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Agriculture, land reform and rural development

■ Introduction

Agriculture is the foundation of many developing economies. The South African agriculture sector is one of the mainstays of the country's economy and offers opportunities for small, large, commercial and emerging farmers in areas such as capital investment, training and the supply of equipment and services.

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South Africa's total land area is approximately 122.3 million hectares, of which farmland makes up 100.6 million hectares. Of this, 83.3 per cent is grazing land with only 16.7 million hectares considered potential arable land according to the Development Bank of Southern Africa. 1.35 million hectares of the country's potential arable land is available for irrigation and accounts for more than one third of total output in the agriculture sector (Kirstern & Vink, 2003)¹. Unfavourable climatic and soil conditions leave only 12 per cent of the country suitable for the production of rain-fed crops, with only 3 per cent considered genuinely fertile land. About 69 per cent of South Africa's land surface is suitable for grazing and livestock farming is the largest agricultural sector in the country².

¹ Vink & Kirsten, 2003

² Pienaar, 2013

86.2 million hectares of the available farmland is used for commercial agriculture, with the smallholder sector using only 14.5 million hectares³. There are approximately 36 000 commercial farmers in the country. South Africa classifies commercial farmers as those with more than 1 000 hectares of land.

The agricultural sector contributed about 2 per cent to the South African economy in the first quarter of 2020, with a further 12 per cent from peripheral agricultural activities.

Agriculture plays an important role in South Africa’s economic development and contributes significantly to household food security⁴. In the first quarter of 2020, the sector contributed about 2 per cent to the country’s economy, with a further approximately 12 per cent from peripheral agricultural activities. It contributes 10 per cent of formal employment⁵.

The agriculture sector is gradually recovering from the drastic impact of the drought of 2014/15. The health of the sector depends on the sustainability of farming practices, the long-term productivity of the land, profitable yields and the well-being of farmers and farmworkers.

South Africa’s population is growing at approximately 1.4 per cent a year and is expected to reach 67 million by 2030. To feed this population, food production will have to double. Increasing production using the same or fewer agricultural inputs will demand extreme efficiency. According to the 2018 General Household Survey, fewer than one-fifth of South African households (14.8 per cent) were involved in agricultural production activities during the review period. Of these, 10 per cent cultivated farmland while 90 per cent had backyard gardens. These numbers are insufficient to meet the increasing demand for agricultural products and the sector is under pressure to respond to this demand.

■ Current landscape

The NDP 2030 identifies land and agriculture as key to driving inclusive growth in rural areas and as having significant job creation potential. Agriculture can support inclusive growth and become a major contributor to poverty alleviation by generating the low-skilled jobs needed to address unemployment and provide rural communities with increased opportunities to participate in the overall economy. Research has shown that agricultural activity is up to 3.2 times better at reducing poverty than non-agriculture activities. Agricultural income growth has an especially beneficial impact on expenditure by the poorest; a one per cent increase in GDP due to agriculture results in a more than six per cent increase in expenditure by the poorest 10 per cent. South Africa’s well-developed agricultural sector thus plays a vital role in the country’s socio-economic development.

Agricultural activity is up to 3.2 times better at reducing poverty than non-agriculture activities.

³ Fenyés & Meyer, 2003; DAFF, 2012

⁴ Global Health Strategies, 2017

⁵ Pienaar, 2013

To revive the agriculture sector, the Agricultural Policy Action Plan (APAP) was approved in March 2015. With a focus on commodities with high growth potential and high labour absorption capacity, the plan takes a commodity value chain approach to agricultural production. Recently, through the Operation Phakisa: Agriculture, Land Reform and Rural Development programme, efforts have been made to increase development in the sector through revitalisation of under-utilised land, increased participation by emerging farmers and the development of competitive and inclusive value chains in rural areas through agri-parks that link smallholder producers to markets. These efforts are expected to increase agriculture's contribution to GDP from the current level of below 3 per cent, which is low compared to that of developed economies.

Historically, small emerging and rural farmers' contributions to economic growth and their own sustainability have been limited by market access. The Department of Agriculture, Land Reform and Rural Development (DALRRD) is rolling out nine agri-parks nationally. Their purpose is to establish and maintain infrastructure that supports producers, such as markets and agro-processing facilities, networks, logistics and input suppliers; and to coordinate activities to support producers, create jobs and develop and expand rural economies. Market access will also be boosted by implementation of South African Good Agricultural Practice (SA-GAP) and by increasing intra-African trade and other global trade opportunities. Drought in recent years has increased the risk of food insecurity, mostly in rural households, with slightly over 20 per cent of households affected. However, government is developing mechanisms to increase food production such as the 'One household, one hectare' programme, together with the Fetsa Tlala integrated food production initiative. This aims to promote food security, address the structural causes of food insecurity and ultimately eradicate hunger and reduce poverty.

Historically, market access limited small emerging and rural farmers' contribution

Concerns over post-settlement support for beneficiaries of land reform have led the DALRRD to intensify support for these farmers through the recapitalisation programme and through infrastructure, marketing, finance and extension services. The DALRRD continues to acquire productive land for the benefit of black South Africans thus addressing historical injustices regarding ownership of land.

Lodgement of land restitution claims opened in 1995; by 2011, 79 696 claims had been lodged with the Commission on Restitution of Land Rights. According to a progress report in 2012, about 76 000 land claims had been settled, benefiting 2 045 412 people from 410 049 households. 3 673 claims still needed to be settled. A significant portion of this settlement took the form of financial compensation, with R12.1 billion transferred from the fiscus to beneficiaries. After the reopening of the lodgement of claims as proposed in the Restitution of Land Rights Amendment Act (2014), the

By 2011, approximately 79 696 claims had been lodged with the Commission on Restitution of Land Rights.

Constitutional Court found in 2016 that the Act was void. However, more than 160 000 claims had been lodged before the declaration of invalidity.

A 2018 report indicated that, since 1994, government had bought 11 000 million hectares, making up about 12 per cent of total farmland.

In a report on land reform in 2018, official figures supplied by the then Department of Rural Development and Land Reform (DRDLR) indicated that, since 1994, government had bought 11 000 million hectares or about 12 per cent of total farmland. By 2013, around 500 000 hectares had been transferred to beneficiaries of restitution or redistribution. At the time, government had spent R12 billion on buying nearly 5 000 farms for redistribution to nearly 250 000 households and a further R16 billion on land claims, including cash compensation to beneficiaries of redistribution. In February 2018, the former DRDLR released figures that suggested that Africans now owned 4 per cent of individually owned farms, or 37 per cent of total farmland⁶.

Budget and expenditure trends

Aggregate national budget and expenditure trends

Between 2016/17 and 2019/20, national government spent about R64.4 billion on agriculture, rural development and land reform. Spending between 2020/21 and 2022/23 is estimated at R53.3 billion; hence aggregate spending over the review period is estimated at R117.7 billion.

⁶ Lodge, 2018

Table 9.1: National expenditure on agriculture and land reform by programme, 2016/17 – 2022/23

