



agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

Budget Vote Speech

By

The Honourable Ms Tina Joemat-Pettersson, MP

Minister of Agriculture, Forestry and Fisheries

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Honourable Speaker;

Honourable Deputy Minister;

Honourable Members

Good morning to you all and thank you for attending this debate!

In discussing the outlook of the global economy, the International Monetary Fund and World Bank Spring Meetings have warned of uncertainty. The surge in food prices is the biggest threat to the world's poor, pushing 44 million people into poverty over the past year. The world is risking losing a generation due to the impact of food prices on the world's poor.

While the world economy has grown exponentially during the past 50 years, it is clear that designing appropriate poverty alleviation tools remains a challenge. It is also clear that the gap between the haves and have-nots continues to grow.

It means the world has not learned from the warnings of the past, such as the words of Mahatma Gandhi who declared poverty “a worst form of violence”.

Our very own former President Nelson Mandela once said that, “massive poverty and obscene inequality are such terrible scourges of our time – times in which the world boasts breathtaking advances in science, technology, industry and wealth accumulation – that they have to rank alongside slavery and apartheid as social evils”.

Our Government has heeded the call and is paying particular attention on poverty alleviation.

The Department of Agriculture, Forestry and Fisheries has been mandated by the Honourable President Jacob Zuma to deliver on a number of government priorities, in line with the New Growth Path.

I HEREBY WISH TO ACCOUNT TO THIS HOUSE TODAY AS FOLLOWS:

In global terms, our 2011/2012 budget of 4.719 billion rand allocates 890 million rand to Agricultural Production, Health and Food Safety, 1.2 billion to Food Security and Agrarian Reform, 190 million rand to Trade Promotion and Market Access, as well as 770 million rand to our Forestry Branch, and 324 million to Fisheries Management.

I am pleased to record that only 16.5% of our budget goes towards administration.

We have allocated 124 million rand for interventions towards addressing water reticulation, refurbishment and installation of irrigation systems and other sub-surface drainage canals in agricultural areas across the country, and the funds available for Agrarian Reform include an allocation of 57 million rand to Land Care projects, ONE billion rand to the Comprehensive Agriculture Support programme (CASP) and another 400 million rand for the *Ilima / Letsema* Campaign.

Of this amount, about one third will support the Extension Recovery Plan, ensuring that we have enough adequately trained and resourced extension officers throughout the country. In addition, 50 million rand will be spent to revitalise colleges of agriculture; and 672 million rand for on and off-farm infrastructure.

Honourable speaker, in total we have received over 700 million rand more this year than in the 2010/11 financial year – a 17.9% increase, which I am sure you will agree reflects government’s seriousness about the agriculture, forestry and fisheries sectors.

Our over-arching responsibility is towards **Outcome 7** of this government, which relates to the achievement of “vibrant, equitable and sustainable rural communities, with food security for all”. Short as it may be, this statement is loaded with enormous implementation challenges.

We have seen food shortages and where rising food prices have sparked unprecedented uprisings in some parts of the world. Alleviating poverty by increasing the productive capacity of some of the poorest parts of the country is one of the most effective ways of mitigating the effects of high global food prices, and we are striving to do just that.

We are not alone in this: Africa as a whole has some 47% of its arable land uncultivated, and a recent Harvard study shows that the continent could increase food production by at least 1.5% a year. So, we all have a lot of work to do.

Job Creation

Speaker, in all our efforts, we are guided by broader government policy documents such as the Industrial Policy Action Plan (IPAP) and the New Growth Path (NGP) Framework, both of which have identified the agricultural sector as one of the sectors in which there is significant potential to create jobs.

The New Growth Path targets opportunities for 300 000 households in agricultural smallholder schemes, plus a further 145 000 jobs in agro-processing by 2020. In the medium-term, we have committed to creating 130 000 jobs in agriculture, forestry and fisheries by 2014, and to establish 50 000 commercially-oriented smallholder farmers. Honourable members, we are determined to meet these targets.

Where are these new smallholders meant to be established? The short answer is, *everywhere*. But practically speaking, we envisage focussing our energies in two types of areas.

Firstly in the former homelands, where there is a large concentration of subsistence producers, with over 3 million hectares of under-utilised arable land. Much of this land is under the control of traditional leaders, such as Chief Tyali from the Eastern Cape, who is with us today.

