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THE OFFICIAL NEWSLETTER OF SAFDA
AUGUST - OCTOBER 2023

ZABALIMI



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Thriving rural communities - Thriving rural economies

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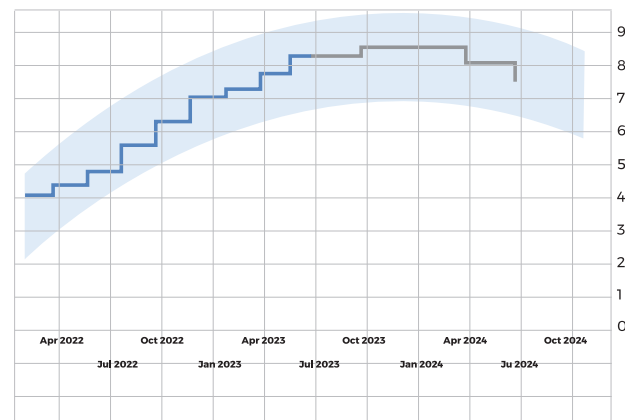
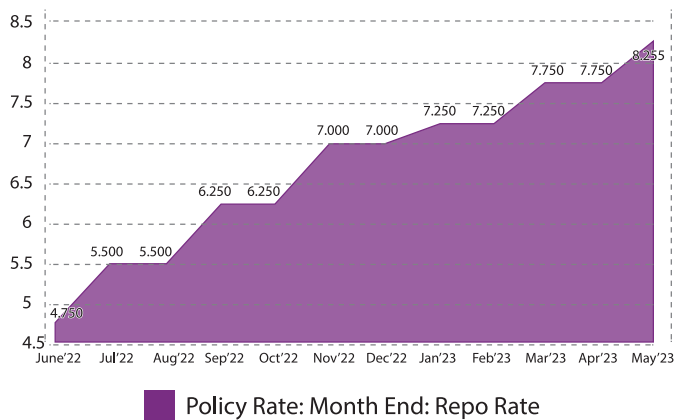


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Interest rates and farming costs and how it affects our farmers

South African Reserve Bank Monetary Policy Committee (MPC) increased its main lending rate by 50 bps to 8.25% during its May meeting and the prime interest rate is 11.75%, pushing borrowing costs to their highest level since May 2009. Policymakers cited concerns regarding the significant depreciation of the rand and the

mounting pressures of inflation as key drivers behind the rate adjustment. The recent hike was a result of loadshedding, high inflation, and global price increases. The SARB also revised its inflation forecasts, with inflation for 2023 now projected to average 6.2%. The SARB has increased its lending rate by 125 basis point since January 2023.



According to the forecast the economists expect a further increase in repo rate by 25 bps to 8.50% in September 2023

HOW THE REPO RATE WORKS

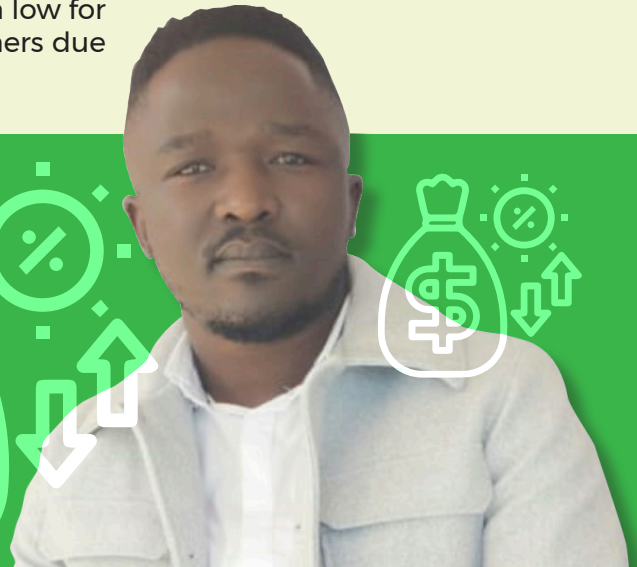
The repo rate is the rate at which the Reserve Bank lends money to South Africa's commercial banks. Commercial banks further lend to farmers at prime plus a certain percentage depending on individual farmer risk. Repo rate is adjusted to keep inflation within a specific target range. The theory is that by upping the repo rate, the Reserve Bank makes borrowing less attractive. This reduces the amount of money in the

economy, so there's less to spend. As spending slows, it's harder to increase prices and this helps keep inflation in check.

There is an upside to a hike in inflation, some experts suggest. For farmers with a bit of extra cash to save, a hike in the repo rate could positively affect your return on savings. This is because when interest rates rise, so do returns on savings. However, farm earnings have been low for most South African farmers due

to high input costs. According to farmers all proceeds that they are getting goes back into the farm to at least maintain the current levels of production. It covers costs from diesel to deliver produce, more money towards labour since hourly rates are increased, fertiliser is even worse, seed-cane, contractor costs and other input costs have increased. Farmers are basically farming to survive. They barely afford to pay salaries.

Photo:
Nhlakanipho Khumalo
(Agricultural Economic Advisor – SAFDA)



COVERING ALL THE COSTS

With inflation increasing, it is difficult for farmers to stick to budget projections. This is made worse when there is a hike in input costs. Whatever projections and budget farmers did at the beginning of the project must be revised as they are meaningless now given the significant changes in prices. It is hoped that at some point the trajectory would change, allowing farmers to

become more sustainable.

Farmers have to keep up with increased inputs costs, particularly when you consider electricity with the need to fund alternative energy to keep farming operations going. With input prices on the rise, farmers are feeling the pressure. Stats released by Absa point to farmers having to pay 40% more for inputs to maintain the current levels of production that we have seen in the last.

WHAT DOES THIS MEAN FOR A FARM PRODUCTION LOAN?

Year	Principal Loan	Interest Rate	Term (Years)	Monthly Repayment	Annual Repayment	Total Cost
2020	R1 000 000	7,00%	5	R19 801,17	R237 614	R1 188 070
2023	R1 000 000	11,25%	5	R22 118,33	R265 420	R1 327 100

To put this in perspective, before the interest rate hike, a R1 000 000 production loan, with a term of 5 years, would have cost the farmer R1 188 070, with monthly repayments of R19 801,17.

Following the interest rate increase from July 2020 to May 2023, the same production loan would cost R1 327 100 (a difference of R139 030), with monthly repayments of R22 118,33.

HERE ARE A FEW CONSIDERATIONS TO REDUCE YOUR RISKS NOW THAT INTEREST RATES HAVE INCREASED.

- Complete a financial analysis of your farm business to review repayment capacity and liquidity ratios.
- Consult with your lender about these ratios and the debt structure of your loans.
- Determine if your loans have fixed or variable interest rates. Loans with variable interest rates have been affected by the SARB policy to raise rates.
- Develop a cash flow projection to see how your profit margins may be impacted by additional rate hikes.
- If margins will be reduced, consider restructuring your loans to a fixed interest rate.
- Complete a sensitivity analysis to determine how different commodity prices and input costs along with changes in interest rates will affect your cash flow.
- Consider marketing options to lock in commodity prices.
- Review expenses to reduce costs that may have risen due to inflation.



