



agriculture, land reform & rural development

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA

Agriculture, Land Reform and Rural Development Budget
Mini Plenary Session on Agriculture, Land Reform and Rural Development
Ms Thoko Didiza, Minister of Agriculture, Land Reform and Rural Development
Pretoria (Virtual Meeting)
21 July 2020

Chairperson;

Honorable Deputy Ministers Mcebisi Skwatsha and Sdumo Dlamini;

Honorable Members of the Portfolio Committee on Agriculture, Land Reform and Rural Development;

Ladies and Gentlemen

Honourable Chairperson and Members of Parliament we meet here today to reflect on the adjusted Budget of the Department of Agriculture, Land Reform and Rural Development and its impact on the delivery of service. In February, 2020 when the President tabled the State of the Nation Address and presented what government will do in this financial year followed by the presentation of the budget, no one would have known that the disruption caused by COVID-19 pandemic would be of such proportion across the whole society. As we continue to go about our responsibility, we cannot forget to remember those who have departed and those who have been affected by this pandemic. May their souls rest in eternal peace and may those who are infected and affected get necessary support.

Chairperson what emerged as a health pandemic has had an impact in people's livelihood and the functionality of the economy across the globe. The responses by a number of countries in containing the disease resulted in countries insulating themselves from perceived threats by closing borders. These interventions also created the space for countries to develop strategies for how they will manage the disease. These interventions have had united consequence to the economy and people's livelihoods. In essence, this is a road less travelled where no one had experience as the spread engulfed all of us at more or less the same time.

In our own country we declared the National State of Disaster that restricted the movement of people and curtailed economic and social activity. Our government ensured that the farm sector must remain opened to ensure accessibility of food in our country as well as the region. We wish to thank the farmers and farm workers who selflessly continued to work during this period in order to save most of our people. We cannot forget those farm workers who lost their lives at the early stage of the lockdown as they went to work in a car accident. We are aware of some farm workers and farmers who have been affected by the pandemic and to them too we extend our support.

There are challenges given the intricate linkages that agriculture has with the other critical sectors of our economy. A majority of our farmers market is domestic. The closure of some of the sectors of our economy to this date means a loss of market and threat to job and tenure security for our farm workers. As the Department of Agriculture, Land and Rural Development, COVID-19 became an added blow given the challenges that we were already facing in respect of drought, animal and plant disease outbreaks. In the previous months we have seen the impact of COVID-19 to food security in our own country, in the continent and globally. In our own country it has shown the fault lines that still exist in our agriculture and food system.

As a government, we made interventions to cushion smallholder and commercial farmers from the disruptions caused by COVID-19. Small holder and subsistence farmers were assisted through production inputs, animal feed, agricultural remedies and livestock stock remedies through the voucher system. The large number of applications received was an indication of the high demand for financial assistance by our farmers and also highlighted the limited resources that are available to service this demand. The R100 million set aside for Commercial farmers were affected by the challenges at the Land Bank. I wish to assure the members in this house and commercial farmers funded by the Land Bank that this matter is being resolved and they will be advised on how to pay for this intervention.

POLICY DIRECTION FOR THE YEAR 2020/2021

Chairperson, during this year we as a department have committed ourselves to accelerate effective land reform in our country. This commitment is underpinned by the following approach:

- (a) Rapid release of state land;
- (b) Acceleration and resolution of the old order claims;
- (c) Ensure the compliance with the court order in respect of labour tenants;
- (d) Development of Communal tenure legislation;
- (e) Post settlement support to those who receive land through land reform;
- (f) Strengthening Land administration system;
- (g) Focus on youth and women;
- (h) Improve market access and prioritize the implementation of the Africa Continental Free Trade area; and
- (i) Strengthen governance and proper management of public resources

BUDGET REVIEW

The advent of COVID-19 has also compelled our country to rethink and readjust budget allocations for competing needs during this period. The initial allocation for Department as per the February 2020 Budget Vote by the Minister of Finance, Honourable Tito Mboweni was R16.8 billion. This budget was re-adjusted to R14.4 billion during the Supplementary Budget Vote on 24 June 2020, a reduction of just under R2.4 billion. We are appreciative that these cuts did not affect critical Medium Term allocations for biosecurity and supporting exports amounting to R495.1 million and R500 million to finalise land claims. Furthermore these cuts were not extended to the Agricultural Research Council which was already experiencing cash flow challenges.

Chairperson the R14.4 billion allocation for the 2020/2021 budget for the Department also includes transfers to Provincial Departments of Agriculture as part of the division of revenue. These allocations relate to-

- (a) Ilima/Letsema Conditional Grants – R428 million;
- (b) CASP Infrastructure Grant – R965 million;
- (c) CASP Upgrade of Colleges – R25 million; and
- (d) CASP Extension Services – R214 million;

The other transfers are to our agricultural entities such as the Agricultural Research Council, which received a grant of R1,271 billion. The National Agriculture Marketing Council received an amount R47,4 million and the Ingonyama Trust received an amount of R22 million.

