



SA FARMERS
DEVELOPMENT
Association



ANNUAL | **2020** | REVIEW

Company Details

Company name:

South African Farmers Development Association

Registration number:

163-564 NPO

Nature of business:

Development of sustainable black farmers
and the transformation of rural industries
and rural economy

Directors:

Siyabonga Madlala

Lindiwe Hlubi

Siphiwe Sithole

Sifiso Mnguni

Mduduzi Dube

Registered office:

170 Flanders Drive,
Mt Edgecombe,
KwaZulu-Natal, 4301

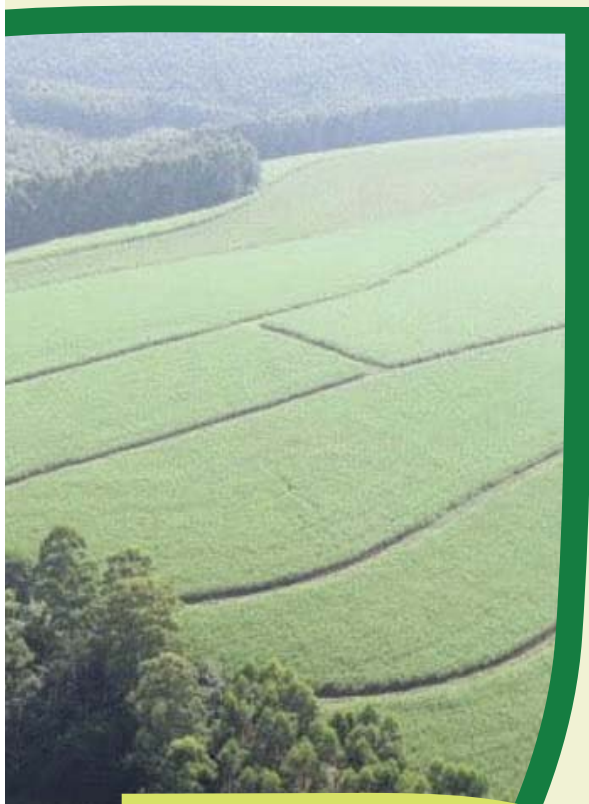
Bankers:

First National Bank

Auditor:

Mfuyi Business Services





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Chairman's Message



2020 is a very special year for SAFDA. It is a key milestone as we will be celebrating 5 years since we decided to embark on this journey to fight for a space, a voice and an fair opportunity for our farmers within the sugar industry, with a view to extend this movement to other sectors where black farmers still struggle to survive. In this note I reflect on some of the notable highlights of the past season and financial period concluded on the 30th of March 2020. I feel privileged and blessed that I was given a challenging task of being a midwife and a caretaker of this wonderful idea whose time had come.

I was asked by the leadership collective of SAFDA that I represent, to take up a challenge of seeing SAFDA stand on its feet, crawling and starting to walk and run. It is amazing to see how much prog-

ress we have made already. We have claimed our space and are a force to be reckoned with. While others count years of existence, we count the number of milestones achieved in the short period we have been around. We decided from the outset that we will be a different outfit and we are living true to what we conceptualised SAFDA to be on the 25th of November 2015, as we gathered at Kingfisher Lodge in Mount Edgecombe to start a new chapter for black farmers.

Settling in the industry

Since we got our formal recognition in 2018, we got down into the business of participating effectively in the industry processes and making meaningful contributions in a number of areas in a quest to protect the interest of our farmers and ensuring fair value. We are on a learning

curve as a newcomer in many respects, but I am very comfortable about the calibre of our representation with solid knowledge, experience and the attitude that makes SAFDA standout and hold its own. We are providing strategic guidance in as far as the governance and administration of the industry is concerned. Having said that, there is a need to pull our socks in local areas.

One of the tangible benefits of being part of the industry has been the payment of Transformation Interventions monies to farmers in November of 2019 and January as well as March 2020. The Transformation Initiatives are part of the R1 billion Transformation Fund established by the sugar industry partners to be implemented over a period of five years. The fund was established in 2018 initially as Immediate Transformation

Interventions (ITI). Subsequently a five-year Transformation Strategy was agreed as a well as the fund to implement it.

With the discussions on the Master Plan that started in 2019, we are hoping that more benefits will be unlocked for our farmers, one of which being the Premium Sugarcane Price for small-scale farmers for which we have already shared our thinking within the industry in the form of financial models.

Growth strategy

We consolidated our efforts as an organisation having achieved our recognition in 2018. We moved along in the implementation of our Five-Year strategy. We increased our team and specialist skills that are required to implement the strategy in line with the strategy philosophy that says form follows function. The organisation geared itself up for growth and expansion to tackle bigger projects for the benefit of our growers.

Taking SAFDA to the US

In 2019 I received an exclusive invitation to attend the Global Ethanol Summit that was organised and hosted by the U.S. Grains Council in Washington DC. I was among the global industry leaders that explored biofuels possibilities. SAFDA was keen to learn about diversification opportunities. We exchanged notes with experts and were able to establish stakeholder linkages that will stand SAFDA in good stead as we craft our diversification strategy. In attendance were South African sugar industry and governed stakeholders who are close to the biofuels policy processes.

Profitable partnerships

In this season we celebrated the signing of a Service Level Agreement (SLA) with the Department of Rural Development and Land Reform (DRDLR). The

SLA delivered grant funding to the tune of R136 million that was able to deliver much needed ratoon management inputs to our farmers in Mpumalanga and KwaZulu-Natal Provinces. Through this initiative we saw one of our values about profitable partnerships coming into life.

During the same reporting period, SAFDA got into partnership with CCBSA Mintirho Foundation through which we leveraged funding at favourable rates to acquire a fertiliser blending factory and a fleet of trucks. We thus we able to establish and operationalise SAFDA Fertiliser and SAFDA Logistics. Through SAFDA fertiliser we are able to supply fertiliser to our farmers, and through SAFDA Logistics, able to haul harvested sugarcane for our farmers. The underlying philosophy for the commercial entities that SAFDA establish are not to profit off the farmers but to offer a cost-effective service so our farmers can enjoy the savings.

Mpumalanga tribulations and triumphs

We moved into Mpumalanga Province in

a big way in 2019. We established grower structures for small-scale and land reform farmers. We set up our office and appointed support staff. We launched SAFDA in a high profile event that was graced by the Deputy Minister for the National Department of Rural and Land Reform, Honourable Candith Mashego-Dlamini.

We started with land reform Joint Venture Partnerships and began to identify challenges that were robbing them of the opportunity to benefit maximally from these partnerships. SAFDA hosted a Land Reform Indaba that was addressed by MEC Pat Ngomane. The outcomes of the Indaba were shared with government and various stakeholders in the sugar industry value chain.

Sadly, few months down the line, good work that we had laid a good foundation for was tried by fire. The Bible says "the



thief cometh not, but for to steal, and to kill, and to destroy." We saw tendencies of the enemy emerging in our midst. We stood on our values as a values-driven organisation and fought to uproot the tares that the enemy had planted. We nearly paid with our lives but thank God that the plans of the enemy were frustrated and aborted. We are alive and continue with the work of serving our growers. We are mindful of the vision that SAFDA aspires to, which is to see our rural communities and the rural economy we are part of, thriving! Sesingasho sithi siyanqoba nokunqoba ngowasithandayo.

