



**OFFICIAL GUIDE TO SOUTH AFRICA 2017/18**

# Agriculture, Forestry and Fisheries

The mandate of the Department of Agriculture, Forestry and Fisheries (DAFF) includes value chains, inputs, production and consumption in the agriculture, forestry and fishery sectors. The department's mandate is derived from a range of legislation, including the Sea Fisheries Act of 1988, the National Forests Act of 1988, the Agricultural Products Standards Act of 1990, and the Conservation of Agricultural Resources Act of 1993.

The National Development Plan sets out a broad vision of eliminating poverty and reducing inequality by 2030.

This vision is supported by Outcome 4 (decent employment through inclusive economic growth), outcome 7 (comprehensive rural development and land reform) and Outcome 10 (protect and enhance our environmental assets and natural resources) of government's 2014-2019 Medium Term Strategic Framework. The work of the DAFF is closely aligned with these outcomes.

As such, over the Medium Term Expenditure Framework (MTEF) period, the department intends to focus on improving food security; creating jobs; increasing the contribution of the agriculture, forestry and fisheries sectors to gross domestic product (GDP), enhancing primary animal healthcare services and enabling trade in the global economy.

The department also expects to implement the Agricultural Policy Action Plan, which focuses on value chains with high potential for food security, job creation and economic contribution; the revitalisation of the agricultural and agro-processing value chain; and Operation Phakisa.

The South African economy grew by 1.3% in 2017, exceeding National Treasury's expectation of 1.0% growth announced during the National Budget Speech in February 2017.

The strengthening in economic activity in 2017 was partly driven by the agriculture, forestry and fisheries sectors recovering from one of the worst droughts in recent history. In 2017, the sectors' contribution to the GDP was 2.4%.

The total volume of South African agriculture production for 2017 was estimated at 62.9 million tonnes compared to 50.8 million tonnes in 2016. This represented a 24% increase in production, which was attributed to the bumper summer crop harvest following good rainfalls during the season.

Agriculture plays an important role in the process of economic development and can contribute significantly to household food security.

According to Statistics South Africa's 2017 General Household Survey, only 15,6% of South African households were involved in agricultural production. Most crop production took place in backyard gardens, and households involved in agricultural activities were mostly engaged in the production of food.

Food production consisted of fruit and vegetables (53,4%), grains (51,8%), livestock farming (47,1%) and poultry (35,3%). Only 11,1% of the households involved in agriculture reported getting agricultural-related support from the government. Nationally, slightly more than 2,2% of the households reported receiving training and 7,0% received dipping/livestock vaccination services.

Nationally, more than three-quarters (78,5%) of households that were involved in agriculture were involved in an attempt to secure an additional source of food. Provincially, 91,5% of households in Limpopo, 81,9% of households in the Eastern Cape and 79,0% of households in Mpumalanga were engaged in agricultural activities as a way to augment their existing sources of food, while 36,7% of households in Western Cape practiced agriculture as a leisure activity.

In the Northern Cape, 21,6% of households attempted to create an additional source of income through agriculture. Since agriculture is not so common in Gauteng, many households engaged in agriculture as a last option.

Only 9,9% of the households involved in agriculture reported getting agricultural-related support from the government during the year preceding the survey. The only provinces where significant support was provided for farming households were KwaZulu-Natal (13,6%), Eastern

Cape (20,3%) and Northern Cape (22,5%). Nationally, slightly less than two per cent (1,9%) of the households reported receiving training and 6,0% received dipping/ livestock vaccination services.

### Improving food security

South Africa has been self-sufficient in most agriculture products with the exception of wheat, poultry and red meat. Between 50% and 60% of the country's wheat requirement is imported, due to the fact that it is cheaper to import than to produce locally.

Over the MTEF period, the department aims to promote food security through the Fetsa Tlala Programme, which forms part of the National Food and Nutrition Security Policy.

The programme focuses on assisting vulnerable households and subsistence and smallholder producers to produce their own food by ensuring that 1 million hectares of land are used for production by 2030.

Through the *Ilima/Letsema* conditional grant, which is set to receive an estimated R1.8 billion over the medium term, rural households are expected to benefit from food production initiatives, including the provision of production inputs such as fertilisers, seeds, seedlings, breeding animals, and machinery and equipment.

The comprehensive agricultural support programme aims to provide support to subsistence, smallholder and black commercial producers within areas that are strategically identified for the production of grains, livestock, horticulture and aquaculture.

Through the *Ilima/Letsema* conditional grant and the Comprehensive Agricultural Support Programme, the department expects to support 145 000 black commercial, subsistence and smallholder producers per year.

The programme will also be used for providing production inputs and farm infrastructure, and piloting the blended funding model in partnership with commercial and development funding institutions such as the Land and Agricultural Development Bank of South Africa.

