

# POLICY SPEECH 2012/13

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Province of the  
**EASTERN CAPE**  
RURAL DEVELOPMENT AND  
AGRARIAN REFORM

**Honourable Speaker;**

**Honourable Premier;**

**Members of the Executive Council;**

**Honourable members of the Provincial Legislature;**

**Honourable members of the Portfolio Committee on  
Rural Development and Agrarian Reform;**

**Honourable members of the House of Traditional  
Leaders;**

**Leadership of Farmer Organisations & Rural  
Communities of the Eastern Cape**

**Indwendwe ezihloniphekileyo, abahlali nabemi beli le  
Mpuma Kapa, mholweni nonke.**

Honourable Speaker, the people of the Eastern Cape are faced with the triple challenge of poverty, inequality and underdevelopment. Former President Nelson Mandela once said “like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings”.

In the areas of rural development, land, agrarian reform and food security, we have made a commitment to reversing the legacy of the past in order to improve the quality of life of people in rural areas through the implementation of Rural Development Strategy.

The common demands that are usually put forward by our communities for service delivery include: supply of bulk water for agriculture and domestic purposes, access to and ownership of land, agricultural mechanisation and production inputs, marketing facilities, access to basic social services, electricity, roads, and railway network infrastructure. Our plans and programmes are specifically designed to respond to these challenges.

Honourable Speaker, we continue to contribute to the implementation of the **twelve national priorities**. Our department is championing the implementation of **outcome seven**.

Three hundred and nineteen (**319**) km of fencing, 17 new and renovated dip tanks, 6 new irrigation projects, 800 ha of land under irrigation, 18 stock water supply units, 16 animal production facilities, 6 livestock handling facilities

and 10 shearing sheds were established.

Land care projects provided **1,594** green jobs; rural infrastructure provision contributed **38** full time jobs; irrigation schemes **955** jobs; rollout sites **647** jobs, field crops programme **2,134** jobs, **1,595** casual jobs were created through Expanded Public Works Programme (EPWP).

A total area of **2, 268** smallholder farmers benefited from the cultivation of field crops on 6 800 ha with the yields of **23 400 tons**.

An amount of **R3.6m** was allocated to the Peddie Ostrich Project to improve production and management.

**Cashmere embryos with high genetic potential** were imported from Australia and transplanted in 82 ewes; 42 kids were produced giving a success rate of more than 50%.

The outbreak of the disease, **Avian Influenza in Klipplaat**, Jansenville was swiftly kept under control through the intervention of the Veterinary Services.

Two thousand six hundred and twenty (**2620**) members

of rural communities including farmers were trained in beef production, goat farming, sewing, baking, fruit and vegetable production. Farm demonstrations were conducted with **570** farmers to improve their production capacity in different commodity groups.

The Department has been allocated **R1.6 billion** for 2012/13 financial year. Of this **R138, 7m** is for **172** infrastructure development projects that include **59** fencing projects covering **593 km** and the renovation of Agricultural College's infrastructure.

In broad terms the budget will cover the following areas:

- Implementation of the Rural Development Strategy all over the province
- The use of Eastern Cape Rural Development Agency for the implementation of the departmental projects biased towards high potential crop production areas in the Alfred Nzo and OR Tambo districts.
- Rehabilitation of existing irrigation schemes and further development of irrigation potential.
- Crop production programmes focusing on household

food security. Larger scale crop programmes will be supported with mechanisation and production inputs. The existing silos at Flagstaff will be used with additional storage space being developed at Butterworth. The potential of developing silo capacity at Qamata will be investigated.

- Livestock development programme with emphasis on animal, poultry, piggery, and pasture.
- Support to Agricultural schools of excellence
- Ensuring good governance around human resource development, transformation, procurement and sound financial management.

This investment is envisaged to create **1264** job opportunities, benefiting 8 592 subsistence, smallholder and commercial farmers collectively and thereby improving the socio-economic prospects of an estimated **34 000** immediate family members.

