

## MEC Alan Winde: Western Cape Agriculture 2018/19 Budget Speech

26 Mar 2018

Honourable Speaker  
Honourable Premier  
Cabinet Colleagues  
Members of the Provincial Parliament  
Heads of Departments  
All the staff of the Department of Agriculture, and  
Citizens of the Western Cape

It is impossible to stand here today and address you on the state of agriculture in the province and not mention the drought.

This once in 400 year event has made everyone from the mega-farming enterprise, to the subsistence farmer, to the man on the street, equal. It has also brought with it important lessons which will hopefully prepare us for a more resource efficient, sustainable future.

The most important of these is standing together and creating partnerships that help us to not only withstand the challenges that come our way, but also to nurture the green shoots of possibility.

Agriculture has been hit hard by the impact of the drought. This sector is one of the most important in our economy, and without it, food security and rural households' finances are under threat.

And coupled with several other knocks like avian flu, and a number of agricultural pests, the sector has had a very rough time and are still having a tough time.

Agriculture and agri-processing contribute a combined R54 billion to the provincial GVA. Of all the province's exports, 52% come from the agriculture and agri-processing sectors. As a sector, it represents 10% of the provincial GDP and employees 340 000 people, mostly in rural areas.

We estimate that the impact of the drought on the agriculture sector will run up to R5.9 billion, with total production volumes likely to be 20% smaller this year.

Agriculture is one of the major employers in the rural areas of our province, and for many agri-workers, their jobs are their lifeline. We've so far seen a year-on-year loss of 57 000 agricultural jobs. We expect these losses to hit our female seasonal workers hardest, who are often the breadwinners of their households, ensuring young people are fed, clothed and educated.

In a bid to minimise the impact of the drought on farmers and agri-workers, we have provided over R100 million in relief funding which has been used to buy feed for livestock farmers to ensure that they are able to keep farming. In some rural areas, we've assisted with the drilling of boreholes and the provision of clean drinking water for rural communities.

We've also partnered with the Department of Social Development to ensure that humanitarian support is provided for those in need.

Our agri-worker household census which we conducted last year, has provided us with valuable details which will help steer resource allocation to where the greatest need exists.

We have requested R136 million in disaster relief funding from national government for the 2018/19 year and following the declaration of the drought as a national disaster earlier this month, we will be engaging the national government on possible additional funding, especially to use existing EPWP projects and change the conditions of employment to include agri workers in affected areas.

This sector is vital in sustaining rural economies, and we have to ensure that we are able to support it through this difficult period. But even when the rains do eventually come, South Africa remains a water scarce country and the Western Cape is only set to get drier. We have to prepare for a future in which climate change is a reality.

This is why we have been conducting pioneering research into Conservation Agriculture at our Langgewens research farm. These techniques, which are showing excellent results where they are being implemented, include minimal soil disturbance, crop diversity and permanent soil cover.

We also partnered with industry and academia to develop our Smart Agri plan in 2016. This plan serves as a roadmap for a future in which climate change is certain, laying out potential responses to potential shocks like drought.

We've also developed Fruit Look as a tool for our crop farmers, which allows them to access satellite images, and soon, drone-gathered imaging, to determine which crops need irrigation and when, resulting in much smarter use of water.

When we launched Project Khulisa, we set ourselves a target of creating 100 000 jobs in agri-processing. By the fourth quarter of 2016, we had exceeded that target, however, the outbreak of avian influenza and the drought last year impacted this sector heavily. We are currently reporting a net gain of 37 370 agri-processing jobs and 60 000 agriculture jobs since Project Khulisa began, mitigating some of the losses experienced due to the drought.

Because of the economic and jobs impact of agri-processing, we will continue to prioritise support for this sector.

Over the medium term, we will continue to focus on the promotion of South African Halal products in strategic markets and our plans to position the province as a Halal hub.

