

# ANNUAL REPORT

2018/2019



We develop the South African Agricultural Industry.  
Ons ontwikkel die Suid-Afrikaanse Landbou Industrie.

Agri SA

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## CONTENTS

VISION AND MISSION.....	4
FOREWORD BY THE PRESIDENT.....	6
OVERVIEW BY THE EXECUTIVE DIRECTOR.....	10
REFLECTION ON TRANSFORMATION INITIATIVES BY AGRI SA.....	18
PHOTOS.....	26
CONGRESS REPORT 2018.....	28
CENTRES OF EXCELLENCE.....	42
Labour and Development.....	42
Economics and Trade.....	46
Land.....	70
Rural Safety.....	76
Natural Resources.....	86
AGRI SECURITAS TRUST FUND.....	92
PERSONNEL.....	100
ORGANOGRAM.....	101
IN MEMORIAM .....	102
HONORARY AWARDS.....	103
COMPOSITION OF CONGRESS.....	104
STRUCTURES IN WHICH AGRI SA IS REPRESENTED.....	105
FINANCIAL MATTERS.....	107

## VISION

**Unity about  
agriculture**

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## MISSION

Agri SA promotes the development, profitability, stability and sustainability of agriculture in South Africa by means of its involvement and input on national and international policy and the implementation thereof.







FOREWORD  
**BY THE PRESIDENT**



*Dan Kriek*

The second half of 2018 and the first six months of 2019 have certainly been tumultuous and eventful.

Looking back, the past 12 months have been so hectic it seems a bit blurred. We had national elections, political turmoil, an ongoing economic crisis, exposes on grand schemes of corruption and court cases involving our president and other public figures. We have a new president, some new ministers and new members of parliament. For the first time in a long while, we have a senior politician as our minister of agriculture and land reform.

The debate regarding a possible amendment of the property clause in our Bill of Rights took centre stage for many months and is still ongoing. A new Expropriation Bill providing for certain categories of land to be expropriated at nil compensation, was published for comment. The president appointed an expert panel to come up with recommendations on taking land reform forward. I was a member of this panel.

It was a difficult process with tight time frames and diverse panellists who held ideologically opposing views on many issues. The report was finally released at the end of July. Nick Serfontein and I felt obliged to table an alternative report. These two reports have led to an avalanche of articles by experts and members of the public. I believe that this is a good thing; it is democracy at work when people are free to criticise and comment and contribute to a report such as this one.

**“ Nick Serfontein and I felt obliged to table an alternative report. These two reports have led to an avalanche of articles by experts and members of the public.**

Apart from the land debate, which to some extent dominated our own discussions and the public discourse, Agri SA was involved in many other policy and legislative processes. We supported a number of court cases on fracking, water rights and compensation where land is taken for land reform purposes. We established a partnership with Fidelity ADT to improve the safety of our members. We partnered with the Motsepe Foundation to start unlocking the agricultural potential in many of our communal areas. We drafted a social unity compact, that will be tabled at congress for mandating.

These are only a few of the activities that our staff and centres of excellence were involved in this past year. You can read more about these activities in this annual report.

Agri SA has maintained a very high media profile during the past year. We put tremendous effort into communicating effectively with our members as well as with the outside world.

**“ Agri SA has maintained a very high media profile during the past year. We put tremendous effort into communicating effectively with our members as well as with the outside world.**

As a farmer from the Free State and a patriot, I have dreams for our agricultural sector and our country. I dream of a society where we can all live as equals and without fear. I dream of a crime-free South Africa, where farmers of all races can go about their daily task of producing food and fibre without having to be concerned about their safety and that of their families, staff members and livestock. I dream of a sector and a country where we respect one another, where there is no hate speech and incitement and suspicion of each other's motives. Where we all realise that we need one another and work shoulder by shoulder for the good of our rural areas and our country.

I do not believe this to be a far-fetched dream. I travel extensively in our farming areas and I have experienced a lot of goodwill in our sector, and I have seen and am aware of many wonderful projects like the ones showcased at the Bela-Bela land summit last year. Projects where farmers and farmworkers and communities do work shoulder by shoulder and are achieving wonderful things.

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I have also travelled through our communal areas and I have seen the untapped potential for farming there. I believe that we have the skills and expertise to help unlock that potential. Political will and an agricultural development fund will go a long way in realising this dream.

We as leaders and the farming community need to remain positive, even when there is so much negativity all around us. We, as organised agriculture, have an excellent network and sought-after skills. We have a rightful place in the South African society.

**“ We as leaders and the farming community need to remain positive, even when there is so much negativity all around us. We, as organised agriculture, have an excellent network and sought-after skills. We have a rightful place in the South African society.**

We have a huge role to play in ensuring continued food security and in the unlocking of untapped potential in our rural areas. We want to play that role, but in order to do so optimally, we also need some assurances from our government and the support of society at large.



**Dan Kriek**  
*President*



OVERVIEW  
**BY THE EXECUTIVE DIRECTOR**



Omri van Zyl

“Forget all the reasons it won’t work and believe the one reason that it will.”

– Unknown

### General overview

It's been an interesting year – and a very difficult one I must be honest. Managing major threats to the agriculture industry, from expropriation without compensation, to acute droughts, water right infringements, stopping shale gas applications, managing the downside of listeriosis, food-and-mouth disease, to name a few. We have had our hands full.

As part of our internal processes we have looked at the risks in the industry, farm murders, expropriation without compensation (EWC), and climate change tops the charts. Agri SA has put into place several mechanisms to mitigate and manage these threats.

One thing that remains inseparable is that agriculture's welfare will determine the welfare of South Africa, and South Africa will determine the future of our sector. Logically, if we want to influence the outcome, we need to roll up our sleeves and get going with solutions.

**“ One thing that remains inseparable is that agriculture's welfare will determine the welfare of South Africa, and South Africa will determine the future of our sector. ”**

There are many stakeholders that sit on the sidelines and that criticise the players on the field. Roosevelt's quote comes to mind: *“It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who errs, who comes short again and again, because there is no effort without error and short-coming; but who does actually strive to do the deeds; who knows great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows in the end*

*the triumph of high achievement, and who at the worst, if he fails, at least fails while daring greatly, so that his place shall never be with those cold and timid souls who neither know victory nor defeat.”*

Agri SA is focused on solutions for the sector and we are currently working hard on a development fund concept. We are also working on a safety concept with Fidelity ADT where we want to involve provinces and as many farmers as possible to ensure that we manage crime on farms. We have been managing a drought relief fund for over three years now and assisted more than 14 000 farmers across South Africa with drought relief. Please refer to the transformation report in the annual report for a full explanation of the projects that Agri SA has been working on during the past reporting year.

On the international lobbying front, we have managed to forge close relationships with our biggest international trade partners and I personally had the opportunity to talk to the European Union and the Americans about EWC and farm murders, investing in South Africa and expanding our export market footprint globally. We plan to have these productive discussions every year and build on the excellent platform we've created.

## MARKETS AND THE ECONOMY

### A slow year for agriculture

South African agriculture faced several challenges in 2018 that negatively impacted on farming income and other economic variables. It was a tough year, no doubt.

### Lower incomes and higher expenses

Gross farm income from all agricultural products only increased by 1,2% and was estimated at R281,8 billion for the calendar year (2018). This relative slowdown in income growth was largely influenced by the decreased income derived from field crops (approximately 10%). Income from horticultural and animal products increased marginally by 7% and 3% respectively.

The prices farmers received for their products increased slightly, on average by 0,9%, compared to an increase of 16% during 2016. This was the result of the decrease in prices of field crops by 9%. The prices of animal and horticultural products increased by 3% and 6%, respectively.

The total expenditure on intermediary goods and service in 2018 amounted to R150,9 billion. This was 6,2% more than the corresponding figure of R142 billion in 2017. Intermediate expenditure refers to the value of goods and services that were purchased for consumption as inputs during the production process. Labour costs still represent one of the largest single cost items and amounted to R19,3 billion in 2018, which was 6% (R1,1 billion) more than the figure for 2017.

The sector continues to face rising input costs and increased electricity and fuel prices will add additional pressure to an already constrained operating environment. These factors will undoubtedly echo through the agricultural value chain.

Net farming income was estimated at approximately R98,8 billion for 2018, which was 5,6% less than the corresponding 2017 figure. This decline in farming profit can be largely attributed to the drop in gross value as a result of lower output levels in field crops, particularly maize, grain sorghum and groundnuts. This was due to the severe drought experienced in summer rainfall areas.

## Deteriorating financial position

The agriculture sector has in the past year been confronted with numerous challenges, including the most devastating drought since the early 1990's, which took some farmers out of business and left some under enormous financial constraint.

The total debt burden, according to the latest official estimates by the department of agriculture, forestry and fisheries, amounted to approximately R168,5 billion at the end of December 2018. This was almost R10,1 billion (6,4%) higher than the previous year. The total value of farming assets, however, increased by only 4% in 2018 to an estimated R488,2 billion.

In 2018, total farming debt therefore increased at a considerably faster rate than farming assets.

On the international front South Africa remained a net exporter of agricultural products. The total value of agricultural exports increased by 6,4% from R103,4 billion in 2017 to R110,1 billion in 2018. The Netherlands was South Africa's top destination for agricultural products, followed by the United Kingdom, China, Mozambique and the USA with R4,8 billion in exports.

The sector showed a positive trade balance of approximately R34,8 billion in 2018, which is indicative of a larger number of products available for the export market, despite drought conditions prevailing in the agriculture sector and in the country as a whole.

## Agri SA's financial position

### Most important movements – Statement of financial position

	2019	2018	Movement	%
<b>Capital and reserves</b>	R 215 840 385	R 216 406 613	( R 566 228 )	(0,27%)
<b>Non-current assets</b>	R 45 977 903	R 45 787 392	R 190 511	0,42%
<b>Investments and loans</b>	R 170 931 413	R 168 158 658	R 2 772 755	1,65%
<b>Current assets</b>	R 9 439 294	R 10 020 385	(R 581 091)	(5,80%)
<b>Current liabilities</b>	R 10 508 225	R 7 559 822	R 2 948 403	39,00%

### Agri SA's financial position

Our capital resources are adversely affected mainly due to a decline in the investment value of our portfolio investments, with the result that we had to use capital reserves to keep the business going. As for other income streams, we experienced an improvement compared to prior years, with project income and additional sponsorships increasing at a consistent level. The growth in corporate members will help to move Agri SA into positive figures.

## MARKETING, COMMUNICATION AND IMAGE-BUILDING

Agri SA's liaison with its members and stakeholders was strengthened in 2018 to ensure that Agri SA's image is promoted as effectively as possible. As part of the rapidly changing communication world, especially with regard to digital and social media, the communication and image-building function works closely with Agri SA's executive management to ensure that the message we send out remains consistent.

### Communication strategy

Agri SA's overall communication strategy for 2018 was to grow our message outside the traditional audience but at the same time provide our membership base with high-quality and relevant information. A growing audience is important, especially given the national debate around expropriation where Agri SA must state its case to a wider audience in order to garner support.

With regard to communication, it is of utmost importance to set the terms of the debate, otherwise you will merely follow. For this reason, Agri SA is increasingly focusing not only on being a responsible voice but also on coming forward with new and innovative ideas. Agri SA and its subsidiaries are continually creating original content during the course of their daily interaction around policy and other priority issues about which producers want to be informed. Besides press releases, which normally reach the biggest media houses, Agri SA is also increasingly making use of ad hoc research reports to reflect the full extent of our knowledge in a proactive manner.

Every possible media channel is used to liaise with the broader South African public. For this purpose, Agri SA is increasingly using its social media channels to get the necessary information out promptly.

### Marketing and funding strategy

Agri SA's marketing strategy consists of two parts. Firstly, it is important to build strategic relationships with existing partners and to identify new partners so that projects can be tackled that benefit South African agriculture. Stakeholders derive benefit from becoming involved in events such as the congress, as well as in Agri SA's communication channels, to promote their profiles within the agricultural value chain.

Secondly, it is important to offer sustainable value to our partners. Together we want to continue making a positive difference in the agricultural sector.

### Media exposure

Media monitoring is necessary to ensure that Agri SA grows its 'market share' in the public debate. The communication team compiles a monthly monitoring report for the board, together with a comprehensive overview of Agri SA's media activities. These reports also offer insight into progress made on Agri SA's social media channels.

Agri SA's focus was to grow its audience and interaction on Facebook, Twitter and LinkedIn during the report year, which it has managed to do.

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YouTube was a new platform used actively during the report year to post videos. The content of the videos varied and included messages from the Agri SA president, executive director as well as chairs and heads of the respective centres of excellence.

## Webpage and social media

Agri SA's webpage was updated during the report year to improve accessibility, while continuing to provide a timely platform for Agri SA's various documents and commodity news.

The social media platforms Facebook, Twitter, Instagram and YouTube were also taken back from a service provider and are now administered directly by the communication team to improve implementation of the growth strategy. Although Agri SA is on Instagram, this channel was not used much during the report year. The team will be focusing more strongly on this channel in the coming year in order to grow its audience.

Platform	Number of Agri SA followers March 2019	Number of Agri SA followers June 2018
Facebook	26 000 (17,2% growth)	22 177
Twitter	14 600 (19,6% growth)	12 200
Instagram	3 446 (8,4% growth)	3 178
LinkedIn	8 717 (47,3% growth)	5 917

## Agri into which Die Boer/The Farmer is incorporated

Agri is Agri SA's bimonthly magazine which provides information on policy, legislation and programmes that are of interest to farmers. It also offers advice, extension and news on topical issues to approximately 28 000 farmers who are members of Agri SA via the respective affiliates.

The magazine is distributed directly and is also published electronically on Agri SA's webpage.

Agri's circulation figures are audited on a semi-annual basis by the Audit Bureau of Circulations (ABC).

## Parliamentary liaison

During the report year, 39 bills were tabled in parliament, of which three are of direct interest to the agricultural sector, namely the Minimum Wage Bill, the Aquaculture Bill (which was tabled but not finalised) and the Animal Protection Amendment Bill.

The most controversial matter that served before parliament during the period under review was the motion relating to expropriation without compensation. Agri SA's parliamentary representative attended the meetings, kept affiliates informed (also of arrangements for hearings in the provinces) and provided oral testimony before the Constitutional Review Committee regarding Agri SA's objections to expropriation without compensation.

Agri SA's parliamentary representative attended committee meetings and provided Agri SA with parliamentary reports on a regular basis, including matters such as the strategic plans of state departments and institutions, animal disease control, progress with land reform processes and the budgets of the department of agriculture, forestry and fisheries as well as rural development and land reform.

## Toyota SA/Agri SA Young Farmer of the Year competition

The Toyota SA/Agri SA Young Farmer of the Year competition is endorsed by Agri SA. In 2018 Toyota SA sponsored the competition for the 15th time with a Toyota bakkie as the main prize.

Agri SA is responsible, among others, for coordinating the competition between Toyota SA and the provincial affiliates of Agri SA. The value of the young farmer competition should not be underestimated because young role models in agriculture are identified who can serve as examples for new entrants and, so doing, ensure the future dynamics of the sector.

During a function in Kempton Park on 18 October 2018, JP van den Berg of North West was named the winner. JP has a diversified farming operation, which includes

seed potatoes, commercial veld cattle, a Brahman stud, grass seed, a poultry abattoir and game.

The competition has, since its inception in 2004, produced the following annual winners:

2004:	Jan Grey, Agri Mpumalanga
2005:	Johan Furstenburg, Agri Limpopo
2006:	Pieter Nortje, Agri Eastern Cape
2007:	Robert De Villiers-Graaff, Agri Western Cape
2008:	JB van den Berg, Free State Agriculture
2009:	Tony Da Costa, Agri Gauteng
2010:	Jan Scheepers, Free State Agriculture
2011:	Gog van der Colf, Agri Northern Cape
2012:	Richard Ablort-Morgan, Agri Eastern Cape
2013:	Attie Scholtz, Agri Northern Cape
2014:	Sakkie van Zyl, Agri North West
2015:	Anthony Goble, Kwanalu
2016:	Jacques Beukes, Agri Western Cape
2017:	Jaco Strauss, Agri Northern Cape
2018:	JP van den Berg, Agri North West

### Other liaison actions

The Directorate: Corporate Liaison was responsible for the following actions/events during the course of the year:

- Coordination of information days and visits by international and local guests;
- Agri SA's annual congress, the Commodity Chamber and Corporate Chamber conference, various media information events as well as Nampo Harvest Day;
- Agri SA's corporate clothing range;
- Coordination of Agri SA's annual report;
- Compilation and distribution of Agri SA's monthly newsletter and the mid-month commodity newsletter *Beat*; and
- Attendance of agriculture-related exhibitions and events.

### NEW CORPORATE MEMBERS

The part of our strategy to support value chain integration, as well as the recruitment of new members, was extremely successful. Agri SA's corporate membership base currently stands at 46 members.

### ACCOUNTING POLICY

An amendment to the accounting policy relating to the recording of realised and unrealised profits from Agri SA's investments came into effect on 1 May 2019. These are now reflected as a single line item in the administration's income statement. In the past, the two items were first combined in the comprehensive income statement. The net effect, however, is the same.

No further changes were made to the accounting policy with regard to fixed assets and writing off thereof during the report year. The accounting policy has also complied with the international standards since December 2016. This means that all assets must be valued according to fair value at year-end. The Inkwazi building was revalued by HMS on 5 July 2018, which resulted in a fair value adjustment. The revaluation of the building will be done every four years. Depreciation is written off over the expected lifespan of the assets and a residual value is attached to each asset, which must be reviewed annually.

### RESPONSIBILITIES

In terms of Agri SA's constitution, the Board of Directors is responsible for keeping accounting records and also for the content and integrity of the financial statements and related information.

Although the board is primarily responsible for the financial statements, they are assisted in this regard by Agri SA's external auditors. The latter must express an independent opinion and report thereon. The approval of the financial statements rests with the board. Financial management takes place in terms of an appendix to Agri SA's constitution titled 'Delegation of Powers'.

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## AUDITORS

Agri SA's auditors are the Ashton CA (SA) Group.

The audited financial statements were presented to and approved by the Board of Directors on 18 July 2019. In terms of Agri SA's constitution, the abridged financial statements must be presented to the congress.

## ACKNOWLEDGEMENTS

Agri SA's growth and value chain approach assists the sector as a whole and its membership has grown to 90 organisations. This growth can be attributed to our staff and the excellent quality of people we employ. Later in the report we report in detail on Agri SA's personnel corps.

Finally, I wish to thank all the role players involved for their selfless work. To my president and deputy presidents, I thank you for your support and confidence.



**Omri van Zyl**  
*Executive director*



REFLECTION ON TRANSFORMATION  
**INITIATIVES BY AGRI SA**



*Christo van der Rheede*

Agri SA launched the AgroHUB during the 2018 annual congress. This initiative received overwhelming support from all who attended the congress. The core purpose of this initiative is to conceptualise, initiate, promote, facilitate, implement and bring to fruition transformation and development orientated initiatives in agriculture.

Agri SA views transformation as a national imperative and believes that all the activities initiated by the AgroHUB are critical in fostering and facilitating collaboration between developing farmers, commercial farmers and other agricultural value chain players.

Over the past few months Agri SA has initiated or were involved in a range of initiatives aimed at empowering developing farmers. These initiatives are financed by donors, AgriSETA, our affiliates, individual farmers and the Sasol Trust. It includes the following:

### Digital platform

- To showcase and share best practices with developing farmers;
- To sign-up and assist and unlock opportunities for developing opportunities;
- To support and offer interventions (training) provided by agri-institutions;
- To scale-up through funding the AgroHUB; and
- To align with developmental strategies envisioned and implemented by the public and private sector plans.

### Joint agricultural commercially viable projects between commercial farming entities and traditional authorities (Motsepe project)

- **Phase 1: Project scoping and pre-feasibility** – Exploratory follow up with traditional authorities, establishment of provincial committees, compilation of opportunity report, prioritisation of traditional authorities and projects;
- **Phase 2: Feasibility and due diligence studies** – Appointment of service providers, crop suitability and market assessments, short list of enterprises, high level capacity requirement, development of Professional Farmer Fund;
- **Phase 3: Commercial partner identification** – Establishment of fund, contractual agreements, financial modelling, bankable business plan, engage potential partners (operators, investors/funders, off takers), due diligences; and

- **Phase 4: Implementation** – Contractual agreements, project schedule, supplier agreements, offtake agreements.

### Practical training

- Agricultural leadership development training;
- Developing farmers business skills/entrepreneurship training;
- Plant production project for farmworkers;
- Plant production project learnerships (NQF level 2) for grade 10 to 12;
- Agri Gauteng Ekspo practical workshops; and
- Facilitation of provincial workshops to establish their own AgroHUBs.

### Youth development and exposure

- Internship programme in collaboration with Sasol Trust;
- Trademark Professional Farmer® concept;
- Collaboration with block chain experts; and
- Tech trends (artificial intelligence, digital ecosystems, robotic process automation, cyber security, etc.).

### Communication

- Research and analysis;
- Transformation report;
- GROW magazine; and
- Engagements with local farmer unions, industry leaders, the broader agricultural and business fraternity and government.

### Government

- AgriSETA;
- AgriBEE Charter Council; and
- Agri Phakisa.

### Network projects

- Agri Gauteng Ekspo;
- Agri SA National Drought Fund; and
- National Disaster Management Centre.



## Digital platform

The digital platform at [www.AgroHUB.co.za](http://www.AgroHUB.co.za) showcases successful agricultural development projects, best practices and allows external parties to submit their own success stories and projects. This was done to create a national database consisting of articles, successful projects, training institutions and interventions, business opportunities, support interventions and alignment with national priorities that can be tracked over time to determine its impact.

**“ The digital platform at [www.AgroHUB.co.za](http://www.AgroHUB.co.za) showcases successful agricultural development projects, best practices and allows external parties to submit their own success stories and projects.**

## Joint agricultural commercially viable projects between commercial farming entities and traditional authorities

The purpose of this project is to identify, consider and establish joint agricultural and farming opportunities between traditional authorities and commercial South African farmers and agricultural enterprises.

Agri SA in collaboration with the Motsepe Foundation has completed the following:

- The rural areas in South Africa suitable for joint agricultural projects;
- The crops and/or livestock most appropriate for each joint agricultural project;
- Influential traditional authorities and commercial enterprises who could or would be willing to participate in each joint agricultural project;

- The proposed scope and size of each joint agricultural project;
- The arrangements and the nature of cooperation which would best suit each joint agricultural project; and
- The feasibility, capital and other costs, and prospects of success of each such project.

Phase 1 has been completed and an opportunity report was presented to the Motsepe Foundation. Phase 2 requires that a prospectus will be submitted towards the end of September 2019 once the feasibility studies and due diligence investigations have been finalised. Service providers specialising in this have been appointed.

Feasibility studies and the project management office responsible for this project has also developed a financing framework, called the Professional Farmer Fund. It is also in continuous discussion with banks to get their input for further refinement.

## PRACTICAL TRAINING

### Agricultural leadership development training

Agri SA in collaboration with AgriSETA presented an agri-leadership development program in Stellenbosch in 2018. The feedback on the impact of this program was overwhelming and young farmers all over South Africa is enquiring on when the next program will be presented. It is in the light of this that Agri SA submitted additional proposals to AgriSETA.

### Developing farmers business skills/ Entrepreneurship training

This programme focuses on the development of the business skills of farmers. It also assists them to create sustainable farming practices and economic and social wealth for themselves and their families. This course focuses on entrepreneurship in the agricultural sector, on why management is important and how managers should use business recourses efficiently and effectively to achieve organisational performance.

It also focuses on understanding the business model canvas, what responsible financial management is all about and helps them to analyse the financial performance of the businesses.

### **Plant production project for farmworkers**

This programme focuses on the training of farmworkers in plant production skills. The programme is presented in English with translations in Zulu and Sesotho, or the language of choice of the region to explain complex concepts in the vernacular.

The programme is practical in nature and consists of 30% theory and 70% practical experience.

### **Plant production project learnerships (NQF level 2) for Grade 10 to 12**

This programme focuses on the training of black youth in vegetable growing skills. It teaches them also more about agriculture and give them the opportunity to create sustainable farming practices as well as using agriculture to create economic and social wealth for themselves and their communities.

### **Agri Gauteng Ekspo practical workshops**

Agri Gauteng, in partnership with Agri SA, presented the 2nd Agri Gauteng Ekspo. The Ekspo took place at Vleissentraal, Onderstepoort, on the 7th, 8th and 9th of August 2019. The Agri Gauteng Ekspo is committed to expose young and upcoming farmers, irrespective of race, creed or gender, to an industry that holds the possibility of sustainable job creation and, therefore, poverty alleviation. It forms part of the mission of both Agri SA and Agri Gauteng and their commitment to develop a stable, profitable agricultural environment in South Africa.

