



agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

BUDGET VOTE 24: AGRICULTURE, FORESTRY AND FISHERIES

**MINISTER OF AGRICULTURE, FORESTRY
AND FISHERIES,**

HONOURABLE SENZENI ZOKWANA (MP)

13 MAY 2015

Honourable Chairperson,

Ministers present,

Deputy Ministers present,

MEC's for Agriculture,

Chairperson and Members of the Portfolio Committee on Agriculture,
Forestry and Fisheries,

Members of Parliament,

Distinguished Guests,

Ladies and gentlemen

It is a privilege to present the Second Budget on Agriculture, Forestry
and Fisheries in the fifth democratic Parliament, Budget Vote 24.

2015 marks the 60th anniversary of the adoption of the Freedom Charter in Kliptown on 26 June 1955. The Freedom Charter is the founding document of our democracy, demanding inclusivity as per its opening lines: "*South Africa belongs to all who live in it.*"

The spirit of the Freedom Charter is mirrored in the ideals and principles of our Constitution. As such the Preamble of our Constitution states that:

- "*We, the people of South Africa,*
- *Believe that South Africa belongs to all who live in it, united in our diversity. . .*"¹

The Constitution defines the developmental path for our country, our national symbols as well as our heritage. We recently celebrated Human Rights Month in March and Freedom Month in April under the theme "*Celebrating the Beginning of the Third Decade of our Freedom through Accelerating Radical Economic Transformation.*"

On Freedom Day we recalled "*the solidarity and friendship of many peace-loving nations and peoples from Africa and the world during the struggle for liberation*"

Sadly, Freedom Month was negatively impacted on by a spate of attacks against foreign nationals in Gauteng, KwaZulu-Natal and other parts of the country. A number of lives were lost; thousands were displaced and alienated from their possessions.

Sihlalo, siwuchasile kwaye siwuchase ngamandla lomkhwa mbi wokuhlasela abantu ababuya kwamanye amazwe, ingakumbi abantakwethu noodadebethu kwizwekazi laseAfrika. Ngumkhuba wobunqalintloko ongahambisaniyo nomgaqo-siseko welizwe, wona uwaqinisekisayo amalungelo oluntu. Lomkhuba ukwaphikisana nemimiselo yoxwebhu lwethu lwenkululeko, iFreedom Charter, yona esifundisa ukuba sisebenzele uxolo nobuhlobo namanye amazwe, ingakumbi lawo ezwekazi lethu.

For the month of May, Africa Day is celebrated throughout the country. It is incumbent upon each of us to promote African unity. President Jacob Zuma called on us to “*do more to promote healing and tolerance amongst all our people . . . to continue efforts to fight racism which continues to be a challenge in our country . . .Therefore, our nation*

building and healing efforts require more enthusiasm and the involvement of every sector of society.”²

I echo the call of the President. Just as South Africa is a proud African nation, so each of us should conduct ourselves as proud Africans.

Modulasetulo, mo tekanetsong-kabo ya ngwaga wa 2014 wa ditshetele, re tseere maikano a go godisa seabe sa rona mo temothuong, ka go godisa ekonomi le go tlhola ditiro gammogo le go fokotsa tlala.

This Budget Vote Speech will reflect on our mandate, our work over the past year and our strategic and spending priorities for the current financial year. Since my first budget vote speech, I have dedicated my time to consult with stakeholders, industry leaders and most importantly, the people who form the core of the industry, the beneficiaries of our programmes. I have listened and heard the pleas of our people and this has led me and my Department back to the drawing board to make our operations more responsive to their needs.

Honourable Members, Section 27 of our Constitution states that every citizen has the right to access sufficient food and water; and, that the

State will ensure the progressive realisation of this right. The primary mandate of the Department of Agriculture, Forestry and Fisheries, is to ensure food security.

Our mandate has been reinforced by the recommendations and targets in the National Development Plan, the New Growth Path and the Industrial Policy Action Plan. Key among these targets is the radical transformation of the sector to create one million jobs by 2030.

