



**POLICY
SPEECH
2018/19**

“Accelerating Economic Transformation”

Honourable Speaker;
Honourable Deputy Speaker
Honourable Premier;
Members of the Executive Council;
Honourable members of the Provincial Legislature;
Members of the Portfolio Committees or Rural Development and Agrarian Reform;
Traditional Leadership
Iinkokheli zemibutho yamafama, kunye nabahlali basezilalini ze mpuma Kapa
Women and youth in agriculture and rural development
Leaders of the Religious fraternity
Partners in agriculture and rural development
Iindwendwe ezibekekileyo
Ndiyanibulisa nonke ngale njika langa

Honourable Speaker, as we are yet again celebrating another centenary of Eastern Cape born leaders, izithwalandwe utat' uNelson Mandela no mama u Albertina Nontsikelelo Sisulu, we are called upon to improve the lives of people in rural areas, reduce poverty, inequality and unemployment.

Honourable Speaker, Martin Luther King once said “there was never a night for a problem that could defeat sunrise or hope” as the Department we have entered the age of optimism and would like our people to seize the opportunity by becoming agro – entrepreneurs.

The Province of the Eastern Cape supports the expropriation of land without compensation as a policy instrument to ensure access to land for socio-economic activities. We are committed to ensuring that the land made available through the land reform programmes shall remain productive and shall contribute to food security and local economic development. We call upon all the people of the

Province to participate in the public consultation process to review Section 25 of the Constitution led by national assembly.

Expropriation of land without compensation does not mean that there will be land grabs. We condemn land grabs and illegal occupation of land. *Nabani na umntu ofuna umhlaba makalandele imigaqo-nkqubo ebekiweyo ngu Rhulumente.*

In the last quarter the South African agriculture economy grew by 17.7% in 2017 following an extended contraction caused by *El Nino* induced drought in 2015 and 2016. The Agricultural Business Chamber said *“the growth was a result of strong outputs in sub sectors including field crops, livestock and horticulture among others. The country’s agriculture exports grew past \$10 billion (R119 billion) mark for the first time, rising by 15% year on year. The surge in growth was boosted by growth in exports of among others, edible fruits, spirits and vegetables. This led to agricultural gross domestic product growth by 37.5% quarter on quarter in the fourth quarter of 2017, following 41.1% quarter-on-quarter growth in third quarter”*. The Provincial Agricultural Economic Transformation Strategy seeks to exploit the growth trajectory in line with agricultural national trends.

RADICAL LAND AND AGRARIAN REFORM PROGRAM FOR ACCELERATED LAND REDISTRIBUTION, FOOD SECURITY AND RURAL DEVELOPMENT

Honourable Speaker, in his State of the Nation's address, President Cyril Ramaphosa said "agriculture presents one of the greatest opportunities to significantly grow our economy and create jobs. This year, we will take decisive action to realise the economic potential of agriculture." This policy statement requires us to be ready to increase efficiencies in the agriculture value chain to attract more producers into the sector.

Honourable Speaker, as I am about to present our progress and programs for 2018/19, I would like to quote the wise words of Mao Zedong "*in times of difficulties, we must not lose sight of our achievements*".

Land Reform

Madam Speaker, to enhance the land reform programme in the Province, a total of 306 land claims were settled covering 50 270 ha. In 2018/19 financial year, a total of 158 land claims will be settled and we shall continue with the post settlement support and finalise outstanding claims.

In total, 48 950 ha have been redistributed to the previously disadvantaged communities. In 2018/19, 6 304 ha will be allocated to smallholder farmers and 500 ha will be allocated to farm dwellers. Government will support 31 redistribution farms with on-farm infrastructure and 17 restitution farms will be supported through post settlement support. The financial compensation in respect of land claims settled in the Eastern Cape for 2017/18 was R458 million.