| R million | Outcome | | | Adjusted Appropriation 2019/20 | Average growth rate (%) | Average Expenditure/ Total (%) | Medium-term expenditure estimate | | | Average growth rate (%) | Average Expenditure/ Total (%) |
|--|---------------|---------------|---------------|--------------------------------|-------------------------|--------------------------------|----------------------------------|---------------|---------------|-------------------------|--------------------------------|
| | 2016/17 | 2017/18 | 2018/19 | | | | 2020/21 | 2021/22 | 2022/23 | | |
| Administration | 2 240 | 1 982 | 2 551 | 2 633 | 5,5% | 14,6% | 2 732 | 2 890 | 3 002 | 4,5% | 16,0% |
| Agricultural Production, Health, Food Safety, Natural Resources and Food Security, Land Reform and Restitution | 2 436 | 2 607 | 3 248 | 3 054 | 7,8% | 17,6% | 3 221 | 3 463 | 3 523 | 4,9% | 18,8% |
| Rural Development | 7 909 | 7 718 | 7 870 | 8 776 | 3,5% | 50,1% | 8 117 | 8 678 | 9 147 | 1,4% | 49,2% |
| Economic Development, Trade and Marketing | 1 203 | 1 195 | 1 107 | 1 151 | -1,5% | 7,2% | 1 098 | 1 160 | 1 010 | -4,2% | 6,3% |
| Land Administration | 901 | 1 056 | 1 196 | 901 | 0,0% | 6,3% | 886 | 944 | 989 | 3,2% | 5,3% |
| | 669 | 618 | 627 | 714 | 2,2% | 4,1% | 757 | 811 | 849 | 6,0% | 4,4% |
| Total | 15 357 | 15 176 | 16 600 | 17 229 | 3,9% | 100,0% | 16 810 | 17 947 | 18 521 | 2,4% | 100,0% |
| Economic classification | | | | | | | | | | | |
| Current payments | 5 706 | 5 883 | 6 482 | 7 286 | 8,5% | 39,4% | 8 034 | 8 583 | 8 802 | 6,5% | 46,4% |
| Compensation of Goods and services | 3 291 | 3 398 | 3 624 | 4 059 | 7,2% | 22,3% | 4 444 | 4 724 | 4 930 | 6,7% | 25,8% |
| <i>of which:</i> | 2 415 | 2 481 | 2 857 | 3 227 | 10,1% | 17,1% | 3 589 | 3 859 | 3 872 | 6,3% | 20,6% |
| <i>Consultants: Business and Contractors</i> | 229 | 188 | 126 | 467 | 26,9% | 1,6% | 315 | 345 | 381 | -6,5% | 2,1% |
| <i>Inventory: Farming supplies</i> | 39 | 27 | 28 | 50 | 8,0% | 0,2% | 767 | 923 | 772 | 149,7% | 3,6% |
| <i>Operating leases</i> | 218 | 228 | 533 | 208 | -1,5% | 1,8% | 384 | 412 | 441 | 28,5% | 2,0% |
| <i>Property payments</i> | 301 | 270 | 401 | 291 | -1,1% | 2,0% | 297 | 313 | 324 | 3,6% | 1,7% |
| <i>Travel and subsistence</i> | 244 | 219 | 344 | 374 | 15,3% | 1,8% | 364 | 387 | 400 | 2,3% | 2,2% |
| Interest and rent on land | 355 | 327 | 354 | 464 | 9,3% | 2,3% | 293 | 311 | 324 | -11,2% | 2,0% |
| | 1 | 4 | 1 | 0 | -42,9% | 0,0% | 0 | 0 | 0 | -81,3% | 0,0% |
| Transfers and subsidies | 8 781 | 8 463 | 9 212 | 9 198 | 1,6% | 55,4% | 8 411 | 8 979 | 9 309 | 0,4% | 50,9% |
| Provinces and Departmental agencies | 2 318 | 2 460 | 3 072 | 2 342 | 0,3% | 15,8% | 2 236 | 2 407 | 2 482 | 2,0% | 13,4% |
| Foreign governments and international organisations | 2 389 | 2 455 | 2 568 | 2 844 | 6,0% | 15,9% | 2 383 | 2 524 | 2 485 | -4,4% | 14,5% |
| Public corporations and private enterprises | 45 | 38 | 38 | 42 | -1,8% | 0,3% | 44 | 46 | 48 | 4,3% | 0,3% |
| Non-profit institutions | 94 | 146 | 169 | 404 | 62,4% | 1,3% | 407 | 437 | 465 | 4,8% | 2,4% |
| Households | 3 | 4 | 4 | 4 | 5,5% | 0,0% | 4 | 4 | 4 | 4,2% | 0,0% |
| | 3 931 | 3 360 | 3 362 | 3 561 | -3,2% | 22,1% | 3 337 | 3 560 | 3 824 | 2,4% | 20,3% |
| Payments for capital assets | 844 | 826 | 903 | 745 | -4,1% | 5,2% | 365 | 385 | 410 | -18,1% | 2,7% |
| Buildings and other fixed structures | 621 | 617 | 744 | 645 | 1,3% | 4,1% | 307 | 329 | 350 | -18,4% | 2,3% |
| Machinery and equipment | 117 | 78 | 122 | 96 | -6,3% | 0,6% | 55 | 53 | 58 | -15,8% | 0,4% |
| Heritage assets | – | – | – | 2 | 0,0% | 0,0% | – | – | – | -100,0% | 0,0% |
| Biological assets | 0 | 0 | 0 | – | -100,0% | 0,0% | – | – | – | 0,0% | 0,0% |
| Land and subsoil assets | 104 | 111 | 25 | 0 | -83,9% | 0,4% | – | – | – | -100,0% | 0,0% |
| Software and other | 2 | 20 | 11 | 1 | -16,0% | 0,1% | 3 | 3 | 2 | 15,1% | 0,0% |
| Payments for financial | 26 | 4 | 3 | – | -100,0% | 0,1% | – | – | – | 0,0% | 0,0% |
| Total | 15 357 | 15 176 | 16 600 | 17 229 | 3,9% | 100,0% | 16 810 | 17 947 | 18 521 | 2,4% | 100,0% |

Note: the 2015/16 figures are not available due to the reconfiguration of national departments after the 2019 elections

Source: Estimates of National Expenditure 2020

DALRRD spent R15.4 billion in 2016/17 and R17.2 billion in 2019/20. The equivalent of an annual average growth rate of 3.9 per cent, it was driven mainly by increased allocations for dealing with natural disasters and to the forestry and natural resources management programme (at the time, the function formed part of the department). As a result of the once-off allocation for disaster management, the department's baseline grows by an average annual rate of 2.4 per cent over the MTEF. The department will reprioritise R1.2 billion over the period to provide loans for commercialisation of black farmers through the Land and Agricultural Development Bank of South Africa; the aim of this reprioritisation is to increase financial support for emerging commercial producers.

As a proportion of the national department's budget, the budget for the administration programme increased from R2.2 billion (14.6 per cent share) in 2016/17 to R2.6 billion (15.3 per cent share) in 2019/20. This share is projected to increase to R3 billion or 16.2 per cent in 2022/23. The growth is largely driven by ring fencing 5 per cent of the *comprehensive agricultural support programme* (CASPs) grant to increase provinces' focus on monitoring and evaluating provincial performance.

Provincial budget and expenditure trends

Table 9.2: Expenditure on agriculture by province, 2015/16 – 2022/23

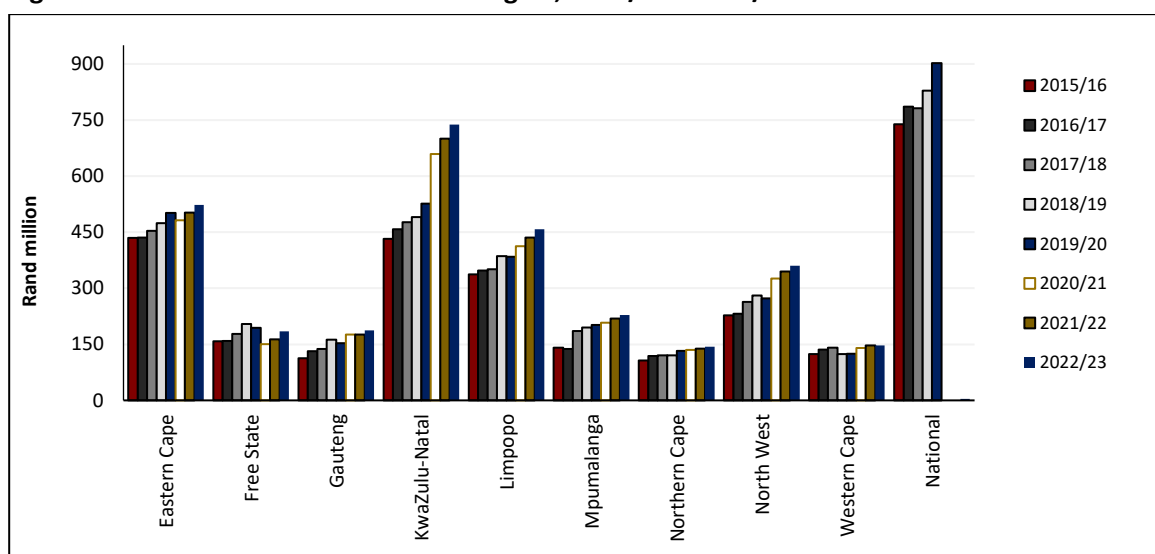
| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 Preliminary outcome | 2020/21 | 2021/22 | 2022/23 |
|---|--------------------------|---------------|---------------|--------------------------|-----------------------------------|--------------------------|---------------|---------------|
| R million | Outcome | | | | | Medium-term outcomes | | |
| Eastern Cape | 1 968 | 2 185 | 2 201 | 2 306 | 2 383 | 2 413 | 2 520 | 2 598 |
| Free State | 742 | 734 | 699 | 736 | 789 | 814 | 854 | 903 |
| Gauteng ¹ | 521 | 432 | 433 | 558 | 610 | 638 | 669 | 709 |
| KwaZulu-Natal ¹ | 2 199 | 2 216 | 2 033 | 2 127 | 2 532 | 2 548 | 2 663 | 2 785 |
| Limpopo | 1 620 | 1 690 | 1 708 | 1 936 | 1 955 | 2 031 | 2 140 | 2 254 |
| Mpumalanga | 920 | 879 | 1 040 | 1 074 | 1 060 | 1 121 | 1 204 | 1 258 |
| Northern Cape | 554 | 540 | 604 | 773 | 566 | 560 | 593 | 617 |
| North West | 959 | 1 004 | 1 017 | 1 139 | 940 | 1 223 | 1 294 | 1 389 |
| Western Cape | 751 | 808 | 867 | 1 109 | 929 | 971 | 980 | 1 023 |
| Total | 10 233 | 10 487 | 10 603 | 11 757 | 11 762 | 12 319 | 12 916 | 13 536 |
| Percentage of total provincial expenditure | | | | | | | | |
| Eastern Cape | 3,0% | 3,1% | 2,9% | 2,9% | 3,0% | 2,9% | 2,9% | 3,0% |
| Free State | 2,5% | 2,4% | 2,1% | 2,1% | 2,3% | 3,1% | 2,2% | 2,3% |
| Gauteng | 0,5% | 0,4% | 0,4% | 0,5% | 0,5% | 0,5% | 0,5% | 0,5% |
| KwaZulu-Natal | 2,1% | 2,0% | 1,7% | 1,7% | 2,1% | 3,4% | 1,9% | 2,0% |
| Limpopo | 3,1% | 2,9% | 2,8% | 2,9% | 3,0% | 3,1% | 2,9% | 3,1% |
| Mpumalanga | 2,3% | 2,1% | 2,3% | 2,2% | 2,2% | 3,0% | 2,2% | 2,4% |
| Northern Cape | 3,8% | 3,6% | 3,6% | 4,4% | 3,2% | 3,1% | 3,1% | 3,3% |
| North West | 2,8% | 2,8% | 2,6% | 2,8% | 2,3% | 2,8% | 2,8% | 3,0% |
| Western Cape | 1,5% | 1,5% | 1,5% | 1,8% | 1,5% | 1,4% | 1,4% | 1,5% |
| Total | 2,1% | 2,0% | 1,9% | 2,0% | 2,0% | 2,3% | 1,9% | 2,0% |
| Percentage growth (average annual) | | | | | | | | |
| | 2015/16 – 2019/20 | | | 2019/20 – 2020/21 | | 2019/20 – 2022/23 | | |
| Eastern Cape | 6,6% | | | 1,3% | | 2,9% | | |
| Free State | 2,1% | | | 3,2% | | 4,6% | | |
| Gauteng | 5,4% | | | 4,6% | | 5,1% | | |
| KwaZulu-Natal | 4,8% | | | 0,6% | | 3,2% | | |
| Limpopo | 6,5% | | | 3,9% | | 4,9% | | |
| Mpumalanga | 4,8% | | | 5,8% | | 5,9% | | |
| Northern Cape | 0,7% | | | -1,1% | | 2,9% | | |
| North West | -0,7% | | | 30,1% | | 13,9% | | |
| Western Cape | 7,4% | | | 4,5% | | 3,3% | | |
| Total | 4,8% | | | 4,7% | | 4,8% | | |