Summary

Not all farms are well positioned to manage the rising interest rates. Farmers that plan to take out new loans, renew operating loans, or have debt with variable rates that may adjust higher as interest rates rise should consult with their lender about potential refinancing or restructuring of their debt. Increased interest expense can

hurt profitability so a farmer should work with their lender to review their financial situation. Agricultural financing can be a crucial tool to continuing production, expanding operations, or trying different enterprises. Be sure to have a strong relationship built up with your lender. Higher interest rates and input costs has been a part of a farm's cash flow challenges in this year.



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SAFDA's R306m FPSUs Game Changer

Black farmer development landscape will never be the same. The recently approved R306 million funding to the South African Farmers Development Association (SAFDA) by the Department of Agriculture, Rural Development and Land Reform has just set a new upward bound trajectory with the establishment of seven

farmer production support units (FPSUs) in selected areas of KZN and Mpumalanga provinces.

SAFDA had submitted several business plans to the Department requesting funding support for the establishment of farmer production support units in seven of its operating areas, namely Macekane, Qwabe,

Jozini, Sezela, Noordsberg, Amatikulu and Nkomazi. A total amount of R306 040 032 was approved and is allocated as per the info graphic.

- **R66 962 112:** implements and vehicles
- **R14 347 834:** implements and irrigation infrastructure for the Mpumalanga FPSU
- **R224 730 086:** Infrastructure construction



What are FPSUs?

Farmer Production Support Units (FPSU)s are rural outreach agricultural centres which are designed and equipped to support farmers to produce, collect produce, store, process for the local market, and provide extension services including mechanization.

FPSU Services

From the FPSU, farmers can access a range of services including but not limited to those mentioned on the list below:

- Agricultural input supply control, in terms of quality, quantity and timeous deployment of inputs.
- Extension support and training, using Universities, agricultural graduates and Narysec working in a symbiotic relationship to “hold-hands” with farmers over the next 10 years.
- Mechanization support (tractor driving, ploughing, spraying, harvesting etc.)
- Machinery, servicing workshop facilities.
- Local logistics support, which could entail the delivery of farming inputs, transportation post-harvest, transportation to local markets.
- Primary produce collection.
- Weighing of produce and stock.
- Sorting of produce for local and other markets.
- Packaging of produce for local markets
- Local storage.
- Processing for local markets (small scale mills etc.)
- Auction facilities for local markets
- Provide Market information on commodity prices (ICT).
- Farmers wanting services and support from the FPSU will register with the FPSU of their choice.
- Small Business Development and Training center.
- Banking
- Fuel (energy center)



FPSU Management

The roll out of the FPSU programme is jointly managed by SAFDA and the Department of Agriculture, Rural Development and Land Reform. Depending on the geographical location of each

FPSU, there are more than one mill areas accessing support services in each FPSU. Management of the FPSUs is partnership based, involving local farmers' leadership, SAFDA Management and Officials of the Department of Agriculture, Rural Development and Land Reform.

FELEXTON FPSU



Sitting from left: D Sithole (SAFDA Development Coordinator: Felextion), N Mncwango (SAFDA MAC Chairperson: Felextion), S Mphahlele
Standing from left: LB Gumede, S Shandu, SR Nxumalo, NM Mnguni, & M Sonjica



AMATIKULU FPSU



Sitting from left: N Khumalo, V Ngobe & S Mphahlele
Standing from left: V Mthethwa, MM Mdletshe, BN Mnqayi, TB Mbanjwa, ZC Cele & M Sonjica



SEZELA FPSU



Sitting from left: T Gina, S Khumalo & U Mfundityala
Standing from left: N Mokgwamme, Z Ntombela, BC Mzimela, DN Ngcobo & MH Ngcobo



GLEDHOW FPSU



Sitting from left: B Ngubane, CE Mahlobo & N Zondi
Standing from left: TB Maphumolo, K Namnath, BT Mcineka & HN Mthembu



NOORDSBURG FPSU



Sitting from left:
Standing from left:

N Tlale, MM Thusi & SB Mkhize
AN Ndielela, AM Mbatha, NI Zikalala & BE Majola

MAKHATHINI FPSU



Sitting from left:
Standing from left:

BK Ndimande, MN Simelane & TB Mavuso
SA Simelane, SQ Mngeni, JH Jobe, M Simelane, TE Gumede, NN
Nyandeni, MM Gumede, Z Goba & M Sonjica

CURRENT BENEFICIARIES PER FPSU

Cluster	Mill Areas	Growers	Hectars
Cluster 1: South & Midlands	Umzimkhulu, Sezela, Eston, Noodsberg	2 936	6 500
Cluster 2: North Coast	Qwabe, Amatikulu, Darnal, Ntubeni	5 854	12 700
Cluster 3: Far North	Macekane, Umfolozi, Makhathini, Ophongolo	4 623	9 941
TOTAL		13 413	29 141

The totals shown on the table above are based on the numbers of hectares and growers who are harvesting annually in KwaZulu Natal. Mpumalanga is not included on the table. The total number of active growers amounts to over **20 000**.



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Mnguni Inaugural Chairman of Makhathini Lower Pongola Water User Association



SAFDA's Head of Grower Development, **S'fiso Mnguni**

SAFDA's Head of Grower Development, S'fiso Mnguni

was recently elected as inaugural Chairman of the newly established fourteen-member Makhathini Lower Pongola Water User Association (WUA). A WUA is a statutory body established by the Minister of Water and Sanitation under Chapter 8 (Sections 91-98) of the National Water Act 36 of 1998 to carry out water-related activities. The catchment area of the established Makhathini Lower Pongola Water User Association covers all areas under the supply of the Pongola/Jozini Dam across Makhathini Flats, Lower Pongola extends to the Ndumo, Mhlabuyalingana.

The institution aims to organize all water users in the Association's area of jurisdiction to collectively manage shared water resources for the benefit of diverse uses in an effective and efficient manner. WUA strives to ensure appropriate community, racial, and gender representation, and participation in its affairs. WUA actively supports the government's efforts in ensuring equitable access to water and specifically identifying and promoting opportunities for transformation in water allocation.

"There are four main purposes for the establishing the Makhathini Lower Pongola Water User Association, namely, taking and using

of bulk water for irrigation purposes on a commercial or subsistence scale, industrial purposes, and unpurified water supply to towns, communities and individuals; Manage local water infrastructure, e.g. irrigation water supply schemes and implement management decisions agreed upon between the members; to control the use of water for recreational and/or environmental purposes; and to perform other water resources management (WRM) and water services (WS) functions at the local level.