This year, we completed investor prospectuses for three potential Halal Hub sites, and are now aggressively marketing these sites to the private sector. We are also mapping best practice certification methods globally, to ensure our practices meet world standards. In doing so, we will be opening the doors for our produce to export markets, growing the strength of this sub-sector, and creating additional jobs in this space.

Speaker, last year we had to cull millions of our province's layer hens as a result of a national outbreak of avian flu. This had a devastating impact on the poultry industry which is still being felt as farms await the all clear to start restocking.

The Western Cape is not yet free of avian flu, but we have contained infections in the commercial poultry sector, with no new infections recorded since late last year. The virus continues to spread in wild birds and in particular sea birds such as terns and also penguins.

The current incidences of Avian Influenza, Fall Armyworm, Oriental Fruit fly and Tuta absoluta are clear indications of the impact of climate change, and accompanying water and heat conditions, on animal and plant disease complexes. These plant and animal diseases, if not contained, could have serious impacts on our market access opportunities and our role as a global agricultural player. That is why we have ramped up our vet services programme, which continues to communicate with the sector to implement joined up mitigation plans.

We also recently launched a Drought Portal on our departmental website where farmers and industry stakeholders can access up to date, practical and useful information such as weather warnings, research information, disaster survey forms, dam levels, podcasts and drought-related information.

The drought has also forced us to look at alternative crops as a way for farmers to diversify their offerings. Through our alternative crops research fund, we were able to pinpoint crops which are water smart, labour intensive and which fetch good prices on the export market. These include cherries, berries, pomegranates, fynbos and honeybush.

Cherries and berries in particular have shown tremendous growth. Cherries, for example use half of the water to irrigate that apples do and export numbers have quadrupled market share over the past four years.

One of the targets we set ourselves with Project Khulisa, to create more jobs and growth, was to double the exports of Western Cape wines to China and Angola.

I am pleased to announce that exports of wine to China have grown by 9.5 million litres- an astounding 109 percent growth in four years. This is a direct result of the excellent partnerships which we have built between ourselves as government, and the wine industry as a whole.

Going forward, I would like to see these exports not only grow, but to also change from bulk wine sales, to bottled wine sales, so that we can market Western Cape wines as a brand.

Our wine sector is not the only one in the world that has had a difficult season. All three of the top wine making destinations in the world have also been impacted by adverse weather conditions. What this means is that now is the perfect time to market our product to the rest of the world, to help fill that gap in the market.

Honourable speaker, in addition to how we are navigating through this drought, the issue of land reform is equally important in this sector right now.

The Department of Agriculture's strategic goal 2 is to ensure that at least 70 percent of all agricultural land reform projects in the province are successful over the next five years. Our last study to determine the success of our land reform projects indicated that we are currently sitting on 62 percent.

This year, the department will once again be undertaking an external land reform study to determine the performance of all our projects since 2014. This evaluation will look at access to markets, the existence of sales and production records, ability of the farmers to reinvest profits back into their business, the existence of updated business plans and compliance with tax and labour laws.

This is one area where partnerships are extremely valuable. Since 2014, the commodity organisations have appointed 173 mentors who have partnered with smallholder farmers to guide them and offer advice, at no cost to the emerging farmer.

In the audience with us today we have some of these farmers and their mentors. Alfreda Mars and her business partner Evan Matthews currently farm wheat, small grains and livestock on a 266 hectare farm in Moorreesburg. They have a 30 year lease on the land under the PLAS system, and their main goal is to establish a sustainable commercial enterprise. They have been partnered with mentor farmer Frans van Wyk who assists with technical advice when necessary.

The mother and daughter team at Algina wholesale nursery started as a backyard enterprise selling seedlings in 2009. Today, they sell their seedlings to farmers across the Cape metropole region. They have been partnered with a mentor with years of undercover farming experience, who, we are delighted to say, is also an Elsenburg graduate.

At the Iqhude supply company, five members of the Mxokezi family farm grain, cattle, sheep, tea and fynbos. They approached the Department of Rural Development and Land Reform for assistance and now farm 1237 hectares under the PLAS system. They are mentored by neighbouring commercial farmer Liohan Giliomee and receive business coaching from Chris van Schalkwyk.

