



# Policy environment and food security

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# Policy environment and food security

Where are South Africa heading?

All need at the end a successful South Africa!



# Policy environment and food security

Responsibility of government in democracy are mainly two aspects

- Ensure the safety and security of all the inhabitants of the country
- Create the climate for entrepreneurs to invest and to do business.



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- The way they are going to play their regulatory role will ensure a stable and sustainable economic environment wherein the economy could be a thriving one (or perhaps not)
- South Africa do have a lot of social problems such as poverty and unemployment that creates a lot of other realities that could not easily being addressed.



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- The only way these problems could be addressed on a sustainable way is by means of growth (making the cake bigger)
- We need ingredients and cake bakers to make that much needed difference in the economy.
- In the economy the ingredients are investments and the cake bakers are the entrepreneurs.
- Both these two aspects are influenced by the policy environment that is created by government – the political will is a crucial factor for success.



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- Do our government succeed in this responsibility?
- What is the policy environment awaiting the much needed investors and entrepreneurs?
- Are South Africa a place where anyone without any uncertainty will be keen to invest his capital?
- Growing the economy is a process and no short term solutions are sustainable.
- Emotions and wishful thinking don't make a difference but only hard and responsible work.



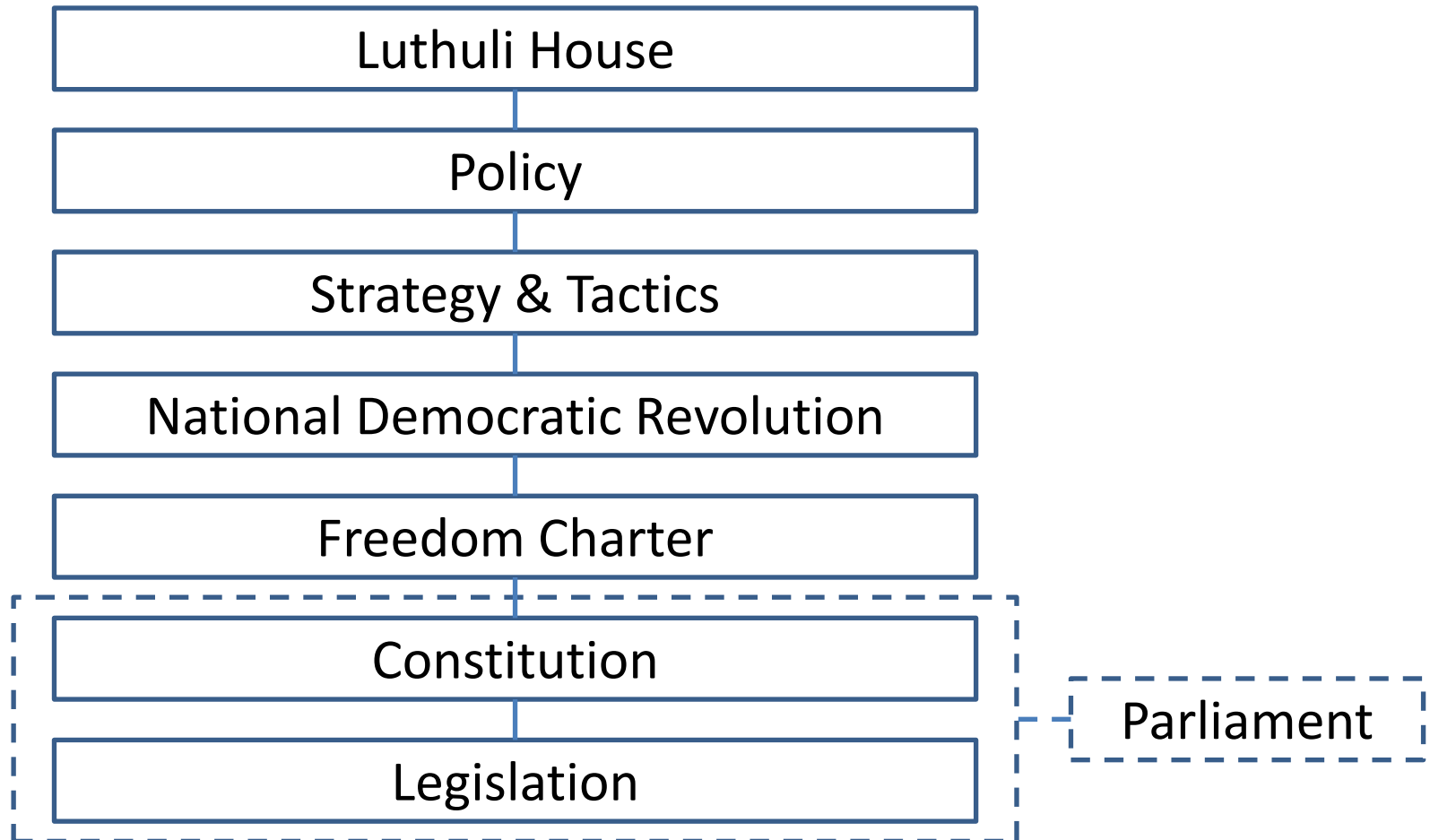
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- To have food security many different views are applicable:
  - Doesn't matter how you look at it – the basic thing is that enough, healthy and nutritious food that is affordable should be available for all the people.
    - The starting point of that is a productive commercial agricultural sector (65% + of the population are urbanised.)
    - The contribution of small scale production is mostly limited to those that are involved in it.