Other functions of the Association are: meeting the basic human needs of present and future generations, promoting equitable access to water, redressing the result of past and gender discrimination, promoting the efficient, sustainable, and beneficial use of water in the public interest, facilitating social and economic development, providing for the growing demand for water use, protecting aquatic-associated ecosystems and their biological diversity, reducing and preventing pollution and degradation of water resources, meeting international obligations, and promoting dam safety.

Other functions of the Association are: meeting the basic human needs of present and future generations,



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SAFDA supports the Minister of Agriculture's Budget and Policy Speech



The Minister of Agriculture, Land Reform, and Rural Development, Thokozile Angela Didiza, delivered the Department's budget speech on the 9th of May 2023.

Minister Didiza emphasized agriculture's vital role in South Africa's economy in her speech, highlighting its potential to drive job creation, food security, and rural development. She reaffirmed the government's commitment to prioritizing agriculture and ensuring it remains a cornerstone of our nation's prosperity.

One of the key announcements made during the budget



speech was the establishment of the Agro-Energy Fund. With a budget of R2.5 billion, this

fund aims to assist farmers who face challenges due to energy constraints, particularly during load-shedding periods. The Agro-Energy Fund will provide grants ranging from R500,000 to R1.5 million, enabling farmers to invest in agricultural production systems, irrigation infrastructure, and energy sources tailored to their specific needs. It is a significant intervention that will empower farmers and enhance the resilience of our agricultural sector.

The minister also highlighted the importance of collaboration between the Department of Agriculture, Land Reform and Rural Development, and

the Land Bank. Through this partnership, the Agro-Energy Fund will receive a loan of R2 billion from the Land Bank, while the department will contribute R500 million. This public-private collaboration demonstrates the government's commitment to leveraging resources and expertise to maximize the impact of initiatives benefiting farmers.

Furthermore, Minister Didiza underscored the government's focus on supporting small-scale

farmers. She emphasized that agriculture should be inclusive and that measures would be implemented to ensure that small-scale farmers have access to the necessary resources and support. The Agro-Energy Fund's sliding scale approach, which caters to the specific needs of different categories of farmers, is a testament to the government's commitment to equity and inclusivity. In addition to the Fund, the minister announced the availability of other funds within

the Department of Agriculture to assist farmers financially. These funds will provide further opportunities for farmers to access resources and support to enhance their productivity and competitiveness.

The Department of Agriculture, Land Reform, and Rural Development held a post-budget speech cocktail function to engage its stakeholders and give special thanks to its sponsors. Being the main sponsor, SAFDA expressed



profound gratitude to the Department for its continued efforts and commitment to addressing the historical injustices faced by small-scale farmers and promoting the development of rural areas.

SAFDA particularly commends the Minister's emphasis on the Agro-Energy fund and its potential impact on small-scale farmers. SAFDA welcomes the fund as a significant step forward in uplifting the small-scale farming community. The association applauds

the government's proactive measures to address the energy challenges farmers face, ensuring their continued growth and prosperity, and warned against corruption that robs farmers of their dues and hinders the progress of the reforms.

SAFDA welcomes the minister's budget speech and the initiatives outlined therein, commending Minister Thoko Didiza and her team for their dedication to the agricultural sector and their efforts to create

an enabling environment for farmers. SAFDA believes that these initiatives will go a long way in empowering farmers and ensuring the sustainable growth of the agricultural sector in South Africa.

SAFDA remains committed to advocating for interests and working towards a prosperous future for all farmers and will continue to engage with the government and relevant stakeholders to ensure that the voices of farmers are heard.



“The Department of Agriculture, Land Reform, and Rural Development held a post-budget speech cocktail function to engage its stakeholders and give special thanks to its sponsors.”





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Sugarcane to sustainable aviation fuel (SAF)

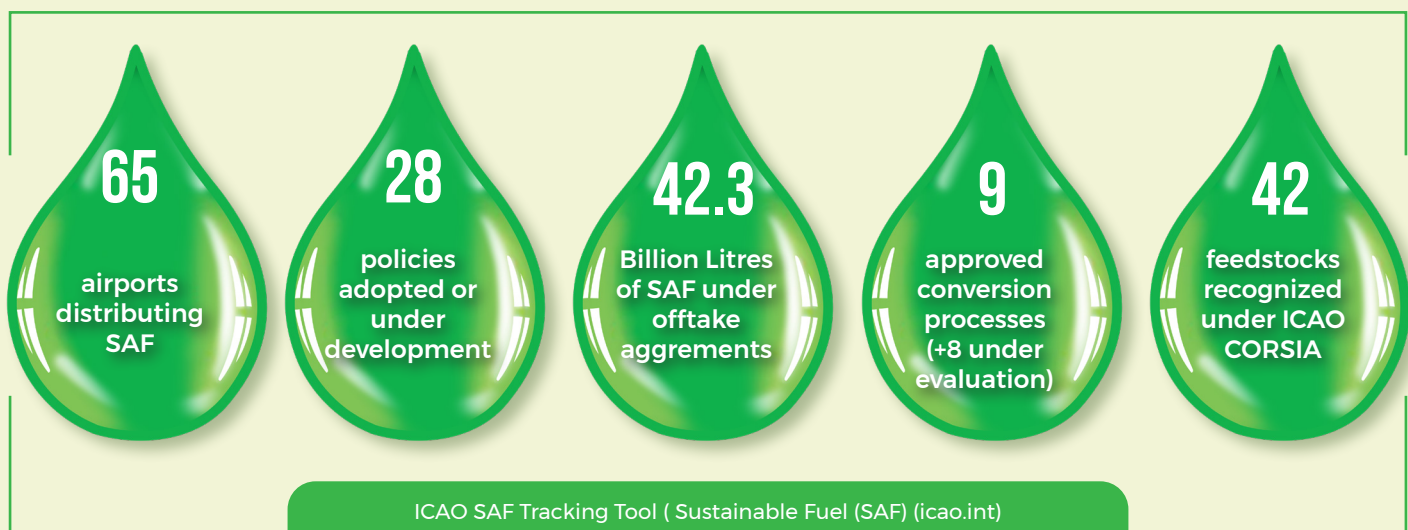


Dr Marilyn Govender
Head of Diversification

Sustainable aviation fuel (SAF) is a low-carbon fuel alternative for the aviation industry, in comparison to conventional jet fuel. SAF is not produced from petroleum based fuels but rather from biobased feedstocks such as sugarcane, maize, oilseeds, non-food crops, wastes, residues, algae biomass, CO-rich industrial waste gases.

Technologies approved to date when producing SAF are for “drop in fuels”, meaning that they can be used in the same infrastructure as conventional jet fuel, without any changes. SAF is chemically similar to conventional jet fuel but can reduce the CO₂ emissions for aviation transport.

