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THE OFFICIAL NEWSLETTER OF SAFDA
MAY - JULY 2023

ZABALIMI



RV Price April 2023: R6521,14 (an increase of R1086,07 vs Previous Season) D factor 0,483462

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Minister Didiza hands over fertilizer to the value of R99 million



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Final RV PRICE
2022/2023 season



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Phase 1 of the master plan revisited



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MINISTER DIDIZA HANDS OVER FERTILIZER TO THE VALUE OF R99 MILLION TO SMALL-SCALE SUGARCANE FARMERS



The Minister of Agriculture, Land Reform and Rural Development, Ms Thoko Didiza, handed over fertiliser to jubilant sugarcane small-scale farmers in Gingindlovu earlier this month (April). This as part of government effort to assist farmers who have long suffered from rising fertiliser costs due to geopolitical tension between Russia and Ukraine and leaching of soil nutrients due to high water concentration and run-off resultant from the recent floods that ravaged the province of KwaZulu Natal (KZN) in 2022. SAFDA, through a collaboration with the Department of Agriculture, Land Reform, and Rural Development and other government departments is working tirelessly to reverse

the challenges faced by the black farmers, and small-scale growers in particular.

More than 6000 farmers and community members attended the event in Gingindlovu that was attended by Minister Thoko Didiza, Deputy Minister Nozuko Capa, Deputy Minister Mcebisi Skwatsha, senior officials of the department, KZN MEC Agriculture & Rural development, Hon. Super Zuma, Deputy mayor of Umlalazi municipality Cllr M Ngema, Umlalazi speaker Cllr JK Powell, Umlalazi municipality councilors, SAFDA management and other regional leadership.

The Department of Agriculture, Land Reform



and Rural Development funded SAFDA's Ratoon Management Project for sugarcane small-scale farmers to the tune of R99 651 240. The project is planned to benefit over 10 679 farmers with a total of 116 415 bags of fertiliser across eleven mill areas in the six districts of KwaZulu-Natal. The costs of ratoon management have increased drastically from around R8000 per hectare in just two years to an exorbitant R13000 to R15000 per hectare since year 2022.

Fertiliser is the most important in agricultural input in keeping the root of the sugarcane crop productive and thereby allowing regrowth which can go up to ten years producing quality sugar. Ratoon productivity has been proven to increase with proper management involving timely agricultural operations, proper nutrition management, and integrated pest management and maintenance of adequate plant population. The consequence of limited or no

ratooning will result in a drop in yields and the compromise the sustainability of these small to medium farming enterprises.

SAFDA uses Farmer Production Support Units (FPSUs) as instruments of delivery of all its farmer support services. This fertiliser programme is accordingly delivered through FPSUs. FPSUs are geographically aligned to and clustered according to industry mill areas and municipal districts. Project implementation has already commenced in all Districts and nearing its completion.



SAFDA WELCOMES THE DECISION TO KEEP SUGAR TAX UNCHANGED



Honourable Enoch Godongwana

The South African Farmers Development Association (SAFDA) welcomed the announcement by the Minister of Finance, Honourable Enoch Godongwana, to keep Health Promotion Levy (sugar tax) unchanged for the next two years. This is a relief to the sugar industry and most importantly to our farmers who have been anxiously waiting on the minister to announce the good news. The moratorium that was announced by the minister will enable the industry to pursue various diversification opportunities, which would allow the industry to export less sugar and ensure the sustainability of the industry. The sugar industry is currently pursuing diversification opportunities which include but not limited to, sustainable aviation fuel, biofuel project and polylactic acid etc. This will

prevent possible job losses and many of sugarcane farmers exiting the space.

In 2018, Treasury introduced the Health Promotion Levy (HPL) on sugary drinks with more than four grams of sugar per 100 ml. The rate is currently fixed at 2.1 cents per gram of the sugar content that exceeds four grams per 100ml. This resulted in a decline of South African Sugar because the beverage producers reviewed their beverage recipes and reformulated away from cane sugar in order to mitigate the magnitude of their tax exposure.

SAFDA also appreciates the intervention by Treasury to announce that it will make available an amount of R695 million for immediate relief and also a further R1 billion to be made available next year

in relation to the floods that took place in 2021 and 2022. This will assist our farmers that were affected by the floods and have not yet received any assistance to fix their infield roads, farmhouses etc. We hope that this financial relief will assist our farmers to get back to business as some have not been operational due to lack of assistance.

