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Far-reaching changes mooted for agriculture

Louise Cook

FAR-reaching changes to government policy on agriculture, including a government subsidy on yellow maize and grain sorghum, are being mooted by the ministry.

An internal document, recently released to selected stakeholders, proposes the use of the R6bn Sasria special risks insurance fund for agricultural-related disasters. It also suggests a range of financing options already introduced by the Land Bank to boost

credit provision to the lower end of the farmer market.

It said the setting up of an agricultural development finance fund and a credit guarantee scheme would boost agricultural finance provision.

The document proposed that government consider a "targeted subsidy" on insurance for small-scale farmers and a "changed tax structure to keep savings more liquid" for commercial farmers to cut out the need for relief

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Agriculture

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payments to farmers after droughts.

It suggested that government's R515m a year extension service to farmers be revamped, possibly by making them pay for the service which has so far been free and by outsourcing some of the work to the private sector.

The document emphasised that it did not reflect official policy, but served as a discussion paper with the view to formulating formal policies.

The document was compiled by several work groups appointed by Land and Agriculture Minister Derek Hanekom last year to probe issues such as trade, finance, support services, food security, drought and disaster management. A green paper on agriculture, expected to be based largely on the document, would be submitted to the cabinet next month.

On the issue of food subsidies the document states: "There does not appear to be any case for government to

intervene in the white maize market, but a subsidy on yellow maize might be considered so that ... the consumer price is brought down to just above the price of chicken feed to prevent farmers from purchasing the subsidised grain for on-farm uses."

It said consideration should be given to subsidising inferior food items such as yellow maize and grain sorghum "to cushion the effect of severe price increases". There are no food subsidies in SA and all controls over maize and other food markets were scrapped last year after years of government-run marketing schemes.

The document said several insurance companies were making proposals on a future disaster management policy. These proposals, including the use of the Sasria fund, would be given "further consideration".

Other suggestions included setting up co-operatives and limiting membership of the National Crop Estimates Committee — the only official body responsible for bringing out regular forecasts on crop sizes — to agriculture department officials only.

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