We have also identified 50 black commercial farmers who will receive dedicated support in the coming years to solidify their commercial status. This will be done with the full support of commercial agriculture through the commodity approach.

This year, we've also entered the third year of the Jobs Fund commercialisation programme for black farmers in the fruit sector. This has allowed us to expand our support to 18 fruit farmers in the province, in partnership with HORTGRO and the Deciduous Fruit Development Chamber. To date, a total of 190 hectares of deciduous fruit has been established, with 483 jobs created.

I am also delighted to announce today that, together with HORTGRO, the fruit sector has been awarded a R600 million loan facility by the Jobs Fund to provide value chain finance to black-owned entities with more than 51% black ownership. This will help to fast track black economic empowerment in the fruit value chain and will be targeting the fruit, wine and table grape sectors in the coming years in the Western Cape and five other provinces. This would not have been possible without the partnerships we have built through the commodity approach.

Honourable speaker, much of the debate around land reform rightly centres around the availability of land. But agricultural land means nothing without access to water

to irrigate it. The current drought crisis in which we find ourselves, only serves to highlight this.

We are grateful that the national government has moved to declare the drought a national disaster and we are aware that R6 billion in funding has been made available for the drought stricken provinces. While it is yet unclear how much of that will be coming our way, our plea is that funds are allocated towards the Brandvlei and Clanwilliam Dam projects.

The Brandvlei project is likely to cost around R15 million but will allow for the irrigation of a further 4 400 hectares and the creation of around 8 000 jobs. This project is about land reform as much as it is about water.

One of the significant contributors to the success of land reform projects and the transformation of this sector in the province has been the training offered through our Structured Agricultural Education and Training programme.

The majority of training beneficiaries are land reform beneficiaries, linked to our Farmer Support and Development projects.

In 2017, 105 young people registered for the accredited learnership training offered by our department. Seventy-nine have successfully completed their qualification. Sixty-two students have registered for the programme this year. The primary target group for this qualification is agri-workers and their children, and unemployed rural youth.

Of last year's successful 79 candidates, 26 went on to higher education programmes where they were offered the opportunity to pursue a tertiary qualification. We are also proud to say that a learnership in aquaculture was offered for the first time in Hermanus in collaboration with the Department of Rural Development and Land Reform.

We also presented short skills courses to 2 631 beneficiaries across the province last year, with the majority of these being agri-workers and small holder farmers from land reform projects.

In 2017, we offered seven agri-processing short courses ranging from beer brewing to making essential oils, to 69 beneficiaries.

Last year, 138 students graduated from the department's higher education and training programmes, with an average pass rate of 89 percent. We have had record enrolment numbers at the college this year. During 2017, we offered financial assistance to the value of R2.27 million to 43 deserving bursary winners. Our selection criteria for bursaries include a household income of less than R120 000, academic performance and demographics.

Our Elsenburg students also did us proud at the Veritas wine competition where wines entered by our students won seven medals including three golds- our best performance yet since we started entering these awards in 2014.

Our students aren't the only ones taking home the silverware. At last year's DAFF female entrepreneur awards, three Western Cape women walked away with four of

the evening's top prizes. Caroline de Villiers from Themba Trees won the top commercial entrepreneur prize, and Carmen Stevens from Carmen Stevens wines won the best entrepreneur in the export market. Tesselaarsdal Wines' Berene Damons won the best entrepreneur in processing as well as the ministerial award for youth.

I would like to send my deepest congratulations to all of these formidable women in agriculture.

As we transform this sector, we believe that our department should reflect that transformation which is why it gives me great pride to inform you that the department has reached the 50 percent mark for females in top management. Head of Department, Joyene Isaacs, was also the recent recipient of the Vice Chancellor's medal at the University of the Free State's graduation ceremony in December last year, proving once again that women are leading the way in this sector.