Our mandate has further been punctuated in the 2015 State of the Nation Address when the President stated that “*Our economy needs a major push forward,*” and in this context the President announced a “*nine point plan to ignite growth and create jobs,*”³ one of which is “*Revitalising agriculture and the agro-processing value chain.*”

Chairperson, our success in the *Revitalisation of the agriculture and the agro-processing value chain* will be measured in terms of food security, job creation and contribution towards the GDP.

However, Honourable Members, this is a paradigm shift which calls for a shared vision; seamless governance between national, provincial and local government; and a social compact with social partners.

The President further stated in the 2015 State of the Nation Address that *“We are working with the private sector to develop an Agricultural Policy Action Plan which will bring one million hectares of under-utilised land into full production over the next three years.”*⁴

Chairperson, I am pleased to inform the House that the Agricultural Policy Action Plan, or APAP, was approved by Cabinet in March 2015. APAP is the programmatic response to Priority 1, the *Revitalisation of the Agriculture and the Agro-Processing Value Chain*. It outlines a value chain approach in priority commodities, informed by the commodities with high-growth potential and high-labour absorption capacity identified in the National Development Plan.

We would like to reflect on our achievements and challenges over the past year.

During the 2015 SONA the President reported that *“our Agro-processing exports have been growing rapidly especially to new markets in Africa and China.”*

Agriculture is a catalyst for economic growth and the current contribution of our sector towards the Gross Domestic Product (GDP) of 2.5 % is far below the capacity of the sector. It should be noted however, that the sector contributes another 12 % to the GDP through value added from related manufacturing and processing.

Agriculture, forestry and fisheries products have increased their share of total South African trade from 9.9% in January 2013 to 12.8% by September 2014. During the same period there was a 43.6% year-on-year increase in the value of exports of sector products from R71.4 billion in 2013 to R102.5 billion in 2014.

While South Africa continues to be a net exporter of agriculture, forestry and fisheries products, exports are still concentrated in primary agriculture products and we are a net importer of processed agriculture products. In recognition of this, the Government has, through APAP, set out to introduce an export-led and import replacement sector strategy.

The largest sub-sector in the agriculture, forestry and fisheries' export basket in 2014, based on value, was fruit and nuts. The highest growth in the export of specific product within the sectors was the export of wood with a growth of 72%.

However, despite these gains, existing growth models have not equitably distributed benefits, and this was true even during periods of sustained economic growth prior to the 2008 global crisis. We need to reverse this trend.

Inclusive growth has an important role to play in responding to South Africa's pressing social needs and addressing the underlying trends that pushed our economic and social systems into disequilibrium. Growing inequality and job loss persists under current economic growth models.

The Department has challenged itself to drive a more inclusive growth model for Agriculture, Forestry and Fisheries. We endeavour to focus on the distribution of economic benefits. It is about looking at how the benefits and opportunities of growth are shared among all South Africans, with equal opportunity for decent work, and in making growth sustainable for future generations.

To support our mandate of job creation and increased contribution to GDP, we will facilitate and support increased exports into Africa and worldwide.

We have diligently pursued our commitment to increase intra African trade and as a result our trade with the continent increased by 44.8% year-on-year. The main products driving the increase were fruits such as apples, fresh grapes and pears. Wine, sugar, maize and fish remain major contributors to exports.

We have established new markets in 2014/15. After 5 years of technical work on resolving phytosanitary issues, we were able to conclude agricultural trade protocols for the export of South African maize and apples to China in December 2014. The industry is gearing up to plant an additional 10 000 hectares of apples and the export of apples alone is projected to generate R500 million in foreign exchange and create 13 000 new jobs over the next 3-5 years.

Chairperson and Honourable Members, the growth in the sector is cognisant of a number of challenges and opportunities. For example, the sector is challenged by high input costs, climate change, natural

disasters such as droughts and fires, skewed and inadequate infrastructure and energy shortage.

