



PART A

General information



PART A: GENERAL INFORMATION

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Acronyms

AIMS	Agricultural Information Management System	DPSA	Department of Public Service and Administration	IHRMP	Integrated Human Resources Management Plan
AGRIBEE	Agricultural Black Economic Empowerment	DPWV	Department of Public Works	IOCV	International Organization of Citrus Virologists
APAP	Agricultural Policy Action Plan	dti	Department of Trade and Industry	IPAP	Industrial Policy Action Plan
APP	Annual Performance Plan	DWA	Department of Water Affairs	IIR	Institute for International Research Training
ARC	Agricultural Research Council	EAC	East African Cooperation	ISID	Institute for the Study of International Development
ARV	anti-retro viral	EAP	Employee Assistance Programme	IT	Information Technology
ASRDC	Agriculture and Sustainable Rural Development Committee (MANCO subcommittee)	EC	Eastern Cape	IVLP	International Visitors Leadership Programme
		EDMS	Electronic Document Management System	JICA	Japan International Cooperation Agency
		EPMDS	Employee Performance Management and Development System	KIM	Knowledge and Information Management
AU	African Union			KZN	KwaZulu-Natal
AUIBAR	Inter-African Bureau for Animal Resources	ERP	Enterprise Resource Planning	LOGIS	Logistical Information System
AVCRT	Aquaculture value chain roundtable	EU	European Union	LP	Limpopo Province
BAS	Basic Accounting System	EXCO	Executive Committee	Mafisa	Micro-agricultural Financial Institutions of South Africa
BBBEE	Broad-Based Black Economic Empowerment	FANRPAN	Food, Agriculture and Natural Resources Policy Analysis Network	MLRA	Marine Living Resources Act
BEE	Black Economic Empowerment	FAO	Food and Agriculture Organization	MLRF	Marine Living Resources Fund
BNC	Binational Commission	GAAP	Generally Accepted Accounting Practice	MoU	Memorandum of Understanding
BRICS	Brazil, Russia, India, China and South Africa	GADI	Grootfontein Agricultural Development Institute	MSP	Master Systems Plan
CAAPD	Comprehensive African Agricultural Development Programme	GCIS	Government Communication and Information System	MSP-ICT	Master Systems Plan—Information and Communication Technology
CARA	Conservation of Agricultural Resources Act	GDP	Gross Domestic Product	MTEF	Medium Term Expenditure Framework
CASP	Comprehensive Agricultural Support Programme	GM	genetically modified	MTSF	Medium Term Strategic Framework
CC	Climate Change/Close Corporation	GMO	genetically modified organism	N/A	Not applicable
CEM	contagious equine metritis	GP	Gauteng Province	NAMC	National Agricultural Marketing Council
CEO	Chief Executive Officer	GPSSBC	General Public Service Sector Bargaining Council	NBS	Natal Building Society
CFO	Chief Financial Officer	GPS	Global Positioning System	NBAC	National Bid Adjudication Committee
CHE	Council on Higher Education	Ha	Hectares	NC	Northern Cape
		HIV	Human Immunodeficiency Virus	NDP	National Development Plan
COMESA	Common Market for Eastern and Southern Africa	HDI	Historically Disadvantaged Individual	NDPW	National Department of Public Works
		HCT	HIV Counselling and Testing	NERPO	National Emergent Red Meat Producers' Organisation
COMPAS	Computerised Plantation Analysis System	HOA	home owner's allowance	NGP	New Growth Path
CVO	Chief Veterinary Officer	HPG	Holistic Planned Grazing	NIPF	National Industrial Policy Framework
DAFF	Department of Agriculture, Forestry and Fisheries	HR	Human Resources	NRF	National Revenue Fund/National Research Foundation
DDG	Deputy Director-General	HRD	Human Resources Development	NW	North West
DG	Director-General	HRM	Human Resources Management	NUFFIC	Organisation for International Cooperation in Higher Education (The Netherlands)
DDG: CS	Deputy Director-General: Corporate Services	IAA	Internal Audit Activity	OA	Ocean Acidification
DDG: PPME	Deputy Director-General: Policy, Planning, Monitoring and Evaluation	ICAC	International Cotton Advisory Committee	OAG	Office of the Accountant-General
DFI	Departmental Financial Instructions	ICT	Information and Communication Technology		
DORA	Division of Revenue Act	IDC	Industrial Development Corporation		
		IGDP	Integrated Growth and Development Plan		

DAFF Annual report 2014/15

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OBP	Onderstepoort Biological Products	TAE	Total Allowable Estimate
ODC	Organisation Development Committee	TNF	Tripartite Negotiating Forum
OECD	Organisation for Economic Cooperation and Development	ToR	Terms of Reference
OFDA	Office of Foreign Disaster Assistance (USA)	TUP	Temporary Unplanted Areas
OHS	Occupational Health and Safety	TV	Television
OIE	International Office of Epizootics (World Organization for Animal Health)	USA	United States of America
OMP	Operational Management Procedure	USAID	United States Agency for International Development
PAA	Public Audit Act	VAT	Value-Added Tax
PANAFRICAN	Pan-African Capital Holdings (Pty) Ltd	WC	Western Cape
PC	Portfolio Committee	WCRL	West Coast Rock lobster
PCO	Pest Control Operator	WCS	System for Registration of Capital Works Projects (Department of Public Works)
PFMA	Public Finance Management Act	WIFM	Woodlands and Indigenous Forest Management (Directorate)
PI	Procurement Instruction	WFP	World Food Programme
PICC	Presidential Infrastructure Coordinating Commission	WfW	Working for Water
PMDS	Performance Management and Development System	WTO	World Trade Organization
PPECB	Perishable Products Export Control Board		
PSCBC	Public Service Commission Bargaining Council		
PSETA	Public Service Sector Education and Training Authority		
Q1	Quarter 1	Directorates of the department:	
Q2	Quarter 2	D:AFLS	Directorate: Agricultural and Forestry Legal Support
Q3	Quarter 3	D:AIC	Directorate: Agriculture Inputs Control
Q4	Quarter 4	D: B	Directorate: Budgets
QMR	Quarterly Monitoring Report	D: CF	Directorate: Commercial Forestry
R	South African Rand	D: EDPM	Employee Development and Performance Management
RAMP	Repairs and Maintenance Project	D: ER	Directorate: Employee Relations
RDP	Reconstruction and Development Programme	D: FacM	Directorate: Facilities Management
R&D	Research and Development	D: FIES	Directorate: Food Import and Export Standards
SCM	Supply Chain Management	D: FMEC	Directorate: Forestry Management (Eastern Cape)
SCOPA	Standing Committee on Public Accounts	D: FMKZN	Directorate: Forestry Management (KwaZulu-Natal)
SIP	Strategic Integrated Project	D: FMMpuLim	Directorate: Forestry Management (Mpumalanga and Limpopo)
SITA	State Information Technology Agency		
SMME	Small, Medium and Micro Enterprise		
SMS	Senior Management Service		
SO	Strategic Objective	D: FSQA	Directorate: Food Safety and Quality Assurance
TAC	Total Allowable Catch	D: GADI	Grootfontein Agricultural Development Institute
TB	Tuberculosis		

Foreword by the Minister



Mr Senzeni Zokwana

It gives me pleasure to present the Annual Report of the Department of Agriculture, Forestry and Fisheries (DAFF) for the 2014/15 financial year to Parliament. The department was guided by key government policies and plans for the medium term, including the National Development Plan (NDP), the New Growth Path (NGP), the Industrial Policy Action Plan (IPAP), Presidential Infrastructure Coordinating Commission (PICC) and, in particular, the Strategic Integrated Project (SIP) 11 of the PICC. For the agricultural, forestry and fisheries sectors, specific policies and plans such as the Agriculture, Forestry and Fisheries Strategic Framework and the Agricultural Policy Action Plan (APAP) were developed and approved by Cabinet in March 2015.

APAP is a programmatic response to the President's "Nine-point Plan to ignite growth and create jobs," one of which is "revitalising agriculture and the agro-processing value chain". The success of this priority will be measured in terms of food security, job creation and contribution towards the gross domestic product (GDP). Achievements and challenges for the 2014/15 financial year in relation to policy directives and strategic outcome related goals are also reflected.

ACHIEVEMENTS AND CHALLENGES

Job creation

The strategic logic informing the decision to isolate agriculture as a growth sector is because agriculture delivers more jobs per Rand invested than any other productive sector, and remains critical in the face of rural poverty and food insecurity. The NDP confirms and estimates that agriculture, forestry and fisheries could potentially create one million decent jobs by 2030. However, the conditions for achieving this target include a focus on high growth commodities, in combination with improved delivery on land reform and improved livelihoods within communal areas.

The latest Statistics South Africa Quarterly Labour Force Survey (for the period until end of March 2015) confirmed that agriculture, forestry and fisheries contributed 150 000 employees quarter-on-quarter, and sustained increases of 183 000 in job creation year-on-year. This number will grow as APAP is institutionalised with significant increases in the production of strategic commodities by smallholder producers.

Job creation strategies include the development of agro-processing, marketing and small, medium and micro-enterprise (SMME) strategies to enable employment creation in support of growth of labour intensive agro-industries. Targeted programmes such as Working for Fisheries (WfF) and LandCare have been utilised to further contribute to job creation and improved rural livelihoods. The department also supported the creation of job opportunities

for households in agricultural smallholder schemes, as well as the upgrading of conditions of farm workers.

Another intervention with regard to skills development, is DAFF's investment in growing the next generation of professionals through its External Bursary Scheme that was introduced in 2003, which has produced over 1 000 graduates. None of the DAFF bursars are unemployed—they are either brought into the department for an internship or deployed to the public entities and into commodity groups. Another successful intervention is the Post-graduate Training Programme agreed with the People's Republic of China.