### **Facilitation of provincial workshops to establish their own AgroHUBs**

Agri SA facilitated a workshop in the Eastern Cape to Agri Eastern Cape aimed at assisting the province to establish its own provincial AgroHUB.

## **YOUTH DEVELOPMENT AND EXPOSURE**

### **Internship programme in collaboration with Sasol Trust**

Agri SA is committed to skills development within the agriculture sector. With the help of the Sasol Trust, opportunities were created for four interns to gain work experience in agriculture the past year. Agri SA strives to give the interns exposure to as many facets within agriculture as possible. Two of them who were appointed as interns during the previous year, were already appointed in permanent positions within Agri SA. One of the interns who joined this year joined Agri Western Cape for a permanent position.

### **Trademark Professional Farmer® concept**

The Professional Farmer® concept seeks to establish a new narrative for the agriculture environment; redefine what it means and take to be a farmer; create an inclusive farmer community; promote best farming practices and establish innovative farming culture. It also aims to create future leaders through mentorship; encourage the youth to be part of the agricultural sector; express ethical values to combat corruption; protect the environment and to promote Agri SA as the home for the professional farmer.

Agri SA applied for the Professional Farmer® concept to be trademarked. Von Seidels Intellectual Property Attorneys is assisting with this process. A logical outflow of the Professional Farmer® concept is the establishment of a Professional Farmers Association. Farmers who wish to be certified as a Professional Farmer must attend an accredited Professional Farmer certification course to be presented by the agricultural department of an accredited Higher Education Department institu-



tion and must be a member of the Professional Farmers Association of South Africa, which will be hosted and managed as a specialist unit by Agri SA.

## Collaboration with blockchain experts

The objective of this project is to accommodate and serve each commodity and corporate member on the blockchain network and in turn get a sectoral overview of agriculture. Today we already find ourselves in the 4th industrial revolution. It is long due for the agriculture sector to further embrace new technology to increase profitability, on and off the farm. As we are approaching the new era, Agri SA recognised its responsibility to assist the agriculture sector with new technological developments. Agri SA did intensive research on the technological prospects for agriculture and finds itself uniquely positioned to roll out technology on a macro scale for the benefit of its members.

As we are approaching the web 3.0 era, blockchain seems to be the logical solution. Under the Professional Farmer® umbrella, technology is probably the most important for subsistence and emerging farmers to become commercially competitive cost effectively. Agri SA is partnering with ConsenSys on this project.

**“ As we are approaching the web 3.0 era, blockchain seems to be the logical solution. Under the Professional Farmer® umbrella, technology is probably the most important for subsistence and emerging farmers to become commercially competitive cost effectively.**

## Tech trends (artificial intelligence, digital ecosystems, robotic process automation, cyber security, etc.)

Technology is changing at a breakneck pace and it has certainly a disruptive impact on the agricultural ecosystem. Technology has become a key and critical productivity and growth driver for the sector. Rapidly evolving technologies like smart agriculture sensors, robotic process automation, cognitive cyber security and quantum computing are opening entirely new agricultural business opportunities. A technology desk was established to determine technology trends, to network with stakeholders involved in the digital ecosystem and keep members informed about tech trends.

## COMMUNICATION

### Research and analysis

The work of the AgroHUB is informed by the research and analysis of the project management team, Agri SA's Centres of Excellence, reports by BFAP, state departments, etc. as well as international agencies. This research and analysis inform the articles and reports compiled by the AgroHUB as well as all the project management process which it embarks upon.

A typical example is the research done and use of GIS maps to compile an opportunity report for the establishment of joint commercially viable agricultural projects and the feasibility studies done on each of these projects.

### Transformation report

Transformation within the South African economy and agriculture specifically, remains a national imperative. Agri SA, through its membership base, has been actively involved in promoting transformation through numerous development programmes ranging from training courses to recapitalisation.

Agri SA's transformation report is geared towards promoting transformation in agriculture. This is done by identifying best practices and exploring opportunities

for further growth, and, of course, finding solutions to developmental challenges. A total of 108 210 developing farmers have benefited from programs such as training courses, mentorship programs, recapitalisation projects and social development initiatives.

### **GROW magazine**

The purpose of this online magazine is to showcase transformation initiatives and success stories of developing farmers and joint partnerships between commercial entities as well as developing farmers.

**“ The purpose of this online magazine is to show case transformation initiatives and success stories of developing farmers and joint partnerships between commercial entities as well as developing farmers.**

### **Engagements with local farmer unions, industry leaders, the broader agricultural and business fraternity and government**

The deputy executive director of Agri SA produced numerous articles, attended to numerous radio and television interviews, participated in numerous colloquiums, addressed various farmer unions, provincial congresses and business chambers, initiated and rolled out provincial road trips and facilitated workshops.

### **AgriSETA**

The deputy executive director of Agri SA is the current chairperson of the AgriSETA. Last year 6 947 levy payers were contributing towards the funding of the AgriSETA. Levies paid during the past financial year ranged from

R47 million, to as low as R5. The horticulture sector contributed the biggest amount totalling R121 million.

Other industries such as the red meat, poultry and grains and cereals industries are also big contributors. Thirty entities contributed R87 million rand towards the total amount of R348 million received by the AgriSETA. AgriSETA creates and promotes opportunities for social, economic and employment growth for agri-enterprises through relevant, quality and accessible education, training and development in both primary and secondary agriculture in conjunction with other stakeholders in agriculture.

### **AgriBEE Charter Council**

Agri SA is represented on the AgriBEE Council. Agri SA received a copy of the AgriBEE enforcement guidelines, marked “confidential” on the 26th of April. Agri SA was requested to establish what the status of this document is and what, if any consultations are going to take place before it is finalised and enforced.

Jahni de Villiers from Agri SA together with Dr John Purchase from Agbiz arranged a meeting with Dr Madime Mokoena and Kwena Komape from Daff in order to clarify the intention of the document and how it is to be implemented. A feedback session was held with Dr Mokoena. He explained that the AgriBEE Enforcement Guidelines is an internal discussion document for the department and its SOEs. It was developed in response to section 10 of the BBBEE Amendment Act. AgriBEE Enforcement Guidelines do not “instruct” but “guide” the affected regulators.

Agri SA continues to be involved in the AgriBEE Charter Council and seeks a more flexible and incentive-based compliance mechanism, as opposed to the rigid and sanction-based approach too often propagated by government. The latter approach is not conducive for the agricultural sector and those willing to invest and carry all the risk associated with primary agriculture.



## Agri Phakisa

The following major initiatives were tabled by Government at the Jobs Summit in 2018:

- Improving the grain/livestock value chain;
- TradePRO in the horticultural value chain;
- The Agri Phakisa farmworker smart village scheme;
- The Daff/Land Bank blended finance proposal; and
- The proposal to strengthen capacity for biosecurity enforcement.

Several meetings were held between Daff and Agri SA. However, there was no response thus far from DRDLR regarding the budget submitted to fund the project management office for the Smart Village project. There was also no response from the department of human settlements in this regard. There was also a request to the AgriBEE officials to give their input regarding the BBBEE benefits for commercial farmers, should they be an active participant in the Smart Village project. No response was received.

There is a huge need for a government policy framework to guide this process of establishing smart villages in partnership with commercial farmers. DRDLR and department of human settlements are the lead departments to develop this policy in partnership with organised agriculture. Agri SA will pursue these matters with the new administration.

## NETWORK PROJECTS

### Agri Gauteng Ekspo

Agri Gauteng in partnership with Agri SA presented the 2nd Agri Gauteng Ekspo at Vleissentraal, Onderstepoort, on 7 to 9 August 2019. The ekspo focused on training on a practical level across all farming sectors, practical exposure, training and development of farming practices across 11 focus areas, including, but not limited to livestock production, namely: Cattle, sheep, pig and goats, poultry, dairy, grains, vegetables, fruit, bee keeping and fisheries.

## Agri SA National Drought Fund

The purpose of the Agri SA Drought Relief Fund is to ensure that our farmers severely affected by drought can continue farming and that food security and job opportunities in South Africa are protected. Donations of more than R20 million have been received since 2015. This has provided farmers, farmworkers and communities in drought-stricken areas with much needed assistance.

Since the inception of the fund in 2015, Agri SA, with the help of various donors, has been able to assist thousands of commercial and emerging farmers and farming communities. This included feed, water, fuel, transport and hunger relief in collaboration with Shoprite. In 2019 the communities of Tosca, Griekwastad, Mossel Bay, Kenhardt, Willowmore, Aberdeen, Paterson, Hoopstad, Fraserburg and Jansenville received assistance.

## National Disaster Management Centre

Agri SA had a constructive engagement between the National Disaster Management Centre (NDMC) as well as AgriSETA on 7th of June. Upon conclusion of the meeting, both Agri SA and the NDMC committed to the following: share national disaster management plan, share contact information of each provincial forum, convene a bilateral workshop with agricultural unions and relevant departments, to discuss disaster management more holistically. Topics of discussion to include funding mechanisms, optimising interventions by different entities and building resilience. Attendees to include the departments of human settlements, water and sanitation, agriculture, forestry and fisheries, land reform and rural development, and environmental affairs, the NDMC, The Development Bank of Southern Africa, National Treasury, Land Bank, Afasa, Agri SA, TAU SA and Nafu.

**Christo van der Rheede**  
*Deputy executive director*

**BOARD OF DIRECTORS**



**Dan Kriek**  
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**Sipiwo (SK) Makinana**  
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**Gerhard Diedericks**  
*Corporate Chamber*



**Rossouw Cillié**  
*Corporate Chamber*



**Nic Bronkhorst**  
*Corporate Chamber*



**Dr Kathy Hurlly**  
*Non-executive  
Independent Director*



**Dr Charlotte Nkuna**  
*Non-executive  
Independent Director*



**Omri van Zyl**  
*Executive  
Director*

## CHAMBER MANAGEMENT



### GENERAL AFFAIRS CHAMBER

FROM LEFT TO RIGHT

**Francois Wilken**, *Deputy chair*

**Cornie Swart**, *Chairman*

**Douglas Stern**, *Additional member*

### COMMODITY CHAMBER

FROM LEFT TO RIGHT

**Jannie de Villiers**, *Deputy chair*

**Dr Piet Prinsloo**, *Chairman*

**Niël Joubert**, *Additional member*



### CORPORATE CHAMBER

FROM LEFT TO RIGHT

**Rossouw Cillié**, *Deputy chair*

**Gerhard Diedericks**, *Chairman*

**Nic Bronkhorst**, *Additional member*

# CONGRESS REPORT 2018

## TIMES OF CONGRESS SESSIONS

Tuesday, 9 October 2018 from 07:30 to 17:00

Wednesday, 10 October 2018 from 08:30 to 12:30

## THEME

“Land – the key to shared prosperity in South Africa”

## PLACE

Maslow Time Square, 209 Aramistry Road, Pretoria



## REGISTRATION

Separate registration points were made available for the General Affairs Chamber, the Commodity Chamber, the Corporate Chamber and guests.

Changes in the composition of delegations had to be communicated in writing before or during registration.

Delegates received and signed for their ballots during registration. Lost ballots were not replaced.



# LAND

The key to shared prosperity  
in South Africa

The congress was attended by  
**108 delegates and 162 guests.**

## CONGRESS AGENDA

### DAY 1 OPENING SESSION

Scripture reading and prayer – Ds Marina Strydom.  
The congress then sang the National Anthem.

#### Constituting the congress

The executive director, Omri van Zyl, constituted the congress and confirmed that a quorum was present. He said all constitutional obligations had been met for the congress to commence.

He then dealt with the procedural arrangements as follows:

- The sequence of discussions was determined by the chair;
- Non-delegates were allowed to provide input with the chairman's permission;
- Participants not listed in the programme were limited to a speaking opportunity of five minutes. Participants were asked to use the microphone made available on the floor;
- Speakers were asked to hand in their speeches, both written and electronic, at the administration office, preferably before or directly after presentation thereof;
- For media and reporting purposes, inputs had to be handed in at the administration office, or to Marnu de Wet for loading onto the computer system;
- During each discussion session, the best speaker from the floor was named and at the end of the congress a prize was presented to that person; and
- The election process was handled by Agri SA's auditor, Henry Windell from the Ashton CA (SA) Group, assisted by Willie Jacobs.

#### Word of welcome

Deputy president Phenias Gumede accepted apologies for absence and welcomed all present, including delegates, other representatives of affiliates, speakers, delegates of various state departments, representatives of portfolio committees, statutory bodies and embassies, delegates from other agricultural organisations, former presidents of Agri SA and guests.

A special word of welcome was extended to Sifiso Buthelezi, deputy minister of agriculture, forestry and fisheries; Patrice Motsepe, executive chair of African Rainbow Minerals and guest speaker; Vassi Naidoo, chair of Nedbank; Prof Quinton Johnston, chair of the South African Institute for Land, Heritage and Human Rights; Christo van Staden, managing director of LTP: BATSAs; Jesus Madraso of Bayer International; former presidents Johannes Möller and Japie Grobler, as well as Dr Theo de Jager, former deputy president and current president of the World Farmers' Organisation (WFO). He also acknowledged the presence of various panel members as mentioned in the programme.

A special word of welcome was also extended to new corporate members and members of commodity organisations who were attending their first Agri SA congress.

The media were also welcomed and thanked for attending and reporting on the congress.

A word of welcome was extended to representatives of political parties, members of portfolio committees, representatives of the department of agriculture, forestry and fisheries and other state departments and statutory bodies, including the Land Bank, visiting agricultural organisations, representatives of embassies and organised business, representatives of consumer organisations and exhibitors.

Phenias Gumede offered apologies on behalf of former presidents as well as former chamber chairs who were not in attendance. He thanked the sponsors and referred to their logos in the congress programme as well as their messages. He asked congress attendees to take note of the sponsors' exhibitions and also to pay them a visit.

*The logos of the respective sponsors were displayed throughout the congress:*

**Platinum and informal function sponsor:**

Santam Agriculture

**Diamond sponsor:**

BATSA

**Gold sponsor:**

AgriSETA, GWK, Land Bank and Bayer (also bronze)

**Silver sponsors:**

Absa AgriBusiness, DuPont Pioneer, MacRobert Attorneys, Nedbank, NWK Ltd, Obaro, Senwes, Standard Bank, Statistics SA, VKB and Voermol

**Bronze sponsors:**

Bayer (also gold), King Price, Nissan, Old Mutual Insure, OVK, Pannar, Sanlam, Syngenta, Telkom, the Ashton CA (SA) Group, Villa, Vleissentraal and Woolworths

Phenias Gumede also thanked Agri SA's partners, namely CrisisOnCall, Nissan SA, Sanlam, AliSom, Sonfin and T&E FinOps, for the loyal support they provided to Agri SA and the Agri Securitas Trust Fund during the past year. He referred to their messages as featured in the congress programme and asked congress attendees to visit their exhibitions to find out what they had to offer.

## PRESIDENTIAL ADDRESS

### Dan Kriek, Agri SA

Pierre Vercueil took over the chair and introduced Dan Kriek to deliver his presidential address.

Kriek emphasised the importance of visionary leadership and lauded Agri SA for its role on various platforms to promote the farmer's cause. He quoted from several speeches made by leaders, including those of the war heroine, Emily Hobhouse, former president Nelson Mandela and the American human rights activist Dr Martin Luther King Jr.

"Amidst uncertainty we must cling to our ideal for South Africa," said Kriek. In his speech he again emphasised Agri SA's commitment to sustainable partnerships in agriculture as well as its commitment to protect the interests of every farmer in the country. "It is now a difficult time for everyone – there is uncertainty about property rights, the devastating impact of the drought and farm attacks that threaten us all."

**“Amidst uncertainty we must cling to our ideal for South Africa,” said Kriek. “It is now a difficult time for everyone – there is uncertainty about property rights, the devastating impact of the drought and farm attacks that threaten us all.”**

He called on president Cyril Ramaphosa to understand the realities that farmers in South Africa experience and emphasised that these realities cannot be ignored. Kriek offered encouragement to the more than 200 delegates and guests for the time that lay ahead. "We must acknowledge the mistakes of the past and work together to create a better South Africa for all," Kriek said. He emphasised that farmers should be respected for the role they play in society. "Strong and stable leadership is needed to take South Africa forward." He also warned that it was everyone's responsibility to bring about sustainable reform in agriculture.

Kriek emphasised that Agri SA was strongly opposed to any amendment to section 25 of the Constitution. Agri SA's holistic land plan, as well as a financing plan, was again presented and had been accepted by its members. He also referred to an agricultural development agency that could expedite transformation of the sector.

Kriek pointed out that social cohesion in a polarised South Africa was urgently needed now more than ever before.

The presidential address was concluded with the words “Thuma Mina”, or “Send me”, with reference to the campaign conducted by government urging all South Africans to join hands and work together for the future of the country.

Pierre Vercueil thanked the president for his address and handed the chair back to him.

### GUEST SPEAKER

#### Dr Patrice Motsepe, executive chair of African Rainbow Minerals

Dr Motsepe said both black and white farmers are affected by murder and crime and that many of the promises made by politicians and the government in this regard simply make no sense. “For us as South Africans, the truth and what we experience have a significant influence on our views and whether we are optimistic about the future.”

Motsepe said he was not in favour of empty motivating messages and that facts speak for themselves. “The truth is the truth.” And yet he was optimistic about the future of agriculture and the food-processing industry. His grandfather and father were farmers, and he is also a farmer.

“I have no doubt that we will look back in three, five or seven years’ time and say: There were challenges in 2018, but we beat them.” Motsepe emphasised that marginalised South Africans should become part of the economy, otherwise the country will not have a future. According to him, the future of the elite in the country, of which he is part, is irrevocably linked to creating a future for and the inclusion of marginalised and unemployed people. “We tend to look at this as a white-black issue, but it isn’t.” He said all South Africans must agree that the country’s future success depends on everyone being included. “If the beneficiaries are only those with

the surname ‘Motsepe’ we will have a revolution.”

He said he was committed to ensuring that a significant number of black farmers and communities benefit from agriculture and the food-processing industry. According to him, it is important to show the world that there are indeed examples of successful partnerships between white and black farmers. He believes the government should consider incentives so that partnerships offer benefits to both parties.

“The critical thing is that it must make commercial sense.” According to him, the most successful countries are those that create an environment where the private sector can develop and achieve success and where it can invest with confidence.

### ELECTION OF PRESIDENT

Congress was asked to submit nominations for the office of president.

### APPROVAL OF AMENDED CONSTITUTION

The executive director briefly provided elucidation on the proposed constitutional amendment and the reason why the constitution had to be approved beforehand, after which the chairman asked congress to approve the following:

#### Clause 6.2.1.5 reads as follows:

*Two (2) non-executive independent directors appointed by the Board for the year 2017/18.*

#### Clause 6.2.1.5 amended as follows:

*Two (2) non-executive independent directors appointed for a two-year term by the Congress at the recommendation of the Board of Directors. During the Congress, which is held annually, at least fifty percent (50%) of the non-executive directors shall retire. The non-executive independent director who had been longest in office since their last election, shall retire first. As in the case of non-executive independent directors with equal seniority, the non-executive who*

*is to retire shall, in the absence of consensus, be named by the President.*

The amendment of the constitution, as set out in advance, was approved unanimously by the congress.

## THEME 1 INSIGHT INTO THE PROCESS OF EXPROPRIATION WITHOUT COMPENSATION

### Professor Quinton Johnson – Chair of the South African Institute of Land, Heritage and Human Rights

Professor Johnson referred to the injustices of the past and some of the unfair land-related laws. He proposed that a human rights approach to land reform be followed, based on the effective implementation of section 25 of the South African Constitution.

He also suggested that a national land plan, under the auspices of the presidency, be implemented via a new super-ministry, supported by a designated committee to strategically oversee the plan, to communicate and coordinate effectively, and to give effect to the policy mandates of restitution, redistribution and tenure security, together with departments with related mandates and with the help of an adequate and appropriate budget and supplementary resources to ensure success.

Professor Johnson also emphasised that existing land reform legislation should be effectively implemented. He recommended that a land ombudsman be appointed; that a credible land register be created; and that title deeds be prioritised with a view to urban and rural land reform. According to him, there was also a need for national legislation around expropriation in terms of which courts will decide on the meaning of 'fair and equitable' within the context of land reform.

He suggested that a South African National Agricultural Development Agency be established in the form of a public-private partnership between the agricultural sector and government, which would be tasked with effective operationalisation of a national land plan.

## DISCUSSION: EXPROPRIATION WITHOUT COMPENSATION

**Facilitator: Dan Kriek, Agri SA president**

The following points were discussed:

- Agri SA's current mandate, Annelize Crosby, head: Agri SA's Centre of Excellence: Land;
- Status quo, Annelize Crosby; and
- Feedback on Agri SA's Land Summit held in August 2018.

Dan Kriek referred to history in relation to expropriation of land and how it was experienced by black people. The provisions in the South African Constitution with regard to expropriation of land, specifically with reference to section 25, were presented to congress. He explained Agri SA's strategy for opposing expropriation of land without compensation and the implementation thereof and also referred to Agri SA's holistic plan for land reform, the financing plan for transformation put forward by Agri SA, as well as other development activities over the past year.

Kriek mentioned the positive media coverage that Agri SA had received in relation to its views on and involvement in land reform and transformation.

Annelize Crosby presented to congress Agri SA's existing mandates in terms of land reform, with specific reference to viewpoints that had been approved by congresses held since 2001.

Specific attention was also given to Agri SA's financing plan and work in progress that emanated from these mandates and the financing plan. Feedback was provided on the land summit held in August 2018 and the new mandates expected from congress.

The following **resolutions** were **approved** by the congress:

- The existing congress mandates, including the holistic and financing plans, were reaffirmed;
- Agri SA confirmed its position in opposing the amendment of section 25 of the Constitution;

- Greater focus should be placed on the implementation of land reform;
- Agri SA's "special purpose vehicle" (SPV) proposal must be further developed;
- The "right of first refusal" principle must be further investigated by the Centre of Excellence: Land;
- The lack of trust between organised agriculture and the government must be addressed;
- District land committees do not work – a solution must be sought in this regard;
- Agri SA must continuously and strongly oppose the amendment of section 25 of the Constitution; and
- The framework for agricultural development and financing is supported but must be adjusted.

## **Christo van Staden**

### ***Managing director of LTP: BATSA***

Christo van Staden, managing director of the Lowveld Tobacco Co-op in Nelspruit, delivered a message on behalf of the company as Diamond sponsor of the congress.

## **DONATIONS TO THE AGRI SECURITAS TRUST FUND**

OFM, Afgri, NWK and Senwes handed a donation to Agri Securitas Trust Fund chair, Japie Grobler.

The Agri Securitas Trust Fund also received other donations, including a maize-seed donation from Bayer and donations from Obaro and Santam Agriculture.

Japie Grobler thanked the donors and said the Agri Securitas Trust Fund offered an ideal platform for businesses that wished to be associated with the work that the Trust Fund does to protect farming communities and to contribute towards the task it performs.

## **OUTCOME OF THE PRESIDENTIAL ELECTION**

Dan Kriek was re-elected as president for a second term.

## **ELECTION OF DEPUTY PRESIDENTS**

The executive director asked the congress to submit their nominations for first deputy president during the lunch break, followed by nominations for the second deputy president after the first deputy president had been elected.

## **LUNCHEON**

Preline Swart said grace, after which lunch was served in the Tatso room.

## **THEME 2**

### **SPEED-APPOINTMENTS WITH BANKERS**

## **Vassi Naidoo, chair of Nedbank**

Naidoo, who served as chair of Nedbank since 2015, said it was important to acknowledge what the agriculture sector had accomplished despite challenges such as limited state aid and fluctuating rainfall. "Although just 13,5% of the country is suitable for crops and only 3% thereof is actually prime land, the country is self-sufficient and is a major exporter," he said. "South Africa is a top ten major global producer of produce as diverse as pears, grapefruit, maize and castor oil seed. Of course, cattle, poultry, grapes, milk and sugar cane are major products by value and play a very important part in the economy as a whole."

Naidoo believes that South African agriculture is underestimated when it comes to its role in the country's economy.

Nedbank is therefore committed to supporting the agricultural industry with a view to sustainability as well as promoting innovation. "My organisation, Nedbank, has recognised the importance and potential of agriculture and has been increasingly active in the sector over the past eight years, in the primary industry as well as in agribusinesses and co-ops," said Naidoo.

“*My organisation, Nedbank, has recognised the importance and potential of agriculture and has been increasingly active in the sector over the past eight years, in the primary industry as well as in agribusinesses and co-ops,*” said Naidoo.

In 2012, Nedbank, together with Old Mutual and Wiphold, invested R100 million in a commercial, community-based agricultural project of 60 ha in the Eastern Cape, which has now grown to 2 000 ha with 2 200 owners. Property rights played an important role in the success of this project. “Agriculture offers job opportunities to more than 6% of all working people (sometimes more than 10%) and there are also important linkages with the economy as a whole via other sectors such as manufacturing and services.”