Secondly we will seek to establish and support smallholders on land acquired through land reform, in close collaboration with the Ministry of Rural Development and Land Reform.

We are in the process of launching a plan for smallholder farmers to improve access to finance, to markets and market infrastructure, as well as to water resources; on improving extension and technical support, including access to mechanised services; and locates these initiatives within the context of a sustainable agro-ecological approach to agriculture.

One significant aspect of improving access to markets is what we call the “Zero Hunger Plan”, modelled on a similarly named Brazilian programme which uses government’s procurement systems to purchase food from smallholders, which is made available for free or at subsidised rates to those in our communities who are hungry.

Government buys an enormous amount of food each and every day, and these purchases need to be strategically targeted to support the emerging sectors.

We are committed to attain a socially transformed and equitable sector, while at the same time increasing production and competitiveness to ensure profitability, and ensuring the sustainable use of natural resources.

Partnerships

Honourable members, I would like to signal upfront that the agriculture sector's ambitious job creation plans will require the active involvement and contribution of the private sector.

We intend to encourage our major supermarket chains to accommodate smallholder suppliers to a greater extent than they currently do. This is not a punitive measure, but rather the promotion of a win-win scenario that can be modelled on real-life examples from South Africa and elsewhere.

We will also look to the private sector to assist us to address the logistical challenges that will confront us as we open up opportunities for smallholder farmers to supply our urban markets around the country.

We intend to build on the numerous praiseworthy initiatives of our various commodity organizations in improving support to smallholders and linking them to markets. We also intend to capitalize on the ingenuity and initiative of our banking sector in order to improve smallholders' access to affordable and appropriate financial services.

We will require new marketing infrastructure to serve the needs of smallholders, and we will depend to a large degree on the private sector for its expertise and capacity in this area. Similarly, we look to the private sector for assistance in improving access to affordable agricultural inputs to serve the needs of the full spectrum of subsistence, smallholder, and large-scale commercial farmers.

Let me here commend the international funders which have stepped in to ensure that rural sector entrepreneurs have access to funds to cater for their production requirements and future investments; but in future, I believe these resources can and should be found inside the country.

Of utmost importance, is the need to improve the flow of information and ideas between government and the private sector with a view to identifying new and better opportunities in which we can invest.

All of the above partnerships are expected to contribute towards rural job creation, and the promotion of sustainable economic livelihoods for communities.

Floods and Flood Relief

For the agricultural sector, good rains hold a promise for a bumper harvest, but too much rain can spell disaster, as was the case earlier this year when continuous downpours led to flooding along the Vaal and Orange rivers, washing away crops, livestock and infrastructure, and, most regrettably, leading to the loss of human life.

We responded swiftly and decisively; our farmers and rural communities deserve nothing less. We assisted flood-stricken farmers to recover from severe losses and rebuild their farms and lives. The Department has been allocated just over R200 million rand over the next three years for flood relief, and we will continue to focus on rehabilitating the production infrastructure destroyed by flooding. We have already finalised our rehabilitation plan for each province and are in consultation with National Treasury to secure any additional resources required.

Allow me now, Honourable Speaker, to deal with each of the three components of my Department in turn, beginning with the Agricultural sector.

It is true to say that the 20th Century saw substantive shifts in the structure of agriculture and agricultural production in South Africa. The agricultural production environment in our country is dualistic and has the following primary features:

- Commercial Agriculture is made up of less than 40 000 farming units. Most (if not all) commercial farms are already farmed to capacity, and these farms generally seek to employ 'best practices', including the optimal utilization of fertilizers, pesticides, crop rotation, grazing rotation and inoculations.
- By contrast, according to the Labour Force Survey, the number of black people practicing agriculture at some scale increased from 3.5 million to 4.5 million, mostly within the former homelands. Most of these are subsistence or small-scale farmers, and farming methods are well below optimal.

The sector however continues to wrestle with entrenched inequalities. We are well aware that our country needs profitable and productive commercial farms, and that more than 50% of commercial farmers are small businesses with an annual turnover of less than R300 000 per annum. However since the concept of traceability of products has become more stringent in many international markets, commercial farmers should be assisted to adhere to strict regulations regarding the breeding and certifying of parentage.

The only way that the production potential on some commercial livestock farms can be improved is to make use of superior genetic material.