GLOBAL REGULATORY SUPPORT



The International Civil Aviation Organization (ICAO) is a United Nations agency, established to help countries share aviation space mutual benefit. ICAO assists the 193 Contracting States to the Chicago Convention as they develop and adopt standards, practices, and policies for international civilian flight. The 41st International Civil Aviation Organization (ICAO) Assembly, member States

resolved to work together to strive to achieve a collective global long-term aspirational goal (LTAG) for international aviation of net-zero carbon emissions by 2050.

The International Air Transport Association (IATA), the trade association for the world's airlines representing about 290 airlines or 83% of total air traffic, approved the resolution

for the global air transport industry to achieve net-zero carbon emissions by 2050. Based on the projected growth of air travel demand, this means that a cumulative total of 21.2 gigatonnes of carbon will need to be abated between now and 2050. SAF is expected to contribute to 65% reduction in emissions for international aviation towards the 2050 net zero carbon emissions target.

WHY ARE INTERNATIONAL AIRLINES AND AIRPORTS SUPPORTING SAF

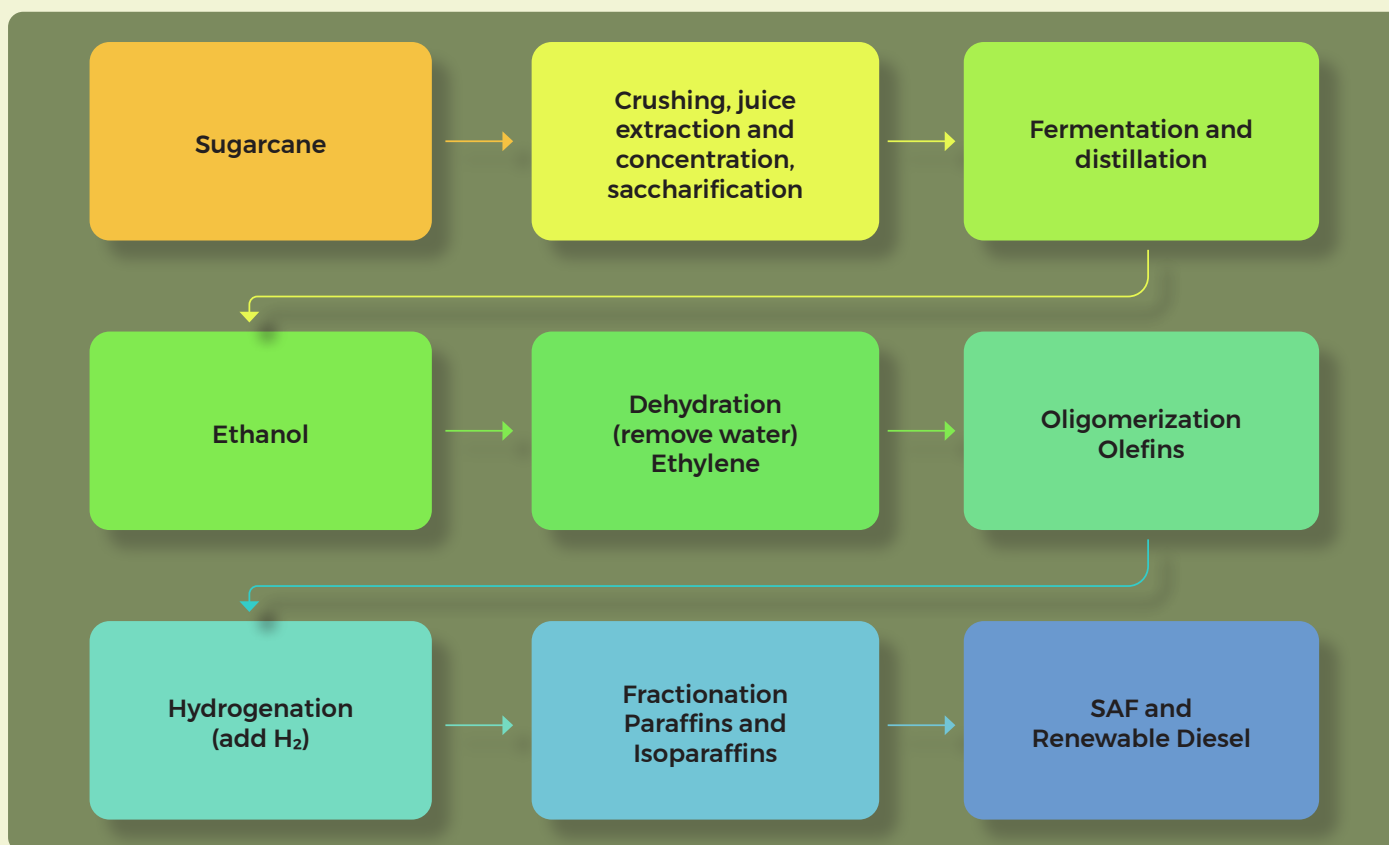
- In addition to the net zero emission target by 2050, the following benefits are seen to be encouraging international airlines and airports to support SAF:
 - Cleaner alternative to fossil fuel, achieving up to an 80% reduction in GHG emissions over the fuel's life cycle analysis
 - Drop-in solution that allows airlines to reduce emissions with no/minimal investments
- Positioned as forerunners and environmentally friendly in the industry
- Trust, loyalty and requirements met from investors, customers and regulators
- Support climate mitigation by lowering their value chain emissions
- Help aviation industry meet their sustainability goals and GHG reduction targets

HOW IS SAF PRODUCED

Several production pathways and feedstocks can be used to produce SAF. There 9 production pathways for SAF that have been internationally certified/approved under the American Society for Testing and Materials (ASTM) under ASTM D7566 standard and ASTM D1655 standard.

ASTM International Standard	Technology Pathway	Potential Feedstocks	Blending Limit (%vol)
ATSM D7566	Catalytic Hydrothermolysis Jet Fuel (CHJ)	Waste oil, algal oil and vegetable oil	50%
ATSM D7566	Alcohol-to-jet synthetic paraffinic kerosene (AtJ-SPK)	Ethanol, iso-butanol, industrial off-gases Sugar crops: sugarcane, sugar beet Lignocellulose	50%
ATSM D7566	Hydroprocessed fermented sugars to synthesised iso-paraffins (SIP)	Sugar and starch crops	10%
ATSM D7566	Fischer-Tropsch synthetic paraffinic kerosene plus aromatics (FT-SPK/A)	Lignocellulose	50%
ATSM D7566	Fischer-Tropsch synthetic paraffinic kerosene (FT-SPK)	Coal, natural gas, Lignocellulose: agricultural and forestry waste, invasive alien plants (IAPs), municipal solid waste, energy	50%
ATSM D7566	Hydroprocessed esters and fatty acids (HEFA) Synthetic Paraffinic Kerosene (HEFA-SPK)	Animal fat, waste fats, greases vegetable oil: used cooking oil, Solaris oil, camelina, jatropha	50%
ATSM D7566	Hydroprocessed hydrocarbons (HH-SPK) or hydrocarbon hydroprocessed ester and fatty acids (HC-HEFA)	Oils from Botryococcus braunii (algae species)	10%
ASTM D1655	Co-processed fats, oils and greases (FOG)	FOG from petroleum refining	5%
ASTM D1655	Co-processed Fischer-Tropsch (FT) Hydrocarbons	FT-syn crude with petroleum	5%

