

GRAIN SA CONGRESS 2013

“More with Less”

NAPO PARK, Bothaville, Free State Province

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Topic: “The challenge for sufficient supply”

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Director-General

**Department of Rural Development and Land
Reform (DRDLR)**

Chairperson of Grain SA, Mr. Louw Steytler

Members of the Panel

Members of Grain SA

Distinguished guests

Ladies and Gentlemen

It is an honour for me to participate as a speaker in this Congress. It is indeed a rare opportunity for a government official to address your congress. I have been asked by the Congress to speak on the topic: **“The challenge for sufficient supply”**. This congress takes place soon after several very important events in our country. Most notably, this year marks the centenary of the Natives Land Act of 1913 and there are a series of events planned to commemorate this historical epoch in the land ownership patterns of this country.

Chairperson, the first notable event took place in December last year, the governing party held its **53rd National Elective Conference** in this very province where it adopted a number of policies which are relevant to note at this Congress. As is evident in the Mangaung Conference resolutions, **Rural Development** and **Land Reform** remain one of the apex priorities of our governing party.

However, government is aware that organised agriculture still has some concerns about some of the policy proposals on the table.

I am also aware that these concerns have been formally raised with the Minister in a letter from Mr. Hans Van der Merwe, the Executive Director of

AgriSA, where you seek an urgent meeting with the Minister.

I will therefore not pre-empt your discussions with the Minister here today, except to say that we are very happy that organised agriculture participated fully throughout the consultation process and truly believe that the product we are now about to submit to Cabinet is much better than what we had originally, and thanks to all the participants dedication and to you for deploying your members to the work-streams.

We are still committed to our target of redistributing **30%** of the country's land. The Green Paper on Rural Development sets the broad parameters of

how the country seeks to go about rural development and agrarian reform.

We need to work together to ensure that we find ways and strategies of effecting land reform that address issues of restorative justice whilst ensuring our food and economic security. Organised agriculture is a critical and vital partner in this mandate.

The second notable event was on the 14th February 2013, when the State President delivered the 4th State of the Nation Address (SONA) where he announced, among other things, that the National Development Plan (NDP) is the blueprint government will pursue to combat the triple

challenge of poverty, unemployment and inequality towards 2030.

The third was the budget speech by Minister of Finance on the 27th February 2013 where he further underscored the centrality of the NDP by effectively tying the budget allocation for the 2013/14 financial to the NDP. The above three key events are not only very important for the government but are strategic for the private sector and organized agriculture as well.

In my address, I will attempt to identify a few issues that seem to be a common thread in the three events; their strategic importance to the agricultural sector and why it is more important now than ever before for government and the private sector to walk the talk and working together.

The first key issue is **the renewed focus on rural development land reform. During the 53rd ANC National Elective Conference in Mangaung the Commission on Economic Transformation deliberated at length on the direction of rural development and land reform in this country.** The Conference thereafter resolved on a number of Policy, Legislative and Institutional reforms that are clearly pronounced in the resolutions taken by the conference.

A number of these reforms are intended to speed up land reform on the one hand and establish institutions that will ensure that the programme is sustainable, on the other.

The establishment of the Office of the Valuer-General, for an example, must ensure that the state pays fair and equitable compensation for land it acquires from land owners. Current experience has shown that, if you compare what the state pays for land restitution transactions versus land redistribution, the state pays twice as much for the former than it pays for the latter.

From a point of view of affordability, this is unsustainable and will in fact make the process of restitution take much longer than it should as the State gets less and less value for every rand it pays.

Related to this point however is the realization that for new or entrant farmers to have a fighting chance to succeed they need technical and favourable

financial support from the State. In this regard, various financing models are currently being investigated.

The experience of organized agriculture in developing support institutions, supporting developing farmers, designing financing models and building competitive businesses, cannot be over-emphasized.

Chairperson, the National Development Plan dedicates the entire Chapter 6 to the issue of rural development and land reform.

The second key issue is that **there are just far too many people who are vulnerable to food insecurity and the socio-economic inequality**

levels are unacceptably too high in South Africa as evidenced by our national Gini coefficient, which is one of the highest in the world at 0,7.

While we know that nearly **12 million South Africans are food insecure** and over **72%** of this population group resides in rural areas, predominantly the former Bantustans, and the poorest **20%** contributes only **3.3% of the GDP whilst 10%** of the population contributes almost half the country's GDP. The National Development Plan (NDP) identifies sustainable land reform and rural development as a key lever to turning this situation around.

Agriculture has a potential of **creating 1 million jobs by 2030** and directly contribute to **graduating**

at least 400 000 people annually out of rural poverty. The Department of Rural Development and Land Reform (DRDLR) is working closely with the National Planning Commission (NPC) and the economic and employment cluster departments to ensure that programmes of the relevant departments, including the New Growth Path (NGP), are aligned to the NDP.

As the economic and employment sectors cluster, we plan to engage the private sector to develop partnerships and strengthen existing ones.

A third but related key issue is **the need for government and the private sector to find a balance between two seemingly competing job drivers, namely mining and agriculture (I would**

want to refer to it as the Mining and Agriculture Complex). The NGP identifies these two sectors as key to achieving the much sort after economic growth and the creation of much needed jobs.

