

**PRESIDENTIAL ADDRESS BY JOHANNES MÖLLER ON 7 OCTOBER 2010 AT
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Everyone needs nutritional and sufficient food on a daily basis – a source of energy for life, growth and health. The vast majority are consumers, with an ever-shrinking percentage of the population being directly involved in food production. This is a global phenomenon. The effect of backward pressure within the food value chain is that an increase in productivity at farm level is imperative – and this is achieved, amongst others, through ongoing technological innovation, sophisticated mechanisation, specialisation and by simply reaping economies of scale.

This gives rise to structural changes in the industry and in rural society: the number of commercial farmers decrease, some becoming employees in larger farming operations; labour flows from agriculture to other sectors; the manner in which farming enterprises do business changes which, in turn, has an impact on the business community of smaller towns, thereafter affecting the viability of churches, schools, etc.

Once again it is a global phenomenon. South African agriculture - which is exceptionally exposed to the influences, dynamics and competitive forces of the international economy - will be unable to escape these structural changes. It will also not be possible for the government to slow it down significantly, and even less change the direction thereof. A country cannot follow a positive globalisation approach and yet ignore or wish away the resultant structural implications. The pain caused by these forces and changes must rather be envisaged and planned for so that disruption can be contained within manageable limits.

At the same time South Africa is a complex society where the groupings directly involved in agriculture have diverse perspectives of what they think thereof and what they experience and expect:

Commercial farmers are concerned about profit expectations, mainly because of unfavourable market trends. There is also uncertainty as to how their investment in land and improvements will be respected in future, while the unabated crime and safety problems on farms remain an alarming evil. Their mindset with regard to employment is also clouded by implications of tenure legislation, the lack of recognition for positive development actions as well as generalised allegations made by politicians regarding labour conditions on farms.

Subsistence and small-scale farmers, who farm mostly on communal land in the former homelands, have problems of their own. The cost of what they produce is often higher than what such products can realise in the trade. Production inputs are expensive and difficult to obtain, while their land rights cannot be used as collateral for loans to finance expansion. Market opportunities are limited given a lack of infrastructure and the poverty of the communities in which they live. They have a ceiling which makes development and progress difficult, if not impossible.

And yet there is a group of extremely innovative and dedicated farmers who run small-scale and bigger operations successfully and want to make their mark in mainstream commercial agriculture. They often also farm on communal land but probably already have a tract of land of their own and leasing additional land from the state or others. Some may have been or are still farm workers who, with the help of their employer or the state, have accessed land. Their main needs and problems relate to soft funding until such time as they can stand on their own feet. They often farm with others who disregard their land rights and need more land of their own which would make it possible for them

to utilise economies of scale for competitive production. They feel they are not seen and heard by politicians and the state.

And then there is the disillusioned group who accessed land through the restitution process, with expectations that it would represent a giant step forward towards greater prosperity. But alas, the empowerment environment has failed them dismally. Farmers who's farms were built up over generations, tax payers who had to foot the bill and the state are dismayed at the magnitude of failures and the deterioration of virtually all farms that had been transferred, irrespective the best of intentions to previously disadvantaged groups.

The consumer community in South Africa is diverse and varies from rich to poor. However, although there are too many South Africans who, because of their socio-economic situation, do not have sufficient food, food shortage in present day South Africa is unknown. There have always been enough resources available at national level. This may contribute to the fact that availability of food is regarded as a given by most ordinary people, with a lack of appreciation of what is needed to maintain domestic production. How can they – and even less so those who don't have enough food – understand the problems faced by commercial farmers in terms of price pressure when there is insufficient market space for an excellent crop?

The government has a mandate and responsibility to make sense of these diverse perceptions, problems and expectations and to change a problematic situation into workable harmony and, in the process, serve the best interests of a just, stable and prosperous economy and society.

Various developments during the past year have led me to conclude that we must manage these challenges at policy level within the context of sustainable rural development, without forfeiting agriculture's capacity to ensure food security in a competitive manner. There must also be good co-ordination between rural development and the sector strategy for agriculture because these two areas are extremely interdependent and synergy must be secured in all respects.