It is worth noting that land degradation in the province is reducing the potential for agriculture production. To address this constraint, a total of 14 400 ha have been rehabilitated through land care programmes creating 4 365 jobs. In the next financial year with a total budget of **R 12.4 million**, 13 land care projects covering 2 754 ha will be implemented to reduce the area of 165 000 ha of dongas in the province.

Magwa and Majola Tea Estates

The first harvest of tea from Magwa after the Business Rescue Program started recorded harvesting of 301 tons of tea which was sold at R25, per kilogram resulting into R7.5 million worth of sales. About 49,000 kg of tea were delivered to National Brands and 25, 280 kg to Joekels.

A Business Rescue practitioner was appointed through the Grahamstown High Court in February 2016. Government has already injected R45 million for the Business Rescue Process (BRP) which saw operations starting afresh after a prolong break caused by labour unrest. These initiatives have saved 901 and 188 jobs at Magwa and Majola respectively.

Madam Speaker, the intervention is now yielding results, therefore, I am glad to report that the tea harvested is due to be sent to China, India, Pakistan and some European countries while some of the tea will be sold to local brands including Lipton, Five Roses, Glen, Trinco and Tetley.

In 2018/19, we will invest **R53 million** for the continuation of the BRP at Magwa Tea Estate. The Department will continue to engage with potential funders to support the Business Rescue Plan. Enterprise diversification in the tea estate is seen as a new way to improve productivity and sustainability.

The ownership of Magwa tea estate has been transferred from the Eastern Cape Development Cooperation (ECDC) to the ECRDA to facilitate a new shareholding structure to attract investors. The proposed new shareholding structure of the incorporated tea estate will give a private equity partner a controlling 51% shareholding, 26% to the community, 13% to the employees of the tea estate and government will hold a 10% shareholding stake in the tea estate.

Forestry

The forestry sector in the Eastern Cape is currently contributing R2.428 billion into the GDP based on the statistics of 2015. This contribution comprises of more than R1 billion for primary production and more than R1.4 billion of processed timber. However, the Province has a potential to increase the contribution to GDP by R3 billion. As at 2017/18, the Eastern Cape forestry sector created 5 700 permanent and 9 300 seasonal jobs resulting into 15 000 jobs. The Province requires a capital investment of R1.5 billion to plant new 100 000 ha, which will create additional 12 000 jobs.

The R113 million investment that was made by the Jobs Fund to the forestry sector in the Province has resulted in establishment of six community owned forestry plantations (Izinini, Sixhotyeni, Mkambathi, Sinawo, Gqukunqa and Lusikisiki) which produced logs on 4 200ha and created 695 permanent jobs and 405 seasonal jobs. These communities have offtake agreements with Sappi, PG Bison, and created self-employment for 1 100 participating members, earning them R3 million at Sinawo and R500 000 at Mkambathi.

A joint partnership between the Department of Agriculture, Forestry and Fisheries (DAFF) and DRDAR, has yielded good results in terms of plantation maintenance where 266 ha were cleared of alien plant species and fuel load reduction at plantation sites in

Alfred Nzo (Amanzamnyama and Ntabana) and Amathole district (Katberg, Balfour and Mankazana) and that resulted in the creation 216 seasonal jobs.

COMMERCIALISATION OF AGRICULTURE

The Department has taken a decision to work with strategic partners in the public and private sector to close its funding gaps created by the cut in the equitable share and conditional grants.

CLUSTER BASED PARTNERSHIP FOR GRAIN AND LIVESTOCK PRODUCTS

Honourable Members, There is high enthusiasm amongst our famers in appreciation of the Agricultural Economic Transformation strategy adopted in the 2017/18 financial year.

Grain Production

Honourable Speaker, with respect to food security, the Province, with strategic partners supported farmers to plant 201 000 ha of maize over the term with a yield of 600 000 tons, this is against the target of 300 000 ha. A total of, 3 474 smallholder producers were supported with technical advice. The partnerships resulted in 691 jobs and placement of 28 unemployed agriculture graduates and 60 out-of- school youth into learnership programme.