It is good to note that we are trusted by and have established strategic partnerships with government in the Province. We signed a co-operation agreement with the Department of Agriculture, Rural Development, Land and Environmental Affairs. Based on this MOU, we will be unlocking more value in the form of initiatives that will benefit farmers and communities.

Community partnerships
Because we are a
community



focused organisation, we are winning the hearts of communities that have heard about SAFDA and the good work we do. We were approached by the Sibuyelekhaya Restitution Community in Mkhuze and through the intervention of SAFDA, the beneficiaries were able to unlock grant funding that was long overdue for transfer. We were already working with the Joint Venture projects in Mpumalanga Province as I have already reported. We were then asked to assist with the Melmoth Land Claim where the majority of the communities which got land claim settled, asked to partner with us to help manage their farms. There will be separate detailed report in this Annual Review about the work we are starting to do in Melmoth through the SAFDA Farm Management Services specialist team.

We continue to work with our farmers and our structures in responding to the challenges our farmers face. We engage more than is necessary to make sure that

we do not leave our farmers behind. We want to understand their issues and get their mandate. We continue to support our structures making sure that they are relevant and well positioned to deal farmer issues. We provide training and support in order to ensure good governance, compliance and credibility. We are truly a grassroots organisation and the feedback received from our farmers gives us energy to work harder for them.

I want to appreciate all stakeholders within South Africa and outside our borders that we interacted with during this period. We are grateful for the support we receive from our government. We particularly appreciate the work of the Portfolio Committee on Trade, Industry and Competition, and the DTIC for the support they provide to our industry as custodians of the Sugar Act and its Regulations. Their passion for transformation and the empowerment of black farmers is very encouraging. We look forward to a new season with new opportunities and to conquer new challenges as we pave the way for ensuring thriving communities and the rural economy.

As a last note but definitely not the least, I cannot begin to report on all these milestones if it is not for the dedicated, innovative, hardworking and enthusiastic SAFDA team based in various offices, that makes things happen. Team SAFDA, you are shining stars. You are truly the champions of farmer development.

Ngithi nje ngalawomazwi HELLO!

Dr SW Madlala
Executive Chairperson

Message by Deputy Chairperson



It has been another challenging year for the sugar industry. Serious challenges continue to linger. The negative impact of the sugar tax (Health Promotion Levy), inadequate import tariff and sugar imports. We are still very much an industry in crisis. The hardest hit is our main constituency, black small-scale growers (SSGs), who make up the majority of sugarcane farmers in the industry yet are the most financially vulnerable. Mind you, many of these SSGs are very hard-working women who earn an honest living in order to feed their immediate and extended families.

As South African Farmers Development Association (SAFDA), we are unambiguous in reiterating and reaffirming our commitment to serving the interests of SSGs. As a way of finding a solution to the industry's external factors threatening its survival and sustainability, the in-

dustry has been working with all relevant stakeholders developing the Sugarcane Value Chain Master Plan to 2030, which is seen as a game-changer. We salute our government (the Department of Trade, Industry and Competition, and the Department of Agriculture, Land Reform and Rural Development) and Parliament for their continued crucial roles. The plan comes at a critical time for the industry under siege. The objectives of the plan include, among others, the resuscitation of the industry to ensure its stability and growth. SAFDA has been at the forefront to make sure that the retention and development of SSGs form part of the priority areas of the plan. Just as we have secured substantial financial support for SSGs through the industry's R1 billion transformation plan, we are going to deliver for our SSGs through the all-important master plan. There will be no SSGs left behind. We are here to

see to it that there are no SSGs who are forced to exit the industry.

We are delighted that the Minister of Trade, Industry and Competition, Honourable Ebrahim Patel, promulgated a Gazette which cemented SAFDA's status as one of the three recognised members of the South African Sugar Association. The promulgated Sugar Act Regulations give us permanent membership in the Sugar Industry. The onus is now on all industry players to work together in coming up with a permanent arrangement as we move the industry forward. SAFDA remains unshaken in its pursuit of its core mission to make tough decisions, we have a truly transformed industry which has SSGs and women being meaningful participants in the whole value chain. Asijiki!

Yes, we have had our own internal chal

lenges. However, SAFDA remains the only genuine vehicle to emancipate thousands of SSGs in KwaZulu-Natal and Mpumalanga. Our results speak for themselves. Never before has a grower association achieved so much, within a short period of time, for the downtrodden black SSGs. Nobody or organisation is infallible. We learn from our mistakes and challenges as we forge ahead to make this industry work for our SSGs. We are today joining hands to create a better tomorrow.

We have not been immune to the devastating global pandemic, COVID-19. Once again, our SSGs have been the ones mostly adversely affected. We still await some financial assistance from our government. Fortunately, our industry was allowed to operate even during lockdown. In addition to the industry's R5 million donation to Solidarity Fund, SAFDA has come to the rescue of the less fortunate communities by donating the much-needed food parcels. Lastly, I would like to thank our leader-



ship, under the direction and guidance of Dr Siyabonga Madlala, for their invaluable contribution in the past season. Thank you to the SAFDA staff for their excellent professional services. With this combination of visionary leadership and innovative support staff, the future looks bright for our organisation.

Phambili SAFDA!



EXCO: Strategic Organizational Overview?



<ul style="list-style-type: none"> • SAFDA full recognition by the industry • Fully operational SAFDA with renewed constitution • 5 year strategy off • Business units fully operational • Management and staff legally contracted • Performance management for SAFDA and its employees fully implemented • Support units fully operational and delivering value • Business cases and due diligence for business entities signed off. 	<ul style="list-style-type: none"> • Advocate for the repeal and for amendment of the Sugar Act legislation and industry prescripts. • Negotiate just and equitable profit and benefits industry agreement and better RV Calculations • Increase SAFDA affiliation • Register and operationalise business entities • Consolidate SADFA membership buying power • Setup and operate a PMO • Ringfence and operate own ICT platform and management • Diversity into Sugar cane products and by products markets. • Setup a bank and funding facilities for members. 	<ul style="list-style-type: none"> • Start negotiations with other commodity farmers on transformation • Create plans on taking SAFDA nationally. • Mechanisation and full ICT leverage to further drive down costs • Bank zero. • Purchase and operate a SAFDA owner milling company. 	<ul style="list-style-type: none"> • Transformed sugar cane industry (Act, Legislation, and prescripts) • Increased cane production • Other commodities on boarding • Create a National footprint of SAFDA.
GERMINATION & ESTABLISHMENT PHASE (1st Year)	TILLERING PHASE (2nd & 3rd Year)	GRAND GROWTH PERIOD (4th year)	REPINING PHASE (5th year)
			

Strategic Overview And Function Of The Organisation

SAFDA' strategic trust is based on an intensive end to end analysis of status quo and trends in the sector locally and other comparative jurisdictions. The outcome of this analyses led to the development of five strategic pillars that will enable the realization of our vision and mission for the next five years and beyond. These pillars are also embedded in our organizational structure to ensure alignment.

