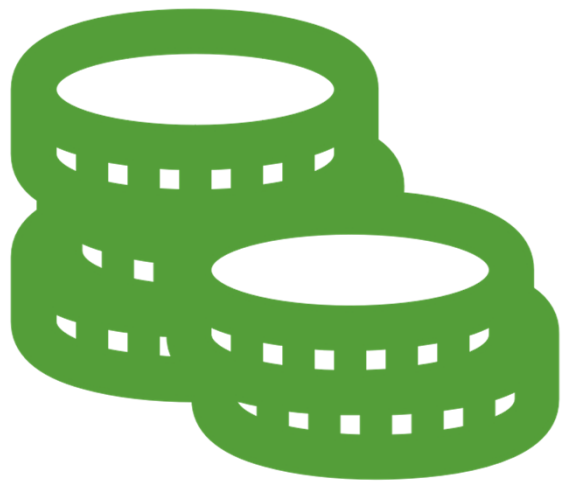




# STATUS OF SOUTH AFRICAN FARMING UNDER CURRENT CONDITIONS

CHRISTO VAN DER RHEEDE

AGRI SA



## OUR POLITICAL TRAJECTORY

Civil  
conflict  
between  
white and  
black

Onthou julle die grappie. I rest  
my case

**South Africa**  
**17 March 1992**

**If you vote no :**

- There will be wide spread unrest and violence.
- The country will face collapse of infrastructure – ie, water shortages and electricity cuts.
- There will be shortages of basic foods and even hunger.
- The Rand will experience an unprecedented drop in value.
- The country will become ungovernable.
- The West will cut ties.
- SA will become like Zimbabwe.

**BUGGER !**

Just try to  
something





















lay Muckerdhooj

Civil  
conflict  
between  
black and  
black

Nou het niemand JA-HA-JA gestem nie-  
DAMN BUGGER!





PAN AFRICANIST CONGRESS OF AZANIA		PAC		
SPORTS ORGANISATION FOR COLLECTIVE CONTRIBUTIONS AND EQUAL RIGHTS		SOCCER		
THE KEEP IT STRAIGHT AND SIMPLE PARTY		KISS		
VRYHEIDSFONT - FREEDOM FRONT		VF.FF		
WOMEN'S RIGHTS PEACE PARTY		WRPP		
WORKERS' LIST PARTY		WLP		
XIMOKO PROGRESSIVE PARTY		XPP		
AFRICA MUSLIM PARTY		AMP		
AFRICAN CHRISTIAN DEMOCRATIC PARTY		ACDP		
				



# ANC support falls below 50% before crucial 2024 vote, poll shows

But the Social Research Foundation's survey has a national margin of error of 4%

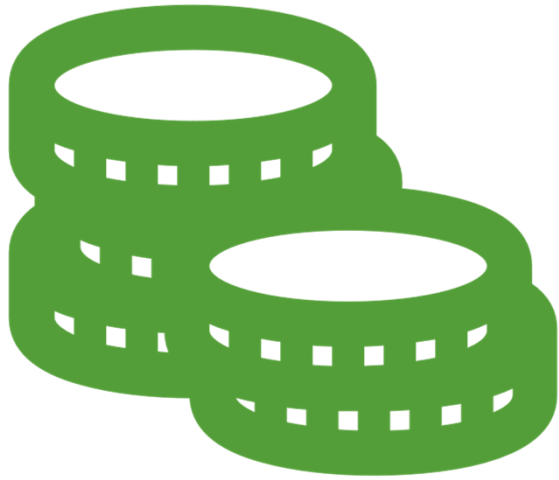
BL PREMIUM

28 MARCH 2023 - 17:25 by LUYOLO MKENTANE

Raw data by the Social Research Foundation (SRF), a think-tank focusing on public policy issues and the promotion of democracy, shows the governing ANC's electoral support at 45.9%.

That in line with several polls, including by the ANC itself, that support for the governing party is set to fall below the 50% mark during the provincial and national elections in 2024...

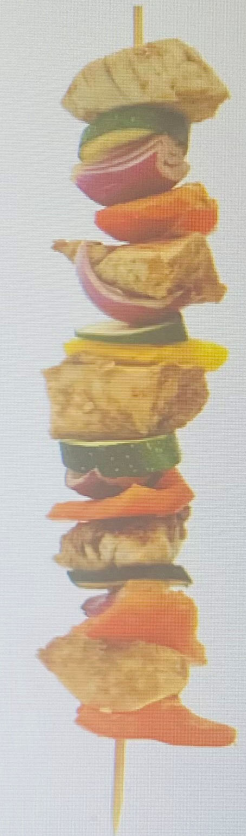




# THE ROLE OF ORGANISED AGRICULTURE



# GLOBAL FORCES AFFECTING THE FUTURE OF FOOD



GLOBAL PROTEIN DEMAND **WILL INCREASE BY 80% OVER TODAY'S LEVELS, BY 2050**

Source: The Future of Food  
by Kurt Salmon, Accenture Strategy



## Agri SA calls for scrapping of 'destructive' Expropriation Bill

6TH MARCH 2023

[ARTICLE ENQUIRY](#) [SAVE THIS ARTICLE](#)  
[EMAIL THIS ARTICLE](#)

BY: [MARLENY ARNOLDI](#)  
CREAMER MEDIA CONTRIBUTING EDITOR ONLINE

FONT SIZE: - +

**F**ollowing the passing of the Expropriation Bill to the National Council of Provinces, industry body Agri SA has submitted comments on the proposed legislation, which highlight the potentially catastrophic impact it could have on the agricultural sector and food security.

### POLITICS



### Ruling on “just and equitable” compensation for land welcomed – Agri SA

Christo van der Rheede | 16 February 2022

Land Claims Court on 11 Feb 2022 ruled against Minister of Agriculture, Land Reform and Rural Development

### Agri SA welcomes ruling on “just and equitable” compensation for land

16 February 2022

Agri SA welcomes the judgment delivered in the Land Claims Court on 11 February 2022 by Judge Cowen in the compensation dispute between the Minister of Agriculture, Land Reform and Rural Development and the owners of the subdivisions of the farm Jakkelsdans. Agri SA is committed to sustainable and fair land reform, and this judgement reaffirms the primacy of property rights as the foundation of a sustainable, resilient, and inclusive agricultural sector for generations to come.

## Constitutional Court ruling a crucial victory for water rights holders, says AgriSA

15TH MARCH 2023

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BY: [CREAMER MEDIA REPORTER](#)

FONT SIZE: - +

**T**he Constitutional Court has conclusively ruled that water rights holders are entitled to transfer such rights in accordance with the provisions of the National Water Act, dismissing the appeal by the Department of Water and Sanitation (DWS), Agri SA and the South African Association for Water Users Associations (SAAFWUA) said in a joint statement on Wednesday.

[BUSINESS REPORT](#) [ECONOMY](#)

### Agriculture sector is paying high price for deteriorating roads, says Agri SA



AGRI SA says says deteriorating road infrastructure is a threat to food security as it also damaged food producer equipment, ranging from engine and trailer damage to shorter vehicle lifespan and accidents. Picture: Karen Sandison, African News Agency (ANA).

## Agri SA partners with Motsepe Foundation to drive commercial partnerships

Agriculture

July 18, 2022



AGRI SA has launched two pioneering projects in Limpopo and Mpumalanga to boost the sector's transformation efforts. The projects are the culmination of a joint initiative with the Motsepe Foundation to reimagine development funding and foster greater collaboration to accelerate the inclusivity of the agricultural sector.

## Agri SA releases first consolidated report on transformation in agriculture

26 APR 2018 SAVE | EMAIL | PRINT | PDF



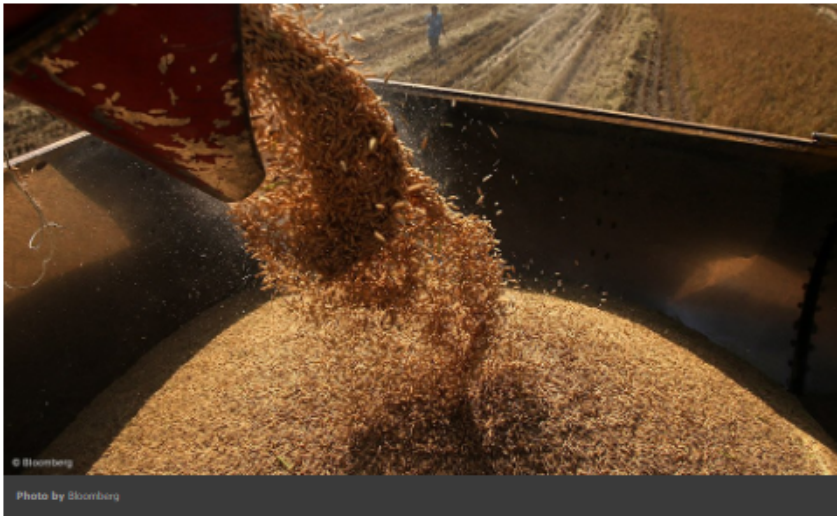
Agri SA released its 2018 Transformation Report at the annual Agri SA Commodity and Corporate Chambers Conference - the first consolidated report on transformation within agriculture.



The report includes several projects which include commodity members, provinces and corporates members that have been involved. The survey report and additional research also give the opportunity to critically identify challenges to transformation, of which a shortage of capital is at the top of the list.