Naidoo is convinced that South Africa will find meaningful ways to facilitate real and positive land reform and growth within this sector and in the economy.

Naidoo added that no hasty decisions should be taken now, and that people should not allow emotions to get the upper hand because it could give rise to long-term unintentional consequences. “I believe president Cyril Ramaphosa is sincere when he says reform should not jeopardise food security and economic or inclusive growth.”

“President Cyril Ramaphosa has appointed a panel of experts to advise him on land reform. I am aware that the Agri SA president, Dan Kriek, also serves on the panel. I believe this is a well-qualified panel and hope that they will come up with innovative ideas to address the land issue. The panel will probably remind us that expropriation makes up only a small part of

the land reform debate as well as the future success of the agricultural sector.” He said he is confident that Ramaphosa’s panel on land reform will come up with innovative ideas.

## PANEL DISCUSSION

### Panel members:

**Omri van Zyl**, Agri SA executive director

**Cobus Wells**, head: AgriBusiness, Absa

**Nico Groenewald**, head: PBB AgriBusiness SA, Standard Bank

**John Hudson**, national head: Agriculture, Nedbank Business Bank

**Bertie Huggett**, head: Agriculture, FNB

**Thabiso Mashugane**, general manager for structured financing, Land Bank

Cobus Wells, head of AgriBusiness at Absa, warned people to be careful regarding perceptions and generalisations about land values. “We as an industry must deal with it very cautiously. We are very concerned about this.”

Absa, on a monthly basis, monitors to determine what happens with transactions. “In certain areas we find growth values, in certain places it moves sideways, and in some areas, we see a decline, but not to such an extent that we say it’s becoming a major problem and that we want to withdraw investments. But we do see a decline – farms take longer to sell in some areas. But someone once told me: You can never pay enough for good land and never too little for poor land,” said Wells.

Nico Groenewald, head of AgriBusiness at Standard Bank South Africa said a bank’s models for possible bad debt are approved by the Reserve Bank and that such models have timeframes, which mean that cycles are included. According to him, it is still too early to conclude that values have moved in a certain direction.

Banks were questioned about financing emerging farmers and have expressed their commitment to this, but he also said commercial farmers, as mentors, and the state have a role to play.

Groenewald believes there is currently growing momentum for all role players to come to the table. According to him, the land summit hosted by *Landbou-weekblad* and Agri SA in Bela-Bela played an important role in proposing solutions. Banks now also experience a willingness by the state in this regard.

Bertie Huggett, head of FNB Agriculture, said FNB has spent a lot of time on developing models to assist emerging farmers. Commercial banks, however, use deposit-holders' money to lend out to others and must do so according to strict criteria to ensure that deposit-holders' money is protected. "This money belongs to your grandfathers and grandmothers and pension funds." Huggett said a project must have a commercial element and be profitable.

John Hudson, national head of agriculture at Nedbank Business Bank, said the land debate had given agriculture a higher profile over the past six to eight months, but broader economic growth was needed to resolve the land issue.

The following resolutions/recommendations were presented to congress:

- Banks are restricted by regulatory requirements and certain legislation relating to banks, which prevent them from applying financing mechanisms other than those prescribed;
- Development finance is essential to promote transformation and therefore banks should give more attention to this; and
- All role players should work together to establish a development fund.

### **Jesus Madrazo, head: Crop Science, Agricultural Affairs and Sustainability, Bayer**

Madrazo stated clearly that South African farmers were the most productive in the world.

"South African farmers embrace and have a government that supports their access to innovation. This gives them a competitive advantage over peers in other countries less open to innovation," Madrazo said. Bayer

recently finalised its acquisition of Monsanto to become the global leader in agriculture. "That acquisition was rooted in our vision for shaping the future of agriculture for farmers, people and the planet," says Madrazo. "You cannot build a better future for farmers by ignoring the needs of society or the health of the planet. Likewise, you cannot improve people's lives without helping farmers produce more food in a sustainable manner."

Madrazo emphasised that South Africa has incredible opportunities for investment and, as an important hub, the country can spur growth and development further in Sub-Saharan Africa.

With regard to transformation, Madrazo remarked that it was not just about the face of agriculture in South Africa and access to the sector for all in society, but also transformation towards a new era of how we practice agriculture with new technologies. "This transformation takes coordinated effort and investment at every level from people working towards a common goal."

During his speech, Madrazo also announced that Bayer would donate R1 million to the Agri Securitas Trust Fund. "We are proud to collaborate with institutions such as Agri SA and the Agri Securitas Trust Fund for the protection of farming communities. We hope our contribution will contribute to the improvement of rural security and safety." Madrazo also emphasised the importance of partnerships in these endeavours.

"I look forward to working with you all as we help shape the future of agriculture together and as we make South Africa an example for the rest of the world."

### **MESSAGE FROM VISITING AGRICULTURAL UNIONS**

Dr Vuyokazi Mahlali conveyed greetings to Agri SA on behalf of Afasa.

## OUTCOME OF ELECTION OF DEPUTY PRESIDENTS

### First deputy president

Pierre Vercueil – re-elected

### Second deputy president

Phenias Gumede – re-elected

## INFORMAL FUNCTION

Agri SA's informal function was held from 18:30 in the Diamond room of Maslow Time Square, with Christo van der Rheede acting as programme director. Agri SA's deputy president, Pierre Vercueil, welcomed the guests, while Santam Agriculture's executive director, Lizé Lambrechts, delivered an appropriate message.

### DAY 2

Reading from scripture and prayer – Ds Janine Truter.

## THEME 3

### AGRI SA TRANSFORMATION HUB

#### Facilitator: Christo van der Rheede, Agri SA deputy executive director

**Ettienne van Wyk** – sheep farmer, Marydale

**Tshilidzi Matshidzula (Chillie)** – cattle and dairy farmer, Eastern Cape

**Gloria Serobe** – founding member and executive director: Wiphold & CEO: Wipcapital

#### Ettienne van Wyk – sheep farmer, Marydale

Ettienne van Wyk, a stock farmer from Marydale, who earlier in the year had also been a speaker at *Landbou-weekblad* and Agri SA's land summit in Bela-Bela, said he was "totally anxious" because the land on which he farms was too small to accommodate his plans. "I sit with a tragedy. Is there anyone who can help me or tell me whom I can approach? I realise our people are very embarrassed when it comes to this." He now wanted to expand, but the Land Bank said he needed security to get a loan. "I am prepared to take a loan and do the work, but it must be able to suit me. There is no point in

buying land while I don't have any livestock." He asked that a plan be made for farmers like him.

He already has good mentors in his area, such as Mr Dries Wiese, and a good accountant "who twists my ear when I'm in too much of a hurry to expand." Van Wyk was still a child when Wiese started teaching him. He later worked for him until he was given land by the government.

#### Tshilidzi Matshidzula (Chillie), cattle and dairy farmer, Eastern Cape

Tshilidzi Matshidzula, a successful emerging cattle and dairy farmer from the Eastern Cape, called on commercial farmers to employ students who need practical experience to complete their diplomas. "Who knows, you might even find your future partner in the process," said Matshidzula. It was thanks to such an opportunity that he himself landed on a farm where he soon made good progress.

When he and his partners later wanted to expand their dairy operation, he thought that since all three were black, they would be assisted by the state, but all they got were empty promises. They eventually sold a 50% share to their neighbour, Walter Biggs, to get the necessary capital, and hope to milk about 1 000 cows by the end of next year. Matshidzula emphasised the importance of knowledge obtained via a mentorship.

He and his partners started a mentorship programme and he also persuaded his study group members to take on students every year.

"We aim to take on 27 to 40 students per year." The Milk Producers' Organisation will be one of their biggest partners in the programme. The 3 800 ha, which can accommodate approximately 700 cows, is too small, however, while water is also limited.

## Christo van der Rheede, Agri SA deputy executive director

Van der Rheede made a presentation on transformation projects in which the AgroHUB is involved and also referred to Operation Phakisa where Agri SA is still involved. He mentioned the transformation in which commodity organisations are involved and the amounts that these organisations had already spent on transformation. He asked that all success stories in this regard be passed on to Agri SA so that it can compile a comprehensive report.

### The following resolutions were approved by congress:

- The composition of an AgroHUB; and
- The work currently done with regard to transformation, as well as continuation and expansion thereof.

## ELECTION OF AGRI SA'S CHAMBER EXECUTIVE MEMBERS AND BOARD OF DIRECTORS

### The chair, vice chair and executive members of:

- Agri SA Commodity Chamber
- Agri SA General Affairs Chamber
- Agri SA Corporate Chamber

The chamber elects from own ranks three representatives to serve on the Agri SA Board.

The following persons were elected:

## Commodity Chamber

### Board members

Jaco Minnaar  
Niël Joubert  
Sipiwo (SK) Makinana

### Chamber executive

Dr Pieter Prinsloo – Chair  
Jannie de Villiers – Deputy chair  
Niël Joubert – Additional member

## General Affairs Chamber

### Board members

Cornie Swart  
Francois Wilken  
Douglas Stern

### Chamber executive

Cornie Swart – Chair  
Francois Wilken – Deputy chair  
Douglas Stern – Additional member

## Corporate Chamber

### Board members

Gerhard Diedericks  
Rossouw Cillie  
Nic Bronkhorst

### Chamber executive

Gerhard Diedericks – Chair  
Rossouw Cillie – Deputy chair  
Nic Bronkhorst – Additional member

## THEME 4

### YOUNG FARMERS/BUSINESSMEN: HOW WE FEEL ABOUT THE FUTURE OF AGRICULTURE IN SOUTH AFRICA

#### Facilitator: Jaco Minnaar, chair: Grain SA

**Willem de Chavonnes Vrugt**, *president: Agri North West*  
**Nic Bronkhorst**, *managing director: Obaro Group*  
**Gideon Hefer**, *chief executive officer: InteliChem*  
**Piet Engelbrecht**, *deputy president: Agri Limpopo*

#### Jaco Minnaar, chair: Grain SA

In his introduction, Minnaar said not many statistics were available about farmers and that the average age of farmers was approximately 54. The question is: what can be done to attract new entrants to agriculture given the many challenges the industry faces today? What can be done in an organised manner, and how can positivity be cultivated with regard to agriculture?

He then gave panel members an opportunity to introduce themselves.

### **Willem de Chavonnes Vrugt, president: Agri North West**

De Chavonnes Vrugt said partnerships with experienced farmers created an opportunity for young farmers to enter agriculture. Young farmers must become involved in organised agriculture. He was positive about agriculture despite the many challenges and was of the opinion that all challenges could be overcome. He was concerned, however, about service delivery protests, the deterioration of infrastructure as well as corruption, which undermined the potential of the economy.

### **Nic Bronkhorst, managing director: Obaro Group**

Bronkhorst said training for young people was essential and that learners should, while still at school, take note of the potential of agriculture. His organisation, Obaro, was involved at schools and provincial organisations and also employs young people immediately after they graduate for one year, during which they receive training in all facets of an agricultural company.

He referred to the limitations set by banks when young entrants to agriculture wish to access capital. He was of the opinion that primary agriculture should become more involved in partnerships with other role players and, so doing, create opportunities for young people. Good networking relationships are important.

### **Gideon Hefer, chief executive officer: InteliChem**

Hefer said agriculture faced many challenges but he was excited about this and about finding solutions for the industry. Young people must be informed that farming operations, organised agriculture, agribusinesses and the suppliers of production requisites could in the long term create attractive, albeit challenging, job opportunities.

### **Piet Engelbrecht, deputy president: Agri Limpopo**

According to Engelbrecht, tertiary training is important, but in order to farm effectively, you have to surround yourself with people who have experience in farming. One example of this is the family farm where farmers have been farming for generations and have the necessary experience to serve as mentors for young farmers. According to him, the process to build a profitable business takes approximately 10 years.

## **CEREMONY TO RECOGNISE MEMBERS**

The representatives of Agri SA's Corporate Chamber and Commodity Chamber received membership certificates on behalf of their respective organisations.

### **Corporate Chamber**

Aerobotics  
Afrivet  
Alzu Enterprises  
Cernotech  
ENSafrica  
East Rand Water Care Association  
GrowingGains  
GWK  
Vertical Farming  
MacRobert Attorneys  
Minthiro Foundation  
Old Mutual Wealth Trust Company  
Pro Agri  
PSG Wealth  
Rhodes University  
Sasol  
Sentinel Vision  
Stellenbosch University  
Tax Recoveries  
University of the Free State

### **Commodity organisations**

Southern African Macadamia Growers' Association  
South African Cane Growers' Association

## ANNUAL GENERAL MEETING

### Programme director

Omri van Zyl, Agri SA executive director

### MOTIONS

The president put forward the following motions:

The congress expresses its condolences to the next of kin of leaders and members of Agri SA's affiliates who had passed away during the past year. He also referred specifically to farmers, farmworkers and their family members who died as a result of violent crime.

"The unexpected death of Henk van Wyk, former president of Agri Northern Cape, Agri SA board member and member of Agri SA's General Affairs Chamber, touched us all deeply. Henk, with his humour and quick smile, will always be missed – when we think of Henk, we smile. He was well-loved and we will all miss him."

Guilleu du Toit, on behalf of farmers, put forward a motion of thanks to farmers and organisations who had made a contribution to those who suffered as a result of drought conditions. He said the empathy shown by fellow-farmers and their willingness to donate feed and other resources were greatly appreciated.

The motions were accepted unanimously.

### PRESENTATION OF FINANCIAL STATEMENTS AND ANNUAL REPORT

The executive director, Omri van Zyl, offered an opportunity to Allan Bishop, chair of Agri SA's Audit and Risk Committee, to discuss the abridged financial statements with congress. Congress took note of this.

Agri SA's annual report was presented to congress and was accepted with thanks.

## CONGRESS RESOLUTION – 2017

Willie Jacobs provided congress with elucidation on the progress that had been made with the 2017 congress resolution, namely, to inquire into the possible establishment of a new non-profit company and to transfer Agri SA's assets to the new company.

### Congress took note thereof and resolved that:

- The organisation would continue in its current form and that further decisions regarding the format thereof, if necessary, would be presented to congress at the recommendation of the board of directors; and
- Any further amendments to the existing structure can be effected by means of amendments to the constitution and its appendices.

## AWARDS

During the informal function, awards were presented in the form of an illuminated address to the following people:

- Carl Opperman on behalf of the General Affairs Chamber
- Henk Vermeulen on behalf of the General Affairs Chamber
- Judge Antonie Gildenhuys on behalf of the General Affairs Chamber
- Thinus Ferreira on behalf of the Commodity Chamber
- Borrie Erasmus on behalf of the Commodity Chamber
- Wiehahn Victor on behalf of the Commodity Chamber
- Francois van der Merwe on behalf of the Board of Directors
- Dr Theo de Jager on behalf of the Board of Directors
- Johannes Möller – honorary presidency on behalf of the Board of Directors

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## CONGRESS RESOLUTIONS

Congress resolutions are indicated under the specific point of discussion where they were applicable.

## AWARDS FOR BEST SPEAKERS

Theme 1 – Hugo de Waal

Theme 2 – Nicol Jansen

Theme 3 – Kobus de Klerk

Theme 4 – Nico Smith

## ACKNOWLEDGEMENTS

Dan Kriek congratulated office bearers who were elected or re-elected to their respective positions. He also thanked the dignitaries, guests, speakers, sponsors, participants and delegates for attending the congress.

He thanked the Agri SA staff who had been involved in the congress arrangements, as well as the agricultural producers for the indispensable role they fulfil in various areas, also in the interests of Agri SA.

He also extended his appreciation to office bearers of Agri SA and specifically the board of directors.

## CLOSURE

Congress was closed with a scripture reading and prayer by Dr Willem Pretorius.



CENTRE OF EXCELLENCE  
**Labour and Development**



*Neil Hamman*

Neil Hamman and Renier Snyman served as chair and deputy chair, respectively, with Johan Wege as an additional member. Jahni de Villiers served as head of the Centre of Excellence: Labour and Development.

The committee gives effect to its new strategy, which focuses on sharing important and relevant information and forging good relationships with various role players in the field.

### Sectoral determination 13 (farmworkers)

The national minimum wage for farmworkers, which came into effect on 1 January 2019, is R18 per hour. This includes domestic workers on farms and security guards who are not in the service of private security companies. The sectoral determination still applies insofar as the conditions of employment of farmworkers are concerned, but the payment of farmworkers is now regulated by the National Minimum Wage Act.

### National minimum wage

The National Minimum Wage Act came into effect on 1 January 2019. In terms of this legislation, the agricultural sector was granted a special dispensation according to which farmworkers would be paid 90% of the national minimum wage. Furthermore, the past year was characterised by various processes within the National Economic, Development and Labour Council (Nedlac) to ensure that the practical implementation of the act proceeds as seamlessly as possible. These included the formulation of an enforcement strategy and the design of an electronic system to deal with exemptions.

Jahni de Villiers was appointed by the minister of labour as a national minimum wage commissioner to advise him on all aspects of the national minimum wage.

**“ Jahni de Villiers was appointed by the minister of labour as a national minimum wage commissioner to advise him on all aspects of the national minimum wage.**

### Relationship between Agri SA and the Commission for Conciliation, Mediation and Arbitration

In 2018, Agri SA signed a three-year agreement with the Commission for Conciliation, Mediation and Arbitration (CCMA). The working relationship includes various outreach initiatives in the agricultural sector as well as the roll-out of the CCMA's training-retrenchment scheme for farming operations that experience financial pressure.

During the second half of 2019 the CCMA intends to give practical effect to the agreement by focusing on employers who are under serious pressure due to drought or impending strikes.

### Future of Work Report under the auspices of the International Labour Organisation

Agri SA provides inputs towards this report via the relevant structures of Business Unity South Africa (Busa). Jahni de Villiers was selected as one of the five representatives of Busa to attend the 108th International Labour Conference in Geneva, where she specifically provided input during negotiations around the proposed convention against violence and harassment in the workplace. She also represented Busa in the run-up to the International Labour Conference in celebrating the 45th anniversary of the African Region Labour Council (Arlac) in Durban, which coincided with the celebration of the 100th anniversary of the International Labour Organisation.

### Jobs Summit

Agri SA participated in the Jobs Summit as announced by the president. The process offered a valuable platform to launch the Agri Phakisa farmworker-housing project.



## Provident fund for farmworkers

Provision for retirement is an important element of the relationship between employers and employees. Absa's Agricultural Sector Provident Fund again received attention during the reporting year, and the fund administration was successfully transferred to Sanlam. The provident fund is well managed, and the focus remains on expanding its membership.

## Policy level: Development work

The policy head is a member of National Economic, Development and Labour Council (Nedlac)'s Development Chamber and during the past year served in the Comprehensive Social Security task team, which focuses on reforming the country's retirement, healthcare and social grant systems to ensure that they operate for the benefit of all citizens. Indications are that this work will continue in the foreseeable future.

## AgriSETA

Christo van der Rhee continued to serve as chair of the AgriSETA board, with Neil Hamman as board member. AgriSETA appointed Zenzela Myenza to serve as its executive manager.

## Agricultural entrepreneurial management training

In 2018, Agri SA, in collaboration with Stellenbosch University, hosted entrepreneurial training, also with a view to extending such training to other universities.

## Social unity compact

A social unity compact, which reflects primary agriculture's commitment to sound and prosperous rural communities, was developed jointly by the Land and Labour Centres of Excellence. Agri SA's structures were to advise their respective members of this protocol.

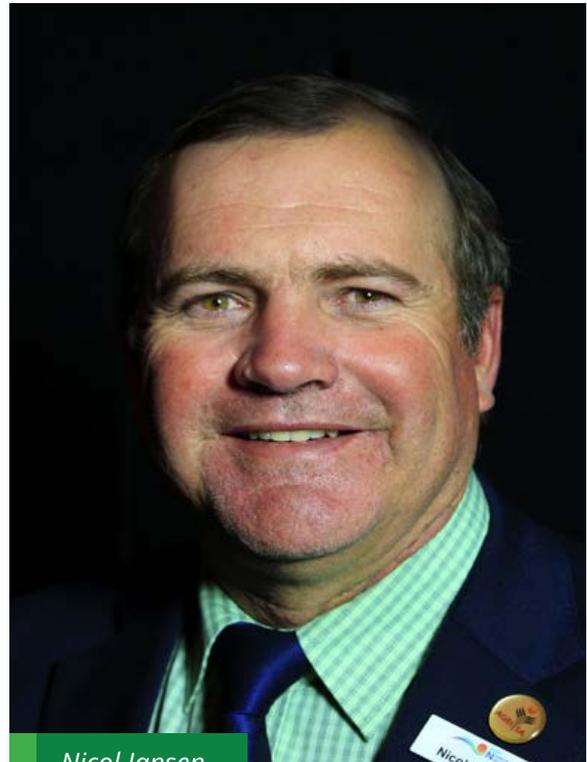
## National Economic, Development and Labour Council

The policy head is a member of the Labour Market Chamber (LMC) within Nedlac. The chamber focuses mainly on labour and social matters and attempts to facilitate consensus between government, organised agriculture, organised labour and the business sector. The policy head was also selected to represent Busa during so-called section 77 applications, where parties can apply for permission for protected protest action around social issues.





CENTRE OF EXCELLENCE  
**Economics and Trade**



Nicol Jansen

After Henk van Wyk passed away, Jannie de Villiers of Grain SA took over as acting chair. This Centre of Excellence currently functions under the chairmanship of Nicol Jansen, with Jannie de Villiers as vice chair and Dr Requier Wait as the head. Dr Wait was assisted by Martina Benadé and Nel Coetzee.

## Scope of work

The centre's activities relate to economic matters that impact on the development, profitability, stability and sustainability of agriculture. With regard to economic affairs, the centre provides input and/or commentary on economic policy, input costs, the diesel refund for agricultural purposes, tax issues, risk management, agricultural research, water and electricity tariffs as well as agriculture-related legislation. The centre also oversees aspects relating to road infrastructure, telecommunication and technology development and transfer.

During the reporting year, by far the most time was spent on electricity matters and renewable energy, with mixed success. In 2019 Agri SA's Centre of Excellence: Economics and Trade will focus on the poor condition of roads in rural areas of South Africa. The department of transport's failure to maintain and upgrade roads in rural areas (tarred and dirt) has had a cost effect on production in the agricultural industry.

## DISASTER MANAGEMENT AND ANIMAL HEALTH

### Section 7-drought report

In the previous report year, Agri SA proposed that a smart drought management plan (SDM-plan) be compiled to address the negative impact of disasters on South Africa's agricultural sector. The successful implementation of the SDM-plan required cooperation between the government and the agricultural and private sectors, as well as support from the general public.

Agri SA, in collaboration with the National Agricultural Marketing Council (NAMC), the Bureau for Food and Agricultural Policy (BFAP) and the African Farmers' Association of South Africa (Afasa), has provided input on the second report of the section 7-committee on drought. One of these inputs was Agri SA's smart drought management plan.

**“ Agri SA, in collaboration with the National Agricultural Marketing Council (NAMC), the Bureau for Food and Agricultural Policy (BFAP) and the African Farmers' Association of South Africa (Afasa), has provided input on the second report of the section 7-committee on drought.**

This report of the 'section 7-committee on drought' was approved by the minister of agriculture, forestry and fisheries. The report makes compelling recommendations, which will provide a sustainable pathway for dealing with drought. There were four recommendations, which addressed the SDM-plan, namely:

- Setting up a disaster fund;
- Establishing public-private partnerships (PPPs);
- Setting up multi-peril agricultural insurance; and
- Creating an early warning system to mitigate disaster risk.

According to the NAMC, the committee's work remains relevant until there is visible progress on the implementation of the recommendations of this report. With the change in government administration, the committee has not been able to get an opportunity to adequately engage with the new minister.

In the meantime, the committee's report has been presented at the CEO Forum (Forum for Chief Executive Officers in Agriculture) during May 2019 and the director-general has asked relevant Daff officials to provide a response. NAMC officials have met with relevant Daff officials, who have promised to provide a response on what Daff is currently doing on each of the committee's



recommendations. This awaited response from Daff will assist to identify operational gaps that may exist, which the committee can then take it up with the new minister.

## National Animal Health Forum

Agri SA, as member of the National Animal Health Forum (NAHF), attended various meetings during the reporting year. The NAHF consists of representatives of animal production and other relevant organisations in the animal health industry, as well as provincial organisations that are members of Agri SA. A comprehensive agenda was covered during the reporting year, including liaison with Daff and communication with Onderstepoort Biological Products (OBP) on the status and updating of available vaccines.

