



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

BUDGET VOTE SPEECH

BUDGET VOTE 24: AGRICULTURE, FORESTRY AND FISHERIES

**DELIVERED BY
MINISTER
HON. SENZENI ZOKWANA (MP)**

21 APRIL 2016

EMBARGOED

Honourable Chairperson

Honourable Ministers and Deputy Ministers

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

MECs of Agriculture

Members of Parliament

Distinguished guests

Ladies and gentlemen

I am delighted to be delivering this budget vote speech during this very important month in the history of our country. You will recall this time 22 years ago, the majority of us were excited about the prospect of voting for the very first time for a democratic South Africa.

The democracy we ushered in gave birth to our Constitution which is built on a culture of respect for human rights. Section 27(1)(b) of the Constitution of the Republic of South Africa states that, “everyone has the right to have access to sufficient food and water.” Our mandate is to ensure food security and agrarian transformation in the agricultural sector through innovative, inclusive and sustainable policies and programmes.

In his 2016 State of the Nation Address (SoNA), His Excellency President Jacob Zuma reiterated the centrality of the Nine-Point Plan in fast-tracking economic growth.

Prominent in the plan, is the Revitalisation of the Agriculture and Agro-processing Value Chain (RAAVC) and growing the Oceans economy.

This Budget Vote Speech will reflect on our mandate and our work over the past year. We will report on progress made as outlined in our Strategic Plan and the Annual Performance Plan of the 2015/16 to 2019/20 Medium Term Strategic Framework (MTSF) period.

Our vision for the Agriculture, Forestry and Fisheries sectors, as catalysts for radical socio-economic transformation, is food security for all, creation of one million jobs by 2030 and significantly increasing the contribution of these sectors to the GDP.

However there are distinct challenges facing the sector and diverse opportunities that the sector can offer. We continue to face the challenges of high input costs and the continued dominance of large players in the sector. This may continue to limit our achievements in this environment.

Accordingly, as part of our new strategic focus, focus will be given to interventions to reduce input costs ranging from local manufacturing of agricultural machinery and fertilizers to adopting alternative cultivating methods.

As our success in delivering on our mandate and the new strategic priorities will be measured in terms of economic growth, job creation and food security, we would like to reflect on a few achievements in these areas over the past year.

The gross value of the agriculture sector has shrunk by 12.5% in the third quarter of 2015. However, there have been positive signs on the other indicators within the sector.

During the third quarter of 2015, the number of Smallholders increased by **743** and the **agro-processing sales grew by 8.4%**. Comparatively, **jobs in the sector increased by 211 000** in the third quarter of 2015 as compared to the same period in 2014.

As part of our resolve to bring underutilised lands into production, in the 2014/15 financial year, **136 253 hectares** of land were put under production of maize, wheat, beans, vegetables and fruits among others, through CASP and [Ilima/letsema](#).

We are targeting to put **150 000 hectares** for production through CASP and Ilima/Letsema in 2016/17 and R880 million is set aside for this purpose.

Effective public-private partnerships are vital in achieving our goal of bringing 1 million hectares of underutilised land into production.

Chairperson, I am pleased to announce that in all three sectors, agriculture, forestry and fisheries exports value has increased and South Africa remains in a positive trade balance. The value of agriculture, forestry and fisheries exports increased from

R135 billion in 2014 to R144 billion in 2015. In the same period, our **exports into other African countries** increased from **R59 billion to R62 billion** and **into Asia from R34,5 billion to R37,1 billion**. The conclusion of the EU Economic Partnership Agreement has provided increased quota access for a number of existing and new products such as wine and sugar.

The Department will continue to focus on increasing intra-African trade and other global trade opportunities. The largest sub-sector in the agriculture, forestry and fisheries' export basket in 2015, based on value, was **fruit and nuts**. The highest growth in the export of specific product within the agriculture, forestry and fisheries sector was paper and paper products with an **increase of 94%**.

AGOA is a very familiar term and we are all aware of the tremendous efforts made by Team South Africa to ensure that we continue to benefit from the opportunities arising from this Trade Act of the US Congress. We have engaged those sectors which will be impacted upon through new access of US products to ensure that the impact is minimised.