The report is geared towards promoting transformation in agriculture. This is done by identifying best practices and exploring opportunities for further growth and finding solutions to developmental challenges.

## Agri SA welcomes 'balanced' Agri Masterplan



13TH MAY 2022

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[EMAIL THIS ARTICLE](#)

BY: [MARLENY ARNOLDI](#)  
CREAKER MEDIA CONTRIBUTING EDITOR ONLINE

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**I**ndustry body Agri SA says the signing of the Agriculture and Agro Processing Masterplan (AAMP) by Agriculture, Land Reform and Rural Development Minister **Thoko Didiza** on May 12 has marked the culmination of years of negotiation and consensus building throughout the sector.

Agri SA also deems the officiating of the plan testament to the sector and government's shared commitment to the success and growth of agriculture.

## PILLARS OF AAMP

- Resolving policy ambiguities and creating investment friendly climate
- Creating enabling infrastructure
- Providing comprehensive farmer support, development finance, R&D and extension services
- Ensuring food security, expanded production and employment creation
- Enabling markets expansion, improving market access and trade facilitation
- Developing localized food, import replacement and expanded agro-processing



# Inflation Forecasts

2023

## Q Could inflation subside in 2023?

Here's where the International Monetary Fund (IMF) predicts inflation is heading as the world faces a complex macroeconomic backdrop.

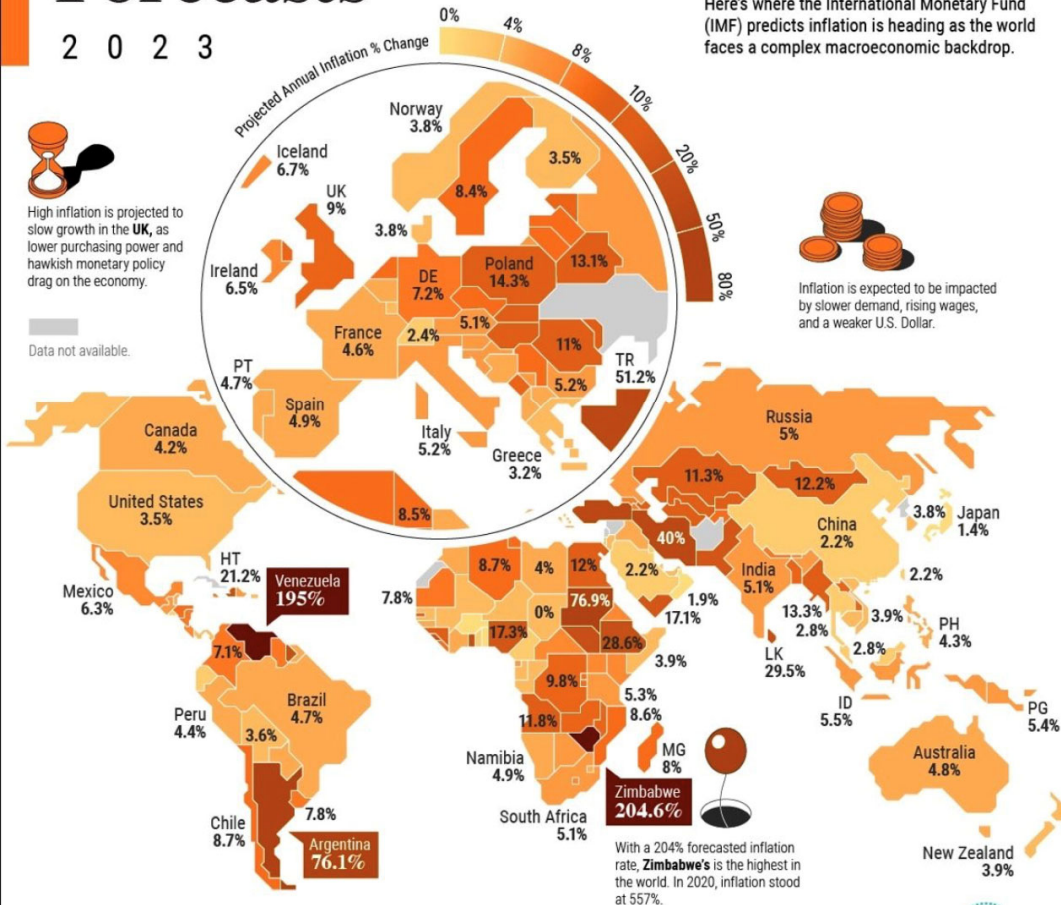


High inflation is projected to slow growth in the **UK**, as lower purchasing power and hawkish monetary policy drag on the economy.

Data not available.



Inflation is expected to be impacted by slower demand, rising wages, and a weaker U.S. Dollar.



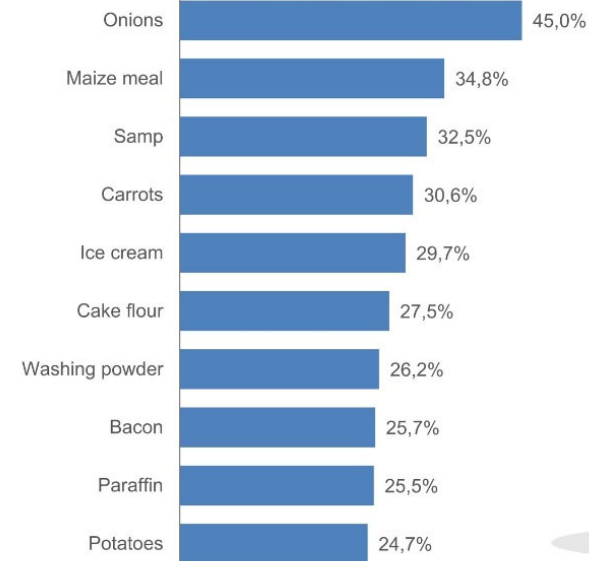
With a 204% forecasted inflation rate, **Zimbabwe's** is the highest in the world. In 2020, inflation stood at 557%.



## Products that have become more expensive over the last year

Percentage change in price indices, March 2023 compared with March 2022

The largest Percentage change



Consumer price increases in March 2023



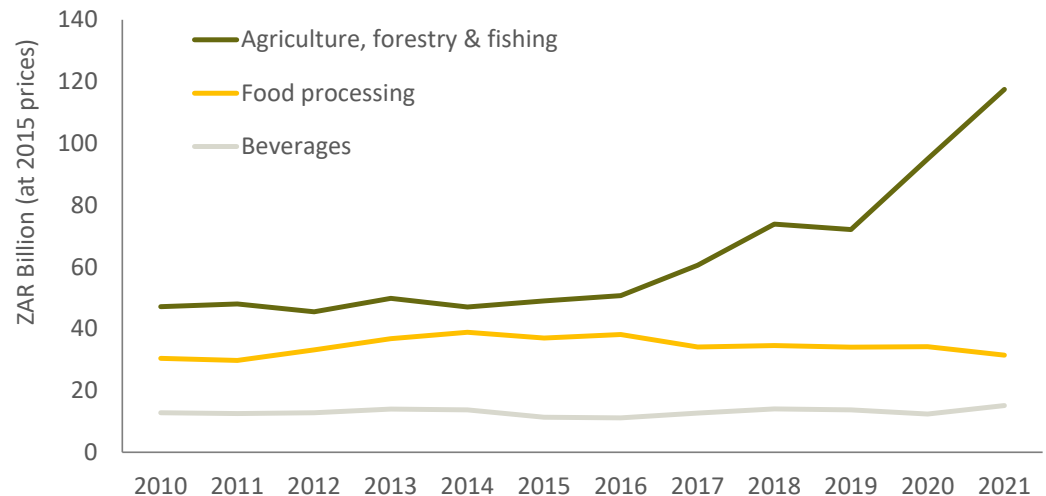
Source: Consumer Price Index (CPI), March 2023

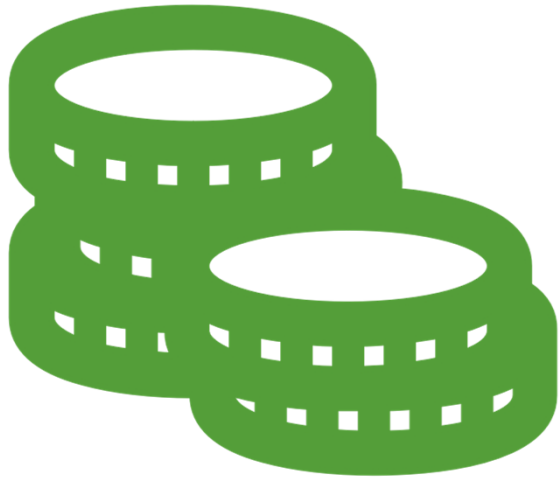


**stats sa**  
Department:  
Statistics South Africa  
REPUBLIC OF SOUTH AFRICA

# PROGRESS IN THE AGRICULTURAL SECTOR

- South Africa's agriculture is export-orientated
- Export performance reflects increasing global competitiveness of the sector's primary products.
- Agricultural exports accounted for about 5.7% of total merchandise export earnings in 2022 while the agro-processing sector accounted for 4.7% during the same period.
- The significant factors underpinning the increased export value are the sizeable agricultural output in the 2021/22 production season and the higher commodity prices.
- This is despite the sector continuing to struggle with poor roads network and inefficiencies in some rail networks and ports.