Honourable Speaker, **rural development** continues to be the cornerstone of fundamental change in pushing back the frontiers of poverty and underdevelopment.

Rural development initiatives implemented thus far at **Ikwezi, Engcobo, Mzimvubu, Mbhashe, Elundini and Ntabankulu** rollout sites have produced good results, consequently **R2m** has been allocated for the replication of the good lessons learnt from these rollout sites to other Wards in various municipalities across the province.

The Department will also facilitate, through Inter-Governmental Relations (IGR), Integrated Development Planning (IDP) and encourage other institutions operating in the rural space to set aside clear budgets for rural development. Strategic partners such as LED managers will be at the centre of coordination at local level.

Honourable Speaker, I can confirm that a fully-fledged **Rural Development Agency (RDA)** will be established by the 1st of April 2012 to implement high impact priority projects generated by the various government departments and rural institutions. The RDA will source specialised skills and augment its resource base through collaboration with potential partners and funders.

**Key RDA high impact priority projects** will include: dry land and irrigated cropping, fruit and spice production, new

irrigation schemes, agriculture production infrastructure (mechanisation, silos, milling and storage), forestry, hydro and alternative energy, resource planning, mapping and research, and empowerment for community enterprises. To achieve this, a total budget of **R75m** has been allocated.

In line with national guidelines we will expand agricultural production through revitalisation of existing schemes and creation of new smaller irrigation projects in partnership with the Department of Rural Development and Land Reform (DRDLR) and the District municipalities with emphasis on **Qamata, Bilatye, Ncora and Keiskammahoek**. New irrigation projects are planned for further development along the **Tsitsa basin in Qumbu** and to this end phase one at Ntshongweni consisting of 44 ha has been completed. **Phendu irrigation in Mqanduli** is in the final stages of being completed. The intention to expand these production centres is to strengthen supply to the Kei Fresh produce market. Furthermore, four small irrigation projects are to be constructed in Koukamma, Amahlathi (2 projects) and Tsolwana.

The provision of infrastructure will be closely linked to

**Comprehensive Agricultural Support Programme (CASP)** as a launch pad to increase infrastructure in the province. The Department will strengthen the infrastructure audit approach to improve the spread of infrastructural allocation in all parts of the province. In addition the Department will implement strategic interventions through targeted infrastructural projects in the rural space, especially in the poor communities. **The cluster approach of service delivery will be encouraged.**

Honourable Speaker, farmer support and development will concentrate on food security initiatives which will be coordinated across all sector departments, municipalities, NGO's and private sector into an integrated food security programme. Crop production will be expanded to include the cultivation of grain, vegetables, fruit crops, and spice production covering **5522ha** at the cost of **R37m**.

In order to achieve the food security target the Department will provide support in **mechanisation production inputs and marketing service to 17,015 farmers** (i.e. **11,254** and **5,761 Siyazondla** and **Siyakhula** farmers respectively). In addition the Department is also projecting to support household beneficiaries targeting the poor and vulnerable

in the rural communities.

The Department will use **Bulk-Buying approach** as strategic policy decision, to provide support to the more needy rural communities, emphasizing the use of Eastern Cape service providers. A concept document on ‘bulk buying’ underpinned by public participation is being developed to guide this approach.

The Department will **no longer distribute tractors and implements** to farmers and communities, rather they will be centrally located for deployment to the districts. Communities together with traditional leaders, farmers unions, and other role-players will be central in guiding the activities pertaining mechanization. Municipalities are encouraged to budget for fuel costs for machinery operating in their jurisdictions.

**Climate-smart agriculture** will be promoted (i.e. organic farming, green energy). The influence of unpredictable weather fluctuation induced by climate change phenomenon forced the Department to embark on a research that will identify animals and crops responding to these fluctuations. These include indigenous crops

like *amaranthus* (utyuthu), maize landraces, wild melon, and indigenous beans. An amount of **R10,8m** has been allocated for crop research and animal research projects.