The Province experienced adverse climatic conditions that contributed significantly to the lower than expected yields. As part of our mitigation measures the Department is promoting climate-smart agriculture such as the testing of drought-resistant maize cultivars in partnership with ARC. Furthermore, DRDAR will continue to invest in long term mitigating measures such as the rehabilitation and the construction of new boreholes, establishment

of fodder banks, construction of firebreaks and promotion of proactive management.

In the **2018/19** financial year, the government will continue to support smallholder and communal grain producers to increase grain from 47 800 ha to 55 000 ha with an estimated yield of 193 000 tons. A total budget of **R113 million** is budgeted for this. This will benefit 2 750 grain producers and create 1100 jobs. This shall be achieved through partnerships with Grain SA, Grain Farmer Development Association, Whip-hold and Masisizane.

In pursuit of the Freedom Charter commitments to banish famine and land hunger; ***the state shall help the peasants with implements, seed, and fertilizer.*** To address food insecurity in vulnerable households, the Department will increase the number of households to be supported from 24,000 in 2017/18 to 25 000 in 2018/19 through the **Siyazondla** programme. In 2018/19 the Department will strengthen its partnership with the Departments of Social Development, Health, Education and Municipalities to alleviate poverty in the rural areas.

Honourable Members, over and above the primary production, we are supporting processing, packaging, branding and marketing through the four RED Hubs (Mqanduli, Mbizana, Emalahleni and Ncora). These RED Hubs are owned by 2 199 farmers who are members of primary cooperatives. We intend to increase feedstock aggregation from the RED Hubs to achieve a three shift operation at full production of 3 tons per hour. This will increase job opportunities from 211 jobs to 633 permanent jobs. The RED Hubs have concluded offtake agreements with the National Department of Social Development to supply Community Nutrition Development Centres (CNDC) with maize meal and samp.

Honourable Speaker, as you know that we had pronounced on the new RED Hub in Tshabo, however, it has since been discovered that Tshabo has low potential for maize production. The Province is still planning to explore other agricultural enterprises such as hydroponics, flora development, snail farming, mushrooms etc. This shall promote enterprise development and job creation in the surrounding rural areas.

Horticultural Crops

Honourable Speaker, the Department, together with its partners will increase production of citrus in Amathole and Sarah Baartman Municipalities from 649 ha 2017/18 to 699 ha in 2018/19 with an investment of **R9.5 million**. The number of black business entities supported will increase from 36 to 40. The expansion of citrus production will increase jobs from 716 to 795. This will be implemented in partnership with the Grower Development Company of the Citrus Growers Association.

The Ripplemead pack-house in Ngqushwa Local Municipality was completed. In 2018/19, DRDAR will facilitate the installation of export compliant packing equipment and machinery at an investment of **R14 million**. This work is expected to be completed by no later than September 2018.

The Department, has strengthened the oversight on the operations of the Kangela Citrus Farm. The Department is pleased to report that over the past three years, Kangela Citrus Farm has made profit of R10 million (2014/15), R11.5 million (2015/16) and R5 million in 2016/17. The revenue is influenced by the exchange rate which varies from time to time as all produce is exported to overseas markets in USA, EU, Russia and the Middle East. It is expected that Kangela will make a turnover of R24 million in this current financial year.

The Department, through its strategic partnership with the Citrus Growers' Association (CGA) and ECRDA will continue to support Kangela Citrus Farm in the expansion of new orchards and upgrading of irrigation infrastructure which will improve the number cartons produced from 174 000 to more than 22 000 cartons in the next four years.

Honourable Members, in partnership with the **Deciduous Fruit Development Chamber (HortGro)**, the Department will invest **R5 million**, to leverage an additional R8.5 million from Jobs Fund and industry partners. This is done to upgrade orchards in four Black owned farming entities in Langkloof and increase orchards from 95 ha to **109 ha** for 574 land reform beneficiaries and creating 422 jobs.

