

POLICY SPEECH 2010/11



Province of the
EASTERN CAPE
AGRICULTURE AND
RURAL DEVELOPMENT

POLICY SPEECH **2010/11**

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Sobanana eMasimini

DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

Honourable Speaker;

**Honourable Premier &
Members of the Executive Council;**

Honourable Members of the Provincial Legislature;

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

Distinguished Guests;

Ladies and Gentlemen

I have the singular honour to present the Policy Framework to guide the operations of the Department of Agriculture and Rural Development over the next five years, as well as the Budget Speech for the 2010/11 financial year.

I also wish to add to the Honourable Premier's voice and that of all our leaders who spoke to mark the celebration of the 20 years since the icon of our struggle for national liberation and social emancipation, Tat'uNelson Mandela, was released from 27 years of incarceration.

I am confident that I speak on behalf of the rural and farming communities of this Province that had it not been the sacrifices made by Madiba, many other heroes and heroines of our struggle as well as the masses of our people as a whole, the shining light at the end of the tunnel would not have lit. The contrast between the slow and yet steady process of **land reform** and the overwhelming response by our people to our 'back to land' campaign to achieve **food security for all** serves to inspire us to succeed on what perhaps Madiba would have referred to as the long walk to prosperous and sustainable livelihoods.

The Policy Framework

In the State of the Province Address, the Honourable Premier ably demonstrated the government's commitment to the national and provincial strategic priorities as articulated in June 2009.

Our strategic response to the challenges set out in these priorities has been the adoption of the Eastern Cape **Rural Development Strategy** (popularly known as *ILIMA LABANTU*), copies of which have been circulated here today. The Strategy development process was extensively consultative, and the outcome has received overwhelming support across the wide spectrum of the Province's stakeholders.

ILIMA LABANTU represents Provincial Government's vision as informed by the African National Congress manifesto, and it seeks to progressively narrow the rural / urban divide as well as to facilitate the emergence of sustainable and rural communities with universal access to services, infrastructure and development opportunities.

Honourable Members, the rural development policy process is unfolding, and I am pleased to report that two weeks ago our department released a Green Paper on Rural Development in the Eastern Cape. With this discussion document, we seek to stimulate engagement on and open yet another chapter in the provincial rural development policy discourse.

It is our intention to develop and declare policy to guide, facilitate and regulate rural development in the Eastern Cape.

We do this convinced that the key issue for us in championing, leading and coordinating rural development is not so much about the amount of money that my department gets to do the job, but it is more about the manner of doing things and the attitude of government departments and officials

towards the rural communities. In this regard, Honourable Speaker, we will table to this House by May / June this year government policy in the form of the White Paper on Rural Development in the Eastern Cape.

In the Green Paper, we propose that it be adopted as government policy that:

- i) as informed by the Rural Development Strategy, the integrated development planning must be the point of departure for rural development plans of all government departments and entities.
- ii) current and future Strategic Plans of the Province, including municipal IDP's must be designed such that they reflect the essence and substance of the Rural Development Strategy.
- iii) the coordinating department must be empowered and authorised to develop tools for assessing the credibility of the strategic and annual performance plans, to test and confirm alignment to the goals of rural development.
- iv) a Provincial Development Fund must be established and, based on appropriate legislation, must receive annual fiscal allocations.
- v) a Provincial Rural Development Agency must be established on the basis of appropriate legislation mandating but not limited to:
 - the implementation agent status of provincial government in respect of all rural development programmes assigned by departments.
 - leveraging private sector and donor funding for rural development.
 - mobilizing rural communities behind a common rural development agenda.

In this regard, as informed by the Rural Development Strategy, I am pleased to report that substantial progress has been made in the amalgamation of the Eastern Cape Rural Finance Corporation (ECRFC), Eastern Cape Appropriate

Technology Unit (ECATU) and the Eastern Cape chapter of the Accelerated Shared Growth Initiative of South Africa (AsgiSA-EC) into a single rural development agency in the Eastern Cape. A Bill for the requisite enabling legislation will be tabled in this House by May / June this year.

