

Agriculture and land

Introduction

Agriculture is an important sector for the South African economy, for its impact on job creation, rural development, food security and foreign exchange. Current estimates indicate that primary agriculture, which refers to farm level production, accounts for approximately 4 per cent of GDP. However, the contribution of the sector is more significant when the input and processing sectors are considered.

Agricultural sector is important for South Africa

The agricultural sector includes all activities relating to actual farming, supplies of inputs, and processing and distribution functions that add value to farm products. Commercial farming plays a dominant role in the agricultural sector. However, small, subsistence and emergent farming are also important because of their impact on poverty reduction and job-creation in the rural areas. Key stakeholders comprise farmers unions, co-operatives and voluntary associations; Agriculture South Africa; National African Farmers Union; non-governmental organisations (NGOs) and the agri-industry. Other government departments involved in the agricultural sector are Land Affairs and Water.¹

Stakeholders include private sector, farmer unions and NGOs

The major role played by Government is to create an environment that is conducive to the development and growth of the sector through implementing policies and institutionalising food production and farmer support systems. Different aspects of the role are shared among the three spheres of Government. Agriculture is a Schedule 4A concurrent function in terms of the Constitution, shared between both national and provincial governments. In contrast, water is shared between national and local governments, while land is a national function only.

All three spheres share some responsibility for agriculture

Food security is a major priority for Government, given the large numbers of rural and urban poor. Poor people in South Africa spend a large proportion of their income on food and are thus most vulnerable to fluctuations in food prices. Government needs to take into account the effects that global markets have on the price of basic food-stuffs

Droughts and price fluctuations impact on food security

¹ Related chapters are chapter 11 on Water and Sanitation and chapter 12 on Electricity.

like maize and agricultural products and the implications for poor households. The production of maize is affected by fluctuations in climate and market conditions. The emergent and developing agricultural sector is also constrained by the lack of available land, water and quality technical support services.

Features of the sector pre-1994

Before 1994, the agricultural sector was highly regulated, with subsidies and financial concessions available only to white commercial farmers and often at high costs to Government. Protectionist policies and barriers to entry, including access to land further constrained the potential of the agricultural sector. The 1913 and 1936 Land Acts and subsequent apartheid policies dispossessed most black South Africans from their land, forcing them out of agriculture except as low wage farm workers, often under exploitative conditions, or condemning them to subsistence farming in former homelands.

Post-1994 government policy interventions transform agricultural sector

Since 1994, Government has implemented a series of reforms, which include:

- Implementing a comprehensive land reform programme, which includes restitution, tenure reform and redistribution
- Broadening access to agriculture by black people particularly women and youth
- Deregulating the marketing of agricultural products
- Reform of the marketing, finance, research and extension systems that support agriculture
- Trade reforms which included tariffs on farm commodities and the general liberalisation of agriculture trade including free trade agreements
- The application of labour legislation to the agricultural sector.

This chapter reviews government spending on agriculture. It sets out an analysis of expenditure trends and the contribution of provincial budgets to the development of the sector. It concludes with an analysis of service delivery trends focusing on existing programmes and the challenges the sector still faces in ensuring that agriculture impacts positively on food security, economic growth, alleviating poverty and increasing employment.

Government's role in agriculture

The role of the three spheres of Government in the agricultural sector

This section outlines the roles of the various departments across the three spheres of Government.

National Government plays its role through the departments of Agriculture and Land Affairs, and various public entities. Provinces play their role through their departments of Agriculture, and the agricultural public entities. Local governments are involved in the allocation of land that they own for agriculture use and in the provision of water to urban and rural households. In addition, local governments administer fresh produce markets, abattoirs, food safety standards, and property taxes.

The national Department of Agriculture formulates government policy for agriculture. Its role is to facilitate transformation in order to create a united and prosperous sector. The Department develops policy frameworks, and norms and standards for delivery; ensures equitable distribution of national resources; and facilitates access by historically disadvantaged individuals/groups to essential agricultural support services.

National Department formulates policies and norms and standards for delivery

The provincial departments of Agriculture play an important role in implementing agricultural policies. They are responsible for ensuring effective use of agricultural land, and for supporting the implementation of the Land Reform for Agricultural Development (LRAD) programme. They assist in identifying beneficiaries of land redistribution beneficiaries, and in ensuring that plans for proposed land-use projects are economically and environmentally sustainable. Both the national Department of Land Affairs and provincial departments of Agriculture have district and local officers whose function is to mobilise, train and support land reform beneficiaries to access land and use it effectively. They have to co-ordinate with municipalities, and ensure that agricultural and land priorities are taken into account in their Integrated Development Plans.

Provincial departments of agriculture implement national policy

The national Department of Agriculture is supported by state agencies that provide various services to provincial departments of Agriculture and farmers. Key among these is the Agricultural Research Council (ARC), which promotes research and innovation. The National Agricultural Marketing Council (NAMC) regulates marketing, and the Land Bank has a mandate to provide wholesale and retail funds to farmers. The ARC and NAMC receive grants from the national Department of Agriculture. Specialised agencies include Onderstepoort Biological Products Ltd (OBP) and the Perishable Products Export Control Board (PPECB).

State agencies provide services to provinces

A key input for agriculture is the availability of water resources, with irrigated agriculture accounting for 59 per cent of national water resources. The national Department of Water Affairs and Forestry (DWAF) is the custodian of water resources, and is responsible for formulating policy. It administers the National Water Act (36 of 1998), which seeks to ensure sustainable and equitable use of water resources, regulating the access and management of water for agricultural use. The Act also provides for mechanisms for increasing small-scale farmers' access to water resources.

The Department of Water Affairs and Forestry determines access to irrigation water

Budgets and expenditure trends in agriculture

Provincial departments of Agriculture are structured differently across provinces. In most provinces, Agriculture is combined with other functions, such as Conservation, Environmental Affairs and Tourism and Land, to form a single department. Four provinces – Eastern Cape, Free State, Northern Province, and recently the Western Cape, have stand-alone departments of Agriculture.

Agriculture is combined with other functions in most provinces

Review covers spending on agriculture

This review focuses on agriculture, and separates its budgets from those for non-agricultural activities. Some of the figures are therefore estimates rather than actual figures.

Growth in spending varies widely among provinces

Table 7.1 shows that the combined budget for the national and provincial departments of Agriculture increases to R4,1 billion in 2003/04, an increase of 13,3 per cent compared to the R3,5 billion projected spending in 2002/03. At the end of the three-year MTEF, combined budgets for agriculture will total R4,5 billion, reflecting average growth of 8,9 per cent over the next three years. In 1999/00 the combined budget for agriculture was R2,5 billion.