Honourable Members, I want to pause for a moment to focus on the impact of natural disasters on our economy. For example, the oceans have in recent years experienced environmental changes that can be attributed to climate change. There are natural phenomena like the harmful blooms which periodically occur with devastating outcomes. During this occurrence, tons of West Coast Rock Lobsters are washed out of the sea resulting in huge economic losses.

I have since instructed my Department to assemble a multi-stakeholder forum, with the Department of Environmental Affairs, South African Weather Services, Department of Science and Technology and The Council for Scientific and Industrial Research (CSIR) to draw a contingency plan, including developing early warning systems to enable us to better respond to this disaster and minimise the losses.

Our country is also prone to droughts that lead to huge losses for both livestock and crop farmers. Ek het onlangs die GraanSA Konferensie en NAMPO Landbou skou bygewoon in die Vrystaat. Die grootste

bekommernis wat die boere tydens beide geleenthede onder my aandag gebring het, was die negatiewe impak van die droogte op hulle oeste.

In addition, South Africa is a fire-prone environment and this past year has been the worst fire season in 7 years. Unwanted fires cause untold damage to property, agricultural resources, livestock and tragic loss of lives. The fires in Harrismith last year is a prime example of such devastating fire and I wish to express government's deepest sympathy with the families and friends of the victims of these fires.

We pay tribute to Mr. Johan Mocke, the farmer, his 10-year old son Zander and the farmworker, Mr. Kehle Mokoena who lost their lives in the fire on their farm on 18 September 2014 while doing what farmers and farmworkers do, producing food. His widow, Mrs Melanie Mocke and her surviving sons are with us here today.

I also pay homage to the brave fire fighters who play a pivotal role in combating these wild fires and limiting the damage to life and property. Sadly, we also lost pilots during the fire season. We pay tribute to the three pilots who perished, Richard Ashenburn, Willem Marais and Darrell Rea.

We call on all our farmers and communities in the rural areas to join and make the Fire Protection Associations effective in managing wild fires as called for in the National Veld and Forest Fires Act. I am also pleased to announce that my Department is busy finalising the proposed amendments to the Bill and it will be published in the Government Gazette for the public consultation.

Honourable Members, last year we reported that the country regained its Foot and Mouth Disease or FMD free zone status in February 2014. We are pleased to report that our country's FMD free zone status was reconfirmed by the World Organisation for Animal Health, the OIE in February 2015.

A conservative estimate of the value of our livestock industry is around R50 billion. Our FMD free status has enabled us to negotiate market access for our cloven-hoofed animal products. We are in the process of negotiating the export of game meat to the European Union and beef to the Middle East.

An innovation, which we are proud of and which will boost production and trade, is the Drought Tolerant Maize cultivar which was launched by

the Agricultural Research Council, under the consortium project: Water Efficient Maize for Africa in December 2014. This maize cultivar is 20% more drought tolerant than any cultivar available on the market. We have distributed at least 10 000 bags of seed packs to smallholder farmers in all nine provinces.

We previously reported on our participation in the World Food Programme's humanitarian aid to the Kingdom of Lesotho. We are pleased to report improved performance in 2014/15. In the previous financial year, 268 metric tons of white maize was procured from smallholder producers; whereas in the 2014/15 financial year 4 300 metric tons of white maize and sugar beans was procured from smallholder producers in Eastern Cape, North West and Gauteng Province. The procured commodities generated R14.8 million paid directly to 346 smallholders.

This initiative also benefited local smallholder producers in different ways:

- It provided them with access to a new market namely, the World Food Programme;
- It enabled them to improve their productive capacity, reduce loss and to enhance their marketability to sell to alternative buyers; and,

- It also confirmed that smallholders can produce quality products that meet local and international market requirements .

The National Development Plan estimates that Agriculture could create 1 million jobs by 2030. These estimates are based both on the job creation potential of the 'winners', the high-value commodities, and the accelerated productivity of smallholders who largely engage in labour absorptive production practices.

