

MTBPS: Structural reforms, interventions vital for SA's agricultural sector

Agbiz has welcomed the Medium-Term Budget Policy Statement (MTBPS) by Finance Minister Enoch Godongwana.



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"Growth and reforms" was a key theme of Minister Godongwana's statement, with national treasury expecting the South African economy to grow by 5.1% in 2021, from a 6.4% contraction in 2020.

The emphasis on the government's commitment to fiscal consolidation and structural reforms to lift economic growth is a welcome move.

In terms of structural reforms, the focus on improving the efficiency of South Africa's logistics infrastructure to support export growth is one of the vital positive interventions for South Africa's agricultural sector. "Our country currently exports nearly half of its agricultural products in value terms, and with the expected increase in production in the coming years, efficient ports and border posts will be key to sustaining South Africa's agriculture," says Dr John Purchase, Agbiz CEO.

Improving efficiencies

Moreover, the intention to ensure that Transnet Freight Rail allows third-party access to the freight rail network by the end of 2022 will also assist the agricultural sector, which has long desired to increase its share of products transported by rail.

"At the moment, over 70% of South Africa's grains and oilseeds are transported by road. We want to reduce this percentage and increase the rail share," added Dr Purchase. The consistent focus on improving the management of bulk water resources and fast-tracking the water use license application process to ensure that the 90-day target for issuing single-use water licenses is met is vital for the success of agriculture.

The finance minister's signalling of the restructuring of state-owned companies, informed by assessing their strategic relevance, is a welcome move.

"For the agricultural sector, the priority is the Land Bank, which faces liquidity challenges. We hope that the government interventions will ensure that this critical institution continues to play a vital role in agriculture and is well managed. Agbiz will continue working with the government in this regard, as finance is increasingly a crucial part of the growth strategy in South Africa's agriculture," concluded Purchase.

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