1. Programme 1: Administration has been calculated on a pro rata basis as a result of the combination of the agriculture function with other provincial functions.

Source: National Treasury provincial database

In seven provinces, the departments of agriculture and rural development are combined; Limpopo and the Western Cape have standalone agriculture departments. Provincial expenditure increased by an average annual rate of 4.8 per cent from R10.2 billion in 2015/16 to R11.8 billion in 2019/20 and is projected to grow at the same rate over the MTEF to R13.5 billion. The above-inflation growth in the review period was driven mainly by national government's R400 million allocation to provinces in 2018/19 to address disasters.

Figure 9.1: Provincial administration budgets, 2015/16 - 2022/23



Source: National Treasury provincial database

Figure 9.1 shows that KwaZulu-Natal, Limpopo and the North West have markedly increased their administration budgets over the review period. It is noticeable that the rural provinces generally are spending a larger portion of their budgets on administration than the urban or semi-urban provinces. This is an indication that rural provinces invest more in support functions than other provinces.

Rural provinces are spending a larger portion of their budgets on administration than are the urban or semi-urban provinces.

Table 9.2 gives information about provinces' expenditure on agriculture. The largest budgets are those of KwaZulu-Natal, the Eastern Cape and Limpopo; combined, they accounted for 58.4 per cent of the national total in 2019/20. The number of provinces with agriculture budgets of over a billion rand increased from three in 2015/16 to four in 2019/20; this number is projected to increase to six over the MTEF.

With average annual growth rates of 7.4 per cent, 6.6 per cent and 6.5 per cent, the Western Cape, Eastern Cape and Limpopo were the main contributors to the 4.8 per cent national average annual growth rate in agriculture expenditure between 2015/16 and 2019/20. The Northern Cape spent 3.2 per cent of its overall budget on agriculture in 2019/20; this was

the largest percentage in the country while Gauteng's was the smallest, at 0.5 per cent. However, over the MTEF the Northern Cape's average annual growth rate of 2.9 per cent is expected to be among the lowest in the country due to cuts to the baseline allocation; this is mainly because the *LandCare programme grant* was reduced as the national fencing scheme is no longer funded. Coupled with North West's increase of 21.6 per cent in the agriculture budget, this increases the overall provincial average growth to 7.3 per cent over the MTEF. In 2019/20, Gauteng and the Western Cape were the only two provinces spending less than 2 per cent of their total provincial budgets on agriculture.

Budget and expenditure trends by programme

Table 9.3: Provincial expenditure on agriculture by programme, 2015/16 – 2022/23

| R million | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 Preliminary outcome | 2020/21 | 2021/22 | 2022/23 |
|---|---------------|---------------|---------------|---------------|-----------------------------------|---------------|---------------|---------------|
| | Outcome | | | | Medium-term outcomes | | | |
| Administration ¹ | 2 073 | 2 155 | 2 307 | 2 436 | 2 490 | 2 688 | 2 827 | 2 970 |
| Sustainable resource | 616 | 615 | 571 | 1 079 | 632 | 666 | 669 | 707 |
| Farmer support and | 4 801 | 4 917 | 4 805 | 5 212 | 5 335 | 5 357 | 5 689 | 5 958 |
| Veterinary services | 957 | 1 018 | 1 070 | 1 122 | 1 238 | 1 296 | 1 354 | 1 415 |
| Technology, research and development services | 761 | 757 | 720 | 730 | 800 | 900 | 939 | 997 |
| Agricultural economics | 186 | 142 | 215 | 230 | 216 | 218 | 229 | 238 |
| Structured agricultural training | 511 | 557 | 565 | 580 | 618 | 698 | 710 | 742 |
| Rural Development | 327 | 326 | 350 | 367 | 433 | 497 | 499 | 509 |
| Total | 10 233 | 10 487 | 10 603 | 11 757 | 11 762 | 12 319 | 12 916 | 13 536 |
| Percentage of provincial agriculture expenditure | | | | | | | | |
| Administration ¹ | 20,3% | 20,5% | 21,8% | 20,7% | 21,2% | 21,8% | 21,9% | 21,9% |
| Sustainable resource management | 6,0% | 5,9% | 5,4% | 9,2% | 5,4% | 5,4% | 5,2% | 5,2% |
| Farmer support and development | 46,9% | 46,9% | 45,3% | 44,3% | 45,4% | 43,5% | 44,0% | 44,0% |
| Veterinary services | 9,4% | 9,7% | 10,1% | 9,5% | 10,5% | 10,5% | 10,5% | 10,5% |
| Technology, research and development services | 7,4% | 7,2% | 6,8% | 6,2% | 6,8% | 7,3% | 7,3% | 7,4% |
| Agricultural economics | 1,8% | 1,4% | 2,0% | 2,0% | 1,8% | 1,8% | 1,8% | 1,8% |
| Structured agricultural | 5,0% | 5,3% | 5,3% | 4,9% | 5,3% | 5,7% | 5,5% | 5,5% |
| Rural Development | 3,2% | 3,1% | 3,3% | 3,1% | 3,7% | 4,0% | 3,9% | 3,8% |
| Total | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |

Programme 1: Administration has been calculated on a pro rata basis as a result of the combination of the agriculture function with other provincial functions.