Furthermore, we will invest **R1.5 million** to accelerate the conclusion of development planning and regulatory authorization (EIA and Water licenses) for the new green-fields apple production area of 450 ha in Gubenxa for future expansion.

Expansion of Pineapple Production

In 2017/18, the partnership with Pineapple Growers association in Amathole district increased planted area from 190 ha to 250 ha in Peddie, creating 40 jobs. In 2018/19 financial year, **R2.5 million** will be provided to increase production from 250 to 370 ha and 80 additional jobs will be created.

Expansion of Chicory Production

Honourable Members, the Department supported **expansion of chicory production** with the existing partnership between DTI and Chicory SA. Twelve black smallholder producers were supported to plant 180 ha in Ndlambe.

In 2018/19 financial year, **R1 million** is allocated to support planting of additional 60 ha for 25 black farmers benefiting from this programme and 185 jobs will be created.

Expansion of Macadamia Production

In South Africa the Macadamia industry has grown 20-fold over the past 20 years, with production from the current 34 000 ha realizing R4 billion annually in exports. The recent drought has shrunk local Macadamia industry from 46 000 ton to 42 000 tons and that led to Australia taking the top position as the global producer of Macadamia. The projected 2018 yield for the country, which is 56 000 tons, will help local Macadamia to be amongst the top global nut producer.

The Eastern Cape Government in partnership with rural communities, traditional leaders and private sector has initiated a community based macadamia initiative. Since this initiative started, the government has invested **R198.1 million** out of which R128 million was invested in the development of the Ncera farm, which has 180 hectares planted, generating R17 million income from sales since the first harvest in 2013.

About **R70.1 million** has been invested in the establishment of Amajingqi Macadamia farm, planting trees on 205 ha in 2015 funded by the ANC led government through DRDAR, Mbashe and Amathole Municipalities.

These two community based initiatives have proven to be a game changer in the Macadamia industry, creating 150 jobs in Ncera and 138 in Amajingqi. The first harvest of Amajingqi in 2019 is estimated to yield 25 tons of macadamia nuts and will generate an estimated income of **R1.6 million**.

To support growth of the industry in rural villages, DRDAR has allocated **R32.6 million** as part of R100 million investment partnership with Land Bank for the expansion of the plantation to reach the total of 300 ha at Amajingqi. This is meant to benefit scores of rural communities supported by their traditional leaders like Chief Ngwenyathi Dumalisile wesizwe samaJingqi.

The plans to expand macadamia farming to other rural villages of the province along the wild coast have received support of traditional leaders like Chief Daliwonga Mgwebi, where Thandela Macadamia farm is being established as a third site in the province. We encourage other Kingdoms and Traditional Councils to avail land for development initiatives such as this.

In 2018/19, the Department together with the Department of Land Reform with an allocation of **R64 million**, will complete the installation of bulk water supply to Ncera Macadamia farm and establish 120 ha of orchards as part of expansion.

LIVESTOCK IMPROVEMENT AND COMMERCIALISATION

Livestock

Madam Speaker, in advancing the commercialization programme, a total of 14 feedlots (Custom feeding units) are operational, and these will be increased to 19 in 2018/19 with an investment of **R16.5 million**. To date 5 893 cattle were finished in the feedlots and generated an income of R38 million for the smallholder cattle owners.

In order to improve genetic material, over the past four years a total of 3 319 improved animals were distributed to smallholder farmers. In the next financial year a total of 273 animals are planned to be

distributed to improve genetic material of the resource poor farmers.

Furthermore, a total of 3 breeding centers are operational at Mjanyana (45 breeding animals) Sinqumeni, (67 breeding animals) and Bolotwa (70 breeding animals). DRDAR will further facilitate the functionality of another breeding centre at Lambasi where seventy (70) smallholder and communal livestock producers will be supported with key on-farm infrastructure development such as dipping tanks and stock water dams.