Over the past six years, the NAHF conducted work across a wide spectrum to improve the animal health industry. Success stories include drafting of a veterinary strategy, livestock identification and traceability efforts, the introduction of vendor declarations, marketing of animals in foot-and-mouth zones, compulsory community service outreach initiatives, reinstatement of South Africa's foot-and-mouth disease-free status, as well as handling of the anthrax outbreak along the Lesotho-border.

## TAX MATTERS

### Review of the diesel refund system

During August 2018, the National Treasury and South African Revenue Service (SARS) jointly conducted extensive consultation on the published discussion document titled Review of the diesel fuel tax refund system by hosting a series of industry-specific workshops. Discussions focused on the definition of primary production activities for different sectors; the equipment and vehicle types involved in these sectors; a separate diesel refund system; logbooks and record keeping; registration and user profiles; and special dispensations for small-scale users.

The focus of the proposed system shifts from qualifying user to qualifying activities. The design of the new diesel refund system will be set out in the rules and regulations to be published for commentary in 2019.

Agri SA, in collaboration with Grain SA, has made a presentation on the revision of the diesel refund system. A further presentation was also made to the National Treasury and SARS regarding a list of primary production activities and processes, as well as a list of the different vehicles used in these processes. Members had to indicate whether such vehicles/equipment had a single or dual purpose.

SARS will be contacting certain sectors and representative bodies for further consultation and inputs if necessary. This system will probably be implemented in 2020. A new diesel refund administration system is essential to ensure the viability of commercial agriculture, and Agri SA will do everything in its power to facilitate and improve the system for its members.

### Diesel refund in the 2019 budget

In the 2019 budget, reference was made to the following: With regard to farming, forestry and mining activities, diesel refunds are paid when diesel is purchased. The refunds are intended to make up for the Road Accident Fund (RAF) levies that users pay. There are diesel users in the abovementioned sectors who will probably still receive benefits from the RAF if they are involved in vehicle accidents – even if the accident had not occurred on provincial or national roads. In the 2019/20 budget it is proposed that the diesel refund for primary production industries be limited to ensure that diesel users in these sectors contribute fairly to their RAF exemption.

Agri SA expressed its concern about the National Treasury's intention to, in the future, limit RAF levy benefits for primary production in the agricultural industry. According to Agri SA as well as Grain SA, producers do not claim against the RAF levy for accidents occurring on the farm. Any accidents on the farm should in view not qualify for an RAF claim. Lowering the percentage that primary producers in agriculture qualify for with

regard to the diesel rebate, would go against the whole objective of the rebate. The aim of the rebate is to protect South African primary producers against international competition and reducing the road-related tax burden of the RAF levy for certain non-road users.

According to the National Treasury, the budget announcement on the reduction in the RAF levy refund, is a National Treasury proposal that will be further investigated in the future. The implementation date thereof depends on that investigation and it will therefore not impact on the diesel refund rates for now. Agri SA will respond to any changes made to the diesel refund system and communicate it to members.

### South African Institute of Tax Practitioners

During the reporting year, the final report on the survey that Agri SA conducted in conjunction with the South African Institute of Tax Practitioners (SAIT) was published. The main purpose of this survey was to determine whether the delay in payment of diesel refunds was limited to specific provinces or whether it was a general problem. The survey also sought to determine the duration of and main reasons for such delays, as well as whether and how the matter should be addressed.

### Office of the Tax Ombud

Agri SA addressed a letter to the Tax Ombud regarding the problems experienced with diesel refunds. The survey conducted in conjunction with SAIT, which revealed the problems experienced by farmers in this regard, was also shared with the Ombud. Agri SA and its members received very good feedback from the Ombud, who has also put pressure on the National Treasury in relation to the settlement of VAT claims as announced in the mini budget.

Some of the key concerns that were shared with the Tax Ombud were:

- Not being notified that a claim is being audited (lack of communication);
- Once farmers are in the audit process, it seems as

if the auditors keep requesting additional information as a means of stalling the process. The audit requirements can become unpractical and cumbersome to comply with;

- There are no official logbooks farmers can use, whilst auditors seem to use a specific logbook as their point of reference; and
- There does not seem to be standardised timelines within which the audits are completed, as each request for additional information keeps moving the goal post for finalising audits.

Agri SA asked the Tax Ombud that, whilst we are in this transition period of establishing a new system, the office of the Tax Ombud takes note of possible systemic issues with the processing and payment of diesel refunds, as reflected in our survey results that were also sent to them.

### Importance of the diesel refund system for agriculture

After a number of complaints regarding the delays in receiving diesel refunds from SARS, Agri SA also wrote a letter to the minister of finance, in which the problems experienced by farmers using the current system, was explained. Diesel is an important input cost for many farmers. In terms of agriculture's total expenditure on intermediate goods and services, fuel represented approximately 8,5% (R13 billion) in the 2018 financial year.

We have already requested the office of the Tax Ombud to take note of possible systemic issues with the processing and payment of diesel refunds. Should the Ombud find grounds for further action, Agri SA would appreciate the minister's favourable consideration in this matter.

The diesel refund system is a valued support structure for the qualifying industries, such as agriculture. However, delays in the payment of refunds have an impact on cash flow, leaving a gap in cash flow that needs to be managed. This will stay in the Centre of Excellence's agenda for the coming year.



## Black Producers Commercialisation Programme Blended Finance Facility

The project entails an inquiry into a mixed finance (BEE/ Blended Finance/Partnership) product, which consists partly of a repayable loan from a financial institution and partly of a state grant.

**“ The project entails an inquiry into a mixed finance (BEE/Blended Finance/ Partnership) product, which consists partly of a repayable loan from a financial institution and partly of a state grant.**

The department of agriculture, forestry and fisheries (Daff), the department of rural development and land reform (DRDLR) and the Land Bank signed a tripartite agreement for the creation of the Black Producers Commercialisation Programme Blended Finance Facility (BPCP BF). BPCP BF funds provided by Daff and DRDLR are administered by Land Bank and an independent Funding Forum (FF) had been formed.

The FF includes participants from Daff, DRDLR, and other government institutions. The FF acts as an interface between the funders (commercial banks and development finance institutions, which includes the Land Bank) and the fund administrator (Land Bank) in the application for BPCP BF support payments. The fund administrator oversees BPCP BF support disbursements and conducts monitoring and reporting for all disbursed funds. The BPCP BF will bring in meaningful change in the agriculture, forestry and fisheries sector. The key changes will be:

- Reduce reliance on grants and increase access and affordability of loans by black producers;
- Expand the agricultural base and inject new black entrepreneurs into the sector; and

- Shift the demographic composition of South Africa’s commercial agriculture, forestry and fisheries and transform the sector.

The Land Bank was invited to provide elucidation in this regard to the Centre of Excellence: Economics and Trade. Documentation was circulated to members and further information will also be disseminated for this purpose.

## INFRASTRUCTURE, LOGISTICS AND TRANSPORT

### Telkom lines

Agri SA held meetings with service providers of Telkom, Openserve, to discuss problems relating to telephone lines experienced by agriculture. Agri SA has signed an agreement with Telkom in terms of which members of Agri SA will receive a 50% discount on an alternative system.

Telkom is trying to assist Agri SA members by granting a discount on an alternative system. The Centre of Excellence has looked at the costs relating to these systems, and alternative costs have also been communicated to affiliates.

During the reporting year, the centre sought a legal opinion on the suspension of communication services by Telkom. According to this legal opinion, Agri SA members have two options, namely:

- to consult with the service provider regarding the matter; or
- to lodge a complaint with the Independent Communication Authority of SA (ICASA).

Stolen batteries, the removal of Telkom towers and others have an influence on rural safety. Agri SA members felt that these structures should be retained, but if Telkom forces them to keep telephone lines, the current state of affairs will persist as the lines will simply be stolen again and services disrupted. The centre will keep members informed of new developments in this regard.

## Request an update on mobile network capacity

Agriculture is a major sector within the South African economy, not so much because of its contribution to the gross domestic product (GDP), but rather the social benefits it offers in terms of employment and rural development. Food security in South Africa is affected by farming businesses and effective business communication is essential. Farming technology and security systems are riding on the back of effective mobile networks.

“ **Food security in South Africa is affected by farming businesses and effective business communication is essential.** ”

According to most of Agri SA's provincial organisations, problems are experienced in coverage. When this network capacity is restricted, it directly impacts that farmers, their families and farmworkers cannot report crimes, and the cost of doing business becomes a financial constraint. Agri SA, on behalf of its members, requests the opportunity to engage with mobile network companies regarding this problem. Previous engagements by Agri SA affiliates with these companies did not have any positive improvement.

The Agri SA's Economics and Trade Centre of Excellence decided to run a short survey to establish the details of the specific problems experienced by farmers. The main purpose of this survey was to determine whether problems are limited to specific provinces or whether it is a more general problem. The results of the survey will be used in ongoing engagements with mobile network companies.

## Administrative Adjudication of Road Traffic Offences Act

The Administrative Adjudication of Road Traffic Offences (AARTO) Act was first promulgated in 1998. The Act saw

no further development for close to 10 years, including the development or promulgation of regulations. The first drafts of regulations were tabled in 2008 – after two amendments to the Act.

The regulations were tabled at the National Economic, Development and Labour Council (Nedlac), whilst the department of transport (and later the Road Traffic Management Corporation) oversaw a pilot project, which was run in the Tshwane and Johannesburg metropolitan areas.

In 2014/15 the Nedlac task team established to engage on the legislation, was informed of a report on the pilot project, which was regrettably not made available to Nedlac constituencies or other stakeholders until an approved version was made available from the department of transport.

To date, AARTO has been implemented notwithstanding the reservations raised by Nedlac constituencies, including concerns raised relating to the impact on jobs and the implications in the traffic policing sphere. Concerns were also expressed by stakeholders, of which Agri SA is part of, at Nedlac that AARTO seemingly prioritises the generation and collection of revenue through an improved collection system.

## National Roads Policy for South Africa, 2017

A draft report on a National Roads Policy for South Africa, which was discussed within Nedlac, was shared with members during the reporting year. Agri SA also had an opportunity to provide commentary within this structure.

## Department of Transport

This Centre of Excellence had a successful meeting with the department of transport (DoT) on 10 April 2019, with the aim of establishing a closer working relationship between Agri SA and the DoT. The head of economics and trade was accompanied by a representative of both Grain SA and Busa. The key outcomes of the meeting were the following:



- Agri SA will attend the Provincial Roads Maintenance Grant (PRMG) meeting on 26 April. Agri SA members have been invited to share their specific needs from each province;
- On the movement of agricultural equipment (combine harvesters etc.) and licensing issues, contact was established with the relevant DoT official, follow up meetings will be arranged; and
- The DoT and Busa will look to re-establish a forum between Busa and the DoT that can meet at regular intervals to discuss key issues. Agri SA will participate in this forum via Busa.

## Agricultural equipment that cannot be licensed

Agri SA, Grain SA and Busa met with the department of transport (DoT) in April 2019 to discuss the conditions of roads, licensing of agricultural equipment and tractor driver licenses. The DoT could not believe that licensing of slow-moving farm machinery was a problem. According to the department, this process should be handled on the same basis as abnormal vehicles. Agri SA informed the DoT that this was not the case and that every province handles this differently. The director of the licensing department within DoT was contacted.

Agri SA and Grain SA will send motivations on how to handle the equipment that is currently too wide and heavy to licence. Examples and pictures of this kind of vehicles will be provided from organised agriculture's side.

## Driver's licence backlog

Agri SA's Economics and Trade Centre of Excellence was actively tracking and pressuring the DoT's progress in the backlog of issuing of drivers' licences. During the reporting year, the minister of transport issued a directive to provincial and municipal traffic authorities not to penalise motorists who complied with the pre-conditions of the application and renewal of their drivers' licences. Agri SA approached the DoT to supply us with the necessary directives and other documentation explaining the situation, but to no avail. Luckily this matter was resolved during a relatively short period.

## Increase of transaction fees

Minister of transport, published for comments and inputs, the intention to increase the transaction fees to be paid to the Road Traffic Management Corporation for the year 2019.

Agri SA recommends that it is important to consider the proposed increases within the context of past increases and an accepted benchmark for price increases, namely, the consumer price index. The fee in question was R30 in 2016, it increased to R42 in 2017 and then to R72 in 2018. With the proposed increase, the fee will be R82 in 2019. Considering the increase from 2018 to 2019, the fee will increase by approximately 14%. As a reference point, monetary policy has an inflation target of between 3% to 6%. The annual inflation rate in South Africa for 2018 was 4,7%. The 14% is more than double the upper limit of 6%. If the minister considers the increase from 2016 to 2019, it amounts to an increase of around 173%.

Given the extent of significant fee increases from 2016, shortcomings in service delivery as well as the negative impact on agriculture, Agri SA requests that the current increase not be approved. The fee should be maintained at R72. When the new transaction fee is published, members will be informed.

## Infrastructure survey

Concrete information on the problems, regarding the condition of infrastructure in rural areas experienced by Agri SA members, was needed to highlight and discuss these issues with the relevant government institutions and parastatals. For this reason, Agri SA's Economics and Trade Centre of Excellence undertook an infrastructure survey for participation by all its provincial and commodity organisations. This document provides an overview of the key issues and will be used for constructive engagement between Agri SA and the DoT. Our aim is to facilitate solutions to the problems experienced by Agri SA's members.

Agri SA engaged with the DoT to highlight key infrastructure constraints that have a negative impact on

agriculture. Our infrastructure survey and the information from our “What does your road look like” campaign was used to inform the discussion and to help facilitate possible solutions and collaboration.

### Principles regarding infrastructure

During the meeting of the Economic and Trade Centre of Excellence on 14 March 2019, it was decided that provinces/commodity organisations should send Agri SA the principles regarding infrastructure (maintenance of roads) to be addressed during our meeting with the department of transport. In this process, provincial affiliates were approached to assist the Centre of Excellence with the relevant information, which was used during engagements with DoT.

### Cost of ports in South Africa

The head of Agri SA’s Economic and Trade Centre of Excellence serves on Busa’s transport and logistics sub-committee and part of this committee’s work will be to investigate the cost of ports. This committee will engage with government on the costs of ports; principal problems experienced with ports; and principle areas where ports function well.

Agri SA and this committee need concrete information to bring the problems experienced by members to the attention of the relevant state institutions. To this end, the centre did a short survey under its members on these aspects. This information was used during a meeting of this sub-committee with the chief executive officer of Transnet together with the head of the National Ports Authority to address the various challenges faced by businesses at ports.

## ELECTRICITY

Agri SA’s Economic and Trade Centre of Excellence is working on a number of key electricity issues, namely:

### Multi-year price application for the 2019/20 to 2021/22 financial years

The National Energy Regulator of South Africa (Nersa) received Eskom’s fourth multi-year price (MYPD4) application totalling R219 billion, R252 billion and R291 billion for the 2019/20, 2020/21 and 2021/22 financial years respectively, on 14 September 2018. Agri SA actively participates in Nersa’s public consultation process by submitting written commentary and by presenting at the public hearings during January 2019. This is the official mechanism available to influence Nersa’s tariff decision by highlighting our key concerns, particularly the negative impact of higher tariffs for agriculture. Agri SA recommends that Eskom’s applications not be approved until such time that the power utility improves on its inefficiencies and corporate governance.

Increasing tariffs will not solve Eskom’s financial constraints. A sustained increase in electricity tariffs will only push more consumers away from Eskom, lowering demand and increasing the need for more tariff increases.

In such a scenario, vulnerable lower income consumers, who cannot afford to switch or substitute Eskom, will be faced with increasing tariffs that are not sustainable.

**“Increasing tariffs will not solve Eskom’s financial constraints. A sustained increase in electricity tariffs will only push more consumers away from Eskom, lowering demand and increasing the need for more tariff increases.”**



According to the Nersa's Eskom Retail Tariff and Structural Adjustment (ERTSA) methodology, an average price increase is applied on all tariff rates. This includes network charges. Therefore, an MYPD4 tariff increase will have an impact on agriculture through two channels, namely, farmers will pay a higher tariff for electricity used; and pay a higher fee in terms of the electricity line fees, which will also increase in tandem with electricity tariffs. Agri SA emphasised in its comments that, should any increase be approved, it should only be applied to electricity tariffs and not on all tariff rates (for example, line fees).

### Regulatory clearing account – explained

The regulatory clearing account (RCA) is a monitoring and tracking mechanism that compares certain uncontrollable costs and revenues assumed in the MYPD decision (made by Nersa) to actual costs and revenues incurred by Eskom. This is to allow for changes in the actual conditions for specifically identified cost items when compared to assumptions made when the MYPD application was considered.

Should there be a difference between the decision and actual costs and revenues, the difference is subject to RCA rules. The RCA rules applicable to an MYPD decision are informed by the approved regulatory framework applicable to the MYPD decision period. This results in an RCA balance that should either be recovered by Eskom (if overspent) or be given back to the customers (if underspent). Once the RCA balance has been determined by Nersa, a separate process is followed to decide on the liquidation thereof, which would take place through the implementation of adjustment in tariffs. (Source: [http://www.eskom.co.za/Documents/RCA\\_Explanation.pdf](http://www.eskom.co.za/Documents/RCA_Explanation.pdf))

### Third multi-year price determination regulatory clearing account for year 5

Nersa received Eskom's third multi-year price determination (MYPD3) regulatory clearing account (RCA) for year 5 (2017/18) application totalling R21,624 billion on 12 September 2018. Stakeholders, including those in the agricultural value chain, were requested to submit comments regarding the impact of the power utility's

requested increases on the respective sectors.

Considering the rumoured irregularities, corruption and inefficiencies within Eskom, Eskom should rather focus on improving its corporate governance and management structures. Furthermore, cost saving and efficiency improvements should be the focus, rather than burdening South African consumers with further (RCA) tariff increases. Strategic interventions for the reform and turnaround of Eskom should be fast-tracked, whilst tariff decisions should consider the current economic reality of the economy as a whole.

Agri SA recommend that any consideration of Eskom's RCA applications should only occur where Nersa conducts a full due diligence assessment of the validity of the figures used in Eskom's RCA application to ensure that only legitimate costs are recovered through the RCA process and ensuring that any elements arising from irregularities and corruption are excluded from the application. Any potential RCA tariff increase should only be applied to electricity tariffs and not on all tariff rates.

Agri SA also made a presentation to Nersa during January 2019 in this regard.

### Impact of load shedding on agriculture

Agri SA appreciates the efforts made by Eskom to keep the lights on but is concerned about the possible negative impact that load shedding could have on the agricultural sector and the broader value chain. Agri SA conducted a survey among its members regarding the negative impact of load shedding on the different commodities. This information was used, among others, in Agri SA's presentation at Nersa's public hearing in February 2019.

Load shedding has an impact on irrigation-dependent and energy-intensive commodities such as horticulture, dairy, poultry, grain and agro-processing industries. The negative impact applies to producers as well as consumers because these sub-sectors play an important role in ensuring food security in South Africa. More than 25% of the country's food is produced by these irriga-

tion-dependent and energy-intensive industries.

Agri SA met with Eskom on 22 January 2019 to discuss possible options to mitigate the negative impact of load shedding on the agricultural sector. Within the context of food security, Agri SA asked Eskom to exclude agriculture from phase 1 load shedding. Eskom indicated, however, that this would not be possible as the agricultural sector was not serviced by a dedicated network and that other stakeholders were affected by load shedding in the same way.

Load shedding can affect irrigation activities. To mitigate this impact, Agri SA was able to make a special arrangement with Eskom to address the problem.

**“ Load shedding can affect irrigation activities. To mitigate this impact, Agri SA was able to make a special arrangement with Eskom to address the problem.**

Agri SA's provincial members can meet with Eskom representatives in their respective provinces to identify the key pump stations and so doing, mitigate the impact of load shedding on those stations.

Agri SA will continue to monitor the load shedding situation and actively engage Eskom to reduce the possible negative impact thereof on agriculture.

### **Renewable energy, load shedding and agriculture**

Agri SA's members have the capability to provide electricity through solar power generation, which is essential to avoid future load shedding. There are already 500 applications for solar power generation plants, which could potentially contribute 1 400 MW to reduce pressure on the power network. If the administrative processes are streamlined, these 500 applications and others could be rolled out.

Small-scale solar photovoltaic (PV) installations offer an opportunity for farmers to generate electricity and so doing reduce the pressure on the power network. Unfortunately, only 13 projects are currently linked and operational because of Eskom's slow processing and administration of applications, as well as the slow implementation of electricity regulations and the bottlenecks hampering registration with Nersa.

If Eskom and Nersa can expedite their process, these applications (mostly from farmers) could generate 1 400 MW, which would prevent phase 1 load shedding. Furthermore, agriculture could potentially more than double this 1 400 MW if commercial banks are prepared to accept solar power stations as security for accessing capital. Currently, banks require additional security to finance these projects, which limits participation in projects. By removing the regulatory and administrative restrictions and accepting solar power installations as security for funding projects, farmers could, with further expansion, potentially produce enough electricity to avoid phase 3 load shedding.

Agri SA has addressed a letter to president Ramaphosa concerning renewable energy. As part of its engagement with the minister of public enterprises and the minister of energy, the centre also requested members to share any relevant information on possible power generation opportunities within their specific commodities/provinces (e.g. electricity from sugar cane fibre).

Agri SA also works with Business Unity South Africa (Busa) and serves on the structure's energy sub-committee. A Busa meeting with the presidential task team on Eskom was attended during the reporting year.

Agri SA is also involved in other Busa initiatives seeking short-term solutions to load shedding, as well as long-term solutions through electricity sector reform. With regard to municipalities' non-payment of electricity, the centre discussed the matter with Busa, where Agri SA also works closely with Agbiz.



## Consolidated business submission to the presidential task team on Eskom

As a result of submissions to the president by Eskom, department of public enterprises and the National Treasury illustrating the seriousness of the Eskom problems, the president established an independent sustainability task team.

It was confirmed that the task team would submit a report to the president on the following, with final decisions to be made by the president:

- **Ability/capacity to keep the lights on:** To interrogate Eskom's plans and ability/capacity to keep the lights on as this is critically important to the national economic imperatives;
- **Operational:** To express an independent view of the capabilities in Eskom's operational management;
- **Financial stability:** To assess the potential for debt default and implications thereof for the country. The assessment should include potential remedies; and

- **Structure of the electricity supply industry:** To express recommendations around the restructuring of the electricity supply industry, including potential unbundling of Eskom. Any remedies like a bail-out or high tariff increases must be sustainable to avoid a similar position down the line.

Agri SA also had the opportunity to send inputs for inclusion in the report to the president.

## Small-scale solar photovoltaic installations

Whilst becoming a small-scale embedded generator (SSEG) presents an opportunity for farmers, the slow implementation of electricity regulations has created a bottleneck in connecting systems to the grid, to allow for the activation of net metering.

Throughout the evolution of the regulations, Agri SA's Economics and Trade Centre of Excellence has actively collaborated with our corporate member, Sonfin, to engage with both Nersa and Eskom. Furthermore, we have consistently submitted relevant inputs for the



public consultation process.

Agri SA submitted commentary on Nersa's recent registration fee consultation paper and we trust that, by finalising the fee structure for registration, Nersa will be able to promptly register SSEGs.

**“ Agri SA wrote a letter to the president and minister of public enterprises, Mr Gordhan, on Agri SA's solutions to load shedding, using renewable energy.**

Agri SA wrote a letter to the president and minister of public enterprises, Mr Gordhan, on Agri SA's solutions to load shedding, using renewable energy.

Agri SA had a meeting with minister Gordhan in April 2019. During this meeting, Agri SA asked for the removal of regulatory and administrative barriers that curtail investment into this solution. The centre received extensive and positive media coverage on Agri SA's solutions and efforts to remove regulatory and administrative barriers.

The centre is in the process of formulating an “energy plan” in collaboration with industry role players, looking at regulations, financing and the potential to support broader socio-economic development. This information will inform the follow up meeting with the minister of public enterprises.

### **Consultation paper on the draft licensing exemption and registration notice**

Agri SA had the opportunity to submit comments on the draft licensing exemption and registration notice, which was published during May 2019.

Electricity is a key production input for agriculture. According to the department of agriculture, forestry and fisheries, the agricultural sector spent approximately R7,2 billion on electricity in 2018 (this was 5% of the sector's expenditure on intermediate goods & services).

Before the licensing exemption and registration notice (10 November 2017) was in place, some farmers already invested in renewable energy plants (for example, PV solar plants), in anticipation that the regulations will be finalised. On 8 June 2018, the minister published a draft notice for public comments until 8 July 2018 proposing certain amendments to the licensing exemption and registration notice. In this interim period, the registration of existing small-scale embedded generators (SSEGs), less than 1 MW, has been problematic and subject to extreme delays.

More recently, the ministerial process of seeking public comments on the proposed amendments culminated in the minister submitting the draft notice to Nersa for concurrence. In terms of section 9 of the Electricity Regulation Act, the determination for registration must be done in consultation with Nersa.