Source: National Treasury provincial database

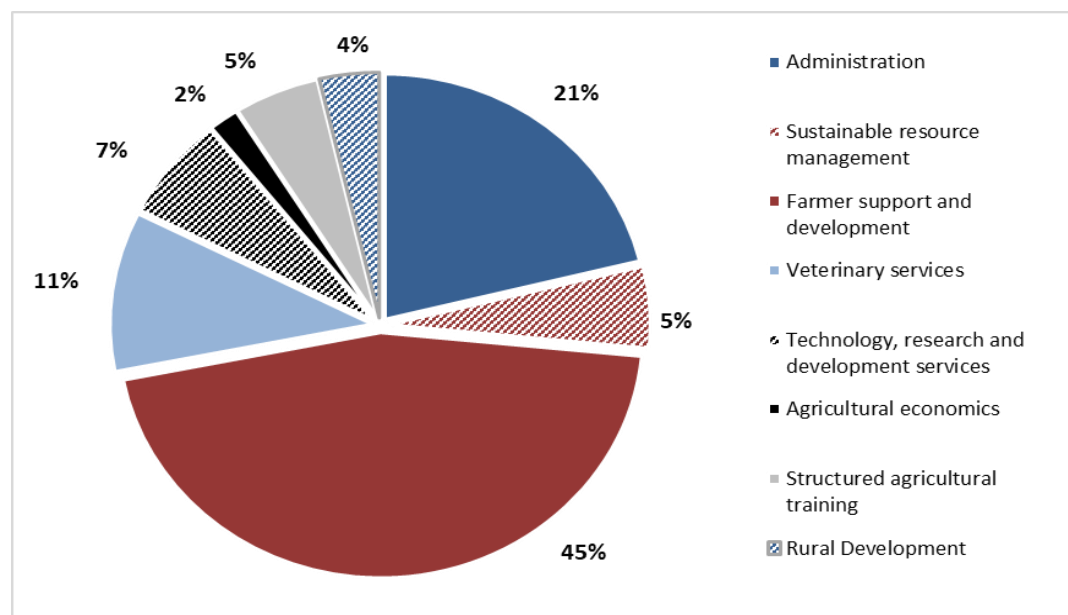
Over the review period, the average provincial budget growth rate for the sector was 4.8 per cent.

Between 2015/16 and 2019/20, the average provincial budget growth rate for the sector was 4.8 per cent. The single largest item of expenditure in 2019/20 was the farmer support and development programme, with a share of 45.4 per cent, followed by the administration programme at 21.2 per cent. The large proportional allocation to farmer support confirms

government's policy direction of supporting smallholder and subsistence farmers to transform into economically contributing entities.

Administration

Figure 9.2: Composition of provincial agriculture budgets, 2019/20

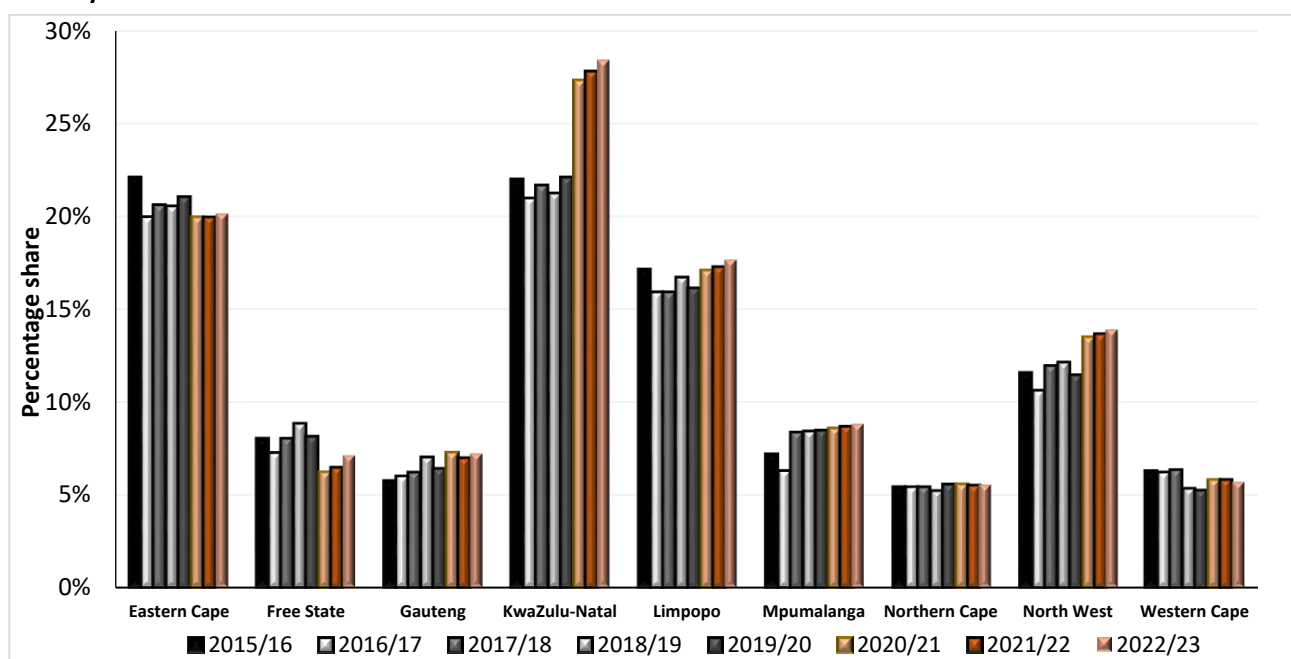


Source: National Treasury provincial database

Spending on the administration programme increased by 6.3 per cent from R2.1 billion in 2015/16 to R2.5 billion in 2019/20 and will grow by an annual average of 9.2 per cent over the MTEF. This is despite cost containment measures to reduce spending on non-core service delivery programmes. The growth in the administration programme is driven particularly by Mpumalanga and Gauteng, with annual growth rates of 19.6 per cent and 16.3 per cent respectively, as the programme includes a number of centralised administrative functions on behalf of the agriculture department.

Despite cost containment measures, spending on the administration programme increased by 6.3 per cent from R2.1 billion in 2015/16 to R2.5 billion in 2019/20 and will grow by 9.2 per cent over the MTEF.

Figure 9.3: Administration budgets as percentages of provinces’ total agricultural budgets, 2015/16 – 2022/23



Source: National Treasury provincial database

Historically, rural provinces have spent the highest proportionate shares of their agriculture budgets on administration. However, over the review period the trend in the more urban provinces is increasingly in line with the national trend. An example of this is North West which is moving from a proportionate share of 11.5 per cent in 2015/16 to a projected 13.8 per cent in 2022/23 as opposed to Gauteng and Western Cape with a low but flat projected share of approximately 7.2 and 6.2 per cent respectively in 2022/23 compared to 7.2 and 5.6 per cent in 2015/16. The largest contributors to the administration budgets are spending on the corporate services and financial management services sub-programmes.

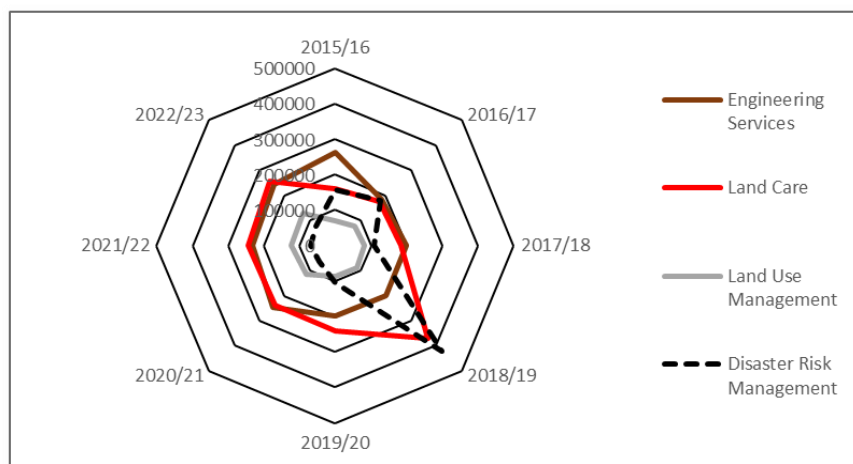
The Western Cape has consistently spent a smaller percentage (13.4 per cent) of its sectoral budget on administration than the other provinces. In 2019/20, Gauteng (25 per cent) and North West (29 per cent) spent the highest proportions of their agriculture budgets on administration.

Sustainable resource management

The sustainable resource management programme provides for agricultural support services to farmers through the sub-programmes of engineering services, land care and land use management. Expenditure on this programme increased by annual average of 0.9 per cent from R616 million in 2015/16 to R632 million in 2019/20; this included a once-off allocation of R400 million for the *LandCare* and *provincial disaster relief* grants in 2018/19. Table 9.3 confirms that, over the review period, the budget for agricultural resource management is R5.5 billion.

From 2015/16 to 2022/23, provinces collectively allocated R1.7 billion to engineering support for irrigation technology, on-farm mechanisation, farm structures, resource conservation management, operation and maintenance of farm equipment, machinery, tools and implements solutions. R773 million was allocated to promoting the sustainable use and management of natural agricultural resources and particularly of land.

Figure 9.4: Provincial sustainable resource management expenditure (R'000), 2015/16 – 2022/23



Source: National Treasury provincial database

Figure 9.4 shows that, with the exception of the Disaster Risk Management and LandCare sub-programmes, spending on all the other sub-programmes remains fairly consistent. During the 2014/15 and 2015/16 droughts, the sector suffered major losses; 38.2 per cent of the total investment over the past period was allocated in 2018/19. Between 2015/16 and 2019/20, approximately R1.49 billion was allocated to the Disaster Risk Management and LandCare sub-programmes.