Following the public outcry on the handling of the Fishing Rights Allocation Process (FRAP) of 2013, in the eight fisheries sectors, we have completed the required investigations. The process to prepare for the long-term allocation of the fishing rights allocation expiring by December 2015, has started and is expected to be completed by 2016. FRAP 2013, was subjected to an independent review and the final report was received. The legal feasibility of the various options to institute corrective measures where weaknesses have been identified, will be taken into consideration to correct these anomalies. Coastal fishing accounts for about 10% of South Africa's R9 billion off-shore fishing industry. About 2 200 fishermen in the sector have been operating with interim permits since filing a lawsuit against the allocations in February 2014, that would have prevented about half of them from working.

Through the Small-scale Fisheries Policy, the goal is to transform the fisheries sector by providing support to small-scale fishing communities, ensuring sufficient access to fish stocks, providing access to long-term fishing rights, thereby changing the socio-economic profile of the sector. This policy will further generate job opportunities in fish-processing establishments, promote the development of aquaculture hatcheries and fish farms, and promote the establishment of ownership schemes to realise the vision of an inclusive, integrated rural economy.

Food security

To address the challenges of poverty, unemployment and inadequate access to food, the department has prioritised food security and agrarian transformation. The National Policy on Food and Nutrition Security was approved by Cabinet in 2013 to ensure the availability, accessibility and affordability of safe and nutritious food at national and household levels. The department also worked with the private sector to develop the APAP, which will bring one million hectares of underutilised land into full production over the next three years. Through APAP the department aims to bring more smallholders into the mainstream as envisaged in the NDP. However, the effective participation of the previously excluded black majority in agriculture and food production will only occur meaningfully when they have access to land and the means to work it. An inclusive and scientific process will be used to assess the situation in terms of land capability for different commodities and in different localities, so as to inform land acquisition and allocation for different categories of producers across the country.

Although the country can maintain the ability to meet national food requirements, more than 12 million citizens have insufficient access to food, are vulnerable to hunger and are food insecure. In order to reduce hunger and ensure that good nutrition is attained, DAFF focused on the promotion and empowerment of smallholder producers. These producers were supported in various ways, among others, by providing production inputs, training and advisory services, as well as access to finance and credit through Micro-agricultural Financial Institutions of South Africa (Mafisa), the Comprehensive Agricultural Support Programme (CASP) and Ilima/Letsema. This increased their competitive edge towards becoming sustainable producers to provide products to markets. Through the Fetsa Tlala Initiative, our strategic objective is to utilise one million hectares of land in rural areas for the production of crops.

To ensure mechanisation support to smallholder producers, the National Mechanisation Policy was developed and consulted widely during 2014/15. The policy creates a favourable regulatory environment in which government will continue to make available agricultural machinery such as tractors to smallholder producers to ensure optimal production of food.

An innovation, which we are proud of and that will boost production and trade, is the drought-tolerant maize cultivar, which was launched by the ARC, under the consortium project: Water Efficient Maize for Africa in December 2014. This maize cultivar is 20% more drought tolerant than any cultivar available on the market.

In an effort to correct the exclusion of small-scale fishers in the sector, DAFF adopted the Small-scale Fisheries Policy in 2012, the Small-scale Fisheries Implementation Plan in 2013, and made the necessary amendments to the Marine Living Resources Amendment Act in 2014. We have also developed and published the regulations for small-scale fisheries for public comment. These reforms give legal recognition to small-scale fishers and will promote the transformation of the subsector to assist fishing communities living along the coastal areas in creating sustainable livelihoods, generating income and creating jobs.

Aquaculture has been given a boost through its inclusion in the Oceans Economy Operation Phakisa. Through Operation Phakisa and the detailed plans on the development of 24 marine and inland aquaculture projects, which are being implemented, we expect to increase production from the current 4 000 tons to 20 000 tons a year, increase the current value of the subsector from R400 million to R6 billion a year and create up to 210 000 sector jobs by 2030.

CONTRIBUTION TO GDP

Agriculture is a catalyst for economic growth and the current contribution of the sector towards the GDP of 2,5% is far below

the capacity of the sector. It should be noted, however, that the sector contributes another 12% to the GDP through value added from related manufacturing and processing. Agricultural, forestry and fisheries products have increased their share of total South African trade from 9,9% in January 2013 to 12,8% by September 2014. During the same period there was a 43,6% year-on-year increase in the value of exports of sector products from R71,4 billion to R102,5 billion in 2014. The largest subsector in the agricultural, forestry and fisheries export basket in 2014, based on value, was fruit and nuts. The highest growth in the export of specific products within the sectors was the export of wood with a growth of 72%. While South Africa continues to be a net exporter of agricultural, forestry and fisheries products, exports are still concentrated in primary agricultural products and the country is a net importer of processed agricultural products.

We have diligently pursued our commitment to increase intra-African trade and as a result our trade with the continent increased by 44,8% year-on-year. The main products driving the increase were fruit such as apples, grapes and pears. Wine, sugar, maize and fish remain major contributors to exports. New markets were established in 2014/15. After five years of technical work on resolving the phytosanitary requirements, we were able to conclude agricultural trade protocols for the export of South African maize and apples to China in December 2014. The export of apples alone is projected to generate R500 million in foreign exchange and the industry is gearing up to plant an additional 10 000 hectares, thereby creating 13 000 new jobs over the next three to five years.

For growth of the sector is cognisant of a number of challenges and opportunities. For example, the sector is challenged by high input costs, climate change, natural disasters such as drought and fires, skewed and inadequate infrastructure and energy shortages. In addition, 2014 was the worst fire season in seven years. Unwanted fires caused untold damage to property, agricultural resources, livestock and tragic loss of lives.

In February 2014, the World Organization for Animal Health (OIE) declared South Africa free of foot-and-mouth disease (FMD), after a three-year ban on the export of red meat as a result of the disease. In February 2015, the country's FMD-free zone status was reconfirmed by the OIE. A conservative estimate of the value of the livestock industry is around R50 billion. Our FMD-free status has enabled us to negotiate market access for our cloven-hoofed animal products. We are in the process of negotiating the export of game meat to the European Union and beef to the Middle East. To strengthen our animal disease control capabilities, legislation has been amended to make provision for compulsory community service and we will be deploying the first cohort of veterinarians in the 2015/16 financial year. In addition, 30 mobile veterinary clinics worth R22,5 million have been delivered to six provinces to be deployed in remote rural areas for the provision of primary animal health care services to livestock farmers.

World Forestry Congress

Preparatory work took place for the hosting of the 14th World Forestry Congress from 7 to 11 September 2015, in Durban. The congress is the largest and most significant gathering of the world's forestry sector, bringing together global interested parties and organisations from across the world. The congress has been held every six years since 1926, under the auspices of the FAO and this will be the first time that it will take place on African soil.

Agricultural Policy Action Plan

The Agriculture, Forestry and Fisheries Strategic Framework spells out a vision for more equitable, productive, competitive and sustainable growth. In doing so, it outlines key policy areas or policy pillars, including equity and transformation; equitable growth and competitiveness; environmental sustainability; and good governance. In implementing the Agriculture, Forestry and

Fisheries Strategic Framework, APAP outlines a value chain approach in which it identifies priority commodities. The selection criteria of commodities, as identified in the NDP, include those with high growth potential, and high labour absorption, e.g. fruit, more specifically citrus, and commodities with the potential to contribute to a positive trade balance, e.g. wine, and food security, such as vegetables. These are as follows: red meat integrated value chain; poultry integrated value chain; fruit and vegetables; sugar; wine; wheat; forestry—Category B and C refurbishment and Forest Protection Strategy; fisheries— aquaculture and small-scale fisheries schemes; and biofuels. With all conditions being favourable, APAP could, by 2019, potentially increase the number of smallholders from 164 000 in 2012 to 400 500; increase the value add of the sector from R42,5 billion in 2012 to R48,9 billion in 2019 (or 2% real growth per year); real increase in value of net exports from an annual average of R5,1 billion in 2012 to R5,8 billion in 2019 (or 2% real growth per year); decrease in value of diesel, fertiliser and machinery imports at an average of R9,6 billion in 2012 to R7,4 billion (or 3% real decline a year; reduction in the share of households experiencing hunger “sometimes”, “often” or “always” from 10,8% of households in 2012 to 8,0% in 2019; and increase the number of jobs in the sector from 660 000 for 2012 to 822 500 (an additional 162 500 jobs) and a potential 1 million jobs by 2030.

Our public entities, the ARC and the National Agricultural Marketing Council (NAMC) in particular, have been actively involved in the development of APAP over the past 18 months. The research and databases from the ARC's Soil Testing Laboratories was used in our spatial analysis and maps we have developed to determine which commodities can be produced in which places. These maps have been overlaid with the mapping by the Department of Rural Development and Land Reform, following their land audit. We are, therefore, able to show where all the projects of both departments are located. The NAMC also supported APAP with economic analysis and its expertise in value

chain mapping. NAMC is also the coordinator of the Strategic Infrastructure Project 11, which pertains to Agro Logistics and Rural Infrastructure. The Perishable Products Export Control Board (PPECB) has committed to expand the number of small-holder farmers with South African Good Agricultural Practice (SA-GAP) Certification. We are also working with Onderstepoort Biological Products (OBP) on a business case to secure funding to ramp up vaccine production.

ACKNOWLEDGEMENT AND CONCLUSION

I wish to thank my Deputy Minister, General Bheki Cele, for his cooperation and support towards the agricultural, forestry and fisheries sectors. I would like to express my gratitude to the Chairpersons and members of the Portfolio and Select Committees on Agriculture, Forestry and Fisheries, as well as Land and Mineral Resources in the National Assembly and the National Council of Provinces, respectively, for their oversight. Thirdly, I wish to extend my appreciation to the industry, organised agriculture and our business partners for their commitment towards the agricultural, forestry and fisheries sectors. Finally, a word of thanks to the public entities, provincial departments, as well as the Director-General and her team for their support and spirit of cooperation. By working together we can move South Africa forward to attain economic freedom and household food security for all our citizens.