Agri SA makes recommendations in this regard and welcomes the progress in the process of clarifying and finalising these regulations. It is hoped that the registration of SSEGs will be fast-tracked to minimise the administrative burden of registration and to promote further investment in renewable energy alternatives.

Agri SA attended a workshop on the registration requirements for small-scale embedded generators (SSEGs) by Nersa. This was a stakeholder education workshop to explain the registration requirements for SSEGs.

### **Potential court case against Eskom**

The Centre of Excellence: Economics and Trade was requested to investigate litigation options regarding the following Eskom-related issues:

- The Agri Letaba municipal network, which is inadequate and was unable to negotiate for an improvement during visits from and meetings



with Nersa;

- Nersa's ERTSA document, which Eskom interprets as meaning that they are also entitled to make the increase in electricity tariffs applicable to fixed costs; and
- Registration of solar farms by Nersa, which is not taking place.

The latter has in the meantime been resolved and Nersa has completed 17 registrations.

Agri SA's Legal Committee evaluated the requests and recommended that an advocate be approached who could provide better advice on the possibility of successful litigation. The Legal Committee was of the opinion that a more in-depth recommendation than what they can provide, was needed.

After the consultation, Agri SA had an appointment with the relevant advocate on 12 June 2019. Detailed information was forwarded to the advocate.

## Integrated resource plan 2018

Agri SA welcomed the opportunity to submit comments on the draft integrated resource plan (IRP) 2018 to the department of energy.

The IRP 2018 provides for a constructive foundation towards a final electricity plan, however, there are areas which could be improved upon. In its written comment the Centre of Excellence recommended that the final IRP should consider the following:

- In the context of a slowing economy, the IRP should consider the lower GDP forecast of 1,33% and the lower demand forecast of 1,21% by 2030;
- Flexibility to adapt to changing economic, demand and supply conditions needs to be part of IRP. The addition of supply capacity should be cognisant of changing demand conditions. Accordingly, the IRP should be reviewed biennially;
- Earlier, later or non-commissioning scenarios for the Medupi and Kusile units should be added to the modelling as contingency scenarios. The impact of potential delays in commissioning

further new capacity should be included in the contingency scenarios.

- In addition, earlier decommissioning of Eskom's plants, because of technical or environmental requirements, should also be considered;
- There should be broader consultation and consideration of the CO<sub>2</sub> emission constraints and impacts as part of finalising the IRP. The IRP should provide an electricity plan that incorporates the required reductions in greenhouse gas emissions for the sector;
- The cost of new capacity should be considered as part of the analysis of all additional capacity, where additional capacity should only be added in line with demand, whilst minimising the costs that could impact the end consumer; and
- Small-scale embedded generation (up to 1 MW), for example solar PV plants on farms, should be excluded from the capacity limits placed on renewable energy sources. This could support investment from farmers to diversify their energy supply through embedded generation. This could help farmers to reduce their carbon footprint, whilst also save on electricity costs.

Agri SA looks forward to furthering engagement with the department of energy regarding the IRP, small-scale embedded generation and energy policies that have an impact on agriculture.

## TRADE AND INDUSTRY

### Participation in trade policy structures

Agri SA is a member of the Agricultural Trade Forum (ATF), an organisation established by the department of agriculture, forestry and fisheries (Daff). The ATF is fundamentally a tripartite organisation consisting of representatives from the private sector, labour and government.

The ATF was formed for the purpose of negotiating trade agreements with international trading partners, as a forum representing various agricultural industry exporting sub-sectors. It is a consultative and information sharing forum, rather than a body tasked with the implementation of issues related to agricultural trade. It is a consultative body for officials of the Daff dealing with negotiations and the implementation of trade agreements between South Africa and other countries.

Some of those agreements include the following: Trade, Development and Cooperation Agreement (TDCA), EFTA-SACU Free Trade Agreement (FTA), Economic Partnership Agreement between the SADC/EPA-countries and the European Union and its member states, SACU-Southern Common Market (Mercosur) Preferential Trade Agreement (PTA), Africa Growth and Opportunity Act (Agoa) and SACU-India PTA, SADC-EAC-COMESA Tripartite FTA and the African Continental Free Trade Area (AfCFTA). These trade relations are also discussed at the National Economic, Development and Labour Council (Nedlac) structure, where Agri SA as member of Busa, also sits.

## GENERAL AFFAIRS

### National strategy: Property rates

The question of property rates and problems that members experienced compelled the centre to host a workshop to which experts within own ranks were invited. During this workshop, the possibility of compiling a national strategy on property rates was raised.

The definition of “agricultural property”, as adjusted after the 2014 amendment to the Property Rates Bill, is a significant problem at this stage for those who had focused on game farming and eco/agritourism. There are still too many municipalities that do not comply with the provisions of the relevant legislation, resulting in several misunderstandings that could have been avoided through the proper application of the law.

The Centre of Excellence conducted a survey among its members on the principles relating to property rates that should be addressed.

**“ The Centre of Excellence conducted a survey among its members on the principles relating to property rates that should be addressed.**

Agri SA will raise these principles during its liaison with the department of cooperative government and traditional affairs (CoGTA). The principles will also be used to compile a national strategy on property rates that could benefit Agri SA’s members.

### Property rates

The compilation of a draft guideline document in respect of property rates has been completed. The purpose of this document is to provide Agri SA’s members with certain relevant information and advice to enable them to make meaningful inputs towards the consultation process with municipalities with a view to the implementation of the Property Rates Act.

### Census of commercial agriculture 2017

Agri SA welcomes the census of commercial agriculture (CoCA) 2017. We realise that good decision-making on the spectrum of matters that affect agriculture should be based on accurate and reliable information.



This includes aspects such as infrastructure, services, housing, finance and employment. CoCA 2017 is therefore very important for both farmers and the agricultural industry. The CoCA presents an important tool for understanding trends in the industry, supporting policy development and long-term planning. Furthermore, the data can assist organised agriculture in our mandate of promoting and supporting the development and sustainability of the industry.

During March 2018, the centre distributed the CoCA 2017 questionnaire to all its members for possible inputs. The centre has actively engaged with Statistics SA on the CoCA on numerous occasions during the reporting year. Very successful provincial consultation processes also took place. This process, in brief, was to seek stakeholder-input on which information they want to be collected in this census – i.e. the kind of questions they want to see in the questionnaire.

Statistics SA derives its mandate from the Statistics Act, which ensures that Statistics SA treats individual data as confidential. Individual data is not published; the data will only be published in an aggregate format. The Statistics Act (Act 6 of 1999) places a legal obligation on every person and entity in the country to respond to questionnaires that are administered by Statistics SA.

It is important to understand that security on farms requires precautions – also in respect of census takers. To this end, Statistics SA was informed of the protocol on farm access and has accepted it. According to the protocol, census enumerators must make an appointment with a farmer for when the survey will be conducted.

The data collected can assist Agri SA in our mandate, therefore we urge farmers to actively participate and support the census of commercial agriculture 2017.

## The producer/farmer register campaign

The department of agriculture, forestry and fisheries (Daff), in partnership with Statistics SA, is embarking on a producer/farmer register campaign. The campaign will see the collection of statistics on commercial and

non-commercial farmers and was launched in 2018 and will run until 2021. The actual collection of data is planned to start on 1 April 2019 through extension officers in all provinces. Statistics on commercial farmers will be collected through a Census of Commercial Agriculture (CoCA) and statistics on non-commercial farmers will be collected through the Daff producer/farmer register.

The producer/farmer register was established to improve the inaccurate and/or misrepresented statistics of farmers in the non-commercial sector, i.e. smallholder farmers, across the country. This register campaign will establish the number of farms, size of farms, crop types being farmed in different geographic areas, and agricultural inputs such as irrigation usage.

Gathering accurate and reliable information from farmers will do away with the waste of resources and poor service delivery. If the farming environment cannot be measured, it cannot be managed.

Documentation was also distributed by this centre regarding Daff's intention to embark on a producer/farmer register provincial road show as a step towards the compilation of consolidated data of smallholder farmers. This matter was discussed during the centre's meetings, and as the account managers of the Commodity Chamber, it was also placed on the agenda of this chamber.

## Fresh produce markets

After receiving many complaints from members regarding conditions at fresh produce markets, especially the Tshwane Fresh Produce Market, the Centre of Excellence met with various market agents. During the reporting year, meetings were also held with Agbiz and Potatoes SA in this regard. The municipality appointed a task team that attended to, among others, cleaning of the market, electricity, cold rooms and the security of the market. Attempts were also made to place the management of the market under the oversight of the mayor of Tshwane.

**“ The municipality appointed a task team that attended to, among others, cleaning of the market, electricity, cold rooms and the security of the market.**

The Project Rebirth Steering Committee was appointed to address conditions at fresh produce markets in all provinces. Potatoes SA, as well as Imasa (Institute of Market Agents of SA), FruitSA, NAMC (National Agricultural Marketing Council), SAUFM (SA Union of Food Markets), CoGTA and APAC (Agricultural Produce Agents Council) also serve on the committee. Much work has already been done during the reporting year to help these markets. This centre is keeping an eye on developments and will provide feedback in this regard.

### **The South African Local Government Association**

Agri SA's Economic and Trade and Rural Safety Centres of Excellence are in the process to set up a meeting with the South African Local Government Association (Salga).

Farmers countrywide are experiencing an increase in the theft of fresh produce, which are then allegedly sold by hawkers along streets and public roads. According to our information, there are municipal by-laws that govern the trade in fresh produce by hawkers in towns and cities that prevent the selling of illegally obtained produce to the public. As the overarching organisation for local government, Agri SA would like to urge Salga to raise this issue with local authorities and emphasise the importance to strictly apply by-laws applicable to trading by hawkers with fresh produce. It is important that local authorities pursue interventions to apply by-laws to assist in preventing the selling of allegedly stolen fresh produce.

Members of our organisation are also concerned that the illegal occupation of local authority land may spill over to adjacent farmland, should the local authority fail to attend to the situation immediately.





Agri SA also wish to discuss the following matters dealt with in our Economics and Trade Centre of Excellence:

- Municipal debt to Eskom and lacking maintenance of the municipal electrical infrastructure that has an adverse impact on service delivery; and
- Principle problems experienced with the administration and governance of property rates.

The purpose of this request for a meeting is to discuss the above-mentioned issues and to also build our relationship with Salga as a representative body for municipalities.

### Agri-sector Unity Forum agriculture sector plan

Organisations, of which Agri SA is a part off, under the umbrella body of Agri-sector Unity Forum (Asuf), decided to work together to develop a national strategy for the agriculture sector from the perspective of organised agriculture.

Agri SA's Economic and Trade Centre of Excellence was part of one of the working groups, namely social-economic development. According to this working group agriculture has an obligation towards social-economic development, especially in rural areas, to:

- Improve food security and boost sustainable employment;
- Alleviate poverty through skills training and employment creation; and
- Create a supportive environment using a social unity compact, incorporating the sustainable development goals, and by using the National Development Plan (NDP) as the strategic framework.

The purpose of this plan is to position agriculture as one of the primary industries that can be used for economic growth and job creation and in collaboration with government, develop a joint development plan for agriculture and ensure a growing and inclusive agricultural sector aligned with the outcomes of the NDP. These outcomes will, among others, entail job creation, development, food security, sustainability and higher levels of competitiveness, while building mutual trust and

collaboration and bringing about stability in the sector.

### 2018 Medium Term Budget Policy Statement

The Economics and Trade Centre of Excellence made use of the opportunity to comment on the 2018 Medium Term Budget Policy Statement (MTBPS).

Agri SA welcomes the R3,4 billion allocated to drought relief, the majority going towards upgrading water infrastructure. The severity of the drought conditions does, however, require direct assistance to farmers and rural communities to ensure that farms are able to remain active and to avoid job losses. Agri SA collaborated with the National Agricultural Marketing Council (NAMC) and other key industry stakeholders to produce the second report of the section 7 committee on drought.

**“ Agri SA welcomes the R3,4 billion allocated to drought relief, the majority going towards upgrading water infrastructure. The severity of the drought conditions does, however, require direct assistance to farmers and rural communities to ensure that farms are able to remain active and to avoid job losses.**

Agri SA has been in discussion with various stakeholders including government, developmental finance institutions (DFI's) both local and international, commercial banks and private equity funds among others, to see how the different role players can work together. One

of the central ideas that emerged in these discussions was a collaborative agricultural development fund (ADF). The R4,4 billion announced in the MTBPS for this initiative is a step towards realising this grand vision.

Electricity is a key production input for agriculture. Thus, Agri SA welcomes the commitment to restructure the electricity sector, along with a long-term plan to restructure Eskom and to deal with its debt obligations.

A well-maintained road network is a crucial conduit to economic activity and specifically for agriculture. As with rising electricity costs, this has a negative impact on our international competitiveness and the sustainability of farming and agribusinesses.

Whilst the MTBPS mentioned the strengthening and rehabilitation of the national non-toll road network, the department of transport's budget allocation for non-toll roads has been cut by around 35%. The maintenance of non-toll roads that connect farmers to both their suppliers and markets cannot be left to deteriorate further. In its comments, Agri SA urged the minister to consider the negative impact of not maintaining this crucial road infrastructure.

Agri SA looks forward to furthering engagement and collaboration with the government to address these and other issues that have an impact on agriculture and its contribution to the South African economy.

### Pre-National Budget 2019

Ahead of the budget speech, Agri SA submitted written recommendations to the minister of finance, highlighting the issues that are of concern to agriculture.

The balance between government income (tax revenue) and expenditure is at the heart of the government budget. Rating agencies and financial market role players will want to see a commitment to fiscal consolidation. The fiscus is under severe strain and a further downgrade from credit rating agencies must be avoided at all cost. Agriculture has shown that it is a proven sector that, with assistance from the government, can build the economy and increase fiscal stability.

Agri SA was hoping to hear some of the following elements in minister Mboweni's speech, namely drought support, electricity sector reform, land reform and emerging farmer support, agricultural development fund, biosecurity, diesel rebate system, road infrastructure, plans to deal with corruption and poor service delivery and the limiting excessive increases to excise duties.

Agri SA mooted that the budget will make positive commitments, that will be effectively implemented, towards limiting the budget deficit and supporting economic growth.

### Post-National Budget 2019

Agri SA expressed its disappointment to the minister of finance after his first budget address. Minister Mboweni's budget vote of 2019 referred to agriculture by means of metaphors, such as *"it is time for us to sow the seed of renewal and growth"*. Unfortunately, agriculture, besides the references to land reform, received relatively little attention in the speech. No mention was made of the lingering drought and the devastating impact that it has on farmers and farming communities.

From an agricultural perspective, Agri SA expressed concern that increased excise duties could have an adverse effect on the wine and tobacco industries. Furthermore, the higher duties on cigarettes could promote smuggling. The increase in the sugar tax will have a direct impact on the local sugar industry, which is already under pressure.

Agri SA's Centre of Excellence: Economics and Trade expressed regret that a carbon tax was not earmarked for environmental matters to combat climate change, but welcomed R3,7 billion set aside to assist emerging farmers to purchase land.

In its statement, Agri SA said the agricultural sector was the key to unlocking economic growth in South Africa and that minister Mboweni would, within the next year, come to realise the potential of agriculture and the fact that the sector, as well as the farming community, should receive the government assistance it needs and deserves.



## Business Unity South Africa

Business Unity South Africa (Busa) is a confederation of business organisations including chambers of commerce and industry, professional associations, corporate associations and unisectoral organisations. It represents South African business on macro-economic and high-level issues that affect them, nationally and internationally. Busa's function is to ensure that business plays a constructive role in the country's economic growth, development and transformation and to create an environment in which businesses in all sectors can thrive, expand and be competitive.

As the principal representative of business in South Africa, Busa represents the views of its members, including Agri SA, in a number of national structures and bodies, both statutory and non-statutory. Busa also represents businesses' interests in the National Economic Development and Labour Council (Nedlac).

As a member of Busa, Agri SA is expected to take part in sub-committee engagements that are of relevance to its members such as: the economic policy sub-committee, energy policy sub-committee, transport policy sub-committee, Nedlac Task Team (various workstreams) and the Jobs Summit Macroeconomic task team. There are also other relevant issues that are discussed at the Busa structures, which are relevant to Agri SA, for instance the Economic Regulation of Transport Bill, engagement with Eskom and electricity issues.

## Statistical overview

A statistical overview, which contains key agriculture-based information, was completed by Agri SA during the reporting year and distributed to all farmer leaders and executive staff. The purpose of these indicators was to provide a broad overview of the financial position of the agricultural sector, largely for 2018, compared to that of the previous year. Basic statistics were provided by the directorate: statistics and economic analysis at the department of agriculture, forestry and fisheries.

## INTERACTION

### Pilot project for financing solar energy in agriculture

A financial institution had approached the Centre of Excellence with a proposal to provide financing for solar products, with Agri SA becoming involved in the recruitment of farmers, clients and in the marketing of the product via the establishment of a special purpose vehicle (SPV) under the banner of Agri SA Enterprises. At this stage, the proposal is to conduct a pilot project if development finance institutions (DFIs) and farmers show sufficient interest in becoming involved. Agri SA will inform members as soon as a feasible plan is on the table.

### Radio and television

During the year under review, discussions were held on various radio and television platforms, including Groot FM, RSG, Pretoria FM, OFM, Groot Plaas TV and Landbouweekliks, touching on solar power and other relevant issues within this centre's focus area. The centre enjoyed considerable coverage in the print media around a variety of subjects to keep farmers informed.

### Arqaam Capital

Established in 2007, Arqaam Capital is a specialist emerging markets investment bank, bringing regional and international product offerings to the emerging markets. During the reporting year, the centre had the opportunity to help this institution to form a holistic view of what is going on in the agricultural sector. We believe it was of significant value-add to investors to engage with Agri SA and at the same time, will also inform Agri SA on local investors' views on agriculture.

### Conningarth Economists

Conningarth Economists endeavours to make a meaningful contribution to human welfare through accurate, efficient and cost-effective economic analysis and reporting, whilst, at the same time coaching and mentoring emerging South African professionals in

this field. Agri SA was invited to a presentation on the CID Infrastructure Database Forecasting model of this organisation.

### African Development Bank

The African Development Bank (AfDB)'s Southern Africa Regional Office (RDGS) has embarked on a business development initiative to identify opportunities for AfDB-RDGS to participate/invest in, partner, or finance/co-finance private and public sector projects (including PPPs). Agri SA's Economics and Trade Centre of Excellence visited the AfDB-RDGS to meet with members of the RDGS team, including staff from the agriculture/agri-business/rural development; infrastructure; private sector; and water supply and sanitation clusters. Apart from the agriculture solar energy topic, this bank would like to explore a wider collaboration with Agri SA and its members, as they are in the process of developing investment pipeline projects in the agriculture/food sector.

### Production/input working group

Agri SA is a member of the Grain SA production/input working group, which meets on a regular basis. An extensive agenda was covered during the reporting year, including problems relating to the logistics of farm machinery that cannot be licensed, electricity, water and theft of copper, farm inputs and products, as well as the sectoral determination and introduction of a national minimum wage. These matters form part of the centre's work sphere.

### Roadshows: Northern Cape and KwaZulu-Natal

During two roadshows led by representatives from Agri SA, of which this centre was part of, we highlighted economic issues that can jeopardize food security. We gave a comprehensive overview of the Centre of Excellence: Economic and Trade's activities. An outlook on the trade landscape, capital, investment and debt, as well as employment, was shared with farmers.

### Agricultural Research Council

This Centre of Excellence was requested for a short interview regarding the energy use study the Agricultural Research Council (ARC) is planning. The interview will seek to understand the energy drivers in the agricultural sector of South Africa.

### Garlic Growers' Conference 2018

The executive of the South African Garlic Growers Association invited the Centre of Excellence to address its biennial Garlic Growers Conference held on 27 September 2018 at the ARC Roodeplaat, near Pretoria. Matters that received attention on this occasion was the new approach to plant and soil management to ensure optimal crops. Viruses and plant diseases, as well as a proposed scheme to cultivate virus-free plant material, were also discussed.

Further matters addressed included the revised regulations for grading, packaging and marking of garlic sold in South Africa. The South African garlic value chain received attention as well as information regarding garlic imports and exports. The Centre of Excellence delivered the welcoming address with "What's cooking in Agriculture" as the main theme.

### Sustainable Precision Farming Congress

Crop production in South Africa is under pressure due to unreliable rainfall, drought and other hazards associated with climate change. Competition in a highly subsidised international food market also plays an important role. Such constraints lead to food insecurity, and this is where precision farming can play an important role. This congress brought together experts, farmers and academics in these particular fields. The Economics and Trade Centre of Excellence had the opportunity to participate in this.



## PANEL DISCUSSIONS

### A Nation in Conversation asks: 'How do we revive the platteland?'

Requier Wait, head of economics and trade at Agri SA, was part of a panel hosted by the *Landbouweekblad* editor, Chris Burgess. The panel consisted of Leona Archary, head of agriculture at Bigen Africa; Theo Venter, political analyst, Mohammed Bhabha, director of In Transformation Initiative; and Vusi Khanyile, executive chairperson of the Thebe Investment Corporation. They all shared their views on how the platteland can be revived.

The head of the centre's view on this was that, for the current situation in these towns to change, the impetus had to come from the local communities themselves and that strategies had to be formulated from local government level to be sustainable.

"If you have ever wondered about the state of the platteland, this session of Nation in Conversation is a real eye-opener, which not only captures the misery and disengagement of the communities in these areas but also looks at solutions and strategies that can be implemented to bring about a platteland revival," said Burgess.

## COMMODITY CHAMBER

### Research survey 2017/18

Agri SA's Economics and Trade Centre of Excellence conducted a research survey that focuses on research within the various commodity organisations. The results of this survey were used to give a snapshot of the research landscape, at the Agri SA Commodity and Corporate Conference that took place from 24 to 25 April at Future Africa campus of the University of Pretoria.

The results of this survey show that the agriculture sector has undergone a discernible structural shift in research spend. The survey indicates that the spend

is moved away from the Agricultural Research Council (ARC) and towards a variety of private institutions, universities and other government agencies to an estimated 75% of agricultural research spending. This is in drastic contrast to the traditional position of the ARC serving as the nexus of South African agricultural research and presents a set of urgent policy questions.

### 2019 Commodity and Corporate Conference: Research for Development

Collaborate to stay competitive and develop inclusively – Agri SA Commodity and Corporate Conference organised agriculture's ability to swiftly coordinate collaboration amongst each other and, with the government, will determine the future of South Africa's agriculture sector.

**“ Collaborate to stay competitive and develop inclusively – Agri SA Commodity and Corporate Conference organised agriculture's ability to swiftly coordinate collaboration amongst each other and, with the government, will determine the future of South Africa's agriculture sector.**

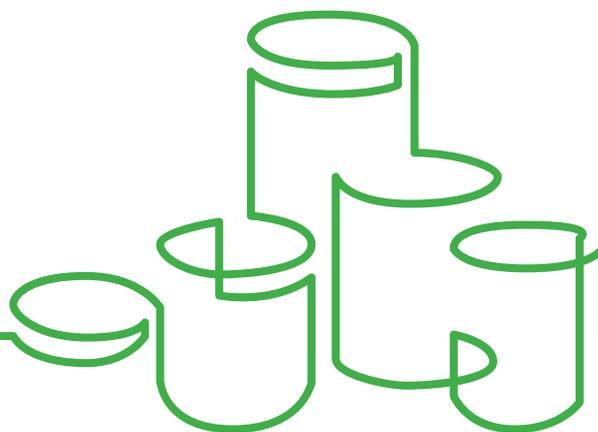
This was the fundamental message from Agri SA's annual Commodity and Corporate conference held on the 24th and 25th of April 2019 at the University of Pretoria's Future Africa campus. Against the background of capacity constraints in the public research sphere and the consequential privatisation of research, the conference aimed to highlight the current state of agri-

cultural research in South Africa. The scene was set by depicting how the global challenges of climate change, technological disruptions and the political uncertainty are impacting the numerous challenges South Africans face.

The golden thread running from all the discussions was the realisation that there is a glaring need to interact more regularly and focused on research and development matters in a way that builds partnerships. In the current environment, it is easy to become disillusioned with existing structures and institutions to the extent that work is done in silos and ends up being duplicated. This should be avoided. The idea should be to collaborate, not duplicate. This conference created a platform to breakdown that silos and Agri SA's role in terms of research and development are now carved out.

### World Economic Forum

The Agri SA Economics and Trade Centre of Excellence has the opportunity to be part of the World Economic Forum Survey for the Global Competitive Index Report that would be launched in September 2019 on behalf of the agricultural sector.





