

The AgriBEE INDABA Speech

06 DECEMBER 2005

Ms Thoko Didiza, Minister of Agriculture and Land Affairs

1. Introduction

Ministers, Deputy Ministers and Members of Executive Councils
from various Provinces

Members of Parliament

Political Parties present

Amakhosi

Representatives from designated groups

Our honoured sector stakeholders

Ladies and Gentlemen

This Indaba marks a key milestone in the journey that we in the agricultural fraternity have undertaken in response to the Broad-based Black Economic Empowerment Act, No. 53 of 2003, as well as the President of South Africa's call in May 2004 for the guidelines which must guide empowerment in the agriculture sector. Following my publication of an AgriBEE Framework in July 2004 the debate on transformation has moved to a more substantive level in all quarters of the sector and we are now in the position to consider, on the basis of a proposal by the AgriBEE Steering Committee, a draft AgriBEE Charter. This is good progress indeed even if it has taken some considerable time to reach this point.

The BBBEE Act recognizes that the majority of people in South Africa are still excluded from the mainstream of the economy and therefore there is a need for them to be mainstreamed through various instruments. Inclusion will not only ensure that the majority of Black people in South Africa who have been excluded participate in the mainstream economy, but also to ensure that the economy perform to its maximum potential. The development of an AgriBEE Charter, which must take into consideration and find a negotiated balance for all the different viewpoints of the sector stakeholders, will take us forward in the important imperative and vision of which our Constitution, often cited as one of the best in the world, for a truly non-racial and non-sexist society.

To set the scene I would like to remind us all of the background and work that has been done to reach this important milestone. In May 2004 the President of South Africa called for guidelines which must guide empowerment in the agricultural sector. Subsequent to that we launched the AgriBEE Framework on 26 July 2004 in East London with the main aim for it to be debated and also to receive the public comments by the end of 2004.

In this regard I appointed a representative Steering Committee, whose aim was to oversee the consultative process, report outcomes of the process and make recommendations based on those outcomes towards submission of Transformation Charter for Agriculture to the Minister of Trade and Industry.

Following months of deliberation and later also the consideration by the Steering Committee of the draft transformation Codes of

Good Practice published by the dti the Steering Committee presented to me at the end of October its report and recommendations, including a draft AgriBEE Charter and Scorecard for large scale enterprises.

The Steering Committee reported to me that in total 55 written comments were received from the public until the end of 2004 and that extensive consultations were held with stakeholders. Groups that were mainly targeted are the organized agriculture, business, labour, youth, women and other stakeholders in the provinces. Different methods of consultations used covered face to face consultations with Unions, related government Departments, and agricultural related public entities. Media (radio, television and newspapers) and workshops where necessary were utilized for a wider consultation outreach process.

All the comments from these groups were analysed and consolidated into the Draft AgriBEE Charter proposed by the Steering Committee. They Steering Committee recommended that the AgriBEE Charter should be aligned with the Codes of Good Practice released by the dti. The Steering Committee noted that some Codes were still outstanding, notably for SMMEs, but were confident to propose a draft AgriBEE Charter and a Scorecard for large scale enterprises.

I agreed with the Steering Committee's recommendation that the draft Charter and scorecard should be made public and that it should be consulted upon with stakeholders and negotiated in order to conclude, as a first phase, a Sector Charter in terms of

Section 12 of the BBEE Act. The Draft AgriBEE Charter was thus published on 02 November with the objective of such further negotiations by the Steering Committee and culminating in this AgriBEE Indaba.

The AgriBEE Steering Committee engaged in various pre-Indaba stakeholder consultation sessions as a pre-cursor to Indaba. These allowed opportunities for initial comments and interrogation of the contents of the Draft Transformation Charter. The objective of this Indaba is therefore to engage openly with these views towards improving the draft AgriBEE Charter and to determine a way forward to finalising the Charter in accordance with the requirements of the Act.

I requested that the Steering Committee should prior to this Indaba also have engagement sessions with key stakeholders in the sector to discuss the released document. The consulted groups were organized agriculture, financial services sector, agribusiness, labour, youth, women and people with disabilities.

I am satisfied from their reports that the consultation process followed by the Steering Committee, both initially following the publication of the Framework in July 2004 and after the publication of the draft AgriBEE Charter in November, has been inclusive and transparent. I also believe the process we have followed and the work that has been done and which will be continued will lead us to advancing the objectives of BBEE Act. We are therefore well placed to advance to the next phase of this process, should we be able to agree on what improvements should be made to the draft

Charter and if we can clearly identify any outstanding work that needs to be finalised following the Indaba.