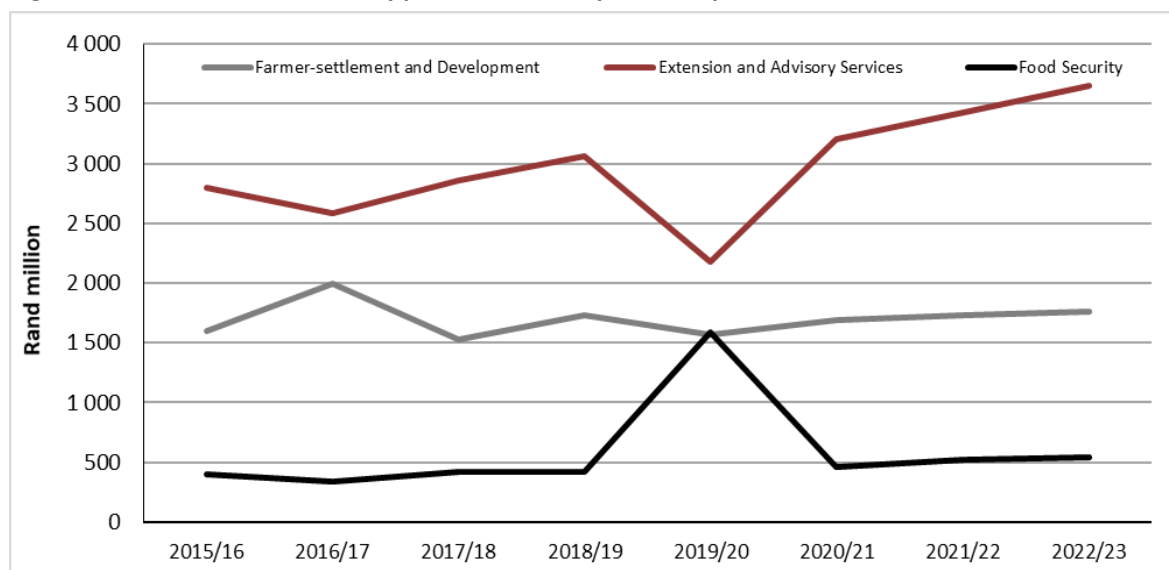
Farmer support and development

The farmer support and development programme supports farmers through agricultural development programmes, receives the bulk of the conditional grant allocations and accounts for most of the sector's budget. Figure 9.5 shows that expenditure increased by 3.6 per cent from R4.8 billion in 2015/16 to R5.3 billion in 2019/20 and is expected to grow by 5.7 per cent to R6 billion in 2022/23. This growth is partly due to centralisation of the infrastructure budget under this programme.

The farmer support and development programme accounts for most of the sector's budget.

The programme spent 46.9 per cent of the provincial agriculture allocation in 2015/16 and is projected to spend 44 per cent in 2022/23. This is a nominal increase in expenditure, mainly driven by extension and advisory services and the farmer settlement and development sub-programme.

Figure 9.5: Provincial farmer support and development expenditure, 2015/16 – 2022/23



Source: National Treasury provincial database

Extension services refer to the systematic process of working with farmers or communities to help them to acquire knowledge and skills relevant to agriculture and to increasing farm productivity, competitiveness and sustainability. In 2015/16, provinces collectively spent R2.8 billion on extension and advisory services; this amount declined by 8 per cent to R2.2 billion in 2019/20. Figure 9.5 shows the budget for extension services growing by 29.5 per cent over the 2020 MTEF to R3.7 billion in 2022/23. Since the implementation of the extension support and development programme in 2008/09, the number of extension officers has increased substantially from 2 210 to the current 3 100. According to the National Food and Nutrition Security Plan, extension services will be able to assist effectively if the number is increased to 5 600.

Pursuing Outcome 7 of the NDP stimulated a renewed emphasis on developing smallholder agriculture.

In pursuit of achieving Outcome 7 of the NDP as one of government’s strategic goals, the focus is on developing vibrant, equitable and sustainable rural communities and food security for all. This has stimulated a renewed emphasis on developing smallholder agriculture. The NDP targets 300 000 households in smallholder schemes by 2030. The 2018 General Household Survey estimated that there are about 2.5 million farming households in the country. Figure 9.5 illustrates the attempt by the sector to direct funds towards developing sustainable smallholder farmers. Since 2015/16, provinces collectively invested R1.6 billion annually in this sector; this declined by 1 per cent in 2019/20 to R1.5 billion. Over the 2020 MTEF period, expenditure on smallholder farming will increase by 6.6 per cent to R1.8 billion. Despite this renewed focus, many smallholder farmers remain excluded from farmer support and development programmes while over 31 900 farmers per year receive support through the CASP. Although the sector seems to be on track to meeting the NDP target of 300 000, a vast

number of smallholder farmers in the country are still not recognised by the current policy. Most are located in rural areas where the lack of physical and institutional infrastructure limits their expansion; for example, lack of access to good roads limits their ability to transport inputs and produce. It is difficult for them to acquire the required agricultural resources and to supply potential markets. These limitations translate into high transaction costs which constrain smallholder farmers' growth.

Veterinary services

This programme provides veterinary services to clients to the agricultural sector to ensure healthy animals, safe animal products and consumer welfare. Expenditure in 2015/16 was R957 million and accounted for 9.4 per cent of the sector's budget. The programme's expenditure increased by an annual average of 5.87 per cent to R1.2 billion in 2019/20 and is projected to increase by 3.6 per cent on average to R1.4 billion in 2022/23 when it will account for 10.5 per cent of the sector allocation.

The provinces allocating the smallest amounts to veterinary services in 2019/20 were the Free State, Limpopo and the Northern Cape, at under R72 million.

The provinces allocating the smallest amounts to veterinary services in 2019/20 were the Free State, Limpopo and the Northern Cape (under R72 million each); the budgets in the other provinces were over R100 million, with Eastern Cape the largest at R339.7 million. Major challenges are the unequal spread of training for veterinary science professionals across provinces; an overall shortage of veterinary scientists and animal health professionals; and an extreme shortage of food production hygienists and abattoir inspectors.

Technology, research and development services

The purpose of this programme is to provide expert and needs based research, development and technology transfer services impacting on the development objectives. The programme expenditure increased by an annual average of 1.0 per cent from R761 million in 2015/16 to R800 million in 2019/20 and is projected to increase on average by 6.15 per cent to R997 million in 2022/23. While the proportionate share of the expenditure decreased from 7.4 per cent in 2015/16 to 6.8 per cent in 2019/20, it is projected to increase to 7.4 per cent of the sector allocation in 2022/23, highlighting the importance attached to investing in technology, research and development in the sector.

Agricultural economics

The agricultural economics programme provides timely and relevant agricultural economics services to the sector in support of sustainable agricultural and agribusiness development to increase economic growth. The programme spent R186 million and accounted for 1.8 per cent of the sector budget in 2015/16; this increased by an annual average of 3.23 per

cent to R216 million in 2019/20 with a proportionate share of 1.8 per cent. While the programme is projected to grow by 2.55 per cent to R238 million over the MTEF, the proportionate share remains unchanged at 1.8 per cent.

Structured agricultural training

In line with the Agricultural Education and Training Strategy, this programme facilitates and provides structured agricultural education and training to all participants in the agricultural sector in order to establish a knowledgeable, prosperous and competitive sector. The programme spent R511 million in 2015/16 and accounted for 5 per cent of provincial agricultural expenditure; this increased on average by 4.18 per cent to R618 million in 2019/20 and is projected to grow by an annual average of 5 per cent to R742 million in 2022/23, with the proportionate share increasing to 5.5 per cent.

Eleven agricultural colleges, most of which are in the Eastern Cape, KwaZulu-Natal, Limpopo and the North West, provide structured agricultural education and training. Lowveld College in Mpumalanga has been incorporated into the University of Mpumalanga. The province therefore joins Gauteng and the Northern Cape as provinces with no agricultural colleges.

Table 9.4: South Africa's agricultural colleges

| Province | Name of college |
|-----------------|---|
| Eastern Cape | Grootfontein Agricultural Development Institute (GADI) Tsolo College Fort Cox College |
| Free State | Glen College |
| KwaZulu Natal | Cedara College Owen Sithole College |
| Limpopo | Madzivhandila College Tompoti Seleka College |
| Mpumalanga | Lowveld College |
| North West | Taung College Potchestroom College |
| Western Cape | Eisenberg College |

Source: National Department of Agriculture

As of 2020/21, with the exception of the Grootfontein Agricultural Development Institute (GADI) which falls under DALRRD, all colleges receive allocations from their provincial departments. Previously disadvantaged colleges receive larger allocations than those that were previously better resourced. The colleges also receive funding from the CASP for infrastructure and equipment.

Ten of the eleven agriculture colleges receive allocations from provincial departments. Grootfontein Agricultural Development Institute (GADI) in the Eastern Cape receives funding from DALRRD.