In the meantime, however, through the relevant provisions in the ECRFC Act and the Companies Act, and after following proper procedures as prescribed in Section 54(2) of the Public Finance Management Act, Uvimba has acquired AgsiSA-EC (Pty) Ltd as a subsidiary company with effect from 1 April 2010. Most importantly, **this development has resolved the issue of the legal status and public accountability of AgsiSA-EC**, a matter that has been a major concern of this House.

The 5-Year Strategic Plan:

Towards Prosperous and Sustainable Livelihoods

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Honourable Speaker, since July 2009, the Department has been engaged in an extensively consultative process of strategic planning. The Strategic Plan is a product of discussion by internal and external stakeholders and, as informed by the Rural Development Strategy, it represents a major shift in policy from ours being a line function department **to become both line function and co-ordinating department.**

The following are the key features of the Department of Agriculture and Rural Development's Five Year Strategic Plan:

- A three Programmes structure that strikes a fair balance between implementing agriculture development programmes and coordinating rural development as a transversal function.
- Maintaining a leaner Head Office whilst beefing up implementation capacity at District Office level.
- A rural development agency to carry out the mandate of provincial government as earlier indicated.

- Stronger alignment in policy objectives and targets between the department and its public entities.
- Clearly spelt out and quantified deliverables in the form of outputs and outcomes over the five year period.

Certainly, the successful implementation of this Strategic Plan in our quest for prosperous and sustainable livelihoods does not only depend on our ability to **coordinate government work**, but equally important is the extent to which the department can **mobilize society** as a whole to support and participate in these programmes. Indeed, it is about **partnerships**; yes, it is about rural communities **seizing the opportunity and assuming responsibility** of being their own liberators.

Performance Overview & Challenges of the 2009/10 Financial Year

Economic data released recently by Statistics South Africa shows that growth in the Agriculture, Forestry and Fishing industry, nationally, continues to decline. In the Eastern Cape, real output in the primary sector – of which Agriculture, Forestry and Fishing constitute about 95 percent – shrunk by 4.5 percent in the second quarter of 2009, following 2.6 percent and 5.5 percent contraction in the first quarter of 2009 and fourth quarter of 2008 respectively. Invariably, this translates to the decline in exports and the number of jobs in the sector, and this is what programmes of the department are expected to respond to.

Honourable Members would appreciate that the department's performance information for the 2009/10 financial year will be documented in the Annual Report to be tabled in this House later this year.

However, I wish to highlight just a few of our success stories and the challenges we encountered along the way.

In this regard, I am pleased to report that:

- **905** Expanded Public Works Programme work opportunities were created, exceeding the 708 initially targeted;
- **119** km of fence put on the ground;
- **25** Agricultural Cooperatives were established, leading to 468 such coops in the Province. The Eastern Cape Honey Producers Association, a Section 21 company made up of 54 cooperatives, received the Provincial Balasela Award and an innovations award from the Centre for Public Service and Innovation nationally;
- **4.5 million** cattle were dipped to protect them against tick-borne diseases;
- Maize planted on **5 645 ha** of land, adding to AsgiSA-EC's **6 700 ha**;
- **R 19 million** spent on dairy development at the Shiloh Irrigation Scheme;
- Rural Development Strategy finalised and **adopted**; and
- Rural development pilot site **successfully established** at Mhlontlo Local Municipality;

However, amongst the many constraints to progress, what stood out were:

- Inadequate relief to the many farmers who were affected by conditions of **drought** in the Province; and
- **Minimal funding** compared to the magnitude of the challenge and the expectations out there.

Policy Targets for the 2010 MTEF Period

The Strategic Plan of the department presents the key deliverables over the five year period and the Annual Performance Plan gives a detailed account of the outputs expected out of the expenditure of the 2010 MTEF budget.

On speeding up growth and transforming the economy to create decent work and sustainable livelihoods...

The Rural Development Strategy is the most appropriate and coherent response this Province has ever offered to address the challenges of our rural economy which is dominated by the agricultural sector.