SAFDA appreciates the work that has been done by our government, particularly the two ministers that are directly involved in assisting the industry overcome its challenges, Ministers Thoko Didiza and Ebrahim Patel for their continued support of the recovery efforts aimed at boosting the struggling sugar sector.

FINAL RV PRICE 2022/2023 SEASON



The Sugar Industry opened the season with the recoverable RV Price of R5 621,76 per ton and closed the season with the final RV Price of R5 435,07 per ton of RV. During 2022/2023, season there were positives and negatives for the RV Price, but the negatives were more dominant and impacted negatively to the final RV Price. The positives were the following:

- **Notional Price Increase**

- Notional price increase by 4% effective from 31 August 2022
- Notional price increase by 3,3% effective 1 March 2023.

- **Molasses Price Increase**

- Molasses price increase by 5,9% effective from 31 July 2022

- **Higher World Market Prices:** 2022/2023 season ended with No.11 world market price of US23,88c/lb versus US18,33c/lb for 2021/2022 season.

- **Weaker weighted average R/\$ exchange rate:** 2022/2023 season ended with an R/\$ exchange rate of R17,41 versus R15,20 for the 2021/2022 season.

There were several challenges faced by the industry during 2022/2023 season. The main challenges which contributed to the lower final RV Price for 2022/2023 season were the

Local Market Redistribution (LMR) non-payment levy from Tongaat Hulett Sugar (THS). This non-payment resulted in a reduction of proceeds by R1,5 billion of which R962 million was paid by growers as per the current Sugar Industry division of proceeds (DoP). The other contributor to the lower Final RV Price was the zero carryover, which resulted to the downward adjustment of the LMDE. This decision was taken by Council to reduce the SASA financial risk of funding excessive carry over tonnage, that is not in the correct form required by the local market and also eliminating the risk of non-payment from the millers.

PHASE 1 OF THE MASTER PLAN REVISITED



Phase 1 of the Sugar Masterplan expired on 31 March 2023 after three years of implementation. The Sugar Masterplan was approved in principle by all major stakeholders in April 2020, but due to the delays caused by Covid 19 pandemic, it was officially launched in November 2020. The Sugar Masterplan Phase 1 was aimed at restoring back local market sugar demand by at least 300 000 tons by Year 3. In support of the Sugar Masterplan, (downstream) users committed themselves to sourcing at least 95% of all their sugar requirements from the local sugar industry market. The implementation of the Sugar Masterplan has contributed significantly towards setting the sugar industry on the road to recovery and transformation.

The Sugar Industry managed to restore 288 557 tons of sugar demand in the local market, against a target of 300 000 tons in year 3 of Phase 1 of the Sugar Masterplan. This achievement is a victory for the industry taking into consideration challenges faced by the industry since the implementation of the Sugar Masterplan. The Sugar Industry experienced civil unrest in July 2021 and was also affected by floods in April 2022 as well as ongoing loadshedding in South Africa.

During Phase 1 of the Sugar Masterplan, the Sugar Industry made a commitment to restrain the notional price and producer price increases for sugar at or below consumer inflation for a period of three years and price increases were implemented not more than twice a year,

outside of peak trading periods. Phase 1 of the master plan has had some successes and some challenges, growers suffered significant cost pressures because sugarcane input costs were rising faster than the RV Price, making it harder for growers to break even. While sales to the local market have recovered significantly, relative to the pre- Sugar Masterplan, the heightened increase in costs, driven largely by international factors, have resulted in value destruction. Small-scale Growers are the ones who are more affected by these high input costs, without the intervention from Government with fertiliser for small-scale growers, some small-scale growers were going to exit the Sugar Industry.

SAFDA'S INTERVENTIONS YIELDS GOOD RESULTS FOR SMALL-SCALE GROWERS



Sugarcane is an ideal crop for small-scale growers in the topography of communal lands, particularly in KwaZulu-Natal. Sugarcane values per ton compared to other field crops is significantly higher, and single planting generates a crop for up to 7 years. In the previous years, the sugarcane industry has seen a decline in the number of small-scale growers. Some of the causes for the decline was the higher production costs and higher transport costs since small-scale growers are located furthest from the sugar mills.