Table 7.1 Provincial spending on agriculture: 1999/00 – 2005/06

R million	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Estimated actual	Medium-term estimates		
Eastern Cape	444	451	563	565	735	688	718
Free State	104	118	120	151	170	178	186
Gauteng	36	41	34	39	42	45	50
KwaZulu-Natal	200	371	432	489	547	580	614
Limpopo	562	656	581	706	788	917	992
Mpumalanga	112	118	168	167	195	206	216
Northern Cape	50	60	53	69	90	97	84
North West	220	220	262	294	328	332	351
Western Cape	74	87	108	141	188	200	210
Total provinces	1 803	2 123	2 322	2 621	3 083	3 243	3 421
National¹	657	705	843	895	1 034	1 016	1 120
Total	2 460	2 828	3 165	3 515	4 117	4 258	4 541
Percentage of total provincial expenditure							
Eastern Cape	2,7%	2,5%	2,9%	2,4%	2,6%	2,3%	2,2%
Free State	1,6%	1,6%	1,5%	1,5%	1,5%	1,4%	1,4%
Gauteng	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%	0,2%
KwaZulu-Natal	1,0%	1,7%	1,7%	1,7%	1,7%	1,6%	1,5%
Limpopo	4,4%	4,5%	3,7%	3,8%	3,7%	3,9%	3,9%
Mpumalanga	1,7%	1,7%	2,0%	1,7%	1,7%	1,6%	1,6%
Northern Cape	2,0%	2,3%	1,8%	2,0%	2,3%	2,2%	1,8%
North West	2,7%	2,4%	2,6%	2,6%	2,5%	2,3%	2,2%
Western Cape	0,7%	0,8%	0,9%	1,0%	1,1%	1,1%	1,1%
Average	1,9%	2,0%	1,9%	1,9%	1,9%	1,9%	1,8%
Growth rates							
		1999/00 - 2002/03		2002/03 - 2003/04		2002/03 - 2005/06	
Eastern Cape		8,4%		30,1%		8,3%	
Free State		13,3%		12,7%		7,2%	
Gauteng		2,9%		7,0%		8,1%	
KwaZulu-Natal		34,7%		11,8%		7,9%	
Limpopo		7,9%		11,6%		12,0%	
Mpumalanga		14,3%		16,8%		8,9%	
Northern Cape		11,3%		30,3%		6,7%	
North West		10,0%		11,5%		6,2%	
Western Cape		23,8%		33,7%		14,2%	
Total provinces		13,3%		17,6%		9,3%	
National		10,9%		13,6%		7,8%	
Total Provinces and National¹		12,6%		13,3%		8,9%	

1. Excludes conditional grant: Land care projects (included in provinces).

Sources: Provincial Departments of Agriculture; National Treasury 2003 Estimates of National Expenditure.

The budget of the national Department of Agriculture constitutes about 25 per cent of the combined national and provincial agriculture budget in 2003/04. It increases from R895 million in 2002/03 to R1 billion in 2003/04 and to R1,1 billion at the end of the MTEF, reflecting average growth of 7,8 per cent over the MTEF. National spending on agriculture grew faster between 2001/02 and 2003/04 due to an allocation of R85 million for flood relief, to restore and rehabilitate agricultural land and assets for communities in Limpopo and Mpumalanga following the floods in 1999 and 2000. About 30 per cent of the national Department of Agriculture budget is a transfer to the Agricultural Research Council (ARC) whose activities support adaptive research and extension services of provinces.

*Budget of national
Department of Agriculture*

An allocation amounting to R25 million is included in the national Department's budget for poverty alleviation in 2002/03, of which R24 million is transferred to provinces for the implementation of the Land Care Programme. The Land Care Programme supports the development of infrastructure, and facilitates productive and sustainable land use. The Programme is funded from the earmarked poverty allocation which ends in 2003/04, and is budgeted at R38 million.

The budget for the implementation of the land reform programme is included in the vote of the Department of Land Affairs. The Department budgets for redistribution and restitution grants given to beneficiaries. The allocation for land reform grants increases strongly from R0,8 billion in 2002/03 to R1,6 billion in 2005/06, or by 26 per cent per annum. This is more than double the allocations between 1999/00 (R440 million) and 2001/02. It is anticipated that the rate of settlement of land claims will increase over the MTEF with the finalisation of legal and administrative processes on the claims.

*Grants for land
redistribution and restitution*

Most spending (around 75 per cent) on agriculture is by provinces, which grows from R2,6 billion in 2002/03 to R3,1 billion in 2003/04 and R3,4 billion in 2005/06, an annual average growth of 9,3 per cent. Provincial agriculture budgets have grown rapidly at an annual average of 13,3 per cent, from R1,8 billion in 1999/00.

*Provincial agriculture
budgets grow by 9,3 per
cent over the MTEF*

Growth in spending varies widely among provinces over the MTEF, with the highest rate in Western Cape (14,2 per cent), followed by Limpopo (12 per cent) and Mpumalanga (8,9 per cent) – all growing above the national average.

Agricultural budgets comprise about 1,9 per cent of total provincial budgets, varying between a high of 3,8 per cent in Limpopo, Eastern Cape (2,4 per cent) and North West (2,5 per cent), to the lowest in Western Cape (1,0 per cent) and Gauteng (0,2 per cent). It is the poorest provinces which incorporated former homelands that budget higher shares for agriculture. This is also reflected in the fact that close to 80 per cent of total agriculture spending is in four provinces: Limpopo (26 per cent), Eastern Cape (24 per cent), KwaZulu-Natal (18 per cent), and North West (11 per cent). However, in 2003/04, two-thirds, or R2 billion of the R3 billion provincial agriculture budgets, are for personnel, rather than agricultural activities.

*Poorer provinces spend
more on agriculture*

More poverty alleviation grants for agricultural activities

This review does not cover other agricultural expenditure effected through national and other provincial departmental budgets. These relate particularly to the poverty alleviation programme through the Local Economic Development Programme (LED) under the Department of Provincial and Local Government, and the Community Public Works Programme under the Department of Public Works. A key issue to consider in reviewing these programmes is whether line function departments of Agriculture are not better placed to support agricultural programmes in order for them to have a sustainable impact on poverty alleviation initiatives. Activities would include setting up farms and training.

Spending on Personnel in Provincial Agriculture

Personnel spending takes up highest share of budgets

The greatest challenge facing provincial budgets is to reduce the share of their personnel expenditure in poor provinces, in order to fund and support agricultural priorities. Table 7.2 shows that personnel expenditure increased from R1,4 billion to R1,8 billion between 1999/00 and 2002/03, reflecting a growth of about 9,2 per cent. It continues to rise at 7,4 per cent per annum to R2,2 billion in 2005/06. Compared to its share of 75,7 per cent in 1999/00, it declines to 67,7 per cent in 2002/03, and is expected to fall to 64,3 per cent in 2005/06.

