

Press release: Minister van Rensburg says electricity hike will hit farmers hard.

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Body: Agriculture in the Western Cape will be hard hit by the doubling of electricity tariffs over the next three years, Gerrit van Rensburg, Minister of Agriculture and Rural Development: Western Cape, said. "Our aim should be for sufficient and affordable food, but farmers must also be able to make a profit in the process", Van Rensburg said.

Van Rensburg said that the electricity price hike will force marginal farmers out of production. "This is the same Eskom that for the past ten years have been convincing farmers to switch from using fuel to electricity through their Agrilec initiative. Now that farmers have made the investment in electricity infrastructure; they are faced with very expensive electricity", he said.

According to research done by the Western Cape Department of Agriculture, electricity accounted for 3.86%, or R396 Million, of input costs for VAT registered farmers in the Western Cape in 2007. The increase will see agricultural input costs rise depending on the specific product produced. Field crops can expect a 2.6% rise in production costs, while deciduous fruit and viticulture can expect a 4.5% increase in production costs over the long term, due to the three increases.

Van Rensburg also said irrigation farmers should try to improve their water usage efficiencies through the application of new technology. "Pumping less water will improve your bottom line", he said. There is an irony in this though: Flood irrigation wastes water, but does not need electricity, whereas modern drip and micro jet irrigation is very water efficient, but is also very electricity intensive.

The Department of agriculture is using satellite technology to help grape producers in the Hex River Valley and Worcester, and potato farmers in the Sandveld, to improve their water usage efficiency.

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Words: 288