In **Alfred Nzo the Makhoba and Ongeluksneks farms** will continue to be supported as high impact projects, which seek to increase crop production at a large scale. On the other hand in O R Tambo the Mthatha Airport Agricultural Services is intended to supplement the existing flow of produce to the **Kei Fresh Produce Market** through intensive farming systems.

The Department will also focus on high value crops targeting fallowed lands covering **8610 ha**. **Macadamia Nut Project, in Ncera**, has been started in collaboration with the Department of Water Affairs. The construction on the main water supply pipeline will commence this year with an amount of **R24 m**.

The Department will continue to support the **Peddie Pineapple Industry in Ndlambe and Ngqushwa municipalities** and continue supporting the project from proceeds of the pineapple rescue plan at an amount of **R1.8m**.

The areas under **Mngazi, Ntafufu and Mngazana** have been earmarked for enhancing **subtropical fruit** potential along the coastal area. In addition to this initiative, households are being provided with suitable cultivars for the area coupled with training in all fruit production techniques.

In **Butterworth, a storage facility** will be refurbished at a cost of **R17.7m** to ensure that grain produced in the high potential area is stored and sold at better prices, with the possibility of establishing a milling plant.

The Eastern Cape is naturally endowed in livestock. In order to enhance **livestock production** to benefit rural communities, an integrated livestock development approach will be adopted by the Department.

The Department will in partnership with University of Fort Hare, and Industrial Development Corporation (IDC) promote activities that will enhance animal production. For example the Nguni project will be up-scaled from 15 to 30 heifers and one bull per community.

The distribution process of livestock from Dohne Agriculture Development Institute will be reorganized to

benefit especially the needy from the rural communities. The distribution criteria will be informed by suitability of the area for the breed. Disease resistant breeds e.g. **Nguni cattle will be distributed to the OR Tambo district and Bonsmara cattle predominantly to Chris Hani**. The demand for Nguni skin in the auto industry has encouraged the Department to step up its research, for the purpose of increasing production of Nguni cattle for the establishment of cottage industries in the rural areas for skin tanning.

**Goat production** in rural areas will also be promoted for commercial purposes. In this regard Mohair production is supported through dedicated research and institutional support in the Western and Alfred Nzo districts. The Agricultural Development Institute (Dohne) will continue promoting Animal Fibre Production through breeding and avail improved rams and bulls, Artificial Insemination and embryo transplant.

The development of essential oil production and livestock cattle feedlot at Phandulwazi Agricultural School is to serve as a development initiative, to improve the agriculture production and development opportunities in the Tyhume

Valley. This initiative is done in cooperation with the traditional authorities and other government departments.

**Farmers in Maluti and Maclear involved in cashmere project** will be afforded rams that have been produced through embryo transplants imported from Australia with a high Cashmere genetic potential. Forty two (42) offspring will also be distributed to them from 82 ewes undergone embryo transplanted last season.

Boer goat production is specifically aimed at the Alfred Nzo district where it is favourable.

The Department is introducing developing farmers into a breeding programme on sheep farming at **Sinqumeni (Ngcobo) in Chris Hani district**. A sheep breeding scheme is established to breed quality rams and ewes for livestock improvement. Fourty (40) ewes and 10 rams have already been donated by Dohne. Furthermore, research at Dohne will continue developing wool production to improve market value of wool sold from the province. Over the years wool quality has improved from **22 microns to 18.3 microns** which realises higher prices on the International wool market. An amount of **R8m** is set aside for livestock

development.

The Department will continue to facilitate the development of Mantusini dairy project in Port St Johns through identification of an appropriate partner. Nyandeni dairy project will be supported with material for fencing camps and planning of dairy parlour facilities.

Furthermore, the Department in partnership with regional office of DRDLR are determined to revive Lambasi livestock programme.

