

I greet all who read this report, trusting that you are doing so in full appreciation of the vital role that agriculture plays in feeding our nation and region while providing a significant level of employment and making a positive contribution to rural stability and development in the communities in which we operate and live.

The past year has been a challenging one for agriculture, where all other sectors of the economy have failed to prosper after the global meltdown. Agriculture in general, from my observation has generally come through relatively unscathed for the time being.

Kwanalu continues to participate fully at a national and a provincial level ensuring that the interests of KZN farmers are represented at all times.

So the question must be asked. With all the participation and representation, why has agriculture continued to have such a negative sentiment about it?

The reasons can broadly be categorised into 5 areas which are affecting confidence levels amongst farmers:

- 1) Land and Transformation
- 2) Safety and Security
- 3) Commercial and economic
- 4) Infrastructure and resources
- 5) Communication and Image

Around the question of land, most of us are aware of the debate at the recent ANC Policy Conference. What seems to be left out is the issue of ownership. Land redistribution versus the fundamental building blocks of ownership of property are crucial dichotomies within the South African land reform discussion. The general consensus on the ANC's position at its policy conference in Midrand was embraced with optimism by some experts and a bit of uncertainty by others due to the complex nature of the debate.

The ANC proposed an intriguing paradigm shift to the land reform process where it resolved to ditch the willing-buyer, willing-seller model for a more robust constitutional approach that entails "Expropriation with fair compensation". Section 25 of the constitution, allows for expropriation to take place within the confines of the law and in the interest of the public. Expropriation will be subject to compensation where the value of the property expropriated may be agreed by both parties, or determined by a court of law.

The constitution states that the amount of compensation and the time and manner of payment must be just and equitable, reflecting a balance between the public interest and the interest of those affected. This may or may not silence the ramblings of those calling for land grabs and expropriation without compensation, Zimbabwean style.

Notwithstanding all the debate around a failed willing-buyer/willing-seller, my own view is that the Government has not done badly when it comes to redistributing productive white owned land to blacks. Here I would like to refer to an article which appeared in the Business Day on 21 June 2012 titled "*The facts are more complicated than the simple claim that white people own the majority of the land*". In a statement by Prof. Johan Kirsten from the Department of Agricultural Economics, Extension and Rural Development, University of Pretoria.

He argues that the critique is far too harsh on the ANC and that the party should actually be congratulated with the good progress with land transferred from white ownership to land owned by blacks. Evidence would suggest that South Africa is actually very close to reaching the target of distributing 30 per cent of the country's agricultural land by 2014. At the speed of current acquisitions by the State through the Pro-active Land Acquisition Programmes (PLAS) and private

transactions as well as completion of existing LRAD and land restitution projects it is likely that we will reach, if not exceed, the 30% target by 2014. Based on results of a number of studies on private land transactions by black individuals and the recent land reform and land restitution numbers presented by Mr. Nkwinti in his budget speech of May 2012 it could be argued that 26.75% of formerly white owned agricultural land is today already black-owned. Part of this number can be tested from empirical studies but it would have been far easier to confirm had the Department of Rural Development and Land Reform and Department of Agriculture, Fisheries and Forestry not been dragging their heels on implementing a full-scale audit of land ownership for the past 3 years.

How does this statement hold up? Kwanalu's own initial audit would suggest that this information is correct and must surely be a feather in our cap. Our thanks must go out to all our members who participated in this exercise.

This raises the big question in the land reform debate of quantifying land ownership in the country to determine just how far we are with the land reform process. The land audit which was commissioned by Government was supposed to have been completed by June this year. This we are now told will be completed by December. This done correctly will tell us how much land is in the hands of both the Government and private sectors, as well as how much has been transferred.

What then?

We need confirmation on the sunset of the 30% land transfers. Without which uncertainty will persist. Land reform is not just about transferring land. For any agricultural project to be successful we need three things, land, skills and access finance. Remove any one of these and you will be doomed to failure. This is where we as farmers have the most valuable input of all, which is our skills. Without skills farmers will find it awfully difficult to survive.

This is where I would like to offer our services to Government. You may be able to provide land and finance, but for skills you will have to turn to us the South African farmers. This is where I urge you all to take hold of a new entrants hand and help him make a success of his farming.

Together we can make a difference.

Moving on to Safety and Security. Whilst our own stats, thanks to Koos Marais, show a reduction in crime, we continue to suffer significantly at the hands of criminals in areas of stock theft, farm attacks and general theft, including crop theft. Here I must express my appreciation to members of the South African Police Services and other related entities, who are always willing to assist us in combating crime in our areas. In my recent travels across the province it became abundantly clear that our problems are a consequence of poor relationships and communications at a local level. Here I would like to urge members to actively participate in structures set up at local level which attempt to further and enhance communications and relationships amongst local level participants.