Furthermore, our compliance as a country with strict sanitary and phyto-sanitary regulations must be safeguarded, and government policies should seek to enhance the export status of commodities and eventually the export earnings of the country.

Moreover, I am convinced that we need a comprehensive partnership with the commercial agriculture sector to promote and create greater food security, create jobs and contribute positively to the country's economy. However, if we wish to farm harmoniously with smallholder farmers, the ability of these smallholder farmers to farm commercially must be facilitated by the State.

Honourable Speaker, we have in our midst this morning Mr Pitso Sekhoto, one of our successful black commercial farmers. He does stock, milk, crop and fruit production on his farm in Senekal in the eastern Free State, which we visited in January this year during its harvest. Honourable speaker, I am proud to say that Mr Sekhoto quit a thriving business enterprise in Pretoria and opted to become a *boer*. He has given, I repeat, he has given his workers a shareholding of his farm and there's harmony and peace, and ultimately productivity - on his farm. I am sure we all agree that we need many more commercial black farmers like Ntate Pitso Sekhoto. We must demystify the notion that blacks are not interested in commercial farming. The more black *boere* we have, the better for the agriculture sector.

Sector Security

Let us be clear on one matter - criminality on farms and in the fishing and forestry industries is a threat to food security, and to long-term economic growth and stability. Illegal evictions, farm murders, attacks and exploitation of vulnerable workers are the ills that require all of us to act in unison and without apology.

We have noted with appreciation the tough stance adopted by the Minister of Police during his recent visit to Vryheid, during which he gave the police a 30-day deadline to deal decisively with outstanding cases of stock theft and farm murders.

We have also noted with delight the deployment of 67 new vehicles for rural police flying squads. We believe that these developments, together with other efforts, will lead to the prevention of some of the worst crimes committed on farms.

But equally important is the conditions of service on the farms. We are convinced that, at the centre of some of the crimes committed on the farms, the trigger was dissatisfaction around conditions of service. We will therefore continue to work with organised agriculture to foster good relations between farm owners and their workers.

In the fishing industry poaching is a major global concern, and the invasion of forest land, and ensuing hostilities coupled with the theft of timber and non-timber forest products, continue to plague the forestry subsector. We are working on a concerted effort that will address and curb these criminal activities in the fisheries and forestry subsectors.

Animal Sickesses

I have informed the public about the occurrence of Foot-and-Mouth Disease cases in northern KwaZulu-Natal and now recently an outbreak of Avian Influenza (AI), commonly known as Avian Flu, on five farms in the Oudtshoorn area, in the Western Cape. The good news is that as a result intensive investigations and surveillance conducted in both areas, for FMD, to date, over 64 000 cattle have been vaccinated. And for both diseases **WE ARE IN CONTROL OF THE SITUATION**. There is no need for concern.

Veterinary and Para-Veterinary Professions Bill

In order to address these animal sicknesses we require extensive veterinary services, and there is a need for additional professionals. As a result we intend bringing to this house, amendments to the Veterinary and Para-Veterinary Professions Act of 1982, with a view to introducing a period of compulsory community service for veterinarians. Early indications are that the profession will support this, and the legislation will help considerably in offsetting the current shortage of state veterinarians. Community service will provide a minimum of 100 jobs each year.

Honourable Speaker, The Constitution designates Agriculture as a concurrent competency. The Department works closely with all provincial agriculture departments, and should indicate that almost one third of the budget for 2011/12 is in fact destined for provincial departments, mainly via conditional grants that help fund our collective interventions to support small-scale farmers and land reform beneficiaries.

In addition, another fifth of the budget goes to support the Agricultural Research Council (ARC) and the National Agricultural Marketing Council (NAMC), which also support provincial efforts.

Together, then, more than half of the money allocated for 2011/2012 will take the form of transfers to provincial government or other entities, or subscription fees to international institutions and subsidies to universities, technikons and not-for-profit institutions.

The remainder will cover the salaries of our 7099 approved posts, and the costs of the goods and services we rely upon to do our work. It will buy-in specialist services or commission research, keep our computers operating, and so forth. A very small sum will go to capital expenditure so as to maintain our buildings and replace obsolete equipment.

We have recently completed the restructuring of our branches and directorates and are now well placed to harness our synergies, achieve efficiency, and yet still accommodate the real-world complexities of our sector.