In promoting indigenous knowledge systems, the Department will embark on projects with comparative advantage including use of indigenous breeds. DRDAR has embraced to support '**Eastern Cape Indigenous Chicken Project**', wherein indigenous chickens (**Imileqwa**) will be produced for the market in the following Rural Development roll out sites: Alfred Nzo 4 areas (Mzimvubu, Matatiele, Mbizana and Ntabankulu municipalities), 3 in Amathole (Amahlathi, Buffalo City, Nkonkobe and Ngquushwa) and 1 in each of O R Tambo (Sipaqeni), Joe Gqabi (Elundini), Chris Hani (Ntibane) and Thora) and Cacadu at (Ikhwezi local municipality).

**Lukhanyiso Poultry Co-op in Grahamstown**, will produce 2000 broilers per day when at full capacity. Construction will commence this year to the value of **R7.6m** including an abattoir on land provided by Makana Municipality. The project has 278 beneficiaries (149 female, 68 youths, and 6 disabled persons). The Department will also engage **Mbizana local municipality** to facilitate off-take agreements, with communities to ensure constant supply of poultry to the local abattoir.

A **red meat abattoir** outside Queenstown and a poultry abattoir in Grahamstown are planned and construction will start in April 2012, costs estimated at **R17m** and **R7,6m** respectively. The efficiency of the Mthatha abattoir will be investigated with a view to ensuring consistent supply. **Mzikantu abattoir in KSD local municipality** is not operating at full capacity, as a result it needs to be supported with the upgrading of infrastructure. We intend to organise local smallholder farmers to make use of this facility.

**Aquaculture** has also demonstrated potential as cheaper source of protein in areas where it was tested, and therefore

requires intensification and expansion to other areas. In partnership with Rhodes University the freshwater fish nursery at Mthatha Dam will be revived and serve as the source of distribution of foundation stock for fish farming in the following communities: Mhlahlane (KSD), Tsitsa Falls (Mhlontlo), Elliotdale (Mbhashe) and Libode (Nyandeni).

Honourable Speaker, the province is **prone to disease outbreak** almost on a yearly basis. Disease control through prevention is reducing outbreak of diseases. Zoonotic diseases such as anthrax, rabies and Rift Valley Fever remain under careful surveillance and control through vaccination.

In 2012/13 financial year 2.4 million cattle will be vaccinated against controlled animal disease, while 3 million sheep will be treated twice for sheep scab. Cattle dipping have been allocated an amount of **R11m** to deal with tick-borne diseases. Sheep scab control continues to be a priority in our attempts to improve the quality of the wool from our sheep. **R5,5m** has been set aside for this purpose.

More than 100,000 cattle will be tested for contagious abortion to safeguard human health. **R1m** is available

for this purpose. The Department intends to vaccinate 490,000 dogs against rabies, again to safeguard human health. More than **R930, 000** is available for this purpose.

Planning of a revamped **veterinary clinic in Mthatha** is underway and the upgrading of the **veterinary clinic at Mdantsane** has been completed. The estimated cost for both clinics is **R7m** and funds will be made available by the National Department of Agriculture, Forestry and Fisheries. Final designs, drawings and tender documents should be ready to invite tenders for construction by May 2012, which will allow enough time for the construction to be completed in the 2012/2013 financial year.

**Land Care**, as a departmental flagship programme for green jobs will be implemented to rehabilitate an area of **6540 ha** (Western district-1024ha, Joe Gqabi-1436ha, OR Tambo-836ha, Alfred Nzo-950ha, Amathole-1294ha, and Chris Hani-1000ha) at a cost of **R5, 3m** and creating **1270** green jobs. Bamboo production will be piloted at Ngcobo, as part of the land care programme in association with Eastern Cape Development Corporation (ECDC).

The **disaster relief** will be implemented following the

guidelines from national Department of Cooperative Governance & Traditional Affairs (COGTA). Within resources available within our Department, an additional allocation of **R2m** is budgeted to assist in rebuilding farm infrastructure damaged by floods and other natural disasters in King Sabata Dalindyebo, Nyandeni, Nkonkobe, Ngqushwa, Emalahleni, Intsika Yethu and Matatiele local municipalities. An early warning system will be reinforced to provide monthly warning reports to our farming communities.

