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#VIRDIEBOER

A farmer makes a plan

Let's look at the environment and specific realities within which the agricultural sector makes a contribution to the economy every day, then we decide whether the statement is true or not.

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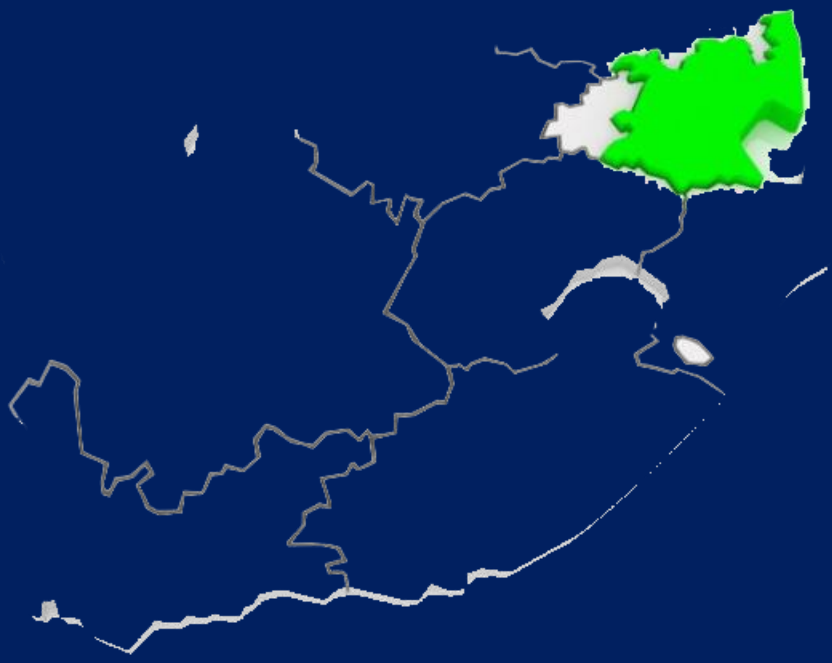
IS THE PROVINCIAL AFFILIATION OF
AGRISA



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We host more than **30 Farmer's Associations** across Mpumalanga, 7 Provincial Commodity organisations and about 20 Corporate members,

AgriMP represent a significant number of commercial farmers in Mpumalanga.

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What the environment looks like

- High uncertainty, both economically and politically (domestically and internationally)
- Increasing volatility and less predictability
- Fast interconnectedness
- Challenges on individual level within the farmgate, on district level, provincial level as well as national level. At this stage there are 95 laws, policies and or regulations, at one stage or another of the legislative process, across the spectrum of land, economy, safety & security, natural resources and labour, which have an impact on the sector.
- Changes within the value chain,
- Climate change
- Demands by the consumer

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Contribution of the sector to the economy

- The primary agricultural sector contributes **3%** to the province's economy
- The agricultural sector in Mpumalanga contributed approximately **8%** to South Africa's total Gross Value Added (GVA) in primary agriculture.
- When downstream activities are included, the province's contribution increases to **13%** of the national agricultural GVA.
- The agriculture sector in Ehlanzeni contributed an estimated **R2 billion** to the provincial economy.
- The primary agricultural sector of Mpumalanga employs approximately **90 000** workers.

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Contribution of the sector to the economy

- The Mpumalanga Lowveld, particularly the Nkomazi region, is a key area for sugarcane cultivation
- The industry produces an average of 2.3 million tonnes of sugar per year
- The industry produces an estimated average of 20 million tonnes of sugarcane per season and about 75% of this sugar is marketed in the Southern African Customs Union (SACU) region
- South Africa's sugar industry generates an average annual income of R12 billion from the SACU region sales and the export market.
- South African sugarcane demand is projected to rise from **19.16 million t in 2023** to ≈**19.83 million t by 2028**
- Mpumalanga's forestry sector accounts for approximately 12.3% of South Africa's agricultural GDP

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Contribution of the sector to the economy