## INTERNSHIP

During the reported year Nel Coetzee, an intern sponsored by the Sasol Trust, gained valued experience across various fields in agriculture economics. Here's a summary of the work conducted inside the Agri SA's Economics and Trade Centre of Excellence:

Centre of Excellence: Economic and Trade	Agri SA management
<ul style="list-style-type: none"> <li>• Survey, report and presentation;</li> <li>• Effect of Moody's downgrade on foreign loans on the debt-to-GDP ratio;</li> <li>• Impact of change in corruption index on foreign direct investment (FDI);</li> <li>• Profiling of the vegetables industry in South Africa;</li> <li>• Profiling of the lime industry in South Africa;</li> <li>• Documented property tax levies on municipalities across South Africa;</li> <li>• Compiled infrastructure reports (2018 and 2019);</li> <li>• Impact of load shedding on agriculture in South Africa;</li> <li>• Synthesis on youth entrants in agriculture;</li> <li>• Allocation of national gazettes; and</li> <li>• Review of meeting(s) minutes.</li> </ul> <p><b>Research</b></p> <ul style="list-style-type: none"> <li>• Eskom international price comparisons;</li> <li>• Effect of privatisation of electricity;</li> <li>• Crop estimates;</li> <li>• Driving investment in agribusiness;</li> <li>• Megatrends in agriculture;</li> <li>• Constructed an Agri CEO Confidence Index;</li> <li>• General GDP prospects; and</li> <li>• Norway vs South Africa comparison.</li> </ul> <p><b>Articles</b></p> <ul style="list-style-type: none"> <li>• Building economic BRICSS;</li> <li>• Intra trade commodities in Africa;</li> <li>• Commentary on Stats SA 2nd quarter labour survey;</li> <li>• The South African agriculture industry and AfCFTA;</li> <li>• A short perspective on the cost of 2018/19 drought in agriculture; and</li> <li>• Economic review: It's bitter-sweet from July onward.</li> </ul>	<ul style="list-style-type: none"> <li>• Submitted commentary on comprehensive producer development support;</li> <li>• Assist in creating a financing model for the Agricultural Development Fund;</li> <li>• Answers questions on the drought from <i>Huisgenoot</i>;</li> <li>• Research on the number of fuel stations in South Africa;</li> <li>• Gantt chart – Motsepe Foundation</li> <li>• Agri Gauteng Ekspo;</li> <li>• Analysis and commentary on the status of Agri SA's new website;</li> <li>• Developed AgroHUB.co.za               <ul style="list-style-type: none"> <li>• <i>Development and design</i></li> <li>• <i>Ongoing maintenance and security</i></li> <li>• <i>Traffic analysis</i></li> <li>• <i>Domain registration</i></li> <li>• <i>Hosting and application deployments</i></li> <li>• <i>Map of Agri SA affiliates empowerment projects</i></li> </ul> </li> <li>• Research on agribusinesses in South Africa;</li> <li>• Blockchain for commercial agriculture in South Africa;</li> <li>• Motsepe Foundation Project;</li> <li>• Integrated Communication System;</li> <li>• National Policy on Comprehensive Producer Development Support;</li> <li>• Motsepe Foundation – Prospectus;</li> <li>• Busa (SME Working Group);</li> <li>• Stakeholder interactions on Brexit;</li> <li>• Agriculture Development Fund framework;</li> <li>• Future of South Africa (FTI Consulting);</li> <li>• Asuf (Workstream 4: Innovation and technology); and</li> <li>• Agri-management and mentorship course – Stellenbosch University (80%).</li> </ul>

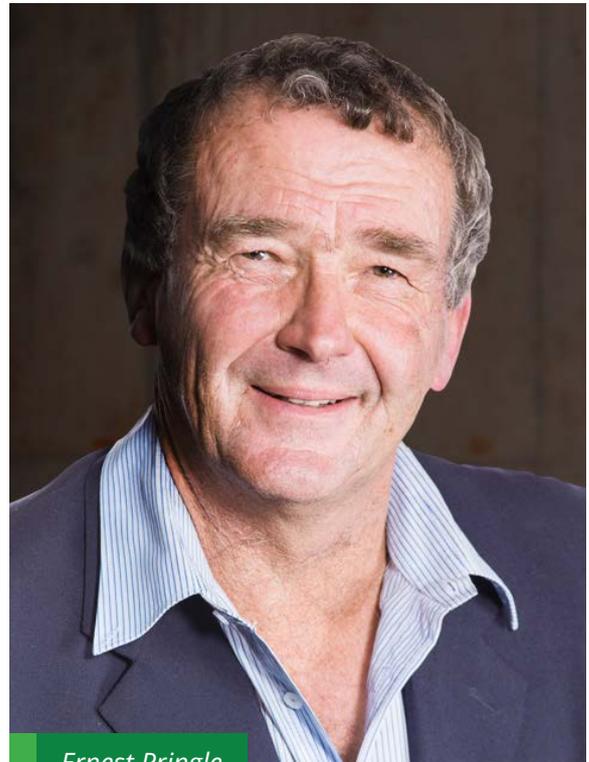
## ACKNOWLEDGEMENT

A special word of thanks to members of farming communities, provincial affiliates as well as commodity organisations for their contributions to the Economics and Trade Centre of Excellence.



# CENTRE OF EXCELLENCE

## **Land**



*Ernest Pringle*

Ernest Pringle served as chair and Sandy La Marque as deputy chair of the Centre of Excellence and they were assisted by Annelize Crosby. During the November 2018 meeting of the Centre of Excellence, Willem de Chavonnes Vrugt was elected as deputy chair. Ernest Pringle remains the chairman, while Sandy La Marque and SK Makinana are additional members.

During the reporting period, namely May 2018 to June 2019, this Centre of Excellence was involved in, amongst others, the following activities:

### **Land expropriation without compensation (Section 25 of the Constitution review)**

During the year under review, the Centre of Excellence's activities was overshadowed by the debate around expropriation without compensation. A comprehensive written document compiled by Agri SA setting out the organisation's well-considered views on expropriation without compensation was presented to the Constitutional Review Committee during public hearings in parliament in September 2018. Agri SA also supported its affiliates at provincial hearings, which took place countrywide from June to August 2018.

In November 2018, parliament, on the recommendation of the Constitutional Review Committee, voted in favour of an amendment of section 25 of the Constitution to explicitly make provision for expropriation without compensation in the Constitution. Thereafter an ad hoc committee was appointed, which had to come up with a recommendation for the wording of the amendment of section 25. The committee consulted experts and issued a report but did not complete its work. Expectations are that the process will be resumed by the new parliament after the election.

There has been unusual media interest in the debate around expropriation without compensation, with a multitude of press releases, media conferences and radio and TV interviews in which Agri SA's president, senior staff members and the chair and functionary of the centre participated.

A senior legal team was consulted throughout, including a few consultations with advocates. A written legal opinion was also obtained.

Various one-on-one conversations took place with influential people within the government, as well as a consultation with six of the ANC's top leaders on

7 September 2018 at Leriba Lodge.

Agri SA's president, Dan Kriek, was invited by president Cyril Ramaphosa to participate in the activities of an Advisory Panel on Land Reform.

**“ Agri SA's president, Dan Kriek, was invited by president Cyril Ramaphosa to participate in the activities of an Advisory Panel on Land Reform.**

Annelize Crosby assisted Agri SA's president in scrutinising documents and formulating inputs for this purpose. The advisory panel released a report in April 2019, while Dan Kriek, together with Nick Serfontein, another member of the panel, released a alternative report.

### **Land summit**

An extensive land summit was hosted in collaboration with *Landbouweekblad* during August 2018 at Bela-Bela. The purpose of the summit was to present examples of land reform and rural development that had been tackled and successfully implemented by farmers themselves. A large number of projects were discussed. Senior government officials also attended and addressed the summit. The summit was a tremendous success and also enjoyed good media coverage.

### **Labour tenancy/Dwellers/Occupiers**

A proactive approach was undertaken where the Centre of Excellence considered potential proposals and possible solutions to address challenges experienced regarding the tenure on farms of occupiers, labour tenants and farm dwellers. A working group was formed, and research undertaken to inform a possible proposal. Simultaneously working with the Labour Centre of Excellence a social unity compact, was discussed. These



centres held a joint workshop and considered innovative approaches. This matter remains ongoing in a sound attempt to find sustainable solutions.

## LEGISLATION

### Land valuation regulations

In November 2018, the office of the valuer-general promulgated the final regulations that were intended to provide clarity on the interpretation of section 25(3) of the Constitution. Section 25(3) requires that just and equitable compensation be paid for land that is expropriated. This concept of fairness and equitability was included in the Property Valuation Act, which requires that the state must pay the just and equitable value of property when such property is acquired for land reform purposes.

The draft regulations propose that the current use value of land, together with market value, should be used to determine a just and equitable value. Agri SA expressed strong objections to the draft regulations, especially the use of so-called current use value to determine fair and equitable compensation.

Agri SA became involved in litigation – refer to the Melmoth case below for clarity regarding the use of this formula by the valuer-general.

### Restitution Amendment Bill

During August 2018, Agri SA made an oral submission to the Portfolio Committee on Land Reform and Rural Development on this bill, which envisages the reopening of restitution claims. In its submission, Agri SA warned against unintended consequences of reopening the claims process. The bill had not yet been approved by the end of March 2019, which meant it had lapsed and will have to be tabled again in the new parliament.

### Expropriation bill

Efforts have been made since 2008 to enact the new Expropriation Bill. With the latest attempt in December 2018, a draft bill was published for public commentary. The bill contains a definition of expropriation that is far too narrow. It also contains a clause that proposes that land expropriated in the public interest could in certain instances be expropriated at zero compensation. Five examples are mentioned where land could be expropriated at zero compensation, one category being land used by labour tenants.

Agri SA submitted a comprehensive written document in which it clearly expressed its objection to the definition of expropriation, as well as the proposed expropriation at zero compensation. The bill is expected to be tabled in the new parliament after the election in May 2019.

## LITIGATION

### Melmoth lawsuit

The case has a long history and involved various farms in the Melmoth district in KwaZulu-Natal. The state and the valuers representing landowners had previously agreed on what they regard as just and equitable compensation. The valuer-general became involved at a later stage and offered the landowners a mere 50% of the amount previously agreed on by the valuers. The state's position was that landowners are obliged to give up their properties at the amounts determined by the valuer-general.

The minister of rural development and land reform said she was bound by the valuer-general's offer and refused to be persuaded otherwise. It was also the state's position that the court does not have jurisdiction over the determination of compensation. Agri SA became involved and provided the Melmoth landowners with financial assistance.

Judge Canca found that the Property Valuation Act cannot oust the jurisdiction of the courts in compensation cases.

**“ Judge Canca found that the Property Valuation Act cannot oust the jurisdiction of the courts in compensation cases. He also found that the act does not preclude the minister from granting a compensation amount higher than that determined by the valuer-general.**

He also found that the act does not preclude the minister from granting a compensation amount higher than that determined by the valuer-general.

He found that the valuation guidelines as prescribed in the regulations could give rise to a value that is considerably lower than just and equitable compensation in terms of section 25(3) of the Constitution. If properties had been expropriated, section 25(3) would have applied.

The court was not bound to the values determined by the valuer-general. An order for costs was made in favour of the landowners. The ruling was widely welcomed by landowners.

**“ The court was not bound to the values determined by the valuer-general. An order for costs was made in favour of the landowners. The ruling was widely welcomed by landowners.**

### INTERACTION WITH AFFILIATES AND EXTERNAL STAKEHOLDERS

During the year under review, interaction took place with various experts and role players. At the Centre of Excellence meeting in November 2018, the attorney Hans-Jurie Moolman provided elucidation on the donation of land. At the March 2019 Centre of Excellence meeting, Prof Danie Brand of the Free State University made a presentation on expropriation without compensation. A meeting was also held in March 2019 with the Institute for Race Relations.

Various congresses and conferences were addressed on the issue of land reform, including the Fertasa congress in April 2019. Two provincial tours were conducted where grassroots members were informed on all the policy areas covered by Agri SA, including land reform – one during August 2018 in the Northern Cape and another during June 2019 in KwaZulu-Natal.





CENTRE OF EXCELLENCE  
**Rural Safety**



*Tommie Esterhuysen*

Tommie Esterhuysen served as chair of the Centre of Excellence, supported by Joe Scholtz as deputy chair and Uys van der Westhuijzen as third executive committee member. Kobus Visser served as functionary.

The serious safety threat, which includes farm attacks and murders, as well as general criminality experienced by the farming community, makes it imperative for Agri SA and its provincial organisations to attend to these matters on a continuous basis. It remains the government's responsibility, however, to keep all citizens safe, but given the current security situation, the farming community is playing a greater role to safeguard themselves as well as the community.

The Centre of Excellence's activities are therefore aimed at security aspects that have an impact on the farming community's personal safety, as well as at general criminality.

The Centre of Excellence facilitates the influence that Agri SA exerts on policy, legislation and programmes relating to the safety and security of farming communities and the rural environment.

The activities of the Centre of Excellence are supported by the South African Police Service (SAPS), the South African National Defence Force (SANDF), Correctional Services, the National Prosecuting Authority (NPA) and the Institute for Security Studies (ISS), which regularly attend and provide inputs at the Centre of Excellence meetings.

### POLICE MATTERS

The Centre of Excellence dealt with various policing aspects during the reporting period, including the following:

#### Conversation with the National Commissioner of Police

The National Commissioner of Police and his senior management team attended the first meeting of the centre. On this occasion, he discussed the police's turnaround strategy and said rural safety was one of the focus areas of the strategy. The police strive to create a safe rural environment by 2030 so that they can fulfil their constitutional responsibilities. He acknowledged

the farming community's contribution to the national economy, as well as the role they play in rural safety via their well-organised structures.

Through improved policing, the police want to help create safe rural areas for economic development so that the farming community can continue making its contribution to the economy, food security and stability in the country. Implementation of an effective reservist system, the reactivation of rural specialist units and the provision of resources to rural police stations are all elements that the Centre of Excellence supports on an ongoing basis as part of the turnaround strategy.

#### Firearm legislation

According to media reports, the police intend to amend sections 13 and 14 of the Firearm Control Act, which will mean that self-defence under these sections will no longer be a valid reason for owning a firearm. According to information received from the police, they do not have an official position in this regard.

During a discussion with the National Commissioner of Police, he was informed of the lack of feedback received by members in appeal cases. Although the Appeal Board falls under the direct supervision of the minister of police, the police undertook to bring this problem to the attention of the Appeal Court. Problems that were experienced in this regard were pointed out to the Commissioner and have in the meantime been resolved.

#### Reservist policy framework

The Centre of Excellence remains of the opinion that a well-functioning reservist system, supported by appropriate training, is a prerequisite for the involvement of the farming community. The revised Rural Safety Strategy – which must still be announced – emphasises the important role that reservists will play to give momentum to the implementation of the strategy. Farmers are interested in participating, but problems with the implementation thereof must be resolved as soon as possible.



The police have appointed a task team to consider changes to the existing concept. These include aspects such as dividing the practical training period of reservists into modules so that members do not have to be away from their farms for long periods, as well as attention to recruitment challenges and auditing of existing reservists. In terms of training, the revised curriculum was approved and is currently being evaluated as a pilot project. Provincial organisations were provided with relevant information regarding the recruitment of reservists, which was set to commence on 1 April 2019.

### Regrouping of police clusters

The new cluster strategy was implemented as from 1 November 2018 with a view to determining whether the police were achieving their policing objectives and to deal with implementation problems as part of the process. The strategy has resulted in the number of clusters being reduced and the combination thereof into area structures. A national steering committee is busy evaluating the implementation of the strategy and the police will be asked to share their findings at a Centre of Excellence meeting later in the year.

### Land invasions

Threats of farm invasions remain a source of concern for the farming community. The Centre of Excellence,

together with Agri SA's provincial organisations, will ensure that the police instructions for dealing with trespassing and land invasions are implemented strictly according to policy. To assist members to interpret the policy and police instructions, an information document was approved and distributed to provincial organisations. The document also provides members with guidelines on how to deal with farm invasions.

**“ To assist members to interpret the policy and police instructions, an information document was approved and distributed to provincial organisations. The document also provides members with guidelines on how to deal with farm invasions.**



The South African Local Government Association (Salga) was requested to take note of the local authorities' responsibility to inform the police immediately of any land invasion incident. If such invasions are not dealt with promptly, they have the potential of spilling over to adjacent farming areas, with negative implications for the landowners. A further request has now been addressed to Salga to discuss this matter.

### RURAL SAFETY

#### Rural Safety Strategy

During the reporting year, the existing Rural Safety Strategy was revised. A working group of the Centre of Excellence considered inputs provided by Agri SA's provincial organisations, after which commentary was finalised for submission to the police. Following the Rural Safety Summit hosted by the department of agriculture, forestry and fisheries, further work was done on the strategy, after which the police's strategic management aligned the strategy with other national police strategies. Besides strategic attention to farm attacks and stock theft, the focus was broadened to include the destruction of farm infrastructure as a focus area. The Centre of Excellence is satisfied that the vast majority of the committee's recommendations have been accommodated in the revised strategy.

The National Commissioner of Police invited Agri SA to assist the police in finalising the revised Rural Safety Strategy and to become involved in arrangements for the launch thereof. Expectations are that the strategy will be launched in the North West province early in the second part of the year once the minister of police has approved a date for the launch.

#### Agreement with AfriForum

The agreement with AfriForum makes provision for the establishment of communication channels, the elimination of duplication and an undertaking not to create competing structures where local security structures already exist. It remains the Centre of Excellence's position that there should be a greater degree of cooperation at grassroots level to deal effectively with rural

safety without destroying existing structures. A meeting took place with AfriForum during the reporting year, where attention was given to the more effective flow of communication, especially with grassroots structures. AfriForum was informed that the involvement of the police in crime prevention operations at local level was a prerequisite for members' participation.

#### Farm access protocol

The Rural Safety Strategy stipulates that a protocol for access to farms may be applied to promote rural safety. Agri SA's protocol in this regard is widely accepted as suitable for this purpose. During the election year, the committee confirmed the stringent and consistent application of the farm access protocol and asked members to ensure that the protocol is applied, especially during this period.

#### Crime asset recovery account

The Centre of Excellence discussed the Prevention of Organised Crime Act (POC Act), which makes provision for a crime asset recovery account (Cara), managed by a committee consisting of the departments of justice, police and finance. The fund is available to law enforcement departments where application can be made for funding of specific items. The National Prosecuting Authority (NPA), at the request of the committee, made pro forma documentation available according to which the police can apply for funding from this account. Such documentation was distributed to all provincial organisations for further attention.

#### Second-hand Goods Act and Criminal Justice Amendment Act, 2015

The department of justice and legal section of the police were asked to consider amendments to the Criminal Justice Act as well as the Second-hand Goods Act in order to combat the negative effect of the increase in the destruction of farm infrastructure. The police, who are responsible for the Second-hand Goods Act, were also asked to include farm infrastructure such as irrigation equipment and iron poles under schedule one of the Act. The police were also requested to cancel the



registration of scrap metal dealers who are repeatedly found guilty of offences in terms of the act so that they no longer have an opportunity to operate a scrapyards. The police, in conjunction with the national secretariat of police, are considering amendments to the act, while the Centre of Excellence has addressed a written request to the police for consideration.

The department of justice was requested to broaden the scope of the Criminal Justice Amendment Act to include irrigation equipment as essential infrastructure and food production as a basic service. The broadening of the act, if approved by the department and accepted as an amendment by parliament, could result in heavier penalties for persons convicted of these crimes. The department has prepared a submission for consideration by the minister for possible law amendments.

### The cost of crime

During the reporting period, a survey to determine the cost of crime for agriculture was conducted in collaboration with Unisa. A report was then compiled, which indicated that seven out of 10 commercial farmers who participated in the survey had experienced crime in some form or other during 2017. The survey also revealed that approximately a third of commercial farming units had experienced an increase in crime incidents over the past three years. The results confirmed the Centre of Excellence's concern over the level of crime experienced by commercial farmers.

According to the study, the total direct cost of agriculture-related crime amounted to R5,45 billion, with a total replacement cost of R2,28 billion. The total agriculture-related cost amounted to R7,7 billion. The study also showed that the theft of livestock was at the top of the list of crimes, followed by theft of farm infrastructure, theft of farm implements and equipment, theft of game and lastly robbery. The study further revealed that approximately 40% of commercial farming units had installed security equipment in 2017 at an average cost of R115 000 each and a total cost of R1,9 billion.

The information obtained from the survey was also used as motivation for the proposals for amendments to the Second-hand Goods Act and the Criminal Justice Amendment Act.

### Functioning of priority committees

At the request of the Centre of Excellence, the police issued instructions regarding the functioning of priority committees at various levels. The instructions provide priority committees with guidelines with regard to, among others, chairmanship, the content of an agenda, and the type of aspects that must be dealt with during meetings. Feedback from provincial organisations indicates that priority committees generally function well and that problems are dealt with on an ongoing basis at local level.

### Erosion of grassroots security structures

During the reporting year, the Centre of Excellence dealt with the erosion of grassroots security structures by organisations involved in urban areas with the provision of safety and security services. These organisations are now moving out to offer similar services to rural communities, which has resulted in conflict and the destruction of organised agriculture's local security structures. This could jeopardise the implementation of the Rural Safety Strategy and undermine the actions taken by provinces when the police are excluded at that level. The Centre of Excellence has warned that people must be constantly on guard against organisations with a political mandate or those that are established for personal gain.



**R5,45 billion**

Direct cost

**R2,28 billion**

Replacement cost

TOTAL CRIME RELATED COSTS

**R7,72 billion**

### Agreement between Agri SA and Fidelity ADT

Agri SA has entered into a partnership with Fidelity ADT to provide a range of services and products to its members and the rural community in an attempt to address the high level of farm attacks and agriculture-related crime. Through Fidelity, a rural client is able to share in the company's considerable experience and knowledge made available through the provision of a more integrated safety and security service. The success of the agreement depends on the cooperation of provincial organisations, farmer associations, farm watches and local security companies.

Various submissions have already been made in the Northern Cape, Free State and Eastern Cape on how Fidelity's services and products can be used to improve rural safety. The partnership will strive to make a greater contribution towards a safe rural environment and to respond to the security needs of rural farming communities.

### Election protocol

The Centre of Excellence has been working with the Independent Electoral Commission (IEC) since 2006 to afford the IEC orderly access to farms for voter training and the establishment of voting stations. Agri SA had as early as December 2018 met with the IEC to discuss a protocol for the 2019 election. This discussion was followed by a letter in which Agri SA clearly stated its views. In the absence of a final protocol for 2019, the Centre of Excellence maintained the following position for implementation by members, namely that members should:

- Provide the IEC and its agents with reasonable access to farming areas to conduct their work in terms of voter registration and training;
- Allow voters an opportunity to attend political meetings in public venues as arranged by the political parties;
- Allow the IEC and its agents to access venues to be used as registration and voting stations, where appropriate; and

- Ensure that farm visits take place in accordance with the farm access protocol.

### Submission to portfolio committees

During November 2018, the Centre of Excellence had an opportunity to make a presentation to a joint session of the portfolio committees of police and agriculture, forestry and fisheries. During the presentation, the portfolio committees were informed of the negative impact that farm attacks and other crime have on the farming community. The revision of the Rural Safety Strategy was welcomed, and it was emphasised that a well-functioning priority committee system as well as an accessible reservist system formed the basis for the strategy. Agri SA once again undertook to cooperate with the police for the purpose of promoting rural safety.

**“ The revision of the Rural Safety Strategy was welcomed, and it was emphasised that a well-functioning priority committee system as well as an accessible reservist system formed the basis for the strategy. ”**

### National Non-Ferrous Crime Combatting Committee

The chair and functionary of the centre represent Agri SA in the Non-Ferrous Crime Combatting Committee. During one of the committee's meetings, a presentation was made on the effect and impact that theft and the destruction of farm infrastructure have on agriculture. A request was also made for a special inquiry into the theft of cellular phone tower batteries. The police are currently busy with special projects at grassroots level to address this matter.



## CORRECTIONAL SERVICES

The minister of correctional services intends to conduct a review of the existing parole system, and the department has made recommendations in this regard to the minister. Feedback from the minister regarding the revision of the parole system is awaited.

The contracts of the current parole boards expired at the end of July 2018. New contracts were concluded with members of the parole boards, which came into effect on 1 March 2019 for a period of three years. Members of organised agriculture who wish to participate in the activities of a parole board can apply to the presiding officer. The police are also closely involved in parole boards and receive good support and cooperation.

## NATIONAL PROSECUTING AUTHORITY

The National Prosecuting Authority (NPA) is continuing with training for state prosecutors in dealing with stock theft cases, but its limited budget makes it difficult to do so. This remains an ongoing process with which the NPA will continue as soon as the budget has been sorted out. The appointment of new state prosecutors has also been delayed due to budget shortages, especially against the backdrop of an increasing number of state prosecutors leaving the NPA's service.