According to the Quarterly Labour Force Survey released in February 2015, agriculture alone contributed the greatest number of jobs at 56 000 quarter-on-quarter and sustained increases in job creation year-on-year of 28 000.

The strategic logic for identifying agriculture as a growth sector is because agriculture delivers more jobs per Rand invested than any other productive sector.

Another intervention with regards to skills development, is our investment in growing the next generation of professionals through our External Bursary Scheme. For the 2015 academic year, we have

awarded 95 new bursaries, out of which 77 are undergraduates from the 2014 class of matriculants and 18 are post graduate students.

Through a training programme agreed with the Peoples Republic of China to date 17 Masters and 2 Doctoral students have completed their studies. Furthermore 19 graduate students are at universities in the Peoples Republic of China. We will increase this number in the coming year as per new Cooperation Agreement with the People's Republic of China.

Food and nutritional security remains our priority and we are encouraged by the research reports which tell us that we have made significant strides in reducing hunger and malnutrition. However, the cost of the food basket for household items continues to rise and consumers' pockets have been hard hit.

We want to reiterate the call we made last year for more families to produce their own food. It remains our collective interest to promote family farming as it mobilises the productive energy of women and youth in agriculture.

Chairperson, the total value of Budget Vote 24 for 2015/16 is R 6.383 billion, of which R 3.7 billion is ring-fenced for transfers of conditional grants and parliamentary grants:

In terms of Conditional Grants:

- R 1.6 billion has been allocated to the Comprehensive Agricultural Support Programme (CASP);
- R 471 million to Ilima/Letsema; and
- R66.4 million to the LandCare Programme.

In terms of Parliamentary Grants

- R 258 million has been allocated to the Marine Living Resources Fund;
- R 803.9 million to the Agricultural Research Council;
- R 34.6 million to the National Agricultural Marketing Council; and
- R 268.4 million to the Onderstepoort Biological Products

R 729.9 million of the budget has been allocated to Administration. This division of our budget reflects the alignment of our budget to strategic priorities.

Chairperson, I will now briefly reflect on some of our programmes and targets which will advance each of our priorities in the current financial year.

Honourable Members, we are leading the implementation of the *Revitalisation of the Agriculture and the Agro-Processing Value Chain* through an integrated response from sister departments in the economic cluster.

Our focus as the Department is;

- On production
- The productivity of and support to smallholders and new entrants
- Expanding market access through focussing on the diversification of export destinations
- Supporting access to increased processing opportunities and providing market infrastructure and compliance training.

The management of pests and diseases remains important in contributing to sustainable local agricultural production and exports. We therefore continue to implement various biosecurity measures to effectively control the entry of such pests and diseases into the territory

of the country. Such measures are equally applied by our trading partners.

Honourable Members, you will recall that during our inaugural budget vote, I indicated that we will be implementing Compulsory Community Service for Veterinarians. We are deploying the first cohort of veterinarians in the 2015/16 financial year. The regulations which give effect to the Compulsory Community Service have been promulgated. In terms of preparation of the regulatory framework as well as infrastructure, we are ready.

Honourable Members, in our effort to improve veterinary services in rural areas in the 2014/15 financial year, we have delivered 30 mobile clinics worth R22.5 million to six provinces and 15 prefabricated clinics worth R7.5 million will be delivered within this financial year. Furthermore we have set aside R51 million to procure additional mobile clinics and purchasing of medical equipment and pharmaceuticals. We plan to deliver these veterinary services to the red meat and poultry hubs which are being developed through APAP.

Chairperson, farming communities have continuously maintained traditional crop varieties and indigenous breeds within their local

biological, cultural and socio-economic context. At present these traditional crop varieties and indigenous breeds are subject to genetic erosion and are disappearing due to a number of reasons.