In March 2014, Cabinet decided to transfer responsibility for agricultural colleges from provincial agriculture departments to Department of Agriculture, Forestry and Fisheries (DAFF) (now Department of Agriculture, Land Reform and Rural Development (DALRRD)) and to incorporate them fully into the Department of Higher Education and Training's (DHET) (now Department of Higher Education, Science and Innovation (DHESI)) post-school education and training (PSET) system. Cabinet subsequently approved the establishment of a Joint Technical Task Team (JTTC) consisting of DAFF and DHET officials to develop mechanisms and propose institutional framework models to guide the transition. The agricultural colleges are transferred from the provincial sphere of government to the national sphere with effect from 1 April 2021.

Rural development

This programme coordinates stakeholder development programmes in rural areas. The programme expenditure, which accounted for 3.2 per cent of the total sector budget in 2015/16, increased on average by 6.5 per cent from R327 million in 2015/16 to R433 million in 2019/20. Over the MTEF, average expenditure is projected to increase by 4.4 per cent to R509 million, increasing the proportionate share to 3.8 per cent of the sector budget as government intensifies its efforts to grow an inclusive rural economy. In absolute terms, the more urbanised provinces of Gauteng and the Western Cape spend more on the rural development programme than does Limpopo, which is one of the country's more rural provinces; it only funds the facilitation and coordination of rural development projects and not their implementation.

Provincial expenditure by economic classification

Expenditure on compensation of employees, accounting for 50.6 per cent share of total expenditure in 2019/20, increased on average by 4.9 per cent from R4.9 billion in 2015/16 to R5.9 billion in 2019/20. Expenditure on this item is projected to increase on average by 6.8 per cent to R7.25 billion in 2022/23, increasing its proportionate share to 53.5 per cent. Thus more than half of the sector's budget will be used to pay salaries, a factor that is related to increases in the administration budget.

The largest increase in expenditure over the historical review period relates to goods and services; this increased by R724 million or 9.5 per cent on average from R2.8 billion in 2015/16 to R3.6 billion in 2019/20. There was also a substantial increase in the proportionate expenditure in the same period, from 27.8 per cent to 30.3 per cent. This large increase was as a result of intensified provision of goods and services to support farmers and to provide assistance to address natural disasters. However, expenditure is projected to grow moderately at 2.6 per cent per year to R3.85 billion in 2022/23, with proportionate expenditure also moderating to 28.4 per cent. Major drivers of this expenditure relate to travel and subsistence and to

The largest increase in expenditure over the historical review period relates to goods and services.

inventory: farming supplies. These expenditure items are indicative of the endeavour to provide support to smallholder and subsistence farmers in the form of extension services.

Spending on transfers and subsidies declined by an average of 4 per cent or R65.7 million between 2015/16 and 2019/20. Expenditure over the MTEF is expected to increase slightly by an average of 0.6 per cent to R1.486 billion in 2022/23, with the proportionate expenditure declining from 16.8 per cent in 2015/16 to 11 per cent in 2022/23.

Expenditure on capital assets increased on average by 1.9 per cent from R720 million in 2015/16 to R776 million in 2019/20 and is projected to grow at an average of 7.1 per cent over the MTEF to R953 million in 2022/23. The proportionate share of expenditure decreased from 7 per cent in 2015/16 to 6.6 per cent in 2019/20 and remains flat until 2021/22 before increasing to 7.0 per cent in 2022/23. The interim decline relates to a once-off allocation to repair infrastructure damaged by natural disasters; reprioritisation of budget to goods and services for implementation of the Agricultural Economic Transformation Strategy; and the fact that the Extension Recovery Plan (ERP) portion of the CASP grows minimally over the MTEF as provision is only made for replacement of existing equipment such as computers and office furniture.

Table 9.5: Provincial expenditure on agriculture by economic classification, 2015/16 – 2022/23

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|----------------|---------------|---------------|---------------|----------------------------|-----------------------------|----------------|---------------|
| | Outcome | | | | Preliminary outcome | Medium-term outcomes | | |
| R million | | | | | | | | |
| Current payments | 7 756 | 8 017 | 8 546 | 9 106 | 9 523 | 10 075 | 10 623 | 11 097 |
| <i>of which:</i> | | | | | | | | |
| <i>Compensation of employees</i> | 4 913 | 5 145 | 5 415 | 5 714 | 5 956 | 6 489 | 6 897 | 7 246 |
| <i>Goods and services</i> | 2 842 | 2 871 | 3 129 | 3 392 | 3 566 | 3 586 | 3 725 | 3 850 |
| Transfers and subsidies | 1 724 | 1 517 | 1 231 | 1 771 | 1 461 | 1 447 | 1 442 | 1 486 |
| Payments for capital assets | 720 | 940 | 816 | 867 | 776 | 798 | 852 | 953 |
| Payments for financial assets | 33 | 14 | 10 | 13 | 3 | – | – | – |
| Total | 10 233 | 10 487 | 10 603 | 11 757 | 11 762 | 12 319 | 12 916 | 13 536 |
| Percentage of provincial agriculture expenditure | | | | | | | | |
| Current payments | 75,8% | 76,4% | 80,6% | 77,4% | 81,0% | 81,8% | 82,2% | 82,0% |
| <i>of which:</i> | | | | | | | | |
| <i>Compensation of employees</i> | 48,0% | 49,1% | 51,1% | 48,6% | 50,6% | 52,7% | 53,4% | 53,5% |
| <i>Goods and services</i> | 27,8% | 27,4% | 29,5% | 28,8% | 30,3% | 29,1% | 28,8% | 28,4% |
| Transfers and subsidies | 16,8% | 14,5% | 11,6% | 15,1% | 12,4% | 11,7% | 11,2% | 11,0% |
| Payments for capital assets | 7,0% | 9,0% | 7,7% | 7,4% | 6,6% | 6,5% | 6,6% | 7,0% |
| Payments for financial assets | 0,3% | 0,1% | 0,1% | 0,1% | 0,0% | 0,0% | 0,0% | 0,0% |
| Total | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% | 100,0% |
| Percentage growth (average annual) | 2015/16 | | | | 2019/20 – 2020/21 | | 2019/20 | |
| | – | | | | – | | – | |
| Current payments | 5,3% | | | | 5,8% | | 5,2% | |
| <i>of which:</i> | | | | | | | | |
| <i>Compensation of employees</i> | 4,9% | | | | 8,9% | | 6,8% | |
| <i>Goods and services</i> | 5,8% | | | | 0,5% | | 2,6% | |
| Transfers and subsidies | -4,0% | | | | -1,0% | | 0,6% | |
| Payments for capital assets | 1,9% | | | | 2,8% | | 7,1% | |
| Payments for financial assets | -46,7% | | | | -100,0% | | -100,0% | |
| Total | 3,5% | | | | 4,7% | | 4,8% | |

Source: National Treasury provincial database

Agriculture conditional grants

DALRRD administers three conditional grants: the CASP, the *Ilima/Letsema projects grant* and the *Land Care programme grant*. The grants provide targeted farmer support, support food production and contribute to the eradication of hunger and poverty.

DAFF administers three conditional grants which amounted in total to R10.5 billion between 2015/16 and 2019/20.

Table 9.6 shows a total of R10.5 billion spent between 2015/16 and 2019/20 across the three grants, with another R6.9 billion projected to be spent over the 2020 MTEF. The largest portion of the total grant funds (71.4 per cent) in 2019/20 were vested in the CASP grant which supports smallholder and subsistence farmers in particular to become economically sustainable.

Table 9.6: Provincial agriculture conditional grants expenditure by grant, 2015/16 – 2022/23

| | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 Preliminary outcome | 2020/21 | 2021/22 | 2022/23 |
|--|--------------------------|--------------|--------------|--------------|-----------------------------------|--------------------------|--------------|--------------|
| R million | Outcome | | | | | Medium-term outcomes | | |
| Comprehensive Agricultural Support Programme Grant | 1 641 | 1 381 | 1 407 | 1 769 | 1 491 | 1 522 | 1 620 | 1 672 |
| Ilima/Letsema Projects Grant | 470 | 427 | 455 | 481 | 503 | 549 | 614 | 632 |
| Land Care Programme Grant: Poverty Relief and Infrastructure | 66 | 59 | 60 | 220 | 93 | 82 | 86 | 88 |
| Total | 2 177 | 1 868 | 1 922 | 2 470 | 2 087 | 2 153 | 2 320 | 2 392 |
| Percentage growth (average annual) | 2015/16 – 2019/20 | | | | 2019/20 – 2020/21 | 2019/20 – 2022/23 | | |
| Comprehensive Agricultural Support Programme Grant | -2,4% | | | | 2,1% | 3,9% | | |
| Ilima/Letsema Projects Grant | 1,7% | | | | 9,1% | 7,9% | | |
| Land Care Programme Grant: Poverty Relief and Infrastructure | 9,0% | | | | -11,1% | -1,6% | | |
| Total | -1,1% | | | | 3,2% | 4,7% | | |

Source: National Treasury provincial database

The CASP has been implemented since 2004/05 and has the primary aim of providing effective agricultural support and streamlining the provision of services to targeted beneficiaries of restitution and redistribution programmes as well as to other producers who have acquired land through private means and are engaged in value-adding enterprises domestically or are involved with exports.