For sugarcane as the main input feedstock, the AtJ technology pathway provided through Lanzatech, Axens, Honeywell UOP would be the likely technology route. A simplified processing route for sugarcane to jet fuel is illustrated below:



WHERE IS IT CURRENTLY PRODUCED AND USED

According to IATA, in 2022, SAF production was estimated at approximately 300 million litres (less than 1% of global jet-fuel consumption). IATA's expectation for overall renewable fuel production is to reach an estimated capacity of at least 69 billion litres by 2028. If renewable energy production reaches 69 billion litres by 2028 as estimated, the trajectory to 100 billion liters by 2030 would be on track. If just 30% of that produced SAF, the industry could achieve 30 billion liters of SAF production by 2030.

Worldwide and more dominated in the EU, US and Asia major airports supply and use SAF. Demand in these continents is expected to grow as a result of local projects and planned projects, blending mandates, carbon credits benefits and offtake agreements.

The Board of Airline Representatives South Africa (BARSA) has stated that over 450 000 flights have now taken off using a mix of SAF and conventional fuels, and more than 50 airlines around the world now have at least some experience in SAF.

SAF markets are expected to grow, and the envisaged capex investment are clear signals of the envisaged growth by 2050:

EU and UK:

~150 SAF refineries with ~250 billion Eur capex investment

US:

~250 SAF refineries with ~ 400 billion USD capex investment

THE COST OF SAF

The SAF premium over conventional fossil fuels is not expected to decline in

the foreseeable future, which means that airlines would require significant financial incentives in order to switch over. Travellers could incur a cost of 3 – 14 USD per ticket in 2030 and 13 – 38 USD per ticket in 2050 (ICAO LTAG).

According to the WWF (2022) Blueprint for the production of SAF in SA - depending on the feedstock, pathway and technology route, cost of SAF could range from R28/l to R66/l. While all SAF is more expensive than conventional jet-fuel, some pathways are already competitive with the current international SAF cost and several more could become competitive if the cost of capital for the processing facilities and/or the feedstock cost could be lowered through policy support or concessional funding.

IS THERE AN OPPORTUNITY FOR SAF IN SOUTH AFRICA

- An estimated 400 000 tons of export sugar could produce 228 800 ethanol m³/a, from which 114 000 m³/a of SAF could be produced
- Opportunities and challenges that need to be addressed:

Markets

SAF buyers will pay the SA Sugarcane based SAF premium offtake price.

International airlines choose to refuel with SA Sugarcane Crop based SAF at SA Airports

Crop based SAF will not qualify and be able to generate EU SAF credits

SA Sugarcane based SAF could access individual countries, and strong potential for the Asia market.

Financial viability

Sugar not sold on the local market could be directed to SAF production, provided the revenue beneficiation back to sugarcane industry members is better than export market.

Current export sugar prices ~R11 805 cf 6 year average export sugar price ~R5 656, a difference of ~ R6 149

Sugar industry legislation, agreement and regulations include industry divisional proceeds for new industry products like SAF

Investors and financing institutions finance consortium of key players to invest in sugarcane to ethanol and ethanol to SAF/Renewable Diesel Facility while also accelerating transformation and sustainable diversification of the sugarcane industry

Long term investment view - is investment in ageing infrastructure and technology the most financially viable option

Policy and Regulation

SA local policy currently does not exist.

Sugarcane industry meets the internationally required RSB or ICCT certification standards for exported SAF. Investment and certification readiness is likely required across the sugarcane industry.

Critical to BARSA is clear policy positioning on any potential SAF mandate in South Africa coupled with a rigorous broad-based consultation process on tax incentives, subsidy and financial support mechanisms.

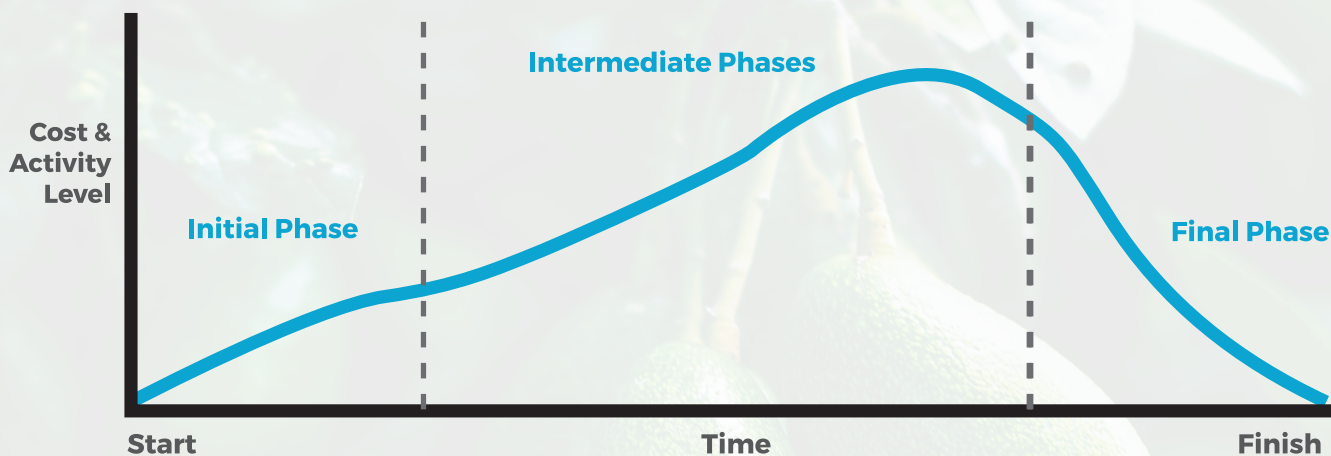
A SAF industry scoping / prefeasibility study jointly funded with the IDC, is currently underway. The planned completion for the SAF industry scoping / prefeasibility study is November 2023. Should SAF prove to be financially feasible, SAFDA is keen to engage and partner with relevant players in

SAF production, jet fuel supply, technology, and aviation industry (airlines and airports), to bring onboard SA SAF to be part of the future SAF global market and contribute to net zero emission target by 2050.



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Melmoth Restitution Transitioning to the last Phase of Co-management Agreement



S'fiso Mnguni:

Head: Grower Development


The 1st of April 2023 marked the shift of stage in co-management cooperation between SAFDA and its four partner

communities of Umthonjaneni/ Melmoth of Entembeni Community Trust, Isizwe Sakwa-Dludla Community Trust, Makhasaneni Community Trust and Entembeni Royal House Community Trust. The shift has seen the co-management model transitioning from joint management to self-management. It is a significant milestone in the preparation for SAFDA ultimate exit at the beginning of 2025, which will mark the end of the 5 years agreement with the communities.