One of South African Farmers Development Association (SAFDA) objectives is the development and growth of black farmers focusing on small-scale and land reform farmers. SAFDA has introduced various

programmes in conjunction with government to sustain and grow cane production and the revenue base for black farmers. These include fertilizer programmes and ratoon management to cushion the impact of rising inputs costs and, the development of Farmer Production Support Units (FPSU's) to provide mechanization and other support services closer to the locations of small-scale growers. These interventions have impacted positively to the sugarcane production, increased revenue for growers and also increased the number of growers entering the Sugar Industry especially small-scale growers.

The tables below illustrates the number of growers and their

delivered tonnages over the past three seasons (2019/20 to 2021/22). Table 1, shows that the number of Black Small-Scale growers has increased by 1 650 farmers while Black Large-Scale Growers increased by 13 farmers. We anticipate seeing existing black farmers expanding their sugarcane farms and new black farmers joining the sugar industry in the upcoming seasons.

Small-scale growers cane deliveries for 2021/22 season increased by 1.5% when compared with 2019/2020 season cane deliveries, their cane deliveries increased by 98 932 tons while Black Large-Scale farmers cane deliveries also increased by 44 199 tons.

TABLE 1:
Sugarcane Growers

Race	Description	No of Growers 19/20 Season	No of Growers 20/21 Season	No of Growers 21/22 Season
Black	Black Small-Scale Farmers	20 497	20 378	22 147
	Black Large-Scale Farmers	300	308	313
	Projects and Co-ops	106	93	94
	Joint Ventures (50% black ownership)	10	10	10
Black Growers Total		20 913	20 789	22 564
White	White Small Scale Farmers	156	160	126
	White Large Scale Farmers	807	781	789
White Growers Total		963	941	915
	Miller Sugar Cane Estates	50	46	45
Industry total		21 926	21 776	23 524

TABLE 2:
Tons of Cane Delivered

Race	Description	Cane Delivered 19/20 Season	Cane Delivered 20/21 Season	Cane Delivered 21/22 Season
Black	Black Small-Scale Farmers	1 627 683	1 675 785	1 726 615
	Black Large-Scale Farmers	1 916 162	1 955 921	1 960 361
	Projects and Co-ops	423 863	378 561	338 813
	Joint Ventures (50% black ownership)	746 662	742 393	639 444
Black Growers Total		4 714 370	4 752 660	4 665 233
White	White Small-Scale Farmers	105 159	102 419	81 537
	White Large-Scale Farmers	12 481 789	11 638 141	10 936 262
	Joint Ventures (50% white ownership)	746 662	742 393	639 444
White Growers Total		13 333 610	12 482 953	11 657 243
	Miller Sugar Cane Estates	1 193 833	984 853	876 701
Industry total		19 241 813	18 220 466	17 199 177

FLOODS IN MPUMALANGA CAUSE HAVOC FOR FARMERS



Nkomazi in Mpumalanga experienced floods due to heavy rainfall for about two weeks in February this year. This resulted in many farmers being affected negatively. Nkomazi blooms with beautiful green sugarcane farms. Most sugarcane projects were drastically affected by disaster, pump stations including its infrastructure (pump houses) were damaged and some were even destroyed. Most of the pumps, electric motors, were flooded, while suction pipes, delivery pipes are under inspection since they are due to the high level of water within the stations. Furthermore, roads within the projects were also damaged, some of the

sugarcane crops within the farms were destroyed, which includes the irrigation systems being damaged or destroyed. Fencing was also destroyed by floods. Farm assessments were done for all the affected projects including those farms which needs replant and change of irrigation systems, and costing for all the damages caused by the floods were projected on the report that was done by SAFDA for recovery.

Some of the projects that were affected by this natural disaster included some of the SAFDA's award winning projects that the organization took pride in them. Below is a list of some projects that were affected:

VUKUSEBENTE is a co-op under the Dairy Project located in Mangweni, Nkomazi. The pump station is irrigating 134 ha of sugar cane using drip irrigation systems. The pump station was fully submerged under water during the floods and needs be replaced, and the road must be fixed. The estimated total cost to repair everything is around R 361 337,50.

MBHUNU B PROJECT Mbhunu B is a project for sugarcane farmer located in Mangweni, Nkomazi. The pump station is irrigating sugarcane using drip irrigation systems. Therefore, they must all be replaced, and the road must be fixed. The estimated total cost to repair



everything is R1 262 715,82. Table 4 below shows all the approximate cost of replacing and repairing the station. Images of these damages are shown below before the costing table. Pictures of the pumps flooded unavailable.

