



agriculture & rural development

Department:
agriculture
& rural development

PROVINCE OF KWAZULU-NATAL

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KEYNOTE ADDRESS BY KZN MEC FOR AGRICULTURE AND RURAL DEVELOPMENT, MR CYRIL XABA AT THE LAUNCH OF THE SOYA BEAN 50/50 PROJECT IN PARTNERSHIP WITH MASISIZANE/OLD MUTUAL UMZIMKHULU, 5TH NOVEMBER 2015

Program Director

Chairperson of the Provincial House of Traditional Leaders, Inkosi P.H.D. Inkosi

Members of the Agriculture and Rural Development Portfolio Committee

The Mayor of Harry Gwala District Councillor M.E Ndobe

Amakhosi Present

Councillors

The CEO of the Masisizane/Old Mutual Fund. Mr S. Somdyala

Representatives of the Agribusiness Development Agency (ADA)

The Head of KZN Department of Agriculture and Rural Development, Dr S. Mkhize

Members of the Umzimkhulu Soya Bean Cooperatives

Officials

Ladies and Gentlemen

Just over a year ago, the national government announced that revitalising agriculture and the agro-processing value chain was part of a nine point plan to ignite economic growth and create jobs.

There was also the National Development Plan and the Provincial Growth Development Plan which raised the issue of the huge gap in development between urban and rural areas. Both Plans spoke about the need to grow rural economies to address poverty and inequality. Using these directives the KZN Department of Agriculture and Rural Development (KZN DARD) developed a strategy to transform agriculture in the province so that it would become a catalyst for economic growth.

The strategy recognised that agriculture is a science and business and that there was a need to take bold steps to move towards commercialisation and unleash the potential of our small scale farmers.

We saw that one of the biggest challenges that small-scale farmers faced was the issues of economies of scale. How were they going to compete with small plots of land against the big commercial operations. It was time for farmers on communal lands to join together and form cooperatives so that they could become more competitive.

In reviewing how we conducted our business we also realised that as a department, we had fallen into a pattern of doing the farming for farmers which created a system of dependency. So it was also time to untie the apron strings and move to playing a supportive role by creating an environment where farmers had the choice of support, and skills training to develop into entrepreneurs in their own right.

The goals set were high and we recognised that we could not achieve all of this alone, we needed partnerships with the private sector, commodity organisations, municipalities and communities. As the department's new mission statement states, our aim is to promote, through partnerships, sound agricultural practices that promote economic growth, food security and advancement of rural communities in KwaZulu-Natal.

Today, here in Umzimkhulu, in the Harry Gwala District Municipality, all that planning and all that talk moves into action. The Department has a partnership with the Masisizane/Old Mutual fund and local cooperatives to launch a soya bean production operation. There is an old television show, called the A-team where one of the characters, Mr T used to say, "I love it when a plan comes together."

This event marks a plan coming together and I love it!

I want to thank the Masisizane/Old Mutual Fund for seeing the potential in this area and joining in this partnership. We have a 50/50 partnership and together we will be investing over R26 million to put a total area of about 1500 hectares under production in the Umzimkhulu area.

This partnership shows a high level of confidence in the local cooperatives, the local municipalities, traditional leaders and the community of Umzimkhulu. I want to thank all of you as well for joining hands on this project that has the potential to transform the economic landscape of this district.

It is not a project of the KZN DARD or of the Masisizane Fund. It is your project and it will only succeed if all of you take ownership of it and seize the opportunities that are being offered.

Let me spell out what is being offered. Soya beans will be planted in 2015 and 2016 followed by maize and a maize mill is to be built in 2017. So you can see that this partnership is a long-term commitment and it is not just about farming but extending

the value chain to agribusiness, linking up to the agri-park initiative and providing infrastructure to create jobs and unleash the economic potential of this area.

KZN DARD will provide the following services:

- * Farmer support and extension services
- * Inputs in the form of vouchers for seed, fertilizer and chemicals
- * Subsidized mechanization in the form of tractors and implements
- * Training in the production of soya beans
- * Jointly with the Masisizane fund we will formulate and implement value adding initiatives. In other words, what additional projects can be developed in the processing of the soya beans so that more money can be generated for the local economy.

The Masisizane Fund will provide the following services:

- * Affordable and structured loan funding
- * Mechanization and farm implements
- * Access to markets
- * Business and financial management skills transfer
- * Technical Training
- * Mentorship to farmers
- * Project Management services
- * Business Plan development

These services are aimed at helping you the farmers to become self-sufficient, so that you can run sustainable, commercially viable and profitable operations.

Many of you may be wondering why we have chosen soya bean production. In the current drought, soya is a preferred alternative to be grown instead of maize, which requires a lot of water.

However, there is a more important reason why soya bean production is important to this district. The Department's strategy for Agrarian Transformation has identified the development of different commodities for different areas. The main commodity for the Harry Gwala district is dairy farming and soya bean meal is a very rich protein feed for livestock. As the dairy industry grows there will be an increasing demand for soya bean meal. Right next door the Umgungundlovu District is to be developed as a hub for poultry farming and soya is also an ingredient in poultry feed. If we look at this bigger picture, Umzimkhulu could become the soya bean agri-hub providing feed for these dairy and poultry districts.

South Africa has been importing these soya based animal feeds. According to the Animal Feed Manufacturers Association in 2009/10 South Africa was importing soya oilcake at an estimated value of one billion rand. The country is now growing more soya beans but growing demand could out-stripping production.

An article in the Farmers Weekly said that that one billion rand was being spent on building new soya bean processing facilities for the country's growing soya industry.

There are other agribusiness opportunities involving soya beans. It is increasingly being consumed as a valuable source of protein. Soy milk is a valuable protein supplement in infant feeding and can also be used in the production of cheese. Soy flour is used in bakeries and the food industry. There are industrial uses of soy oil which is used in the plastic, paint, cosmetic, soap, printer ink and the pharmaceuticals industry. So you can see the bigger picture and the huge potential that this initiative, being launched here today, has to change the economic fortunes of Umzimkhulu and the Harry Gwala District.

In our partnership with Masisizane, we are committed to exploring the agribusiness potential for soya beans in this area. This is not empty talk, this is action. You are all witnesses to the joint signing of The Social Charter which is our commitment to this project. We have jointly pledge to ensure that the Umzimkhulu Soya Bean 50/50 Partnership Project becomes a success story. A story of entrepreneurial development and poverty eradication through our public and private sector partnership and collaboration.

I thank you!