In response, we have in the past year, continued with our on-farm conservation programme in Nkomazi Local Municipality in Mpumalanga Province. Five landrace crops, namely, watermelon, cowpea, bambara, pumpkin and sorghum, which were stored in the national gene bank were given back to ten farmers. We also geared our efforts towards the conservation of indigenous Speckle goat and Namaqua Afrikaner Sheep breeds, working with communities in Joe Morolong Local Municipality in the Northern Cape Province. Chairperson, I am pleased to announce that later this year I will be giving 100 lambs to farmers in the Northern Cape.

We will continue to work with the Perishable Products Export Control Board and other certification bodies to broaden the implementation of the South African Good Agricultural Practice. This is a key enabler and a prerequisite for linking smallholder farmers with mainstream markets.

Chairperson, the department assists smallholder producers with technical, infrastructure and financial support through three conditional

grants namely, the Comprehensive Agricultural Support Programme (CASP), Ilima/Letsema and LandCare.

The department has been implementing CASP since 2004/5. Last year CASP was subjected to an Impact Evaluation Study. We appreciate the findings and recommendations of the report. We have introduced improvements mindful that the impact of these new measures will only be evident after some time. Therefore we will also be improving on our monitoring systems.

In terms of targets for the conditional grants for 2015/16:

- R678 million will be directed to the Fetsa Tlala programme which will bring 128 000 hectares of land under production.
- 511 projects from both conditional grants will be supported reaching about 27 000 smallholder farmers.
- 160 000 vulnerable households will be assisted to produce their own food through household food gardens. The *Rekgaba ka Diratswana* programme in the Free State being one example of government efforts to assist vulnerable communities to produce their own food.
- Approximately 31 000 decent jobs will be created in 2015/16 from these interventions.

Through APAP we aim to bring more smallholders into the mainstream as envisaged in the National Development Plan. However, the effective participation of the previously excluded black majority in agriculture and food production will only occur meaningfully, when they have access to land and the means to work it.

An inclusive and scientific process has been applied to assess land capability for different commodities in different localities, so as to inform land acquisition and allocation for different categories of producers across the country.

In implementing APAP, the proposed re-commissioning strategy for the Western Cape forestry areas has been approved and consultations have commenced. This programme will in the short term ensure that 411 jobs are retained and created in the areas that will be replanted.

LandCare is a community based and led programme under-pinned by the goal of optimising productivity and sustainable use of natural resources. The programme has performed reasonably well and it continues to create jobs for the rural poor and unemployed by turning natural assets into sustainable livelihoods.

In 2014/15 a total of 2 836 work opportunities were created by the LandCare conditional grant, while rehabilitating 33 000 hectares of range and cultivated land to ensure production. The target for LandCare in 2015/16 is to protect 16 000 hectares through various measures such as fencing of arable land, clearing of weeds and invader plants.

Voorsitter, ek is vasbeslote om die visbedryf te transformeer sodat almal gelyke toegang tot ekonomiese geleenthede kan he, veral die visser gemeenskappe wat afhanklik is van die see vir hul brood en botter.

In an effort to correct the exclusion of small-scale fishers in the sector, the department adopted the Small-scale Fisheries Policy in 2012, the Small-scale Fisheries Implementation Plan in 2013 and also made the necessary amendments to the Marine Living Resources Amendment Act in 2014.

We have developed and published the regulations for small-scale fisheries for public comment. These regulations are meant to give effect to the implementation of the Policy for Small-scale Fisheries in South Africa. The coastal communities are given an opportunity to participate in the ocean fisheries resources. These regulations are expected to be

promulgated in the first half of this financial year, after giving consideration to all inputs received from stakeholders.

Aquaculture has been given a boost through its inclusion in the Oceans Economy Operation Phakisa.

Globally wild fish stocks have been dwindling, growing at a modest 1% per annum while aquaculture has grown by 7% and accounts for 44 % of the global fish production.