Mr Senzeni Zokwana (MP)

MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES

Statement by the Deputy Minister



Gen. Bheki Cele

During the 2014/15 financial year, the focus of the department was on the following key priority areas, namely production; productivity of and support to smallholder producers and new entrants; expanding market access through focusing on the diversification of export destinations; and supporting access to increased processing opportunities and providing market infrastructure and

compliance training. These priority areas are aligned to achieve the government outcomes to provide access to safe, sufficient and nutritious food to all our citizens; and to create decent employment in the agricultural, forestry and fisheries sectors, while enhancing and protecting our natural resources.

The performance of the agricultural, forestry and fisheries sectors is influenced by many factors. These include the increase in labour costs, rising input costs such as fuel, fertilisers and electricity, the weak exchange rate of the Rand, climate change, natural disasters such as droughts and fires, as well as skewed and inadequate infrastructure. Although food and nutritional security remains our priority, and we are encouraged by the research reports which inform us that we have made significant strides in reducing hunger and malnutrition. However, the cost of the food basket for household items continues to rise and consumers' pockets have been hard hit. We want to reiterate the call that was made last year for more families to produce their own food. It remains our collective interest to promote family farming as it mobilises the productive energy of women and the youth in agriculture.

In order to ensure effective coordination of all the food security activities in the country, the Department of Agriculture, Forestry and Fisheries jointly with the Food and Agriculture Organization of the United Nations and Departments of Social Development and Rural Development and Land Reform developed the Food and Nutrition Security Policy Implementation Plan. The plan, which was consulted widely within government and civil society, elevates the main outcomes that must underpin all efforts towards ensuring food security. The Fetsa Tlala Food Production Initiative that was launched in 2013 mobilised smallholder producers to increase production and to access export market opportunities through, for example, the World Food Programme.

In addition, targeted support was also provided through the Comprehensive Agricultural Support Programme (CASP) and Ilima/Letsema in order to realise enhanced food production.

Through the Division of Revenue Act (DORA), 2014 (Act No. 10 of 2014), the department made R1,834 billion in conditional grants available to provinces in 2014/15 for the implementation of CASP to increase access to agricultural support services for beneficiaries of land reform and producers who privately acquired their land and are engaged in value adding enterprises.

Furthermore, an amount of R67,837 million was released to provinces in respect of LandCare to promote sustainable use and management of natural resources. An additional allocation of R460,625 million, through DORA, was released to provinces for the implementation of Ilima/Letsema to increase food production and respond to Fetsa Tlala.

To contribute positively towards the food security status of the country, the department supported 14 907 smallholder producers in various ways, among others, the provision of technical, training and advisory services. Another 15 791 people benefitted from DAFF's food security initiatives, e.g. seed packs, garden implements and planting. A further 18 695 smallholder producers were supported by the Agricultural Research Council (ARC) with scientific services, agriculture skills and capacity development. Furthermore, 19 commodity-based cooperatives were established, while 107 cooperatives were supported with training in various provinces.

Another major achievement was the development of the norms and standards for comprehensive producer support. The lack of a national framework had created unnecessary confusion regarding the roles and responsibilities of different stakeholders, the nature of services they are meant to provide, the gaps that exist,

and a definitive guide regarding the appropriate governing and administrative/coordination functions was required. Furthermore, the lack of consensus on the typology of farmers resulted in inadequate and uncoordinated services being provided to the previously disadvantaged farmers. The norms and standards provide clear farmer typologies and definitions, which have been agreed to for effective delivery of financial and non-financial support services and financing instruments appropriate and in tune with the needs of farmers.

As one of the productive sectors in the economy, the agricultural, forestry and fisheries sectors have the potential of contributing hugely towards economic growth and job creation. The focus of DAFF will be on achieving the target of creating one million jobs in the agricultural, forestry and fisheries sectors by 2030. The sectors have been identified as key job drivers in the economy and will require the unlocking of growth potential among key industries as specified in the NDP and prioritised in the APAP. Job growth is envisaged, especially in the areas of agro-processing and marketing, as well as exploring new export opportunities in Africa and China. The implementation of the Agriculture Marketing Strategy and the Agriculture, Forestry and Fisheries Trade Competitiveness Development Plan will be prioritised. Growth in the aquaculture sector has also increased and could further contribute to job creation in the fisheries sector.

During the period under review, the number of hectares of agricultural land, state indigenous forests and temporary unplanted areas (TUPs) that were rehabilitated through LandCare, Conservation of Agricultural Resources Act (CARA) and Working for Water (WfW) were increased. The land rehabilitated, included 33 756.36 ha agricultural land; 591 ha state indigenous forests; and 2 099 ha TUPs.

The fisheries sector is an important element of the Ocean Economy Strategy, Operation Phakisa. A draft Aquaculture Development Bill has been developed and three of the 24 aquaculture projects have been implemented. Our approach in this

sector will continue to be around responsible management of the marine resources supported by extensive research on the declining marine stock and ensuring that we close the fish protein gap, alleviating food insecurity and increasing growth.

The department continued with the campaign of acknowledging and rewarding women entrepreneurs contributing towards food security, agrarian reform and economic development through the DAFF Female Entrepreneur Awards. The gala event was held on 22 August 2014 in Mahikeng, North West. The aim of the awards is to encourage women, both young and old, and those with disabilities to become entrepreneurs and to venture into export markets.

Of concern is that transformation of the agricultural, forestry and fisheries sectors has been slow and tentative. The department's plans for the transformation of the sector are clearly articulated in our policies. The aim is to direct the transformation of the sectors so that our people no longer remain on the periphery, but become economically active and involved in the business of agriculture, forestry and fisheries.

Sustainable management of our natural resources, namely land, soil, water and climate systems is critical for the sustainable use of our resources and food security. To address the loss of prime agricultural land to other sectors, the Preservation and Development of Agricultural Land Framework (PDALF) was developed by the department and will be consulted with stakeholders in 2015/16. Regarding our other legislative work, three Bills were approved by Cabinet in December 2014. Parliament is deliberating on the Plant Breeder's Rights Bill, Plant Improvement Bill, and the Performing Animals Protection Amendment Bill. It is envisaged that three further Bills will be submitted for consideration and approval by Cabinet in 2015, namely the Plant Health Bill, Liquor Products Amendment Bill and the Agriculture Research Amendment Bill.

The highlight not only for the department, but for the entire country, will be the hosting of the 14th World Forestry Congress

from 7 to 11 September 2015, in Durban. I am confident that the country is geared up to host this prestigious event and to warmly welcome the delegates.

In conclusion, I wish to thank the Minister, the Chairpersons of the Portfolio and Select Committees on Agriculture, Forestry and Fisheries for their guidance and support. I would also like to extend my appreciation to the industry, business partners and organised agriculture for their spirit of cooperation and support. Lastly, I would like to thank the public entities, provincial departments, the Director-General and the departmental team for their contribution in striving towards economic freedom and food security for all our citizens.



Gen. Bheki Cele (MP)

DEPUTY MINISTER OF AGRICULTURE, FORESTRY AND FISHERIES

Report of the Accounting Officer



Prof. Edith V. Vries

During the 2014/15 financial year, the Department of Agriculture, Forestry and Fisheries (DAFF) focused on maximum performance of deliverables over the Medium Term Expenditure Framework (MTEF) period. The DAFF's service delivery targets were guided by the Medium Term Strategic Framework priorities and the government's outcomes-based performance management approach, primarily on Outcome 7 and supporting Outcomes 4 and 10, which include contributing towards food

security, employment through economic growth and the protection of our environmental assets and natural resources.

The DAFF was at all times directed by government's key policies, namely the National Development Plan (NDP), New Growth Path (NGP), Industrial Policy Action Plan (IPAP), Presidential Infrastructure Coordinating Commission (PICC) and, in particular, the Strategic Integrated Project (SIP) 11 of the PICC. For the agricultural, forestry and fisheries (AFF) sectors, specific policies and plans such as the Agriculture, Forestry and Fisheries Strategic Framework and the Agricultural Policy Action Plan (APAP) were developed and approved by Cabinet in March 2015. The Annual Report focuses on the results, challenges, significant events and projects for the 2014/15 financial year.

OVERVIEW OF THE OPERATIONS OF THE DAFF

APAP is the programmatic response to priority 1 of the Nine-point Plan to ignite growth and create jobs, one of which is revitalising agriculture and the agro-processing value chain. It outlines a value chain approach in priority commodities, informed by the commodities with high-growth potential and high-labour absorption capacity identified in the NDP.

While South Africa continues to be a net exporter of agricultural, forestry and fisheries products, exports are still concentrated in primary agricultural products and the country is a net importer of processed agricultural products. We have diligently pursued our commitment of increasing intra African trade and as a result, our trade with the continent increased by 44,8% year-on-year. The main products driving the increase were fruit such as apples, fresh grapes and pears. Wine, sugar and fish remain major contributors to exports.

We have established new markets in 2014/15. After five years of technical work on resolving phytosanitary issues, we were able to conclude agricultural trade protocols for the export of South African maize and apples to China in December 2014. The industry is gearing up to plant an additional 10 000 hectares (ha) of apples and the export of apples alone is projected to generate R500 million in foreign exchange and create 13 000 new jobs over the next three to five years.

In February 2014, the country regained its foot-and-mouth disease (FMD) free zone status. The country's FMD-free zone status was reconfirmed by the World Organization of Animal Health (OIE) in February 2015. Conservative estimates of the value of our livestock industry is around R50 billion. Our FMD free status has enabled us to negotiate market access for our cloven-hoofed animal products. We are in the process of negotiating the export of game meat to the European Union and beef to the Middle East.

An innovation, which we are proud of and which will boost production and trade, is the drought tolerant maize cultivar, which was launched by the Agricultural Research Council, under the Consortium Project: Water Efficient Maize of Africa in December 2014. The maize cultivar is 20% more drought tolerant than any cultivar available on the market. We have distributed at least

10 000 bags of seed packs to smallholder farmers in all nine provinces.