The Department will continue to provide agricultural economic services (i.e. **Agri-business development and macro-economics and statistics**) to enhance profitability in the agricultural sector. Agro-processing, renewable energy, textile and craftsmanship will be at the epicentre of rural development, as guided by Rural Development Strategy implementation plan. An amount of **R22m** has been budgeted for this purpose.

A **turnaround plan for Magwa Tea** is to be implemented in cooperation with the Department of Rural Development and Land reform. DRDLR will contribute **R26m** through

its Recapitalization and Development Program, and the Department will contribute **R34m** to the estate, totalling **R60m**. **Majola tea** will be supported to the value of **R5m**. The Department will also sustain the primary farming operations of **Sugar Beet RSA**, as a contribution to the bigger **ethanol production programme** to the value of **R5m**. The further development and completion of citrus development at **Kangela** will be funded to the value of **R6m**. The ECRDA will manage and implement these support programs.

Honourable Speaker, the one college model whereby Fort Cox is the main campus, and linked to other satellite institutions (Mpofu, Tsolo, and Mfundisweni) will be pursued. Other focus areas include:

- Tsolo and Fort Cox Agricultural Training Institutes are at advanced stages in preparation for academic program accreditation. The Council on Higher Education (CHE) is working in partnership with Fort Cox and Tsolo colleges for purposes of accreditation. The RDA farm will be used for placement of students as part of off-campus experience.

- Three thousand eight hundred (**3800**) farmers from all the districts will be trained in accredited and non-accredited short courses, to develop well-rounded skilled farmers in agricultural related skills such as organic farming, sheep shearing and wool processing, animal health, agricultural business skills, livestock and vegetable production.
- **Rural Skilling and Empowerment** of three hundred and fifty (350) youth to attain National Certificate in Manufacturing Processes: Garment Machinists, Furniture Making, Wood and Cabinet Making, Upholstery, Fashion Design, Pattern Making and Computer Aided Design; as well as Skills Programme for Mechanics specialising in Sewing Machine, Moderator and Facilitator training courses.

The Department will embark on community empowerment through promoting community construction of infrastructural projects such as fencing, dipping tanks, silos with the support of engineers and technicians.

- The Department is working with Textile industry Sector Education and Training Authority (TISETA) identify sewing groups, train them, quality assure their work and provide market opportunities for their products. Thus far, **R2, 5m** has been spent in 2011/12 financial year on the first and the second phases of the cooperation agreement with the TISETA. This is coupled with tapping into the Social Compact programme of the Department of Health that seeks to allow cooperatives to participate in the economic opportunities provided by government. Cooperatives are provided with equipment and other material support for a limited period determined by the Service Level Agreement. There will be 44 projects involved and these will be located in Amathole, O.R. Tambo, Alfred Nzo, Joe Gqabi and Chris Hani District Municipalities. In 2012/13, **R5m** has been allocated to ensure that this programme is sustainable.
- Extension officers will be capacitated to strengthen their understanding in rural development aspects. In addition they will be redeployed at Ward level

to ensure accessibility by beneficiaries in the rural communities.

- ECRDA farm will be used for the placement of students from Fort Cox College as part of off-campus experience.
- The Department has developed a programme for training Military Veterans in specialised farming skills and this will commence at the beginning of the financial year.
- Training of traditional leaders in natural resource management and agricultural skills in order to guide the communities in development projects.
- In response to Farm Workers' Summit Resolutions of 2010, one hundred and sixty five (**165**) **farm workers** will undergo accredited and non-accredited training to gain appropriate skills and obtain credits towards recognised qualification.

A budget of **R11m** has been allocated for farmer development and training.