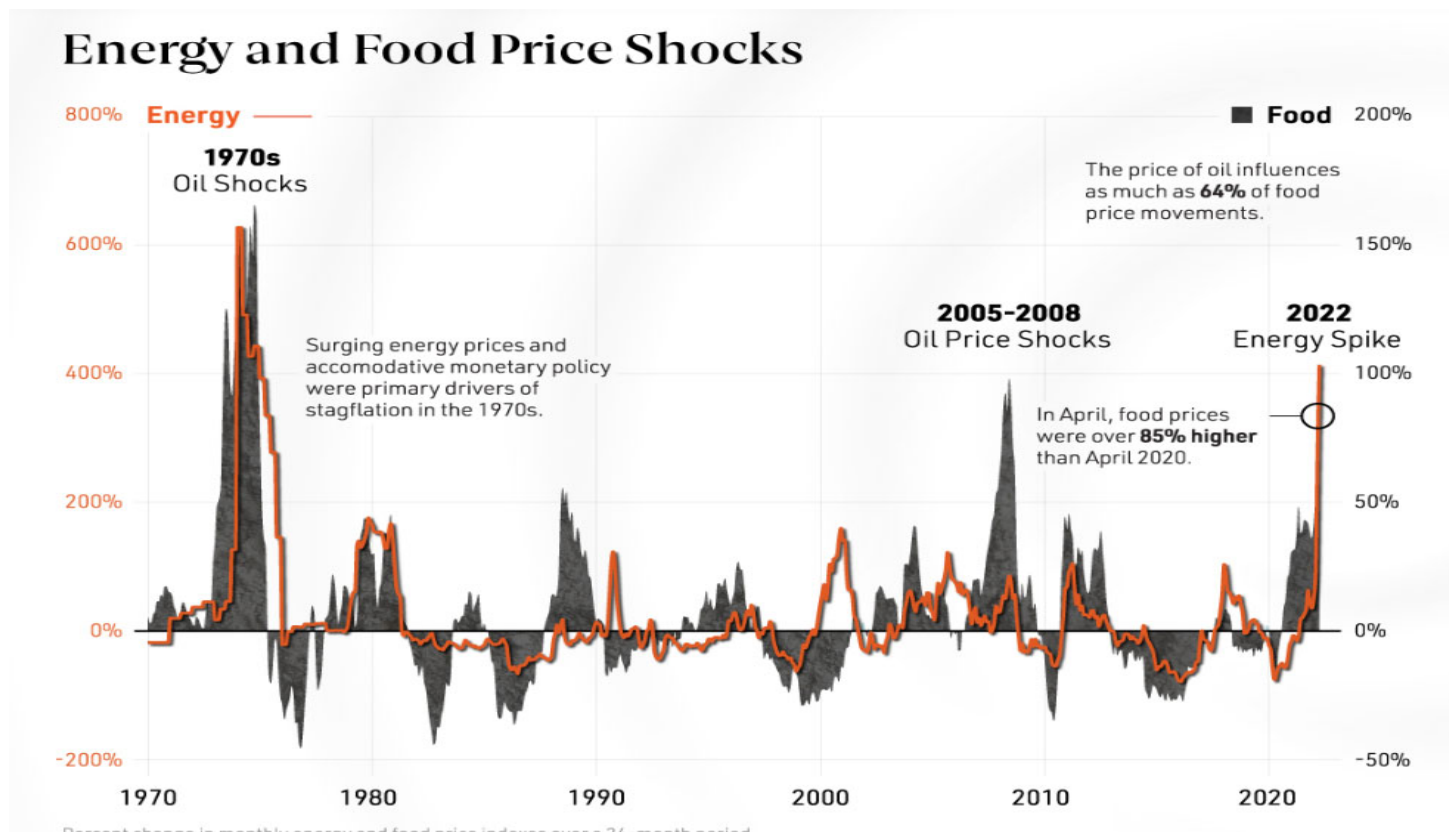




# THE CRISES FACING AGRICULTURE

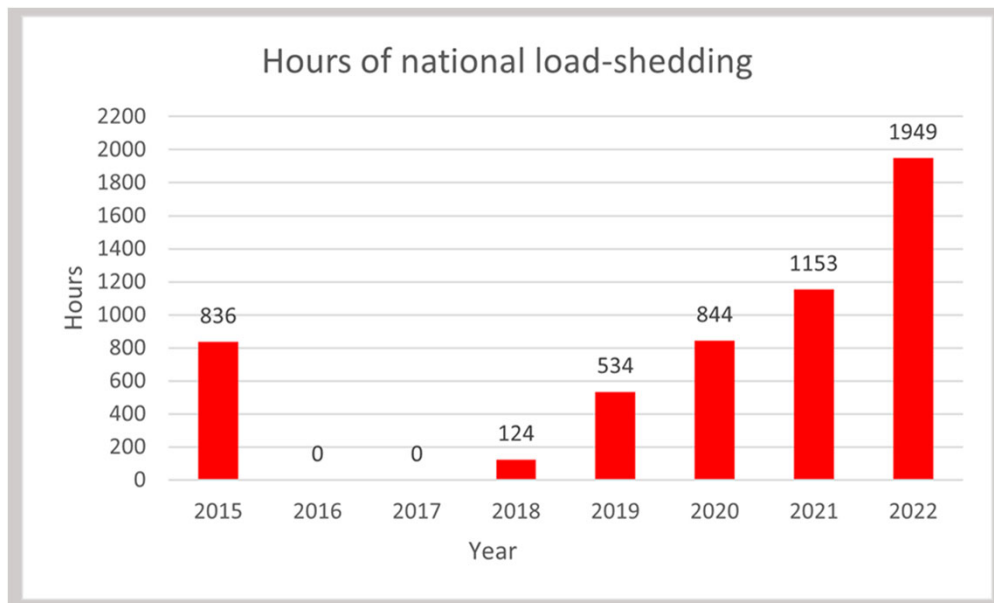


# RISING ENERGY COSTS



- Petrol – R22,87 – R12 (2015) – 87%
- Diesel – R25,75 – R10 (2015) – 257%
- Pres Biden released 180 million barrels to the US market from the Strategic Petroleum Reserve Fund
- Pres Ramaphosa – Visits to the United States, Saudi Arabia, President Putin, United Kingdom

# INCREASED LOADSHEDDING



Business Tech, October 2022

- 2022 has been South Africa's most intensive load-shedding year to date
- Eskom's coal fleet continues to deteriorate.
- Eskom had cut 2,276GWh of electricity in the first six months of 2022.
- More than 90% of the 2,521GWh it shed for the entire 2021.
- The country has experienced 1,949 hours (81 days) of national load shedding in 2022.
- This is significantly higher than the
  - 1,153 hours over 48 days in 2021 and the
  - 844 hours over 35 days in 2020.

# CLIMATE CHANGE

ENVIRONMENT

## COP27: SA receives an extra \$10-bn to shift from fossil fuels

Mandisa Nyathi 8 Nov 2022



South Africa is one of the winners at COP27 — the International Partner Group (IPG) of five nations pledged an extra \$10-billion to support the country's transition investment plan from fossil fuels. (Kevin Frayer/Getty Images)

Mail and Guardian, 2022







# DETERIORATING ROAD NETWORK

An overview of the South African road network			
Authority	Paved	Gravel	Total
SANRAL	21 403	0	21 403
Provinces – 9	47 348	226 273	273 621
Metros – 8	51 682	14 461	66 143
Municipalities	37 691	219 223	256 914
Total	158 124	459 957	618 081
Un-proclaimed (estimate)		131 919	131 919
<b>Estimated total</b>	<b>158 124</b>	<b>591 876</b>	<b>750 000</b>
*rounded estimate			

- The secondary and tertiary intercity road network is undergoing accelerated deterioration.
- The efficiency and cost of moving freight on the network face severe challenges.
- In addition, road safety is compromised by the condition of the network.
- The majority of roads authorities, provincial and municipal, do not have up-to-date knowledge of the condition of their road systems.