Most provinces have reduced personnel numbers

The total number of provincial employees in agriculture is 23 460, with the bulk of these in Limpopo (8 249), Eastern Cape (5 419), and KwaZulu-Natal (3 865). Personnel budgets absorb a very high share in the provinces that inherited homelands, as is evident in Limpopo (74,8 per cent), Free State and North West (both around 68,6 per cent), and Eastern Cape and Mpumalanga (both around 60,0 per cent). Many of the personnel in these provinces were absorbed through the amalgamation of various homeland departments and agricultural schemes into a single provincial department of Agriculture. These personnel are mainly low and unskilled workers, and not the skilled personnel required to provide support services to farmers. Most of these personnel are supernumeraries: Eastern Cape (3 066) and Limpopo (5 543) account for the majority. These excess personnel cost Eastern Cape R196 million and Limpopo R255 million per year, respectively. This is in contrast with Gauteng, Western and Northern Cape, which inherited very small departments of Agriculture.

Table 7.2 Provincial personnel spending in agriculture: 1999/00 – 2005/06

	1999/00 Actual	2000/01 Actual	2001/02 Actual	2002/03 Estimated actual	2003/04 Medium-term estimates	2004/05 Medium-term estimates	2005/06 Medium-term estimates	Current personnel number
R million								
Eastern Cape	379	369	400	406	444	464	483	5 419
Free State	82	89	88	103	117	122	128	1 282
Gauteng	16	25	31	32	34	36	40	185
KwaZulu-Natal	132	238	265	279	324	340	351	3 865
Limpopo	474	511	468	541	589	624	663	8 249
Mpumalanga	48	71	101	100	117	124	129	1 060
Northern Cape	42	34	36	38	46	49	54	414
North West	140	153	191	210	225	237	248	2 301
Western Cape	50	55	59	65	93	98	103	685
Total	1 364	1 544	1 639	1 774	1 989	2 094	2 199	23 460
Percentage of total agriculture expenditure								
Eastern Cape	85,3%	81,8%	71,0%	71,9%	60,4%	67,4%	67,3%	
Free State	79,5%	75,3%	73,4%	68,1%	68,7%	68,7%	68,7%	
Gauteng	45,7%	61,2%	89,4%	81,5%	81,0%	80,5%	80,5%	
KwaZulu-Natal	66,0%	64,0%	61,3%	57,0%	59,2%	58,5%	57,2%	
Limpopo	84,4%	77,8%	80,5%	76,7%	74,8%	68,1%	66,8%	
Mpumalanga	42,8%	60,0%	60,0%	60,0%	60,0%	60,0%	60,0%	
Northern Cape	84,0%	56,0%	68,6%	55,0%	51,3%	51,0%	65,0%	
North West	63,3%	69,6%	72,7%	71,5%	68,6%	71,3%	70,5%	
Western Cape	67,6%	63,4%	54,9%	46,4%	49,2%	48,9%	48,9%	
Total	75,7%	72,7%	70,6%	67,7%	64,5%	64,6%	64,3%	
Growth rates		1999/00 - 2002/03		2002/03 - 2003/04		2002/03 - 2005/06		
Eastern Cape		2,3%		9,3%		5,9%		
Free State		7,6%		13,7%		7,5%		
Gauteng		24,8%		6,4%		7,7%		
KwaZulu-Natal		28,2%		16,3%		8,0%		
Limpopo		4,5%		8,9%		7,0%		
Mpumalanga		27,9%		16,8%		8,9%		
Northern Cape		-3,4%		21,6%		12,8%		
North West		14,6%		7,1%		5,7%		
Western Cape		9,2%		41,9%		16,3%		
Total		9,2%		12,1%		7,4%		

Source: Provincial Departments of Agriculture.

Non-personnel Spending Trends

The focus for the agricultural sector is how it spends its non-personnel budgets, to provide complementary support services to farmers and infrastructure development. Table 7.3 shows that spending on non-personnel reflects strong average growth of 13 per cent annually over the MTEF period, from R846 million in 2002/03 to R1,2 billion in 2005/06. This allocation has grown off the low base of R439 million in 1999/00. The share of non-personnel expenditure to the total provincial agriculture budget increases from 24,3 per cent in 1999/00 to 32,3 per cent in 2002/03, and to 35,7 per cent at the end of the MTEF.

Spending on non-personnel accounts for 35 per cent of the budget

Spending on capital is about 9,9 per cent of total provincial budget

Spending on capital constitutes about 9,9 per cent of the total provincial budget in 2003/04, or about 28 per cent of non-personnel budgets. Capital expenditure increased from R37 million in 1999/00 to R201 million 2002/03, and is expected to reach R313 million in 2005/06. KwaZulu-Natal and Limpopo account for around 48 per cent of the capital budget in 2003/04. Besides providing for office equipment and vehicles, part of the capital budget is to revive farming infrastructure. This includes irrigation schemes, fencing, community wool sheds and boreholes for livestock farming. Provinces, have indicated that they are spending R245 million on agriculture infrastructure, some of which is not classified as capital.

Revitalisation of irrigation schemes will create opportunities for small-scale farmers

The agricultural sector has identified the revitalisation of irrigation schemes in the former homeland areas for the settlement of small-holder farmers as a key programme expected to contribute towards increased access to irrigation by historically marginalised farmers. These programmes are also aimed at job creation and increasing food production among small-holder farmers.

Table 7.3 Provincial non-personnel spending in agriculture: 1999/00 – 2005/06

R million	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Estimated actual	Medium-term estimates		
Eastern Cape	65	82	163	159	291	224	235
Free State	21	29	32	48	53	56	58
Gauteng	20	16	4	7	8	9	10
KwaZulu-Natal	68	134	167	210	223	240	263
Limpopo	88	146	113	165	199	292	330
Mpumalanga	64	47	67	67	78	83	86
Northern Cape	8	27	17	31	44	47	29
North West	81	67	72	84	103	95	104
Western Cape	24	32	49	75	96	102	107
Total	439	579	683	846	1 094	1 149	1 222
Percentage of total agriculture expenditure							
Eastern Cape	14,7%	18,2%	29,0%	28,1%	39,6%	32,6%	32,7%
Free State	20,5%	24,7%	26,6%	31,9%	31,3%	31,3%	31,3%
Gauteng	54,3%	38,8%	10,6%	18,5%	19,0%	19,5%	19,5%
KwaZulu-Natal	34,0%	36,0%	38,7%	43,0%	40,8%	41,5%	42,8%
Limpopo	15,6%	22,2%	19,5%	23,3%	25,2%	31,9%	33,2%
Mpumalanga	57,2%	40,0%	40,0%	40,0%	40,0%	40,0%	40,0%
Northern Cape	16,0%	44,0%	31,4%	45,0%	48,7%	49,0%	35,0%
North West	36,7%	30,4%	27,3%	28,5%	31,4%	28,7%	29,5%
Western Cape	32,4%	36,6%	45,1%	53,6%	50,8%	51,1%	51,1%
Total	24,3%	27,3%	29,4%	32,3%	35,5%	35,4%	35,7%

Source: Provincial Departments of Agriculture.