Food and nutritional security remains our priority and we are encouraged by the research reports which inform us that we have made significant strides in reducing hunger and malnutrition. However, the cost of a food basket for household items continues to rise and consumers' pockets have been hard hit.

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

Departmental receipts

Departmental receipts	2014/15			2013/14		
	Estimate	Actual amount collected	Over/under collection	Estimate	Actual amount collected	Over/under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	150 679	163 230	-12 551	131 144	153 717	-22 573
Transfers received	127	727	-600	150	173	-23
Fines, penalties and forfeits	29	33	-4	50	49	1
Interest, dividends and rent on land	16 538	6 727	9 811	17 815	8 237	9 578
Sale of capital assets	1 103	1 034	69	1 050	757	293
Financial transactions in assets and liabilities	17 640	19 901	-2 261	242 046	646 651	-404 605
Total	186 116	191 652	5 536	392 255	809 584	-417 329

Revenue derived from the sale of goods and services includes statutory services, the registration of plant breeders, stock remedies, agricultural remedies and wood product sales. The sales of redundant capital assets amounted to R1,034 million in 2014/15 compared to R757 000 in 2013/14. The sales of redundant capital assets for 2014/15 included the sale of vehicles (R242 000) and other machinery and equipment (R792 000), which included tractors and construction vehicles. The sales of redundant capital assets for 2013/14 included the sale of vehicles and trucks (R675 000), computer equipment (R1 000) and other machinery and equipment (R81 000). Financial transactions in assets and liabilities for 2014/15 included R13,863 million being refunds from unspent conditional grants and projects received from provincial governments compared to R637,208 million refunded during the 2013/14 financial year.

Programme expenditure

Programme name	2014/15			2013/14		
	Final appropriation	Actual expenditure	Over/under-expenditure	Final appropriation	Actual expenditure	Over/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	758 973	738 441	20 532	704 671	681 583	23 088
Agricultural Production, Health and Food Safety	2 192 977	2 183 702	9 275	2 010 320	2 000 946	9 374
Food Security and Agrarian Reform	1 689 344	1 656 320	33 024	1 604 592	1 590 101	14 491
Trade Promotion and Market Access	307 319	307 000	319	256 452	256 334	118
Forestry	1 303 983	1 303 645	338	1 168 579	1 144 699	23 880
Fisheries	439 787	439 765	22	437 668	437 650	18
Total	6 692 383	6 628 873	63 510	6 182 282	6 111 313	70 969

Reasons for under-expenditure

Administration

Owing to the cumbersome process of the Department of Public Works, expenditure in respect of the Stellenbosch – Plant Quarantine Station: Upgrading and maintenance of buildings and laboratories: Glasshouse and tunnels project was not fully completed. Furthermore, the skills development levy payment to PSETA was included in the 2014/15 AENE. PSETA submitted the invoice and section 38(1) (j) certificate during March 2015. The banking details on the safety web could not be verified before the end of the financial year, hence the payment was not made.

Agricultural Production, Health and Food Safety

Equipment in respect of the Primary Animal Health Care Programme had to be imported from overseas and could not be delivered before the end of the financial year.

Food Security and Agrarian Reform

Quarter 4 transfer of DORA funds was withheld owing to underspending by the Mpumalanga Department of Agriculture. The Mpumalanga Department of Agriculture has provided proof of commitments on the withheld funds. Furthermore the MoU in respect of the University of Fort Hare was not finalised.

Virements

In total four virements, including the final virement, totalling R163,178 million, were granted. Expenses funded through this process included property management leases and municipal services shortfalls, DIRCO and GCIS claims, provision of funds to the National Agricultural Marketing Council (NAMC) to perform certain functions in respect of SIP 11, the Female Entrepreneur Awards for the national event and the provision of funds for the harvesting and storage of the crop as part of the Integrated Food Security Production Intervention. The shifting of funds was effected between all six programmes and was approved by either the National Treasury or DAFF's Chief Financial Officer. The details of the shifting of funds between programmes are reflected in the *Appropriation Statement*.

Irregular and fruitless/wasteful expenditure

Irregular and fruitless/wasteful expenditure to the amount of R2,687 million (R406 000— prior period error) and R199 000 (R3 000— prior period error) respectively, was identified in the 2014/15 financial year through various control measures. These cases are being investigated in terms of the Departmental Financial Instructions (DFIs). The outcome of the investigations determines the appropriate disciplinary processes to be decided upon by the Accounting Officer.

Future plans of the department

The vision for the agricultural, forestry and fisheries sectors, as catalysts for radical socio-economic transformation, is food security for all, creation of one million decent jobs by 2030 and significantly increasing the contribution of these sectors to the GDP. The agricultural sector has lost rather than gained jobs, yet it is the most labour-intensive productive sector. Fisheries is facing depleted stocks of marine and coastal wild capture fisheries, however, shows huge potential in terms of aquaculture. Forestry is constrained by stringent water regulations and underinvestment in long rotation sawlog plantations. Growth in the AFF sectors is occurring alongside job losses, and this trend in labour shedding must be reversed.

Agricultural sector

The focus will be on achieving the set target of creating one million jobs in the AFF sectors by 2030. The sectors have been identified as key job drivers in the economy and will require the unlocking of growth potential among key industries as specified in the NDP and prioritised in the Agricultural Policy Action Plan (APAP) to address the change agenda. It identifies commodities based on their capacity and potential to create jobs, contribute to food security, growth potential and potential contribution to the trade balance.

Sector interventions to assist smallholder producers with technical, infrastructure and financial support will continue to be rolled out. These include the Comprehensive Agricultural Support Programme (CASP), Ilima/Letsema and LandCare programmes. Through the Fetsa Tlala initiative, our strategic objective is to utilise one million hectares of land in rural areas for the production of crops. To improve our veterinary services, the OIE conducted evaluations in 2014 and 2015 on the performance of veterinary services in South Africa and reaffirmed our FMD-free status. We will ensure animal disease management, access to primary health care services and reduce the level of disease outbreaks in production areas to a minimum.

Forestry sector

The forestry sector offers long-term investment opportunities for rural economic development. Increased production and productivity in prioritised areas will be ensured by sustainable forest management. A significant number of jobs will be created and hectares of agricultural land and indigenous forests will be restored through the rehabilitation and refurbishment of Category B and C plantations and LandCare programmes. The highlight not only for the department, but for the entire country, will be the hosting of the 14th World Forestry Congress in September 2015.

Fisheries sector

The fisheries sector is an important element of the Ocean Economy Strategy, Operation Phakisa. We anticipate that Operation Phakisa, which is still under development, will place marine resources in a central position in the economy. Through Operation Phakisa, we can potentially grow the sector value from its current R2 billion to R6 billion, with a possible job creation of up to 210 000 jobs in the sector by 2030.

The Working for Fisheries Programme (WfFP) will remain one of the vehicles for economic growth and sustainable livelihoods for fishing communities. Our plans will focus on ensuring that the commercial rights allocation reflects the commitment of government and the industry to transform the sector. To further transform this sector, the implementation of the Small-scale Fishing Policy will contribute towards equitable participation of coastal and fishing communities and ensure that they gain access to marine resources.

Public-private partnerships

The DAFF did not enter into any public-private partnerships.

Discontinued activities/activities to be discontinued

No planned activities were discontinued. However, planned policies for agro-ecological agriculture (conservation agriculture); labour-intensive commercial agriculture; and urban agriculture, including peri-urban agriculture were not developed.

New activities

Through the MTEF processes and with the approval of the Cabinet, additional funds were allocated for spending over the MTEF period on the upgrade and maintenance of buildings and laboratories of the Stellenbosch Plant Quarantine Station to the amount of R54,6 million; and the building and modernisation of the vaccine production facilities and equipment at Onderstepoort Biological Products (Pty) Ltd, to an amount of R492,4 million.

Furthermore, agriculture has been identified as a key job driver, together with other productive sectors. The implementation of the APAP, which translates the high-level policy responses of the AFF Strategic Framework into tangible, concrete actions, is the response of the sector to the NGP and the NDP.

Supply chain management

During the year under review, no unsolicited bid proposals were concluded. Supply chain management (SCM) processes are in place and have been documented in accordance with Chapter 13 of the DFIs. The DAFF implemented the Basic Accounting System (BAS) and the Logistical Information System (LOGIS) for all orders, payments, assets and store items. Processes are also in place to prevent and detect irregular expenditure as prescribed by the National Treasury, i.e. for bid specification committees, bid evaluation committees and bid adjudication committees. SCM challenges experienced during the 2014/15 financial year were mostly irregular expenditure, where SCM processes were not followed by line functionaries. These cases of irregular expenditure were only detected when suppliers claimed payment, without orders being issued for goods/services supplied or rendered. The reason for other cases of irregular expenditure included the lack of motivation where three quotations were not obtained. All cases of irregular expenditure were reported to the Accounting Officer.

Gifts and donations received in kind from non-related parties

Details of gifts and donations are reflected in Annexure 1K of the Financial Statements.

Exemptions and deviations received from the National Treasury

During the 2014/15 financial year, DAFF did not obtain approval from the National Treasury for any exemptions and deviations in terms of the Public Finance Management Act and Treasury Regulations.

Agricultural debt

The DAFF is continuing with the management of debts in terms of the repealed Agricultural Debt Management Act, 2001 (Act No. 45 of 2001), read with the Agricultural Debt Management Repeal

Act, 2008 (Act No. 15 of 2008). This includes debt that resulted from loan assistance to farmers granted by the former Agricultural Credit Board until 1997, e.g., the payment of debt, purchasing of farms, farming equipment and production inputs and other debt emanating from certain special financial assistance measures to farmers at the time. A portion of this debt is still secured by means of mortgage bonds over immovable property and memoranda of agreement/notarial bonds where movable assets such as livestock, vehicles and farming implements were taken as collateral for the loans granted.