In line with the outcomes of Operation Phakisa, the department aims to create and support 450 sustainable and profitable black commercial producers participating in prioritised value chains over a five-year period through the reprioritisation of funds from the comprehensive agricultural support programme grant.

The Black Producer Commercialisation Programme is intended to support investment that will unlock and enhance the output of black producers through targeted interventions. Further concessionary loans to emerging farmers will be accessed from the Micro Agricultural Finance Institution of South Africa (MAFISA), which aims to address the financial services needs of smallholder farmers and agribusinesses.

The implementation of the Agriculture Policy Action Plan and the Revitalisation of Agriculture and Agroprocessing Value Chains Policy is expected to focus on the production of high-value crops such as macadamia nuts.

Over the MTEF period, implementation is expected to extend to fruit production, the fast-tracking of poultry production, and the expansion of red meat production schemes or initiatives such as the Kaonafatso ya Dikgomo and grass-fed beef initiatives to improve animal production in rural areas.

The animal improvement scheme is dedicated to the development and improvement of livestock breeding and production among black farmers.

### Creating jobs

Government has invested considerably in agriculture to create a favourable and supportive environment for the farming community, particularly subsistence and smallholder producers.

Over the medium term, the DAFF planned to create 3 481 full-time equivalent jobs through Working for Fisheries projects.

The Landcare Programme aims to promote sustainable land and soil management practices, prevent land degradation and desertification in rural areas, and contribute to job creation.

Over the MTEF period, the job-intensive programme was expected to contribute to the rehabilitation of 48 900 hectares of land through restoration and reforestation.

Junior LandCare is part of the LandCare programme which is designed to empower South African youth, particularly those in rural areas. The programme seeks to address issues of youth unemployment, skills development, school nutrition and environmental education.

In addition, over 3 300 jobs were expected to be created over the medium term for planting trees on 1 650 hectares of state-owned forests.

### Foreign trade

Trade balance of agricultural products remained in positive territory as exports traded higher than imports, increasing by 12,5% in 2017 compared to 2016. The export value of agricultural products reached R126,82 billion in 2017, a decrease of 0,4% compared to 2016.

The import value of agricultural products reached R86,86 billion in 2017, a decrease of 5% compared to 2016. Agriculture's export value of R126,82 billion in 2017 was led by a decent fruit and grain production season coupled with weaker exchange rate. Imports of agricultural products in 2017 were led by processed products such as prepared foods, meat, sugar and beverages.

South Africa and the United Kingdom (UK) reached an in-principle agreement that an interim arrangement will be put in place once Britain leaves the European Union (EU), which will be based on the existing economic partnership agreement between South Africa and the EU.

There are a number of tariff rate quotas in the economic partnership agreement that South Africa must still negotiate the volume of these with the UK. The UK is South Africa's seventh biggest trading partner and EU's second biggest trading partner.

During 2017, about 30% of South Africa's fruit exports and 25% of all wines were exported to the UK. Meanwhile, the export value of agricultural products exported to the UK increased by 0,4% in 2017, from R46,3 billion in 2016 to R46,5 billion in 2017.

The import value of South Africa's agricultural products imported from the UK increased by 4,8% in 2017, from R31,7 billion in 2016 to R33,2 billion in 2017. The United Kingdom Export Fund made extra funds available for UK companies exporting to South Africa and South African companies importing from UK in order to boost trade between the two countries post-Brexit.

The African Continental Free Trade Area agreement will provide a preferential market access for agricultural, forestry and fisheries products and deepen Africa's market integration and boost intra-Africa trade. The sector will also increase its exports and accelerate the diversification of the export market from the traditional markets, which will benefit the economy of South Africa and create jobs.

South African agricultural products continue to benefit from the Free Trade Agreement of the Southern African Customs Union (SACU) and the European Free Trade Association (EFTA), which has been in force for almost ten years since May 2008. Exports of South African agricultural, forestry and fisheries products increased from a value of R527 million in 2008 to a value of R712 million in 2017. The lowest value of exports was R387 million in 2011 and the highest was R796 million in 2013.

The department continues to participate in the review of the SACU-EFTA to ensure that market access for South African agricultural, forestry and fisheries products to the EFTA countries is secured.

The Southern African Development Community (SADC)-European Union (EU) Economic Partnership Agreement, which entered into force on 10 October 2016, provides for new and

better market access for South Africa's fisheries and certain agricultural products such as sugar, flowers, some fruits and wines. It is under this arrangement that South Africa has, for the first time, been able to export 141 000 tons of sugar to the European Union during 2017.

The agreement provides market access for 32 South African agricultural products. It also provides for the protection of South Africa's geographic indication names for certain wines, teas and meat products in the EU market.

South African agriculture products continue to benefit from the Tripartite FTA agreement of the SADC, Common Market for Eastern and Southern Africa and the East African Community.