Between 2015/16 and 2019/20, expenditure through the CASP decreased by an annual average of 2.4 per cent from R1.6 billion to R1.5 billion due to once-off disaster allocations in the previous financial years. It is projected to increase by an annual average of 3.9 per cent to R1.67 billion over the 2020 MTEF.

With regard to the CASP grant, farmers are mainly supported with infrastructure for production, marketing and agro-processing, land preparation, establishment of orchards, production inputs, training and mentorship as well as being assisted with SA-GAP certification.

DAFF initiated the Ilima/Letsema programme in 2008/9 with the objective of reducing poverty and unemployment in vulnerable households through increased food production initiatives. The programme aims to ensure that food surpluses have a market, thus increasing the incomes of these households and farmers; and to establish projects that have maximum impact on the eradication of poverty, job creation and economic growth, with a special focus on vulnerable groups such as women and young people.

Between 2015/16 and 2019/20, Ilima/Letsema programme expenditure increased at an average annual rate of 1.7 per cent from R470 million to

R503 million. Over the 2020 MTEF, the grant allocation is projected to increase by an average annual rate of 7.9 per cent to R632 million.

The *LandCare programme grant* promotes the sustainable use and management of natural resources through community-based activities. Between 2015/16 and 2019/20, expenditure through the grant increased by an annual average of 9 per cent from R66 million to R93 million due to once-off disaster allocations in 2018/19. The grant allocation is projected to decrease by an annual average of 1.6 per cent to R88 million in 2022/23.

Table 9.7 shows expenditure of these grants by province between 2015/16 and 2022/23.

The Eastern Cape, KwaZulu-Natal and Limpopo jointly accounted for 46 per cent of the 2019/20 CASP budget while, during the same period, jointly accounting for 53.7 per cent of the *LandCare programme grant*. The Eastern Cape, Free State and KwaZulu-Natal accounted for 40.9 per cent of the *Ilima/Letsema programme grant*. The proportionate percentage budgets for these provinces are projected to remain approximately the same as in 2021/22.

Table 9.7: Provincial agriculture conditional grants expenditure by province, 2015/16 – 2022/23

| R million | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---|--------------------------|--------------|--------------|--------------|--------------------------|----------------------|--------------------------|--------------|
| | Outcome | | | | Preliminary outcome | Medium-term outcomes | | |
| Comprehensive Agricultural Support Programme Grant | 1 641 | 1 381 | 1 407 | 1 769 | 1 491 | 1 522 | 1 620 | 1 672 |
| Eastern Cape | 254 | 263 | 248 | 282 | 244 | 240 | 254 | 262 |
| Free State | 169 | 174 | 169 | 193 | 172 | 176 | 188 | 195 |
| Gauteng | 82 | 85 | 87 | 92 | 69 | 100 | 107 | 110 |
| KwaZulu-Natal | 226 | 222 | 210 | 224 | 222 | 206 | 220 | 227 |
| Limpopo | 262 | – | – | – | 223 | 234 | 248 | 255 |
| Mpumalanga | 170 | 172 | 155 | 173 | 161 | 157 | 168 | 173 |
| Northern Cape | 136 | 128 | 233 | 312 | 156 | 123 | 131 | 135 |
| North West | 195 | 171 | 169 | 176 | 92 | 174 | 186 | 193 |
| Western Cape | 147 | 164 | 136 | 316 | 152 | 112 | 119 | 123 |
| Ilima/Letsema Projects Grant | 470 | 427 | 455 | 481 | 503 | 549 | 614 | 632 |
| Eastern Cape | 50 | 64 | 67 | 71 | 65 | 68 | 76 | 78 |
| Free State | 61 | 59 | 63 | 67 | 73 | 68 | 77 | 79 |
| Gauteng | 24 | 26 | 28 | 30 | 30 | 31 | 35 | 36 |
| KwaZulu-Natal | 69 | 64 | 67 | 71 | 68 | 73 | 82 | 84 |
| Limpopo | 50 | – | – | – | 54 | 70 | 79 | 81 |
| Mpumalanga | 46 | 49 | 52 | 58 | 56 | 57 | 64 | 66 |
| Northern Cape | 69 | 55 | 58 | 61 | 63 | 63 | 70 | 72 |
| North West | 50 | 59 | 63 | 67 | 46 | 67 | 75 | 78 |
| Western Cape | 50 | 51 | 55 | 56 | 47 | 50 | 56 | 58 |
| Land Care Programme Grant: Poverty Relief and Infrastructure | 66 | 59 | 60 | 220 | 93 | 82 | 86 | 88 |
| Eastern Cape | 10 | 11 | 12 | 47 | 22 | 12 | 13 | 13 |
| Free State | 5 | 6 | 6 | 8 | 8 | 8 | 9 | 9 |
| Gauteng | 5 | 5 | 4 | 5 | 5 | 5 | 5 | 5 |
| KwaZulu-Natal | 11 | 11 | 12 | 12 | 15 | 13 | 13 | 13 |
| Limpopo | 10 | – | – | – | 13 | 13 | 13 | 14 |
| Mpumalanga | 6 | 6 | 7 | 19 | 9 | 10 | 10 | 10 |
| Northern Cape | 7 | 9 | 7 | 43 | 8 | 8 | 8 | 8 |
| North West | 8 | 8 | 8 | 40 | 8 | 9 | 9 | 9 |
| Western Cape | 4 | 4 | 4 | 47 | 5 | 5 | 5 | 6 |
| Total | 2 177 | 1 868 | 1 922 | 2 470 | 2 087 | 2 153 | 2 320 | 2 392 |
| Percentage growth (average annual) | 2015/16 – 2019/20 | | | | 2019/20 – 2020/21 | | 2019/20 – 2022/23 | |
| Comprehensive Agricultural Support | -2,4% | | | | 2,1% | | 3,9% | |
| Ilima/Letsema Projects Grant | 1,7% | | | | 9,1% | | 7,9% | |
| Land Care Programme Grant: Poverty | 9,0% | | | | -11,1% | | -1,6% | |
| Total | -1,1% | | | | 3,2% | | 4,7% | |

Source: National Treasury provincial database

■ Service delivery achievements

The NDP identifies agriculture as one of the key sectors for driving economic growth. To achieve this growth, through the Industrial Policy Action Plan (IPAP) government seeks to increase the productivity of core sectors of the economy including agriculture.

Table 9.8: Key agriculture performance indicators, 2015/16 – 2017/18

| Key Agriculture Performance Indicators | 2015/16 | 2016/17 | 2017/18 | Total | Concentration of achievements in 2017/18 | | |
|--|---------|---------|---------|---------|--|--------|---------|
| | | | | | Provinces | Total | Percent |
| Number of hectares protected / rehabilitated to improve agricultural production | 74 185 | 61 748 | 53 223 | 189 156 | LP, NC & WC | 29 500 | 55,4% |
| Number of green jobs created | 9 948 | 8 364 | 7 569 | 25 881 | EC, KZN & LP | 6 223 | 82,2% |
| Number of smallholder producers receiving support | 41 403 | 31 569 | 26 692 | 99 664 | KZN, LP & MP | 13 856 | 51,9% |
| Number of hectares cultivated for food production in communal areas and land reform projects | 90 373 | 84 893 | 78 977 | 254 243 | EC & MP | 44 028 | 55,7% |
| Number of households benefiting from agricultural food security initiatives | 77 687 | 53 745 | 97 635 | 229 067 | KZN | 42171 | 43,2% |
| Number of Agri-Businesses supported with agricultural economic services to access markets | 1 212 | 806 | 859 | 2 877 | EC, LP & WC | 541 | 63,0% |
| Number of participants trained in agricultural skills development programmes | 21 024 | 21 400 | 20 289 | 62 713 | MP | 9 125 | 45,0% |
| | | | | | EC, KZN & WC | 6 632 | 32,7% |

Source: Department of Planning, Monitoring and Evaluation – Electronic Quarterly Performance Reporting System (eQPRS)

Between 2015/16 and 2019/20, 328 837 hectares of land were protected or rehabilitated to improve agricultural production. Approximately 40 060 or 57.7 per cent of the protected or rehabilitated hectares in 2019/20 were in the Western Cape, Limpopo and KwaZulu-Natal. As a result of this land protection and rehabilitation, Stats SA has reported that the value of agricultural production increased by an average of 8.7 per cent from R82.6 billion in 2014 to R106.4 billion at the end of 2017, with the agricultural sector making a 2.6 per cent contribution to the country's GDP.