In 1998 when this financial assistance was finally phased out, the debt amounted to R1 140,7 million, the number of debtors to 9 614 and the number of accounts to 16 432. On 31 March 2015, the total outstanding debt was R78 087 760,16, the number of debtors was 258 and the number of accounts was 342. The net amount recovered during the 2014/15 financial year was R8 889 613, 07 and the debt written off amounted to R11 205 831,16.

A process to change most of the present interest rates applicable to the remaining outstanding accounts to the uniform interest rate under the Public Finance Management Act, 1999 (Act No. 1 of 1999), was almost concluded in the year under review and will be implemented in the next financial year from 1 May 2015.

Events after the reporting date

Dr B.M. Modisane, Chief Director: Animal Production and Health was elected as President of the International Office of Epizootics (World Organization for Animal Health) OIE.

CONCLUSION

In conclusion, I would like to express my gratitude to the Minister, Deputy Minister and the chairpersons and members of the Parliamentary Committees for their political leadership, expertise and guidance. I also wish to extend my appreciation to the leadership and staff of the public entities, the agribusiness community, farmer organisations and other sector partners for their continued support. Finally, I would like to thank the management team and staff members in the department for their dedication and hard work in pursuit of our objectives in striving towards meeting our commitments to the South African public.



EDITH V. VRIES

ACCOUNTING OFFICER

Department of Agriculture, Forestry and Fisheries

Statement of responsibility and confirmation of accuracy for the Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, performance information, human resource information and the financial affairs to the department for the financial year ended 31 March 2015.

Yours faithfully



EDITH V. VRIES

ACCOUNTING OFFICER

Department of Agriculture, Forestry and Fisheries

Date: 31 August 2015

Strategic overview

VISION

A leading, dynamic, united, prosperous and people-centred sector

MISSION

Our vision will be achieved through developing and sustaining a sector that contributes and embraces:

- Economic growth (and development)
- Job creation
- Rural development
- Sustainable use of natural resources
- Food security

VALUES

Drive: Driven to deliver excellent service

Attitude: Being an ambitious, passionate, reliable and dedicated workforce

Fairness: Acting with objectivity, empathy, integrity and transparency

Focus: Focusing on people, economic and rural development

Legislative and other mandates

The DAFF's legislative mandate covers the agriculture, forestry and fisheries value chains from inputs, production and value adding to retailing.

LEGISLATIVE MANDATE

The entire legislative mandate of the DAFF is derived from sections 24(b) (iii) and 27(1)(b) of the Constitution. The DAFF is primarily responsible for Acts relating to agriculture, forestry and fisheries. The following Acts reflect the legislative mandate of the department:

Table 1: Legislative mandate

Act number and year	Purpose	Functional competence	Responsibility
Agricultural Debt Management Act, 2001 (Act No. 45 of 2001)	Establishes the agricultural debt accounts and to provides for the use of the account as a mechanism to manage agricultural debt repayment	National	Directorate: Financial Accounting
Agriculture Laws Extension Act, 1996 (Act No. 87 of 1996)	Provides for the extension of the application of certain laws relating to agricultural matters to certain territories which form part of the national territory of the Republic of South Africa; the repeal of certain laws which apply in those territories; and for matters connected therewith	National	Executing Authority
Agricultural Laws Rationalisation Act, 1998 (Act No. 72 of 1998)	Provides for the rationalisation of certain laws relating to agricultural affairs that remained in force in various areas of the national territory of the Republic prior to the commencement of the Constitution of the Republic of South Africa	National	Executing Authority
Agricultural Pests Act, 1983 (Act No. 36 of 1983)	Provides for measures by which agricultural pests may be prevented and combated	National	Directorates: Plant Health Inspection Services and Land Use and Soil Management
Agricultural Produce Agents Act, 1992 (Act No. 12 of 1992)	Provides for the establishment of an Agricultural Produce Agents Council and fidelity funds in respect of agricultural produce agents and for the control of certain activities of agricultural produce agents	Local	Directorate: Marketing
Agricultural Product Standards Act, 1990 (Act No. 119 of 1990)	Provides for control over the sale and export of certain agricultural products, control over the sale of certain imported agricultural products and control over other related products	National	Directorate: Food Safety and Quality Assurance
Agricultural Research Act, 1990 (Act No. 86 of 1990)	Provides for the establishment of a juristic person to deal with agricultural research; the determination of its objectives, functions, powers and duties	Concurrent	Directorate: Policy Research Support
Animal Diseases Act, 1991 (Act No. 18 of 1991)	Provides for the control of animal diseases and parasites as well as for measures to promote animal health.	Concurrent	Directorate: Animal Health

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PART A: General information

Act number and year	Purpose	Functional competence	Responsibility
Animal Identification Act, 2002 (Act No. 6 of 2002)	Consolidates the law relating to the identification of animals and provides for incidental matters	Concurrent	Directorate: Veterinary Public Health
Animal Improvement Act 1998 (Act No. 62 of 1998)	Provides for the breeding, identification and utilisation of genetically superior animals in order to improve the production and performance of animals	National	Directorate: Animal Production
Animal Protection Act, 1962 (Act No. 71 of 1962)	Consolidates and amends the law relating to the prevention of cruelty to animals	Concurrent	Directorate: Animal Production
Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983)	Provides for control over the utilisation of natural agricultural resources of the Republic in order to promote the conservation of the soil, water sources and vegetation and the combating of weeds and invader plants	Concurrent	Directorate: Land Use and Soil Management
Fencing Act, 1963 (Act No. 31 of 1963)	Consolidates the laws relating to fences and the fencing of farms and other holdings and matters incidental thereto	Concurrent Local	Directorate: Land Use and Soil Management
Fertilizers, Farm Feeds Agricultural Remedies and Stock Remedies Act, 1947 (Act No. 36 of 1947)	Provides for the appointment of a Registrar of Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies; the registration of fertilisers, farm feeds, agricultural remedies, stock remedies, sterilising plants and pest control operators; the regulation or prohibition of the importation, sale, acquisition, disposal or use of fertilisers, farm feeds, agricultural remedies and stock remedies and the designation of technical advisers and analysts	National	Directorate: Agriculture Inputs Control
Genetically Modified Organisms Act, 1997 (Act No. 15 of 1997)	Provides for measures to promote the responsible development, production, use and application of genetically modified organisms; provides for an adequate level of protection during all activities involving genetically modified organisms that may have an adverse impact on the conservation and sustainable use of biological diversity, human and animal health	National	Directorate: Genetic Resources
Groot Constantia Trust Act, 1993 (Act No. 58 of 1993)	Makes provision for the incorporation of the Groot Constantia Control Board as an association not for gain; for the transfer of the Groot Constantia Estate to the association mentioned; and for matters connected therewith	National	Executing Authority
KwaZulu Cane Growers' Association Act Repeal Act, 2002 (Act No. 24 of 2002)	Repeals the KwaZulu Cane Growers' Association Act, 1981 and provides for matters connected therewith	National	Executing Authority
Liquor Products Act, 1989 (Act No. 60 of 1989)	Provides for control over the sale and production for sale of certain alcoholic products, the composition and properties of such products and the use of certain particulars in connection with the sale of such products; for the establishment of schemes; and for control over the import and export of certain alcoholic products	Concurrent	Directorate: Food Safety and Quality Assurance
Marine Living Resources Act, 1998 (Act No. 18 of 1998)	Provides for the conservation of the marine ecosystem, the long-term sustainable utilisation of marine living resources and the orderly access to exploitation; utilisation and protection of certain marine living resources; and for these purposes for the exercise of control over marine living resources in a fair and equitable manner to the benefit of all the citizens of South Africa	National, except for aquaculture	Branch: Fisheries Management

Act number and year	Purpose	Functional competence	Responsibility
Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996)	Provides for the authorisation of the establishment and enforcement of regulatory measures to intervene in the marketing of agricultural products, including the introduction of levies on agricultural products; and to establish a National Agricultural Marketing Council	Concurrent	Directorate: Marketing
Meat Safety Act, 2000 (Act No. 40 of 2000)	Provides for measures to promote meat safety and the safety of animal products; to establish and maintain essential national standards in respect of abattoirs; to regulate the importation and exportation of meat; to establish meat safety schemes; and to provide for matters connected therewith	Concurrent Provincial Local	Directorate: Veterinary Public Health
National Forests Act, 1998 (Act No. 84 of 1998)	Promotes the sustainable management and development of forests for the benefit of all; creates the conditions necessary to restructure forestry in state forests in relation to protection and sustainable use	National, except indigenous forests Concurrent	Branch: Forestry and Natural Resources Management
National Veld and Forest Fire Act, 1998 (Act No. 101 of 1998)	Combats veld, forest and mountain fires throughout the Republic	Concurrent Local	Branch: Forestry and Natural Resources Management
Onderstepoort Biological Products Incorporation Act, 1999 (Act No. 19 of 1999)	Provides for the establishment of a company to manage the institution known as Onderstepoort Biological Products	National	Directorate: Animal Health
Performing Animals Protection Act, 1935 (Act No. 24 of 1935)	Provides for the regulation of the exhibition and training of performing animals and the use of dogs for safeguarding	Concurrent Provincial Local	Directorate: Animal Production
Perishable Products Export Control Act, 1983 (Act No. 9 of 1983)	Provides for the control of perishable products intended for export from the Republic of South Africa	National	Directorate: Food Safety and Quality Assurance
Plant Breeders' Rights Act, 1976 (Act No. 15 of 1976)	Provides for a system whereby plant breeders' rights relating to varieties of certain kinds of plants may be granted and registered; for the requirements which have to be complied with for the granting of such rights; for the protection of such rights and the granting of licences in respect of the exercise thereof.	National	Directorate: Genetic Resources

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PART A: General information

Act number and year	Purpose	Functional competence	Responsibility
Plant Improvement Act, 1976 (Act No. 53 of 1976)	Provides for the registration of premises from which the sale of certain plants or the cleansing, packing and sale of certain propagating material may be undertaken; prescribes the conditions subject to which such plants or propagating material may be sold for the purposes of cultivation	National	Directorate: Plant Production
Societies for the Prevention of Cruelty to Animals Act, 1993 (Act No. 169 of 1993)	Provides for control of societies for the prevention of cruelty to animals and for matters connected therewith	Concurrent Provincial Local	Directorate: Animal Production
Subdivision of Agricultural Land Act, 1970 (Act No. 70 of 1970)	Provides for the subdivision and, in connection therewith, the use of agricultural land	Concurrent Provincial Local	Directorate: Land Use and Soil Management
Veterinary and Para-veterinary Professions Act, 1992 (Act No. 19 of 1992)	Provides for the establishment, powers and functions of the South African Veterinary Council	National (only in respect of the regulation of veterinary services) Provincial (except the regulation of veterinary services)	Directorate: Veterinary Public Health

Government policy frameworks that govern the DAFF

National Development Plan

The strategic goals and associated objectives of the DAFF, namely: Effective and efficient strategic leadership, governance and administration; enhance production, employment and economic growth in the sector; enabling environment for food security and sector transformation; and sustainable use of natural resources in the sector, are a response for the achievement of the NDP objectives and targets. The goals and associated objectives have been reviewed to address the priorities identified in the NDP.