Non-personnel recurrent expenditure is critical for supporting poor farmers

A very important part of non-personnel recurrent expenditure (non-personnel non-capital) is to provide key support services like livestock dipping, vaccination and other veterinary services to prevent the outbreak of animal diseases, transport to facilitate movement of extension/veterinary officers, and start-up capital to resource-poor farmers as grants or revolving funds. These services are critical for the development of small, and subsistence farming, and (together with social grants for pensioners and child support) have a significant

impact on alleviating poverty in rural areas. Changes since 1994 have led to these essential services being neglected, as personnel budgets tended to squeeze out these services. This is particularly evident in provinces like Limpopo, North West and Eastern Cape, which carry significant amounts of livestock owned by poor farmers. It is critical that more rural provinces revive these services.

Non-personnel and non-capital spending accounts for about R789 million in 2003/04, or 25,6 per cent of the total provincial agriculture budget, and rises by 10,2 per cent per annum over the MTEF period to reach R909 million in 2005/06. The allocation in Limpopo declines by 1,1 per cent in 2003/04, even though it recovers somewhat over the MTEF.

Trends by Programme

Public spending on agriculture has been redirected from supporting the commercial sector, to developing and supporting emergent and historically disadvantaged farmers, including subsistence and small-scale commercial farmers. The national Department of Agriculture is mainly responsible for policy development and regulatory services. Agriculture programmes include extension services/farmer support, veterinary and regulatory services, research and innovation (including adaptive on-station and on-farm trials), promotion of agricultural production and agri-business projects. It should be noted that all the allocations per programme in this section include personnel expenditure, and thus mask the much lower allocation available for non-personnel within these programmes.

Public spending shifts to developing small-scale farmers

Table 7.4 shows that the highest spending in provinces in 2003/04 is on extension services (41,0 per cent), followed by spending on administration, (19,7 per cent), veterinary services (11,3 per cent), and research (10,6 per cent).

Provinces spend 41 per cent of agriculture budgets on extension services

Provincial expenditure on extension services grows by an average 12,4 per cent per annum, from R1 035 million in 2002/03 to R1 263 million in 2003/04, reaching R1 468 million in 2005/06. This is slower than the 17,1 per cent per annum increase from R644 million in 1999/00 to R1 billion in 2002/03. Poorer provinces spend most on extension activities, with KwaZulu-Natal and Limpopo accounting for 66,9 per cent spending on extension activities (Table 7.5). This compares with Northern Cape and Gauteng, which account for less than 2 per cent each. Eastern Cape has the largest administration programme as it includes supernumeraries.

Table 7.4 Provincial spending in agriculture by programme

R million	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	Actual	Actual	Actual	Estimated actual	Medium-term estimates		
Administration	324	410	521	533	607	650	691
Extension services	644	743	933	1 035	1 263	1 383	1 468
Education and training	37	51	58	70	78	88	88
Research	148	141	188	237	328	282	303
Veterinary services	282	246	250	276	348	364	382
Agric production	91	114	170	191	242	255	275
Other	276	418	202	278	218	220	213
Total	1 803	2 123	2 322	2 621	3 083	3 243	3 421
Percentage of total agriculture expenditure							
Administration	18,0%	19,3%	22,4%	20,3%	19,7%	20,1%	20,2%
Extension services	35,7%	35,0%	40,2%	39,5%	41,0%	42,6%	42,9%
Education and training	2,0%	2,4%	2,5%	2,7%	2,5%	2,7%	2,6%
Research	8,2%	6,6%	8,1%	9,0%	10,6%	8,7%	8,9%
Veterinary services	15,7%	11,6%	10,7%	10,5%	11,3%	11,2%	11,2%
Agric production	5,1%	5,4%	7,3%	7,3%	7,8%	7,9%	8,0%
Other	15,3%	19,7%	8,7%	10,6%	7,1%	6,8%	6,2%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Provincial Departments of Agriculture.

Through extension programmes departments provide services to farmers that facilitate and encourage the productive use of land. Services provided include training on appropriate production methods; marketing; forming and maintaining links with research institutes in order to communicate the needs of farmers and disseminate new technology; mobilising farmers into organised groups in order to purchase inputs collectively; marketing outputs; and accessing financing.

Table 7.5 Provincial agriculture spending by programme: 2003/04

	Admini- stration	Extension services	Education and training	Research	Veterinary services	Agric production	Other	Total
R million								
Eastern Cape	236	144	–	138	121	52	45	735
Free State	50	30	10	10	23	26	20	170
Gauteng	4	19	–	–	19	–	1	42
KwaZulu-Natal	91	297	12	63	68	12	5	547
Limpopo	119	548	27	12	17	56	9	788
Mpumalanga	20	55	14	17	35	53	2	195
Northern Cape	14	9	–	5	9	15	38	90
North West	41	119	–	68	37	21	41	328
Western Cape	32	42	15	16	19	7	57	188
Total	607	1 263	78	328	348	242	218	3 083
Percentage of total								
Eastern Cape	38,9%	11,4%	0,0%	42,1%	34,8%	21,4%	20,6%	23,9%
Free State	8,3%	2,4%	13,2%	3,0%	6,5%	10,8%	9,4%	5,5%
Gauteng	0,6%	1,5%	0,0%	0,0%	5,3%	0,0%	0,4%	1,4%
KwaZulu-Natal	15,0%	23,5%	15,8%	19,1%	19,4%	4,8%	2,3%	17,7%
Limpopo	19,6%	43,4%	34,3%	3,6%	5,0%	23,1%	4,3%	25,6%
Mpumalanga	3,2%	4,3%	17,5%	5,2%	10,1%	22,1%	0,7%	6,3%
Northern Cape	2,3%	0,7%	0,0%	1,4%	2,6%	6,2%	17,4%	2,9%
North West	6,8%	9,5%	0,0%	20,7%	10,7%	8,7%	18,7%	10,6%
Western Cape	5,2%	3,3%	19,2%	4,9%	5,6%	3,0%	26,2%	6,1%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Provincial Departments of Agriculture.

Table 7.6 shows that the national Department of Agriculture spent 14 per cent (R128 million) of its budget on farmer support programmes in 2002/03. These are mainly directed towards formulating policies and strategies to support provincial extension programmes. Key services provided under this programme include redistribution of state land, support training and the settlement of new farmers.

National Department of Agriculture spend 14 per cent of its budget on farmer support programmes

The regulation of agricultural products to ensure health and safety is an important strategic function for the agricultural sector, and is provided at both the national and provincial spheres. The national Department of Agriculture projects to spend about R152 million in 2002/03, increasing to R255 million in 2005/06. These amounts constitute about 17 per cent of its budget. The regulatory activities focus on managing risks associated with animal and plant diseases and the use of genetically modified organisms. In addition to monitoring compliance with norms and standards, the Department is also responsible for import/export control services in order to ensure that agricultural products are safe for human consumption, adherence to international protocols and to help provinces respond to outbreaks of diseases.