It proposes specific measures to improve economic productivity through agrarian reform, infrastructure development and skills development, all of which are discussed in detail later.

The Strategy also articulates the imperative of diversifying away from the agricultural sector in favour of non-farm rural economic development. The main focus is the creation of jobs and entrepreneurial opportunities through agro-industry, tourism and forestry development.

The department will strive for economic inclusion through programmes aimed at establishing new and developing existing **Small, Medium and Micro Enterprises and Co-operatives**, as well as creating **Broad-Based Black Economic Empowerment** opportunities in the rural economy. This will also include critical issues such as access to finance and markets by these small enterprises. R 7.2 million is budgeted to facilitate this work over the next five years.

Over the same period, four more **Agri-Parks**, four more **Milling Plants** and **25 community Storage & Milling Plants** will be established; and **10 000 ha of forestry plantations** will be established and rehabilitated.

At this point, Honourable Speaker, I wish to acknowledge the R 37 million contribution by the Department of Rural Development and Land Reform towards a partnership that involves a number of stakeholders, including the University of Fort Hare, on the Agri-Parks programme known as Ilima Community Economies Initiative.

Honourable Members, the department has over time invested resources in a number of agricultural enterprises such as Magwa and Majola Tea Estates, North Pondoland Sugar, Kangela, Ncera Macademia Project, Ostrich Project, Pineapple Industry, Sugar Beet RSA, etc. **The department will produce a value for money report and turn-around and / or rehabilitation plan by June 2010.** We cannot continue to pay money, and not be part of decision making and we should know what to expect as return on investment. In the 2010/11 financial year, the department's total investment to these business entities amounts to R 47.7 million.

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On building social and economic infrastructure...

Honourable Speaker, the Rural Development Strategy places on our shoulders the responsibility to coordinate and facilitate infrastructure development, and more specifically to provide and maintain agricultural infrastructure in the rural economy.

With respect to rural infrastructure generally, we will work with the **Department of Roads and Public Works and Municipalities to build the requisite institutional capacity**; to quantify, cost and develop a realistic plan to eliminate backlogs in the former homelands of Transkei and Ciskei; and to plan and budget for the maintenance of infrastructure, particularly road and economic infrastructure.

Our **water resource development** plan (earlier referred to as Mzimvubu Dam) has moved further with the Executive Council approval for a detailed feasibility study and business planning to be conducted based on the

Ntabelanga Multi-Purpose Dam hypothesis, all of which will only be possible if we succeed to lobby national government to commit to the project.

In the area of agricultural infrastructure, the department will continue to use the Expanded Public Works Programme model, and it is anticipated that more than **9 000 short term work opportunities** will be created over the next five years. Specifically, the department will provide more than **5000 kilometres of fencing** for arable lands, household gardens and grazing camps, spending R 80.3 million in 2010/11, cumulating to R197 million by 2012/13.

Whilst we will construct new **dipping tanks**, of the 65 the department will put up over the next five years, at a cost of R 21.5 million, our efforts will be directed at renovating the dilapidated dipping infrastructure.

Honourable Speaker, the department in partnership with AsgiSA-EC and some municipalities has successfully mobilised many rural communities to go back to work on the land. These communities are producing crops more than they can handle, and thus require storage and processing facilities. Over the next five years, the department will respond to this by providing **11 crop storage facilities or silos** at selected sites based on levels of production across the Province. **Three of these are big (about 5000 tons) Regional Silos we intend to put up in Matatiele, Mhlontlo and Mnquma.**

Honourable Members, I expect the irrigation schemes revitalisation programme to gather momentum due to our focussed approach as well as the interest that national government seems to be demonstrating on this programme. This financial year, R 25 million rand will be spent on developing **Ncora Irrigation Scheme** to an operation level. It is our intention to take the development of irrigation schemes programme to new heights. In this regard, the department will investigate the feasibility of establishing four new **300 ha irrigation schemes over the next five years in the other District Municipalities, namely Cacadu, Ukhahlamba, Alfred Nzo and OR Tambo.**

The department will procure additional **200 mechanisation** units over the next five years. However, I must add that whilst some communities have appreciated the value of having these tractors, we are concerned about the tensions that have arisen in others. Honourable Members, I could not continue to turn a blind eye to this reality, for ours is about building cohesive communities. To this end, the department will investigate the possibility of a 'pool system' similar to a government garage set-up whereby these tractors will be decentralised to the municipal level but remain property of and managed by the department for the benefit of the farming communities.

