

# Little to instil agribusiness confidence, allay fears around policy uncertainty

The medium-term budget policy statement (MTBPS) was delivered against the backdrop of low business confidence and low economic growth. The GDP has been revised down to 0.7% for 2017 from 1.3% in the previous statement and the consolidated budget deficit is projected at 4.3% in the 2017/2018 financial year, up from 3.3% in 2016/2017.

There was little in the MTBPS to instil business confidence and indicate a growth strategy while no substantial revenue measures were indicated.



Image Source: [ICL](#). Photo: ANA PHOTO

## Policy uncertainty

On a sectoral level, agribusiness confidence remains relatively positive following a robust summer crop harvest. However, policy uncertainty is a key risk over the foreseeable future.

Reference to the contested Regulation of Agricultural Land Holdings Bill as part of the government's Inclusive Growth Action Plan does little to allay fears around policy uncertainty in the sector. Agribusinesses remain concerned that the Bill will not achieve the accelerated land redistribution and inclusive growth that the country requires.

## Driving inclusive growth

"We are pleased that Minister Gigaba acknowledged the efforts of the CEO Initiative in driving inclusive growth of the South African economy. Similar engagement should be encouraged at a sector level to address burning issues such as transformation, land reform and inclusive growth," says Agbiz CEO, Dr John Purchase.

“Public-private partnerships can unlock additional resources to supplement the government’s expenditure to address these issues.”

Government spending on agriculture, rural development and land reform will increase by 2% from just under R25.9bn in 2016/17 to R26.5bn in 2017/18.

## **South African economy not in good shape to achieve developmental objectives**

“It is clear in this medium-term budget policy statement that the South African economy is not in good shape to deliver the revenue needed to achieve the country’s developmental objectives. The government should leverage private sector capital and expertise to achieve these goals. Agribusiness is ready to continue forging credible partnerships to drive inclusive growth,” said Purchase.

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