Extension and Advisory Support Services

Honourable Speaker, in terms of extension and advisory support to our farmers, including the beneficiaries of land and agrarian reform, the Department has over the past three years implemented an extension and advisory service revitalisation programme to the value of 555 million rand.

During this year, the Department will also conduct a comprehensive audit of the Extension Recovery Plan to establish the extent to which the targets were met and the outcomes achieved.

Education and Training

Honourable Members, the Department has completed a comprehensive audit of South Africa's 12 colleges of agriculture, in preparation for transforming them into National Agricultural Training Institutes. In this financial year, we will use some of the budget from the Comprehensive Agricultural Support Programme in order to improve the infrastructure of these institutions and revitalise their laboratories, and will work towards the promulgation of an Agricultural Training Institute Bill to give effect to the changes. The Institutes will further benefit from the generosity of the Royal Government of the Netherlands and the Federal Republic of Germany.

Transformation of the Sector

Honourable Members, we are honoured today to have in our midst people who toil through all seasons to ensure there is food security. I therefore welcome the representatives of our three sectors – Agriculture, Forestry and Fisheries.

Together with our social partners, we opened a crucial dialogue on workers in the farming, forestry and fisheries sector during the Vulnerable Workers' Summit held in July 2010.

Through this, the sector got a better understanding of the conditions under which this important segment lives, and agreed on the centrality of these workers in the continued and future growth of these sectors. Ongoing dialogue will continue addressing the living and working conditions of farm, forestry and fishery workers, with specific reference to health and land tenure issues.

The collaboration of Agri SA, NAFU and TAU SA - the three key agricultural unions - has helped to unlock the potential of the agricultural sector, and provided evidence that ***working together we can do more!***

Transformation Charters

I am glad to report that the Forestry Charter Council has made progress, and the Forestry Charter has been gazetted as a section 9 code, meaning that it is legally binding to all forestry sector players.

The Fisheries Sector Charter is being developed and will be implemented in the medium term to ensure the achievement of transformation imperatives within the fishing sector. I trust that the Agriculture Charter will be gazetted shortly.

The Forestry Sector

Honourable members, South Africa is a signatory to the international protocols and agreements on global climate change and natural resource protection such as the Kyoto Protocol and the Copenhagen Convention on Biological Diversity.

We are therefore privileged to be the host country for the Conference of Parties 17 (COP 17) of the UN Framework Convention on Climate Change later this year, although this compels us to invest more resources and efforts towards the effective and sustainable management of our natural resources.

Forestry's goal is to ensure that forestry and associated industries growth, improvement and capitalization of new opportunities, whilst contributing to prosperity and the quality of life in rural South Africa.

I can record that small growers are expanding as an alternative source of secured fibre for the forestry industry, and today there are 37 independent small growers and 47 community woodlots, covering a total area of just under 1000 hectares. However ownership in the forestry industry remains highly skewed, with the majority of forestry plantations owned by a handful of grower-processor multinational corporations. There is a rapid development of black ownership and management in the form of out-grower timber schemes, but the percentage of plantation land owned by independent small and medium growers is one of the lowest in the world. I am however pleased to note that some large companies have established projects to support small growers, such as SAPPI's Project Grow and MONDI's Khulanathi.

In the next financial year, there is an allocation of some 300 million rand to support sustainability measures, and a budget of 550 million rand has been allocated for sustainable management of the country's forestry resources.

The Department will also enhance job creation efforts by pursuing re-forestation, confirming small-scale forestry grants, and conducting resource assessments, all within a value-chain approach. The current use of 10% of land by commercial forestry should be maintained and production enhanced by research and technological advancements.

Honourable members, we have the honour of hosting the International Wildfire Conference in May this year, and in addition we will host the World Forestry Congress in 2012. Hosting these events enhances South Africa's position in Africa and the world.

Fisheries Management

The main challenge in Fisheries is to create a balance between maximising the social and economic potential of the fisheries sector while protecting the integrity of the country's marine and coastal ecosystem.

South Africa has a well established fishery sector, comprising two components: wild capture fisheries and an aquaculture component, which is under development. Each of these requires specific research and management interventions.