On rural development, land and agrarian reform, and food security...

Honourable Members, building on the success of the rural development pilot site at the Mhlontlo Local Municipality, the department will work to consolidate this initiative whilst at the same time rolling out the programme to new areas. In this regard, I am pleased Honourable Speaker to announce that with effect from this year, **the first phase of the roll out will make footprints in all the six District Municipalities** and will focus on identified areas in the municipalities of Ikwezi in Cacadu, Engcobo in Chris Hani, Mbhashe in Amathole, Elundini in Ukhahlamba, Umzimvubu in Alfred Nzo, and Ntabankulu in OR Tambo.

Again, I wish to emphasize that whilst the Rural Development Strategy implores us to implement work as envisaged in the pillars of the Strategy, our entry point in these areas will be agriculture development and job creation.

Honourable Speaker, the department has identified inadequate measures to support land reform as an area of weakness. This particularly relates to measures that need to be put in place to ensure that women, youth and the disabled have access to land; the outstanding land claims are settled; and land reform beneficiaries are supported.

We will continue to work towards **strengthening coordination** with the Provincial Offices of the Department of Rural Development and Land Reform. Already we are working together on the **land audit** project that, when completed, will provide us with strategic information on the ownership and use of the more than 16 million ha of land in the Eastern Cape. The Amathole district is to be prioritised this coming year, and the department is set to spend about R 17 million to annually expand this project to other districts over the next five years.

Through collaboration between the department and Uvimba, our plan is to **support 3000 land reform beneficiaries** over the next five years, and R17.5 million is budgeted for this work in 2010/11, and this accumulates to R 55 million over the next three years. Our support will mainly be in the areas of debt restructuring, farming inputs, farmer development and market access. These include farms that are threatened by repossession by financial institutions.

In the area of food security, Honourable Members, we have ambitiously set ourselves a target to plant **170 000 hectares of crops, aiming at producing 490 000 tons of grain over the next five years. Sixty percent of this will be maize, the Province's staple food.**

R189.4 million is budgeted for this purpose in 2010/11, accumulating to R381.4 million over the MTEF period.

Over the five year period, the department will also implement 49 000 household gardens, expanding the **Siyazondla programme**, thereby securing food for over 300 000 beneficiaries. R42 million is allocated to this programme in 2010/11 and this accumulates to R60 million in 2012/13.

Whilst cattle dipping and sheep scab control will be intensified to improve animal health, an additional **twenty five mobile clinic units will be rolled out over the next five years**, and R 3.4 million is budgeted for these mobile clinics over the MTEF period.

Honourable Speaker, in partnership with commercial farmers, our **livestock genetic improvement** drive will ensure the distribution of over 23 000 sheep and over 92 000 cattle by 2015 to farmers to improve the productivity of communal flock and herd respectively.

R 36.9 million is budgeted for this purpose over three years.

Honourable Members, our research station at the Dohne Institute continues to be a shining example with a number of strategic partnerships not only nationally but globally. With effect from this year, the department has taken a decision to undertake, through Dohne, **a fully fledged study on the impact of climate change on agricultural productivity in the Eastern Cape.**

The Department has taken a bold step, for the first time, to budget for **disaster relief**. In a province like ours, prolonged conditions of drought have necessitated that we take this route, and the focus will be on saving livestock through timely provision of feed in times of need. In this regard, R 8 million has been budgeted for this financial year.

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On strengthening education, and building skills and human resources base...

The Rural Development Strategy enjoins us to develop a comprehensive skills development programme for the rural economy by December 2010.

A component of this will be the area of financial assistance towards tertiary education for learners in rural schools.

