

ANNUAL REPORT

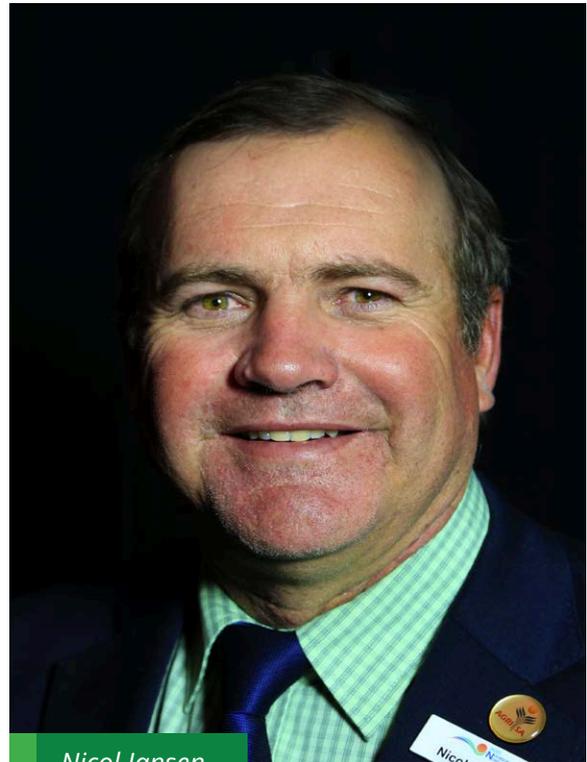
2018/2019



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



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.

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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.

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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.

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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.

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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)

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.

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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.

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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 CO₂ 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.

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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.

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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.

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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.

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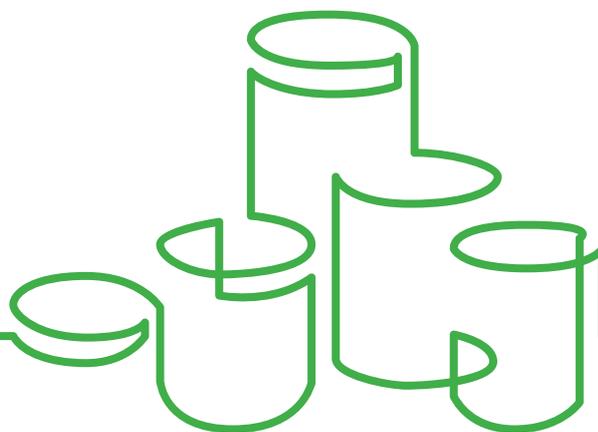
This was the fundamental message from Agri SA's annual Commodity and Corporate conference held on the 24th and 25th of April 2019 at the University of Pretoria's Future Africa campus. Against the background of capacity constraints in the public research sphere and the consequential privatisation of research, 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"> • Survey, report and presentation; • Effect of Moody's downgrade on foreign loans on the debt-to-GDP ratio; • Impact of change in corruption index on foreign direct investment (FDI); • Profiling of the vegetables industry in South Africa; • Profiling of the lime industry in South Africa; • Documented property tax levies on municipalities across South Africa; • Compiled infrastructure reports (2018 and 2019); • Impact of load shedding on agriculture in South Africa; • Synthesis on youth entrants in agriculture; • Allocation of national gazettes; and • Review of meeting(s) minutes. <p>Research</p> <ul style="list-style-type: none"> • Eskom international price comparisons; • Effect of privatisation of electricity; • Crop estimates; • Driving investment in agribusiness; • Megatrends in agriculture; • Constructed an Agri CEO Confidence Index; • General GDP prospects; and • Norway vs South Africa comparison. <p>Articles</p> <ul style="list-style-type: none"> • Building economic BRICSS; • Intra trade commodities in Africa; • Commentary on Stats SA 2nd quarter labour survey; • The South African agriculture industry and AfCFTA; • A short perspective on the cost of 2018/19 drought in agriculture; and • Economic review: It's bitter-sweet from July onward. 	<ul style="list-style-type: none"> • Submitted commentary on comprehensive producer development support; • Assist in creating a financing model for the Agricultural Development Fund; • Answers questions on the drought from <i>Huisgenoot</i>; • Research on the number of fuel stations in South Africa; • Gantt chart – Motsepe Foundation • Agri Gauteng Ekspo; • Analysis and commentary on the status of Agri SA's new website; • Developed AgroHUB.co.za <ul style="list-style-type: none"> • <i>Development and design</i> • <i>Ongoing maintenance and security</i> • <i>Traffic analysis</i> • <i>Domain registration</i> • <i>Hosting and application deployments</i> • <i>Map of Agri SA affiliates empowerment projects</i> • Research on agribusinesses in South Africa; • Blockchain for commercial agriculture in South Africa; • Motsepe Foundation Project; • Integrated Communication System; • National Policy on Comprehensive Producer Development Support; • Motsepe Foundation – Prospectus; • Busa (SME Working Group); • Stakeholder interactions on Brexit; • Agriculture Development Fund framework; • Future of South Africa (FTI Consulting); • Asuf (Workstream 4: Innovation and technology); and • Agri-management and mentorship course – Stellenbosch University (80%).

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.