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Agricultural Policies

Addendum

SOUTH AFRICA

AGRICULTURAL POLICY OF SOUTH AFRICA

The basic aim of agricultural policy is to promote and stabilise as far as possible the productivity and welfare of the farming community, without sacrificing private initiative and free enterprise. However, what is done for agriculture should also accrue to the benefit of the country as a whole. Agriculture should not be promoted at the expense of prosperity in the other sectors of the economy - certainly not in the long run.

Conversely, agriculture must be able to contribute its share to overall prosperity by supplying foodstuffs and raw materials at prices which will enable the other sectors to remain competitive, thereby promoting outlets for agricultural commodities. If agriculture is to make the optimal contribution to the economy, it is necessary, among other things that, when formulating policy and determining the lines along which the industry is to develop, due consideration be given to the comparative advantages and disadvantages entailed by the various branches of farming. In addition, agriculture should operate on the principle of maintaining and even gradually improving, the natural resources.

However, just as for any other group or sector of the economy, such an approach, founded on economic principles, does not exclude occasional assistance being given by the Government or other sectors of the economy to certain branches of agriculture, be it for social or other considerations.

For various reasons - among which the size of production units, the heterogeneous nature and conditions of farming, and the wide range of technical and economic knowledge which a single farming unit requires - agriculture depends on the Government for services and assistance for making the necessary and desired progress.

To meet the needs of agriculture and to achieve the objects of

policy, a whole range of aids have been devised over the years. While the administration and the execution of assistance to the industry rest mainly with the Departments of Agricultural Technical Services, Agricultural Economics and Marketing, and Agricultural Credit and Land Tenure, there are also several other Departments and Government bodies which make direct and indirect contributions of considerable importance. In this regard the following should be mentioned: The Departments of Water Affairs, Bantu Administration and Development, Forestry, Statistics, Commerce, Industries, Finance, the Land Bank, and other Departments which provide public services for the country as a whole.

The services and facilities which have a more direct bearing on agriculture are briefly the following:

(i) Soil and water conservation

The Soil Conservation Act provides for the conservation and utilisation of the soil and the natural vegetation, while the control and conservation of water are regulated under the Water Act.

(ii) Protective services

The Government provides a range of protective services, such as measures for the control of plant and stock diseases and pests, and control over fertilizers, stock feeds, stock remedies and sprays.

(iii) Research and extension

The extension services in the technical field, research in the field of economics, and the training of scientists and technicians, form part of this service. The extension staff have a variety of methods of conveying the knowledge obtained through research, not only in a useful and practical form, but also timeously.

(iv) Financing and co-operative services

Financing services under the Land Bank Act are aimed at meeting the specific credit needs of the agricultural industry, particularly in regard to period, security, and rate of interest. Support is given to the co-operative movement which assists the farmer in the process of production and marketing by supplying farming requisites and providing short-term credit as well as facilities for the handling and marketing of farm products.

(v) Assistance and settlement

The object of the Agricultural Credit Act is to give financial assistance to the farmer who merits such assistance on the strength of managerial ability, and the productive potential of his farm and the availability of own capital, but who is unable to raise the necessary funds with private financial institutions for his farming enterprises. This assistance includes funds for the purchase of land, thereby making it possible to convert undersized farming units into viable ones.

(vi) Stabilisation measures and marketing arrangements

A variety of measures are applied to ensure the stability of commodity prices and to promote effective marketing, mainly in terms of the Marketing Act. At present about 90 per cent of the total agricultural output is covered by such statutory measures. The value of commodities, of which the prices are to a greater or lesser extent determined or affected by these measures, is about 30 per cent of the total value of agricultural commodities. Although the Government acts in a supervisory and advisory capacity, the administration of prices and marketing arrangements under the Marketing Act and other specific legislation, rests mainly with the various marketing boards or organisations established specifically for this purpose.

(vii) Auxiliary services

These services include a variety of marketing services,

quality control, regulation of imports and exports, and international affairs.

(viii) "Ad hoc" relief

This category includes assistance, where justified, arising from temporary conditions, such as droughts or floods. Such assistance may take the form of rebates on stock feed transport, subsidies on the purchase price of farming requisites and other means of production, and loans to cover certain expenses. In the past, certain branches of the agricultural industry also received ad hoc assistance under special circumstances, e.g. devaluation assistance to the deciduous fruit and citrus fruit industries.

(ix) Subsidisation

Besides ad hoc relief, there are several other forms of relief or subsidies, of a more permanent nature. Subsidies are payable under the Soil Conservation and Water Acts for the conservation and/or development of natural resources whilst the cost of fertilisers, interest rates and railage is subsidised by the Government. Subsidies are also paid on staple foods such as bread, maize and butter. These latter subsidies are primarily regarded as consumers' subsidies, although they are of indirect benefit to the producer as well.

The agricultural policy of South Africa and its application must be seen against the physical and biological factors underlying the natural productivity of the country. Taken as a whole, South Africa is not a richly endowed agricultural country. Only about 15 per cent of the country is considered suitable for crop production. The rest is either too mountainous or stony, or the rainfall is too low, and can hence only be used for extensive farming. On the whole, the natural fertility of the limited area of arable land tends to be on the low side. Owing to altitude, large parts of the

country are subject to considerable variations as between day and night temperatures, while unseasonable frosts are common. On the whole, the distribution of rainfall is poor. In more than 80 per cent of the country, rainfall is limited chiefly to the summer months, where it tends to be erratic and often takes the form of sudden downpours, while the high rate of evaporation reduces the effectiveness of the rains even further. Prolonged droughts over large parts of the country are of common occurrence.