

# Agriculture, Forestry and Fisheries



The agriculture, forestry and fisheries sectors are crucial to South Africa's socio-economic development. However, the future of these sectors depends on critical issues such as climate change, population growth, skills shortages, changes in consumer needs and shifts in the global economy and related markets.

As one of the most employment-intensive sectors of the economy, agriculture's potential impact on empowerment and poverty relief is much larger than its actual weight in the economy suggests. While the primary agricultural sector contributes about 3% to the country's gross domestic product (GDP), it represents about 7% of formal employment. If the entire value chain of agriculture is taken into account, its contribution to GDP reaches about 12%.

Agricultural activities range from intensive crop production and mixed farming to cattle-ranching in the bushveld and sheep-farming in the more arid regions. About 12% of South Africa's surface area can be used for crop production. High-potential arable land comprises only 22% of total arable land. Some 1,3 million ha are under irrigation.

The forestry industry is one of the strategic economic sectors in South Africa, with a significant contribution towards economic growth and job creation. Therefore, the expansion of South Africa's forest resources remains one of the Department of Agriculture, Forestry and Fisheries's (DAFF) main objectives to ensure growth, transformation and sustainability of the sector.

As a natural resource, the fisheries sector is also recognised as a potential area for economic growth. The mandate for fisheries management includes fresh water and inland fisheries, as well as aquaculture.

## Agricultural economy

The spending focus is on increasing food production by providing agricultural support to smallholder farmers through the comprehensive agricultural support programme; and implementing the Landcare, *Ilima/Letsema* food production and *Fetsa Tlala* food security programmes.

The department plans to spend over R7 billion on conditional grants to provinces to support approximately 435 000 subsistence and 54 500 smallholder producers, and improve extension services. The department also plans to provide flood disaster relief in Limpopo, Mpumalanga and Western Cape, to which additional allocations of R209 million have been made.

The spending focus will also be on making additional transfers of R50 million in 2014/15 and R50 million in 2016/17 to the Land and Agricultural Development Bank of South Africa to support the implementation of the retail emerging markets model.

## **Role players**

### **Credit and assistance**

The six major sources of credit for farmers are banks (56%), agricultural cooperatives and agribusinesses (9%), the Land and Agricultural Development Bank of South Africa (the Land Bank) (30%), private creditors (3%) and other creditors and financial institutions (2%).

### **Land and Agricultural Development Bank of South Africa**

The Land Bank is a specialist agricultural bank guided by a government mandate to provide financial services to the commercial farming sector and agribusiness, and makes available financial products to new entrants to agriculture from historically disadvantaged backgrounds.

According to its 2014 annual report, the Land Bank contributed R48,2 billion on the GDP, which resulted in more than 23 000 job opportunities and more than 37 000 maintained jobs.

### **Micro-Agricultural Financial Institutions of South Africa (Mafisa)**

Mafisa is a scheme that provides production loans to smallholder operators within the agriculture, forestry and fisheries sectors.

Mafisa loans were initially restricted to agricultural enterprises, but following the incorporation of the forestry and fisheries subsectors into the Department of Agriculture, the credit policy is under review so that it can also accommodate these two subsectors.

Loans are provided at 8% interest and accessed through a network of institutions accredited by the DAFF as retail intermediaries. Intermediaries submit monthly and quarterly reports to the department as part of its monitoring process. Regular workshops and inspection visits to intermediaries are also conducted.

The scheme offers production loans of up to R500 000 per person, with the repayment terms structured according to the income cycle of the enterprise. The loans are limited to South African citizens who meet the eligibility criteria. Loans of up to

R25 000 can be granted without security. Most of the loans disbursed are in respect of livestock, sugar cane and grain crops.

### **Agri South Africa (AgriSA)**

AgriSA was established in 1904 as the South African Agricultural Union. It serves approximately 32 000 large and small commercial farmers.

AgriSA's mission is to promote the development, profitability, stability and sustainability of agriculture in South Africa by means of its involvement and input on national and international policy and the implementation thereof.