LUGEDLANE A A farm project located in Mangweni, Nkomazi. The pump station is irrigating of sugar cane using both sprinkler and drip irrigation systems. The pump station was fully submerged under water during the floods. The estimated total cost to repair for everything is R446 157,98. Table 5 below shows all the approximate cost of replacing and repairing the station. Images of these damages are shown in table below before the costing table.

MAKHUSHE CHICO An individual farmer under Mbhunu B project located in Mangweni, Nkomazi. The pump station was fully submerged under water during the floods. Table 7 below shows all the approximate cost of replacing





and repairing the station. The estimated total cost to repair everything is R220 929,64. Images of these damages are shown below before the costing table.

MBULUZI A farm project under Shinyokane project located in Mangweni, Nkomazi. The pump station was fully submerged under water during the floods. Table 10 below shows all the approximate cost of replacing and repairing the station. The estimated total cost to repair everything is R. Images of these damages are shown below and the costing table.

PHAPHAMANI A farm project under Shinyokane project located in Mangweni, Nkomazi. The pump station was fully submerged under water during the floods. Table 11 below shows all the approximate cost of replacing and repairing the station. The estimated total cost to repair everything is R498 488,06. Images of these damages are shown below and the costing table.



SAFDA SUPPORTS NCORA WITH 100 HECTARES OF YELLOW MAIZE



Smallholder irrigation schemes have the potential to make a significant local socio-economic impact by contributing to improved food security, poverty alleviation and increased employment. In many instances, they are the main economic activities in their areas. Unfortunately, many smallholder irrigation schemes have collapsed while the rest are suffering reduced efficiency due to various reasons. Due to the importance of these schemes, their effective revitalization is extremely important, and have rich land for any agricultural commodity.

Several irrigation revitalization initiatives have previously, and are currently, being undertaken in South Africa. These initiatives range from rehabilitation initiatives to the more broad-based initiatives, with multi-

disciplinary teams tackling the wide-ranging issues linked to agriculture production in smallholder irrigation schemes. However, the main intervention, practiced currently in South Africa at present, has focused on the rehabilitation of infrastructure, not on the more holistic development philosophy of revitalization.

SAFDA has entered into an agreement with the Ncora CPA to assist them in re-establishing production on 5000 hectares of land that will be restored to them through the Land Restitution Programme. SAFDA has assisted the CPA in preparing a project business plan and institutional capacity building.

However, the CPA requested assistance from SAFDA to develop 100 hectares of maize

for the current season. SAFDA has obliged with an interest-free loan to assist in starting up production, while awaiting the transfer of the farms and the release of the development grants.

Economic aspect of Ncora projects

Animal feed is the main targeted market. Amadlelo Dairy Company is the biggest milk processing company around the area where the farm is located – it is also situated about a kilometer from the farms, making it easy to market and supply the yellow maize they produce. Currently, farmers



have not yet supplied maize, but the market is readily available when they have harvested already. The other considered target market for the produce will be local markets such markets are hawkers, wholesalers, other processing maize companies and retailers.

Current status of maize production support

NAMES OF THE COMPANY PROJECTS	CURRENT STATUS	NUMBER OF HECTORS
Agri-mix	Matured yellow maize	25
Lowe Ncora Primary Cooperative	Inputs supplied – will plant in the new season	25
B2 Maize & Livestock Cooperative	Two (2) to three (3) hectares of yellow maize is about to produce cobs	25
Damani Cooperative	Inputs supplied – will plant in the new season	25

- All plots were fenced and mapped.
- It was reiterated that the success of this initiative is a precursor to accessing the government aligned funding reflected in the SAFDA business plan.
- Local extension services costing schedules to be adhered to.

Institutional support to the CPA

1st TRAINING PROVIDED TO NCORHA TEAM

SAFDA held the first training session with the CPA on

- Structuring of CPA and business structure
- Responsibilities of everyone in both CPA and business structure
- Governance and operations

2nd TRAINING PROVIDED TO NCORHA TEAM

SAFDA held the second training session with the CPA on

- Structuring of CPA and business structure
- What is expected when opening bank account for Ncora Team (both business structure and CPA)
- Discussed and assessed human capital needs with the acting chairperson.
- Collected CVs for the upcoming office administrator, which have already been identified as a priority position for Ncora offices.
- Assessed the acting Chairperson's level of education and experience.
- Provided guidance and advised on all urgent positions to be prioritized recruitment.
- Designing of Ncora logo
- Reviewed the structure of the offices and painted two of them.

