

12 March 2022

Quality over quantity required for budget vote

Today, 12 May 2022, Ms Thoko Didiza, the Minister of Agriculture, Land Reform and Rural Development (DALRRD), will deliver the budget vote speech for our sector and finalise the Agriculture and Agro-processing Master Plan's first phase. We hope that the budget allocations will focus on the interventions identified by social partners in the master plan that are likely to have a profound impact on inclusive growth.

Despite the commodity boom providing additional revenue to the state, the sector realises that state resources are constrained. The focus must hence be on the quality over quantity of spending and the master plan identifies several areas where modest spending could yield great benefits.

From Agbiz's side, we believe that additional capacity is required to ensure that the state can deliver on its key regulatory functions. A case in point is biosecurity. For South Africa's agricultural sector to remain globally competitive, it needs access to state of the art biotechnology and inputs. These products need approval before they can be sold in the country but capacity constraints result in significant time delays, putting the South African agro-value chain at a competitive disadvantage compared to their international competitors. Likewise, investing in plant and animal health control systems is needed to bolster South Africa's biosecurity structures. Lapses in biosecurity have immediate trade implications. Investing in additional capacity will result in additional tax revenues earned by increased exports.

Whilst additional extension officers can also assist, strategic interventions to build capacity where bottlenecks are experienced will yield far greater results than employing 10 000 additional extension officers. The master plan follows this approach and identifies strategic areas where investment will unlock bottlenecks and have a catalytic effect on inclusive growth.

Likewise, investment into key network industries can assist to unlock the sector's potential. Inadequate logistics is seen as the single, biggest threat to agriculture in South Africa at present and investment is urgently required. Agriculture uses the same infrastructure as several other industries. We hope DALRRD can, over the coming months, work collaboratively

with other government departments to champion the revitalisation of South African network industries

Finally, the growth we seek must be inclusive. One of the biggest impediments to inclusive growth is access to finance by emerging and new entrant farmers operating on state and communal land. The blended finance policy, which uses government grants to leverage commercial finance for emerging farmers, has been touted as a potential solution for several years. Now that the nuts and bolts of the scheme have been finalised, the money must flow. If blended finance is given a healthy slice of the department's budget, it will signal real intent to transform the sector.

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