Function Of The Organisation

The programme of work for SAFDA includes but not limited to the running of a centralised office and representation on industry structures at a regional and industry level. South African Farmers Development Association (SAFDA) also play a pivotal role in providing services directly to growers. The organisation is responsible for communication which covers media interaction and monitoring, campaigns, grower events, surveys and stakeholder interaction. The primary focus in the regions are grower capacity development, farm management service

Overall Purpose

As outlined in the 5 year strategic Outlook, the key focus for 2020/21 financial year is that SAFDA is still in a "Tillering phase". Our main objective in this phase is to ensure that we negotiate just and equitable profit and benefits industry agreements and better RV calculations, Consolidate SAFDA membership buying power, Set-up and operate PMO. Building strong internal capacity with minimize the need for SAFDA to rely on outsourcing the development and delivery of its core mandate. We will continue to outsource specialized support services such as auditing, risk, legal and due diligence, as they require independent opinion and advise to the organization to make sound business

Financial Summary for SAFDA:

Year ended 31 March 2020

Governance

The South African Farmers Development association, a registered non-profit organisation as per the Nonprofit Organisations Act, Act 71 of 1997, is committed to the principles of good corporate governance.

Local SAFDA structures in each mill area nominate five delegates on an annual basis that constitutes the AGM. At the SAFDA's elective AGM, delegates elect the Office Bearers of the Association who together with the Executive Committee, constitute the Board of Directors.

The Board of SAFDA oversees the affairs of the Association, including the approval of the annual budget. The Board meets once per quarter to consider matters related to SAFDA operations and SASA governance and administration.

SAFDA Board

Our board of directors is ultimately responsible for SAFDA (the organisation) in its entirety. It instructs and oversees a management and control structure that directs and executes all functions within the organisation.

Our directors have a fiduciary duty to act with care and skill and to exercise their powers and perform their functions as directors in the best interest of the organisation. Each director has declared that he/she undertakes to:

- act in good faith towards the organisation;
- avoid conflict between his/her other interests and the interests of the organisation; and
- place the interest of the organisation and its growers above all other interests.

Directors are required to disclose matters that may potentially result in a conflict of interest. A declaration of interest is signed by all directors in the board. No director may offer a service, product or cooperation agreement to the group on behalf of any organisation in which he or she has a direct or indirect interest at a meeting of the board or its committees. Such service, product or agreement may be offered to the management of the company, by the management of the related organisation. If a decision to acquire the service or product or conclude the agreement is ultimately referred to the board, the concerned director is required to recuse her-/himself.

How The Board Functions

The board is responsible for ensuring that its approved strategy is implemented, and that the organisation's purpose is fulfilled. The board also accepts its responsibility to ensure that risks are adequately identified, measured, managed and monitored and that good governance is maintained. The board discharges its duty through policies and frameworks supported by board committees.

Comprehensive management reports are submitted to the board for each meeting and relevant reports are distributed to the committees to facilitate in-depth perspectives. These reports include industry matters and external factors that may affect SAFDA. The annual board conference addresses pertinent matters and future strategy.



EXCO, together with board subcommittees, manages the business through a system of internal controls that function throughout the group. This promotes the awareness of risk and good governance in every area of the business and instils a culture of ethical behaviour and compliance.

Our board-approved delegation-of-authority framework consists of charters and policies. Detailed roles and responsibilities as well as authority limits have been assigned to individuals and committees.

Board Composition And Diversity

We believe in inclusivity and equity at board level, subject to merit. SAFDA board comprises of two female deputy chairperson, chairman and two executive members. At the date of this annual report, the board comprised of three executive directors, including the chairman and two non-executive directors. Board composition at the date of reporting were as per the table below.

SAFDA Board of Directors as at 31 March 2020

Board Gender Balance

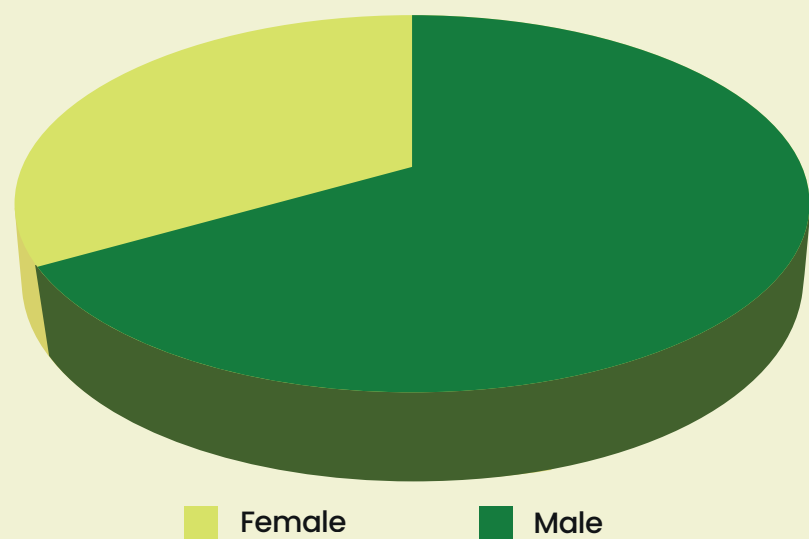


Figure1: Board Gender Balance

Name and Surname	Position	Gender
Dr. Siyabonga Wilson Madlala	Executive Chairperson	Male
Ms. Lindiwe Orah Hlubi	Deputy Chairperson	Female
Ms. Sphiwe Sithole	Deputy Chairperson	Female
Mr Sifiso Alfred Mnguni	Executive Board member	Male
Mr. Mduduzi Lindokuhle Dube	Executive Board member	Male



Finance And Administration



The 2019-2020 season was the second full year of operation for SAFDA, since being officially recognised by the industry.

SAFDA's annual financial statements are audited as per the requirements of the Nonprofit Organisations Act (Act 71 of 2007), by black-managed and controlled chartered accounting firm Mfuyi Business Services Group.

Revenue for the financial year 2019-2020 was R 64,200,906 million, which was received from SASA in the form of industry levies.

Total Grants received for the financial year 2019-2020 was R 161,671,320. The organisation had no other source of revenue in the year under review.

B-BBEE

Broad-based black economic empowerment (B-BBEE) aims to ensure that the economy is structured and transformed to enable the meaningful participation of most of its citizens and to further create capacity within the broader economic landscape at all levels.

There are seven key elements through which this is viewed under the Agri-BEE charter, viz. ownership, skills development, socio-economic development, preferential procurement, employment equity, enterprise development and management control.

The South African Farmers Development Association is currently a level one B-BBEE contributor.