### Enhancing primary animal healthcare services

The department's primary animal healthcare programme is aimed at improving the accessibility and affordability of veterinary services, and improving awareness on animal health and welfare.

In rolling out the programme over the medium term, spending will be geared towards the recapitalisation and revitalisation of veterinary infrastructure to create an enabling environment for the deployment of newly qualified veterinarians. The department planned to deploy 150 veterinary graduates in rural areas per year over the MTEF period.

Major outbreaks of avian influenza and foot and mouth disease resulted in additional spending for the department in 2017/18. To contain the outbreaks, mobile veterinary clinics and associated equipment for laboratories were procured to strengthen veterinary public health in rural areas across all provinces.

The department received additional funding to combat the outbreak of highly pathogenic avian influenza in 2017/18.

Over the medium term, the department was expected to address biosecurity issues at South Africa's 16 land border posts; acquire two additional plant quarantine stations and two additional animal quarantine stations; and strengthen pest surveillance and control, and inspection and laboratory services.

### DAFF Female Entrepreneur Awards

The 19th DAFF Female Entrepreneur Awards were held in the Eastern Cape on 23 August 2018. The awards pay tribute to the efforts and contribution by women, young females and women with disabilities for the roles they play towards ensuring food security, poverty alleviation, job creation and economic growth in the sector. The annual awards are held in partnership with Total South Africa.

The winners were as follows:

- **Best Female Entrepreneur** – Matshidiso Portia Mngomezulu
- **Best Female Worker** – Bhekisepi Banengiwe Xulu;
- **Best Subsistence Producer** – Esther Irine Nell;
- **Top Entrepreneur: Smallholder** – Leandre Elise Beatrice Mitchley;
- **Top Entrepreneur: Processing** – Matshidiso Portia Mngomezulu;
- **Top Entrepreneur: Commercial** – Maleka Pauline Dorcas;
- **Top Entrepreneur: Export Markets** – Noluthando Mbilase;
- **Minister's Special Award for Young Female Entrepreneur** – Nosiphiwo Makhapela;
- **Award for the Female Entrepreneur with Disability** – Selinah Mphedziseni Mulovhedzi.

### Role players

#### Credit and financial 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 mandate of the Land and Agricultural Development Bank of South Africa, as a development finance institution, is to address agricultural and rural development in South Africa.

The bank operates in the agricultural and agribusiness sectors and is regulated by the Land and Agricultural Development Bank Act of 2002 and the Public Finance Management Act of 1999.

Its broader mandate is to promote: the equitable ownership of agricultural land, particularly by historically disadvantaged people; agrarian reform, land redistribution or development programmes for historically disadvantaged people; land access for agricultural purposes; productivity, profitability, investment and innovation in agriculture; the growth of the agricultural sectors and better use of land; rural development and job creation; and commercial agriculture and food security.

### **Micro Agricultural Financial Institutions of South Africa**

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

The maximum loan size offered by MAFISA is R500 000 per client with special provision for up to R1 million for special projects.

The loans are solely for use in agriculture, forestry or fisheries enterprises. They are also for purposes of covering production input, small equipment, livestock purchase, harvesting (in the case of fruit, forestry, aquaculture and artisanal fisheries) and agro-processing.

### **AgriBEE Fund**

The AgriBEE Fund was established to provide support to businesses owned by black South Africans to advance the transformation agenda in the agriculture, forestry and fisheries sectors.

The objective of the fund are to promote entry and participation of black people in the entire value chain by providing funding for equity deals, to acquire interest in existing commercially viable and sustainable enterprises and advance enterprise development through agro-processing and value-adding activities.

For the maximum loan of R5 million, applicants are required to contribute 10% to demonstrate their level of commitment. However, the Land Bank and DAFF may approve applications of more than R5 million and applicants will be required to contribute 20%.

### **Agri South Africa (Agri SA)**

Agri SA promotes 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 (ABC)**

The ABC 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.

The ABC is the only organisation that serves the broader and common business interests of agribusinesses in South Africa. The chamber facilitates considerable networking opportunities so that South African agribusinesses can play an active and creative role within the local and international organised business environment and be closely involved in the legislative and policy environment on many fronts.



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

TAU SA renders services to its members in terms of property rights, economic issues, and safety and security.

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

The aim of NAFU is to create a "home" for thousands of black farmers who had previously been excluded from the mainstream of agriculture. It focuses on advocacy and lobbies for access to critical resources such as land, credit, information, extension and other support services.

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

AFASA's aim is to promote competent and successful commercial South African farmers, and to ensure 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.

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

The primary mandate of the ARC, as the main agricultural research institution in South Africa, is to conduct research and development, and effect the transfer of technology to promote agriculture and industry, contribute to a better quality of life, and facilitate and ensure the conservation of natural resources.