- Ehlanzeni accounted for approximately 98.3% of Mpumalanga's citrus exports
- Most of the banana production (79,3%) is sold to fresh produce markets while a significant amount of avocado production (43,2%) is exported
- Ehlanzeni District is a major producer of litchis in South Africa.
- There was substantial growth in the Macadamia industry since 2007
- Macadamia nuts grew by 240% in terms of area planted and by 353% in terms of production
- The majority of the harvest is exported. Mpumalanga Province accounts for approximately 55% of South Africa's macadamia tree plantings
- The province's agricultural exports grew from R884 million in 2010 to over R6 billion in 2020, indicating a robust export performance

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Realities

What is the realities to consider when assessing the sector's contribution to the economy. Let us hav a look at some:

- Impact of Crime, Safety and Security

  According to a survey by Unisa in 2018:

  7 out of 10 farmers experienced one or other form of crime annually

  Cost of crime to primary agricultural sector in 2018(national):

  - Direct cost was **R5,45 billion**
  - Crime related cost was more than **R7,7 billion**
  - Prevention measurements was **R1.9 billion**
- Poor infrastructure regarding roads, rail and harbours.
- Unpredictable climate conditions and rainfall figures
- Climate change and conservation of natural resources
- Continued competition with the mining sector for the same high arable land

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Realities

- South Africa's primary agricultural debt has been on an upward trend. It increased from R187 billion in 2019 to over R200 billion in 2024.
- While the absolute debt has increased, the debt as a percentage of agricultural assets slightly improved to around 33% in 2024.
- Several factors contribute to farm debt, including high capital costs for land and equipment, market volatility in commodity prices, the impact of climate change and natural disasters, rising input costs.
- Financial risks are fully borne by the individual producer. Unlike most producers abroad, the South African commercial producer receives no subsidy or any other form of government support.
- This very fact makes the performance of the South African producer remarkable when considering that our producers have to compete with international producers for a market place.

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Realities

- These risks are the biggest determining factor in terms of policy and decision-making in the business.
- It is against the background of the aforementioned risks that various issues such as:
  Expropriation Act,
  The National Water Act
  Employment Equity and
  BEE regulations are set off.
- As in the case of businesses in other sectors, there is certainly no room for any practices, policies or programs that are not based on sound economic principles and do not add value to the business.

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Carbon Footprint by the Agricultural Sector

For the sake of the consumer, it is important to refer to the matter.

- This concept is directly related to the ongoing phenomenon of climate change and the responsibility to protect and conserve our two most important natural resources for the agricultural sector, namely water and soil.
- Without these two resources, sustainable agricultural production is out of the question.
- Keep in mind that both soil and water were only created once and can never be replaced.
- Because the producer in South Africa works with small margins, they simply have to apply best practices also in terms of conservation and therefore agricultural producers in South Africa can be considered pacesetters with regard to a minimal carbon footprint

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Comments on Food Security

With acknowledgement to Wandile Sihlobo of Agbiz, I would like to share the following few comments regarding food security.

- In February 2025, Statistics South Africa released the Food Security Report for 2019, 2022 and 2023
- The report's most striking observation was that 19,7% households in South Africa experienced moderate to severe food insecurity.
- The deteriorating food security is not due to a lack of production of nutritious, high-quality food and safe food products or high prices. Access seems to be the fundamental challenge, especially for households with no regular income sources.
- Clearly, this challenge cannot be resolved by the agricultural sector alone but through coordinated efforts to grow the South African economy, lift employment across various sectors, and provide appropriate support to vulnerable households.
- Despite the concerning trend in Stats SA's survey, South Africa remains food secure and is a net exporter of agricultural products at national level.
- **Exports are necessary for sustaining farming incomes, generating the resources needed for investment, and ultimately, the sector's ability to create and sustain jobs.**

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- AgriMP strives for a sustainable agricultural sector in the province.
- Our contributions are focused on creating a favourable policy environment and we advocate consequently for realistic legislation and regulations applicable to the producer.
- We do not expect special treatment of agricultural producers by the government at the expense of other industries.
- What we do expect from the government is to create a favourable environment for the production of food as the most important element of food security.
- To remove obstacles that hinder economic growth and discourage investment

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Does a farmer make a plan?

It should be clear, not one plan, not two or three plans, it is an ongoing process of adapting in a challenging environment to be able to produce sustainably.

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Thank You

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For more information visit our website

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