### **Agricultural Business Chamber**

The Agricultural Business Chamber is a voluntary, dynamic and influential association of agribusinesses. Its mission is to negotiate and position for a favourable agribusiness environment where members can perform competitively and profitably, and prosper as a result. Other focus areas include:

- serving the broader and mutual business interests of agribusinesses in South Africa facilitating considerable networking opportunities, so that South African agribusinesses can play an active and creative role within the local and international organised business environment and are involved in the legislative and policy environment on many fronts.

### **Transvaal Agricultural Union South Africa (TAU SA)**

TAU SA was established in 1897 as the Transvaal Agricultural Union. In 2002, the union re-organised to become a national agricultural union serving commercial farmers. It also renders services to its members in terms of property rights, economic issues, and safety and security.

TAU SA conducts various projects to enhance the concept of successful agriculture.

### **National African Farmers' Union of South Africa (NAFU)**

The NAFU's aim is to create a "home" for thousands of black farmers who had previously been excluded from the mainstream of agriculture. At the time of its formation in 1991, there was no farmer organisation operating at national level in South Africa.

Between 1979 and 1991, the only organisation which attempted to address the needs of black farmers at national level was the National African Federated Chamber of Commerce

and Industry. This organisation eventually facilitated the formation of the NAFU.

NAFU is a mouthpiece of predominantly black smallholder farmers in South Africa. It focuses on advocacy, and it lobbies for access to critical resources such as land, credit, information, extension and other support services. However, NAFU continues to play a role in building the capacity and strength of its membership by using effective communication systems, training, improving management skills and exposing farmers to the latest and most up-to-date production techniques.

### **African Farmers' Association of South Africa (AFASA)**

AFASA's aim is to have competent and successful commercial African farmers of South Africa and to ensure meaningful participation of black individuals within the mainstream commercial agribusiness sector, therefore ensuring the long-term sustainability of the agricultural sector. Its values are to facilitate the development of African farmers to increase their meaningful participation in the agricultural sector.

AFASA's objectives are to create a sustainable united body of African farmers with capacity to influence policies through lobbying and advocacy.

AFASA facilitates the development of competencies of African farmers for them to participate meaningfully in formal and informal markets, and mobilise resources for the benefit of African farmers.

### **Agricultural Research Council (ARC)**

The ARC renders innovative and smart solutions which help farmers eliminate pests and eradicate diseases such as foot-and-mouth and rabies. Vaccines are a highly specialised animal health area. Therefore, the ARC conducts clinical trials ensuring the efficacy and effectiveness of such remedies for the livestock sector.

### **Climate change response**

The agricultural sector in South Africa faces considerable impact from climate change, which affects the livelihoods of most people, especially those who are vulnerable to food insecurity.

The increasing risk of disaster is reduced by strengthening early warning systems and disseminating early warnings, and raising awareness through campaigns.

The DAFF has developed and implemented an Early Warning System that disseminates extreme weather warnings to

farming communities. Climate variability has induced drought interspersed with flooding, resulting in lower-than-average agricultural production yields.

The DAFF has completed two policy documents: the Agricultural Disaster Risk-Management Plan and the Agricultural Drought-Management Plan.

## Forestry

The DAFF is the custodian of South Africa's forest resources, which cover over 40 million ha of the country's land surface area. The forestry sector employs over 160 000 workers and provides about 62 000 direct jobs and 30 000 indirect jobs. Forestry provides livelihood support to over 650 000 people of the country's rural population.

The pulp and paper industry provides approximately 13 200 direct and 11 000 indirect employment opportunities. Some 20 000 workers are employed in sawmilling, 6 000 in the timber board and 2 200 in the mining timber industries, while a further 11 000 workers are employed in miscellaneous jobs in forestry.

In terms of land use, the afforested area is about 1,27 million ha – about 1% of the total South African land area of 122,3 million ha. The forest sector (forestry and forest products) contributes about 1% to the GDP.

The department develops human resources through forestry-sector skills development initiatives and promotes employment through commercial forestry activities such as forestation and downstream activities. The integration of forestry programmes into provincial and municipal development plans will assist the "Plant a Million Trees" campaign.