Since the different groupings referred to earlier, and even others, have diverse views as to how these synergies should look, we must be prepared and leave room for open and robust debate. Former US president John F Kennedy had the following to say about challenges of this nature: "If a free society cannot help the men that are poor, it cannot save the few who are rich". He also said that in order to cultivate mutual understanding, negotiation is needed - "let us never negotiate out of fear, but let us never fear to negotiate".

This implies that discussion and negotiations should give rise to a specific framework which spells out government's responsibility and that of individuals, businesses and civil society in order to best serve the national interest.

Agri SA is of the opinion that a common point of departure for this debate on rural and agricultural development is found within the framework of the South African Constitution. It provides clarity on rights and privileges, but also responsibilities concerning the disciplines within which policy and legislation should find application. Moreover, internationally South Africa is committed to a market approach which, if not applied with the greatest degree of consistency within local economic politics and policy, could have unmanageable consequences for our economy.

With this I do not mean that there is no room or need for government involvement in the economy and society. There are various good reasons for government involvement which I will not discuss now. However, a preferred market approach to policy-making would imply less government interference and, if indeed necessary, the measures must be market related with signals to entrepreneurs and consumers on which they can make meaningful decisions. Furthermore, these measures should be of a temporary nature so that they can be adapted or faced out when it is apparent that they are failing or when pre-agreed objectives have been achieved.

Back to the theme of the congress: Agricultural policy for rural development and food security. There should be no doubt that this is a highly topical debate and a challenge for South Africa in general. The ruling party has set it as a priority in its policy charter. For this reason, it creates a logical point of departure for our discussions with government regarding policy challenges. Further, with the worldwide recession, which has had a devastating effect on developing economies with their limited buying power, the value of agricultural development has emerged strongly as it could give rise to a greater degree of food self-sufficiency and affordability. In Southern Africa there are examples of community unrest which could have a destabilising effect if a satisfactory solution is not found soon. It is therefore no wonder that many African governments - of their own volition or on the recommendation of multi-lateral development agencies - now seek short-cuts to stimulate food production in order to reduce their dependence on imports. This explains why they have approached South African farmers for assistance.

As Solomon of old would say: what's new? During the French revolution, Marie-Antoinette realised too late that the first priority of good government was to ensure that the poor have enough food. George Washington, fighter for independence, practical philosopher and first president of the USA (1789 – 1797), had this to say: "I know of no pursuit in which more real and important services can be rendered to any country than by improving its agriculture, its breed of useful animals, and other branches of a

husbandman's cares." Briefly, a government that looks after its agriculture acts responsibly.

It is nevertheless important to meet the urgent needs of the poor and hungry. To this end programmes are needed that will encourage and support them, including projects to involve them in food production for own use, especially if accompanied by applying own resources and promoting a positive work ethic. This must be done bearing in mind South Africa's structural unemployment problem for which the state and formal economy do not have an instant solution. If we are blind and deaf to this, we are a society without heart and at great risk of creating an uncertain and unstable future for ourselves. It is therefore a challenge for the state, for community organisations and for us in commercial agriculture to use our knowledge and resources to help those who need food, with the approach that "it is better to teach someone to catch fish than to distribute fish as a meal".

Small-scale vegetable gardens, which target poverty alleviation and food scarcity will only in exceptional cases serve as an entry point into commercial agriculture. This is but one of the ways in which society at grassroots level can be uplifted and stabilised. It should form part of a focused effort to keep the gap in our society between those who have food and those who don't, between the skilled and unskilled, the productive and unproductive, the wealthy and the poor, manageable and to systematically reduce it. This is not primarily an agricultural challenge but essentially a complex task that requires attention across a wide front.

We have to understand, however, that there may be people who see large-scale access by the poor to agricultural resources such as land and water as a solution to hunger and broad-based economic development. It is true that some of these will ultimately join the ranks of commercial agriculture but economic realities will, in time, drive most of them to other sectors, resulting in further urbanisation. After all, it is only logical that agriculture, with its 3 percent contribution to gross domestic product, cannot offer a high standard of living to, say, 20 percent or more of the population.

Therefore even the most successful programme designed for this purpose will not change the demographics, consumer behaviour and need for commercially produced food. Virtually 60 percent of the population already live and work in cities and towns where they purchase food produced by the formal economy. The same applies to a large percentage of the rural population who also rely on the retail sector for various basic foods and will continue to do so because they themselves will be unable to produce sufficient quantities thereof.