Spending on regulatory functions to ensure health and safety

Table 7.6 Spending by National Department of Agriculture and reform grants

	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
R million	Actual	Actual	Actual	Estimated actual	Medium-term estimates		
Agriculture							
Administration	113	107	126	142	153	163	172
Farmer support and development	11	12	100	128	146	60	77
Sustainable resources management and use	396	400	393	391	441	427	445
National agricultural regulatory services	101	135	154	152	185	207	255
Communication and information management	29	46	56	68	76	82	87
Other programmes	27	23	43	38	70	77	84
Sub total	676	723	871	919	1 072	1 016	1 120
Land Affairs							
<i>of which</i>							
Restitution	164	265	291	391	855	940	1 063
Land Reform	276	253	444	402	430	477	523
Sub total	440	518	735	794	1 285	1 417	1 586
Total	1 115	1 241	1 606	1 712	2 358	2 433	2 706
Percentage of total national agriculture expenditure							
Administration	16,7%	14,7%	14,5%	15,5%	14,3%	16,0%	15,3%
Farmer support and development	1,6%	1,7%	11,5%	13,9%	13,6%	5,9%	6,9%
Sustainable resources management and use	58,6%	55,3%	45,1%	42,6%	41,2%	42,0%	39,8%
National agricultural regulatory services	14,9%	18,6%	17,6%	16,5%	17,3%	20,4%	22,8%
Communication and information management	4,3%	6,4%	6,4%	7,4%	7,1%	8,1%	7,7%
Other programmes	4,0%	3,2%	4,9%	4,1%	6,5%	7,6%	7,5%
Total	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Source: National Treasury, Estimates of National Expenditure

Provinces carry out regulatory function for animal health

The key regulatory service that provinces are mandated to implement relates to animal health, which is mostly budgeted under the Veterinary Services programme. Provincial expenditure on Veterinary Services decreased by 0,8 per cent from R282 million in 1999/00 to a projected R276 million in 2002/03. Spending is expected to recover over the MTEF period, rising by an average of 11,4 per cent per annum, with strong growth of 26 per cent in 2003/04. Provinces that spend most on Veterinary Services are Eastern Cape, KwaZulu-Natal and North West, which together project to spend more than 60 per cent of total spending on the programme in 2002/03. The programme is important in ensuring that provinces are able to combat the spread of livestock diseases through animal inspections, vaccinations and dipping, and to respond to outbreaks, such as foot and mouth disease.

Foot and mouth disease was effectively contained and eliminated

Mpumalanga, KwaZulu-Natal and Limpopo experienced the outbreak of foot and mouth disease in 2001/02, which they were able to contain and eliminate with the support of the national Department. The reduction in the allocation in 2000/01 and 2001/02 to below the level of preceding years may explain one of the reasons for the outbreak of animal diseases, resulting from the failure to continually and regularly

implement preventive measures such as dipping and vaccinating animals.

Containing the outbreak of animal diseases and the inflow of unauthorised genetically modified products from neighbouring countries requires specialised and efficient border control services to support regulatory activities. This service is provided by the South African Police, and the customs division of the South African Revenue Services. In 2001/02 the national Department of Agriculture erected electric fencing in some of the areas bordering the neighbouring countries in a drive to prevent the resurgence of the diseases.

South Africa has to prevent diseases coming in from other countries

Provinces support employment creation through targeted projects to promote agri-business enterprises among poor communities in rural and peri-urban areas. About 3 per cent of provincial agriculture budgets are spent on providing training that covers not only technical aspects of production, but also skills in business development and the management and provision of start-up financing. A unit was established in the national Department in 2001/02 to promote the development of agricultural business enterprises. Its function is also to regulate the partnerships within the sector, such as emerging farmers, agri-SMMEs (small, medium and micro enterprises) and the private sector including commercial farmers. The Eastern Cape includes R70 million in its budget for a new programme – the Massive Food Production Programme, aimed at poverty alleviation. This allocation will be spent on providing agricultural inputs and mechanisation.

Agricultural projects target employment

Spending on research constitutes about 4 per cent of total provincial agriculture budgets. Over 80 per cent of spending on research takes place in Eastern Cape, KwaZulu-Natal, and North West. Provinces conduct adaptive research, mostly linked to research stations run by agricultural colleges. Regional research is also supported by the Agricultural Research Council, which has research stations located in provinces. Each province supports research into farm enterprises most suitable for the region. The objective is to enhance productivity and minimise costs. For instance, research in Western Cape focuses on grape varieties, whereas Eastern Cape focuses on small livestock, such as goats and sheep.

Research supports improved productivity

Although training takes a relatively small portion of the budgets (less than 3 per cent), it is one of the key strategies for supporting extension programmes. Through this programme, the provincial departments of Agriculture fund long-term training at agricultural colleges and short-term courses to upgrade the skills of extension officers. Funding also goes to developmental programmes, especially to empower emerging farmers and to develop SMMEs in agri-business.

Training improves capacity of extension services

Land Ownership Patterns

In 1994, the democratic government inherited an agricultural sector that continues to be characterised by strong dualism. It reflected an unequal land ownership structure based along racial lines. Table 7.7 shows land distribution patterns prior to land reform. Of the

Legacy of skewed distribution of land based on race

100 million hectares of land with potential for farming, only 17 per cent has a high potential for arable (crop, horticulture) farming, and the remaining 83 per cent is suitable for extensive livestock farming. Total land under commercial farming amounts to 86 million hectares or 86 per cent of total farmland. This land is farmed by about 61 000 large-scale units (averaging 1 400 hectares) and is predominantly owned by white farmers. There are no recent statistics on land ownership patterns to show any progress made in reversing the imbalance.

Farming in former homelands is mostly for subsistence

On the other hand, as many as 1,3 million households in the former homelands are engaged in subsistence or small-scale farming, cultivating the remaining 14 per cent (arable plus grazing) of total farmland. An indicator of the severity of land shortage in these areas is given by the ratio of arable land to rural population, which is 0,2 hectares per person compared to 2,5 hectares per person in commercial agriculture.

Most irrigable land is owned by white farmers

Large-scale commercial farmers have benefited from their greater access to irrigated facilities and flood protection measures, and from previous government subsidies before 1994. Approximately 15 000 medium to large-scale commercial farmers use an irrigated area of about 1,2 million hectares. On the other hand, 40 000 small-holders account for 40 000 – 50 000 hectares in the development schemes of the former homelands, most of which need major rehabilitation. The area under community irrigated vegetable gardens accounts for another 50 000 hectares and is operated by some 150 000 growers.²

Land reform programme to redress inequities

Government has prioritised land reform as a necessary measure to ensure broad-based participation and easy entry by black farmers into the agricultural mainstream. After 1994, a land reform programme aimed at addressing inequities and injustices of apartheid was put in place. The programme includes the following elements:

- Restitution of land rights, which requires restoring ownership of land or providing financial compensation to victims of forced removals
- Redistribution of land to individuals or communities for agricultural production and settlement
- Reforming tenure to enable individuals or communities to gain legal tenure of land.

