



agriculture,
forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

**SPEECH DELIVERED BY THE
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AT THE AFASA AGRIBUSINESS TRANSFORMATION
CONFERENCE –
(COMMERCIALISATION OF BLACK FARMERS)
HELD AT BIRCHWOOD HOTEL IN GAUTENG.**

DATE: 31 JULY 2017

Programme Director

The Leadership of AFASA

The Captains of Industry

The Academia

Distinguished guests

Ladies and Gentlemen

Good morning. I am happy to be part of this conference where my focal point will be on the Commercialisation of the black farmers in South Africa. The National Development Plan (NDP), the country's blueprint explicitly accentuates the need for inclusive growth in our endeavour to address the country's triple challenges of poverty, inequality and unemployment. The sectors of agriculture, forestry and fisheries have the potential to meet the NDP's target of creating a million jobs by 2030. The sector should take heed of the need to expedite transformation in the sector not only for the fundamental purpose of eradicating inequality but also for ensuring and preserving the country's sustainable food sovereignty.

DAFF remains steadfast on the empowerment and participation of the previously marginalised people, particularly women, youth and people with disabilities in the mainstream of the sector. DAFF has the following programmes that serve as critical catalysts to encourage and increase participation of the said vulnerable groups and ultimately advance transformation of the sector:

- DAFF Female Entrepreneur Awards – this is a programme for the inclusion of women in the economic mainstream of agriculture, forestry and fisheries and as an important stepping stone towards the elimination of skewed participation in the sector. A total of 239 women were rewarded for their efforts and were recognised for their contribution to food security and economic growth in the sector since 2012. These women played a critical role in agriculture and food security yet their central role is undervalued.

The DAFF FEA is used as a frame of reference for progressive steps towards increasing equality, starting from meeting basic welfare needs to equality in the control over the means of production, some of these women entrepreneurs have graduated to become smallholders, processors, commercial and export producers. They have continuously shown improvement on market accesses as they expand their contracts of supply with big supermarkets such as Pick 'n Pay, Woolworths, Shoprite, pharmacies and exporting their produce to many more retails to further improve on their turnover.

Through DAFF FEA, the female entrepreneurs have cultured themselves with a job creation where majority of the entrepreneurs have indicated the increase in employment of both seasonal and permanent workers in their farms. The enterprises have further demonstrated the strength on mentoring the workers through exposing them to training that help them venture into their own businesses.

African Farmers' Association of South Africa (AFASA) has consistently participated in this programme and has imparted valuable expertise in the adjudication processes. We want to see more and more of AFASA female farmers participating in this programme, therefore the onus is on you to help us increase the pool of excellent female entrepreneurs in the sector.

- **Young Producers and Entrepreneurs Strategy (YPES)** In resonance with the National Youth Policy 2020, DAFF has developed the Young Producers and Entrepreneurs Strategy (YPES) that seeks to primarily support the establishment of youth owned and/or managed enterprises, youth entrepreneurs, and other activities that will encourage active participation of youth in the agricultural, forestry and fisheries sectors in order to bridge the gap of ageing producers while reducing unemployment and poverty.

Strategic interventions of the YPES are:

- Awareness creation and attraction of youth into agriculture, forestry and fisheries sector

- Reaching more learners and non-learners with the intention of broadening the pool of youth interested in agriculture, forestry and fisheries related careers.

DAFF high school bursaries are awarded to nominated learners from the schools and an undergraduate bursary is guaranteed for the beneficiaries upon completion of Grade 12 on condition that they enrol to further their studies in one of the identified scarce and critical skills in agriculture, forestry or fisheries. Currently DAFF has 323 higher education and 54 high schools youth under DAFF's bursary scheme.

The department has also the Comprehensive Agricultural Support Programme whereby 7 946 young producers were trained in various programmes relevant for their enterprises. There is also #YAFF awards programme which serves as an incentive platform for the Young Producers and Entrepreneur Strategy:

This programme, which is in its second year, primarily seeks to increase the participation of young producer/entrepreneurs in the mainstream of the agriculture, forestry and fisheries sectors, to encourage young people to aspire for excellence in agriculture, forestry and fisheries, and to empower young entrepreneurs so that they be able to create and maintain a sustainable economy.

- **Micro Agricultural Financial Institutions of South Africa (MAFISA)** is a financial scheme that seeks to address financial services needs of the smallholder farmers and agribusinesses. MAFISA provides capital (loans) of not more than R500 000 per person to enhance agricultural activities through the purchase of production inputs (fertilizers, seeds, pesticides, animal feed and remedies etc.) and small equipment and implements such as Knapsack sprays, wheel barrow, spades). Considerations are made to ensure parity when implementing this financial scheme. A total of 7 100 women have been supported from March 2009 to up to 2016 which is 36.6% of the total beneficiaries.