Next Steps

- Tracking progress on approval of Section 42© and d notices by the Minister
- Designing banners for Ncorha
- Opening bank account for business structure as the priority before CPA bank account
- Branding of the Mthatha Office
- Due to SAFDAs involvement at Ncora, we are part of the Eastern Cape irrigation revitalization task team which meets regularly with key stakeholders, with the purpose of bringing a total of five irrigation schemes back into full production.

ITHALA DEVELOPMENT FINANCE CORPORATION



As Ithala Development Finance Corporation (IDFC), we remain committed to our mandate of supporting and developing the people of KwaZulu-Natal, in particular those operating in the townships and rural areas.

IDFC have been engaging with various partners in the province in order to work together to support job creation initiatives through our SMMEs and Co-ops. These partnerships are not just a piece of paper, but action plans to support the people of KwaZulu-Natal with financial

and non-financial support.

The agriculture sector remains IDFC's biggest portfolio, constituting 39% of the IDFC's loan book. This after having identified this sector as a key driver of economic participation in rural and township areas. Products under this sector have been developed to support SMMEs and Co-operatives in putting productive land to use. IDFC provides funding solutions to farmers focusing on commodities such as sugar cane, grain crops, fruits, forestry,

vegetables and livestock. Funding offered includes facilities such as Land and Fixed improvements, Asset finance, working capital, Livestock Finance, and Empowerment equity finance.

IDFC has engaged and partnered with SAFDA as a finance partner in providing emerging farmers including



those who are in our portfolio to becoming sustainable businesses that can become the solution to the challenges we face today. Furthermore, the partnership has committed to provide finance and support for developmental agricultural projects, debt restructuring, mobilizing financial resources for salvageable farms under business rescue and deals with transformation and diversification in the agricultural value chain.

The partnership not only provide loans, pre-investment and post investment support, but also offers a grant portion to help soften the financial obligation of farmer who have been approved, provided the business meets IDFC's funding requirements. Through this partnership, IDFC has funded clients in the sugar cane industry and they also benefited on the 10% grant facility, which is facilitated by South African Sugar Association.

IDFC Business Finance approved over R300m to SMMEs and Cooperatives across KZN during the FY 2022/23, which R46m was for agriculture and agro-processing sector. We have disbursed over R209m to SMMEs and Cooperatives during the previous financial year and assist SMMEs to create over 2000 Jobs. IDFC is committed to executing its mandate to alleviate the economy of KwaZulu-Natal and make a meaningful contribution to the SMMEs and Cooperative.

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+ free smartphone.

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- Funeral cover
- Smart Cellphone
- Airtime
- Data bundles



Association Members (18 – 64) under the

ESSENTIAL PLAN PRODUCT:

- **Essential 10**
- **Essential 15** includes optional¹ funeral service
- **No Waiting Period**

1. Upon claim, active members can opt for funeral services to the value of their cover. Final list of service benefits to be provided.

2. National coverage in the following provinces – Gauteng, Limpopo, Mpumalanga, KZN & Eastern Cape.

Individual Member Gross Premium

	Essential 10	Essential 15
Cover Amount	R 10,000	R 15,000
		Service

SAFDA							Pricing
Term		Devices	Voice	Data		Essential 10	Total subs, inc. Vat
			Anytime Minutes	Anytime Data	Promo Data	Funeral Cover	
36		Sim Only	100	1GB	2GB	Essential 10	R140,00
		Samsung Galaxy A04	100			Essential 10	R170,00
		Samsung Galaxy A04	50	1GB		Essential 10	R180,00
		Samsung Galaxy A04	100	1GB	2GB	Essential 10	R200,00

SAFDA							Pricing
Term		Devices	Voice	Data		Essential 15	Total subs, inc. Vat
			Anytime Minutes	Anytime Data	Promo Data	Funeral Cover	
36		Sim Only	100	1GB	2GB	Essential 15	R160,00
		Samsung Galaxy A04	100			Essential 15	R190,00
		Samsung Galaxy A04	50	1GB		Essential 15	R200,00
		Samsung Galaxy A04	100	1GB	2GB	Essential 15	R250,00

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