SAICE, 2022

# POOR WATER MANAGEMENT

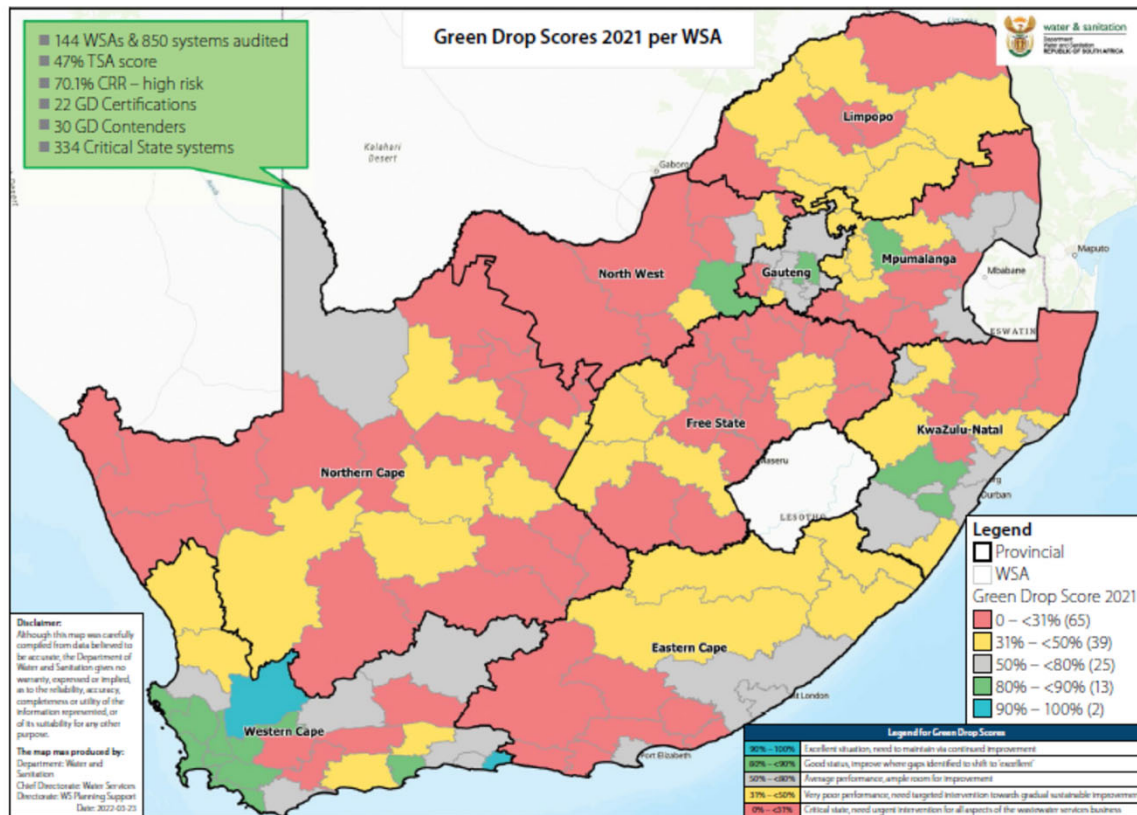
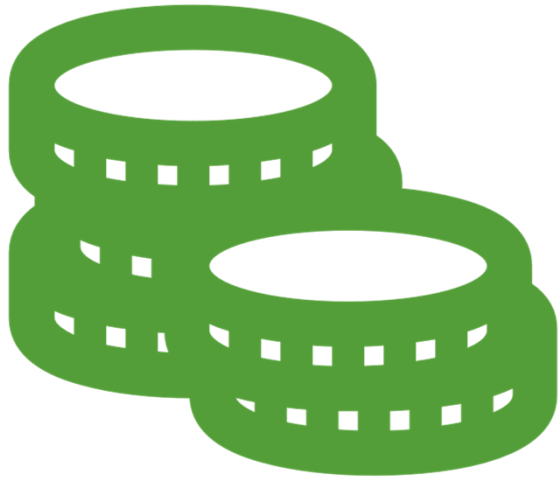


Figure 6 Green Drop scores 2021

- The Green Drop Report 2022 provides feedback on the assessment of
  - 950 municipal wastewater treatment systems,
  - 115 systems owned by the national and provincial Departments of Public Works, and
  - 30 privately-owned systems.
- Only 23 wastewater systems achieved Green Drop Status.

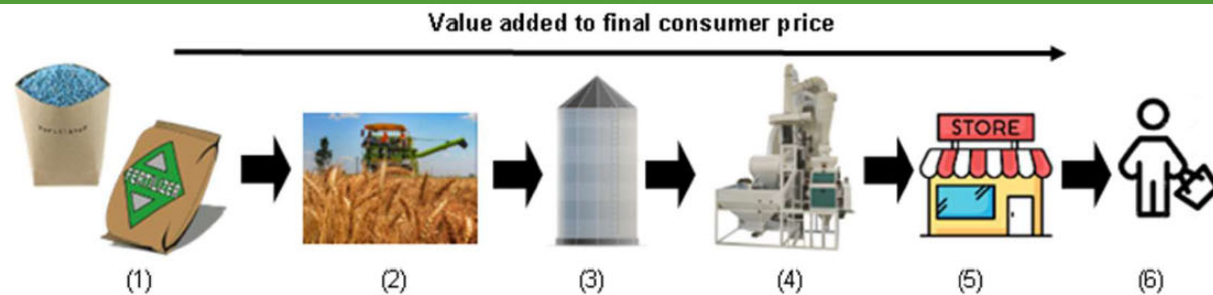
SAICE, 2022





**PROFITABILITY UNDER SIEGE!**

# ENERGY IS THE LIFE BLOOD OF THE AGRICULTURAL VALUE CHAIN

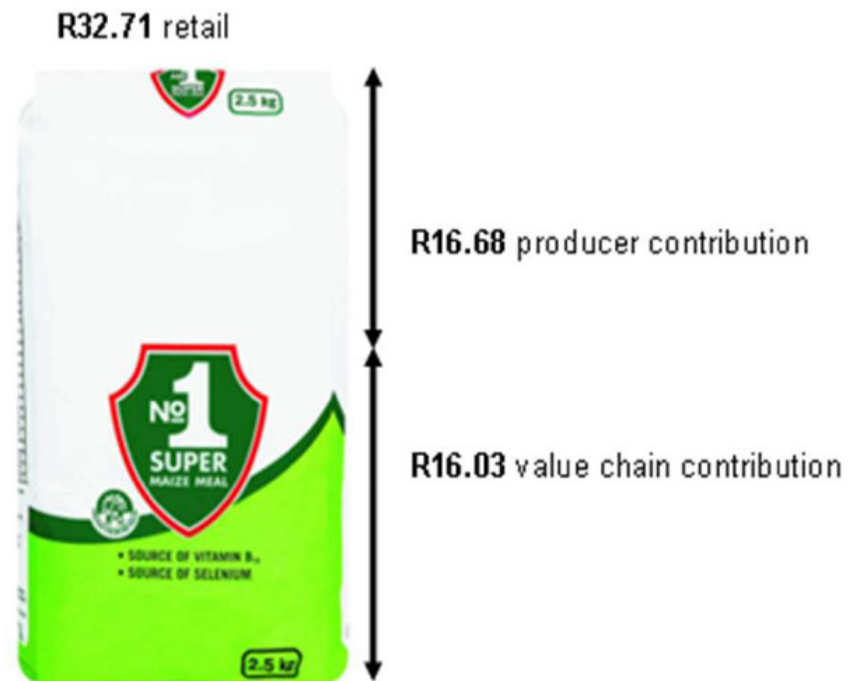


Grain SA, 2022

- **The input suppliers:** Companies that supply inputs, like fertilizer, seed and agro-chemicals needed to produce the raw commodities.
- **The grain producers:** Once the soil has been prepared and the necessary inputs have been acquired, then production can start.
- **Storage facilities:** Once the commodity is ready for harvest, producers transport the raw material to the nearest silo or miller.
- **Processors:** After the raw material is refined into the respective products, the miller either distributes the products under their own brand or sells the refined product to established brands
- **Retail:** The respective brands distribute the product to retailers and wholesalers.
- **Costumer distribution:** The retailers and wholesalers then distribute the product to the endconsumer.

# MAIZE PRODUCER'S PERCENTAGE SHARE

- For a 2,5kg bag of maize meal, the producer price only contributes (on a ten-year average) 51% to the final consumer price.
- The remaining percentages are contributed by value added through the value chain, this includes
  - packaging,
  - processing, and
  - milling-
- all of which requires energy and fuel, which had significant increase in 2022.

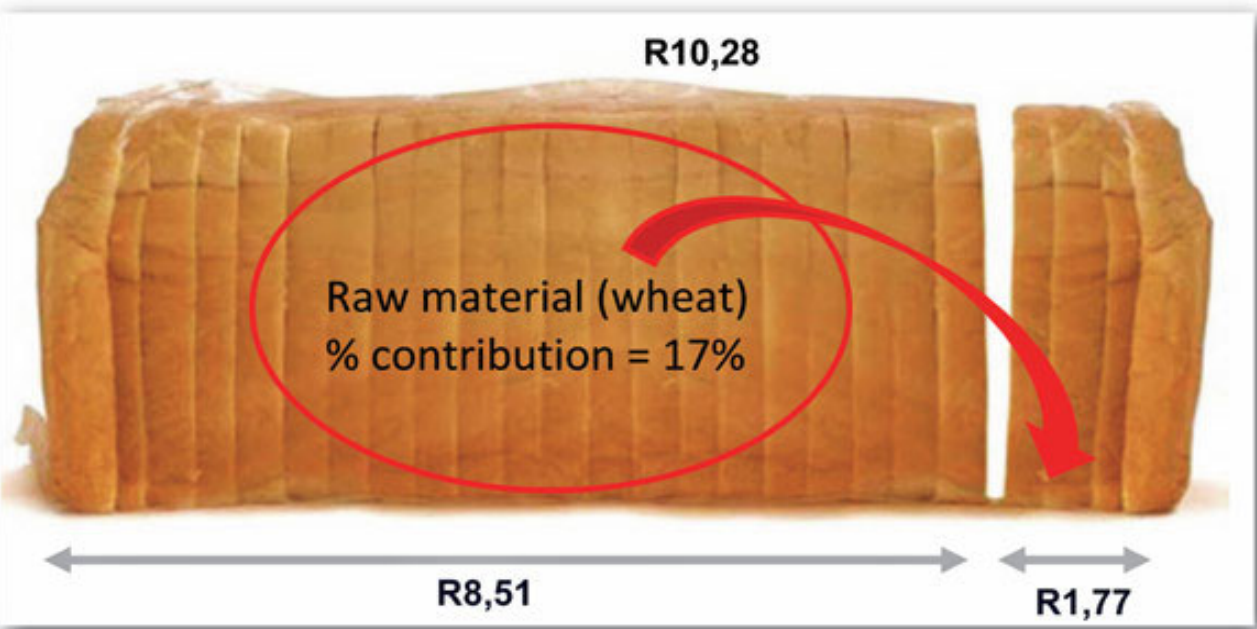


Grain SA, 2022





- For a loaf of bread, the producer price only contributes (on a ten-year average) 27% to the final consumer price.
- For a 750ml sunflower oil, the producer price only contributes (on a ten-year average) 49% to the final consumer price. Biggest contribution comes from the rest of the value chain.
- Each of these links are dependent on energy, and fuel costs to continue with operations.