Agriculture Sector

The AgriBEE Sector Code, which provides guidelines for transformation in agriculture sector, is under implementation and still in force. Agriculture sector managed to complete Amended AgriBEE Sector Code Draft and the Department of Trade and Industry is finalising the process of approval for the Section 9(1) Sector Code in terms of BBBEE Amendment Act. Some of the significant aspects in the Amended AgriBEE Sector Code are the inclusion of Farm Workers under Ownership Scorecard and increased points for Socio-Economic Development (SED) element wherein recognition will be awarded for initiatives which benefit poor and marginalised people living in rural areas. DAFF is in process to finalise the AgriBEE Enforcement Regulations to enforce Broad-Based Black Economic Empowerment (BBBEE) through the Government levers such as licenses, permits, concessions, authorisations, grants and incentives. Enforcement will be in line with applicable sections of the BBBEE Amendment Act No 46 of 2013.

In pursuit of contributing to the acceleration of economic transformation and empowerment towards ensuring the significant participation of black people into the mainstream economy, my Department has put aside the fund (called AgriBEE Fund), which is geared towards increasing black entrepreneurs in the sector. The objective of the fund is to acquire ownership equity for black beneficiaries in white commercial agricultural businesses. The scope of the Fund also covers the funding of qualifying enterprise development initiatives, which are targeted at creating economic access and participation for black people in the agricultural sector

In terms of reporting for BBBEE compliance, DAFF compiles the annual report on implementation of AgriBEE Sector Code government undertakings. Provincial Departments of Agriculture (PDAs) and DAFF provide status reports on their implementation of BEE elements such as Employment Equity, Management Control, Skills Development, Preferential Procurement, Enterprise Development and the Socio-

Economic Development. Reporting on BBBEE compliance is now mandatory as per Section 13(G) of BBBEE Amendment Act and requires that industries, private enterprises, Government Departments and State Owned Entities submit annual BBBEE compliance reports to the Department and AgriBEE Charter Council. Through the mandated reports, it will be possible to determine the level and impact of transformation in the agriculture sector.

Forestry Sector

Amended Forest Sector Code was approved in terms of Section 9(1) of the BBBEE Amendment Act and was published in Government Gazette on 21 April 2017. This Sector Code is now under implementation in the Forestry Sector. Industries, private enterprises, Government departments and State Owned Entities have to report on their implementation to DAFF and Forest Sector Charter Council (FSCC). The Forestry Sector has attained a Level 4 BBBEE Status level during its last measurement period where enterprises were verified using the previous Forest Sector Code (previous Forest Sector Code has since been repealed and replaced by the Amended Forest Sector Code).

The Amended Forest Sector Code targets have been aligned to the generic BBBEE Codes targets to ensure broad-based transformation in the Forestry Sector. In particular, ownership in existing forestry enterprises by broad-based groups, co-operatives and communities are prioritised. The implementation of Enterprise and Supplier Development (ESD) element will enable Black and Black-Women Owned Small, Medium and Micro Enterprises (SMMEs) in the growing, contracting and downstream sub-sectors to benefit and participate in Preferential Procurement opportunities. Monitoring implementation of initiatives that support objectives of Amended Forest Sector Code will be done regularly to ensure positive impact on black peoples' livelihoods.

Currently, in partnership with my Department, the Forest Sector Charter Council is working on the development of a Funding Scheme for Black

Forest Growers. A concept document for the Funding Scheme has already been developed. Possible partners to the Funding Scheme for forest growers are Development Financial Institutions such as the Industrial Development Corporation, the National Empowerment Fund and others. The process of consultations is ongoing and the Charter Council is coordinating the activity.

In conclusion Programme Director, the institutionalisation of the Forest Sector Charter Council and the AgriBEE Charter Council are based on the partnerships between the Department of Agriculture, Forestry and Fisheries (DAFF) and the Forest and Agriculture Sectors. The key stakeholders of the Sectors are represented within the Sector Charter Council.

Black Business interests are represented within both the Forest Sector Charter Council and AgriBEE Charter Council. Nominated Members from Black Business constituencies serve in the Councils and these Members also coordinate and participate actively in the work activities of the Charter Councils. In the Forest Sector Charter Council, Black Business representation is from the small holder forest growers and the saw milling industry. In the Agricultural Sector, Black Business representation is from the Union structures. Both the Forest Sector Charter Council and the AgriBEE Charter Council are functioning since 2009. DAFF is contributing to the budget and operations for the two Charter Councils. The business sector also contributes to the budget of the Forest Sector Charter Council Office.

Just to remind the audience, His Excellency, President Jacob Zuma in his State of the Nation Address gave us the marching orders where he announced that the department needs to transform 50 black farmers into commercial farmers per province. This task is on our radar screen, working together with you we can be able to deliver on this task – commercialisation of black farmers.

I thank you.