Board of Directors

Siyabonga Madlala:
Executive chairperson

Lindiwe Hlubi:
Vice-chairperson

Sphiwe Sithole:
Vice-chairperson

Sifiso Mnguni:
Executive member

Financial Statements Summary Reports

Operational Results As At 31 March 2020

Revenue	Sum of 2020	2019
Industry Levies	54200906	51343000
Total	54200906	51343000

 6%

Government Grants & Industry Grants	2020	2019
Agriculture Training Income	2177449	0
Governance Training Income	809658	0
Ratoon Management Grant	151177350	0
Seedcane Income	256467	0
Sibuyela Ekhaya intervention grant	6505196	0
Youth Intervention Income	745200	0
Institutional Capacity Building Grant	10000000	10000000
Total	171671320	10000000


 1617%

Other Income	2020	2019
Interest income	517674	0
Sundry income	468947	0
Total	986621	0

 100%

Operating Profit/(Loss)	Sum of 2020	2019
Operating Expense	54153522	34069585
Total grant expenditure	171671320	10000000
Total Operating Profit/(Loss)	1034005	17273415

 59%

 1617%

 -94%

Operational Results As At 31 March 2020 (Continuing)

Financial Position	2020	2019		
Current assets	10 181 833.50	14207694	↓	-28%
Current liabilities	19 312 706.02	9692639	△	25%
Total Assets	33 264 248.72	26670904	△	99%
Total liabilities	24 235 944.72	17642600	△	37%

Operational Results Cost Drivers

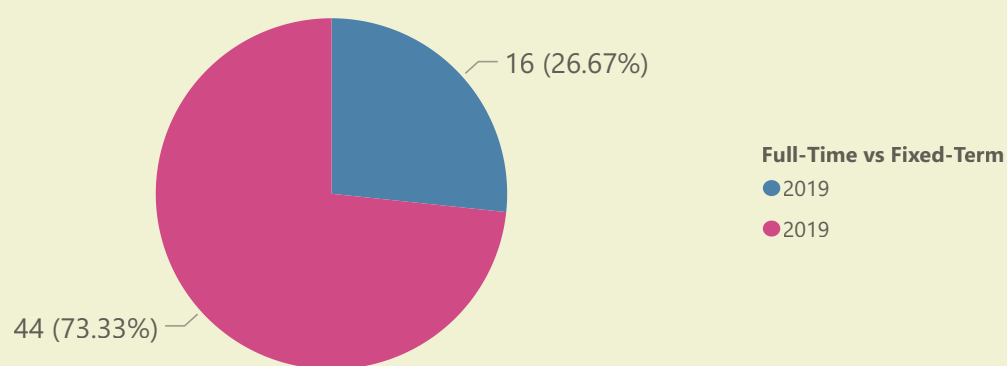
Full-Time Employees	2020	2019		
Number of full-time employees	45	44	△	2%

The above indicator reflects marginal increase in full time employees during the 2020-2019 financial period.

Fixed-Term Employees	2020	2019		
Number of fixed term employees	50	16	△	213%

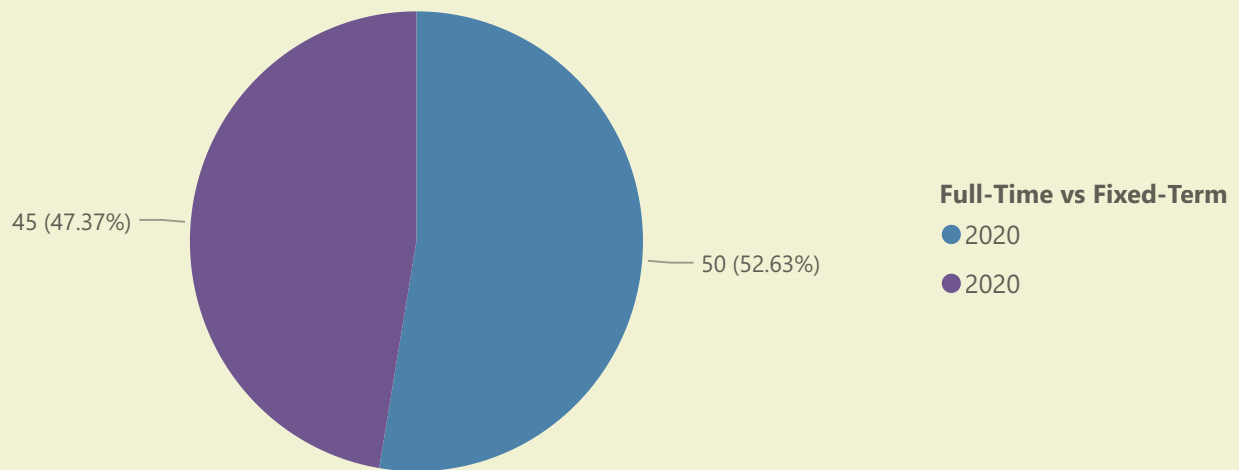
The above indicator reflects a significant increase in fixed term employees during the 2020-2019 financial period. Hence a significant cost driver for operational costs

Full-Time(Purple) vs Fixed-Term(Blue) 2019

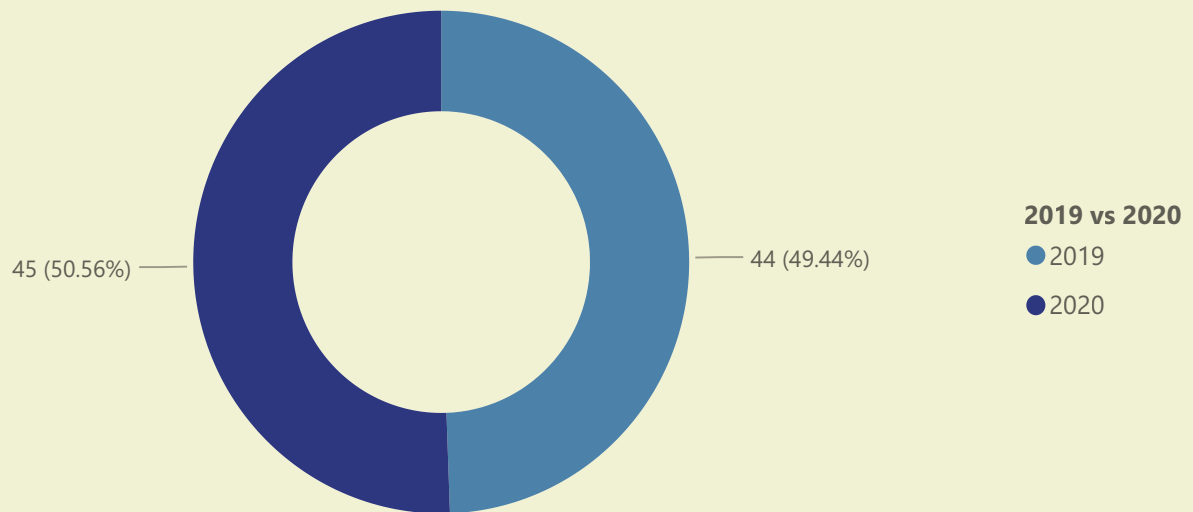


Operational Results Cost Drivers (Continuing)

Full-Time(Purple) vs Fixed-Term(Blue) 2020

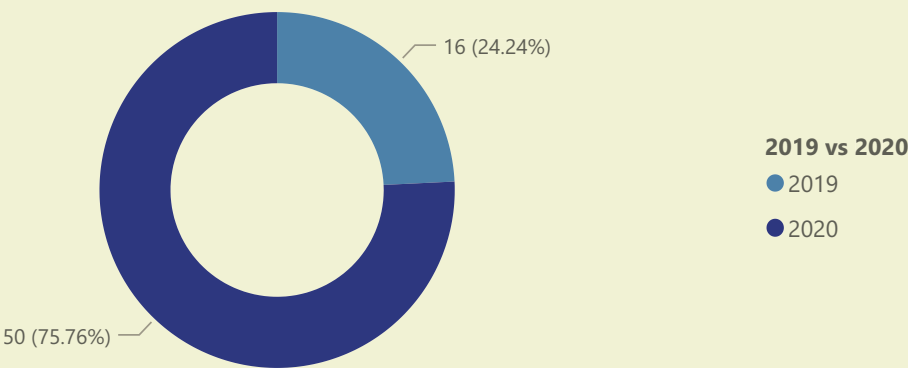


Full-Time Employees 2019 vs 2020



Operational Results Cost Drivers (Continuing)

Fixed - Term Employees 2019 vs 2020



Grant Received	2020	2019
Total Grant received	171671320	10000000



1617%

During the 2020-2019 financial period the organisation was able to successfully source 1617% additional grants when compared to the 2019-2018 period.