The pre-Indaba negotiations and consultations by the Steering Committee show that there are still some gaps that need to be closed and we therefore expect you to robustly engage with your positions for improving the draft Charter during the breakaway sessions so as to deal with them during the Indaba and that by tomorrow we are in a position to expedite obtaining broad acceptance of the AgriBEE Charter.

Some of the outstanding matters that have been raised in the pre-Indaba process relate to issues of the codes, such as multinationals and SMMEs, investment participation in the AgriBEE which will be released by the Minister of Trade and Industry as part of phase 2. We have invited the dti to participate in the Indaba to help us clarify some of these issues and the manner in which we may most effectively deal with them without delaying the process.

I urge you to engage during this Indaba and deliberate towards finalising as far as possible a Sector Charter during the next two days. This is important not only because we need to move this process forward urgently but also because there are other sub-sector Charters that need to be guided by the AgriBEE Charter. Deliberate extensively on key issues (concerns/challenges) based on the proposed Charter as were also identified and raised during the Pre-Indaba Stakeholder consultation sessions and comments. There must be consideration for the alignment of all other sector

and related industries legislative instruments with the overarching BEE environment. Seek clarity and make proposals on aspects relating to the alignment with the Codes of Good Practice including how to deal with matters relating to the outstanding Codes. Treat this as an opportunity to negotiate sector-specific conditions with respect to the generic codes in the broader context of a united and prosperous sector to the benefit of all.

The onus is on each delegate to actively participate for the duration of the Indaba so as to be able to contribute positively to the economic transformation of South Africa at large.

Following the Indaba a process will be put in motion for negotiating any specific outstanding issues. Thereafter consolidation of the Transformation Charter for Agriculture will be finalised and the charter submitted in writing to the Minister of Trade & Industry of this Charter in terms Section 12 of the BBBEE Act, which has two requirements, namely:

- An inclusive consultative process;
- Advancement of the objectives of the BBBEE Act.

I have noted the Steering Committee proposal that the Charter should be developed into a Sector Code in terms of Section 9 of the Act. This has a stronger legal standing and more stringent requirements, which we might discuss in the final session of tomorrow.

The Implementation Plan for the Integrated BBBEE Scorecard Framework for AgriBEE captures the plans for rolling-out the initiatives, by using a fully representation model.

In line with the priorities identified in the consultation process the department has decided to support two projects, which form part of the preparatory phase of the implementation of systems to promote sustainable BBBEE ventures within the sector. These are the Training and Mentorship programs for which the Department has already allocated R10 million each during this financial year and for the MTEF period. Further structured financial support for the implementation of AgriBEE has already been earmarked for the MTEF period. The roll-out of these projects is underway and service providers are being identified who will undertake its implementation. Participants within the Agriculture sector will be trained and mentored on every aspect of Broad Based Black Economic Empowerment and how it relates to addressing broader macro-economic challenges in and around their livelihoods.

Stakeholders are busy with deliberations on aspects of an inclusive ownership, enterprise development and broad based black economic empowerment agriculture sector, which will result in the formulation of detailed Action Plans through a two pronged approach including organized agriculture and the informal/emerging agriculture. The Action Plans will provide details on how the stated objectives of AgriBEE will be achieved in the areas of promoting black ownership, enterprise development and broad based empowerment. Testing of business models is currently under way with selected commodity groups and local

development organizations on how to best integrate emerging participants into the mainstream agriculture sector by exploring linkages with the established agriculture agents.

Several national, provincial, regional and local municipal level workshops will take place before the next financial year to address issues relating to the Implementation and Monitoring of AgriBEE. A local municipality training initiative will be rolled-out soon to strengthen capacities of Local Economic Development (LED) structures within the areas of BBEE. These training workshops will achieve the objective of promoting BBEE awareness, understanding and contextualization of the impact and relevance it has on local municipality delivery levels and how it will contribute to an inclusive agricultural sector will be undertaken. This will result in a harmonized approach for achieving an inclusive agriculture sector by the targeted time frames, incorporating the views and standpoints of all levels of government & industry/enterprise stakeholders in South Africa. Planning is well on track for an aggressive representative implementation process that would accelerate Broad Based Black Economic Empowerment, commencing soon after the Sector Charter is signed by all role players.

I would like to recognise and appreciate the work done by the Steering Committee in their endeavours to seek a balance in the positions reflected in the draft Charter and to ensure that all stakeholders are actively involved and I would like to thank stakeholders who have engaged the Steering Committee with their views. By following an inclusive process with robust inputs we are

sure to arrive at a sustainable and effective AgriBEE Charter that will meet and accommodate all our ambitions and concerns. We should all proactively and actively participate toward reaching the macro-aim of our sector namely a united and prosperous agricultural sector.

I thank you