## STOCK THEFT

According to the National Stock Theft Unit, the provinces most affected by stock theft are the Eastern Cape, Kwa-Zulu-Natal and the Free State. The following information regarding stock theft was shared with the committee:

- 30 police stations contribute to the highest incidence of stock theft in the country;
- There has been an increase in the number of stolen animals being recovered;
- The number of convictions has increased further, and more cases were reported during the past year than in the previous year; and
- Various perpetrators were sentenced to effective imprisonment during the year, some up to 15 years.

The following aspects were highlighted:

- Some stock theft units are experiencing a shortage of night vision equipment, but no requests in this regard have been received by the Stock Theft Prevention Forum or the National Stock Theft Unit;
- It is important to allocate analysts to investigate the links between syndicates and organised crime when it comes to stock theft. The police said they were in the process of creating such capacity within the unit for organised crime and that various projects had been registered to investigate stock theft cases;
- Some stock theft units are challenged by a shortage of vehicles and manpower. However, it is the stock theft coordinator's responsibility to determine additional requirements and to deal with this via the appropriate channels;
- There are various cases where a J-543 was issued but then withdrawn again in court. A docket should be opened for repeat offenders so that they can be prosecuted. The matter was discussed during a station commander meeting; and
- Farmers and police stations experience various security challenges along the Lesotho border. These stations should have sufficient capacity to deal effectively with crime within the border area. The needs of police stations should be determined by means of a feasibility study, which will then reveal the needs according to which allocations can be made.

The Centre of Excellence thanked the Stock Theft Unit for the work they do.

## DEFENCE FORCE MATTERS

The South African National Defence Force is responsible for the operational area, which includes international borders and the 10 km territory surrounding the border. The international border measures 4 471 km in total and is manned by 15 defence force sub-units, with 2 754 troops deployed along the border.

### CLOSURE

The committee used the following extract from the *Sunday Times* of 10 March 2019 to show that the problem will persist if negative behaviour is not addressed:

*“Bad behaviour or a culture of impunity is changed or reversed by a strict application of consequences. The burning of universities, for instance, which incidentally started in the North West, has not abated, because there have been no consequences. It was a shock when it happened the first time. We can have as many summits and commissions of enquiry, but we’ll have wasted our time if nobody is finally called to account. Amid all the verbiage about clean-up campaigns, towards assuredly missing: don’t litter. Consequences are what’s missing and leadership to enforce them.”*

### ACKNOWLEDGEMENTS

Members of the farming community, provincial affiliates as well as security representatives who make contributions at various levels to ensure the safety of rural communities deserve recognition and appreciation.

A special word of thanks was extended to the South African National Defence Force (SANDF), the South African Police Service (SAPS), the National Prosecuting Authority (NPA), correctional services and the Institute for Security Studies (ISS) for their assistance to the committee in its attempt to promote rural safety.





CENTRE OF EXCELLENCE  
**Natural Resources**



Wayman Kritzing

Wayman Kritzing served as chair of the Centre of Excellence: Natural Resources. He was assisted by Willem Symington as deputy chair and Cornie Swart as an additional member. Janse Rabie was the functionary.

### WATER AFFAIRS

#### Raw water tariff dispensation

The department of water and sanitation's (DWS) approved water tariff dispensation for 2019/20 was circulated to the affiliates. Agri SA played an important role during the national raw water tariff negotiations to ensure that percentage increases (between 4,40% - 14,40%) fell within the parameters as negotiated by Agri SA on behalf of the South African agricultural sector.

#### Transfer of water use entitlements

Agri SA received numerous requests for support for legal action against the DWS relating to the revised (and in our view incorrect) interpretation by the DWS of section 25 of the National Water Act, 36 of 1998 (NWA). In terms of its revised position, DWS is of the view that section 25 cannot be interpreted to allow for the private trading in water use entitlements. After careful deliberation, two matters were selected by Agri SA's Legal Committee for support:

- i. The Wittewater Boerdery matter (dealing with temporary transfers of water use entitlements) succeeded in the Cape High Court. A copy of the judgement and media statement in relation thereto was circulated to Agri SA's members. The return date for the hearing of the second (main) part of the application will be during the second half of 2019.
- ii. The Doornkraal Besigheidstrust matter (which deals with permanent transfers of water use entitlements as well as declaratory relief relating to the powers of water user associations) has been referred to the judge president of the Pretoria High Court for a hearing before a full bench of that court later in 2019.

#### Verification and validation process

Agri SA's Natural Resources Centre of Excellence continues to track and bear pressure on the DWS in the

finalisation of the verification and validation process. Once the DWS has finalised the close-out reports for the process, it will start a process of engaging with Agri SA with the view of providing it with a proper update of the status of existing lawful water uses in South Africa.

#### Illegal water use

The illegal use of water is of grave concern to Agri SA as it causes conflict and inequality among irrigators.

Agri SA has consistently maintained its position that it cannot and will not approve, endorse or in any way support the unlawful use of water by its affiliated members.

**“ Agri SA has consistently maintained its position that it cannot and will not approve, endorse or in any way support the unlawful use of water by its affiliated members.**

Agri SA maintains that the establishment of outstanding catchment management agencies (CMAs) and the verification and validation of water use rights are essential for the DWS to act against the unlawful use of water.

The purported illegal issuing of water use licenses is of further concern. Agri SA sought legal advice on a matter emanating from the Northern Cape, which it referred to the minister of water and sanitation for further investigation. Agri SA also referred the matter to the Organisation Undoing Tax Abuse (OUTA) for further investigation and action.



## Deteriorating water quality

Agri SA is highly concerned about the deteriorating quality of South Africa's water resources and the implications thereof for agriculture. Agri SA's Natural Resources Centre of Excellence has been involved with the initial consultations to develop an integrated national water quality policy and strategy and will continue participating in this and other processes.

Agri SA was instrumental in calling for an investigation into the DWS's water quality monitoring and management functions along the Vaal River. Despite the reprimand by the parliamentary portfolio committee on water and sanitation, the DWS has not been able to fulfil its water quality monitoring and management functions. Agri SA has called upon and will support its various commodity organisation affiliates in addressing the causes and effects of deteriorating water quality in South Africa.

Agri SA believes water quality should be managed at catchment level. The creation of the outstanding catchment management agencies by the DWS is seen as imperative with respect to managing South Africa's deteriorating water resources.

## Relationships with external stakeholders

Agri SA maintains strong working relationships with various external stakeholders and role players in the water sector, including the South African Association of Water Users Associations (SAAFWUA), the Strategic Water Partnership Network (SWPN) and the South African National Council on Irrigation and Drainage (SANCID).

In March 2019, Agri SA and SAAFWUA entered into a formal memorandum of understanding to formalise its existing working relationship towards the advancement of the position of agriculture with respect to water affairs.

## ENVIRONMENTAL AFFAIRS

### Shale-gas development

Agri SA's Natural Resources Centre of Excellence is at the forefront of opposing the proposed establishment of a shale-gas industry in South Africa. Agri SA maintains that, in the absence of information as to the availability of water and details as to how contaminated soil and



water will be treated and disposed of, it cannot endorse or support the proposed creation of a shale-gas industry in South Africa.

Agri SA lodged a review application in the Pretoria High Court against the decision by the acting minister of environmental affairs to dismiss its appeal against the granting of environmental authorisation to Rhino Oil & Gas for exploration activities proposed to take place in North West, Free State, KwaZulu-Natal and the Eastern Cape provinces. The progress of the review application will be tracked and reported to Agri SA's affiliates.



### Memorandum of understanding – Minerals Council of South Africa

Agri SA and the Minerals Council of South Africa (MinCoSA) are parties to a memorandum of understanding (MoU) which, amongst other things, aims to provide a communication platform on issues of mutual concern. In terms of the MoU, Agri SA and MinCoSA appointed an external consultant to investigate and assess areas where agriculture and mining can co-exist and is in the process of preparing an overlay atlas, which is intended to be used by the department of mineral resources when deciding on whether to allow mining in certain high-value agricultural areas.

Agri SA will constantly re-evaluate its relationship with organised mining. Should the current MoU prove not to benefit the agricultural sector, Agri SA will reconsider its current relationship with MinCoSA.

**“ Should the current MoU prove not to benefit the agricultural sector, Agri SA will reconsider its current relationship with MinCoSA.**

### Preservation and Development of Agricultural Land Bill

The draft Preservation and Development of Agricultural Land Bill (PDALB) is currently before the National Economic, Development and Labour Council (Nedlac).

The purpose of the PDALB is to retain and protect high-potential agricultural land for agricultural use. Such land is currently being threatened by competing demands such as those of the mining industry. Existing legislation does not offer adequate regulation in this regard.



MinCoSA remains opposed to agricultural stakeholders within Business Unity South Africa (Busa) regarding the applicability of the PDALB. The difference of opinion relates largely to the powers of the relevant ministers and the respective levels of government.

Agri SA monitors the process and will continue to exert pressure within Nedlac for the PDALB to be signed into law.

### **Biological control of alien and invasive species**

Agri SA actively supported the Centre for Biological Control and Rhodes University in programmes to introduce biological control measures to manage alien and invasive species. Early indications are that this initiative has the potential to dramatically improve the grazing potential and use of rangeland in South Africa.

### **LandCare**

Agri SA participated extensively with the department of agriculture, forestry and fisheries (Daff) on initiatives to combat land degradation.

**“ Agri SA participated extensively with the department of agriculture, forestry and fisheries (Daff) on initiatives to combat land degradation.**

This includes the formulation of a comprehensive strategy to combat bankrupt bush infestation throughout South Africa as well as assisting Daff in its formulation of a conservation agriculture policy.

### **Square Kilometre Array**

Agri SA is party to a memorandum of understanding (MoU) with the Square Kilometre Array (SKA) management authority. Agri SA continues to assist its affiliated members in negotiations and the resolution of issues of concern arising from the SKA's activities in the Northern Cape.



PROJECT:  
**AGRI SECURITAS TRUST FUND**



*Japie Grobler*

The board of trustees of the Agri Securitas Trust Fund functions under the chairmanship of Japie Grobler, with Kobus Visser as functionary.

**AGRI** SECURITAS

TrustFund | Trustfonds | 6461/01

PROTECTING THE FARMING COMMUNITY  
BESKERM DIE BOERDERYGEMEENSAP

## Introduction

The Agri Securitas Trust Fund strives for a safer rural environment by supporting local security projects. The relevant projects are intended as preventative measures and also to provide post-event counselling.

The Trust Fund focuses on making financial assistance available to farming communities in order to improve their safety.

Cooperation between the local community and the South African Police Service (SAPS) is an important aspect when considering funding for projects. All projects that are supported must also be conducted within the legal and institutional framework. Since the Trust Fund does not have executive capacity, it executes its mandate via other organisations, such as farmers' associations.

## Inception of the Trust Fund

The Trust Fund was established after the Rural Safety Summit as an initiative of Agri SA on 10 October 1998.

The initiative was supported by former president Mandela and serves an ideal partner in the fight against rural crime. It has over the years achieved a proven record of contributing to the safety of the farming community.

**“ The initiative was supported by former president Mandela and serves an ideal partner in the fight against rural crime. ”**

## Trust deed

The trust deed makes provision for a board of trustees, which may consist of no more than 12 members. As a general guideline for appointing trustees, the current professional status of candidates is taken into account.

During the report year, Dan Kriek and Cobus van Zyl were nominated as trustees. Ratification of their appointment as trustees is currently being finalised by the Master of the High Court. The existing board of trustees consists of Japie Grobler (chair), Kiewiet Ferreira, Willie Fourie, John Williams, Marina Muller, Tharia Rossel, Hans van der Merwe, Mosiuoa Lekota and Omri van Zyl.

The board has amended the trust deed to update it and make provision for an adjusted *modus operandi*. The amended trust deed was submitted to and approved by the Master of the High Court.

## Financial reporting

The Trust Fund received an unqualified report from its auditors.

The board is responsible for the content and integrity of the financial statements. The Audit Committee was informed that the Trust Fund may continue operating as a going concern. The board is responsible for approving the financial statements and has expressed its appreciation to the Audit Committee for the work done on behalf of the Trust Fund. The Audit Committee consists of Kiewiet Ferreira (chair), Hans van der Merwe and Johannes Möller.

## PROJECTS FINANCED BY THE TRUST FUND

The Trust Fund has since its inception been involved in the funding of various projects, including the following: the installation of camera and radio communication systems; the erection of booms; provision of rural protection equipment; funding of research on the motives behind farm attacks; support for security desks

operated by provincial organisations; the purchase of drones, as well as trauma counselling.

During the report year, the Trust Fund provided funding for the following projects:

## NATIONAL

**Reformanda Counselling Services:** In the past 12 months, Reformanda has been actively involved in providing counselling services to farming communities countrywide. Individual counselling sessions are also provided after workshops.

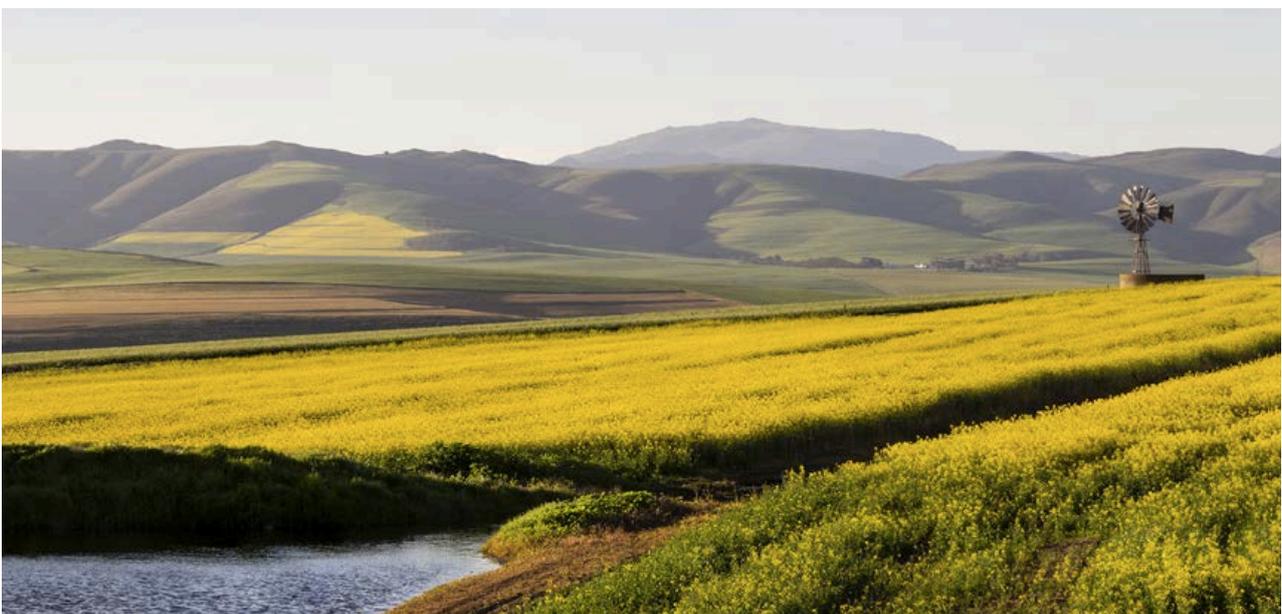
The Trust Fund has been repeatedly thanked for the financial support it provides to the initiative in order to assist the farming community to process trauma. The success of the trauma workshops is ascribed to the fact that farming communities located far away from support services can now make use of Reformanda's services to address their emotional problems.

**Agri SA's Rural Safety Centre of Excellence:** The centre's policy actions are aimed at improving the safety of those involved and to promote the security situation of farming communities. This ideal can only be realised if circumstances, including the security environment, are conducive to the creation of a profitable and safe agricultural sector. Agri SA's Rural Safety Centre of Ex-

cellence focuses on a policy environment within which rural safety can be promoted. The Trust Fund makes a financial contribution towards the centre's activities.

**Agri SA transformation-communication project:** Agri SA has a responsibility to broaden its inputs in terms of transformation. This is not only essential from a political, economic and social point of view, but also because Agri SA's affiliates – especially commodity organisations – have significant black representation within their membership bases. Agri SA provided the board with elucidation regarding the work performed by the Transformation Hub, as well as the successes achieved with the farmer development and mentorship programmes of commodity organisations. This relates closely to the board's aim to showcase the work done by commercial agriculture in order to promote rural safety.

The Trust Fund's contribution to transformation communication will therefore enable Agri SA – via the communication manager – to further publicise the good work that commercial agriculture does in terms of transformation. The Trust Fund would not have been able to provide such support without the financial assistance of Sanlam.



## PROVINCIAL PROJECTS SUPPORTED

During the past year, the following projects were supported after receiving a request from the provinces:

### FREE STATE

In this province, the following projects received financial support:

- **Agri Hertzogville, integrity selection database:** Funds were allocated for establishing a database that is used to lawfully disclose information about job applicants in terms of previous convictions and arrests.
- **Vierfontein Farmers' Association, camera system:** The area has already experienced a farm attack, while stock theft and the theft of farm infrastructure and scrap material are the order of the day. The camera system that was purchased will be used to conduct observation in the area. The information obtained will also be shared with the police.
- **Bothaville District Agricultural Union, camera and communication system:** The area has been subject to an increase in general criminality, specifically in terms of stock theft and theft of cables, solar panels, diesel and vehicles. To improve the area's ability to observe and communicate, a camera and communication system was installed.
- **Memel Farmers' Association, camera and communication system:** The area is no exception when it comes to crime, with farm attacks, stock and vehicle theft and home burglaries being the order of the day. The purpose of the system is to collect information regarding suspicious-looking vehicles and sharing it with the police, as well as to improve the area's communication capabilities.

### EASTERN CAPE

In this province, the following projects received financial assistance:

- **Aliwal North Agricultural Association, camera system:** Theft is to an increasing extent becoming a problem in the area, as are home burglaries and contact crime such as robbery. The cameras will be used to monitor vehicles. The information will then be distributed to members via a cell phone App. The police are also involved in the project and will have access to the information.
- **Adelaide Agricultural Association, night vision equipment:** The area experiences stock theft, illegal hunting, game theft, theft of equipment and trespassing on a constant basis. The initiative of the agricultural association, which works closely with the police, has already resulted in various suspects being tracked down and arrested.
- **Graaff-Reinet Wool Growers' Association, security gate:** Farmers in the area are subject to stock and game theft, as well as property-related crime. Security measures have been extended to include the installation of cameras to monitor vehicle movement, as well as a gate whereby access can be controlled electronically.
- **Upper-Cathcart Agricultural Association, radio relay system:** Stock theft is the most serious crime that occurs in the area and is carried out mainly by syndicates. By installing a repeater, communication in the area can be improved, with all members being offered access to effective communication.

## NORTH WEST

In this province, the following projects received financial assistance:

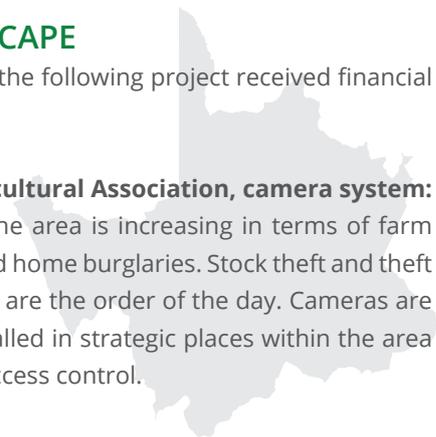


- **Agri Soetdoring, security equipment:** The unrest that occurred in the greater Coligny district has placed the local economy under tremendous pressure. Businesses were plundered, robbed, set alight and destroyed, with enormous financial and economic implications for farmers and farm-workers. An application was made for funding to purchase radios for farm watch leaders, as well as bullet-proof vests for the response team and farm watch leaders.
- **Agri Delareyville, communication system:** Besides incidents of violent public unrest that occurred in the town, the farming community is also subject to stock theft, armed robbery, robberies at the excavations, theft of equipment, illegal hunting with dogs, as well as arson. The communication system will contribute to more effective communication in the event of fires, stock theft and farm attacks.
- **Agri Excelsior, camera system:** The biggest problem in the area is stock theft, which occurs weekly, as well as trespassing. With the installation of the camera system, the farmer association aims to take preventative action.
- **Agri Louwna, camera system:** The area is experiencing an increase in stock theft, as well as cable and transformer theft. By means of the camera system, vehicle movement will be monitored in an attempt to prevent crime.
- **Agri Pretoriuskop, camera system:** The biggest crime problem in the area is stock theft and the large number of animals stolen, especially in the uninhabited area. With the installation of cameras, access routes in the area can be monitored and members can be informed per sms of suspicious-looking vehicles.

- **Makokskraal Farmers' Association, security equipment:** Stock theft is the order of the day, with home burglaries occurring especially on Sundays, as well as farm murders. The equipment will be used for crime-prevention operations.

## NORTHERN CAPE

In this province, the following project received financial assistance:



- **Berg Agricultural Association, camera system:** Crime in the area is increasing in terms of farm attacks and home burglaries. Stock theft and theft of vehicles are the order of the day. Cameras are being installed in strategic places within the area to apply access control.

## LIMPOPO

In this province, the following projects received financial support:



- **Agri Bushveld, camera system:** Farm attacks and home burglaries occur, with game and stock theft being a common problem. To improve the security situation, cameras were installed to alert farm owners timeously of possible threats so that the information could be shared with the help of the extensive radio network.
- **Potgietersrus District Agricultural Union, camera system:** The district agricultural union is a member of TAU SA. Crime in the area has increased dramatically, especially theft. Farm attacks occur, with a dramatic increase in rhino-horn poaching. The police rely on the community's cooperation to combat crime.

## MPUMALANGA

In this province, the following project received financial support:

- **Delmas District Agricultural Union, camera and communication system:** The area is subject to general theft, vehicle theft, armed robbery and burglary of residential homes, malicious damage to property and stock theft. Funding was provided for the purchase of cameras to monitor the area, as well as radios for the farm watch groups.

## Prestige sports evening

OFM and the respective sponsors of the event (Senwes and NWK) had decided not to continue hosting the function in the report year but rather to pay the sponsorship amount directly to the Trust Fund. The presentation of the cheque coincided with Agri SA's congress in October 2018.

## FUND-RAISING OPPORTUNITIES

The following fund-raising initiatives were launched during the past year:

- A successful golf day, with Senwes and NWK as the main sponsors, was held in October 2018 at the Pecanwood golf course. The event yielded a surplus of approximately R153 000.
- During Agri SA's 2018 congress, Monsanto donated maize seed to the value of R1 million to the Trust Fund. Negotiations are currently underway with Obaro to take over the seed.
- Santam Agriculture made a donation of R250 000 to the Trust Fund.
- During a gala event, the Wagyu Cattle Breeders' Society launched a fund-raising project. The money raised during the event was donated to the Trust Fund.

## MARKETING PLAN

During the year under review, the board considered a marketing plan aimed at establishing the profile of the Trust Fund as an independent entity and strengthening the income of the Trust Fund for use in rural safety projects. As part of its objective to establish an own identity, a new trademark and slogan were developed. To further publicise the work done by the Trust Fund, an advertisement was produced, which was to be flighted on Saturday, 22 September 2018 on Ontbytsake.

“*To further publicise the work done by the Trust Fund, an advertisement was produced, which was to be flighted on Saturday, 22 September 2018 on Ontbytsake.*”

## PARTNERS OF THE TRUST FUND

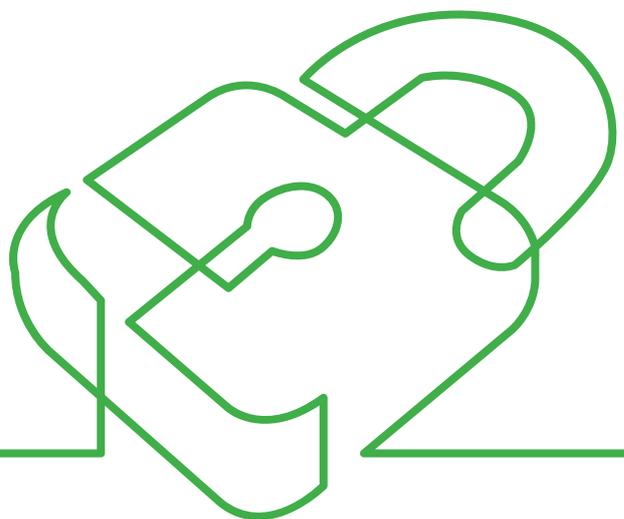
Sanlam, Nissan SA, Vodacom and CrisisOnCall are partners of the Trust Fund and contribute financially to the fund on a continuous basis. These strategic partnerships enable the Trust Fund to continue playing a proactive role in rural safety. The chair of the Trust Fund and fellow trustees greatly appreciate the empathy they have shown and their ongoing involvement in the safety of the farming community.

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**AGRI** SECURITAS

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PROTECTING THE FARMING COMMUNITY  
BESKERM DIE BOERDERYGEMEENSKAP



# PERSONNEL

The Agri SA staff complement currently consists of 29 permanent workers.

