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STATEMENT BY MINISTER OF AGRICULTURE JOHN STEENHUISEN

CAPE TOWN

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Dear Sakeliga, ignoring inequality won't make it go away, it takes genuine interventions and equality of opportunity to build a fairer society.

During the course of the last week Mr. Piet Le Roux, the CEO of Sakeliga, a Pretoria based organisation, has made a variety of claims against both myself as the minister of Agriculture as well as the department of Agriculture. The main claim is that, as Minister of Agriculture, I have "introduced AgriBEE". Secondly, they accuse me of "establishing several transformation funds, directly in accordance with AgriBEE"

Both these claims are false and are clearly being used by Mr. Piet Le Roux, to steer a public campaign of misinformation and distortion. Mr Le Roux seeks to falsely portray me as some BEE Tsar in order to try and drive Sakeliga's own membership and income through manufacturing outrage and sensationalism. I wish today to set the record straight and refute Mr. Le Roux's baseless sensationalism.

Firstly, the department of agriculture is not the custodian of BBBEE, a little bit of basic research by Sakeliga and Le Roux would have shown that the gazetting and promulgation of the architecture and regulatory framework, including AgriBEE was done by the Department of Trade and Industry. The codes of good practice were signed by the then minister of Trade and Industry on the 8 December 2017 a full nine years before I became the minister of agriculture.

Like any other government department, provincial administration or local government administration, the Department of Agriculture is subject to the laws of the Republic. Legislative compliance is also specifically measured and included in the annual reports of the Auditor General when determining the audit outcomes for every

department and public entity.

Secondly, I wish to turn to Le Roux's and Sakeligas' patently false allegation accusing me of "establishing several transformation funds". The "evidence" they provide for this absurd claim is the fact that I have gazetted several statutory levies. This is a statutory requirement for every minister of agriculture and has been since 1996. Le Roux of course, conveniently and purposely, leaves out the fact that these levies are not determined by the minister, but instead are voluntarily initiated by the 21 commodity groups themselves and these are then simply forwarded to the National Agricultural Marketing Council (NAMC) to investigate and initiate the report to the minister for gazetting.

Apart from the fact that the act and measures were implemented almost a decade before I became minister, it is also important to underscore that the application for statutory measures by commodity organisations is a voluntary process. This is not something imposed by ministerial diktat as Le Roux tries to imply. It is something that the industry chooses.

It is also worth mentioning that Le Roux is under the impression that the Department of Agriculture issues "water rights" and that I am, seeking to racialise these. This is again another false claim. Water rights and licensing are done by the Department of Water and Sanitation through a process that does not involve the Minister of Agriculture.

Le Roux then proceeds to paint the entirely false narrative that, as minister, I have somehow "created" these big "transformation funds" and I direct and determine how they are spent. Again, this is entirely false. Basic research would have revealed that the statutory levy is paid over to the commodity groups. It is these independent commodity organisations, not government or the minister, who decide upon the use of them. I have no role whatsoever in the utilisation of these funds, selecting beneficiaries or directing which projects or individuals must be chosen for assistance.

Where do these levies come from?

I do think it is worthwhile to set out the history of these levies in order to place them in their proper context:

Since 1997 and the collapse of the apartheid-era control boards, and the ending of the support and protectionism they provided in a pre-democratic society, the agriculture sector has organised itself into commodity groups. This is in line with the Marketing of Agricultural Products Act of 1996. This act sought to replace the old era of protectionism, dumping and directive with a system of collecting statutory levies for each commodity association.

The system provides for a commodity organisation to request the minister to allow for the collection of a statutory levy on an agricultural product. This levy is then paid over to the commodity association. The levy is used to finance a range of activities including, but not limited to, marketing, market development, scientific research and

development, consumer education and promoting empowerment of previously excluded participants (more about this later!)

The National Agricultural Marketing Council (NAMC) is established to ensure that the levies are in line with the provisions of the Marketing of Agricultural Products Act and assist in increasing market access for all market participants, promoting the efficiency of the marketing of agricultural products, optimising the export earnings from agricultural products and enhancing the viability of the agri sector.

This instrument of statutory levies has become a vital source of funding and advancement for the agricultural commodity bodies and provide benefits for every single player in each of the commodities, regardless of their race or gender. The entire commodity value chain and everybody in it, reaps the massive benefits from the use of the levies in promoting, developing and advancing the individual commodity.

Why is empowerment necessary?

Le Roux and his organisation are always extremely quick to cite the Constitution to underpin and justify their various campaigns. You cannot however cherry pick which parts of the constitution you wish to uphold and those parts that you wish to conveniently ignore.

Apart from its injunction to promote social justice in its very preamble, The Constitution of the Republic of South Africa sets out in Chapter 2, section 9 (2) of the Bill of Rights the following:

Equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect or advance persons or categories of persons disadvantaged by unfair discrimination may be taken.