In practical terms transition to the last phase of co-management means that operating companies start managing work, managers under mentorship assume

lead roles, managers under mentorship take decisions, managers present operational reports, community accountants are introduced in the financial affairs and accounting. For a smooth handover, community accountants are now working in constant interaction with SAFDA Farm Management Services (FMSC) accountants who were previously handling accounts. Monthly financial information/reports is given to the accountant and community accountant presents financial information at management committee meetings.

Operating companies takes charge of managing community finances, which were formally handled by SAFDA Farm Management Services (FMSC)



‘ Alongside all this gradual handover of management responsibilities, SAFDA is conducting a state of readiness assessment for each of the communities. ’

and all communities' funds are transferred to their bank account.

Grower codes, which were previously registered in the name of FMSC are now registered in the communities' companies' names. The all-proceeds cessions arrangement falls off as all cane proceeds are now paid directly by the mill to the community accounts.

The actual expenses are tracked against the Draft budget for the year and there will be 3 revisions to the draft budgets each year – F1, F2 and F3. The budget is a living document and will change as activities change – change in estimate, increase in input costs

etc. The management accounts are also prepared and presented at a point in time. These will be updated monthly and change based on expenses incurred and income received. The harvesting results will be tracked through the season and the harvesting dashboards and reports will be available.

A consolidated approach to handling operations is highly recommended for the longest of time if Melmoth restitution community are to maximize on efficiencies and therefore profit from the farms. A joint communities' owned company named Umthonjaneni Harvesting has been established

and already takes charge of the communities' own farm operations.

Alongside all this gradual handover of management responsibilities, SAFDA is conducting a state of readiness assessment for each of the communities. Emerging indications show that it is very likely that the actual exit will happen in different times as some communities already express readiness to handle all business by themselves while others are already requesting extension of the partnership.



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The Partnership Between SAFDA and Four Melmoth Community Trusts is undergoing a Mid-Term Review almost three Years into the Co-Management Agreements that were signed between the Parties.

It's been almost three years since SAFDA entered into five-year Co-Management Agreements with Community Trusts of Emakhasaneni, Entembeni, Entembeni Royal and Isizwe Sakwa Dladla in Melmoth.

These Communities are four of the five who successfully claimed their land under the Restitution Act (Act 22 of 1994). Their land was restored in 2019 through a Settlement Agreement made an Order of Court between Commission on Restitution of Land Rights and the former land ownership in September 2019. SAFDA and the four Community Trusts and their respective business operating entities have over the past five months being

engaged in an extensive review of the partnership. The review focused mainly on progress that has been achieved to date, the challenges and the State of Readiness of the Community entities to begin to gradually take over the running of their farming business operations. The exercise, like similar reviews, has been robust, rigorous, sometimes challenging but also exciting.

Many doomsayers, especially the former landowners, believed that the partnership was doomed to fail and that farming operations would collapse like with most land reform projects. The businesses are still standing and have all the ingredients to be

sustainable. Several community members have been undergoing training, capacity building and mentorship by their experienced SAFDA counterparts to prepare them not only to farm but to also administer their own business affairs. Those that completed training were assigned the operations as "Shadow" Farm Managers, Junior Managers, Administration Officers, Bookkeepers.

In April 2023, a decision was taken by the four community Trusts and Mthonjaneni Farmers Association, to establish their own Contracting Company, Mthonjaneni Harvesting whose initial focus will be on Sugarcane. This follows the acquisition of



“ Those that completed training were assigned the operations as “Shadow” Farm Managers, Junior Managers, Administration Officers, Bookkeepers. ”



a fleet of Trackers and other equipment by the Department of Agriculture, Land reform and Rural Development (DALRRD) for these communities. More equipment is expected to be acquired for all the four communities. This intervention by the Department is a game changer as the communities will no longer rely on renting mechanization from external Contractors. Instead, they will rent their government acquired mechanization to Mthonjaneni Harvesting at an agreed rate. Revenue generated through the rental of the equipment is additional to their cane proceeds.

Mthonjaneni Harvesting is wholly owned by the community Trusts who each have 25% shareholding in the Company. Each Trust is represented by one Director on the Board and one additional Director from SAFDA. All the Directors are non-executive and not involved in day-to-day farming operations. A Senior Farm Manager, who is supported by Junior managers and Supervisors, is responsible for the day-to-day farming operations. Revenue generated through the Contracting activities of Mthonjaneni will, among other things, fund day to operations, distributed amongst shareholder communities, some retained to build Company

reserves.

Each of the four Trusts have established business operating with all Directors in each Board selected from communities. These companies at different stages of readiness to assume the responsibilities of managing their farming operations. In the remaining period of the Co-Management Agreement, the next phase of the transition, SAFDA will be working hand in hand each of these Community owned entities to ensure that they are ready to manage their business affairs by the end of the five-year period.

“

Each of the four Trusts have established business operating with all Directors in each Board selected from communities.

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Brief summary of the revision of regulations regarding the procedural requirements for water use licence applications and amendments

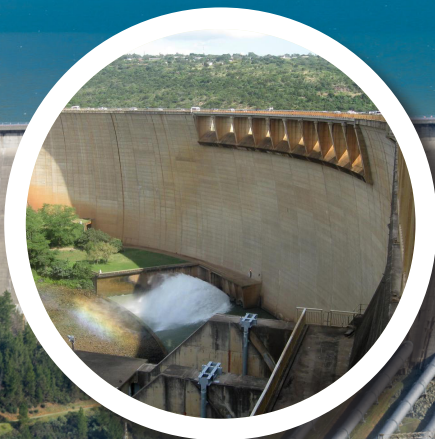
The Department of Water and Sanitation (DWS) published the regulations on the 19 May 2023 for public comment. These regulations relate to the National Water Act, 1998 (Act No. 36 of 1998), as amended.

Purpose of the regulations

The main purpose of the regulations is to prescribe the procedure and requirements for water use licence (WUL) applications and for an amendment or renewal of a WUL.

Which water uses are application under the National Water Act

- Taking of water from a water resource
- Storing water
- Impeding or diverting the flow of water in a watercourse
- Engaging in a streamflow reduction activity
- Engaging in a controlled activity
- Discharging waste or water containing waste into a water resource through a pipe canal, sewer, or other conduit
- Disposing of waste in a manner which may detrimentally impact on a water resource
- Disposing in any manner of water which contains waste from, or which has been heated in, any industrial or power generation process
- Altering the bed, banks, course or characteristics of a watercourse
- Removing, discharging, or disposing of water found underground if it is necessary for the efficient continuation of an activity or for the safety of people
- Using water for recreational purposes



Outline of the regulation schedule

The Schedule covers amongst other matters time frames, application and processing of WULs, applications to promote equity and redressing past racial and gender discrimination, application and processing for an earlier renewal or amendment

of a WUL, processing fee, transfer of water use authorisations and public participations requirements and processes. The regulations support the alignment of authorisations of the Department with authorisations of other state Departments in that WUL applications that require authorisations in terms of the Mineral and Petroleum

Resources Act, 2022 and Environmental Management Act, 1998 or specific environmental management act must be submitted and processed in an integrated manner.