Land redistribution programme reviewed to improve delivery

A review of the programme has led to accelerated implementation and the need to ensure that capacity is developed for the productive use of acquired land. A new vehicle, the Land Reform for Agricultural Development (LRAD), has been created to fast-track the delivery of land for farming to the historically disadvantaged. It is a more flexible intervention programme than its predecessor, as it provides for varying objectives like food safety-net projects, co-operative projects, equity schemes and commercial production. It also gives beneficiaries access to a range of support measures in accordance with their objectives and resources. The redesign of the programme strengthens

² Source: Report on Special Food Security for South Africa, Department of Agriculture, May 2002

the market-assisted land redistribution approach of the earlier land reform programme.

Table 7.7 Size of farmland, landuse and ownership

Hectares (thousand)	Total agricultural land		Commercial agriculture sector			Developing agriculture sector		
	Farm land	Arable land	Farm land	Arable land	No of farm units	Total Land	Arable land	No of farm units
Eastern Cape	14 818	1 172	10 816	644	6 338	4 002	529	310 400
Free State	11 760	4 221	11 572	4 187	11 272	188	35	32 400
Gauteng	829	439	829	439	2 342	–	–	–
KwaZulu-Natal	6 529	1 200	3 439	839	5 037	3 089	361	414 000
Limpopo	10 548	1 700	7 154	1 170	7 273	3 395	531	299 300
Mpumalanga	4 979	1 735	4 486	1 597	4 675	493	138	89 100
Northern Cape	29 544	454	29 544	454	6 730	–	–	–
North West	10 098	3 361	6 786	2 408	7 512	3 313	952	147 400
Western Cape	11 561	2 455	11 561	2 455	9 759	–	–	–
Total	100 666	16 737	86 187	14 193	60 938	14 480	2 546	1 292 600
	% share		% of total land					
Eastern Cape	14,7%	7,0%	73,0%	54,9%				
Free State	11,7%	25,2%	98,4%	99,2%				
Gauteng	0,8%	2,6%	100,0%	100,0%				
KwaZulu-Natal	6,5%	7,2%	52,7%	69,9%				
Limpopo	10,5%	10,2%	67,8%	68,8%				
Mpumalanga	4,9%	10,4%	90,1%	92,0%				
Northern Cape	29,3%	2,7%	100,0%	100,0%				
North West	10,0%	20,1%	67,2%	71,6%				
Western Cape	11,5%	14,7%	100,0%	100,0%				
Total	100,0%	100,0%	85,6%	84,8%				

Source: Department of Agriculture, "Abstract of Agriculture Statistics", 2002, compiled from Development of South Africa, "Survey of Land Utilisation in South Africa", 1991, and Statistics South Africa, "Census of Agriculture, 1993 and "Agriculture Survey", 1996.

The LRAD has two distinct components: transfer of agricultural land to specific individuals or groups, and commonage projects, which aim to increase access to municipal and tribal land for agricultural purposes.

LRAD programme also redistributes land to commonage projects

Government's land reform vision is to redistribute 30 per cent of land available for agriculture among previously disadvantaged citizens over a maximum period of 15 years. This translates to about 25 million hectares. The minimum target is to distribute 1,2 million hectares of agricultural land per year.

Concrete targets for land reform

Service delivery trends and challenges

Even though South Africa is considered to be self-sufficient in food production, an estimated 1,5 million³ children suffer from malnutrition, and 14 million people are vulnerable to food insecurity.

High levels of food insecurity in more rural provinces

³ Source: Report on Special Food Security for South Africa, Department of Agriculture, May 2002

The greatest need for food security is in poorer provinces like the Eastern Cape, Limpopo and KwaZulu-Natal.

Besides land reform, Government has undertaken a series of reforms to reorientate the agricultural systems and related support services to ensure better access for historically disadvantaged small-scale farmers. This is premised on the understanding that agriculture, especially the small-scale sector, can be productive and efficient and contribute to job creation and food security at the household level in rural and peri-urban areas.

Progress with land reform programme

Some progress has been made to redistribute land

Land reform started slowly in 1994. The focus in the first two years was on refining policy, and building delivery institutions and capacity. The land redistribution undertaken by the Department of Land Affairs has so far mainly relied on the purchase of private land. The Department of Agriculture is implementing farmer settlement programmes on state land.

A total of 1,5 million hectares of land has been transferred under the redistribution programme to about 129 093 households between 1994 and December 2002 (Table 7.8). Approximately 80 per cent of approved transfers occurred between 1997 and 2002. There has been a steady increase in redistribution of land per year, starting with about 12 000 hectares in 1995, and reaching a peak of 244 500 hectares in 1999. The rate of transfer declined slightly in 2000 because of a moratorium on approving projects, pending the review of the programme. The pace picked up again in 2001, with the launch of LRAD, which removed some of the impediments in the original programme. However, the annual delivery rate of 250 000 hectares is still far short of the envisaged 1,2 million hectares a year.

Wide variations in the size of land per province

The size of land and number of benefiting households vary widely among provinces. Northern Cape takes up 37 per cent of transferred land, followed by KwaZulu-Natal with 16 per cent. The number of households benefiting from transferred land ranges from about 2 303 in Gauteng to about 40 000 in Eastern Cape. Gauteng has the lowest share of transferred land (less than 1 per cent) and benefiting households, with the smallest size of land per household at 3 hectares. Besides Northern Cape, the more predominantly rural provinces have redistributed most of the land, but with wide variations in the number of households and size of land per household. Free State has distributed more land per household (22 hectares), followed by KwaZulu-Natal (15 hectares), Limpopo (10 hectares), and Eastern Cape (4 hectares).

Table 7.8 Trends in land redistribution up to December 2002

	Ha	No of Households	Size of land per household
Eastern Cape	144 245	39 955	4
Free State	147 101	6 627	22
Gauteng	7 189	2 303	3
KwaZulu-Natal	233 206	15 612	15
Limpopo	75 995	7 459	10
Mpumalanga	139 297	16 847	8
Northern Cape	534 297	5 016	107
North West	78 554	25 345	3
Western Cape	94 173	9 929	9
Total	1 454 057	129 093	11
Percentage of total			
Eastern Cape	9,9%	31,0%	
Free State	10,1%	5,1%	
Gauteng	0,5%	1,8%	
KwaZulu-Natal	16,0%	12,1%	
Limpopo	5,2%	5,8%	
Mpumalanga	9,6%	13,1%	
Northern Cape	36,7%	3,9%	
North West	5,4%	19,6%	
Western Cape	6,5%	7,7%	
Total	100,0%	100,0%	

Source: Department of Land Affairs, December 2002.