There can surely be no rational person who looks at the Gini coefficient of 0.63 in South Africa and cannot discern that there exists a great inequality problem in our country.
Due to the legacy of Apartheid, a history of legislative dispossession and discrimination, as well as policy and governance failures, particularly during the “9 wasted years” of elite enrichment, corruption and state capture, South Africa remains an economically unjust society. Most importantly our economy is not growing fast enough.

The agriculture sector is not immune to this, another fact clearly lost on Le Roux and Sakeliga. The scale of our challenge however is set out in the book by renowned agricultural economist, Wandile Sihlobo, entitled “a country of two agricultures”. It sets out in stark reality that despite three decades of political freedom, this has still not resulted in the adequate improvement in the socio-economic prospects of the majority of South Africans in the agriculture sector. Sihlobo concludes that the share of previously disadvantaged farmers who participate in agricultural output hovers at a

paltry 10%. This is evident from the following table:

Share of black farmers in commercial agricultural output (Average 2015-2020)

Commodity Black Farmer Share in Output
Maize 4.7%
Soybeans 3.1%
Wheat 1.3%
Cotton 2.4%
Citrus 12.8%
Deciduous fruit 10.2%
Viticulture 1.6%
Potato 1.0%
Tomato 8.6%
Wool 11.0%
Mohair 12.8%
Cattle 34.0%
Poultry 4.2%

Source: Sihlobo and Kirsten (2021)

An economically just society is one in which economic opportunities are made available to all, and people have the capability to be able to make use of those opportunities. If we wish to deal with inequality and create an inclusive and non-racial society we must address inequalities of opportunity. I want to make this clear: I am not interested in engineering equality of outcome through race or other quotas. What I am interested in is promoting an equality of opportunity that will assist disadvantaged people to have a fair shot at accessing markets.

In other words, instead of focusing on picking winners and losers in a race, the solution lies in ensuring that every South African, regardless of their skin colour, their gender or their past is brought to the same fair starting point. This approach will ensure that every participant can compete fairly, according to their own talent and ability, so that a fair race can occur. Creating equality of opportunity is far more effective than trying to manufacture equality of outcome.

The levy system is therefore a perfect example of how we can create an equality of opportunity in the agricultural space. This is essential if we are to work together to ensure that we overcome our past and own our future by moving towards a situation where all our farmers are able compete on a fair basis from the same starting point. This approach by commodity bodies to genuine empowerment by up-skilling, training, including and resourcing of those previously excluded is a far more effective empowerment model for the following reasons:

1. It is industry led, directed and operationalised. This avoids any political interference or cronyism.

2. It allows for real skills transfer, knowledge sharing and genuine empowerment.

3. It is in line with a “whole of society” approach to our socio-economic challenges.

4. It does not take away from any participant at the expense of another, but focuses instead on addition, growth and capacity building.

5. It moves beyond elite transfer or “trickle down” and focuses instead on genuine farmer- level empowerment and skilling.

6. Every producer contributes to the levy regardless of their race.

7. Applications for any statutory levy is done on a voluntary basis by the commodity organisation.

8. The more small farmers that are empowered, the more they will contribute to the same levies, thereby growing the contributions for the benefit of all.

I am unsure how Sakeliga and Le Roux intend to deal with inequality and ensure fairness in the agriculture space. I am yet to see a single contribution from them in this regard that goes beyond just a slavish and misinformed criticism.

However, I wish to be clear that I will continue to work with the commodity bodies and organised agriculture in order to create greater equality of opportunity in the agriculture space. This is because I believe passionately in growing the sector, using genuine empowerment models, and equipping our previously excluded sectors of society to participate fairly in markets, and then it is for the market to determine winner and losers. That is how you build a “flourishing, value-based agri-business” not by pretending and acting, as Le Roux does, that inequality and unfairness simply do not exist.

I believe passionately that genuinely empowering small-scale farmers at farm-gate level will unleash a growth and jobs revolution in the agriculture sector that will ensure that we grow the sector for everybody’s benefit. The more farmers we have with the knowledge and ability to farm, the better production we have. This not only ensures food security but will also make sure we have the volumes to satisfy export requirements.

I am very proud of the commodity organisations and their commitment to creating an equality of opportunity and I am proud of how they have themselves used portions of their levy income in the development of interventions that focus on genuine farmer-level empowerment and development. The vast proportion of the levies are used towards marketing, product development, scientific research and industry development from which all in the commodity value chain benefit.