## **Forestry**

Forestry is one of the sectors that have a huge potential in job creation whilst ensuring the sustainable use of natural resources.

Forest products contribute about R34.5 billion to the economy or about 0,6% of the GDP. In 2017, export value increased by 13%, from R26 to R29 billion.

This is underpinned by 1.2 million hectares of well-developed plantation forestry. Like many other sectors of the economy, this is dominated by corporate and commercial owners who own 78,9%, with small growers only owning about 3.7%.

The forestry sector is responsible for 158 400 direct employment, that is about 1.3% of South Africa's workforce. The forestry industry is at continuous risks from fire, pests' diseases and drought.

In terms of veld fires, the department was amending the National Veld and Forest Fire Act of 1998. These policy measures and interventions are intended to enhance the resilience of agricultural and food production systems; contribute to the reduction of the greenhouse gases emissions; intensify agricultural and forestry production while safeguarding food security and creating job opportunities.

In an effort to address the issue of competing land use between agriculture and forestry, the department developed a strategy on agro-forestry.

Agro-forestry is a practice that integrates forestry and agriculture on the same piece of land with socio-economic and environmental benefits. This strategy was expected to ensure household food security and increase the country's fibre.

National Arbor Week, which is celebrated annually in September, serves to promote awareness for the need to plant and maintain indigenous trees throughout South Africa. Every Arbor Week celebration highlights two specific trees – one common and one rare species. The theme for the 2018 Arbor Week Campaign was: "Forests and Sustainable Cities".

In 2018, the Ministry of Agriculture, Forestry and Fisheries took a resolution to extend Arbor Week to Arbor Month, with the campaign celebrated from 1 to 30 September annually.

For 2018 the following two tree species have been selected as trees of the year:

- *Podocarpus elongatus*: Breede River Yellowwood. This tree has been selected from the list of common species. Other yellowwood species: *P. latifolius*, *P. falcatus* and *P. henkelii*.
- *Boscia albitrunca*: Shepherd's Tree. This tree has been selected from the list of rare/uncommon species.

### Woodlands

Woodlands include those types ranging from wooded grasslands (between 5% and 10% tree canopy cover) to dense thickets (areas with over 75% tree canopy cover but which do not meet the other criteria required to be defined as natural forest).

The woodland, 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.

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.

### Fisheries

Both the fisheries and aquaculture sectors face competitiveness in a global market and can have unforeseen environmental and trade impact, particularly in relation to overfishing in the wild. Aquaculture also faces some constraints such as potential negative impacts on local water quality and ecosystems, depending on the type of production system.

During 2017, the export value of fisheries products decreased by 33,2% to R4,96 billion owing to sluggish economic performance and environmental issues compared with R7,43 billion realised in 2016. However, imports of fisheries products increased by 5,3% in 2017 to R5,55 billion, from R5,27 billion in 2016.

According to the Food and Agriculture Organization, in 2017, seafood demand was highly sensitive to increases in income, and it is these economic trends, combined with population growth rates, that will be the major determinants of future trade flows and consumption patterns.

The aquaculture (fish farming) sector is considered underdeveloped and as a result has been prioritised due to declining wild stocks.

Government aims to ensure the conservation, protection, rehabilitation and recovery of depleted and degraded natural resources by, among other things, developing recovery plans in prioritised areas of fish stocks such as abalone, west coast rock lobsters and deep water hake by 2018/19.

The DAFF continued to play a significant role in Operations Phakisa (Oceans Economy) with ongoing technical support being provided to aquaculture projects in Phase 1; 2 and 3. Initiative 5 of Operations Phakisa (Oceans Economy) on governance saw an increased number of successful joint operations with law-enforcement agencies, particularly in identified hot spot areas. The fishery patrol vessels were fully operational and seaworthy, and contributed to the enforcement efforts through sea-based patrols and inspections.



### Aquaculture

In South Africa, marine and freshwater aquaculture presents a good opportunity to diversify fish production to satisfy local demand; contribute to food security and nutrition, job creation, economic development and rural development, and improve export opportunities. The sector also presents an opportunity to bring in the youth, women and historically disadvantaged people into the sector.

Aquaculture incorporates the breeding, trading or rearing of aquatic organisms in a controlled or selected aquatic environment for recreational, commercial or subsistence purposes. It is divided into fresh-water culture and mariculture.

Further opportunities and livelihood alternatives in the fishing communities will be created through the continued implementation of the Expanded Public Works Programme in coastal and rural communities under the Working for Fisheries Programme.

Partnerships with several coastal municipalities and investors have since been formed to rehabilitate abandoned fish-processing plants in order to process fish for major retailers, which include Woolworths and WiseFoods in the United Kingdom.

The beneficiaries of these will be the right holders of the community cooperatives who will eventually own the facilities. This is part of the implementation of the Small-scale Fisheries Policy which was approved by Cabinet.