Through the Extension Recovery Programme, the department will continue with the programmes aimed at **training and re-skilling our extension officers**, and for this purpose R 15.4 million is budgeted for in 2010/11, accumulating to R 48.6 million in 2012/13.

On farmer training, the department will **recruit and deploy 285 mentors** to 405 Land Reform for Agriculture Development (LRAD) farming units and other flagship projects over the next five years. Over the same period, R 39 million is set aside for the establishment and revamping of eight Farmer Development Centres, where we hope to have at least one fully fledged centre in each District Municipality.

In partnership with the Department of Education and ECSECC, the department has initiated a **systemic audit** covering all our Agricultural Training Institutions, and we hope to complete this exercise by the end of March this year. The outcomes of this study, modelled on a similar audit conducted for Further Education and Training Colleges, will better inform our planning towards institutionally re-engineering these important centres of learning.

The recent Executive Council Lekgotla further mandated the Honourable MEC for Education and I to work towards the establishment of an Agricultural High School in the former Transkei.

On improving the health profile of the Province...

Through the **integrated food security and nutrition programme** championed by the department through Massive Food Production, Siyazondla, etc, and AsgiSA-EC's Dry Land Cropping, this day some rural households and communities produce vegetables and fruit; and provide meat for their families.

Furthermore, the effectiveness of our **food safety** programme is improving as demonstrated by the manner in which the department continues to take animal health seriously, as well as our drive to improve the hygienic status of and advocacy for rural abattoirs.

The **fencing of grazing lands** also helps to keep livestock away from the roads thus helping to reduce the number of fatalities on our Province's road network.

By 2014, the department will conduct an assessment of the impact of these programmes, not only on pushing back the frontiers of poverty, but also the extent to which these contribute to an improved health profile of the Province.

On intensifying the fight against crime and corruption...

Rural safety is one of the key programmes of the Rural Development Strategy, and it is about the safety of our mothers and children in rural communities; it is about the safety of teachers and learners in rural schools; it is about the safety of health practitioners and patients in rural health institutions; indeed, it is about the safety of farmers and their livestock.

The campaign for the **branding of livestock** has been a success and is gathering momentum due to the introduction of programmes such as the farmer education, mobile clinics, etc. However, we are still concerned about the intensity of stock theft across the international borders with Lesotho. In this regard, I am aware that the Honourable Premier has opened dialogue with the Ministers of Police and Defence and Military Veterans for the deployment of troops along that border area.

On building a developmental state, improving the public services, and strengthening democratic institutions...

The White Paper on Rural Development and the Rural Development Agency Bill will be finalised by May 2010, and the legislation process is expected to be concluded by November this year. The new Eastern Cape Rural Development Agency, resulting from the amalgamation of the ECRFC, AsgiSA-EC and ECATU will be established and come into operation on 1 April 2011.

From this financial year's budget, **R52.6 million will be transferred to Uvimba** in support of the legislated mandate of that institution. **R100 million is also budgeted to be transferred to AsgiSA-EC** to enable that institution

to continue with their innovative and exciting programmes, particularly the flagship integrated cropping programme with footprints in almost all the District Municipalities of the Province.

Honourable Members will recall that in the Budget Speech, the Honourable MEC for Finance alluded to the work being done to fulfil the intentions of Provincial Government to establish a **Rural Development Fund**. When this work is finalised, our report will provide details on the future funding arrangements for the new Rural Development Agency.

Honourable Speaker, I am pleased to report that the protracted legal dispute over the administration of Fort Cox is finally over, and the Supreme Court of Appeals has confirmed the validity of the Executive Council decision to transfer the administration of this institution from the Department of Education to the now Department of Agriculture and Rural Development.

Hence, the department is finalising the **Fort Cox Governance Policy** as was resolved by this House, and **legislation to repeal the Ciskei Decree of 1991 will be re-introduced by May / June this year. Fort Cox will be allocated R21 million** this financial year, and this budget increases to R 23.1 million by 2012/13.