Just a few examples of the use of the empowerment component of the levy are:

Macadamias South Africa (SAMAC)

- Technical support, inputs, equipment and infrastructure. This included trees, chemicals fertilisers chemical storage.
- Assistance to small scale farmers and aid in obtaining global GAP accreditation
- This is done using a 70/30 matching fund model to ensure that farmers are invested and accountable for the resources.

Milk South Africa

- Assistance in electrifying dairy farms to improve production.
- Assistance in fencing and milk storage facilities.
- Contracted independent livestock broker and dairy consultant to conduct workshops for small scale farmers and workers.

Hortgro

- Tailored support based on individual needs of each farmer
- Blending levy income support with the jobs fund and commercial financial institutions
- Specialised extension services to farmers

Potato Industry Development Trust

- enterprise development for small scale farmers through the small growers project

Cotton South Africa.

- Enterprise development for small scale farmers.
- Skills development and knowledge transfer
- Establishment of a new Gin for improved access to processing of cotton for small scale farmers.
- National initiative to improve access to cotton gins for small scale farmers.
- Mechanisation assistance to improve yields and quality
- Partnerships with FarmSol, Senwes, and Agriqua to assist with technical assistance
- Funding six Honours, 12 MSc and three PhD students.

Oil and protein Seeds Development Trust

- Training, mentoring, information provision, technology transfer.
- Enterprise development and advanced farmer support
- Bursary scheme for 10 MSc and PhD annually

National Lucerne Trust

- Enterprise development for small farmers and agripreneurs
- Bursary scheme through UFS
- Lucerne hay Grading course for small scale farmers.

South African Pork Producers Organisation

- 78 farms assisted with mentorship and vet services
- 5 farms assisted with accounting services
- Enterprise development for piggery management, carcass quality evaluation.
- Mentorship and skills transfer for commercialisation and sustainability.

Wool Trust

- Infrastructure development for communal farmers through development o shearing sheds
- Shearer and farm worker training
- Enterprise development teaching skills such as classification, packaging and prevention for formal market access, wool classing, breeding techniques, pasture health.

Red meat Industry

- Bursaries based on fields that support the industry

Citrus Growers Association

- Development of the grower development company focussing on access to value chains.
- Supporting emerging growers with integrated pest management, trees, packing materials.
- Training in compliance for access to markets.

Raisins South Africa

- Enterprise development focussing on building sustainable business models
- Training and bursaries
- Development of a Guidance officer Programme to develop transfer of technical skills.

South African Table Grape Industry

- Vineyard development programme to improve quality and yield.
- Helpdesk and advisory services in compliance, marketing and management
- Bursaries provided
- Modular course through Stellenbosch university in table and raisin grape production
- Farm worker development programme

South African Pecan Producers Association

- Enterprise development assisting development of new orchards.
- Bursaries
- Skills development programmes for farmers and farm workers
- Provision of trees to schools

It is these bottom-up initiatives by industry bodies, rather than top-down quotas enforced centrally, that show us the way towards genuine empowerment that does not exclude anyone and grows the economy.

I am exceptionally proud of the work being done by each and every industry body, commodity association, farmers organisation and value chain to foster a spirit of “saambou” in our agriculture space by their individual and collective industry efforts to build a quality of opportunity in our country. I urge all of them to not be distracted and diverted by the petty stone-throwing by Mr. Le Roux and Sakeliga.

To Sakeliga I simply say this: these initiatives are precisely the type of industry led interventions that we need to address inequality and build a growing and more inclusive agriculture sector in South Africa. It is a fact that when we expand opportunity, we expand markets and when that happens everybody wins regardless of their race.

I will as the minister of Agriculture, continue to support interventions which create equalities of opportunity rather than those that seek to manipulate equalities of outcome. Without a sense of urgency to overcome historical injustice by those in government, South Africa will not enjoy a prosperous future.

If Sakeliga wishes to challenge the statutory levies and their use then they are welcome to approach the courts, summon each of the independent commodity organisations and try to convince a judge why their model of genuine sector-led and bottom-up empowerment is unlawful.

However, if I was a Sakeliga member or funder I would seriously be questioning the value of such an obsessive focus of Sakeliga resources on nit-picking genuine community-led empowerment initiatives that are working, especially when there exist far more pernicious and failing trickle-down and elite transfer practices that deserve more urgent attention and intervention.

In government we must put in place positive measures to enhance equality of opportunity and entrench fairness that does not exclude anyone or take from anyone, and instead grows the pie for everyone. Access to opportunity gives life and meaning to our hard-won freedoms and we can and must provide everyone with a solid foundation on which to use their own talents and innate abilities to take themselves as far as they wish to go.

We can only do so when we stop denying and we recognise the problem and then determinedly work to level the playing field so that every citizen has a fair start.

Because in doing so we will build a genuine ladder of opportunity for every South African.

THANK YOU

ISSUED BY THE MINISTRY OF AGRICULTURE

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