Speaker, the introduction of listeriosis has raised many questions about food safety and the safety of food entering our province from other countries. Currently, all ships docking at Cape Town harbour with imported food stuffs undergo rigorous testing before cargo can be offloaded. One of our Khulisa projects has been the establishment of a residue testing facility which will help detect an array of substances in very minute quantities.

So far, we have taken delivery of equipment and performed the necessary upgrades to the facility. We are currently in the recruitment process and once this is finalised, the facility will be commissioned.

This will allow us to meet some of the strict testing measures put in place by many regions, including the EU, opening up new export markets.

Speaker, this department has been pioneering in its responsiveness to new and emerging trends. This is most clearly demonstrated in its response to the Fourth Industrial Revolution, which is firmly upon us. This revolution, characterised by hyper-connectedness and massive technological advances can either be an opportunity or a hindrance.

There is no doubt that it will cause fundamental changes in the way we farm. And while there will be benefits including increased efficiencies and alternative production techniques, there could also be negative consequences such as loss of jobs to automation and increased competition.

For this reason, we have contracted the Stellenbosch University Business school to conduct a diagnostic, design and impact assessment which will guide the sector in maximising the opportunities and minimising the negative impacts of this new state. We have already received the draft report and the final report is due soon.

Speaker, we as a department would not be where we are today without the partnerships we have built in this sector. Agri WC, Hortgro, Vinpro and Afasa are all active participants of the Rural and Agriculture sector support committee.

During this drought, AgriWC helped facilitate the donation of 1 500 bales of fodder, which was also transported at no cost to us, to farmers in the Western Cape. They have also donated a further R2.5 million towards drought relief. And it was the farmers in the Groenland Water Users Association which helped the City of Cape Town push back Day Zero by donating 10 billion litres of water from their Eikenhof Dam.

In the interests of transparency, I want to address the issue of the department's audit.

This department has received consecutive clean audits for a number of years and prides itself on its high level of fiscal responsibility and accountability. However, there has been a delay in the release of the auditor-general's final audit report due to a difference in technical interpretations around certain payments.

The Department of Agriculture in the Western Cape uses Casidra and Hortgro as implementing agents for a number of its programmes. Casidra carries out projects around flooding, drought and land reform, and thus is an important partner in Agriculture. Hortgro is the deciduous fruit commodity body, supporting our emerging farmers.

Historically, payments have been made to these two organisations, and recorded in the financial statements as transfers.

However, there was a recent change in the accounting guidelines made by the National Treasury, and the Auditor-General's office believes these transfers now need to be recorded as payments for goods and services. The Department of Agriculture disagrees. We have had lengthy engagements with the AG's office on the matter but we have yet to find common ground. The AG has approached the National Treasury on the matter. We have also sought a legal opinion.

This delay will not impact on our ability to deliver services, but we are very keen to have this matter resolved speedily and efficiently.

The department has received a budget of R834.34 million this year.

Programme 1: Administration, receives R124.49 million and Programme 2: Sustainable Resource Management, is allocated R91.134 million. Programme 3: Farmer Support and Development, receives a budget of R278.5 million and Programme 4: Veterinary Services is allocated R96.85 million. Programme 5: Research and Technology Development Services, will receive R126.28 million. Programme 6: Agricultural Economics Services, is allocated R27.92 million. Programme 7: Structured Education and Training is allocated R65.01 million and Programme 8: Rural Development, is allocated R24.13 million.

Speaker, I would like to thank the department and all its staff who have worked tirelessly under very difficult circumstances this year to ensure that this sector is supported so that it may grow, and create jobs for our residents.

I would also like to make a special mention of Mr Danie Niemand who retires this year after 41 years of work in government. Danie has worked tirelessly in the public service and his contributions to the well-being and development of agri-workers are

an example we must commit to taking forwards.

Thank you to the Head of Department, Joyene Isaacs, and her formidable top management team, for guiding this sector toward a new future – one which is more sustainable, and one in which opportunities to participate are open to all.

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