



We develop the South African Agricultural Industry.  
Ons ontwikkel die Suid Afrikaanse Landbou Industrie.

## Media Release

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### **AGRI SA ON THE 2018 BUDGET SPEECH OF THE MINISTER OF FINANCE**

The 2018 national budget was tabled under very difficult economic circumstances. The Minister of Finance acknowledged that difficulty, but necessary trade-offs had to be made to formulate a budget that moderates spending, raises revenues whilst aiming to minimize the potential negative effect on growth.

The 2017 GDP growth projection has been revised upward to 1 per cent, from the 0.7 per cent expected at the time of MTBPS last year. Economic growth is forecasted to be 1.5 per cent in 2018, rising to 2.1 per cent in 2020. However, government still faces a revenue gap of R48.2 billion in the current year. The consolidated deficit is projected to narrow from 4.3 per cent of GDP in 2017/18 to 3.5 per cent in 2020/21.

From an agricultural perspective, Agri SA is particularly pleased that the Minister took time to acknowledge agriculture's contribution to the country's economic growth, says Dan Kriek, president of Agri SA.

Unfortunately, once again agriculture received relatively little further attention in this budget as it did in the medium-term budget policy statement (MTBPS) of October last year. This is despite the claims made by the minister that government remains committed to the goals set in the Constitution and the National Development Plan (NDP).

Given that the NDP overwhelmingly recognises the agricultural sector as a sector of growth and its potential to create job opportunities for rural communities, broader consideration for the sector in the budget would have been welcomed.

Agri SA welcomes the strengthening of global market access for South African agricultural products which will see an additional allocation of R40 million over the MTEF (medium-term

expenditure framework) to upgrade infrastructure and equipment for analytical services laboratories. However, the effective and efficient use of these funds will be crucial to maximise its value to the sector. In addition, the increase in fuel levies will have a negative impact on farmers' cash flow. However, the option of the diesel rebate should help farmers to mitigate the impact on their business.

Agri SA welcomes the budget's proposal for provisional funding to help mitigate the negative impact of drought conditions. The option of temporarily increasing the intake in the Working for Water programme is being considered as a means of mitigating drought related job losses in agriculture. However, there is not any broader consideration aimed at supporting agriculture. We hoped that the budget would have provided broader support specifically for agriculture.

"Given the fact that the sector is presently facing serious cost pressures because of the prevailing drought especially in the Western Cape, our view is that the increased excise duties on alcohol might have an adverse impact on the wine industry and could possibly lead to job losses. Some relief in this regard would have been acutely welcomed, said Kriek.

In conclusion, we hope the positive commitments mentioned in the budget will be effectively implemented towards limiting the budget deficit and supporting economic growth.

Issued by Agri SA, Directorate: Corporate Liaison

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