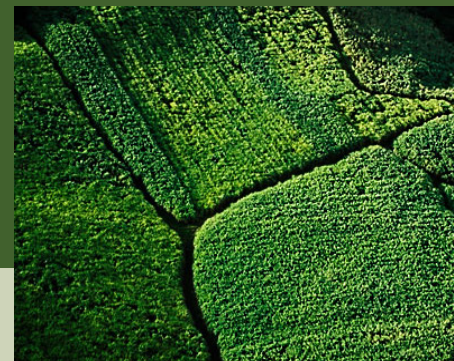


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SAFDA ushers in sweet transformation



SAFDA was legally recognised as a key player in the South African sugar industry, when regulations were gazetted by the dti on 9 October 2018 – recognizing SAFDA's drive for transformation over the last three years.

"We, as black farmers who are categorized as small-scale and land reform, know first-hand the challenges that are faced on the ground. We live and grew up in the deep rural communities and understand very well that we are not on an equal footing with our commercial white counterparts.

"This is not because we do not know how to farm, but because we have not had a real opportunity to fairly participate and represent ourselves at industry level," explains Siyabonga Madlala, Chairman of SAFDA.

With the official recognition of SAFDA and the gazettement of transitional arrangements, which will be in place until March 2020, the sugar industry has a unique opportunity to set the benchmark for other commodity organisations by harnessing the knowledge of black South Africans.

"Although it has been a long road to get this far, with some very difficult times being faced in the last three years since our formation,

I believe that our struggle was not in vain. There have been many detractors along the way and even attempts to ruin our personal reputations. But we have remained steadfast in our cause, which is just and fair," Madlala added.

What this means

The sugar industry is regulated by apartheid-era legislation of 1978, The Sugar Act, which gives rise to the Sugar Industry Agreement and the Constitution.

The gazettement of the transitional arrangements means the traditional set up, which has been in place for over 90 years, has changed. Historically, the industry has only recognised the South African Cane Growers Association as the sole representative of sugarcane farmers.

Now, with the official recognition of SAFDA, black farmers who have been at the periphery will have a central role to play in ensuring their own sustainability.

"Recognition means that black growers have 50:50 representation on all decision-making structures in industry as well as in each of the mill areas," he explained.



Black small-scale farmers represent about 90% of the sugar industry, but are only able to contribute about 10% of sugarcane production.

This is clearly a concern and at the heart of SAFDA's focus areas of: Transformation, Land Reform and Small-scale Farmers, Grower Capacity Development, Grower Financing and Bulk Buying, Diversification and Value-Chain Participation.

"SAFDA's primary focus is to grow the industry subject to meaningful participation by black growers in the value chain and diversification into ethanol, co-generation and bio-based products, among others. Meaningful participation means ownership, management and control of a diversified sugar industry," Madlala explained.

"I thank our farmers, government and its officials for remaining true to its commitment to transformation. Without the focus of the Parliamentary Portfolio Committee of Trade and Industry, the dti and a few other key stakeholders who believed in the SAFDA vision, we would not have made the progress that we have made," he concluded.

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Moving SAFDA forward



Over the last few months, SAFDA leadership has been hard at work engaging with small-scale and land reform farmers on the impact of the 8 Immediate Transformation Interventions Initiatives (see page 4), aimed at improving the lives of communities and economies in rural sugarcane growing areas.

Once the decision was made to allocate R172 million for short-term transformation interventions, SAFDA hosted both land reform and small-scale farmers at separate imbizo sessions, at the KwaShukela campus.

During these two sessions, farmers were provided with an update on SAFDA's fight for official recognition in the South African sugar industry, with the majority of the imbizo focusing on the practical implications of the transformation interventions.

It was at these imbizos that SAFDA engaged with farmers on one of its five focus areas – of bulk buying.

Both groups were provided with the opportunity to fully understand the impact of the extra money that the transformation intervention would unlock – and also look at whether it was possible to get more value for each rand.



It was exactly with the intention to get more value for black farmers in the sugarcane industry that SAFDA suggested that the money for Interventions 1 and 2 (R60 million and R35 million, respectively) be used to purchase fertilizer under a bulk procurement programme.

After much discussion, the small-scale farmer imbizo resolved that the fertilizer bulk buying proposal was a very good idea but the immediate need was for "money in the pocket". They were also clear in their feedback that bulk buying should be revisited in 2019.

The Land Reform imbizo reached a different conclusion, with the majority decision from SAFDA members being to embark on fertilizer bulk procurement immediately.

Just a few weeks later, SAFDA began delivery of its own branded fertilizer. All farmers who chose to participate in the programme have already expressed their gratitude and excitement at the massive change that SAFDA has brought to the lives of black sugarcane farmers in such a short space of time – being transformation, bulk procurement, part of the downstream value chain and a higher return on investment.



Immediate Transformation Interventions Initiative

SAFDA is very happy to update farmers on the status of the Immediate Transformation Interventions Initiative, that the sugar industry had committed as a result of SAFDA's fight for transformation over the last three years.

Most of these transformation commitments were being paid in September 2018.

Farmers are encouraged to have a close look at their September 2018 cane payment statement, and ensure that they understand the transformation funds that have been paid as a result of SAFDA ensuring that the

voice of the black farmer is heard in the industry.

Qualifying Land Reform farmers in KwaZulu-Natal who opted to re-invest their Intervention 2 benefit back into their businesses by buying fertilizer are also getting their benefit processed through SAFDA in accordance with their instruction.

SAFDA consultations for qualifying Land Reform farmers in Mpumalanga will start soon.

Some land reform growers were paid at the end of September when SASA management

used actual cane deliveries for the last six months as a criteria for qualification. This was later found to be inconsistent with the industry decision to use guaranteed estimates for 2018-19 to pay growers. These growers ended up being paid benefits which were meant for small scale growers, i.e. transport and levies reimbursement. These growers will still be paid their Intervention 2 benefit less amounts already paid.

If you have any questions, please contact your SAFDA regional representative or call our offices directly on 031 508 7283

INTERVENTIONS	VALUE	WHO QUALIFIES
Intervention 1: Increase in premium cane payment (similar to SPF)	R 60m	Small-scale black growers, who delivered 2018/2019 season. Based on SPF distribution formula
Intervention 2: Establishment of premium cane price	R 35m	All black growers producing more than 1800 tons
Intervention 3: Subsidisation of cane transport costs	R 20m	All black small scale farmers
Intervention 4: Access to seedcane	R 20m	Under discussion
Intervention 5: Subsidisation of membership levies	R 7m	All black small scale farmers
Intervention 6: Institutional capacity building subsidy to fund start-up costs of new emerging farmer organisations	R 10m	SAFDA
Intervention 7: Allocate additional funding training via the GDA	R 10m	The grower development account
Intervention 8: Job creation accelerator for youth and women	R 10m	Black women and youth
TOTAL	R172m	