The past two years have witnessed the turmoil in the financial and commodity markets virtually unprecedented in living memory. We have witnessed the prices of agricultural commodities peaking at an all time high as the global economy remains in recession. This has created an ideal opportunity for us in agriculture to strengthen our businesses and lobby Government for support measures so crucial to our future. We have never before had a better opportunity to appeal to Government for better treatment of our sector.

We need, amongst other, increased investment in agriculture, infrastructure, services to farmers as well as plans to achieve rural stability and security in which our members and their workers live. And above all we need food security for our nation.

When one takes into account 50% of commercial farmers in the country made a turnover of less than R300K, and 10% have a turnover of more than R2m one realizes how relatively small and brittle our industry is. With threatened expropriation and the effect that this has on farmers sentiments this can only worsen poverty and raise unemployment. A situation we can ill afford.

After recent travels across the province a number of issues were highlighted. The most significant being the marked deterioration in the state of many roads and the failure of rail infrastructure. What this province needs is more goods to migrate from road back to rail. This will only happen if there is a change in the view of policy makers. Here I congratulate the timber industry on their continued dialog with Transnet Freight Rail on the continued use of various branch lines which have been threatened with closure.

The problems being experienced with labour shortages especially in the sugar industry are very concerning in view of the unacceptably high unemployment figures coming out of Statistics S.A. On further examination it would seem that Government grants are the main contributor to this problem. KZN's position is particular worrying as the indication is that 43 000 jobs have been shed in the last year. This will have to be continuously addressed as unemployment is the main contributor to social degeneration.

Communication remains challenging in rural areas, however seems to be rapidly changing. Wireless technology is proving to be an alternative to Telkom. To be able to communicate with our members remains of high importance to our organisation. The amount of crucial information on our website enables our members to keep abreast of current affairs.

What will the future bring?

At this stage I would like to acknowledge the National Planning Commission's report and it's Vision 2030. This report creates some interesting challenges for agriculture and the economy as a whole. In this report, the country we seek to build by 2030, must be just, fair, prosperous and equitable. And most of all must be a country that each and every South African can proudly call home.

To succeed, will require the active efforts of all South Africans. It will require growth, investment and employment. This in turn will need rising standards of education and a healthy population. To achieve this we need an effective and capable government where there is collaboration between the private and public sectors.

Whilst in my report I have mentioned the current challenges facing us. It is clear that the success of our sector lies in the adoption of principled positions of leadership who have a long term strategic view on the future.

I have been asked a number of times "would I invest in agriculture?" The answer to this is an overwhelming yes. However, only if you are prepared to adapt to change. Farming tomorrow will certainly be very different to farming today; the emphasis being on our social responsibilities to our communities, fellow farmers and the environment. The next 10 years will be tough, but raising to these challenges nothing is impossible. For those of us prepared to embrace change the future is sure to be bright. With the present mood in agriculture being subdued, there is little doubt that opportunities exist and I challenge you to go and create that bright future.

What does this vision 2030 challenge us to do?

- Create 1 million new jobs by 2030.
- Expansion of irrigation areas by 500,000 hectares.
- Conversion of some under-used communal land.
- More support for commercial agriculture with the highest potential areas benefitting first.
- Job creation up and downstream.
- Identifying new opportunities.
- Develop strategies that give new entrants access to product value chains.

As a union Kwanalu holds firm to the various policies which form the basis of how we conduct our business. This leaves everyone under no illusion as to where we stand on any particular issue. Kwanalu has successfully responded to the various challenges it is faced with. However to do this it needs strong, balanced and principled leadership. I would like to challenge every Farmers'

Association or society who actively participates in Kwanalu structures to bring potential leaders to the fore. Never in the history of organised agriculture has leadership been as important as it is now. In the words of Dwight Eisenhower: "Leadership is the art of getting someone else to do something you want done, because he wants to do it."

**In conclusion**

I offer my thanks to our CEO Sandy La Marque, and the team in the office, comprising Ethel von Abo, Lyn Vincent, Rita Kali, Nonjabulo Mbanjwa as well as Koos Marias, who labour faithfully in our collective interests.

My thanks also to the growing base of members who continue to support the organisation financially and in terms of participation and comment offered in support of our collective interests.

To government and other stakeholders, Kwanalu is a dynamic and professional organisation with a positive outlook and future oriented attitude and approach, always ready and available to participate. For you to be successful, we need to succeed!