Juandre du Toit left Agri SA's service in February 2019, and Jurita van Zyl and Phumi Seopa in March 2019. Jeanett Ntimbane was appointed permanently as cleaner in June 2019 to replace Phumi Seopa, while Mhlahi Xhala was appointed permanently as project assistant in the office of Christo van der Rhee.

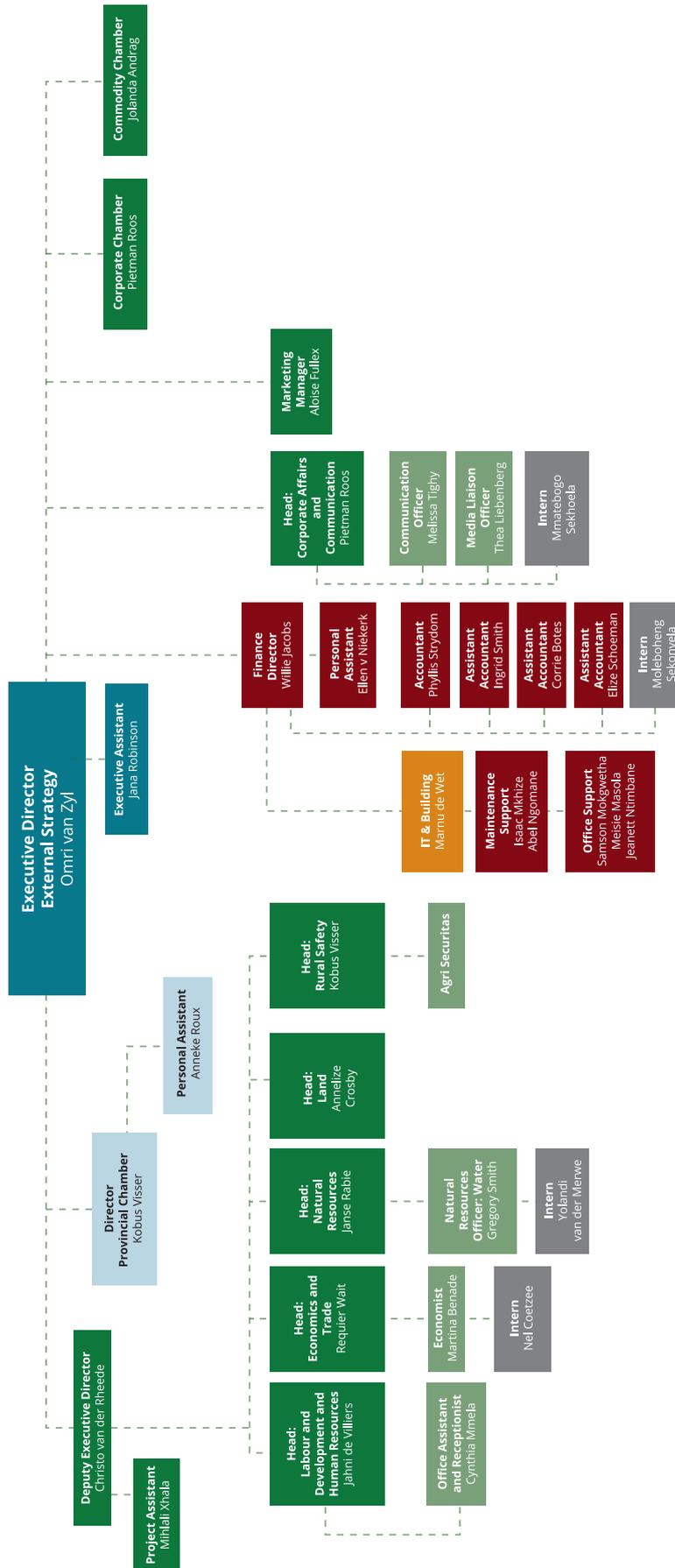
Jolanda Andrag was promoted to head of the Commodity Chamber after serving as socio-development officer in the Transformation Hub.

Between November 2018 and April 2019, Agri SA made use of an online product where staff could complete various work-related courses via the internet. Agri SA's staff succeeded in completing a total of 89 courses during the six-month period.

During 2018, both Pietman Roos and Jahni de Villiers completed their LLM degrees, while Gregory Smith and Nel Coetzee completed the Agri-management and Mentorship course at Stellenbosch University. Jolanda Andrag obtained her MA in political science.

Thanks to the financial assistance received from the Sasol Trust, Agri SA was again able to create four internships during the report year. In August 2018, Moleboheng Sekonyela and Yolandi van der Merwe joined Human Resource Management and Finance and the Centre of Excellence: Natural Resources, respectively. In May 2019, Mmatebogo Sekhoela joined the Communication division and Corporate Affairs Chamber. Nel Coetzee had already joined Economics and Trade as intern on 1 July 2018.





STAFF COUNT	
Permanent staff	29
Interns	4
Contractors	1

SUPPORT FUNCTION	
<b>Jana Robinson:</b>	
1. Dan Kriek	
2. Phenas Gumedede	
3. Pierre Vercueil	
4. Agri SA Board	
5. Omri van Zyl	
<b>Cynthia Mimela:</b>	
1. Reception	
2. Jahni de Villiers	
3. Requier Wait	
4. Annelize Crosby	
5. Flight arrangements	
<b>Anneke Roux:</b>	
1. Kobus Visser	
2. Janse Rabie	
3. Annelize Crosby	

# IN MEMORIAM

Agri SA remembers those members who passed away during the report year and extends its heartfelt condolences to their next of kin.

Agri SA wishes to mention those farmers, their families and farmworkers who died in the past year as a result of violent crime and extends its sincere condolences to their next of kin.



### Honorary Presidents

2018: Mr J D (Johannes) Möller  
 2009: Mr L L (Lourie) Bosman  
 2005: Mr J E (Japie) Grobler  
 2001: Mr C J (Chris) du Toit  
 1996: Mr J J (Boet) Fourie  
 1991: Mr J (Nico) Kotzé  
 1989: Mr J A (Kobus) Jooste  
 1985: Mr J (Jaap) Wilkens  
 1973: Dr De la Harpe de Villiers  
 1956: Dr G J (Giepie) Rossouw

### Honorary Vice-Presidents

1980: Mr A J (Albert) Basson  
 1972: Mr J F (Jannie) van Wyk  
 1966: Mr J G (Kobus) Grobler

### Honorary awards in the form of an illuminated address

2018: Mr C B (Carl) Opperman  
 Mr H J (Henk) Vermeulen  
 Judge A (Antonie) Gildenhuys  
 Mr T (Thinus) Ferreira  
 Mr (Borrie) Erasmus  
 Mr S J (Wiehahn) Victor  
 Mr F (Francois) van der Merwe  
 Dr T (Theo) de Jager  
 Mr J D (Johannes) Möller  
 2017: Mr G (Gideon) Anderson  
 Mr C (Charl) Senekal  
 Dr J H (Jan) Visser  
 Mr J S (Johan) Pienaar  
 Mr N M P (Nic) Opperman  
 Me H E (Elize) van der Westhuizen  
 2016: Mr L S (Louw) Steytler  
 Mr S F (Simon) Streicher  
 Mr S (Salam) Abram  
 2015: Mr C W P (Cor) Jansen van Vuuren  
 Mr H B (Hennie) Laas  
 Mr J H (Harry) Prinsloo  
 Prof M (Mohammad) Karaan  
 Mr J F (Hans) van der Merwe  
 2014: Mr P P J (Johan) van Rensburg  
 Mr C K (Neels) Ferreira  
 Ms L (Lillibeth) Moolman  
 Dr L (Leon) van Rooyen  
 Me N (Ntombi) Msimang – Posthumous  
 2013: Mr L (Louw) Steytler  
 Mr J A (Kosie) Loubser  
 Mr A P (André) Botha

Mr R K (Robert) Barnsley  
 2012: Mr W J (Wessel) van der Merwe  
 Mr A (Andries ) Beyers  
 Mr J A (Koos) Pienaar  
 2011: Mr C (Stoffel) Lombard  
 Mr C J (Cerneels) Pietersen  
 2009: Mr J E (Edward) Vorster  
 Mr A C (Christof) Cloete  
 2008: Mr H F (Koos) van Zyl  
 Mr P J (Philé) van Zyl  
 Mr J (Koot) Claassen  
 Sanlam  
 Vodacom  
 2007: Mr P W (Pieter) Möller  
 Mr W (Willie) Auret – Posthumous  
 2006: Mr H J (Bully) Botma  
 Dr J G (John) Williams  
 Mr M W (Walter) Ntuli  
 Mr P C P (Pieter) Meyer  
 Mr A F (Riaan) van Wyk  
 Dr N (Neil) Theron - Postuum  
 2005: Mr H J (Bully) Botma  
 Mr I J (Izak) van der Merwe  
 Mr W (Wilco) Beukes  
 Mr J L (Jan) van der Walt  
 Barloworld Motor  
 2004: Mr W A (Willie) Fourie  
 Mr J J (Kiewiet) Ferreira  
 Vrystaat Landbou (Centenary)  
 T&E FinOps  
 2003: Mr H (Bokkie) van der Merwe  
 Mr B P (Pieter) Erasmus  
 Mutual & Federal  
 Smartcom  
 Total SA  
 Land Bank  
 ABSA  
 Omnia  
 2002: Mr J E (Japie) Grobler  
 Mr C B (Bertie) van Zyl  
 Nissan SA  
 2001: Mr G J (Giel) van Zyl  
 1998: Mr C G (Charles) van Veijeren  
 Mr C J (Cerneels) Claassen  
 South African Dried Fruit Cooperative (SAD)  
 1997: Transvaal Agricultural Union (Centenary)  
 1996: Mr F J (Fanie) Hugo  
 Dr A I (Kraai) van Niekerk

1995: Mr P H (Piet) Swart  
 Mr G S (Gert) Bosch  
 1991: Mr A B (Andries) van der Merwe  
 Dr A S (Japie) Jacobs  
 Natal Agricultural Union (Centenary)  
 1990: Mr J E (Francis) Krone  
 1988: Mr J J M J (Jan) van Vuuren  
 Mr T D de K (Theunis) Pienaar  
 Dr A J (André) du Toit  
 1987: Mr H J S (Hendrik) Schoeman  
 1985: Mr D C (Donald) Sinclair  
 Mr F P R (Frans) van Wijk  
 Mr L C R (Louis) Bührman  
 Mr C J P (Chris) Cilliers

### Honorary awards in the form of a gold pin

2018: Dr T (Theo) de Jager  
 Mr F (Francois) van der Merwe  
 2017: Mr C (Charl) Senekal  
 Dr J H (Jan) Visser  
 Mr J S (Johan) Pienaar  
 Mr N M P (Nic) Opperman  
 Me H E (Elize) van der Westhuizen  
 2016: Mr L S (Louw) Steytler  
 Mr S F (Simon) Streicher  
 Mr S (Salam) Abram  
 2015: Prof M (Mohammad) Karaan  
 Mr J F (Hans) van der Merwe  
 2014: Mr P P J (Johan) van Rensburg  
 Mr S J (Wiehahn) Victor  
 Dr L (Leon) van Rooyen  
 Mr C J (Chris) du Toit  
 Mr J J (Boet) Fourie  
 2013: Mr L (Louw) Steytler  
 Mr J A (Kosie) Loubser  
 Mr A P (André) Botha  
 Mr R K (Robert) Barnsley  
 2012: Mr J D (Johannes) Möller  
 Mr I (Isak) van der Merwe  
 Mr C K (Neels) Ferreira  
 Mr J E (Japie) Grobler  
 Mr L L (Lourie) Bosman  
 Mr W J (Wessel) van der Merwe  
 Mr A (Andries) Beyers  
 Mr J A (Koos) Pienaar

## COMPOSITION OF CONGRESS

Within the structure of Agri SA, the highest authority is vested in the congress, which was composed as follows during the report year:

### OFFICE BEARERS

President	
Deputy Presidents	
Chairman of Agri SA's	
General Affairs Chamber	
Chairman of Agri SA's	
Commodity Chamber	
Chairman of Agri SA's	
Corporate Chamber	

### AGRI SA GENERAL AFFAIRS CHAMBER (67)

Free State Agriculture	13
Agri Western Cape	12
Agri Northern Cape	11
Agri Eastern Cape	10
Kwanalu	8
Agri North West	7
Mpumalanga Agriculture	3
Agri Gauteng	1
Agri Limpopo	2

### CORPORATE CHAMBER (14)

ABInBev	2
BATSA	2
GWK	1
Laeveld Agrochem	1
Nedbank	2
Obaro	1
Pro Agri Forum	1
RSA	1
Santam	1
Woolworths	2

### AGRI SA COMMODITY CHAMBER (51)

#### Agronomy

Grain South Africa	13
South African Sugar Association	4
Tobacco Institute of Southern Africa	2
Dry Bean Producers' Organisation	1
Cotton South Africa	1
Forestry South Africa Medium Growers' Group	1

#### Animal production

Milk Producers' Organisation	3
Red Meat Producers' Organisation	3
National Wool Growers' Association of South Africa	2
SA Pork Producers' Organisation	2
Wildlife Ranching SA	2
South African Mohair Growers' Association	1
South African Ostrich Business Chamber	1
Aquaculture SA	1

#### Horticulture

Southern African Fruit Industry	2
Vinpro	3
South African Table Grape Industry	2
Tomato Producers' Organisation	2
South African Garlic Growers' Association	1
South African Nursery Association	1
South African Subtropical Growers' Association	1
South African Banana Growers' Association	1
South African Rooibos Council	1

## STRUCTURES IN WHICH AGRI SA IS REPRESENTED

Agri SA has representation in many official and private sector structures.

OFFICIAL STRUCTURES	REPRESENTATIVE(S)
<b>Presidential Advisory Committee</b>	Dan Kriek
<b>AgriBEE Charter Council</b> - BEE Advisory Council	Christo van der Rheede Jahni de Villiers
<b>AgriSETA</b>	Neil Hamman Christo van der Rheede
<b>Department in the Presidency</b> - Performance Monitoring and Evaluation – Work group on Rural Development (Outcome 6)	Omri van Zyl
<b>The department of agriculture, forestry and fisheries (Daff)</b> - National Agriculture Disaster Risk Management Committee (NADRMCO) - National Drought Task Team - Fire Working Group - Forum for Chief Executive Officers in Agriculture (CEO Forum) - Agricultural Trade Forum (ATF) - National Agricultural Research Forum (NARF)  - National Animal Health Forum - National Agricultural Education and Training Forum - Minister's Service Delivery Forum - Agri Phakisa - Natural Resources Inventories and Assessment Working Group	Willem Symington  Willem Symington Willem Symington Omri van Zyl  Martina Benadé Niël Joubert Dr Kathy Hurly Martina Benadé Christo van der Rheede Christo van der Rheede Christo van der Rheede Janse Rabie Gregeory Smith
<b>National Economic, Development and Labour Council (Nedlac)</b> - Labour Market Chamber - Development Chamber - Trade and Industry Chamber	Jahni de Villiers Jahni de Villiers Dr Requier Wait
<b>National Priority Committee on Rural Safety (JOINTS)</b>	Kobus Visser
<b>Department of water and sanitation</b> - Water Sector Leadership Group	Janse Rabie Gregory Smith
<b>Water Research Commission (WRC)</b>	Janse Rabie Gregory Smith
<b>National Minimum Wage Commission</b>	Jahni de Villiers
<b>National Non-Ferrous Metals Crime Combating Committee (NFMCCC)</b>	Tommie Esterhuysen Kobus Visser

## STRUCTURES IN WHICH AGRI SA IS REPRESENTED

PRIVATE STRUCTURES	REPRESENTATIVE(S)
<b>Business Unity South Africa (Busa)</b> <ul style="list-style-type: none"> <li>- Economic and Trade Policy Committee</li> <li>- Social Policy Committee and Subsector Education and Training Committee</li> <li>- Environmental Working Group</li> <li>- Trade, Transport and Logistics Subcommittee</li> <li>- Energy Subcommittee</li> </ul>	Dr Requier Wait Jahni de Villiers  Janse Rabie Dr Requier Wait Dr Requier Wait
<b>Provident fund for the agricultural sector</b>	Boeta du Toit Pietman Roos
<b>Agri-sector Unity Forum (Asuf)</b>	Phenias Gumede
<b>The South African Chamber of Commerce &amp; Industry (Sacci)</b> <ul style="list-style-type: none"> <li>- Copper Theft Working Group</li> </ul>	Kobus Visser
<b>National Stock Theft Forum</b>	Sarel Pretorius
<b>South African National Committee for Irrigation and Drainage (SANCID)</b>	Janse Rabie Gregory Smith
<b>Environmental Lawyers Association</b>	Janse Rabie
<b>Strategic Water Partners Network Forum (SWPN)</b>	Janse Rabie Gregory Smith

INTERNATIONAL STRUCTURES	REPRESENTATIVE(S)
<b>South African branch of the International Chamber of Commerce &amp; Industry</b>	Omri van Zyl
<b>Southern African Confederation of Agricultural Unions (SACAU)</b>	Phenias Gumede
<b>World Farmers' Organisation (WFO)</b> <ul style="list-style-type: none"> <li>- Cooperatives Work Group</li> </ul>	Dan Kriek Omri van Zyl Omri van Zyl

**Statement of Financial Position on 30 April 2019**

	Note	2018/2019	2017/2018
<b>Equity and Liabilities</b>			
CAPITAL AND RESERVES	1	215,840,385	216,406,613
		<b>215,840,385</b>	<b>216,406,613</b>
<b>Employment of Capital</b>			
NON - CURRENT ASSETS	2	45,977,903	45,787,392
INVESTMENTS AND LOANS	3	170,931,413	168,158,658
NETT CURRENT ASSETS		(1,068,931)	2,460,563
Current Assets	4	9,439,294	10,020,385
Current Liabilities	5	(10,508,225)	(7,559,822)
		<b>215,840,385</b>	<b>216,406,613</b>

**Notes to the Statement of Financial Position on 30 April 2019**

<b>1 Capital and Reserves</b>		<b>215,840,385</b>	<b>216,406,613</b>
Reserves		33,771,264	33,729,580
Retained income		182,069,121	182,677,033
<b>2 Non - Current Assets</b>		<b>45,977,903</b>	<b>45,787,392</b>
Fixed property		44,880,900	44,870,900
Motor vehicles		64,078	64,078
Furniture and accessories		674,973	515,277
Office equipment		65,604	62,862
Computer equipment		111,291	162,121
Electronic equipment		170,797	101,894
Trademark		10,260	10,260
<b>3 Investments and Loans</b>		<b>170,931,413</b>	<b>168,158,658</b>
Sanlam Shares		147,339	149,650
SA Reserve Bank Shares		8,000	9,990
Sanlam Investment		170,776,074	167 999 018
<b>4 Current Assets</b>		<b>9,439,294</b>	<b>10,020,385</b>
Trade and other receivables		3,274,103	4,317,486
Cash and cash equivalents		6,156,791	5,688,899
Inventories		8,400	14,000
<b>5 Current Liabilities</b>		<b>10,508,225</b>	<b>7,559,822</b>
Trade and other payables		2,086,164	3,117,741
Provisions		1,485,116	1,555,112
Other liabilities		6,936,945	2,886,969

**Agri SA Comprehensive Income Statement for the year ended 30 April 2019**

	2018/2019	2017/2018
<b>AGRI SA ADMINISTRATION</b>		
Income	18,291,734	16,610,587
Less: Expenses	(31,833,159)	(32,870,179)
<b>Operating surplus / (deficit)</b>	<b>(13,541,425)</b>	<b>(16,259,592)</b>
Plus: Interest and dividends	9,607,650	7,693,649
* Realised and unrealised investment income	2,002,615	4,437,623
<b>Comprehensive surplus / (deficit)</b>	<b>(1,931,160)</b>	<b>(4,128,320)</b>
<b>AGRI MAGAZINE</b>		
Income	2,898,022	5,012,331
Less: Expenses	(3,443,092)	(4,627,043)
<b>Operating surplus / (deficit)</b>	<b>(545,070)</b>	<b>385,288</b>
<b>INKWAZI BUILDING</b>		
Income	5,222,279	5,129,567
Less: Expenses	(3,353,961)	(4,144,150)
Operating surplus / (deficit)	<b>1,868,318</b>	<b>985,417</b>
Gains on investment property	-	3,768,630
<b>Net surplus / (deficit)</b>	<b>1,868,318</b>	<b>4,754,047</b>
<b>Surplus / (deficit)</b>	<b>(607,912)</b>	<b>1,011,015</b>
Available-for-sale financial assets adjustments	-	(5,283,654)
<b>Total comprehensive surplus / (deficit)</b>	<b>(607,912)</b>	<b>(4,272,639)</b>

**Note:**

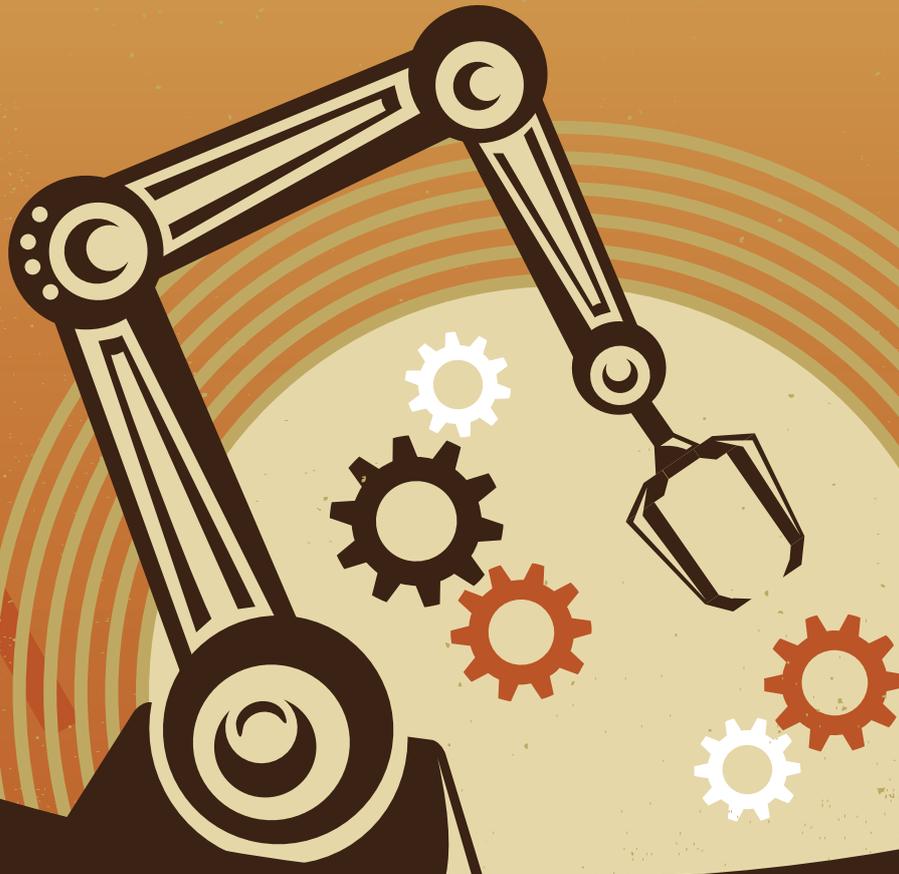
\* The accounting policy changed in 2018/2019 to disclose realised and unrealised gains and losses as a single line item in the Income Statement. Prior year figures were not restated.

**Cash Flow Statement for the year ended on 30 April 2019**

	2018/2019	2017/2018
<b>Cash flows from operating activities</b>		
Cash receipts from customers	12,256,345	26,747,453
Cash paid to suppliers and employees	(22,603,183)	(41,185,147)
	(10,346,838)	(14,437,694)
Cash used in operations	(10,346,838)	(14,437,694)
Interest and dividends income	9,703,361	7,760,474
<b>Net cash from operating activities</b>	<b>(643,477)</b>	<b>(6,677,220)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(292,965)	-
Sale of property, plant and equipment	1,398	2,099
Purchase of investment property	(10,000)	-
Movement of financial assets	(2,772,755)	4,308,609
Revaluation of investment property	-	3,768,630
<b>Net cash from investing activities</b>	<b>(3,074,322)</b>	<b>8,079,338</b>
<b>Cash flows from financing activities</b>		
Repayment of other financial liabilities	135,715	-
Movement in other liabilities	4,049,976	2,774,488
<b>Net cash from financing activities</b>	<b>4,185,691</b>	<b>2,774,488</b>
Total cash movement for the year	<b>467,892</b>	<b>4,176,606</b>
Cash at the beginning of the year	5,688,899	1,512,293
<b>Total cash at the end of the year</b>	<b>6,156,791</b>	<b>5,688,899</b>

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