Operational Results Cost Drivers (Continuing)

Total Revenue	2020	2019
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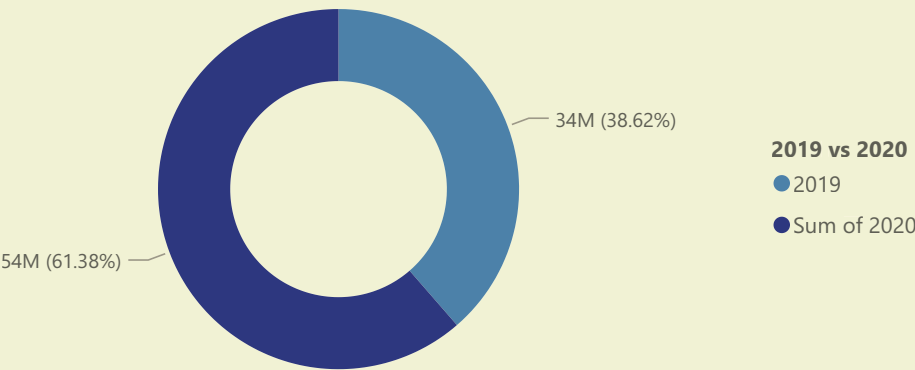
Total Revenue 54200906 51343000



6%

During the 2020-2019 financial period the organization achieved an inflationary increase of 6% on the industry levies received.

Total Revenue 2019 vs 2020



Operational Results Cost Drivers (Continuing)

Operating Expense	2020	2019
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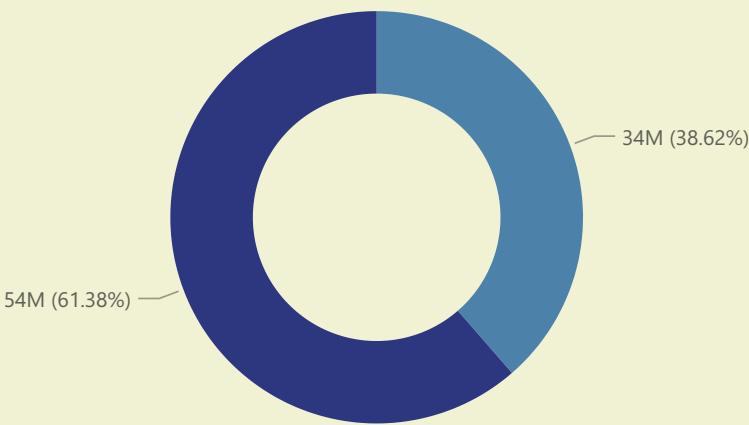
Operating Expense 54153522 34069585



59%

The above indicator reflects a significant increase in operating costs during the 2020-2019 financial period when compared to the 2019-2018 period

Total Revenue 2019 vs 2020



2019 vs 2020
● 2019
● Sum of 2020

Strategic Support

STRATEGIC INDUSTRY CHANGES

Regulating the sugar sector for sustainability



Sugar Master Plan

The industry has been dealing with some difficult issues and challenges that do not auger well for the future of the sector. Amongst these we can mention the Health Promotion Levy (HPL) charged on sugary beverages producers, that became effective from 1 April 2018. When the levy was introduced it forced industrial sugar customers in the beverages sector to reformulate and use less of our sugar in their products. This led to a decline in sugar sales and sugar revenue during the next two seasons that followed. This had a negative impact on the RV price. The final RV price for the 2018/19 season was R3 574,41. The 2019/20 improved to R4 220,58. Other challenges include the underperforming economy, sugar imports into the country, especially sugar from Eswatini, rising input costs and the low international sugar prices. These factors have coalesced to put our sector under pressure.

The sugar industry is a key player in the economy given its contribution to employment, livelihoods and its footprint in deep rural areas in KwaZulu-Natal and Mpumalanga provinces. The industry challenges caught the attention of government which reached out and got stakeholders around the table to talk about how the industry can be stabilised, supported and be put on a path to sustainability. A Sugar Master Plan was negotiated and drafted for adoption by all stakeholders. The Minister of the then Department of Trade and Industry appointed his Special Advisor, Harald Harvey to drive the Sugar Master Plan process that was a subject of discussion for the good part of 2019. We are awaiting the finalisation of the Plan so it can be implemented in the new season.

The Sugar Master Plan is a comprehensive plan that touch on various critical areas for our industry. The Sugar Master Plan has received buy in from various role

players in the sugar value chain ensuring that there is commitment to use more South African sugar in order to save the industry. this commitment is likely to see the 2020/21 sugar sales soaring to level similar to where they were before the HPL was introduced. The intervention by our government is expected to bring much needed protection and relief.

Of more interest to SAFDA is the proposal in the Sugar Master Plan for a Small-Scale Farmers Master Plan which is likely to focus on a premium price payment for small-scale farmers based on the local market sale of sugar without the dilution effect of the export market. There will be a Task Team to deliberate on the Small-Scale Farmers Master Plan in which SAFDA will actively participate and make strong contributions. There are other Task Teams that will deal with some of the long-term interventions like the diversification of the industry.

Sugar Regulation

In October 2018 government published a government gazette which contained Sugar Act Regulations that allowed SAFDA to participate in the sugar industry. The Regulations were to expire at the end of March 2020.

The industry was expected to use the intervening period to discuss long term plans. The period proved to be very short also being clouded by other issues that took prominence in the industry like the issue of Health Promotion Levy and sharp decline in industry revenue.

The industry is now getting ready for revised Regulations to be promulgated which will give us more time to deal with long-term issues of diversification and sustainability. The new Regulations are expected to be in place from 1 April 2020 until 31 March 2024. We have been visiting local structures since February to prepare our leaders and growers for changes that are in the pipeline. Some of the changes will include:

- Reduced number of representatives from Associations in the SASA structures at a central level;
- Introduction of an Independent SASA Chairperson and three Vice-Chairpersons. Vice-Chairpersons will be drawn from the constituent Associations.
- Changed structure of funding Association costs, with SASA focusing on SASA meeting costs and the rest of Association budgets being funded by levies collected from constituencies.
- Replacement of the Local Grower Council as a structure that speaks on behalf of all growers in a given local area, with the Local Grower Structures that serve all growers operating within the provisions of a Co-operation Agreement signed annually between grower structures.
- Voting will be more inclusive and, in some instances, will compel Grower Associations to negotiate more for a single vote they share for instance in the Mill Group Board situation.