Key highlights

- The DWS intends to provide pre-application guidance through the Department's e-WULAAS electronic system and if required through a site inspection. This is an important stage for the applicant to understand the required information and documents that would need to be submitted to the WUL.
- Multiple water use licence applications within the same catchment area for the same operations may now be consolidated into one – streamlining the process.
- The DWS must respond in writing within 3 days of receipt of the WUL – with an acceptance or rejection of a WUL and detailing the reasons if leading to a rejection.
- Applicants must be aware that a rejection application is deemed finalised and will require a new application if an activity still intends to be pursued.
- A WUL application will be finalised in 90 days

The regulations aim to support transformation in water access and water use, by addressing equity and past racial and gender discrimination.

- Preference will be given to black people followed by women.
- All enterprise applications for consumptive water use, must allocate shares to black people
- Subject to availability of resources, the DWS may support black people with WUL applications in line with the National Water Act before a final decision is reached on an application

Section 21 a and b Taking water from a water resource and storing water	Section 21 (d) Engaging in a streamflow reduction activity	% Shares allocated to blacks
Up to 250 000 m ³	Up to 100 ha	exempted
250 000 m ³ to 500 000 m ³	100 to 500 ha	25%
500 000 m ³ to 1 000 000 m ³	500 to 1000 ha	50%
More than 1 000 000 m ³	More than 1 000 ha	75%

● Earlier renewal or amendment of a WUL will be processed under varying timeframes, however earlier renewal must start at least 250 days before the WUL reaches its end date.

- Minor amendment 30 days
- Formal amendment 50 days
- Early renewal and amendments for licence period 60 days
- Early renewal and amendments for licence period plus new water uses 90 days

- The DWS must respond in writing within 5 days of receipt of the application for an amendment of a WUL – with an acceptance or rejection of a WUL, detailing the reasons if leading to a rejection.

- A non-refundable application processing fee is required -the costs varying from R2 150 to R15 000 depending on application, early renewal, amendment,

compulsory licencing, or late application for the categories in agriculture and forestry; SOEs, private developers and government and mines and industries. A request and submission to waiver the application processing fee will be allowed in exceptional cases.

- A temporary transfer of water use authorisations can be processed for a maximum period

of 2 years and must follow the formal WUL application process.

- Applications on properties where there is a gazetted land claim must obtain written comments from the land claimants and Land Claims Commissioner, indicating whether they object or not to the granting of the WUL.

Public participation processes for different WUL activities

ACTIVITY	MINIMUM MEDIA REQUIREMENTS
Irrigation: taking water from a water resource to irrigate more than 10 ha to 25 ha (~100 000 to 250 000 m ³ /a)	Letters to surrounding neighbours, site notice
Irrigation: taking water from a water resource to irrigate more than 25 ha > 250 000 m ³ /a)	Letters to surrounding neighbours, local newspaper, site notice, site meetings
Private housing development	Local newspaper and site notice or notice at a place of interest
Category C mines: Alluvial Diamonds, sand, gravel, silicon	Local newspaper and site notice or notice at a place of interest
Linear projects not crossing catchments: roads, railway lines, power lines, sewer pipeline, water pipeline cables, gas/oil pipeline	Local newspaper and notice(s) at a place(s) of interest
Linear projects crossing catchments: roads, railway lines, power lines, sewer pipeline, water pipeline cables, gas/oil pipeline	Provincial, and Local newspaper and notice(s) at a place(s) of interest
Linear projects crossing Water Management Areas: roads, railway lines, power lines, sewer pipeline, water pipeline cables, gas/oil pipeline	National, Provincial and Local newspaper and notice(s) at a place(s) of interest
Industries: not producing waste	Local newspaper and site notice or notice at a place of interest
Industries: producing waste	Provincial, Local newspapers and site notice or notice at a place of interest
Local Government	Local newspapers and site notice or notice at a place of interest
Mining: Category A and B mines: gold, coal, platinum, chrome	National, Provincial and Local newspaper and notice at a place of interest
Unconventional gas: UCG, CBM, shale gas	National, Provincial and Local newspaper and notice at a place of interest

SAFDA's view is that the DWS is proposing the revision to the regulations regarding WUL's to improve procedures, assist the public in understanding the application requirements around water uses and WULs and support

transformation and equality in the water sector. This is progressive, and we are hopeful that what is put down on paper, translates to much needed tangible improvements in implementation in our country.



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Challenges Faced by Growers Highlighted at SAFDA's Imbizo in Mpumalanga



The 12th of May 2023 served as a day of progressive engagement between growers and various stakeholders in Mpumalanga. The much-anticipated meeting (Imbizo) organized by the South African Farmers Development Association (SAFDA) proved to be a vital platform for farmers to voice their concerns and gain valuable insights into the association's plans to support their growth and tackle their challenges.

As we all know, growers are the backbone of our nation, tirelessly working to ensure a steady supply of food and resources for our communities. The meeting reaffirmed this with the words of Thomas Jefferson "Agriculture is our wisest pursuit because it will, in the end, contribute

to real wealth, good morals, and happiness." However, growers often encounter numerous obstacles that hinder their progress and potential. Recognizing the importance of addressing these challenges, SAFDA took the proactive step of organizing this gathering to foster open dialogue and collaboration among farmers from various regions.

The meeting received reports from various stakeholders who shed light and understanding on the difficulties the growers encounter daily. These challenges encompassed a wide range of issues, including the impacts of climate change, access to markets, rising input costs, electricity crisis, and agricultural policy concerns. SAFDA

understands that addressing these problems head-on is vital for the sustainable growth of the farming sector and the nation's overall prosperity.

This meeting, addressed by the Executive Chairperson of SAFDA, Dr. Siyabonga Madlala, also served as a platform to inform growers about SAFDA's upcoming plans and initiatives to bolster their development and prosperity. By keeping farmers informed and involved, SAFDA seeks to ensure they receive the support and resources necessary to overcome their challenges and thrive in an ever-evolving industry.

Part of the inputs received from stakeholders included Eskom, which acknowledged that,



unlike large commercial sugar cane farms that can rely on backup generators or alternative power sources, small-scale farmers predominantly depend on grid electricity for irrigation systems. Load shedding disrupts these essential operations, jeopardizing crop growth and farm productivity. Small-scale farmers lack the financial means to invest in expensive backup systems, making them heavily reliant on Eskom's electricity supply. Eskom recognized the adverse effects of load shedding on small-scale sugar cane farmers and is committed to addressing their specific needs. The power utility also acknowledged the disparities

in impact and aims to work towards finding viable solutions to alleviate the hardships faced by these farmers.

