture and rural development challenges in a focused manner.

South Africa has been unable to generate economic momentum and is consequently deeply affected by the 'triple crisis' of inequality, unemployment and poverty. In order to abate the triple crisis, stimulate the economy and meet the goals of the NDP, President Cyril Ramaphosa has called for a focused approach on achieving the seven Priority areas of the MTSF in the next five years. In line with this strategy the department will be more focused the allocation of resources towards contributing to the bigger picture in the country. There is a need to re-purpose as a department and re-define the focus areas that will derive the highest impact.

The matter of accelerating land reform, tenure reform and land development has become a matter for all South Africans, all spheres of government and political parties. The contribution of Agriculture to the economy has been decreasing and since this is a labour-intensive sector, it is one of the few sectors that has a potential to accelerate intensive job creation. Rural development is one of the most critical focus areas to try address the 'triple crisis' and ensure inclusive growth of the economy.

The perception is that poor performance of government and particularly that of the department is failing those that require land, the rural poor and the growth of agriculture as well as job creation.

To respond to this, a strategy development process was undertaken to strategically position the department to effectively deliver against its mandate, vision and mission. The aim is to meet the NDP and SDG Goals through rolling back the triple challenges by scaling up delivery of land, legally secure tenure, food security, economic growth and land/rural development<sup>82</sup>.

The key areas identified for accelerated impact are summarised in figure below:

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**Operating a Single Business**

- The department's must come together as a single consolidated department
- All programmes must be reviewed and refocussed to create impact and effectively utilise budgets



**Partnering for Success**

- We have to select private sector partnerships to create impact, in light of budget cuts
- As a national function we cannot deliver change on our own and must work with stakeholders (national and provincial) to create impact



**Re-finding our Mandate**

- We must revive our original mandate, dropping the "do-everything" approach
- Must not encroach on provincial mandates but reclaim our national strength utilising fiscal and policy instruments
- Reclaim our space as agri-experts



**Leading from the Front**

- Creating change is across all the Senior Management levels of the department
- We must drive the right culture and mindset in order to change the behaviours within the department



**Delivering Impact**

- We must deliver impact, not count projects completed etc.
- We must drive district level pilots as schemes, ensuring we provide an ecosystem of support and look at value chains
- We must continue to be export led in the medium term

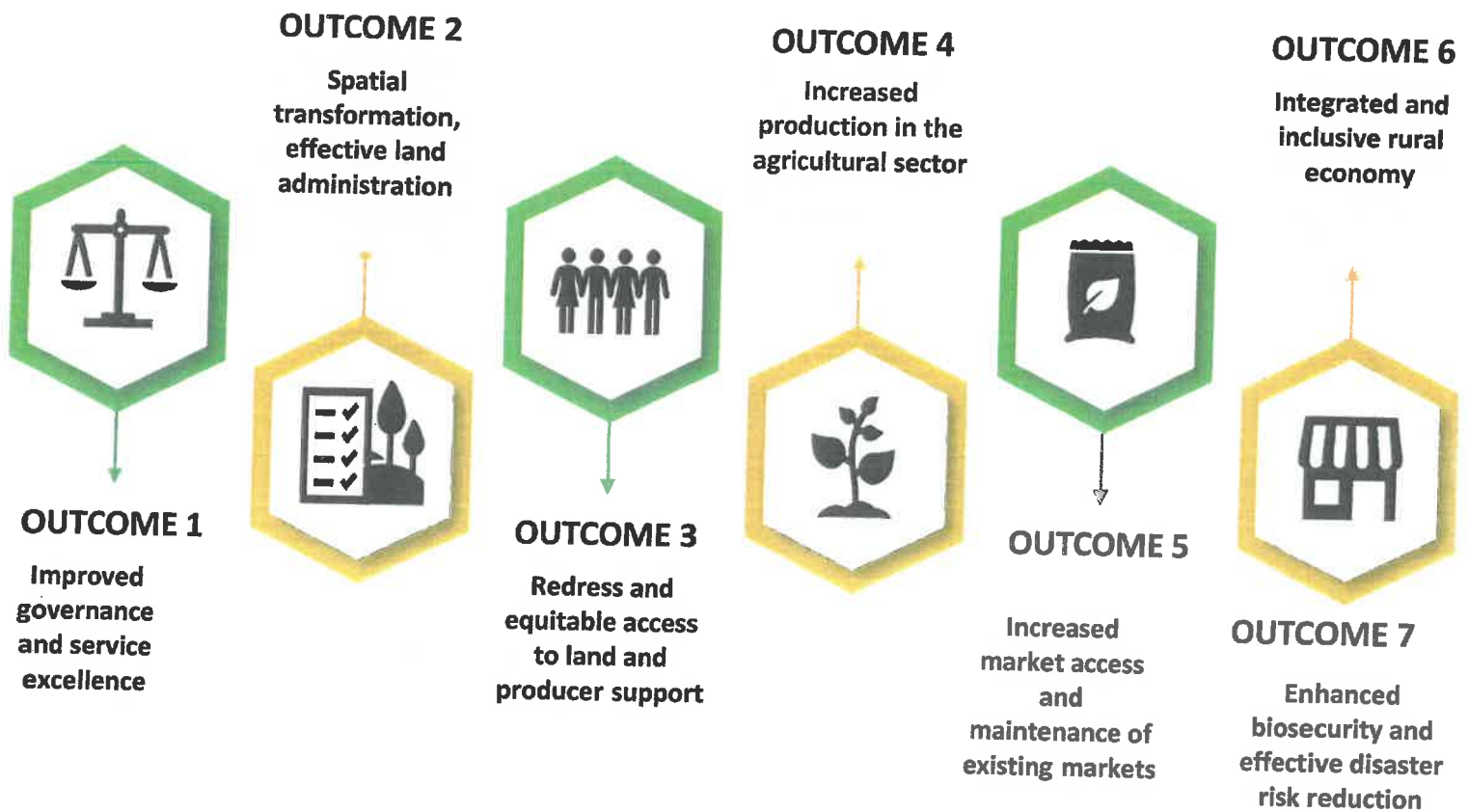


**Scaling Back for Success**

- Scale down on land acquisition, rural enterprise development and Natsec
- Ring fence programme spend to support land restitution development
- Create a Land Administration qualification

Figure 17: Focus areas for accelerating impact

Based on the above strategic focus the DALRRD developed the following outcomes:



# PART C: MEASURING OUR PERFORMANCE