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- How is legislation created in South Africa?







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National Democratic Revolution:

(ANC Strategy and Tactics 2012)

A process of **struggle** that seeks to transfer power to the people and transform society into a non-racial, non-sexist, united, democratic one, and changes the manner in which **wealth is shared**, in order to benefit all the people.

- You cannot take away from one person and give to another and think it is empowerment. Opportunities for people should be created for them to empower themselves on a sustainable way. That should be done by entrepreneurs in a sound policy environment.
- When are we going to stop **struggling** and start **governing** the country?



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- The government failed South Africa with the present policy position in so many ways:
- Labour legislation plays negative in on the willingness of entrepreneurs to expand their operations on a labour intensive way;
- Principle of private ownership is being put under unnecessary pressure of such a nature that investors rethink the possibility to invest – title deeds not transfer to new entrants.



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- Different legislation, concept legislation or policy positions are on the table that play negatively in on private ownership such as:
  - Promotion and Protection of Investments Concept Bill
  - Restitution of Lands Rights Amendment Bill
  - Deprivation of mineral and water rights
  - Final Policy Proposals on Strengthening the Relative Rights of People working the land
- Are they busy with a nationalisation programme and to change to a centralised socialist economical system?



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- The availability of good quality land in South Africa that is suitable for food production will always be a challenge.
- We have to utilise the available land on the most productive way we can.
- Only one mechanism can be decisive who are the best farmers – market principle.



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- In 2001 the Development Bank do a study on land ownership. Of the 122milj ha of South Africa at that stage the ownership was as follows:

• Whites	44%
• Government	25%
• Blacks	19%
• Coloureds	9%
• Indians	1%

The question should be – what are we doing with the agricultural land in South Africa? Are it in production or not?



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- The clearly announced help that is promised to the small scale farmers need to be of such a nature that it
  - Help those affected to become self-sufficient
  - Create small markets closely to these farmers
  - Establish extension services that could make a positive contribution
  - Financing will stay a crucial issue and many more thoughts have to go into that.
  - Realistic infrastructure should be established
  - Sustainability should be the focus point



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- The need for land should be rational –
  - Not everyone can be a farmer.
  - You need farming ability to address the reality of the responsibility of being a farmer.
  - The decisions that is made in the policy environment should build trust in the sector for all the roleplayers.
  - Stability and sustainability is crucial for the future.



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- Summary of TAU SA's proposal way back in 2004
  - Gave the title deed to farmers – working capital instead of dead capital.
  - Identify capable farmers and gave them training.
  - Start with government owned land and transfer to the chosen farmers with a 100% support programme for the first 3 – 5 years.
  - Gave them soft loans to obtain the land and to help bringing them in production.
  - After the first stage they have to be a farmer on their own where the market principles will be decisive.
  - Get the previous homelands in production by means of ownership who can take the responsibility.





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- Every year approximately 5 – 6% of all the farms get into the market – consider a right of first refusal for a fixed time such as 3 months for government to buy these land for transfer to new entrants.
- Focus first on the land that was already transferred that go out of production.
- Get the help of the farmers that already prove their capability to make a success.
- Ensure that the principle of economy of scale is implemented to gave the new entrants a fair change to succeed.
- With such an approach we can easily reach all the targets without create the uncertainty that we now experience.



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- We can proceed on the way we experience the last 20 years and piece by piece take our agricultural land out of production OR we can start doing the right things that is build on sound economical principles that is sustainable and for the benefit of all the role-players and the country at large.
- For that we all should realise that a sound and stable policy environment can build trust for the sector that will have the outcome of more investment and at the end the much needed growth.



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- The president announce during the opening of Parliament that agriculture could create a million jobs and that the land claims will be opened again.
- The department of land affairs mentioned that they expected about 400000 new claims that will cost R179 billion. In the budget only R3 billion was set aside for this.



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- With the policy and legislation regarding labour and private ownership together with announcements that is made from time to time by senior politicians the logic question by any investor at this stage will be “ Is it safe to invest?”
- Some issues cannot be changed by announcements that is build on any ideology but only to apply the correct economical principles – this is what South Africa need at this stage.



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- Proposals:
  - Interact beforehand with the role-players that made a success in South Africa in marginal circumstances when creating policy and legislation.
  - Be honest about what work and what not.
  - Understand that this a process and no quick answers are available.
  - The cancer of corruption should be addressed



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- Ministry of Agricultural should coordinate all the views/policies regarding agriculture from the different departments before it is made applicable.
- Educate South Africa regarding realities.
  - Build the future on the truth.
  - Agriculture are an economical process not a political one.
  - Wealth cannot be hand out but could only be work for



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## Conclusion

A world wide view is that we have the best farmers in the world – it is one of the best assets our country do have!

Some reasons are:

- Our farmers are future driven, accept responsibility and do have farming ability that is sorted out by the market through the years
- Research that is applicable in South Africa
- Extension services that unfortunately have collapse.

**Lets learn out of the history!**

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