▲ Figure 1: Wheat in a loaf of white bread.  
◀ Figure 2: Wheat producer's percentage share of the retail white bread price during 2013.

Grain SA, 2022

# Value Chain Cost



Pome Fruit to EU - 12.5kg carton

Description	Billing currency	Rand Value	%
Retail selling price	EUR	342.00	100.00%
Retail margin	EUR	97.18	28.41%
Europe transport	EUR	7.25	2.12%
Importer invoice value to retailer (DAP)	EUR	237.58	69.47%
Less costs		38.79	11.34%
Importer's commission (7%)	EUR	16.62	4.86%
Europe logistics	EUR	22.16	6.48%
Cost insurance freight (CIF) value		198.79	58.13%
Less costs		32.02	9.36%
Freight	USD	30.75	8.99%
Insurance	USD	1.28	0.37%
Free on board (FOB) value		166.77	48.76%
Less costs		17.91	5.24%
Exporter's commission		13.34	3.90%
Port cost	ZAR	3.85	1.13%
Wharfage - conventional	ZAR	0.72	0.21%
Delivered to port unloaded (DPU) value	ZAR	148.85	43.52%
Less costs	ZAR	7.09	2.07%
Transport to port	ZAR	3.63	1.06%
Finance charges & interest advances	ZAR	1.70	0.50%
SPT levies	ZAR	1.00	0.29%
PPECB/INSPECTIONS	ZAR	0.75	0.22%
Ex pack house (EXW) value		141.77	41.45%
Less costs		47.34	13.84%
Packing materials	ZAR	25.82	7.55%
Packing charges (tipping cost)	ZAR	21.52	6.29%
Farm gate return		94.43	27.61%





**1****Feedlot cost structure.**

Factor influencing feedlot costs	Percentage of total cost
Cost of cattle	61%
Feed cost	28,6%
Overheads	8,9%
Transport	0,7%
Mortalities	0,8%

Source: SAFA, 2019

**2****General feedlot benchmarking ranges.**

Factor	Range
Initial weight	220 - 240 kg
Average daily feed intake	10 - 12 kg/day
Average daily gain (ADG, kg/day)	1,5 - 2 kg/day
*Feed conversion ratio	5:1 to 6:1
Days in feedlot	90 - 150 days
Target end weight	460 kg
**Dressing percentage (lean)	49%
**Dressing percentage (finished)	56% - 60% (average: 58%)
Mortality	<1%

\*Feed conversion ratio is the amount of feed (kg) it takes to produce 1 kg of live weight

\*\*The dressing percentage refers to the weight of the carcass after the animal has been slaughtered

	SCENARIO A Baseline	SCENARIO B Price of weaner calves too high	SCENARIO C The impact of feed cost on gross margin	SCENARIO D The impact of feed cost on gross margin
Start weight (kg)	230	230	230	230
Daily gain (kg)	1,7	1,7	1,7	1,7
Days on feed	135	135	135	135
Dressing %	58	58	58	58
Feed conversion ratio (FCR)	6:1	6:1	6:1	6:1
Feed used (kg)	1 380	1 380	1 380	1 380
Feed price (R/t)	R3 800	R3 800	R5 000	R3 800
Mortalities (%)	1	1	1	1
End weight (kg)	460	460	460	460
Carcass weight (kg)	267	267	267	267
A2/A3 carcass price	R48	R48	R48	R55
Weaner calf price	R25	R38	R25	R25
Processing cost (R/calf)	R95	R95	R95	R95
Weaner calf cost	R5 750	R8 740	R5 750	R5 750
Feed cost (R/calf)	R5 244	R5 244	R6 900	R5 244
Income (R/calf), less 1% mortalities	R12 678,84	R12 678,84	R12 678,84	R14 538,15
Gross margin	R1 598,84	-R1 391,16	-R57,16	R3 449,15

# VEGETABLE INDUSTRY

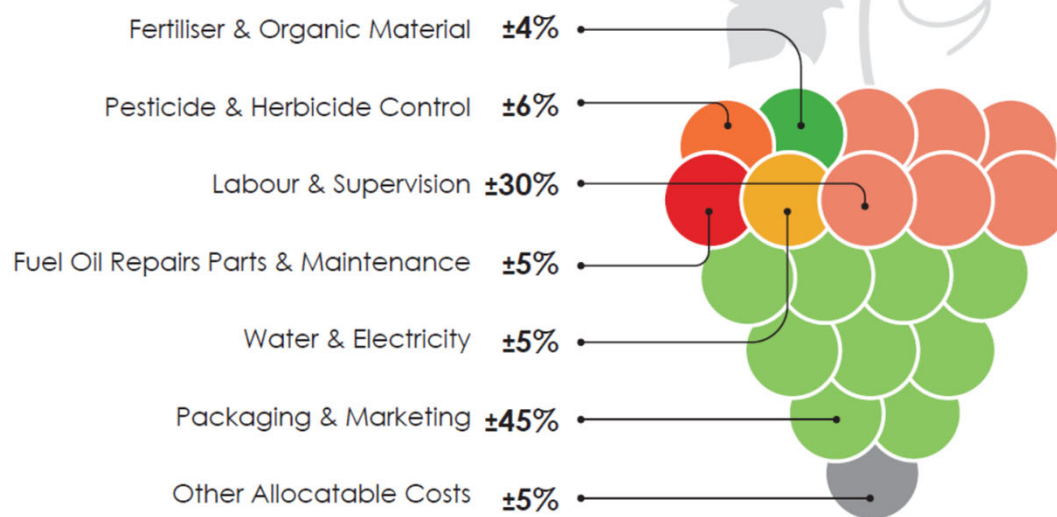
		Per Ton						
		60 Ton						
	VERPAKKINGSKOSTE	660						
	TOTALE PRODUKSIE KOSTE	3 318						
	OORHOOFSE ADMINSTRASIE	996						
	WAARDEVERMINDERING	218						
	FINANSIERINGSKOSTE	278						
TOTALE PLAAS KOSTE		5 469						
INKOMSTE ALLE GRADE		8 000		6 500	7 000	7 500	8 000	8 500
	VERVOER NA MARKTE	920		920	920	920	920	920
	MARKKOMMISSIE	1000		813	875	938	1 000	1 063
BESKIKBAAR VIR PLAASKOSTE		6 080		4 768	5 205	5 643	6 080	6 518
POTENSIELE WINS /TON		611		- 701	- 264	174	611	1 049
	OPBRENGS OP INSETKOSTE	0.11						



# TABLE GRAPE INDUSTRY

- Producers have experienced intensifying cost pressure.
- Domestic fertiliser prices increased with between 102% and 179% from May 2021 to May 2022.
- Fuel (diesel) has increased by 57,5% during the same period.
- Cost of packaging material is expected to increase by 20-22%.
- Average cost to ship a container is now between 8 000 and 10 000 USD (R130 000 to R160 000) in comparison to only 1 400 USD (R18 200) in 2017.
- In the UK & EU (South Africa's traditional stronghold markets) grape retail prices have seen minimal to no increases in the corresponding period.

## PERCENTAGE OF DIRECT PRODUCTION COST \*



SATGI, 2022

## COST BREAKDOWN:

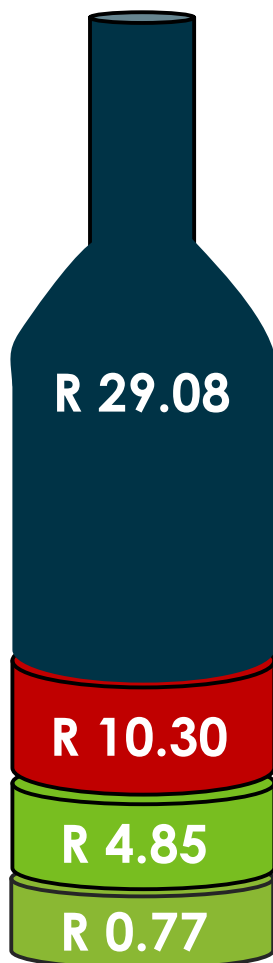
BOTTLE OF WINE SOLD AT R45.00  
AS ON 1 MARCH 2021