We have continued to open new markets in 2014/15. A notable achievement in the Indonesian government's recognition of the competence of our food safety control measures. This comes after a protracted negotiation process between the technical teams of the two countries, which have eventually led to the opening of the Indonesian market to South African exporters.

This recognition was granted in respect of 15 exported agricultural commodities including deciduous fruit, citrus fruit, grapes and nuts. The South African exporters will be allowed to use the Port of Jarkata, Tanjung Priok Port, which is closer to the main Jarkata market thus reducing transport costs and preventing quality loss.

This recognition will be in place for two years, beginning from the 11th April 2016 to the 10th April 2018 and will offer the necessary guarantees in terms of market access for the listed commodities.

In safeguarding our Biosecurity the ARC has developed a new vaccine against Heartwater that will be made available to farmers after evaluating for safety and registration by the authorities. The availability of a Heartwater vaccine will boost mohair production as Angora goats are the most susceptible to animal diseases. Development of new vaccines will play a vital role in expanding the number of successful livestock farmers resulting in reduced losses and increase in revenue for the farmers

The Department has prioritised youth development and empowerment through various programmes, including partnerships with institutions of higher learning both domestically and abroad. For example, we currently have 76 students in post graduate studies at three universities in China. We need to ensure that these students get trained on the rare skills needed in our country.

We have initiated the Compulsory Community Service (CCS) for newly qualified Vets. The first group of 125 has been strategically placed to service resource poor farmers in the rural and under-serviced areas of South Africa.

The CCS is aimed at promoting primary animal health care in rural areas and at improving access to veterinary services.

CCS service for young professionals is a government policy which started in 1998 when the medical doctors were deployed to rural areas. The deployment of vets entrenches our commitment towards community service. This programme will also incorporate the training of veterinary technicians or paravets.

During 2015/16, the Department finalised FRAP2013 appeals on all the 8 fishing sectors. Nine sector specific policies have been developed and finalised, leading to a call for applications to apply for FRAP2016 fishing rights. The distribution of application forms took place through-out the country. The Department received 5 597 application forms. The allocations will be finalised in the next coming months.

To fast-track the growth of the Aquaculture sector an amount of **R338 million** in private sector investment has been committed in the aquaculture sector to supplement the **R106 million Government investments**. In the nine aquaculture farms that are already in production, **521 jobs have been created while a further 335 jobs** are envisaged. These nine aquaculture farms are located within the Eastern Cape, KZN, Northern Cape and Western Cape. They produce Kob, Oysters, Abalone and Trout.

In the efforts to protect our Ocean space and the living resources, the department has during the 2015/16 financial year conducted

several successful enforcement operations. The department continued to provide employment to 60 Military Veterans who work to prevent illegal harvesting along the Western Cape Coastline in the Overberg area.

It is the intention of the department to extend this job creation initiative to the other 3 coastal provinces during the 2016/17 financial year which will create an estimated 250 jobs. The protection of the marine resources from illegal harvesting results in sufficient fish stocks for allocation to South Africans thus contributing towards food security and revenue generation.

His Excellency President Jacob Zuma signed into law the Amended Marine Living Resources Act on 24 February 2016. **Small scale fishing is now for the first time in the history of our country recognised as a fishing sector.** The entire legal framework is now in place to implement the small scale fishing sector in the four coastal provinces.

During the 2016/17 financial year the process of fisher registration and verification has already commenced. This process will lead to the allocation of the fishing rights to community cooperatives.

South Africa, under the leadership of the Department, has acceded to the **Indian Ocean Tuna Commission (IOTC) and the Commission for the Conservation of Southern Bluefin Tuna**

(CCSBT) thereby allowing SA greater influence in negotiating for increased Tuna quota allocations and access.

The associated benefits of fully acceding to these regional fisheries management organisations has resulted in the immediate increase in the allocation of Southern Bluefin Tuna from **40 to 150 tons**. This has increased the sector's income from approximately **R24million to more than R100 million**.