Honourable Speaker, I wish to once more thank the Honourable Members of this House and the rural development stakeholders generally for their active and enthusiastic participation in the process of developing the Eastern Cape Rural Development Strategy. The social compact signed as declaration of the commitment to support the implementation of the Strategy will be translated into specific Delivery Agreements to be entered into with our stakeholders by June this year.

As stated earlier, our implementation level, the **district establishments of the department, will be reconfigured and beefed up to match the expectations of farmers and the rural poor.** In this regard, we **propose to significantly expand**

the pool of our extension officers to over 3000 over the next five years, and R 55.6 million is budgeted for this purpose over the MTEF period.

On building cohesive, caring and sustainable communities...

ILIMA LABANTU is about promoting sustainable rural communities. In taking forward the Social and Human Development pillar of this Strategy, the department will over the next five years work closely with the Departments of the Social Needs Cluster and Local Government & Traditional Affairs to harness the indigenous knowledge systems, facilitating cultural development as well as coordinating access by at least sixty percent of rural communities to quality education, health, social security, human settlement, free basic services, and social and cultural amenities.

Conclusion

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Honourable Speaker, as I conclude, I wish to express my gratitude for the support that my department and I have received and enjoyed from the Speakership of this institution, the Honourable Members of this House as well as the Chairperson and Members of Portfolio Committee on Agriculture & Rural Development.

Your leadership Honourable Premier is always appreciated, and I value the support of my Executive Council and Local Government colleagues. The same goes to the Director-General and those Heads of Provincial and National Departments and Public Entities who showed interest in and demonstrated commitment to rural development.

Last but in no way the least, I remain indebted to the Agriculture and Rural Development family – Head of Department, Advocate Nyondo; management and staff; Leadership of Uvimba and AsgiSA-EC; farmers and rural development stakeholders and social partners.

I now take this opportunity, Honourable Speaker, to table this Policy Speech, the Strategic and Annual Performance Plans and the Service Delivery Improvement Plan of the Department of Agriculture and Rural Development, Eastern Cape Rural Finance Corporation, AsgjSA-EC and Fort Cox.

I THANK YOU.

ANNEXTURE A

Budget allocation within the MTEF period:

Summary of Department payments and estimates as per the white book

Expenditure (R'000)		2009/10	2010/11	2011/12	2012/13
PROGRAMMES	Main budget	Adjusted budget		Medium term estimates	
1. Administration	319 923	361 935	301 036	350 655	360 599
2. Sustainable Resource Management	104 289	131 637	89 853	85 989	90 288
3. Farmer Support and Development	622 093	591 378	717 327	640 515	685 009
4. Veterinary Services	211 773	207 517	205 769	217 039	227 890
5. Technology Development and Research Services	54 514	71 014	72 895	76 889	80 733
6. Agriculture Economics	19 083	19 554	16 557	17 433	18 188
7. Structured Agricultural Education and Training	77 091	91 940	98 567	115 622	121 404
Total	1 408 766	1 474 975	1 502 004	1 504 142	1 584 111

Summary of Department payments and estimates by economic classification

Expenditure (R'000)		2009/10	2010/11	2011/12	2012/13
Economic Classification	Main budget	Adjusted budget		Medium term estimates	
Compensation of Employees	880 885	909 212	837 201	885 400	930 775
Goods & Services	445 065	438 254	472 555	521 975	551 731
Transfers and Subsidies	81 816	120 916	191 248	95 512	100 287
Payments for Capital Assets	1 000	6 396	1 000	1 255	1 318
Total	1 408 766	1 474 975	1 502 004	1 504 142	1 584 111

ANNEXTURE B

Budget allocation within the MTEF period:

Summary of Department payments and estimates as per the Strategic Plan

Expenditure (R'000)		2009/10	2010/11	2011/12	2012/13
PROGRAMMES	Main budget	Adjusted budget		Medium term estimates	
1. Administration	319 923	361 935	290 431	350 655	360 599
2. Agriculture Development	396 219	422 412	732 612	809 035	865 694
3. Rural Development	692 624	690 638	478 961	449 052	467 230
Total	1 408 766	1 474 975	1 502 004	1 504 142	1 584 111

Summary of Department payments and estimates by economic classification

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