To align with these priorities, objectives and targets, the department aims to continue providing comprehensive support to all categories of producers. The support will increase the number of people participating in different sectoral activities and, therefore, participating in the economy of the country. In rural areas, the focus will be on support to subsistence and smallholder producers in line with the expectations of the NDP, namely that a third of the food surplus should be produced from small-scale farmers or households. The department aims to support targeted land reform beneficiaries as the NDP also supports the land reform objective. In contributing to the sustainable use of natural resources in the sector, DAFF will implement sustainable development programmes that ensure the protection of biomes and endangered species, rehabilitation of degraded land and development of climate change mitigation and adaptation strategies.

The department also aims to contribute by implementing various strategies to improve the production efficiencies for smallholder producers. These include organising smallholder producers into commodity-based organisations, increasing their collective bargaining power in negotiations for production inputs and markets, as well as providing support and training to small, medium and micro-enterprises (SMMEs). Implementation of our transformation initiatives such as the AgriBEE Charter, Forestry Charter and allocation of commercial fishing rights will facilitate and promote participation in the economy of the country. Three key programmes are aligned with the priorities, namely Fetsa Tlala, aimed at massive production of staple foods on fallow land that has the potential for agricultural production; Ilima/Letsema, aimed at supporting sustainable agriculture and promoting rural development for smallholder producers; and LandCare to address land degradation problems and encourage sustainable use of natural resources.

In addition to the above, the NDP also states that agriculture has the potential to create close to 1 million new jobs by 2030 through:

- Expanding irrigated agriculture—the 1,5 million ha under irrigation could be expanded by at least another 500 000 ha to 2 million ha;
- Cultivating underutilised land in communal areas and land-reform projects for commercial production;
- Supporting commercial agricultural industries and regions with the highest growth and employment potential;
- Supporting upstream and downstream job creation;
- Finding creative opportunities for collaboration between commercial farmers, communal farmers and complementary industries;
- Developing strategies that give new entrants access to value chains and support.

New Growth Path

The NGP is a national policy which broadly aims to unblock private investment and job creation to address systematic blockages to employment-creating growth (infrastructure, skills, regulatory framework, etc.). It focuses on productive sectors and proactively intends to support industries, activities and projects that will generate employment. The NGP has identified job drivers for growth, namely: Infrastructure, agricultural value chains, mining value chain, manufacturing, tourism and high-level services, green economy, knowledge economy, social economy, public sector, rural development and African regional development. The NGP manages the job drivers for growth such as in mining, commercial agriculture and smallholders, higher industries, etc.

The DAFF will capitalise on the job drivers mentioned above and specifically in areas relevant to the sector such as the agricultural value chains, rural development and African regional development. In the short to medium term, the department will institutionalise the various value chain networks, which support labour-absorbing activities to accelerate employment creation through agricultural smallholder schemes. In pursuance of job creation in agro-processing, DAFF has contributed to the implementation of intergovernmental agro-processing programmes. Through the implementation of the Agro-processing Policy, the department will continue to facilitate access to appropriate agro-processing technology and mainstream markets.

As contribution to the African regional development, DAFF continues to implement South Africa's foreign policy objectives, through the facilitation of SADC and AU engagements, implementation of the South-South Cooperation Agreement with emphasis on BRICS. The International Relations Strategy is an instrument put into place to interact with various sector stakeholders at regional and international level in support of producers to assist them to access international markets.

Industrial Policy Action Plan

IPAP takes place within the framework of continuous improvements and upscaling of concrete industrial development interventions, as set out in the National Industrial Policy Framework (NIPF). IPAP aims to upscale key interventions over a rolling three-year period, with a 10-year outlook on desired economic outcomes. The NIPF has the following core objectives, namely to:

- Facilitate diversification beyond the economy's current reliance on traditional commodities and non-tradable services that require the promotion of value addition, characterised particularly by the movement into non-traditional tradable goods and services that compete in export markets and against imports;
- Ensure the long-term intensification of South Africa's industrialisation process and movement towards a knowledge economy;
- Promote a labour-absorbing industrialisation path, with the emphasis on tradable labour-absorbing goods and services and economic linkages that create employment;
- Promote industrialisation, characterised by the increased participation of historically disadvantaged people and marginalised regions in the industrial economy;
- Contribute towards industrial development in Africa with a strong emphasis on building the continent's productive capacity and securing regional economic integration.

IPAP is framed by and constitutes a key pillar of the NGP and has a particular role to play in making employment dynamic and ensuring growth in the economy through its focus on value-adding sectors that embody a combination of relatively high employment and growth multipliers. Government interventions set out in the NGP, the National Development Plan Vision 2030 and other policy documents aim to ensure that critical steps in support of the restructuring of the economy are secured to set it on a more value-adding and labour-intensive growth path. The success of IPAP depends fundamentally on working towards stronger coherence and mutual support between macro and microeconomic policies. Agro-processing is strongly linked to the South and Southern Africa's economic growth rate. The domestic market, therefore, represents an attractive prospect for the agro-processing sector in general. South Africa possesses competitive advantages in a number of fruit and beverage subsectors, which if fully exploited, would place the country among the top ten export producers of high-value agricultural products. Products such as high-quality wines, indigenous rooibos and honeybush tea and certain fruit types are highly sought after in export markets.

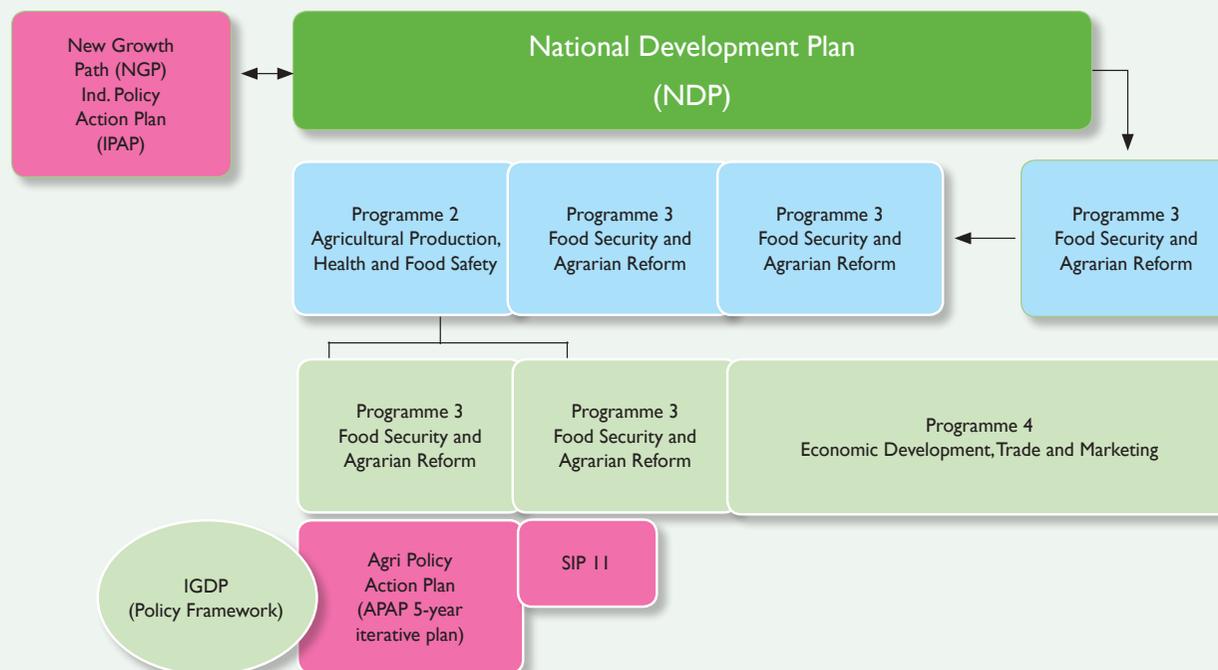
The decline in natural fish resources and growing demand create opportunities for farming of a range of fish species. South Africa has the potential to create significant numbers of jobs in meeting the local demand for fish, for example, trout and international demand for abalone and mussels.

The small-scale milling sector appears to be viable and with moderate assistance from government, it could play an important role in reducing the cost of basic food products, thereby alleviating poverty, reducing hunger and contributing to a competitively priced milling and baking subsector.

Agricultural Policy Action Plan

The challenges facing the AFF sectors are numerous: Rising input costs, an uneven international trade environment, lack of developmental infrastructure (rail, harbour, electricity) and a rapidly evolving policy and production environment. At the same time, transformation of the AFF sectors has been slow and tentative. Based on this analysis of the various challenges within the AFF sectors, the Agriculture, Forestry and Fisheries Strategic Framework was developed to outline appropriate responses to these challenges. The APAP aims to translate these high-level responses offered in the Agriculture, Forestry and Fisheries Strategic Framework into tangible, concrete steps. The Agriculture, Forestry and Fisheries Strategic Framework identifies four broad sector goals (equitable growth and competitiveness; equity and transformation; environmental sustainability; and governance), which translate into a comprehensive, abiding intervention framework, which will be supported through iterations of APAP *via* short and medium-term interventions targeting specific value chains (sectoral interventions) or transversal challenges (transversal interventions).