Regulations are expected to give SAFDA a PERMANENT recognition as a member of the sugar industry, a victory that we will need to celebrate as an organisation and black farmers within the sugar sector.

SAFDA always believe that the Sugar Industry cannot survive without the intervention of government. We see the revised Regulations and the Master Plan as government interventions that are likely to revitalise our sector and give it a certain and a sustainable future, especially for our farmers. Dr Madlala always say that we should not inherit a dying industry. Even the transformation initiatives will mean much less if we are transforming a sector that has no future. SAFDA is committed to contributing meaningfully in making sure that there is a brighter future for the sugar industry. Our organisational strategy is premised on this particular belief.



Governance



CEC, BOARD ACTIVITIES AND DECISIONS

Governance Roadshows

Governance Roadshows

On the 8th of October 2018 The Sugar Act Regulations were amended, recognizing SAFDA to be part of the sugar industry (South African Sugar Association) as one of the Grower Association. This recognition lead to SAFDA being recognized as a participant in the Governance and decision making in the sugar industry, working alongside industry partners which are SACGA and SASMA.

SAFDA is committed to principles of Good Corporate Governance as set out in King IV and its constitution sets out the organization's objectives, structures their roles and responsibilities as well as requirements for its composition and meeting procedures.

As part of ensuring good Governance and awareness in industry matters the organization facilitated Governance Roadshows. These Governance Roadshows took place from the 27 February 2020 to 13 March 2020, however some were affected the COVID-19 pandemic spread and the introduction of the National Lockdown.

Roadshow Overview

- Educate all SAFDA structures about how SAFDA structures should be constituted as required by the constitution and the need to comply with these requirements
- To provide support to ensure that all SAFDA Structures are properly constituted as per the constitutional requirements, including putting in place the Regional Executive Committee structures
- To update members on the new Sugar Industry Agreement

Transitional period set to be effective on the 1st April 2020, specifically the requirement for a co-operative agreement to be concluded between SAFDA regional structures and South African Cane Growers Association (at a local level)

Roadshows that were scheduled for late March could not proceed due to the Covid-19 pandemic and limitations to physical contact requirements and will be rescheduled after the Lockdown period or when the restrictions have been relaxed.

Roadshows took place in the below regions:

Area	Dates
Sezela	27 February 2020
Pongola	04 March 2020
Jozini	05 March 2020
Umfolozzi	06 March 2020
Malelane	10 March 2020
Komati	10 March 2020
Amatikulu	12 March 2020
Gledhow	13 March 2020
Darnall	13 March 2020

GOVERNANCE MEETINGS:

CEC MEETINGS

During the 2019-2020 financial year, there were five CEC meetings, inclusive of ordinary meetings, special meeting, Constitutional workshop and the AGM. CEC is the highest governance and decision-making body of the organization. It agrees all policy and structural changes, CEC members are elected in an elective AGM by delegates in good standing from all SAFDA regions. Delegates certain powers to the Board to allow for the effective running of the organisation. There are four standard meetings per year, and special meetings can be called on an ad-hoc basis.

Item	Dates
SAFDA AGM	30 August 2019
CEC MEETING	23 November 2019

Capacity Building Trainings and Workshops

Item	Dates
Leadership Capacity Workshop	25-26 June 2019
Sugar Markets and economics workshop	22 November 2019
Stakeholder Engagement Workshop	20-21 July 2019

BOARD MEETINGS

In terms of segregation of duties within the three-in-one model, the Board provides corporate governance of the organisation, and presides over the Development organisation. Responsible for:

- Steering the organisation and setting its strategic direction
- Approving policy and planning
- Overseeing and monitoring implementation
- Ensuring accountability for organisational performance by means of, among others, reporting and disclosure.

Item	Dates
Board Meeting	18 June 2019
Board Meeting	22 July 2019
Board Meeting	29 August 2019
Bord Meeting	12 February 2020



Grower Affairs



Transformation Initiatives

TRANSFORMATION INTERVENTIONS BENEFIT TO BLACK GROWERS

When SAFDA first got its recognition by the sugar industry back in 2017, the organisation advocated for what it called Sugar Industry Transformation Fund. This was later to become what is now known as Industry Transformation Interventions and would have been going

for two seasons by the end of 2020. The total fund amounts to R1 billion spread over 5 five years since 2018. The eight elements of the Sugar Industry Transformation Interventions can be summarised as follows:

INTERVENTION	DESCRIPTION	BENEFIT AMOUNT
Intervention 1	Small scale growers] Increase in premium cane price	R60m
Intervention 2	Land reform growers] Establishment of premium cane price	R35m
Intervention 3	Small scale growers] Subsidization of cane transport costs	R20m
Intervention 4	Small scale growers] Access to seed cane	R20m
Intervention 5	Small scale growers] Subsidization of membership levies	R7m
Intervention 6	Emerging black organisation establishment grant	R10m
Intervention 7	Funding for the training of black sugarcane farmers via Grower development Account (GDA)	R10m
Intervention 8	Sugar Industry job creation Accelerator Programme for black youth and women	R10m

Interventions 1, 2, 3 and 5: Premium Cane Price, Transport and Membership Levies

Payments for Transformation Interventions 1, 2, 3 and 5 were received by growers at the end of November 2019. SASA reported that some millers have expressed that their payment systems

may not allow for a detailed breakdown of transformation interventions payment per interventions. Payments were done in the following two ways:

Payment method	Writing on the growers' cane payment statement
Net Payment (the sum of all interventions less any SASA recoveries and Umthombo per grower)	A single line item titled ' Net Transformation Interventions ' would appear on the growers cane payment statement
Net Payment (the sum of all interventions less any SASA recoveries and Umthombo per grower)	A list of line items titled ' Net Payment for Intervention # ' would appear on the growers' cane payment statement

SMS notifications were sent by Umthombo Agricultural Finance to growers who had agreed to the Umthombo sessions of the amount that has been ceded from the transformation interventions to their Retention Savings Accounts.

The following table illustrates the application of rules which were used to establish qualifying growers for intervention 1, 2, 3 and 5 during 2019-20 season:

INTERVENTION	WHO QUALIFIES	TOTAL INTERVENTION AMOUNT
INTERVENTION 1 : Increase in premium cane price	Black Growers who delivered an amount less than or equal to 1 800.000 tons cane in the season. Consolidated Farming Operations if the tonnage divided by the number of beneficiaries in a Project or Co-operative is less than or equal to 1800.000 tons.	R60m
INTERVENTION 2 : Establishment of premium cane price	Black Growers and Joint Ventures who delivered: <ul style="list-style-type: none"> from 1800.001 tons to 10 000 tons (Category A growers) more than 10 000.001 tons (Category B growers) as at and including the last working day of the first week of January 2020. Consolidated Farming Operations if the tonnage divided by the number of beneficiaries in a Project or Co-operative equals more than 1800.001 tons.	R60m
INTERVENTION 3 & 5 : Subsidization of cane transport costs Subsidization of membership levies	All growers who qualify for Intervention 1 will automatically qualify for Interventions 3 and 5. Black Grower Codes on communal land, who qualify for Intervention 2, but the grant payable shall be limited to the maximum of 1800.000 tons per Grower Code.	R20m + R7m

INTERVENTION 6: Emerging Black Grower Organisation Establishment Grant

SAFDA is the only emerging black grower organisation in the sugar industry and had the privilege of receiving its R10m payout at the beginning of the season. The funds assisted the organisation to cover cost of establishment, including settling in the new offices, financing strategy development processes and building strategic relationships with a range of partners.