The department is pursuing a target of 10 000 ha of nett new afforestation a year. The focus will remain on encouraging cooperatives, simplifying and streamlining the regulatory environment, training and extension, supporting the implementation of rural credit and offering incentives for new entrants.

Afforestation is taking place in rural areas where there are few other viable opportunities for job creation and economic activity. The development of these additional raw material resources will attract greater processing capacity in the form of sawmills, board mills, chipping plants and treatment plants, which will lead to broad economic growth. An additional R500 million a year could be generated from such plantations.

The forestry programme also includes greening and tree-planting projects. The programme prioritises work on fire-fighting programmes such as the Working on Fire Programme and encourages the establishment of fire-protection associations.

## Woodlands

The woodlands, also known as savannas, constitute a forest resource of major importance in South Africa. It is the most accessible forest resource for poor communities and contributes in the region of R2 000 to R5 000 to poor households annually. While natural forests cover less than one million ha of land in total, and plantation forestry covers less than 1,3 million ha and the woodlands collectively cover about 29 million ha to 46 million ha.

The cover includes extensive areas in the low-lying, drier areas of Limpopo, KwaZulu-Natal and Mpumalanga. Rich biodiversity is found in savanna woodland comprising 5 900 plants, 540 bird species and 175 mammals. These include iconic species such as the Big Five group of mammals that are important to the tourism industry.

Several protected tree species of the savanna, such as camel thorn and leadwood, contribute substantially to the lucrative braai wood market, and guidelines have been set for licensing processes to assist with the control of their use.

Kathu Forest in the Northern Cape is the first woodland area to be declared protected woodland under the National Forests Act of 1998.

The woodlands are a valuable source of fuel, building material, craft timber and a variety of non-timber products. These include fruit, fodder, medicinal compounds, honey, meat and mushrooms. They form the backbone of the livelihoods of millions of people. The annual marula-fruit (*Sclerocarya birrea*) harvest, for example, is worth some R1,1 billion a year to rural communities.

## Fisheries

South Africa is among the global fishing nations who have identified the challenges within their fishing industries. Wild capture fisheries include three distinct components (commercial, recreational and subsistence fisheries), each of which requires specific research and management interventions. The aquaculture (fish farming) sector is considered underdeveloped and as a result has been prioritised due to declining wild stocks.

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

In line with international trends, the department recognises

fisheries as an economic activity rather than a purely environmental or biodiversity matter. Government has expanded the mandate for fisheries management through the inclusion of fresh water and inland fisheries, as well as aquaculture, to the department's existing responsibilities.

## Aquaculture

Aquaculture incorporates the breeding, trading or rearing of aquatic organisms in a controlled or selected aquatic environment for recreational, commercial or subsistence purposes.

Fisheries and aquaculture support the livelihoods of an estimated 540 million people. Aquaculture is the farming of aquatic organisms and is divided into fresh-water culture and mariculture.

Species farmed in the latter include dusky kob, abalone, Pacific oysters, Mediterranean mussels and black mussels, among others. According to the National Aquaculture Strategic Framework, the sector is relatively small and government wants to create a climate in which it can grow.

Special attention will be paid to freshwater aquaculture, as it has shown growth potential.

The Agriculture Development Enhancement Programme, which offers cost-sharing grants of R40-million per company aims to create more jobs in the sector. The grants will be made available for machinery, equipment, infrastructure, commercial vehicles and work boats, in pursuit of boosting competition in the industry.

Abalone fishing is severely restricted in South African waters, however, poaching is rife, as it is a lucrative trade.

Poaching has caused the decline in abalone numbers over the years. The species is highly coveted and fetches high prices, especially in the Far East.

The National Aquaculture Policy Framework was developed against the backdrop of a global aquaculture sector that has seen an increased demand for fishery products.

The policy provides a unified framework for the establishment and development of an industry that contributes towards sustainable job creation and increased investment.

In South Africa, marine and freshwater aquaculture presents a good opportunity to diversify fish production to satisfy local demand; contribute to food security, job creation, economic development and rural development, and improve export opportunities.