I am pleased to announce that our increasingly scarce sea resources, under huge international threat, will be better protected by having declared 9% of our coastline as prohibited zones, and up to 3% of our offshore zone as no-fishing areas. The Department will soon finalise and implement the Small-Scale Fisheries Policy, which will include extension services being implemented in the small-scale fisheries sector.

We will also support investment in community entities to jointly take responsibility for sustainably managing the fisheries resources and to address the depletion of critical fisheries stocks.

For example, to improve income and sustainable livelihoods, particularly of small-scale fishers, the department re-opened the abalone fishery during July 2010 on a trial basis. We have created a platform to advance a multi-agency approach towards curbing the scourge of poaching by deploying adequate resources at identified hot-spot areas.

With the support of communities and all law enforcement agencies, I am pleased to report that since the re-opening of the abalone fishery we have seized 25 boats and 20 vehicles used in the crime of abalone poaching, while over 240 arrests were made. In one operation with SARS and SAPS an abalone syndicate was infiltrated, resulting in seven arrests, the closure of three illegal abalone drying facilities, and the confiscation of motor vehicles! Other major cases include the successful return of two 12-metre containers from Hong Kong with a total of 55 640 units of dried abalone worth 38 million rand.

The Department has launched an anti-poaching project in the Western Cape, funded through the Working for Fisheries Programme. This has enabled us to deploy 60 military veterans in the Overberg region to assist in curbing illegal activities.

Aquaculture

South Africa needs to look to alternatives such as aquaculture, to relieve the pressure on wild fish stocks while taking advantage of the growing domestic and foreign demand for fish. Obviously, promoting aquaculture means also that we can spread the economic opportunities related to meeting this demand to areas not traditionally associated with the fishing industry. The Department has finalised the National Aquaculture Strategy and will soon be sending it to Cabinet for approval.

BRICS

South Africa is privileged and excited to be associating with Brazil, Russia, India and China. From a South African agriculture, forestry and fisheries perspective, the significance of joining the BRICS is the improved access for our exports that it potentially represents to the massive and growing domestic markets of our BRICS partners.

Moreover, South Africa shares a common aggravation with the unbalanced trade environment created by the enormous farmer subsidy systems that remain in place in Europe and North America, thus joining BRICS helps us add our voice to this urgent call for an international trade system that is fairer to all of our farmers.

Expanding trade and development co-operation with Africa

Together with the Trade and Industry, the Department is in the process of introducing an Export Expansion Programme whose purpose will be to boost South African exports to regional and international markets. The Programme will pay particular attention to boosting export markets for beneficiated agro-based products.

At the same time, South Africa renews its commitment to playing its part in development co-operation activities with our African brothers and sisters, not least through active participation in promoting trade and investment processes led by the African Union and NEPAD.

Conclusion

Honourable Members, in this Budget Vote, I reiterate the need to strengthen collaboration among stakeholders, cooperation with all spheres of government and other relevant social partners in our quest to offer a better life for all. I also emphasise our expressed excitement about the new opportunities presented through our participation in the various global economic blocs, which will invigorate our production capacity, while stimulating job creation and alleviating poverty.

We undertake all this in the firm belief that ***working together we can do more.***

Honourable members, I wish to thank the Director-General, Mr Langa Zita, his senior management and the entire staff of the Department for their support, particularly in reshaping the new structure and repositioning it for effective and improved service delivery.

I extend my gratitude to the Chairperson of the Portfolio Committee, the Honourable Mlungisi Johnson, and other members of the Committee. I wish to also thank the Chairperson of the Select Committee on Land and Environment, the Honourable Daphne Qikani, and the members of the Select Committee.

My appreciation is extended to the many industries related to agriculture, forestry and fisheries for their readiness to engage and to contribute positively to the government's call for food security and job creation, particularly in the face of the global recession and other adverse socio-economic influences affecting our country.

I would also like to thank the Deputy Minister; Dr Pieter Mulder, for his interventions to ensure the integration of the agricultural, forestry and fisheries subsectors, particularly in support of the African development agenda.

Lastly, but by no means least, a special word of thanks goes to the family and caregivers of my children whose support allows me the opportunity to serve my country.

Honourable Speaker and honourable members, I have pleasure in presenting to you the budget of R4, 719 billion for the Department of Agriculture, Forestry and Fisheries for the financial year 2011/2012, for your consideration and approval.

I thank you.