We have consistently maintained our Foot and Mouth Disease (FMD) free status. However, in December 2015 we had an outbreak in the Matiane community, in the Thulamela local municipality of the Vhembe District. This outbreak occurred within an FMD protected zone of South Africa, where vaccination for FMD is routinely conducted.

While this outbreak did not affect our FMD status, we continued with intensified control measures in this area to deal with the outbreak and to maintain our status.

We will continue to provide feed to livestock in the protected FMD zones in KwaZulu-Natal, Limpopo and Mpumalanga to ensure that the movement of the livestock in these areas is restricted particularly during this drought period. We will continue to seek additional funding for the construction of the new FMD vaccine facility at the ARC.

Effective public-private technical partnership forums are vital in managing detections of quarantine pests and diseases. With regard to early detection and rapid response actions for quarantine pests, the Department continues to work closely with South African Industries. Fruit flies are among the most destructive fruit pests, threatening production levels and food security as well as product quality and export programmes.

The national surveillance programme for quarantine fruit flies is also ongoing. This "early warning and rapid response" system has successfully detected several incursions of a pest now known as the Oriental Fruit fly. So far, South Africa's fruit export markets have been safeguarded through effective regulatory measures.

The effects of climate change have been devastating to our sector. We have recorded severely reduced rainfall with extremely high temperatures causing vulnerability of our sector in the major staple food growing areas.

Honourable Members, I am on record that my department will lead the implementation of the agricultural mitigation and adaptation measures to ensure that the sector copes with climate change effects. I call on the farming community to embrace the climate smart agriculture practices.

The Department allocated **R381 million** towards drought relief following the reprioritisation of the Comprehensive Agricultural Support Programme (CASP) and Ilima/Letsema funds. Our focus is on the provision of animal feed, drilling and equipping of boreholes for smallholder and subsistence farmers.

Working with the Provincial departments of agriculture we have drilled 224 boreholes, 78 of which have been successfully completed. A total of about 320 000 bags of animal feed were bought and distributed to the affected farmers. The Land Bank has also made available an amount of R400 million for concessional loans to commercial farmers affected by the drought.

My colleague Minister Nkwinti will inform this house about other initiatives his department has implemented to help drought affected farmers. Government's support to agriculture during this drought period is over R1 billion.

Through the Agricultural Research Council (ARC), we have also introduced a drought tolerant maize seed. In the financial year 2014/15 the ARC distributed 10 000 seed packs were distributed to smallholder farmers in various provinces.

Results indicated that farmers who received and planted the maize cultivar experienced on average 50% increased yields when compared to conventional varieties available on the market. We now need to ensure that seed is available for farmers.

In 2015/16, provinces have achieved 43% (52 013 ha) of the targeted 120 000 ha under Fetsa Tlala production season due to drought. The impact of drought has adversely affected the basic food basket. The impact of global economic volatility, which saw the Rand decline by almost 40% added further strain on the purchasing power of people particularly the indigent households. These high food prices negatively impact poor households and the situation shouldn't be unduly exploited for maximising profits.

To date we have imported **1,732 million tons yellow maize**. We have imported **72 000 tons of white maize**. We have 2 weeks left in the current marketing season. This is almost exactly what we anticipated in December 2015. For the next season 1 May 2016 to 31 April 2017 we still anticipate imports of 4.3 million tons 2.4 million yellow and 1.9 million white.

2016/17 budget

Honourable Chairperson, the total value of Budget Vote 24 for 2016/17 is **R6, 333 billion**, of which R3, 292 billion is ring-fenced for transfers of conditional and parliamentary grants:

In terms of Conditional Grants:

R1, 642 billion has been allocated to the Comprehensive Agricultural Support Programme (CASP);

R491, 4 million to Ilima/Letsema; and

R69, 3 million to the LandCare Programme.

In terms of Parliamentary Grants

R241, 8 million has been allocated to the Marine Living Resources Fund;

R813, 0 million to the Agricultural Research Council; and

R35, 0 million to the National Agricultural Marketing Council.

R5.935 million to Ncera farm

In addition to that R 788, 1 million of the budget has been allocated to Administration. This division of our budget reflects the alignment of our budget to strategic priorities.

