

Portfolio committee on agriculture discuss proposed amendments to Agricultural Produce Agents Act

On 8 March, the portfolio committee for agriculture, land reform and rural development were briefed on the processing of the Agricultural Produce Agents Amendment Bill. There was an amendment Bill before Parliament in 2013, but that Bill was withdrawn and redrafted. An overview of the operational and regulatory environment for agricultural exports and marketing in South Africa was provided by the Department and the National Agricultural Marketing Council. The Agricultural Produce Agents Council (APAC) also participated in the meeting. The Minister was present during the meeting. The purpose of the meeting was to get the necessary background before engaging in public hearings.

NAMC presentation

The NAMC, in its presentation to the committee, gave an overview over both local and international market access, as well as market trends in the agricultural sector and the status of food availability and the outlook for certain commodities. The NAMC stated that the agricultural sector remains the backbone of the South African economy and possess untapped potential in terms of the sector's potential in contributing towards economic growth, food security, and employment targets enshrined in the 2030 National Development Plan. The South African agricultural industry was a global player with trading partners in Africa, Asia, the Americas, and Europe. The NAMC expressed the view that it was possible to expand markets even further. Export-oriented industries contribute immensely towards the country's Gross Domestic Product (GDP), especially the horticulture sub-sector. The NAMC gave an overview of potential, realistic export markets for South African agricultural products.

With regards to local markets, the NAMC gave an overview of trade at fresh produce markets (FPMs). It said that: While the value of the fresh produce depicts a positive picture, it is important to assess this trend against the recommendation that 30% of the volumes to be traded should be through the black commission market agents. The NAMC also told the portfolio committee that: The performance of the FPMs relative to the production growth in the fresh produce sector may be attributable to the failure by these markets to respond to the challenges presented by deregulated marketing environment. These factors include:

- ❖ Regulatory Environment in the FPMs
- ❖ Infrastructure
- ❖ Hygiene, cleanliness, and food safety standards
- ❖ Consignment Control
- ❖ Safety and Security
- ❖ Transformation Agenda
- ❖ Human Capital Development
- ❖ Slow supply chain and recruitment processes.

The findings of the report in this section have a number of important policy implications for future operation of FPMs. These include

- Establishment of separate entity responsible for coordination of all activities for these markets rather than leaving them under municipalities whose priorities are on social service delivery issues such as road, housing and water and sanitation.
- Establishment of traceability system in each FPM to guarantee food safety and track market access for all participants particularly the smallholder farmers.
- Establishment of the national transformation committee responsible for implementation of the recommendations of Section 7 report and the notable aspirations of project rebirth.

The NAMC also alluded to the impact of fertiliser prices and oil prices as well as the cost of transport on food prices.

DALRRD presentation

The Department (DALRRD) presented on the Agricultural Product Agents Amendment Bill. In the presentation, the Department stated, amongst other things that: The current Act effectively only regulates fresh produce agents. There exists no recourse for producers due to losses incurred through actions of livestock and export agents. Export and livestock agents not compelled to take out fidelity insurance nor do they not keep trust accounts or provide security deposits to the Agricultural Produce Agents Council (APAC) There are no inspections, investigations and disciplinary measures that can be taken against livestock and export agents. The Department recommended that export and livestock agents should also be regulated by the Act to protect the farmer who uses the services of an agent to market his / her product.

APAC presentation

APAC also presented on the Bill. In its presentation, APAC stated amongst other things, that: The Act in its current format does not allow APAC any proper disciplinary powers to act against unscrupulous and dishonest agents (who act on behalf of farmers). These powers are embedded in the APA Act for fresh produce agents only. There are trust accounts for export and livestock agents to allow for safe receipt of farmers' proceeds. No protection is provided for farmers from the APAC Fidelity Fund - only for fresh produce agents who trade locally. There are rules that regulate the conduct of export- and livestock agents, as well as a code of conduct. These are however not regarded as sufficient safeguards. APAC said that it wants to create a level playing field for agents. APAC responded to the questions relating to training as it is involved in the training of agents. The purpose is to upskill these agents.

Questions and way forward

There were a lot of questions by members of the committee following the presentations. A lot of the questions related to the issue of access to markets – especially export markets for smallholders and the participation of black market agents in the sector. There were questions about mandatory online training and who the trainers were and what the purpose of the training and exams was? There were comments regarding the cost of doing business and the impact that the proposed amendments will have on this. There will calls for caution against upsetting the market, as markets were fragile. Concern was expressed that the Bill might add more red tape. Members remarked that the current Bill was very similar to the 2013 Bill that was withdrawn because of concerns regarding its constitutionality. Reciprocity of tariffs between countries was raised as a concern. The NAMC said that they would take the concerns regarding increased red tape into consideration. The implications of the complexity of international standards and markets will have to be taken into account in the drafting of the Bill. According to the Department, the previous amendment Bill was so comprehensive that it amounted to a new Bill and not an amended Bill. The current Bill is more focussed.

The portfolio committee is yet to call for public hearings on the Bill. Agbiz will keep members informed of further developments.