Over the next five years, DRDAR will support the creation of 200 Black commercial farmers who would participate in beef value chain. This initiative will be implemented through a farmer based partnership with Eastern Beef Fund consisting of the Jobs Fund, Old Mutual, and Famous Brands.

The Department has budgeted **R15 million** to support farmers in the beef value chain. This initiative has the potential of generating 465 permanent jobs and 112 temporary jobs targeting the youth. In each and every farm that will be supported through this initiative, the Department shall place interns selected from the pool of unemployed graduates for a period of a year.

The sector is susceptible to disease outbreaks affecting all animal species in the province. In the previous year, the Province experienced a major outbreak of highly pathogenic avian influenza in Uitenhage resulting in the loss of 5 860 broiler birds thus causing severe financial losses to the industry. There were three other smaller outbreaks in ostriches and seabirds. Currently all the outbreaks have been put under control.

The Province is also experiencing an increase in the number of Rabies cases. Since the beginning of 2018, of the 30 samples tested 16 were positive. Unfortunately there has also been one human fatality. One death from Rabies is one death too many.

We are doubling our efforts towards increasing community awareness of the disease and also intensifying the vaccination campaign. In 2018/19, the Department plans to vaccinate 350 000 pets.

Honourable Speaker, the Department vaccinated the provincial flock against zoonotic diseases such as anthrax and rabies. In order to generate best economic value out of wool, sheep scab and external parasites affecting these animals were contained. In 2017/18, a total of 1.6 million animals were vaccinated against controlled animal diseases. In addition, a total of over 4 million heads of cattle were dipped.

In 2018/19, the Department will invest **R41 million** in the control of external parasites as well as controlled animal diseases. A total of over 4 million cattle will be dipped, while 1.6 million cattle will be vaccinated.

Wool Production

The Province produced 14.18 million kg of which 10.6 million kg comes from commercial farmers and only 3.58 million kg comes from the communal farmers. This is produced from 1 224 shearing sheds across the Province with 40 000 members. During the period under review the Department constructed 17 shearing sheds in support of the industry. The communal farmers generated a total of R130 million income annually from wool sales benefitting 7 000 farmers.

The Department has taken a decision to support the wool farmers in the Province to start their own wool quality measurement initiatives. A partnership between the Department and Technology Innovation Agency (TIA) which is an agency of the Department of Science and Technology will be established to support wool quality improvement and market value. A total of 30 unemployed

graduates will be employed as operators of the TIA *FibreLux* Diffusion technique for a period of a year. This initiative will increase the income of small-scale producers by more than 30% (from R45 per Kg to R60 per kg).

The project will be implemented at district level where 30 units will be piloted in 2018/2019, financial year. NWGA will use their expertise by providing training to these operators and farmers on how to use the *FibreLux* technique. DRDAR will avail a budget of **R1.6 million** to cover the operational costs for the implementation of the programme.

Madam Speaker, from 2014 to date, the Department invested resources to control sheep scab by administering 30.5 million treatments. In 2018/19, 7.7million treatments will be applied to treat sheep scab in order to improve the wool clip at a cost of **R10.8 million**. DRDAR will facilitate cooperation between woolgrowers and industry commodity organisations.

Aquaculture

Honourable Speaker, the DRDAR will invest an amount of **R4 million** for aquaculture programme in the Province. In partnership with Karoo Catch Fisheries, DRDAR is intensifying implementation of freshwater aquaculture production. Three (3) catfish production tunnels in Beyers Naude municipality were constructed with production capacity of 20 tons per month per tunnel, creating 105 jobs with an investment of R9.1 million. A total of 80 community members are currently empowered and mentored on aquaculture technical and business skills through the Karoo Catch partnership programme.

A total of three new production tunnels will be constructed in partnership with Karoo Catch fisheries where 45 young people will participate in an incubation programme. The refurbishment of the

Mthatha Dam hatchery has been completed. The study on nutritional value of the tilapia fish has been completed. In 2018/19, DRDAR will stock and produce Tilapia in the hatchery for distribution to communities around OR Tambo district.