For the 2016/17 financial year CASP has received an allocation of R1, 642billion of which R1, 148 billion will directly support farmers with infrastructure, production inputs, training and capacity building that includes the South African Good Agricultural Practices (SA GAP) certification. R346 million will go towards strengthening extension services, R70.8 million will be used to revitalize colleges of agriculture and R76.6 million will go towards recovery work of flood disasters of 2012.

DAFF through CASP will play a crucial role in supporting smallholder producers that will supply their produce to the Agri-parks across the country.

The Department is the custodian of SA forest resources which cover over 40 million hectares of the country's land surface. An amount of R945 .562 million from the Department's budget has been allocated to forestry and natural resources management.

Together with the DTI, we plan to link small holder entrepreneurs with the mainstream market through the Supplier Development Programme, the Preferential Procurement Policy Framework Act and other related interventions aimed at linking small and medium size enterprises with the markets.

The Department further acknowledges the role and contribution of women and people with disabilities in food security, job creation, economic growth and poverty alleviation in the sectors. These women participate in the Female Entrepreneur Awards (FEA) wherein winners are awarded with prize money for exclusive use in their enterprise activities. We are going to work with different commodity associations, NGO's, Private Sector and Media in the nomination and selection process for this year's awards.

We also successfully hosted several international conferences including World Forestry Congress (WFC), Global Conference on Agricultural Research and Development (GCARD) and we continue to participate in international multilateral platforms (like COP 21, FAO, OECD, etc) to ensure that SA is part of and influences strategies and policies aimed at enhancing our sectors.

Over the past year, the Department has focused on the legislative review of several pieces of legislation, some of which have already been deliberated by the Portfolio Committee on Agriculture, Forestry and Fisheries and will further be tabled for consideration by Parliament. These Bills aim to strengthen intellectual property rights and further create an enabling environment for job creation and investments.

More importantly, I have instructed the Department to prioritise and fast-track the Preservation and Development of Agricultural Land Framework (PDALF) Bill for Cabinet consideration, as we are increasingly losing arable land to mining and human settlements, which may pose a serious threat to food security in the near future.

It gives me pleasure to also announce that in the past financial year we filled all the previously vacant positions at the level of deputy director-general. The process to fill the vacant position of director-general is well underway and our plan is to conclude it in the next month or two, thereby bringing much needed stability in the Department and to our operations. Other levels at senior management are receiving similar attention.

The key to our success is in the public/private partnerships and other countries which we continue to work on. Our partnership with traditional leadership and private companies will see us bringing into production more hectares in the current financial year.

For example, the Department together with the Eastern Cape Department of Rural Development and Agrarian Reform has invested R40 million of CASP since 2006 to establish 300 hectares of Macadamia Nuts in Ncera area.

This is a private, public partnership with landowners, the community and private partners. 180 ha of Macadamia Nuts have been planted with 80 ha harvested for export market, creating 110 permanent jobs. The project is estimated to be completed by 2017/18 with 300 sustainable jobs created. This project has turned the tide of unemployment, unskilled communities and poverty. It created a vibrant society with better prospects for the future.

This macadamia development programme will be further expanded in the Eastern Cape, KwaZulu-Natal, Mpumalanga and Limpopo, focusing on growing the participation of black producers in this industry.

During the course of this financial year I will be making an announcement on the public private partnerships that have or will be entered into to increase production and significantly contribute to our goal of one million hectares in production.

In our recent visit to Denmark we have concluded discussions with the Denmark government on a R1 billion aquaculture investment in Paternoster in the Western Cape for the production of Salmon.

Transformation remains the biggest challenge in the sector. We commend industry associations like the Citrus industry for the establishment of Citrus Growers Development Company, which will focus on the issue of transformation, and we call on other industries to do likewise.

In the words of Brenda Schoepp, a Canadian farmer who is also a motivational speaker, I quote “My father used to say that once in your life you need a doctor, a lawyer, a policeman and a preacher but everyday three times a day you need a farmer”.

As government, we are committed to working together with all our stakeholders to ensure that through agriculture, forestry and fisheries we move South Africa forward.

I thank you