INTERVENTION 7: Additional funding for the training of black sugarcane farmers via the Grower Development Account

A total of R10m was allocated to the existing Industry's Grower Development Account (GDA). This increased the total amount received by SAFDA from the GDA from R4.2m the normal GDA budget to R8.7m. The net effect of the increased benefit is that it allowed SAFDA to implement its programme on governance and social facilitation interventions on a selected set of restitution projects in KwaZulu-Natal and Mpumalanga.

INTERVENTION 8: Industry Job Creation Acceleration Programme for Black Youth and Women

Cash benefit in terms of Intervention 8 was split equally between SAFDA, Cane-growers and Millers Associations. SAFDA recruited and enrolled over ten young people who are currently on experiential learning. At least three of them have been absorbed into SAFDA's Finance and Grower Affairs Departments for permanent and more serious job functions.



Grower Training



By end of 2019-20 season SAFDA had facilitated provision of agronomic and business training to a total of 410 black sugar cane growers across KwaZulu-Natal and Mpumalanga. The training was funded through the Sugar Industry's Grower Development Account (GDA). The organization's agro-

nomic training which is part of supporting SAFDA's grower capacity development interventions, has been carried out through Shukela Training Centre (STC) and SASRI in respect of Junior and Senior Certificate courses. SAFDA used its partnership with

the Department of Agriculture, Land Reform and Rural Development (DALRRD) to afford a group of 46 participants access to additional training in personal leadership and development in addition to sugar industry training.

SKILLS COURSES	Foundation Governance	Arc Welding & Gas Cutting	Implement Setting	Cane Husbandry	Cane yield estimate	Elementary Tractor Machine	Variety Identification	Fire Fighting & Cane Burning	Fertilizer (Ordinary Worker)	Health & Safety Reps	Tractor care	Knapsack Spray Operator	Safe handling of Chemicals	Soil Sampling	Disease Identification	Fertilizer (Mayfield Spreader)	Total Number of Growers
Entumeni					4				4								8
Sezela		4		8	10				4	4		5		3			38
Noodsberg		2															
Amatikulu		2		8	6	7		7	9	9		19	6	6			79
Felixton		3	3	5		11			5		4						31
Pongola				5													5
Malelane	26			11	9		12		9					7	9	8	91
Total No. Growers	26	1	3	3	2	1	12	7	31	13	4	24	6	1	9	8	254

Plant production and farm management training

COURSE NAME	NO. OF GROWERS
Junior Cert Course	8
Senior Cert Course	7
Plant Production (session 1)	46
Plant Production (session 2)	51
Workplace & Project Management	44
Total	156

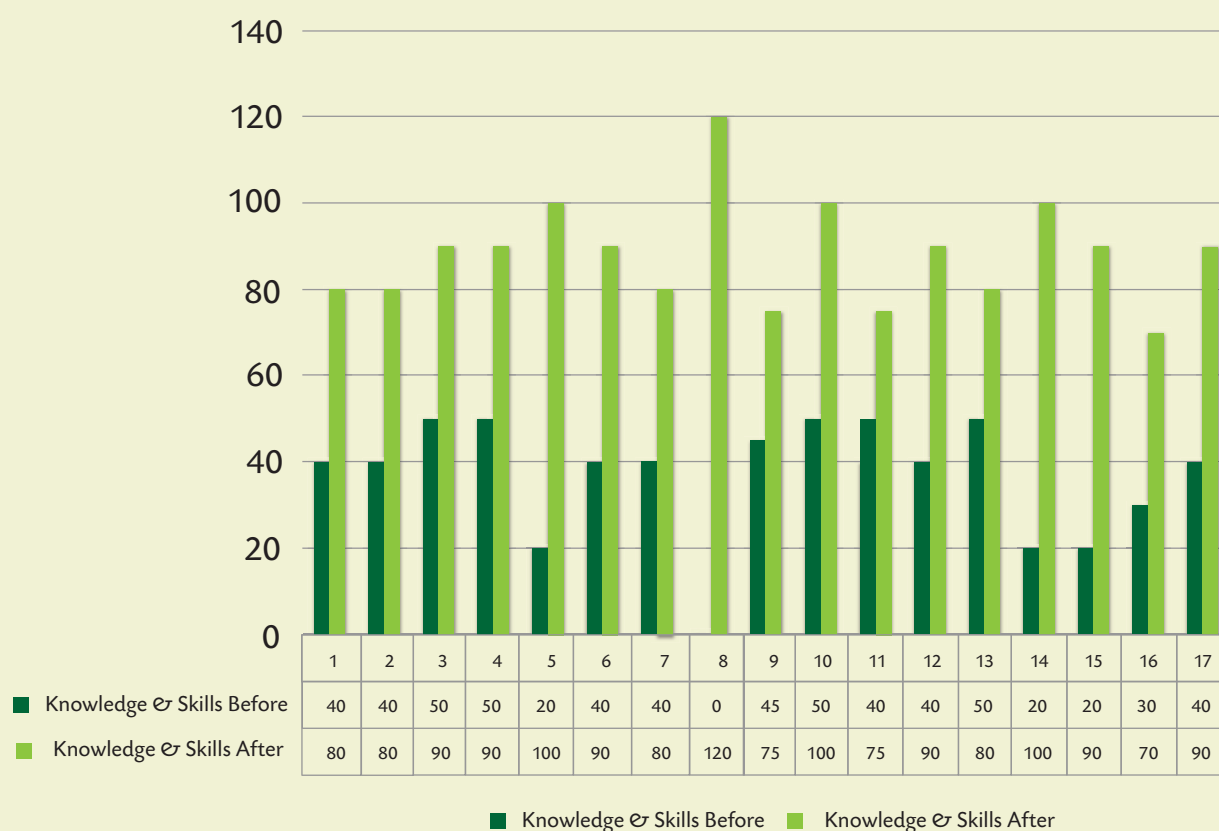
Cane Husbandry And Plant Production For Mpumalanga Growers

Further training was provided in respect of cane husbandry and mayfield applicators during fertilizer distribution and herbicide application in Komati and Malelane – a project funded by the Department of Agriculture, Land Reform and Rural Development (DALRRD).

COURSE NAME	NO. OF GROWERS
Cane Husbandry	12
Mayfield Applicators	9

Governance And Leadership

SAFDA facilitated foundational two days good governance and leadership training with communal property institutions in Kwa-Zulu-Natal and Mpumalanga. Self assessments and evaluation results indicated that learners have gained significant knowledge improvement as a result of the training intervention.