RESEARCH AND TECHNOLOGY DEVELOPMENT

Honourable Speaker, an amount of **R16 million**, has been set aside to develop new production technologies tailor made for resource poor farmers and make them compatible with climate smart agriculture. Sixty three (63) research studies and trials will continue, focusing on various topics such as, rainwater harvesting technologies, use of biotechnology in production, reducing cost of production through utilization of biological methods of production.

ECONOMIC INFRASTRUCTURE DEVELOPMENT THAT ENABLE LOCAL DEVELOPMENT, ECONOMIC GROWTH AND JOB CREATION

Infrastructure Development

During the term, the Department supported infrastructure development throughout the Province. Amongst others, 131 dip tanks were renovated, 22 new dip tanks, 95 stock water dams desilting, 31 shearing sheds constructed, 38 animal handling facilities, 8 hydroponic structures, 9 poultry structures, 16 irrigation systems and 602 km's of fencing projects were constructed resulting in 2 292 jobs. In order to curb the effects of drought 53 boreholes were refurbished and 17 new boreholes drilled and equipped. A total of five farms were supported with ablution and storage facilities in order to qualify for Good Agricultural Practices (GAP) certification. Moreover, 6 183 smallholder farmers were supported with farming infrastructure.

Despite the highlighted achievement, the capacity of contractors remained a challenge and to resolve this persistent problem, a supplier development programme will be implemented. Furthermore, penalty clauses will be included and enforced in the contract management.

In the next financial year, the Department will invest **R211 million** on 87 infrastructure projects which include 396 km fencing, 2 custom feedlots, 6 new dipping tanks, revitalization of 8 irrigation schemes, 28 shearing sheds, 5 grain storage sheds, de-silting of 10 stock water dams, 3 piggery and operationalization of poultry projects to accelerate agricultural based economic development.

EXPAND IRRIGATED AGRICULTURE AND DAIRY PRODUCTION

Iphondo lethu iMpuma Kapa litshotsha entla kwimveliso yobisi, yiyo lonto sizoqhubeka sixhasa amashishini avelisa ubisi afana noo Shiloh, Ncora, Keiskammahoek, Mantusini kunye ne Wittekleibosch.

At **Shiloh irrigation** scheme, a total of 716 cows are being milked producing 10 000 litres of milk a day. At **Ncora Irrigation Scheme**, 1 470 cows are being milked producing 18 500 litres of milk a day. Furthermore, to increase production capacity a fencing project covering 77 km was completed.

In 2018/19, the established partnerships with commercial dairy producers to transform the dairy industry will be strengthened. Furthermore, at other dairy production sites at Ncora, Shiloh and Keiskammahoek, the Department will continue to support existing partnerships.

The support and expansion of **Keiskammahoek scheme** resulted in the creation of 59 jobs, whereby 1 800 cows producing 27 800

litres of milk per day. At **Zanyokwe scheme**, vegetable crops are planted in an area covering 412 ha, resulting in 250 jobs.

Honourable Speaker, we made an investment of **R32 million** into the construction of the state of the art Wittekleibosch dairy for 152 Amamfengu families who own the land, increased the number of litres of milk from 10 000 litres to 16 000 litres per day, giving them good profits from the milk they sell to Parmalat through an offtake agreement. The Department will continue to support Wittekleibosch with aftercare services to ensure sustainability of the business.

In 2018/19, an amount of **R17.2 million** is allocated for the revitalization of irrigation schemes in the Province. As part of 2018/19 priorities, DRDAR will complete 329 ha irrigation infrastructure development at **Qamata**, 130 ha at Keiskammahoek and develop 83 ha for vegetable production in Port St. Johns and Zanyokwe area for vegetables. DRDAR will support vegetable production under irrigation, from 531 ha in the Port St Johns area.

Furthermore, 110ha irrigation scheme at Gxulu Location (Keiskammahoek) will be completed for the production of 13 ha Blue-Berries while 97ha for vegetables, lucerne and grain production.

