

**KEYNOTE ADDRESS BY HER WORSHIP, MAYOR ZANDILE
GUMEDE AT AGRIBUSINESS AND MECHANISATION LAUNCH
HELD AT OTTAWA ON THE 23RD MARCH 2018**

Programme Director,

Deputy Mayor, Cllr Fawzia Peer,

Members of EXCO,

Ward Councillor – Siya Thango and other councillors,

Business representatives,

Community representatives,

Government representatives,

Officials,

Ladies and gentlemen,

Members of the media,

Sanibonani,

We are very excited this morning to have witness our government at work.

We have always pushed for real and practical economic intervention that will grow our people. Today is about simplifying radical economic transformation.

Our aim is to see a small scale farmer growing. We want to see more farmers working together supplying big markets including exporting fresh produce to countries abroad. We have all the infrastructure not only to plough but also for agroprocessing.

As we gather here today to launch the Agri-Business and Mechanisation Programme of the municipality, I am pleased to highlight the fact that more than 39,000 jobs were created in the Agriculture sector last quarter of 2017. Unfortunately, our good news story seems to be embedded on a shaky ground of high youth unemployment. The unemployment observed last year was the highest amongst young people, more than 3.1 Million young South Africans are unemployed.

This requires that we prioritise the Youth in all of our socio-economic development endeavours to ensure that the scourge of unemployment and lack of access to economic opportunities is significantly reduced.

The recent drought over the past three years has caused a huge shock in price increases, when a severe drought strikes, meat prices tend to go through two distinct phases. Initially, farmers flood the market with herds that they can no longer sustain, stabilising the price of meat (and in some cases, driving prices down).

This reprieve is short-lived, however. As a drought wanes and recovery begins, it takes a while for farmers to rebuild their herds. During this time, prices go up as supply is unable to meet demand.

As part of activating Radical Economic Transformation, the Provincial Government of KwaZulu-Natal launched Operation Vula which serve as a practical vehicle to mobilise all sectors of the economy towards achieving meaningful economic transformation in the province, to remove apartheid inspired socio-economic disparities where black communities were deliberately excluded from active participation in the country's economy.

Through Operation Vula the provincial government will use its procurement system to encourage entrepreneurs from historically

marginalised communities to seize business opportunities available in various sectors of the economy such as agriculture.

We have realised that since 1994 the majority of this country are still living in poverty and this program will assist black farmers and businesses owner. Through the advent of the RASET programme the municipality has revived its approach to the development support it provides to the agriculture sector.

As part of government's effort to break down barriers in the agriculture value chain and ensure that there is transformation in the sector, the municipality approved the Radical Agrarian Socio-Economic Transformation (**RASET**) Model. This is a pilot project, approved by government, to address challenges faced by the agricultural sector.

The programme is borne out of the concern about the amount of money invested in the sector with no visible impact. It is for this reason that government have come together and devised a strategy, which will provide a platform for historically disadvantaged individuals to participate in the production, processing and distribution of food.

There has been significant investment in the Agri-sector as it has the ability to eradicate poverty, unemployment and inequality. However, the sector remains largely untransformed. This strategy will unlock potential for Black Small, Medium and Micro-sized Enterprises to play a meaningful role in the production and supply value chain leading to transformation of the sector. The eThekweni Clairwood Fresh-Produce Bulk Market has been targeted as the venue to be used for an incubation programme.

Farmers will be trained and developed through the incubation programme to ensure that they get the support needed to supply the current demand from (Government, Corporates and general consumers) and transform all aspects of the Agri-Business value chain. The new model will address socio economic constraints facing the country and structural barriers associated with the existing value chain which is dominated by monopolistic tendencies.

This will also create opportunities for youth and women, increase food security, improve market opportunities for previously disadvantaged

farmers and reduce dependency on state support while increasing agricultural land utilisation.

This RASET Programme will also:

- assist in creating opportunities for **youth and women**,
- increase **food security**,
- improve **market opportunities** for previously disadvantaged farmers, and
- reduce **dependency on State support**, as well as,
- increase **agricultural land utilization**.

A Strategic focus to Agri-Business:

The city's vision for the Agri-Business Sector is, "To grow the economy by improving the productivity of small-scale farmland and SMME's in the Agri-Business Value chain."