The amount of land distribution per province is also determined by the size and potential of land for farming. For instance, Northern Cape accounts for the largest size of land (30 per cent) with a sparse population. Also, less than 20 per cent of this land is suitable for crop farming for most of the land is arid and far more suitable for extensive livestock farming. This requires more hectares per household for commercial farming. On the other hand, Gauteng has less potential for farming due to its size and urban nature, and is better suited for farming enterprises like poultry, dairy and vegetables.

State farms are another source of land for redistribution. The programme for settling farmers on state land is run by the national Department of Agriculture. Land lease arrangements are the most common mechanism for disposing state farms. Where an option to purchase is exercised, it is processed through the LRAD programme.

Table 7.9 shows the size of state land suitable for agriculture which has been targeted for redistribution. The targeted land does not cover all agricultural state land as some of the land has pending restitution claims.

Progress in land redistribution varies from province to province

Disposal of state land, mainly through land lease arrangements contribute to land reform

Table 7.9 Disposal of state land

	Targeted ha for disposal	Progress in land disposal		
		Hectares	No. of households	Size of land per household
Eastern Cape	161 363	51 029	640	80
Free State	36 364	71 523	79	905
Gauteng	20 401	52 498	284	185
KwaZulu-Natal	48 472	36 610	1 170	31
Limpopo	270 777	128 180	355	361
Mpumalanga	27 853	17 474	127	138
Northern Cape	49 931	50 824	23	2 210
North West	36 459	44 062	458	96
Western Cape	17 380	3 860	807	5
Total	669 000	456 060	3 943	116
Percentage of total				
Eastern Cape	24,1%	11,2%	16,2%	
Free State	5,4%	15,7%	2,0%	
Gauteng	3,0%	11,5%	7,2%	
KwaZulu-Natal	7,2%	8,0%	29,7%	
Limpopo	40,5%	28,1%	9,0%	
Mpumalanga	4,2%	3,8%	3,2%	
Northern Cape	7,5%	11,1%	0,6%	
North West	5,4%	9,7%	11,6%	
Western Cape	2,6%	0,8%	20,5%	
Total	100,0%	100,0%	100,0%	

Source: National Department of Agriculture, December 2002.

The current target is to redistribute a total of 669 000 hectares of land owned by the state. The Department has settled farmers on a total of 456 060 hectares. This is about 68 per cent of targeted land, and 23,8 per cent of total redistributed land. About 85 per cent of farmers settled on state land have opted for lease arrangements. The average size of transferred state land per household amounts to 116 hectares, ranging from 2 210 hectares in Northern Cape to 5 hectares in Western Cape. The size of state land reflects higher hectareage per household compared to the overall redistribution programme, as this was transferred mainly for commercial production. North West, Gauteng and Free State exceeded their targets, reflecting faster resolutions of land claims than anticipated.

More than 50 per cent of land claims are settled

Table 7.10 indicates progress with the implementation of the restitution programme. Approximately 69 000 claims have been made with the Restitution Commission. About 72 per cent of these claims are urban. Although rural claims only constitute about 28 per cent, they involve more people as most rural claims concern communities compared to urban claims, which largely affect individuals. A total of 36 279 claims have been settled, involving about 85 000 households. The settlement of claims involves restoration of land or financial compensation. Most of the settled claims are in urban areas and involve financial compensation. The total financial compensation paid for settled claims up to December 2002 amounts to R1,2 billion. The rural claims mostly involve restoration of land. To date, about 512 912 hectares of land have been restored, at a cost of R431 million, which translates into R840 per hectare. The total land transferred

under redistribution and restitution programme amounts to 2 million hectares.

Table 7.10 Progress with restitution as at December 2002

	Number of claims settled	Land restored	Number of households	Land costs R million	Financial compensation R million
Eastern Cape	11 045	29 577	21 953	98	405
Free State	1 150	6 665	1 655	8	12
Gauteng	7 373	3 453	7 898	18	225
KwaZulu-Natal	8 640	70 603	17 485	69	378
Limpopo	777	34 504	10 472	85	20
Mpumalanga	558	21 626	5 997	11	24
Northern Cape	450	279 759	4 187	57	5
North West	1 053	61 470	8 245	66	26
Western Cape	5 233	5 255	7 113	20	143
Total	36 279	512 912	85 005	431	1 237

Source: Department of Land Affairs, Restitution website, as at December 2002.

Table 7.11 indicates the most prevalent uses for transferred land under the redistribution programme. Before the redesign of the redistribution programme into LRAD, projects also included land for settlement purposes, mostly for subsistence farming. Table 7.11 shows that the farming projects take a variety of forms, including commonages, which are owned by municipalities or tribal authorities; and equity schemes, which involve mostly farmworkers buying equity into commercial farms. Land redistributed mainly for settlement purposes amounts to 29 per cent. Commonages (33 per cent) are mostly found in Northern Cape (84 per cent) and Gauteng (10 per cent). The land transferred primarily for agricultural purposes amounts to 22 per cent. Equity schemes account for one per cent and they are found mostly in Western Cape (47 per cent) and Mpumalanga (27 per cent). Most of the land redistribution before LRAD was to groups, as the previous programme did not provide flexibility for individual access to land.

Land redistributed for variety of uses

Table 7.11 Types of land use for transferred land

Land use option/Sub-programmes	Land used
Municipal commonages	33%
Farm style equity schemes	1%
Settlement	29%
LRAD	22%
Other	15%

Source: Department of Land Affairs, Redistribution Programme Transfers, December 2002.

Provision of agricultural services

The success of the land reform programme hinges not only on the achievement of targets set for redistribution, but also on whether it supports sustainable increases in employment and income levels, and increased food security at the household level. The land reform programme increases demand for agricultural support services to provide for the needs of the emerging and subsistence farmers.