Packaging,  
Distribution,  
Warehousing,  
Marketing,  
Retail

Excise & VAT

Production cost

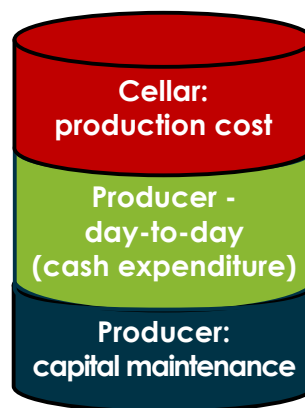
Net farm income



R 1.77

R 2.30

R 0.78



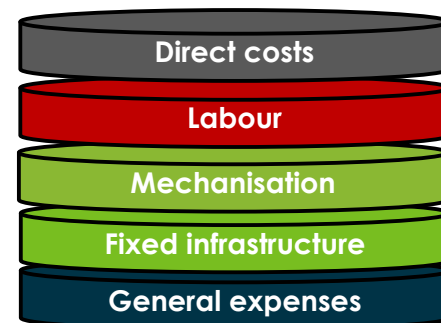
R0.45

R0.92

R0.43

R0.10

R0.40

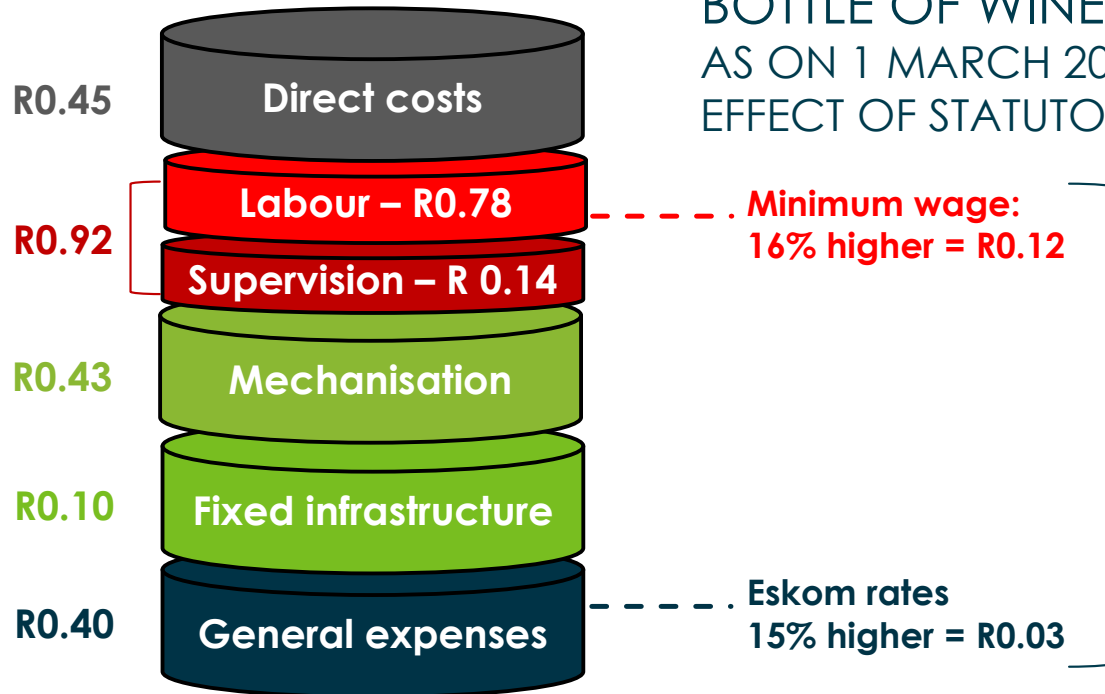


## COST BREAKDOWN:

BOTTLE OF WINE SOLD AT R45.00

AS ON 1 MARCH 2021

EFFECT OF STATUTORY INCREASES AT FARM LEVEL



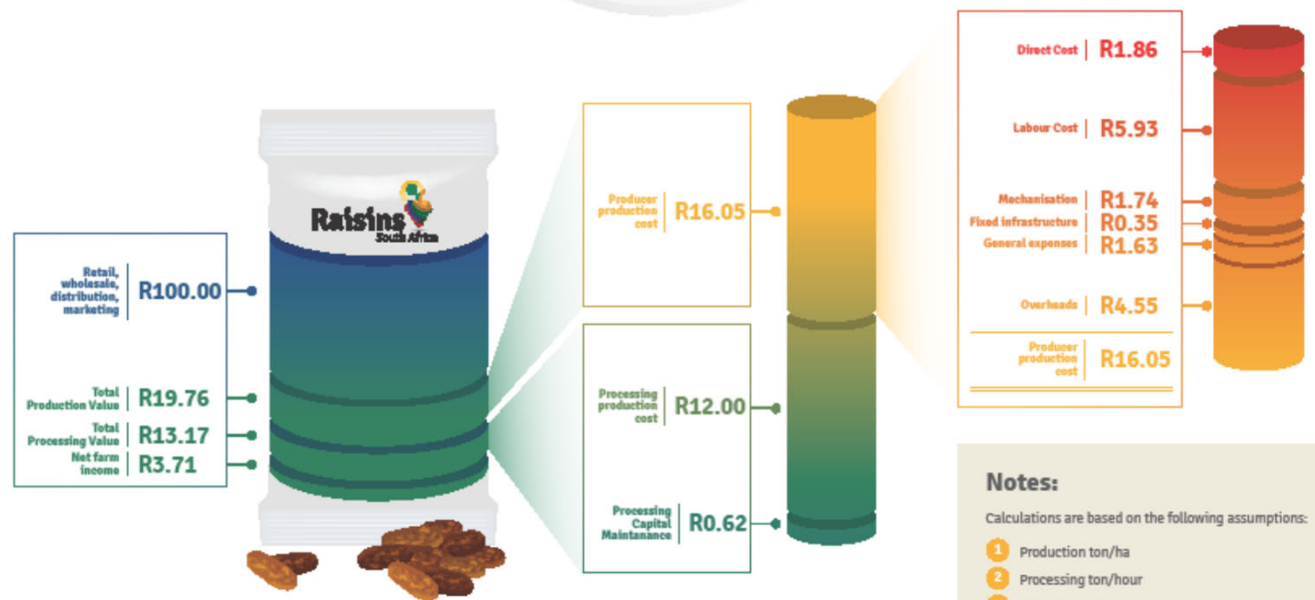
Results in an increase of **R 0.15** on a bottle of wine, which is more than **21.2%** of the producer's net farming income.

- Price per litre determined by latest domestic bulk price (across all cultivars and regions, excl Swartland).
- Latest excise rates as for a 750 ml bottle of wine with more than 4% and less than 16% alcohol.
- Production cost is the industry average production cost per ton according to Vinpro Production Plan Survey in 2020 and divided by the average litres recovered per ton as measured by SAWIS).

- Production cost includes cellar production cost, producers' day-to-day expenditure and producer capital maintenance. Cellar production cost includes spillage while bottling and breakage of final goods.
- Net farm income (NFI) is the amount left for the primary producer before meeting obligations such as debt repayments, interest, personal income tax and entrepreneurial remuneration.



# Raisins South Africa 2019



## Notes:

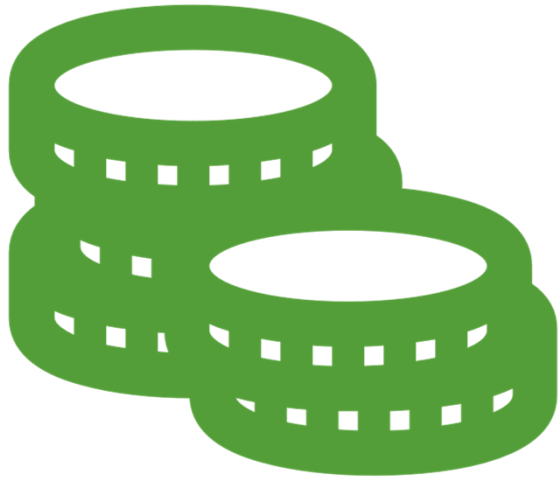
Calculations are based on the following assumptions:

- 1 Production ton/ha
- 2 Processing ton/hour
- 3 Exchange rate
- 4 US\$ market price

The associated risks and capital outlay is not calculated.

Disclaimer: The views expressed in this document reflect those of Raisins South Africa NPC and do not constitute any specific advice as to decisions or actions that should be taken. Whilst every care has been taken in preparing this document, no representation, warranty, or undertaking (expressed or implied) is given and no responsibility or liability is accepted by Raisins South Africa NPC as to the accuracy or completeness of the information contained herein. In addition, Raisins South Africa NPC accepts no responsibility or liability for any damages/benefits of whatsoever nature which any person may suffer as a result of any decision or action taken on the basis of the information contained herein. All opinions and estimates contained in this report may be changed after publication at any time without notice.