THE IMPACT OF THE BUDGET CUTS

The cuts in the budget meant that we had to deal with very difficult trade-offs in our effort to as far as humanly possible, have minimal negative impact on the delivery services within the sector. The greatest portion of the cuts of R1.89 billion within the Department was in the programmes that deliver on Food Security, Land Redistribution and Restitution. These programmes are core to achieving outcomes in food security and achieving economic transformation priority through redress and equitable access to producer support. Food Security had cuts of R939 million, Land Redistribution and Tenure Reform R544 million and Land Restitution R403 million.

The Food Security program in our budget comprise of the transfer allocations from the national Department as covered by the Division of Revenue Act. The Ilima/Letsema and Comprehensive Agriculture Support Programme (CASP) budget readjustments will mean that for the 2020/2021, provinces will receive lesser allocations for producer support for production and infrastructure. Provinces will therefore need to reprioritize projects for this financial year. In terms of Land Redistribution and Tenure Reform the land development support was scaled down and this support will be extended to the identified 146 projects within Pro-Active Land Acquisition Strategy. The other applications relating to land support will only be considered in the 2021/2022 financial year. Relating to land acquisitions, new projects will not be considered and no new valuations will be conducted on land for acquiring. The current funding will only cater for current commitments.

Our Rural Development budget had a cut of R199.7 million and this will negatively affect Rural Social Infrastructure, which includes the revitalization of irrigation schemes. This coupled with the cuts in the CASP infrastructure allocations will lead to delayed implementation of on-farm infrastructure projects. The focus for this financial year will be on the completion of multi-year infrastructure projects and those that started in the 2019/2020 financial year. The Economic Development, Trade and Marketing programme had a R135.9 million cut which will lead to reconsideration and prioritisation of projects within the agro-processing, marketing and rural industrial development space. We will work with the DTIC and Dirco to ensure that our focus of trade promotion continues.

Part of these cuts included R300 million cut relating to the Compensation of Employees. This will delay our drive towards fully capacitating the Department towards building a resilient sector. Notwithstanding these cuts, we will strive to fill critical vacancies in the core delivery areas of our Department during this financial year. Furthermore the Department has scaled down the budget within non-core areas. The provision of resources such as ICT equipment, procurement of uniforms and training will only happen as a matter of necessity. Travel, subsistence and accommodation budgets were reprioritized taking into consideration the restrictions on movement due to the risk adjusted approach to control COVID-19.

It is not only the budget cuts that will impact on the services of the Department but the spread of COVID-19 is also having an impact on the services that the Department renders. The Commission on Restitution of Land Rights is facing challenges due restrictions in terms of meeting claimants, conducting research and verification, accessing claimants relevant documents, signing of settlement agreements and concluding on offers. These challenges are mitigated but are having an impact on the access to Departmental services and the agility of the Department to deliver.

PRESIDENTIAL STIMULUS PACKAGE

Apart from the cuts, H.E. President Ramaphosa, announced an economic recovery stimulus package of R500 billion in April 2020. Within this stimulus allocation of R100bn was set aside as Employment Stimulus, aimed at for job creation and retention of current jobs. Agriculture as the sector with a relatively higher job creation multiplier effect than most sectors, had a set aside the R688 million which we have factored into our Annual Performance Plan. This allocation will be utilised to support 50,000 subsistence producers with an allocation of R12 000 through a voucher system in the peri-urban and rural areas.

THE SONA COMMITMENTS

The commitments that were H.E. President Ramaphosa on Agriculture, Land Reform and Rural Development will proceed as planned during this financial year. A snapshot of current progress in terms of these commitments is:

- (a) The process to release around 700 000 hectares of state land for agricultural production has begun and to date, the Department has allocated 135 000 ha;
- (b) The Beneficiary Selection Policy was published in the Government Gazette for a sixty day comment period in the first quarter of this year. The Policy will be processed to Cabinet for approval in the last quarter of 2020;
- (c) Government, together with its entities, has been reviewing the legislations which would make commercialisation of hemp possible. In terms of the Department, the draft regulations on the listing of hemp in terms of the Plant Improvement Act and the Plant Breeders' Rights Act will be published for comments in the month of August 2020;
- (d) In piloting the District Development Model, the Department had already accommodated an intake of 1001 youth to this programme from eThekweni, OR Tambo and Waterberg.

Chairperson, we will furthermore strengthen our regulatory framework, the following Bills will be submitted for consideration by Parliament 2020:

- (a) Plant Health (Phytosanitary) Bill;
- (b) Agricultural Produce Agencies Amendment Bill;
- (c) Agricultural Product Standards Amendment Bill;
- (d) Preservation and Development of Agricultural Land Framework (PDALF) Bill; and
- (e) The Upgrade of Land Tenure Rights Amendment Bill.

IN CLOSING

Chairperson, the COVID 19 pandemic and subsequent shut down of economies across the globe has necessitated a revision of estimated economic growth projections and human development indices. South Africa is no different in terms of the experience but we can utilise the threat provided by COVID-19 to reimagine land

and agrarian reform in South Africa. We are known to be a resilient nation and we will emerge stronger and better post COVID-19.

Thank you