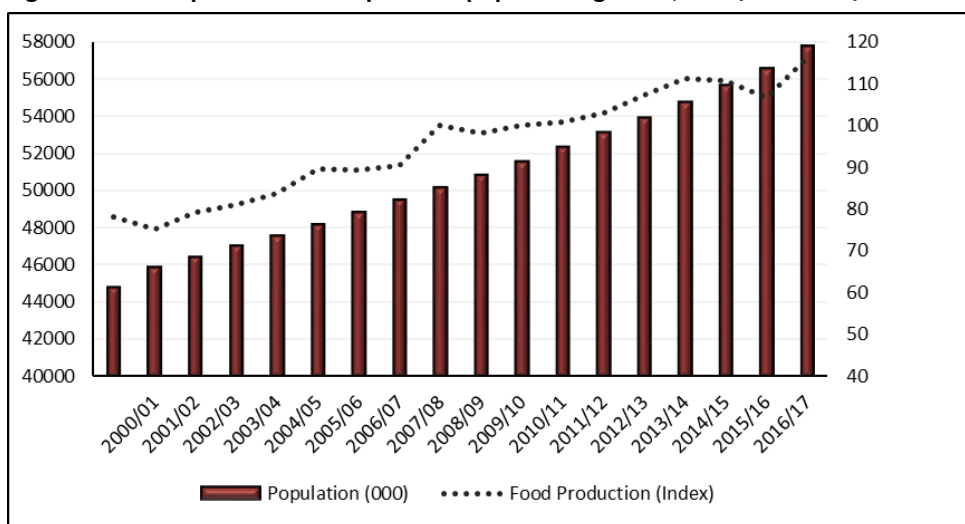
Expanded agricultural production should enable job creation and achieve inclusive economic growth in the rural economy. The NDP has set a target of one million jobs to be created in the sector by 2030, particularly through the green economy. Between 2015/16 and 2019/20, 48 281 green economy jobs were created. In 2019/20, 5 600 or 53.5 per cent of the jobs created were in Limpopo alone. Green economy jobs created are in the areas of biodiversity conservation, ecosystem restoration, green energy generation, energy and resource efficiency as well as emissions and pollution mitigation. The sector employs around 850 000 people or 5.3 per cent of the country's labour force of whom approximately 770 000 are farm workers and domestic workers on farms.

The MTSF identifies development and technical, financial and infrastructure support for smallholder producers as key to increasing agricultural production and transforming the agrarian sector. Between 2015/16 and 2019/20, 154 540 smallholder producers received support from government. In 2019/20, 18 909 or 80.4 per cent of these were in Limpopo,

the Eastern Cape and KwaZulu-Natal. Support is especially directed to beneficiaries of land reform programmes and takes the form of irrigation schemes, seed provision, training for SMMEs, extension services, mechanisation and other supports provided through the CASP, the *Ilima/Letsema programme grant* and the *LandCare grant*. The number of agricultural households declined over the review period but, according to Stats SA, the number of smallholder households selling their produce increased slightly by an annual average of 0.4 per cent from 187 999 in 2015/16 to 189 528 in 2017/18.

Underlying government support for smallholder producers and the land reform programme is the key principle of ensuring sustainable food security. The government is committed to ensuring this by improving the food production system as well as subsistence and smallholder farming.

Figure 9.6: Food production compared to population growth, 2000/01 - 2016/17



Source: Statistics South Africa

Table 9.7 shows that, between 2015/16 and 2019/20, 439 951 hectares were cultivated for food production in communal areas and land reform projects. In 2019/20, approximately 55 251 or 59.8 per cent of the cultivated hectares were in the Eastern Cape, KwaZulu-Natal and North West. Consequently, the value of food production increased from an index of 110.6 in 2015 to 116.1 in 2017. According to the 2018 General Household Survey, 84 per cent of agricultural households use farming as either their main or an extra source of household food; the percentages range from 47.9 per cent in the Western Cape to 89.6 per cent in Limpopo. However, during the review period the 2.5 per cent average annual growth in food production did not keep pace with the 1.4 per cent average annual growth in population; there was a 6.5 per cent average annual growth in per capita maize consumption from 70.8kg per year in 2015 to 80.3kg per year in 2017.

Increased food production can increase the availability of food for vulnerable households. Between 2015/16 and 2019/20, 369 222 households

benefited from food security initiatives. In 2019/20, 49 110 or 62.3 per cent of these households were in KwaZulu-Natal and the Eastern Cape. The food security initiatives included programmes such as Fetsa Tlala, the integrated food security strategy and the comprehensive food security and nutrition strategy; these all form part of the national policy on food and nutrition security. According to the 2018 General Household Survey, the percentage of households with inadequate access to food decreased from 23.6 per cent in 2010 to 20.2 per cent in 2018. Access to food still poses challenges in North West and the Northern Cape, where over 30 per cent of households have inadequate access in contrast to only 7.4 per cent in Limpopo.

Accessing markets is important for the expansion of agricultural production and for job creation by small-scale farmers, particularly in agribusinesses. Table 9.8 indicates that, over the review period (2015/16-2019/20), 6 248 agribusinesses were supported with agricultural economic services to access markets. More than two thirds (1 640 or 69.9 per cent) of the agribusinesses supported in 2019/20 were based in the Eastern Cape. The services through which these agri-businesses were supported included entrepreneurial development, marketing services, value adding, production and resource economics.

To minimise risks to the expansion of the sector, the NDP calls for improvements to and extension of skills development. Between 2015/16 and 2019/20, 104 452 people were trained in agricultural skills development programmes; in the 2019/20 financial year, 10 699 or 54.1 per cent of the participants were from Mpumalanga and the Western Cape. The skills development programmes included farmer training, extension officer training, the EPWP Working for Fisheries Programme (WFFP) and formal National Qualifications Framework (NQF) qualifications training. These all form part of the Agricultural Education and Training Strategy.

Rural development is one of government's key priorities in working to achieve an integrated and inclusive rural economy by 2030 as envisaged by the NDP. Provinces carry out rural development through their own strategies which are linked to the national Comprehensive Rural Development Programme (CRDP). Agriculture-focused projects implemented as part of provinces' rural development strategies include Masibuyele Emasimini and Masibuyele Esibayeni in Mpumalanga, Tshimo Ya Kgosi in North West and Mohoma Mobung in the Free State. The main types of rural development projects implemented relate to land reform, infrastructure development, job creation, poverty alleviation, agroindustry, agri-parks, tourism, small enterprises and fisheries.

A successful land reform programme is at the heart of achieving sustainable rural and socio-economic development in South Africa. The land reform programme is implemented through land redistribution, restitution and tenure. Between 2015/16 and 2018/19, 680 777 hectares were acquired by

government for land reform purposes and 3 088 land claims were finalised. Land ownership in South Africa still reflects the inequalities between the racial groups. The 2017 Land Audit Report found that Whites owned 72 per cent of the 37 million hectares of farmland and agricultural holdings, followed by Coloureds with 15 per cent, Indians with 5 per cent and Africans with 4 per cent.

■ Medium-term outlook

A sizable proportion (45.9 per cent) of the sector's budget goes towards supporting and developing smallholder producers and emerging farmers. This support is largely provided through the CASP conditional grant. The aims of the CASP include providing effective agricultural support services; promoting and facilitating agricultural development by targeting beneficiaries of land reform and other black producers; and restitution and redistribution.

An evaluation report on the impact of the CASP, published in 2015, found that although progress has been made in achieving some of the programme's objectives it was insufficient to promote commercialisation of farmers and particularly of emerging black producers. For this reason, and in line with the Operation Phakisa initiative which aims to implement priority programmes better, faster and more effectively, the DALRRD has launched a new programme to support commercialisation of black producers' enterprises in the agriculture, forestry and fisheries sectors.

This programme will be financed by a blended model in which, in addition to a government grant, private funds will be leveraged in the form of loans administered by the Land Bank. Since this initiative would mean less reliance on government grants, it could mean that instead of transferring all CASP funds to provinces the DALRRD could transfer a portion of CASP funding to the Land Bank to kick-start the programme. Although it is evident that this is how farmer support will be funded over the medium term, the details of exactly how this will be done are still under consultation and being discussed with relevant stakeholders.

■ Conclusion

To feed South Africa's expanding population, food production or imports must double over the medium to long term; production needs to increase using the same or fewer natural resources; and new technologies such as hydro-seeding, a planting process that uses a slurry of seed and mulch, need to be explored.

Factors restraining the growth of South African agriculture are:

- Inadequate financing, especially for smallholder farmers, their organisations and small and medium agro-enterprises which lack basic financial services.
- The gap between farmers' changing needs and the required research and development.
- Pests and diseases: fruit and vegetable farmers are particularly affected by these.
- Rising input costs: currently, feed makes up most of farm expenditure, followed by fuel and fertilisers. The prices of these inputs are linked to the price of oil and to the rand's international exchange rate, both of which are beyond farmers' control.
- Adverse climatic conditions such as drought.
- Reliable access to water.