FARM MANAGEMENT SERVICES



STRATEGIC PROJECTS FMSC

Partnership with the Department of Agriculture, Land Reform and Rural Development for farmers to small scale farmers in KwaZulu-Natal and Mpumalanga

OVERVIEW

SAFDA Farm Management Services compiled several business plans during the last quarter of 2018 with the aim of supporting small-scale growers with fertilizer in KwaZulu-Natal. In Mpumalanga business plans were developed for ratoon management support the small-scale growers, and four land reform projects. These plans were approved by the Department in March 2019 and implementation began as from April 2019 in Mpumalanga, followed by KwaZulu-Natal.

GOVERNANCE

The Service Level Agreement made provision for a structure that was established to implement the project: namely, Provincial Programme Steering Committees. SAFDA attended these meetings in both Provinces and presented the project progress reports. FMS and GSS also developed a number of templates to manage the project. This included procedures for the implementation of the project, together with cession forms, delivery note confirmation forms. These tools are important as the portfolio of evidence that fertilizer was delivered to the targeted farmers.

IMPLEMENTATION

KwaZulu-Natal

Delivery to depots commenced on the 12th June 2019 and a comprehensive

logistics register was kept tracking the movement of fertilizer from the SAFDA Fertilizer manufacturing plant in Durban. Fertilizer was delivered to strategic points across the sugar cane growing areas by SAFDA Logistics. Farmers came in their bakkies to collect their fertilizer on the day of the arrival of the trucks, or from depots where fertilizer was stored

Delivery as at 31 March 2020:

- Distribution achieved 79% (189 783 divided by 240 223 = 79%)
- 169 412 bags distributed (remember we had not moved the 24-month cycle stock at this stage)
- 6 404 growers benefited from the initiative
- 21 176 hectares had a minimum of 8/bags/ha applied

MPUMALANGA

In Mpumalanga the project began in April 2019, for fertilizer was required immediately after harvesting for the irrigated fields. By March 2020 the project was complete with the following benig delivered to small-scale farmers

	TARGET	ACTUAL	COMPLETION RATE
Fertilizer (ha)	4 624	5 166.7	111.74%
Fertiliser Bags Applied	73 984	82 521	111.54%
Herbicides (ha)	4 624	4 331.2	93.67%
No. of Job Creation	1 200	1 260	105.00%
No. of Grower Codes Assisted			
Fertilizer	648	613	94.60%
Herbicides	648	459	70.83%

FERTILIZER

PROJECT	HA RATOONED	TARGET 50 BAGS	ACTUAL DELIVERED	ACTUAL APPLIED	COMPLETION RATE
MTHAYIZA	1 200	14 400	14 400	14 400	100%
MHLABA	48	576	720	720	125%
MATSAMO	597	7 164	7 164	7 164	100%
MAWEWE	417	5 046	5 046	5 046	100%
TOTAL	2 262	27186	27330	27 330	100%

HERBICIDES

PROJECT	HA RATOONED	TARGET 50 BAGS	ACTUAL DELIVERED	ACTUAL APPLIED	COMPLETION RATE
MTHAYIZA	1 200	2 400	2 400	2 400	100%
MHLABA	48	96	96	96	100%
MATSAMO	597	1 194	1 194	1 194	100%
MAWEWE	417	824	824	824	100%
TOTAL	2 262	4 514	4 514	4 514	100%

Diversification



DIVERSIFICATION 2019/2020

SAFDA's Diversification approach is to assess and pursue opportunities for its farmers that would maximize beneficiation of their sugarcane, access more value and create a new trajectory of sustainable, diversified and competitive sugarcane businesses. Participating in high value complementary crops, industrial, agro-business and biorefinery businesses will strengthen the sustainability of our farmers. These are key components of the Sugarcane Value Chain Masterplan and is touted as a gamechanger to the future of the sugarcane sector.

Investigating and pursuing such opportunities for the black farmers required SAFDA to undertake techno economic business cases assessments appropriate in scale, technology, and market opportunity. Such assessments have been completed and SAFDA is now positioned to consider implementing together with strategic, technology and financial partners integrated agroprocessing and biorefinery projects of value add to our farmers.

SAFDA is anchoring itself beyond cane farming, building beneficial partnerships that could open doors to new businesses and provide access to new markets. The foundation is being built, as SAFDA builds credible relations in the sugarcane value chain, downstream users, innovative technology developers, research institutions and those of the broader commercial area that have already bought into renewable and biobased economy. SAFDA is working with several companies (industrial and technical) and financial institutions (commercial, development finance, private and off-shore) in this regard, and we are hopeful that these engagements will bear fruit soon in flagship and commercial projects.

We have engaged government and SAFDA acknowledges the backing received in exploring diversification and new business opportunities that could truly represent transformation and development within agricultural and agro-businesses. We are expectant that as the sugarcane industry seeks to plummet towards a diversified industry and with alternative high value and high volume products - renewable chemicals and polymers,

ethanol etc. that could be used in bioplastics, packaging, and the like, the small scale and land reform farmers must participate.

The sustainability of the small-scale farmers is foundational to the future of the sugarcane industry. To quote just a few Tongaat Hulett Limited (THL's) has published their group financial results for March 2020, where the group indicated that they are pursuing transformational partnerships as part of their turnaround strategy. SAFDA is engaged in the THL MillCo initiative which is aligned to the objectives of the Sugarcane value chain masterplan, SAFDA views this initiative as a strategy that will have a significant impact in forming partnerships with small-scale growers more particularly 10 800 small-scale farmers that supply sugarcane to the north coast sugar mills.

SAFDA is alert to the interest that quite a few international biobased technology companies, developers and potential investors have in making their mark in South Africa, and SAFDA has welcomed establishing these partnerships so that economically attractive projects can be implemented with faster time to market.

Human Resources

Human Resources Report

SUMMARY

We have experienced phenomenal growth this year. We began the year with a staff compliment of 56, we have since grown to a staff compliment of 92.

The Organisation took on huge projects with high expectations from the Government and our growers, fortunately we delivered. We salute our team for all the hard work, dedication and commitment they have shown this year. We are confident



that with the many upcoming projects in the year ahead we will do even better.

Staffing Report

Key appointments, promotions, transfers, vacant positions and terminations that took place.

Training And Development

The different units underwent various trainings to better equip each person for the position they fill.

Amount spent on training for the year 2019/2020 R330 872 .41 excluding traveling and accommodation.

DEPARTMENTS	NEW APPOINTMENTS	RESEGNITION	TERMINATED CONTRACT	VACANT POSITION	STAFF COMPLIMENTS
Grower Support Unit	<ul style="list-style-type: none"> Resource Centre Clerks (16) Administrator (1) General Workers (4) Youth Programme (10) 	3	1	0	52
Finance and Admin Unit	Accountant			<ul style="list-style-type: none"> Resource Centre Clerks 	8
Strategic Support Unit	<ul style="list-style-type: none"> Industrial Affairs Analyst 	0	0		6
FMSC	<ul style="list-style-type: none"> GIS Project Administrator Livestock co-ordinator Procurement Officer Junior Farm Manager (2) 	3	1	<ul style="list-style-type: none"> Project Accountant – FMS Health and Safety Officer – FMS 	17
Enterprise and Grower Financing		0		0	1
Fertilizer Company		1			4
Executive Officer					2



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