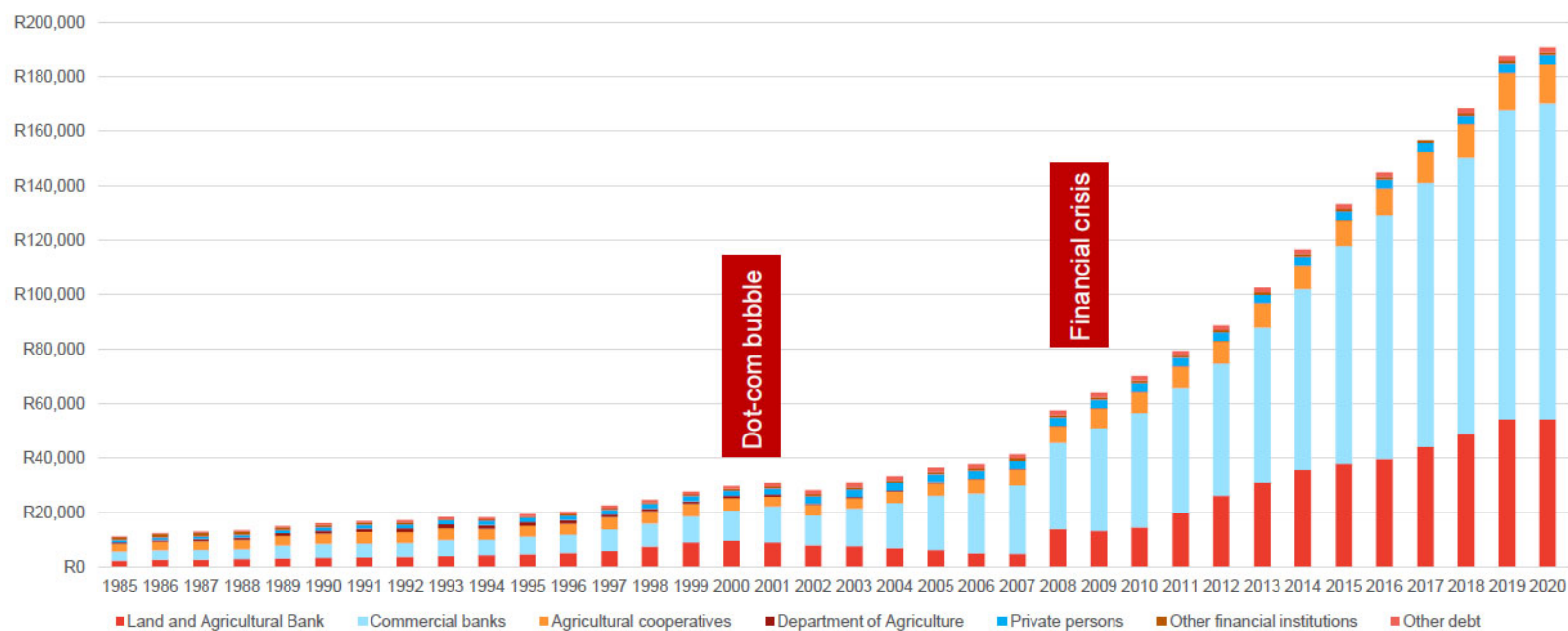




# AGRICULTURE'S ECONOMIC CONTRIBUTION

# CONTINUOUS INVESTMENT!

Total farming debt, R million (1985 – 2020)



# INCREASED TRACTOR AND COMBINE HARVESTER SALES

	Month October		Percentage change	Year-to-date October		Percentage change
	2022	2021	%	2022	2021	%
Tractors	1 268	856	48.1	7 747	6 466	19.8
Combine Harvesters	34	45	-24.4	324	244	32.8

- October 2022 tractor sales of 1 268 units were significantly (48%), more than the 856 units sold in October last year.
- These sales are the highest monthly sales in the last 40 years.
- Year-to-date tractor sales are now approximately 20% up on last year.
- Thirty-four combine harvesters were sold in October, eleven units less than the 45 units sold in October last year.
- Expectations are that tractor sales for the 2022 calendar year will be of the order of 9 000 units and combine harvester sales 350 units.

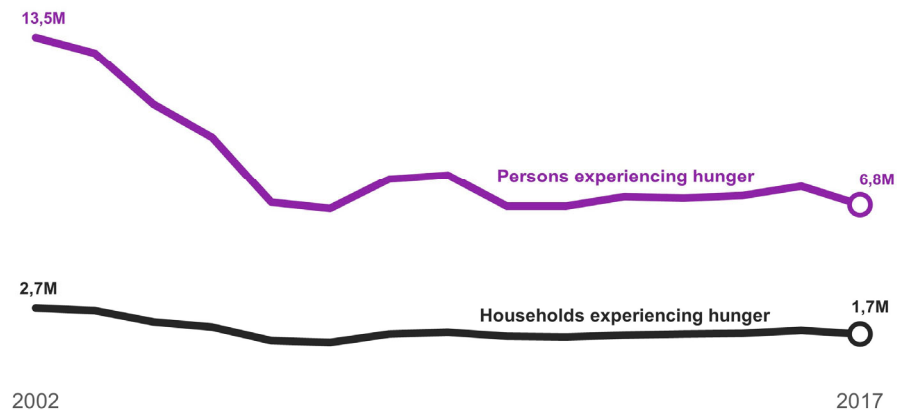
South African Agricultural Machinery Association

# ENSURING SOCIAL STABILITY!

- South Africans experiencing hunger decreased from 29,3% in 2002 to 12,2% in 2021.
- Households who were vulnerable to hunger declined from 24,2% in 2002 to 11,6% in 2021.
- Limpopo (93,6%) and Gauteng (84,0%) had the highest proportion of households that reported adequate food access.
- North West (64,0%) and Northern Cape (66,5%) provinces had the lowest proportions of households that had adequate food access.

**In 2017, 6,8 million South Africans experienced hunger.** While the number has dropped from 13,5 million in 2002, it still affects 1,7 million households across the country.

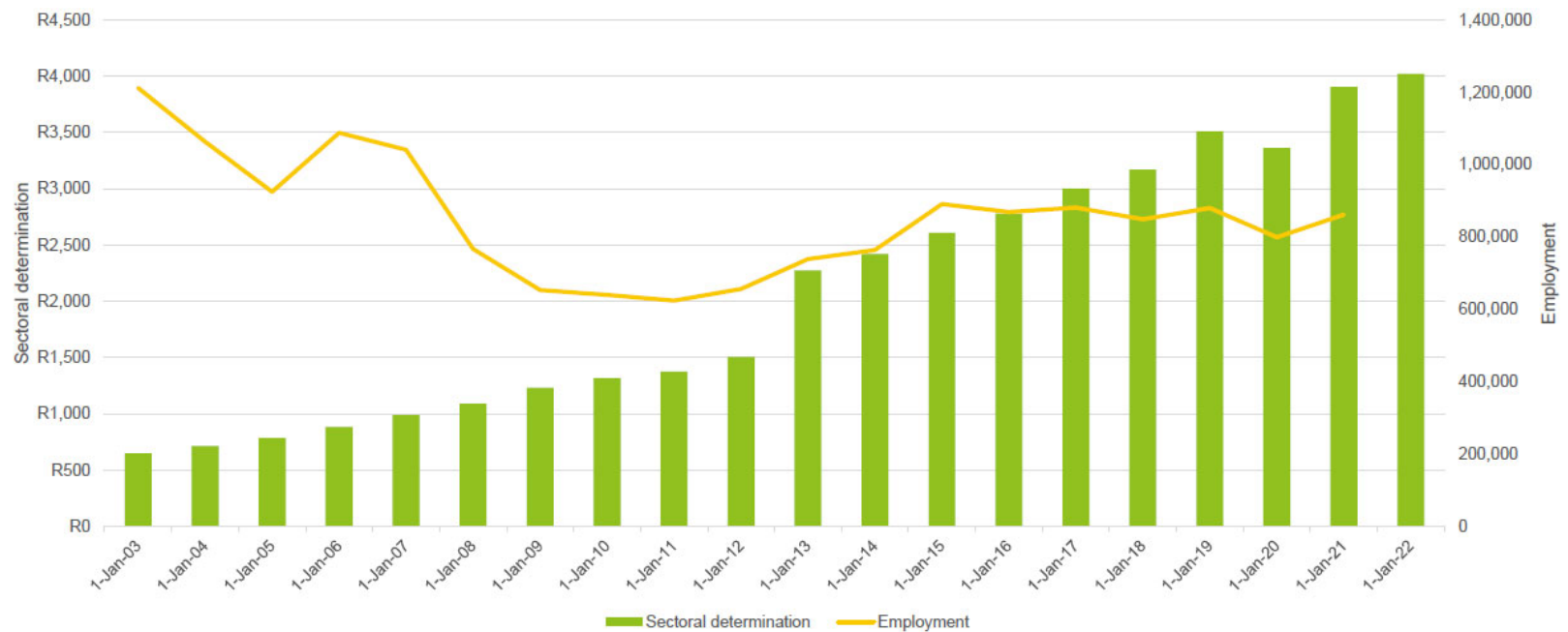
Number of households and persons experiencing hunger (2002 to 2017)





# JOB CREATION!

Sectoral determination and Employment (2003-2021)



BFAP, 2022

# ENSURING FOOD SECURITY!

- South Africa is ranked 59th out of 113 countries, an improvement in overall food security with a score of 4.6 points.
- 1st out of the 28 Sub-Saharan African countries with an overall food security score of 61.7.
- Quality and Safety score is 66.1.
- Sustainability and adaptability score is 56.9.
- South Africa maintains high levels of food safety and provides nutrient-rich food to consumers.
- Affordability of food has seen a decrease of 7.1 points since the 2012 GFSI

Global Food Security Index 2022: Scores for South Africa

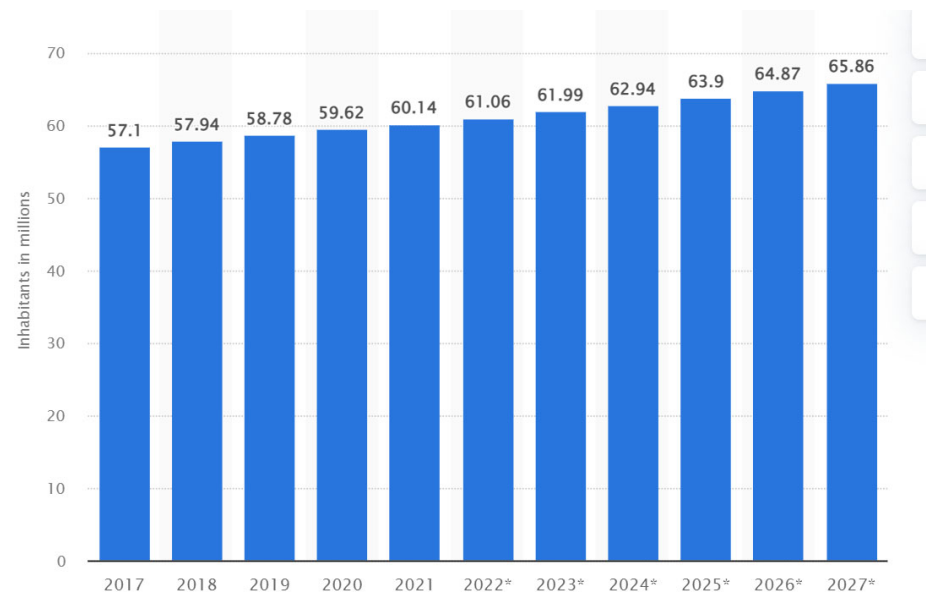


Source: Global Food Security Index 2022.