We must therefore guard against populist day dreaming about an idyllic agrarian society resulting in unaffordable social and economic experiments and ultimately in failures. My experience is that the redistribution of resources - although a difficult task – is the easiest element of transformation development. The most difficult task is to identify and develop suitable agricultural entrepreneurs. Furthermore, with the transformation of the industry we have largely failed to create an empowerment environment which, within a highly competitive global environment, would ensure that scarce national agricultural assets are optimally utilised.

I have reached the conclusion that it is government's responsibility to ensure that commercial agriculture flourishes and so-doing ensure that sufficient, nutritional food is produced locally on a competitive basis. This will contribute towards creating much needed job opportunities in the formal sector, especially in rural areas where there are major backlogs in development, and could also unlock value-adding possibilities, curb food imports and increase exports. Above all, it will promote food security on a broad basis.

Development is, in the first place, an attitude to life. Therefore we must start with ourselves. What is your and my attitude to development and the values that inform our actions? Are we armchair critics, conformists or doers? What do we do and how do we do it in our smaller milieu, on our farms? Are we prepared to reach out at a broader level and become involved? Do we see ourselves as the victims of circumstance or do we work to create circumstances where justice, stability and prosperity are possible for ourselves and others? I believe that positivity is the companion of confidence and therefore a prerequisite for success. Without denying that farmers face many day-to-day frustrations, uncertainties and problems, the future belongs to those who, even amid apparently insurmountable problems, can see and utilise the possibilities. In his acceptance speech in 1961, President John F Kennedy said: "Ask not what your country can do for you, but what you can do for your country." I am proud of what commercial farmers, their agricultural organisations and agribusinesses are already doing in this regard.

The government and others must note that the important role players in the commercial sector are positive about overcoming the obstacles that hamper balanced rural and agricultural development; that we are realistic about the limitations within which change must take place; and that we are prepared to be pragmatic in our search for solutions that will work for South Africa and its people. It is imperative that we find each other in terms of shared values and ideals and convert it into a co-operative relationship that will

produce the desired results. For too long the discussion has focused on the need for practical action and co-operation, but often went no further than futile rhetoric, exclusion, a waste of resources and loss of opportunities. Policy-making on rural reform and the revision of the Strategic Plan for South African Agriculture – which is now under consideration – offer an excellent opportunity to test the willingness of all parties – including that of government – to reach out and work together in order to serve rural South Africa’s complex needs as best as possible.

Woodrow Wilson said: “The world must be made safe for democracy”, meaning that a safe, free environment is a prerequisite for an effective democracy. A successful democratic society does not consist solely of the ruling party. Civil society – of which Agri SA forms part – enriches government thinking and community action. We can rightly claim that we be heard and accommodated on matters that closely affect us. We wish to and can make a contribution to make democracy work for everyone in this beautiful country. Therefore it is only fair to ask: give us, as commercial farmers, a fair opportunity to contribute towards key issues that affect our future, recognition the rights which the Constitution affords us and other citizens in this regard.

I look forward to deliberations at the congress as well as resolutions that will determine Agri SA's actions in the near future and going forward.

I look back with appreciation at a year where we held discussions with various ministers, especially Minister Tina Joemat-Pettersson as well as President Zuma, on possible solutions to agriculture’s problems. We are grateful that our bona fides were accepted and that the quality of our contributions was recognised. I also had the privilege to visit farmers groups across the country, to listen to and address them. I appreciate the heartiness with which I was welcomed. I spoke to the next of kin of victims of farm murders and was deeply moved by their pain but also by their acceptance. May they find

comfort and let everything possible be done to bring a turnaround in this situation. I encountered excellent co-operation from Agri SA's affiliates and wish every one of them success in what they do in the interest of sustainable and profitable agricultural production. We at Agri SA are blessed to have access to finance which, although not abundant, is ample to meet our needs if well managed. I thank our business partners for their contributions that supplement our ability to do justice to priorities which otherwise could have been left unattended to. I thank the media who attach special value to agriculture's message and air it widely to all communities. My thanks also go to Theo, Agri SA's staff and, above all, my wife who makes it possible for me to serve agriculture.