As illustrated in the following figure, APAP aligns itself to the NGP, NDP and the MTSF in respect of Outcomes 4, 7 and 10.

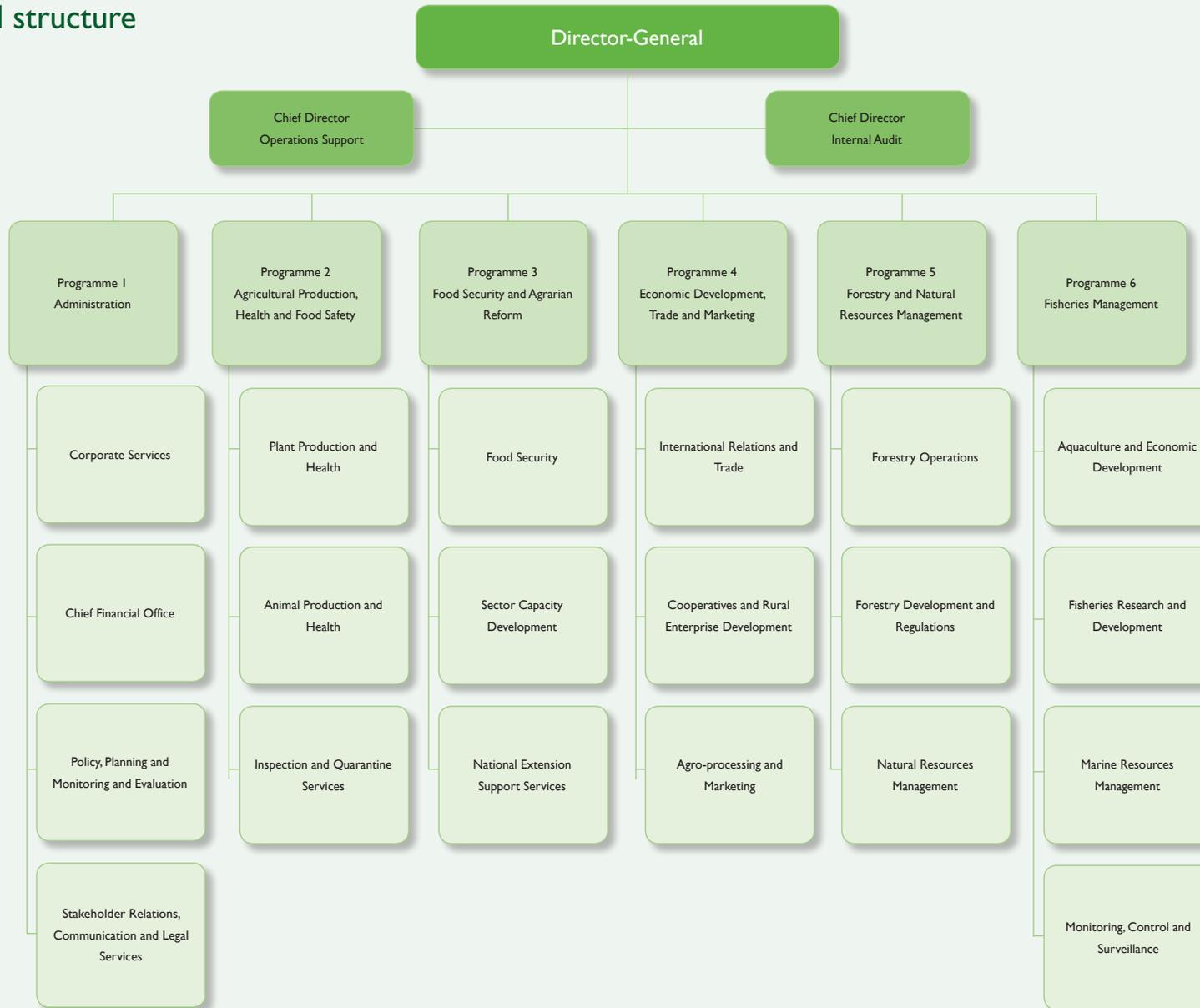


For APAP to effectively address Outcomes 4, 7 and 10, and to attain the objectives set out in the NGP, NDP and IPAP, it has to unlock the productive potential of agriculture, forestry and fisheries by considering the nature of their binding constraints, whether these be at the level of primary production, beneficiation, or marketing, or, indeed, a combination of these. However, different subsectors within agriculture, forestry and fisheries operate according to different dynamics and face distinct challenges, there is therefore a need to be selective as to which subsectors or value chains to focus on in the short and medium term, while also recognising that agricultural commodities, in particular, are often interrelated, in which case it is more helpful to speak of “integrated value chains”.

Using the following general selection criteria, this first APAP focuses on a discrete number of value chains identified as strategic in meeting the objectives of the NGP, NDP and IPAP:

- Contribution to food security
- Job creation
- Value of production

Organisational structure



Entities reporting to the Minister

Name of entity	Legislative mandate	Financial relations	Nature of operations
Agricultural Research Council (ARC)	Agricultural Research Act, 1990 (Act No. 86 of 1990)	Transfer payment	Conducts fundamental and applied research with partners to generate knowledge, develop human capital and foster innovation in agriculture through development and transfer of technology, and the dissemination and commercialisation of research results
Marine Living Resources Fund (MLRF)	Marine Living Resources Act, 1998 (Act No. 18 of 98)	Transfer payment	Manages the development and sustainable use of South Africa's marine resources and protects the integrity and quality of the marine ecosystem
National Agricultural Marketing Council (NAMC)	Agricultural Marketing Products Act, 1996 (Act No. 47 of 1996)	Transfer payment	Provides strategic advice to the Minister on all agricultural marketing issues, improves market efficiency and market access by all participants, optimises export earnings and improves the viability of the agricultural sector
Onderstepoort Biological Products (OBP)	Onderstepoort Biological Products Incorporation Act, 1999 (Act No.19 of 1999)	None	Prevents and controls animal diseases that impact on food security, human health and livelihoods. It aims to ensure financial viability to sustain the strategic capabilities in manufacturing veterinary vaccines
Perishable Products Export Control Board (PPECB)	Perishable Products Export Control Act, 1993 (Act No.9 of 1983) and Agricultural Product Standards Act, 1990 (Act No. 119 of 1990)	Transfer payment (minor)	The PPEC Act requires the board to ensure the orderly export of all perishable products and to monitor the maintenance of a continuous cold chain for exports. The Agricultural Product Standards Act requires the board to monitor minimum quality standards and adherence to bilateral agreements with importing countries

- Growth potential
- Potential contribution to trade balance (including *via* export expansion and import substitution).

However, the first iteration of APAP is not offered as a fully comprehensive plan; rather, based on the model of IPAP, it identifies an ambitious, but manageable number of focused actions, in anticipation of future APAP iterations that will take the process further. APAP is planned over a five-year period and will be updated on an annual basis.

Economic overview

The South African economy is expected to grow at 2,0% in 2015, compared with less than 1,5% in 2014. A growth rate of at least 5,4% is needed if the country wants to gain ground in the war against unemployment and poverty. The OECD and IMF have also projected dampened global economic growth rates, particularly in key emerging economies such as China and India. South African agriculture will, therefore, increasingly look to rapidly growing African economies as potential markets. However, the demand for food products continues to grow primarily owing to increasing population numbers. Innovative marketing strategies and increased investment in infrastructure are needed to utilise the shifts in demand.

Since the adoption of an open-border policy in the early nineties, South Africa has become a net importer in rand terms. A weaker rand has the ability to stimulate economic activity, and producers enjoy higher commodity and export prices. However, this comes at a considerable cost, as a weaker exchange rate impoverishes South Africans compared to the rest of the world in terms of buying power. A weaker exchange rate also leads to higher inflation, which, in turn, leads to higher interest rates. It is beneficial if the exchange rate remains as stable as possible.

Favourable weather conditions in 2014 resulted in a bumper maize crop of 14,25 million tons and food prices remained relatively stable. However, weak El Niño conditions developed during the summer of 2014/15, and widespread rain occurred in November and December 2014, resulting in favourable conditions for planting over the western and eastern production regions. Since early January 2015, rainfall events were isolated in nature, coupled with hot conditions over much of the production region. This has resulted in an expected maize crop for 2015 of 9,76 million tons, the

smallest since 2007 when 7,13 million tons were harvested. The smaller maize crop will have to be supplemented by imports of about 600 000 tons, which could lead to higher food prices.

The South African economy is being held back by strikes, electricity shortages and household finances that are under pressure because of high debt levels, slowing income growth, unemployment and inflation. Some of these problems are “home grown”, however our economy typically also follows the global cycle. If world growth improves, our economy will benefit in the form of increased exports. It is expected that the repo rate of 5,75% and the prime lending rate of 9,25% will remain relatively stable in 2015, which is higher than that of the US, Britain and Japan. Inflation was 4,5% in April 2015, and therefore was within the Reserve Bank’s target range of 3% to 6%. The weak economy also limits the pass-through impact of the weak rand on inflation. The rand is still vulnerable given the country’s reliance on foreign capital inflows to fund large current accounts and fiscal deficits. However, the plunging oil prices, which have more than halved in less than a year to almost \$50 per barrel, reduced input costs.

Radical socio-economic transformation, as evidenced through economic growth and job creation, is a key priority for the 2014/19 Medium Term Expenditure Framework (MTEF). Therefore, in the State of the Nation Address the President stated that “our economy needs a major push forward,” and announced a “nine-point plan to ignite growth and create jobs,” one of which is “Revitalising agriculture and the agro-processing value chain.”