Mantusini Dairy is in transition from share milk agreement to the '**One household - two dairy cows**' programme, the management structure is changing. DRDLR is in a process of purchasing 200 ready to milk cows and will expand the pastures. Currently there are 244 cows milked per day. DRDAR shall support the scheme with fodder production, tractor with implements so that they develop their own fodder bank. We are going support communal dairy as part of rural industrialization programme.

SKILLS DEVELOPMENT TARGETING YOUTH, WOMEN AND THOSE FROM RURAL HINTERLAND OF OUR PROVINCE

Agricultural Colleges and Training

Somlomo obekekileyo, since the reopening of Tsolo Agriculture and Rural Development Institute (TARDI) in 2015, a total of 1 448 students were enrolled in the two agricultural colleges (TARDI and Fort Cox colleges). In 2018/19 a total of 578 students will be enrolled to study accredited Higher Education qualifications on crop, animal production, forestry, agribusiness and animal health.

Through the support by the Health and Welfare Seta, we managed to provide free quality higher education at TARDI for students from working class families. In this regard the first group of 50 students was supported with a R8.9 million bursary and the second group of 104 students by R15 million for the entire academic period. The first group of 37 students from **TARDI** will graduate with a National Diploma in Animal Health on the 16th of March 2018.

To address the challenge of infrastructure backlog at the colleges, a College Infrastructure revitalization program is implemented in phases as an intervention. To date, a total of six (6) infrastructure upgrade projects, including renovations of classes and ablution facilities, building of new hostels, water and sanitation as well as electricity upgrades were implemented with an investment of **R48 million**. In 2018/19, two (2) infrastructure projects in the two colleges will be implemented with specific focus on bulk water supply and treatment, sanitation and electricity upgrades with a budget of **R15. 8 million**.

Furthermore, a total of **8 075** farmers and 820 farm workers were trained in accredited and non-accredited training in agricultural skills. To transfer skills, a total of 203 unemployed graduates were

placed on internship program. In 2017/18, a total of 150 youth underwent a cooperative incubator programme focusing on broiler, layer and vegetable production at the Rural Wealth Creation Centre at Fort Cox College.

In the next financial year, a total budget of **R16.4 million** will be set aside for farmer skilling, targeting a total of **2 350** farmers and **200** farm workers on credited and non- accredited training to enhance their skills on crop and animal production as well as soft skills. A total of 170 out of school youth will undergo a learnership programme on crop and animal production ranging from 8 to 12 months. **Forty** (40) farming units will be mentored in collaboration with sector partners and commodity groups. A total of **300** learners will be exposed to Agricultural Science activities and careers. The Rural Wealth Creation Centre will incubate **150 youth** cooperatives at Fort Cox. Towards unemployment reduction and enticing agricultural graduates to become agricultural entrepreneurs, a programme of placing graduates on commercial farms will be implemented targeting **120** college and university graduates.

RURAL INDUSTRIALIZATION, BUSINESS AND COOPERATIVES SUPPORT FOR ECONOMIC GROWTH

Honourable Speaker, a total of 603 cooperatives were supported on bee-keeping, brick making, broiler, chicory, livestock, maize, piggery, poultry, vegetable production and agro-processing. Furthermore, from 2014 to date, these cooperatives were supported with access to funding, market linkages and registration.

All the programmes mentioned above, support smallholder farmers, cooperatives and businesses to contribute towards the economic growth of the Province, the majority are in the rural areas where we are building factories to industrialise rural economy. These include

the milling plants, Macadamia estates, tea estates, dairy, abattoirs, timber processing, and pack-houses for fruit processing.

IMPROVING ECONOMIC MANAGEMENT OF THE PROVINCIAL ECONOMY THROUGH PRUDENT MANAGEMENT OF GOVERNMENT FINANCES

Honourable Speaker, the Department is committed to good governance. The audit outcomes achieved will be maintained in terms of good financial management and the management of pre-determined objectives. The Department will strengthen internal controls, strict adherence to cost containment measures and exercise fiscal discipline in managing its financial resources. Measures will be put in place to prevent financial mismanagement in all its forms i.e. irregular, unauthorized and fruitless expenditure.