This will be achieved by employing **strategic interventions** such as;

- To provide Small Scale farmers and Agribusinesses SMME's with customised solutions that reduce barriers to markets through embracing science, innovation and technology.
- To improve the **sustainability** and **profitability** of their land and business enterprises while increasing their contribution to **eThekwini GDP**. Agriculture contributes about R3bn to GDP and Agro-processing is R25bn to the GDP.

We are radically re-engineering of the structure of our economy, which is constrained by a lack of diverse and vibrant small business. The current structure of the economy is characterised by a concentrated few players who command a large share in the economy.

The agribusiness sector is no different, in the primary agriculture side we have about 36,000 commercial farmers supplying more than 90% of the food supply whilst on the other had we have more than 400,000 small scale farmers supply less than 5% of the market.

It is the historical legacies such as this one that prompts the municipality to rise up and be counted to lead the Radical Economic Transformation Agenda, because the achievement of the goals of this agenda will be judged by a visible mass participation of small agri-business in the formal and informal economy.

As the municipality we want to contribute the **“NDP 2030 goal of producing 1 million jobs in agriculture and to have more than 1 million hectares’ underproduction”**. However, when we look at our farmers’ database we see that on average our farmers have just less than 1 hectare. This will require a strategic intervention from all our social partners such as Government, Traditional Leaders and the Private Sector to assist in making land available for production by the small scale farmers. The existing farm-lot sizes are far too small to make any significant economic impact in the lives of the farmers and their families.

It must be noted however that the issue about the small farm-lot sizes is just the tip of the ice-burg, in terms of the challenges we have in the sector.

The general suite of services to be provided by the EThekweni Municipality Agri-Business is;

- Agro-processing and Warehousing Facilities Support
- Training and Development Support
- Farmer Production Support Units (Agri-Hubs) Services
- Research and Development Support
- Enterprise Development Services
- Marketing and Access to Markets

Current Programmes and Projects

- **Mechanisation programme:** with 6 Tractors purchased by the municipality, to farm about a 1000 Hectares of Small scale farmers Identified with eThekwini and of that 400 Hectares ploughing and planting is underway with about 300 Farmers set to benefit directly.
- **Technical Training and Mentorship:** More than 400 Farmers Targeted for Technical Training and Mentorship this will translate to 2000 direct Jobs in the crop planting sphere alone.
- **Infrastructure Support** (Tunnel Farms, 1 youth 1 Hectare, Nurseries)
- Access to markets the city is finalising contract with **Department of Education** to supply fresh vegetables to about **350,000** learners for a value of just over R20 Million.

Planned Programmes and Projects

- **Poultry Value Chain Programme:** The municipality will be piloting Poultry Hubs in the western areas of the city (like Hammersdale and Georgedale), in response to the high unemployment which was exacerbated by the retrenchment of about 2000 workers in the poultry sector (at Rainbow chicken).
- **Agri-Master Plan and Agri-Policy review:** Over the next 6 months we will be embarking on the development of an Agri-Master Plan for the city.
- **Goats Value Chain Programme:** KZN is among the highest consumers of goat meat be it for funerals, traditional ceremonies and major cultural events. However most of the goats we consume are produced outside of the country and KZN province. We will engage on a research process to test the feasibility of growing goats for our local market in order to empower local producers.
- **eThekwini- Agri-Fund:** We invite all the financial institution to sit with us and discuss innovative ways of providing risk finance to small scale producers.

Climate smart Agriculture and Information Technology

In my capacity as the C40 Vice Chair for Africa, I am pleased to announce that the city has already implemented a number of actions that aim to mitigate the impacts of climate change and reduce greenhouse gas (GHG) emissions.

In conclusion,

This Ottawa Farm is a collaboration between the City and Tongaat Hullet Development and this represents a small scale version of the **“Possible” when government and Private sector puts their heads together.**

We want to see more interventions of this nature in an industrial scale.

I want to note as I conclude. The current contribution of agriculture and agri-business to the eThekwini GDP, is currently at about R300 Billion (Agro-processing) to the local economy and Agriculture contributes Just over R3 billion. We want to grow from this base as we chart a future of inclusive prosperity for our city.

eThekwini is open for Agri-Business for the Prosperous Future of our Citizens!