The contribution of agriculture to economic growth and job creation is far below the potential of the sector and therefore agriculture was identified as “a catalyst for growth and food security”. The strategic logic for identifying agriculture as a growth sector is because agriculture delivers more jobs per rand invested than any other productive sector. As such, according to the NDP estimates agriculture could potentially create 1 million jobs by 2030. However, the conditions for meeting this target include a focus on high growth commodities, in combination with improved delivery on land reform and improved livelihoods within communal areas.

The February 2015 Quarterly Labour Force Survey of Statistics SA confirmed that agriculture contributed the greatest number of employees at 56 000 quarter-to-quarter, and sustained increases of 28 000 in job creation year-on-year. The department is confident that this growth will be sustained through the institutionalisation of the APAP and the increase in the productivity and production of strategic commodities by smallholder producers. Furthermore, the General Household Survey of Statistics SA suggests that less than 231 000 or 2% of households in South Africa practise smallholder agriculture. By comparison, some 2,8 million or 18,4% of households practise subsistence agriculture.

AGRICULTURAL SECTOR

The contribution of agriculture to the GDP declined over the past 20 years to an average of 2,5%, and showed an average decline of about 3,0% per annum since 1993. Although the contribution of primary agriculture to the GDP is low, the broader agro-food complex contributes about 12% to the GDP.

The number of commercial farms in primary agriculture has declined from almost 120 000 in 1950 to around 37 000 at present. This decline has been accompanied by a commensurate increase in average farm size and a change in the technology mix on farms. As farms grow larger, they tend to rely less on labour and more on capital and industrial inputs. While different branches of agriculture have distinct characteristics, the overall trend has been one of job losses, both in terms of regular and permanent jobs, as well as casual and seasonal jobs, while 33% were engaged as casual/seasonal workers in 2010.

The phenomenon of increasing farm sizes and declining farm employment is common to many other countries. However, whereas elsewhere this phenomenon normally coincides with a growing scarcity of labour because of more attractive opportunities elsewhere in the economy, in South Africa it is occurring amid a deepening problem of rural unemployment. Reversing this trend requires a combination of interventions such as encouraging the fuller use of land within commercial farming areas, especially *via* conservation agriculture and land redistribution; strengthening the smaller stratum of large-scale commercial farms, which account for a disproportionate share of farm jobs; and promoting a better balance between large-scale commercial farms and smallholder farms through land reform and development within the former homelands.

It is important to note that the competitiveness of agriculture is being eroded by high and rising input costs. For example, the value of imported fertilisers, diesel and machinery, has for many years exceeded the value of agricultural exports, meaning that even though agriculture may appear to make a positive contribution to the trade balance, this is not necessarily the case. An argument is currently emerging that the key is to promote a shift from conventional agriculture to “climate-smart agriculture” such as conservation agriculture. Whereas climate-smart agriculture has long been argued on grounds of environmental sustainability and reducing production risk, another advantage is that it can achieve the same or greater productivity, but with greatly reduced production inputs. This will have the effect of making producers more competitive by lowering input costs, while reversing the trend of agriculture’s negative contribution to the trade balance.

The challenge of promoting the smallholder sector (small-scale farmers who produce for the purpose of deriving an income) is closely tied up with the challenge of making smallholder agriculture more remunerative. Currently, more than half of all smallholder households live below the poverty

line. The footprint of government support services reaching smallholders has been improving. For instance, in 2010, only 8% of smallholders were visited by extension officers. However, this had increased to 14% in 2012/13, despite the considerably larger number of smallholders in 2012. This momentum must be increased and other forms of support must improve as well.

Presently, about three quarters of smallholders farm within the former homelands and the rest are split between urban areas and commercial farming areas. There is scope to increase the size of the smallholder sector in each of these areas. In the former homelands, there are thousands of hectares of under-utilised arable land that can be put back into production, especially with concerted support for input access, mechanisation services, technical support and linkages to markets. Smallholders in urban areas are poorly supported at present, but could contribute to local vegetable production, in particular.

While the 2013 General Household Survey of Statistics SA indicated that between 2002 and 2013 the percentage of households that experienced hunger decreased from 29,3 percentage to 13,4 percentage, and while households with inadequate to severely inadequate access to food decreased from 23,9% in 2010 to 23,1% in 2013, the need to ensure increased availability and affordability of food for all South Africans remains critical. As a result, the National Policy on Food and Nutrition Security was approved by Cabinet in 2013, followed by the launch of the Fetsa Tlala Food Production Initiative to place one million hectares of fallow land under production in line with the MTSF for Outcome 7. The department will continue to provide targeted support programmes such as CASP and Ilima/Letsema in order to realise enhanced food production, contributing towards the eradication of hunger by 2030.

FORESTRY SECTOR

Although forestry contributes a modest 0,7% of the GDP, it supports manufacturing subsectors such as sawmilling and paper and pulp production, as well as mining and construction. It is estimated that in 2011 there were about 63 000 jobs in commercial forestry itself, and another 52 000 in direct processing jobs. Of the total land area of 122,3 million ha in South Africa, only 1% or 1,273 million ha is used for forestry. In 2012, plantation area as a percentage of land area by province totalled 40,9% in Mpumalanga, 39,6% in Kwa-Zulu Natal, 11,2% in Eastern Cape, 4,4% in Western Cape and 3,8% in Limpopo. The production of round wood in the same year came to 18,776 million cubic metres, while the value of sales amounted to R20,7 billion.

An analysis of the trends of commercial forestry hectares planted by tree type and primary use, indicate that, firstly, there has been a marked decline in both softwood and hardwood plantation hectares planted since the mid-1990s, and secondly, there has been a marked increase in hectares for pulpwood purposes as compared to the hectares for sawlogs and mining timber.

Underlying these trends are various factors, however, in particular the tighter regulatory framework governing water usage—forestry is regarded as a water diversion land use, therefore permits are required to expand the area under plantations. Other factors include the privatisation of much of what had been state forests, which has resulted in private sector lessees favouring shorter-term returns via pulpwood use over longer term returns from sawlogs, as well as the state's poor upkeep of Category B and C plantations, which has reduced their productivity. While there is still a net surplus of sector exports over imports, the margin has narrowed by 32% since 1992, and the sector predicts that South Africa will soon become a net importer, especially of sawlogs. These, in turn, will likely result in a significant increase in costs in the construction industry, with further implications for the property market and human settlement. One subsector that has already been affected by the decline in timber supply is sawmilling, with the number of sawmills increasing from 96 to 115 between 1996 and 2004, however, declining to 90 by 2010. While it is clear that the private sector does have good management capacity and has also ushered in efficiencies across the value chain, the state must still play a significant role to ensure adequate levels of investment, especially for longer-rotation timber/sawlog plantations.

The forest products industry ranks among the top exporting industries in the country. The forestry sector maintained a positive trade balance, with a total value of R19,3 billion in 2013 for exported forestry products. The main markets for forestry exports in 2013 were China (11%), Indonesia (10%), Namibia (8%), Japan (8%) and Botswana (7%). Paper and paper board, wood pulp, wood and articles of wood and charcoal were the leading export products and constituted 94% of total forestry products.

Total investment in forestry amounts to R25,6 billion. Mpumalanga has the highest investment in plantations of 42% or R10,7 billion, followed by KwaZulu-Natal with R8,9 billion (35%), Eastern Cape at R3,2 billion (12,8%), Western Cape amounting to R1,5 billion (6%) and Limpopo at R1,1 billion (4,2%).

FISHERIES SECTOR

The fisheries sector contributes roughly 0,1% of the GDP, which is small, even by agriculture standards. However, it is more important for economic development in the Western Cape, where 11 of the 13 proclaimed fishing harbours are situated. These contribute more than 5% to the Gross Provincial Domestic Product.

The total output is estimated at 600 000 tons worth about R6 billion, depending on the pelagic pilchards and anchovy catches, which could be as much as 600 000 tons. It is estimated that the direct employment in the industry constitutes approximately 27 000 jobs (16 000 in the primary sector and 11 000 in the secondary and tertiary sectors). An additional 81 000 people are indi-

rectly employed in industries that are at least partially dependent on the fishing sector. Fisheries output is determined by catch volumes, which, in turn, depend on the health and management of fish stocks, varying according to ecological changes and subjected to overexploitation through illegal, unreported and unregulated fishing activities.

Inshore species are especially vulnerable to stock depletion, as they are easily accessed, especially illegally. According to one study, 68% of commercial linefish stocks have collapsed, and another 11% are overexploited. DAFF seeks to prevent overexploitation by means of assigning Total Allowable Catch and/or Total Allowable Effort per species, which are adjusted on a regular basis, depending on the estimated state of the resource. DAFF has also sought to promote transformation in the sector through the inclusion of small-scale fishing communities. The amended Marine Living Resources Act will grant small-scale fishing communities better access to fishing rights and resources.

The effective management of the existing 12 harbours and proclamation of additional new harbours will support resource management. Although wild catch fisheries appear unlikely to expand beyond their present levels, aquaculture is becoming more important as a substitute for wild capture fisheries. While the marine-based "mari-culture" part of aquaculture has been around for some years, focusing on species such as abalone, oysters and mussels, freshwater aquaculture is experiencing a rapid expansion, owing in part to government's multipronged aquaculture promotion campaign.

In 2011 the total output of aquaculture was 1 884 tons with an estimated value of R0,5 billion. Growth of production in this sector has been increasing at an average of 7% annually since 2010. The aquaculture sector provides employment of more than 3 000 direct jobs and another 3 000 indirect jobs.

Unlocking the economic potential of the ocean along the 3 000-kilometre coastline was realised through the Operation Phakisa initiative. Operation Phakisa focused on the pillars of the oceans economy, each of which was treated as a laboratory and which developed a number of aspirations. The aspirations of the aquaculture laboratory, if all the identified inhibitors are addressed, are that aquaculture will by 2019 be expanded to a R3 billion sector producing 20 000 tons of fish, with 15 000 direct jobs.