In terms of the country's energy requirements, coal plays a critical role and much of the coal deposits are also found on the prime grain producing land of the country. Mpumalanga province is a compelling case to this paradox. Therefore, the urgent need to find this balance cannot be overemphasized.

According to a recent July 2012 survey by the Bureau for Food and Agricultural Policy (BFAP), University of Pretoria, titled, “**Structural Shifts & Food Security Focus**” projections show that the country is likely to lose a million metric tonnes of

grains to mining activities within the next two or so years. **46.4%** of the country's **1.5 %** high agricultural potential arable soils is found in Mpumalanga alone and we may have already lost **480 000 metric tonnes of grains to mining activities.**

- At the current rate of coal mining in Mpumalanga, it has been projected in the survey that approximately **12 %** of South Africa's total high potential arable land will be transformed, while a further **13.6 %** are under prospecting by the mines in Mpumalanga.
- Current mining could potentially affect **326 000ha** + further prospecting on **439 000ha**. A total potential impact of mining on farmland equals to **993 301 ha in the province.**

Directors-General of the economic and employment sectors cluster have begun preliminary discussions with Grain SA in this regard. Plans are under way to take this discussion further by engaging the Chamber of Mines, as well.

What is key and urgent in this regard is to find suitable land elsewhere in the country to off-set this shortfall from the land which is under mining.

This brings me to the fourth and vital point. **The Department of Agriculture, Forestry and Fisheries (DAFF) has identified nearly 800 000 hectares of arable communal land in the Eastern Cape Province and nearly 600 000 hectares more in the provinces of Limpopo, KwaZulu-Natal, Mpumalanga, North West and the Free State.**

These hectares exclude nearly **7 million hectares** of land acquired under the government's land reform programme.

In March 2012, government initiated the Integrated Food and Nutrition Security Programme to get communal land smallholder farmers into crop production. The Department of Rural Development and Land Reform (DRDLR), who are coordinating this effort together with the DAFF, initiated discussions with Grain SA with a view to forging a national public private partnership (PPP) to drive this initiative.

Working together with rural communities, black small scale farmers in the rural areas and organised agriculture, we will develop a national

food production plan where government will guarantee off take by acquiring food produced by the smallholder farmers. Government data show that the State spends close to R6 billion rand procuring food and food related items annually through its various institutions. Preliminary discussions have already begun with the Heads of these institutions with a view to securing off take agreements for the smallholder producers using a model similar to that used by Brazil.

In the end, we want a national food production plan which will fully integrate small holder famers and related agro-industries into main stream of the sector. This initiative will be a catalyst for other commodities such as red meat, poultry, sugar cane and timber. This, ladies and gentlemen, is at the heart of what we refer to in the Comprehensive

Rural Development Programme (CRDP), as agrarian transformation (which denotes rapid and fundamental changes in the relation of land, livestock and community).

The fifth key area which is strategic for the sector is **the Infrastructure programme led by the President through the Presidential Infrastructure Coordinating Commission (PICC)**. As you will know, there are 18 integrated strategic infrastructure projects (SIPS). Each of these SIP projects presents various opportunities for the agricultural sector.

There are key SIPS however that will affect the sector directly such as SIP 2 which is the development of the Durban-Free State-Gauteng Logistics corridor, SIP 3 which is the South Eastern

node and corridor development which will promote rural development through a new dam in Mzimvubu, irrigation schemes and the N2 gateway which will among other things, improve access into KwaZulu-Natal and national supply chains. A critical SIP for the sector is SIP 11 which deals with Agro-logistics and Rural Infrastructure.

The latter SIP aims to investment in agriculture and rural infrastructure to support expansion of production and employment. The fruits and vegetable hubs of Limpopo and Western Cape provide a fulcrum to this SIP.

Investment will involve areas such as transport linkages, cold chains, irrigation schemes, export incentives, etc.

The sixth and the final area of focus is **the proposal in the NDP for the establishment of District Land Reform Committees to drive and coordinate land reform in an inclusive manner.** We are happy to announce that work is underway to develop a framework, including inter-governmental and spatial land use management elements, which the Department will use to consult stakeholders on how best to have ‘mini’ vision 2030 Spatial and Development plans for each of the 47 rural district municipalities across the country.

The process to develop these plans and the structures to implement them will be as inclusive, transparent and consultative as possible.

Conclusion

Chairperson, in conclusion I wish to summarize the key issues I have raised in my presentation as follows:

1. Rural development and land reform are firmly on the government agenda. The agenda presents opportunities to work together in addressing the triple challenges of poverty, unemployment and inequality.
2. There is clear direction on the policy front where government is going and there is a national plan to be implemented.

3. A balance between the seemingly competing priorities between mining and agriculture and more specifically between open-cast coal mining and grain production, must be found if the targets of the NGP are to be met.

4. There is an opportunity created by the renewed focus on rural development and land reform, especially from the NDP, to create value in the “redundant assets” in communal areas. This will only work if there is a strong community public private partnership. The fledging partnership between the Department of Rural Development and Grain SA is pointing us in the right direction and should be emulated by other commodity organisations.

5. The Infrastructure build programme presents an opportunity for the sector to expand and grow

and thereby create much needed jobs. While government will lead in building infrastructure, business will have to lead in the creation of jobs.

6. The NDP presents an institutional framework for the country to work together in a practical way in speeding up land reform and rural development, e.g. the proposed District Land Reform Committees.

I thank you.