

**National African Farmers Union Pledge At The AgriBEE Indaba Held
On 6th-7th December 2005 @ Galagar Estate, Halfway House, Midrand.
Gauteng. South Africa.**

1. Introduction

Minister of Agriculture, Mrs. Thoko Didiza, DG of Agriculture Mbongoa, DG of Land Affairs, Mr Glen Thomas, Presidents of Farmer organisations, farmers ladies and gentlemen all protocol observed.

Today we gather here to observe and relish a milestone in the process of economic and revolutionary transformation of agriculture in South Africa. This revolution did not come cheap. It cost lives of many men and women of this country. True to our nature as South Africans, this has been an all inclusive process that the main roleplayers in agriculture have been part of. It is a negotiated outcome, and as a result all had to make some compromises. Indeed the draft sector charter has noble objective that if fully implemented, will usher a new dawn in South African landscape.

Minister the most of the objectives of the AgriBee are similar to NAFU objectives, The wording may be different. The formation of NAFU 14 years ago was a response to reverse the most brutal of apartheid's consequences - denial of means of production and wealth creation. *(By the way, NAFCOG, started this process in 1964 and handed over the baton to NAFU in 1991)* Today the AgriBee comes as a response to many years of subjugation and suffering of black farmers.

The National African Farmers Union (NAFU) has been party to the broadening of access to the economic activity of this country through the AgriBEE process since its inception. NAFU is therefore fully conversant and acquainted with the contents and dynamics of the process leading up to today. It is from this perspective that NAFU does not have to qualify and justify why certain numbers or figures of certain elements of the Score Card the way they are. These are outcomes (*Annexure 1*) of a professionally calculated process taking into account the Codes of Good Practice, and the general understanding of what the sector can offer as its contribution to the gross domestic product of South Africa.

However, NAFU has the following strong views that need to be seriously considered and factored if AgriBEE is to be meaningful and successful, And if it is has to add value and deliver additional revenue on a sustainable basis to our members and the Black communities at large. Three issues are critical here, namely:

1. Ability own to productive assets. **That is funding.** Honorable Minister and the delegates, we can agree on all these figures and target percentages, but if we have no dedicated funding support for us to acquire stakes and control of

agribusiness value chain, we would have failed. A key to effective ownership of productive assets, be it land, shares or buy-outs of some existing companies or establishing new Black owned companies, is a dedicated funding for the agribusiness value chain. Honorable Minister, NAFU believe that MAFISA can do more than just being a Ma-Zondi-type funding facility for production loans.

During drought, it may not be helpful. NAFU therefore move that MAFISA be transformed into an agribusiness value chain funding facility to enable Black entrepreneurs to acquire meaningful ownership of productive assets in agriculture. NAFU also proposes that the minimum limit for funding ownership or stake acquisition must be R500 000 per qualifying entrepreneur.

Furthermore, Minister, the fragmentation of support programmes to farmers is of great concern. NAFU is consistent in calling for streamlining of these support mechanisms so that the implementation of the charter can be successful.

2. **Access to land.**

Honorable Minister, NAFU has observed and witnessed large scale sequestration of Black farmers by many of our Development Finance Institutions including The Land Bank recently. These repossessions come as a result of 'inability to repay the mortgage debt". It is clear from this that the land was pricey. In an effort to minimize and mitigate against future repossessions and therefore reversing Land Reform gains, NAFU will agitate for rentals, leasing and sharecropping arrangements. These enabling mechanisms will have to be supported by Government. The Government must buy farms on the open market and then rent, lease or enter sharecropping arrangements with Black farmers to curb the recent trend of repossessions. When Black farmers have sufficient revenue reserves, they will then buy out the state. Of course, this means that those who have the land must be willing to release it. Our new approach Honorable Minister is to enable Black farmers to acquire cash by not committing to mortgage costs in this era of cost-price squeeze. We are aware that farmers are not necessarily making super profits and little shocks in the economy can be devastating to farmers.

Furthermore, minister, we should be vigilant that the recent gains made at the land summit are not reversed. The fine print at the end of the document termed 'endnote on agricultural land' will require a serious review.

We call on the Minister to instruct The Development Finance Institutions involved to consider reversing the current repossessions and come to agreement with affordable repayment re-arrangements for affected farmers as a matter of urgency.

3. The last issue relates to Monitoring and Evaluation of the actors who will commit themselves to the process. NAFU calls for an annual peer review system where all involved should be guard against "window dressing, rent-Black and fronting tactics" of some established agribusinesses. This type of action must be criminalized if found, and such actors seriously disciplined. We therefore support the process towards the establishment of AgriBusiness Charter Council as soon as possible.

NAFU hereby declare that the AgriBEE process has been transparent and engaging and therefore supports the Steering Committee Document as presented here today. This should be seen as a way forward to the future for effective development of vibrant integrated agribusiness environment where Black entrepreneurs will enter and exit the sector based on the expected return on their investment, and not whether they are so-called Previously Disadvantaged Individuals or Presently Disadvantaged Individuals? (PDI's).

I thank you

Annexure -
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KEY ELEMENTS OF CODES OF GOOD PRACTICE FRAMEWORK	
	Weighting %

1	Ownership	1.1. Voting Rights	20%
		1.2. Economic Interest (<i>Sleeping Partners</i>)	
2	Management Control	2.1. Exercisable VR @ Board Level	10%
		2.2. VR for Executive Management	
3	Employment Equity	3.1. Total EE = 50%	10%
		3.2. Women Target >50%	
4	Skills Development	4.1. % Investment of Pay Roll	20%
		4.2. Learnerships & Internships	
		4.3. Mentorships	
5	Preferential Procurement	5.1. Supplier Status >50%	20%
		5.2. Annual Spending Target > 50%	
6	Enterprise Development	6.1. Cumulative Contribution as %	10%
		6.2. Long Term Productive Asset Leases	
7	<u>Residual/</u> Rural Development & Poverty Alleviation	7.1. Cumulative Contribution to Social responsibility and poverty eradication as % of net Profit/year	10%
		7.2. % of Productive Assets made available to Employees for own economic use	
000	Total Weighting		100%