Land reform increases demand for agricultural services

<i>Resource-poor farmers need effective extension services</i>	Provision of the quantity and quality of services required to boost productive capacity of resources to poor farmers remains a challenge. Although these farmers experience the same constraints as commercial farmers, they require more direct support from extension officers, and they face greater constraints in accessing finance. The present extension service results from the merging of two services: one rendering services to commercial farmers and composed of a relatively small number of generally well-qualified personnel, and the other serving farmers in the homelands and self-governing territories.
<i>Current extension service is inadequate</i>	When previous administration staff were absorbed into the new provincial administration, agricultural services in the former homelands were considered inadequate. It was apparent that the education level of former homelands staff was low. Most lacked practical farming skills, and their expertise was limited and often irrelevant to the needs of their clients. With the ratio of extension officers to farmers averaging 1:700, plus lack of transport, the extension service is ill-equipped to provide effective service. Hence, even with the limited land in the homelands, less than 50 per cent is used productively.
<i>Training in agricultural skills takes place in 11 colleges across the country</i>	There are 11 agricultural colleges in the country that offer courses which contribute to the development of skills in agriculture. The colleges are spread throughout the country, except in Gauteng and Northern Cape, which do not have a resident college. Nine colleges are managed by the provincial departments of Agriculture. The total number of students registered average less than 3 000 a year, and about 70 per cent are male. In terms of the White Paper on the Transformation of Higher Education, the programmes offered by the colleges fall within the scope of higher education under the Department of Education.
<i>Colleges to be incorporated into the higher education system</i>	Since 1991, the colleges have been undergoing transformation to eliminate racial biases in the institutions. The colleges provide both non-formal training and formal courses offering higher certificates and diplomas. The non-formal courses include short courses designed for emerging or small-scale farmers' development, particularly those benefiting from the land reform programme. The national departments of Agriculture and Education have completed a review of these colleges. The review indicates the need to incorporate these colleges into the higher education system, and the need to train more agricultural scientists ⁴ . Current problems include outdated curricula, lack of key personnel, large variations in allocation of funding per college, and under-funding for maintenance and expansion of learner support infrastructure (such as poultry houses and irrigation).
<i>Agricultural Research Council supports resource-poor farmers</i>	The Agricultural Research Council (ARC) is the main source of research expertise in the agricultural sector. It has a number of institutes with specific know-how, which are undergoing re-orientation to support technology development for resource poor farmers. The Council is attempting to balance the needs of the commercial sector and the subsistence sector as well as emerging

⁴ Source: Incorporating the Colleges of Agriculture into the higher Education Sector, Report by Technical Task Team, 2000

farmers from the land reform programme. However, there is poor co-ordination between the ARC and the extension services, due to poor provincial involvement. Consequently, ARC researchers are forced to play an extensive role in extension services for disseminating technology, which reduces their time for research activities.

Increased land reform is creating additional demands for infrastructure, including improvement of rural roads to facilitate access to agricultural markets. Where the land reform programme creates communities, such as in the restoration of land, the beneficiaries also need access to municipal and other services.

Land reform increases demand for rural infrastructure

Lack of capital undermines the efficiency of farming enterprises, and inhibits the productive use of newly acquired land. This is the case particularly for the poor, who are normally not considered credit worthy, or who do not have collateral security where the land is communally owned. The Department of Agriculture was directly involved in extending credit to farmers until 1997, and today the Land Bank is the sole public institution that has the mandate to provide a full range of retail and wholesale financial services for small-scale farmers. Low, medium to high-risk clients can access long, medium, and short-term loans to meet all financial needs including land, equipment purchases, asset improvement and production credit. Most of the beneficiaries of land reform are too poor to qualify for loans from commercial banks.

Land Bank provides finance to emerging farmers

The Land Bank administers a grant on behalf of the national Department of Land Affairs, in order to provide loans and grants for emerging farmers to acquire land. Provincial departments of Agriculture also have small programmes to finance farmers and agri-industries. These programmes are sometimes funded by donors and involve giving farmers starter packages or financial grants. Free State runs the biggest donor-funded poverty alleviation programme, which supports the development of income-generating projects in agriculture.

Land Bank supports LRAD

Farmer co-operatives have played an important role among commercial farmers. They have strengthened their position in the market, thus ensuring better prices through collective bargaining for input supplies, products, and providing market information. Currently co-operatives serve mostly commercial farmers and they are in most cases not accessible to emerging farmers. The provincial departments of Agriculture are encouraging the development of organised structures and co-operatives among poor farmers so that they can collectively acquire inputs and access markets and finance.

Poor farmers need to form collective structures

Special programme for food security and land care

The Department of Agriculture has developed a Special Programme for Food Security (SPFS) with the support of the Food Agricultural Organisation, and it implements the Land Care Programme. The SPFS provides a framework for focusing more sharply on increasing production in food deficit areas, improving the stability of supplies and generating rural employment. The design of the programme

Department of Agriculture has developed a framework for increasing food security

allows for maximising the use of the land in the small-holder sector through the development of a low-cost irrigation and water management system. The key strategy is to rehabilitate the existing irrigation schemes, expand communal vegetable gardens and backyard gardens. It also aims to improve dry land cultivation through appropriate soil and water conservation technologies and better land husbandry practices that will result in increased agricultural production intensity and diversity.

Land Care Programme supports increased land productivity

The Land Care Programme is a community-based programme, with an integrated approach to sustainable use and management of natural agricultural resources. Land degradation and water scarcity are major problems influencing land productivity and sustainability. This problem is prevalent in former homelands due to overcrowding and lack of information about the consequences of their land management decisions. The objective of the programme is to encourage and empower communities to take responsibility for the management of their resources in order to support food security and job creation through increased productivity. The Programme has been implemented on a limited scale to provide lessons and develop skills in local communities.

Conclusion

Government has laid foundation for fast-tracking land reform, which will strengthen agricultural sector

Agriculture has great potential to assist in the fight to alleviate poverty in rural areas. Given the apartheid legacy, the expansion of agricultural opportunities to poor rural communities is closely linked to access to land and water. Redressing the past imbalances in land ownership must be balanced against the need to sustain the predominantly commercial farming sector, so that the agricultural sector can continue to supply food to the consumer at reasonable prices, and remain internationally competitive. To date, significant progress has been made in creating a platform for increasing access to land by the historically disadvantaged, through land reform. The redesign of redistribution has established a solid base for greater collaboration between the departments of Agriculture and Land Affairs at national and provincial levels and farmers' unions, in fast-tracking access to land by the historically disadvantaged.

Government needs to extend support to emerging and small-scale farmers

The key challenge facing Government is to expand its support services for emerging and small-scale farmers. However, departments of Agriculture in poor provinces are unable to provide the necessary support, as their budgets for such activities are squeezed out by personnel expenditure. Over two-thirds of provincial budgets are dedicated for the payment of salaries of large numbers of low-skilled staff, and they are not skilled to provide the support services required by emerging and small-scale farmers.

Over the past seven years, however, great progress has been made in expanding access to land for new entrants. This programme needs to be complemented by farmer support programmes. The inadequate agricultural services to support farmers in the former homelands has resulted in under-utilisation of land.

Lack of reliable statistics on the size of the small-holder farming sector, such as number, location and type of livestock owned, and utilisation and output of the cropping patterns, undermines effective planning and targeting of service delivery. There is a need for a systematic process to develop and update the database for all types of farmers and their needs in order to ensure that farmer support programmes are well targeted, and to assess the results of land reforms and support.

Need for more accurate information on small-holder farming sector

A key area of improvement for all provinces is in the reporting system for agricultural and related activities, including the need for uniform strategic plan formats and budget programmes, as well as the quality of reporting in annual reports. Improvements on the quality of financial management are also necessary, as the national department and 4 provincial agriculture departments (Free State, KwaZulu-Natal, Mpumalanga and Western Cape) received unqualified audit reports for the 2001/02 financial year. Five provinces (Eastern Cape, Gauteng, Limpopo Northern Cape and North West) all received qualified audit reports.

Improving financial management in agriculture