The Department shall continue striving for a corrupt free organization by having its well-established anti-fraud and anti-corruption unit operating optimally. *Corruption robs the hungry of their money to buy bread, "corruption robs the ill to get medication, it robs the learner of school books, robs a farmer to get seeds, fertilizer and equipment to produce food"*. Our patent brand cannot be an insignia / badge of a corrupt Department. Employees of the Department shall not be allowed to do business with the State without approval. The Department will conduct vetting of employees until all employees have undergone the process. In addition, human capital recruitment, selection, placement and maintenance will be intensified. At the end, the goal of clean governance and good administration shall be achieved.

Honourable Speaker, the Department is committed to use the local economic development procurement strategy as a means to build the capacity of local SMME's as part of a broad economic transformation. Furthermore, suppliers are to be paid within the

PFMA stipulated threshold of 30 Day payment. The payment of suppliers is currently at 17 days.

In order to improve this situation, further support will be provided to suppliers who provide incorrect invoices. **Transformation matters** are critical, to this end, I can report that 0.51% employees have disclosed their disabilities out of 2 733 warm bodies. We are aware of the need to achieve the 2% disability target, but we shall continue to conduct awareness campaigns in this regard. The SMS target of employment is 50% women and DRDAR currently has 25 females at SMS level, and that translates to 44.5%.

The Department continued to nurture the **relationship with international institutions** to improve its capacity for effective service delivery. As a consequence, 14 extension service officials from different commodities groups in the Province attended a training for a week in DEULA institute in Germany on specialized production techniques. Furthermore, the new collaborations were established by signing of MoUs with Illinois and Ohio State Universities in America and Gottingen University in Germany to enhance capacity for research and development, extension and training.

In partnership with DEDEAT, the Raymond Mhlaba Municipality and the GIZ (Germany Development Agency), we are installing a mini grid on renewable energy in the Village of Upper Blinkwater which is not expected to be connected to the National Grid for at least another 5 to 10 years. Before the end of this financial year, we will install the Solar PV generation capacity and this will be followed by the installation of a grid and back up diesel generator power during the 2018 2019 financial year.

As I conclude Honourable Speaker, I wish to express my gratitude to the Premier and Provincial Cabinet for their support and leadership.

I would also like to thank the Head of the Department, Mr. LL Ngada and his staff for all the support demonstrated thus far.

Lastly, I would also like to thank the stakeholders and all the citizens of our beloved province for the participation and commitment to rural development in the Province.

Honourable Speaker, allow me to table the Policy Speech, Annual Performance Plan and Service Delivery Improvement Plan for DRDAR and ECDRA.

Enkosi

Annexure A: Budget for 2018/19 MTEF

	2018/19	2019/20	2020/21
Programmes	Total Reprioritization	Reprioritized Baseline	Reprioritized Baseline
SUMMARY			
Administration	474,026	495,928	528,437
Sustainable Resource Management	127,958	133,517	140,861
Farmer Support And Development	823,160	835,848	885,515
Veterinary Services	329,984	349,137	373,337
Research And Technology Development	135,166	143,298	151,180
Agricultural Economics Services	85 815	42, 222	42,449
Structured Agricultural Education and Training	159,966	169,434	178,753
Rural Development Coordination	192, 161	218, 201	232,298
Total	2,328,236	2,387,585	2,532,830
SUMMARY			
Current payments	1,728, 235	1,840,539	1,947,736
Compensation of employees	1,249,794	1,326,008	1,406,412
Goods and services	478,441	514,531	541,324
Transfers and subsidies	398,489	361,099	372,449
Payments for capital assets	201,512	185,947	212,645
Payment for financial assets			
TOTAL	2,328,236	2,387,585	2,532,830