Economist.com, 2022

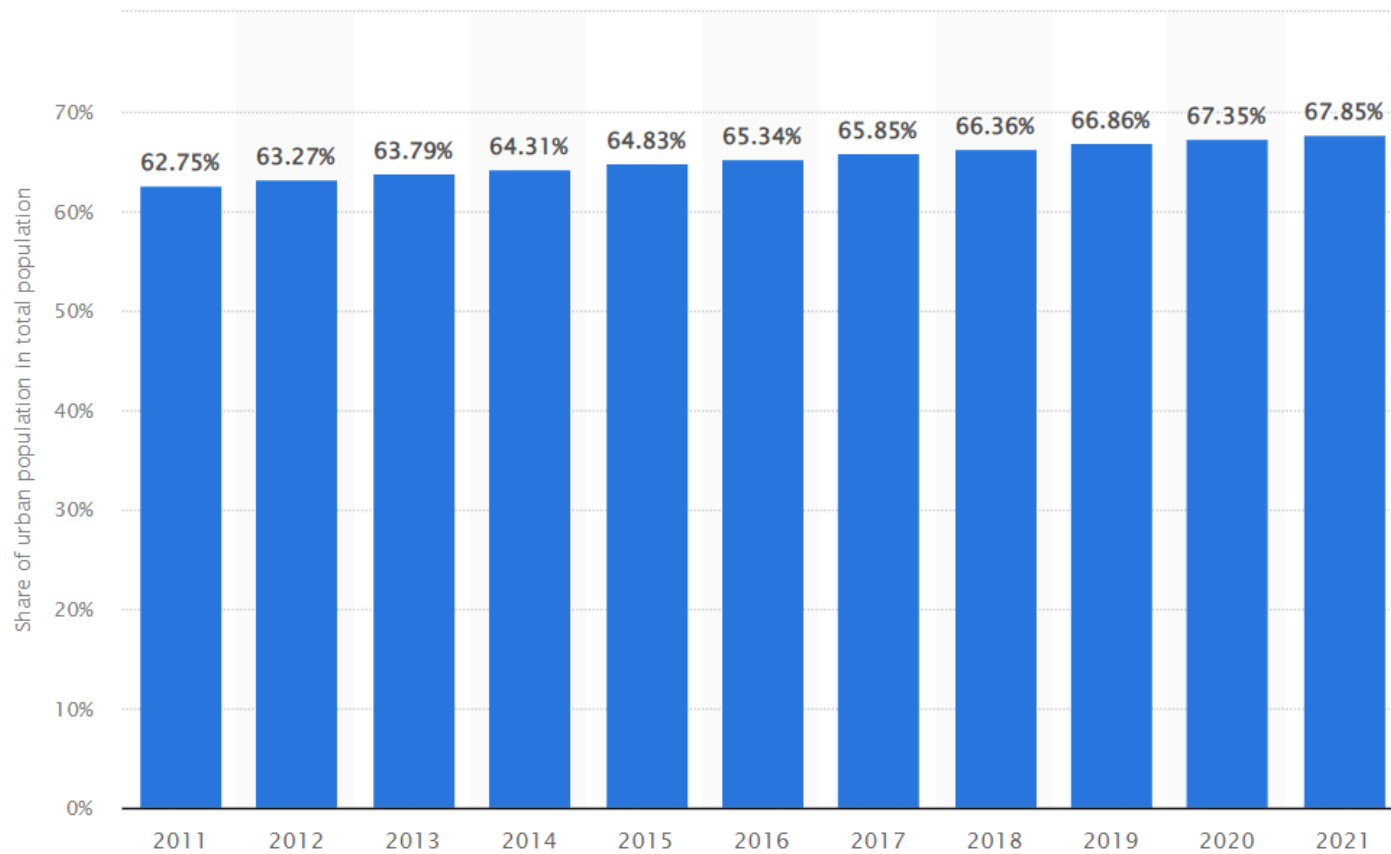
# POPULATION GROWTH AND THE DEMAND FOR FOOD

- South Africa's population is growing at almost 2% per year.
- The population of 49 million in 2009 is expected to grow to 82 million by the year 2035.
- Food production or imports must more than double to feed the expanding population, and production needs to increase using the same or fewer natural resources.
- In addition, the demand for certain food types will shift as more people become wealthier.
- Commercial farmers have made great progress towards reduced reliance on state subsidies.
- Trade and marketing policy reform, has succeeded in transforming the sector towards greater productivity and international competitiveness.
- This has increased the market and climate resilience of the sector.
- However, headwinds ahead will affect profitability of the sector



Statista, 2021

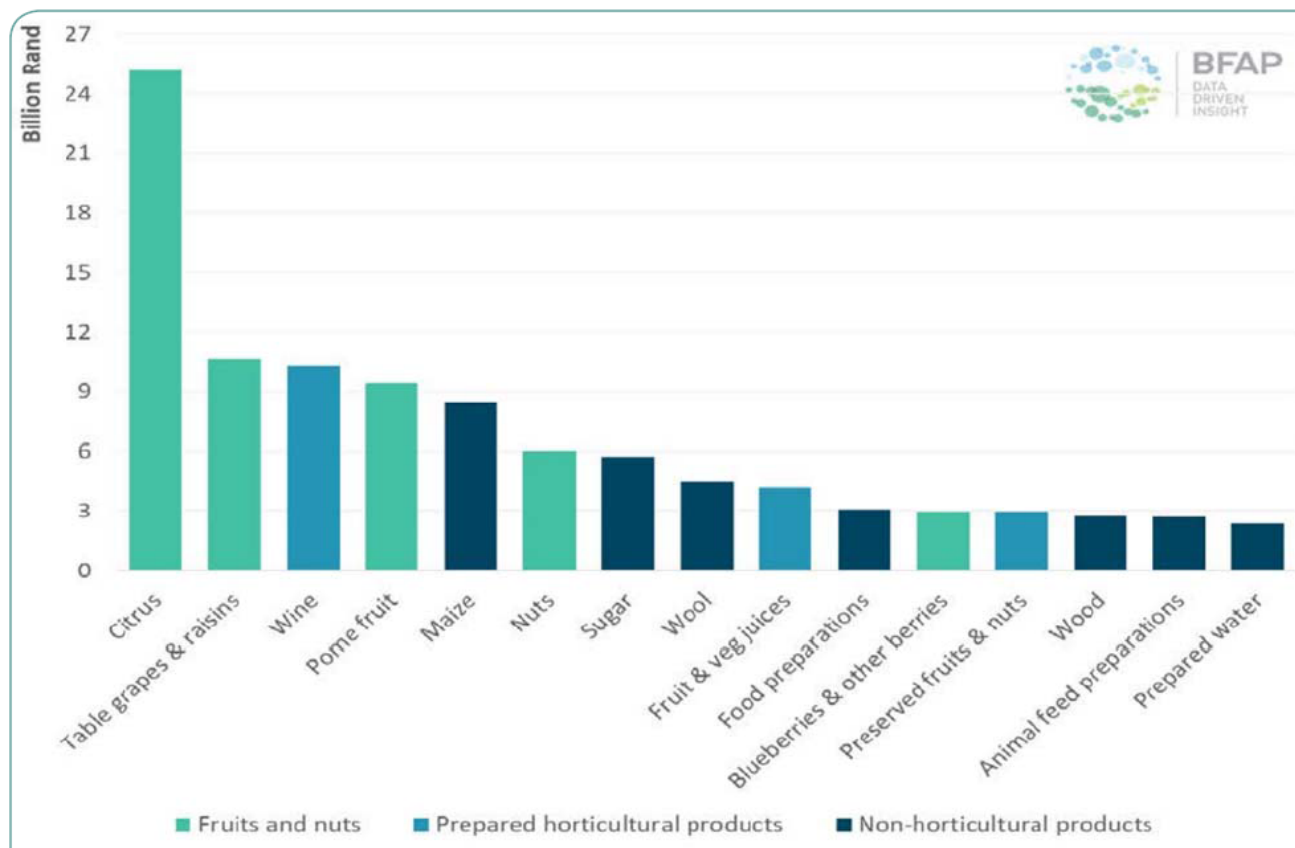
## South Africa: Urbanization from 2011 to 2021



Statista, 2021



# EARNING FOREIGN EXCHANGE



BFAP, 2022



It's not land  
that produces  
food, its  
expertise!!

# LIST OF REFERNCES

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