Thus aquaculture is seen as a quick-win for growing the oceans economy. Through Operation Phakisa and the detailed plans on the development of 24 marine and inland aquaculture projects which we are implementing, we expect to increase production from the current 4 000 tons to 20 000 tons per year, increase the current value of the sub-sector from R 400 million to R6 billion and create up to 210 000 sector jobs by 2030.

We have started the process of developing aquaculture legislation and harmonising the interdepartmental authorizations process to reduce the processing time for aquaculture establishments. We have drafted an

Aquaculture Bill which is being consulted. It is anticipated that this piece of legislation will be presented to the House in 2016/17.

Following the public outcry on the handling of the fishing rights allocation process of 2013, FRAP 2013, in the eight fisheries sectors, we have completed the required investigations. The process to prepare for the long term allocation of the fishing rights allocation expiring by December 2015 has started and is expected to be completed by 2016.

FRAP 2013 was subjected to an independent review and the final report was received. The legal feasibility of the various options to institute corrective measures where weaknesses have been identified will be considered before an announcement is made on the way forward to correct these anomalies.

Chairperson and Honourable Members, in terms of our mandate to conduct fisheries research and patrol on our three thousand kilometre coastline, we operate five vessels. There have been some challenges with regards to the management and operation of these vessels; however the 3 patrol vessels and one research vessel (Ellen Khuzwayo) are back at sea and fully operational. The Department has commenced

a process to ensure that the tender for the management of our vessels is concluded before the end of 2015.

Chairperson, I will officially launch the Status of the South African Marine Fisheries Resources Report 2014 on World Oceans Day, 8 June 2015. Although this product bears testimony to a collection of many years of work done by scientists, technicians and management at the Fisheries Branch, it is imperative that we stop our over-reliance on consultants and increase our internal research capacity.

In terms of our legislative work, three Bills were approved by Cabinet in December 2014. Parliament is currently deliberating on the Plant Breeders' Rights Bill, Plant Improvement Bill, and the Performing Animals Protection Amendment Bill, with public hearings scheduled to be concluded on 15 May 2015.

It is envisaged that three more Bills will be submitted for consideration and approval by Cabinet in 2015 and these are the Plant Health Bill, Liquor Products Amendment Bill and the Agriculture Research Amendment Bill. We are also in the process of consultation on the Preservation and Development of Agricultural Land Act.

South Africa will host the 14th World Forestry Congress from 7 to 11 September 2015 in Durban.

The World Forestry Congress is the largest and most significant gathering of the world's forestry sector, bringing together global interested parties and organisations from across the world be it governments, multi-lateral agencies, NGOs, the private sector, scientific and professional bodies or simply persons with an interest in the sector. The Congress has been held every six years since 1926, under the auspices of the Food and Agriculture Organization of the United Nations (FAO) and this will be the first time that it will take place on African soil.

I am confident that the country is geared up to host this prestigious event and to warmly welcome the delegates.

In conclusion, let me take this opportunity to thank my wife and my family for their support.

I would like to acknowledge the Deputy Minister, the Honourable General Bheki Cele for his agility and hard-work since assuming office. The Deputy Minister is unable to be with us today because he is representing us at the 11th Session of United Nation's Forestry Forum

where he is hosting a side event to publicise and garner support for the World Forestry Congress.

I also wish to thank all our partners in the sector for their support over the past year and their commitment to growing the sector. Last year I stated that I would meet with formations in the sector to understand their roles and expectations. I want to appreciate each and every structure that has invited and met with me. I have learnt so much from you.

I appreciate the support from the Portfolio Committee and I am grateful for their guidance and oversight. I would also like to thank Provincial MEC responsible for agriculture. We understand the imperatives of our deployment to agriculture as the growth sector of the future.

I also want to appreciate the Director General, senior management and staff in the department and the Ministry for their diligence and support.

Honourable Chairperson I therefore, present this 2015/16 Budget Vote 24 of R 6. 383 billion for approval.

Ngiyabonga,

Ke a leboga,

Roleboha,

Enkosi,

Baie Dankie,

Thank you