The Department has also acknowledged the need to contribute to the upliftment of the vulnerable sections of our communities. In this regard, the Department has designed an empowerment programme for re-skilling youth and women in the rural communities of the Province. We will drive this programme in partnership with Sector Education Training Authorities (SETA) for example, Construction SETA and other relevant stakeholders.

The first phase of the programme which will be on a pilot basis, will absorb 183 youth in Ntabankulu and Ingquza municipalities, thereafter it will be rolled out to cover other areas in the Province, for example, Cookhouse, Sterkstroom, and Jansenville.

A programme for school adoption is underway. It aims to encourage school kids to take agriculture as a career, greening of school gardens, provide school nutrition, as a means of promoting the **Zero Hunger campaign** in the Province. Extension officers have been allocated to these schools to nurture and monitor their progress.

The Department strongly supports farm workers to be farm owners. In order to ensure that farm workers have access to

land, an Empowerment Fund will be investigated whereby farmers can offer shares for their employees. Even if workers leave the farm on retirement or resignation, they must continue to the part of the ownership of the farm. This is aimed at empowerment of them on a sustainable basis.

Honourable Speaker, the **administration arm** of the Department facilitates and provides administrative support to appropriate programmes and projects of the Department as the **back office** guided by the provincial transformation strategy. In the year 2012/13 the department will do things differently in the following outlined areas:

**A Technical Support Team** housed in my office is already established specifically for resource mobilization, business plan development and the running of special programmes.

**Procurement** processes will be re-engineered without infringing on lay down regulations, such that it is fast tracked to ensure speedy service delivery.

The Department will procure and implement accessible ICT systems and solutions that will enable the Department to perform its business efficiently.

The capacity of the Monitoring and Evaluation unit (M&E) will be beefed up by employing and deploying M&E specialist in the six district municipalities to ensure effective and meaningful monitoring and evaluation of departmental projects.

**Communication** continues to be the nerve centre in communicating government programme of action and departmental programmes. The Department has made enormous strides in setting the media agenda and repositioning of the communication function to play a strategic role within the department.

We have started to prioritize and strengthen public participation to ensure that the Department is in touch with what is happening in the coalface of service delivery.

Honourable Speaker In conclusion, part of the plan to enhance service delivery in the province, is to conduct a comprehensive organisational diagnosis, business process re-engineering, systems analysis and people management, with the view to bring about a new organisational culture. This commitment will enhance the capacity of the department to deliver services in a

streamlined and focused manner.

I take this opportunity, Honourable Speaker, to table this Policy & Budget Speech, the Annual Performance Plan together with the Service Delivery Improvement Plan of the Department and Annual Performance Plan of the Rural Development Agency.

I THANK YOU

## ANNEXURE A: SUMMARY OF DEPARTMENTAL PAYMENTS AND ESTIMATES

R'000	2012/13	2013/14	2014/15
ADMINISTRATION	444 728	475 999	503 582
SUSTAINABLE RESOURCE MANAGEMENT	165 277	161 129	166 744
FARMER SUPPORT AND DEVELOPMENT	453 879	473 267	496 174
VETERINARY SERVICES	231 237	244 123	255 257
TECHNOLOGY RESEARCH AND DEVELOPMENT	80 039	86 883	90 582
AGRICULTURAL ECONOMICS	216 307	86 009	91 908
STRUCTURED AGRICULTURAL TRAINING	102 664	109 465	114 495
<b>TOTAL</b>	<b>1 694 131</b>	<b>1 636 875</b>	<b>1 718 742</b>

## ANNEXURE B: BUDGET ECONOMIC CLASSIFICATION

R'000	2012/13	2013/14	2014/15
Compensation of Employees	918 349	978 445	1 025 856
Goods & Services	506 385	516 866	544 474
Transfer Payments	248 151	118 691	124 275
Payment of Capital Assets	21 246	22 873	24 137
<b>Total Economic Classification</b>	<b>1 694 131</b>	<b>1 636 875</b>	<b>1 718 742</b>