**Speech prepared for Alan Winde, Minister of Economic Opportunities**

**Department of Agriculture Adjustments Budget Speech**

**30 November 2017**

Speaker, I am tabling today’s adjustments budget in a very difficult time for the agriculture sector.

Over the past year, this sector has faced a number of challenges brought about by drought, and various diseases which have hit our poultry industry the hardest.

We have not come away unscathed. In the past year, we have seen jobs lost in the agriculture and agri processing sector, according to the latest figures from Statistics South Africa.

Our projections have also looked at the impact of a 100% cut in the supply of water to the agricultural sector for an entire season.

The Western Cape has around 193 000 hectares of irrigated fruit and vines, contributing around R13 billion to our Gross Value Add (GVA), which is an indicator of all the goods and services produced by an industry.

This translates into 72% of the total GVA of the agricultural sector and these farming units employ around 97 000 farmworkers. These 97 000 jobs will be at risk in the case of a 100% water cut.

Reduced crop results could also drive up food prices, and we know that poor households already spend around 40% of their income on food.

This is why we are working hard to mitigate the impact of the drought on jobs and food security.

While the drought is a threat to our Project Khulisa goals, we are still making important progress in growing agriculture and agri processing.

Wesgro has secured investment worth R1 billion into these sectors. In the wine industry, exports to China have increased by 80% since the launch of Project Khulisa.

We have supported five black-owned businesses to attend the Prowine China exhibition and 18 agri processing firms to attend Food and Hotel China.

I am happy to report that five companies secured new deals at these exhibitions while others are following strong leads.

We are using this adjustment allocation – R71 million in total – as a tool to further support the sector to grow, as it provides employment and food security to millions of households across our province.

To support farmers impacted by the drought, we have already started distributing the R40 million received from the National Department of Co-Operative Governance and Traditional Affairs.

These funds are being used for livestock feed for 1 300 commercial and smallholder farmers in all districts of the Western Cape. In the first month of assistance we will spend more than R20 million, exhausting half of the allocation. This illustrates the need for financial support for farmers.

The Western Cape Department of Agriculture has invested R67 million in drought relief to support farmers to keep their businesses running.

One of my key priorities is to mitigate the economic and social impact of the drought on families living in rural communities.

That is why, to support food security initiatives, we have allocated R2 million for water tanks for food gardens in the West Coast, Cape Winelands, Eden and Central Karoo districts. This water supply will sustain the food gardens we are investing in, in our drive to ensure that families have access to healthy food. Food gardens are also an economic driver, especially in rural communities, where residents sell surplus to earn an extra income.

In our in bid to ensure that residents and farms in rural communities have access to drinking water, we are investing R10 million in the installation of boreholes. Construction will commence as soon as possible in the Matzikama area, as well as critical areas where the need for additional water supply to humans and animals is the greatest. These boreholes will be shared between farms where possible to increase the impact of the intervention.

We know that sustainable resource management is also critical to respond to the impact of the water crisis, and climate change.

That is why we are allocating R5 million to clearing alien vegetation along the Berg River. In many instances, alien plants consume more water than indigenous plants, draining underground water sources. Alien species also limit the flow of water into our rivers. The Berg River project will create 40 work opportunities and 20 000 person days of employment.

To better prepare for the changing weather patterns, we know we must continue to invest in research and innovation.

At our research farms across the Western Cape, our scientists are conducting ground-breaking studies to keep our farmers competitive and sustainable.

Our Conservation Agriculture programme for small grains has resulted in excellent results, even under severe drought conditions.

I’d like to share some key milestones from our trials with you:

* Wheat average yields in previous drought years, since the long-term trial at Langgewens began, realized 1 tonne per hectare in 2003. After our CA interventions, the yield increased to 2.1 tonnes per hectare in 2015.
* Furthermore, at Langgewens our wheat crop per milimeter water used increased from 12.78 kg/mm in 2014 to 13.42 kg/mm in 2016.
* In the same way, our barley production increased from 12.1 kg/mm in 2014 to 18 kg/mm in 2016

These figures show us the benefits of effective use of water under Conservation Agriculture principles.

To ensure that the team can continue with the work they do in preparing our sector for the future, we are allocating R7.8 million in drought assistance to research farms.

The funds will be used to purchase fodder for herds at our research farms in Elsenburg, Langgewens, Tygerhoek, Oudtshoorn, George, Nortier and to improve our water systems and irrigation equipment for optimal use of water.

Along with the drought, avian influenza also emerged as a threat to our agriculture sector this year. I am happy to report that no new cases have been confirmed since the end of October. Our vets have started assisting farmers as they prepare to start restocking their chicken farms.

As the year draws to a close, we will continue to work with the private sector to find long-term solutions to the challenges in this space. We know that by being proactive we can effectively manage our biggest risks.

With the adjustments in this budget we are seeking to further grow this sector, ensuring that it remains a major economic driver and is able to deliver quality food to residents and international markets.

I would like to thank Joyene Isaacs and her team for the good work they continue to do in this regard.

Thank you.