In a concerning turn of events for the sugarcane farming community in the Komati region, as reported by the disease department, a significant outbreak of sugarcane orange rust was reported around March. This devastating fungal disease seriously threatens the productivity and profitability of sugarcane farms in the area. The timely detection and subsequent actions taken by local farmers and agricultural authorities are vital to mitigating the spread of the disease and

safeguarding the industry.

As the farming community in Mpumalanga continues to face various challenges, SAFDA's Imbizo serves as a reminder that unity, collaboration, and proactive engagement are crucial for driving positive change. By working together, growers, agricultural associations, and supporting organizations can overcome obstacles, unlock opportunities, and build a sustainable future for agriculture in Mpumalanga and the rest of the country, ultimately ensuring a steady supply of food and resources for our communities.



THE OFFICIAL
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Mzansi Young Farmers Indaba Highlights Unity and Youth in Agriculture



Mzansi Young Farmers Indaba, held on 14-15 June in Johannesburg, provided a platform for industry stakeholders to come together and discuss critical issues affecting young farmers in South Africa. The South African Farmers Development Association (SAFDA) was proud to exhibit at the event, with Dr. Siyabonga Madlala, SAFDA's Executive Chairperson, actively participating in a thought-provoking panel discussion.

The panel discussion, under the topic "Exploring the future of farmer development organizations in SA," centered on the presence of numerous black organizations representing farmers and the call for unity among all. Dr. Siyabonga Madlala eloquently highlighted the importance of unity, emphasizing that the collective strength of these organizations would lead to a more inclusive and thriving agricultural

sector. He urged everyone to work together, transcending boundaries and building bridges for the betterment of South Africa's farming community.

Given that the event occurred during youth month, focusing on youth participation in agriculture was fitting. Dr. Madlala passionately emphasized that the future of agriculture lies in the hands of young people. He called upon the younger generation to awaken from their



slumber and bring innovative ideas to the forefront. Dr. Madlala stressed that it is not enough for young people to merely work the land; they should also take up leadership roles within organized agriculture organizations. He proudly mentioned that SAFDA is driven and led by young individuals, highlighting the importance of youthful energy and fresh perspectives.

“The future is youth, and we must invest our energies and time in grooming young people. That is the only way this country will succeed,” Dr. Madlala exclaimed. He appealed to the older

generation within organized agriculture to generously share their knowledge and expertise with young individuals, ensuring the continuity of information and wisdom. He encouraged mentorship and creating space for young people to lead, emphasizing the significance of guiding, and supporting them rather than suppressing their potential.

During the discussion, Dr. Siyabonga Madlala also took the opportunity to shed light on the vital role SAFDA plays in the industry's development. He emphasized that SAFDA's mission is to support and

empower farmers, particularly those from historically disadvantaged backgrounds. The organization serves as a catalyst for change, providing resources, training, and advocacy for sustainable farming practices. Dr. Madlala reiterated SAFDA's commitment to uplifting farmers and creating a vibrant and inclusive agricultural landscape.

The Mzansi Young Farmers Indabawa was a resounding success, fostering crucial discussions and forging connections among various stakeholders in the agricultural sector. SAFDA's presence and Dr. Siyabonga Madlala's valuable insights

added immense value to the event. As an organization dedicated to farmer development, SAFDA will continue to work tirelessly towards creating opportunities for all growers, with a special focus on the youth. The future of agriculture is bright, and SAFDA is proud to be a driving force behind its progress.





THE OFFICIAL
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Celebrating Women's Month

Tell us about yourself, where do you come from?

I was born in the city of Pietermaritzburg, raised in the Indian community in Northdale, where your neighborhood is your family. Even today, the relationships established while growing up are still strong and ongoing. Pietermaritzburg is still my hometown. Raised by a praying mother and siblings, my schooling years were completed at Newholme's Primary School and Silver Heights Secondary School. I was blessed to meet my husband, Mevelin Govender in high school and we are now happily married for twenty-one years with three beautiful kids. We are planted and fellowship at God's Family Life Church, an inner-city development church in the town of Pietermaritzburg.

When did you join SAFDA, What made you switch from your previous job to the SAFDA and What do you like about working at SAFDA?

I joined the sugar industry in 2010, after having been in the research sector for some time, exited to move into an Industry environment. My time at SASA was a good training ground, developing in new skills around policy, applied research and policy specific to the sugarcane industry and targeted in Natural Resources, Environmental and Renewable Energy portfolios and getting to learn and understand the SA sugar industry.

In 2019, I joined SAFDA as a Diversification Specialist, wanting to spend the

remainder of my working career, contributing and making a difference in the lives of people and communities on the ground through the projects that can be implemented in the diversification space.



Dr Marilyn Govender-
SAFDA's Head of Diversification

My spiritual dad, Pastor Gregory Smerdon always says "at GFLC we can dream within the dream, and everybody is somebody". This resonates with me in SAFDA, that from the helm of SAFDA with Dr Siyabonga Madlala through the leadership we have the liberty to work hard, deliver and make a difference in people's lives and communities.

What are you passionate about?

God created me for a purpose, He has a plan for my life, and I know His plan is always best. I believe that joining SAFDA is not

by chance, and I am passionate about using everything that God has put inside of me and everything that He wants to do through me to serve Him even in the workplace. I want to see lives and communities changed by the projects that get implemented in the renewable, agricultural and agroprocessing sectors, truly transformed and development projects that bring in excellence and legacy impact for rural communities.

Can you describe your role as a Diversification Specialist?

Diversification in the SA sugarcane industry seeks to bring about growth and sustainability for small scale and land reform farmers by maximizing value of the sugarcane they grow and accessing the value chain through agroprocessing and industrialization. This means that their participation does not need to stop at the farm gate, and the revenue generated downstream, and value-added products come back into the value chain. Furthermore, new technologies, products and markets developed locally and globally brings about positive, efficient, and financially viable change should underpin new milling, agro-processing and industrial projects that SAFDA seeks to implement for its farmers within the rural farming communities. New diversification opportunities could grow from primary, tertiary, and even advanced biobased products (e.g., alcohols and fuels, electricity, chemicals, composites, plastics, packaging, materials etc.).

In other parts of the world, the full value of sugarcane has been harnessed to produce in addition to sugar and molasse, alternative biobased and bioenergy products. In the South African sugar industry, downstream beneficiation of the cane has been controlled by the milling companies and their subsidiaries.

Strategic partnerships are a must, as SAFDA seeks to implement these sizeable projects, a significant amount of capital is required (billions of rands of investment), technology and industrial IP and know-how, market, and off takers etc. Socio-economic, agricultural and agroprocessing and infrastructure development opportunities in rural communities and districts would be very significant and hence the support of government is pivotal to implementing these diversification projects.

Diversification also seeks to bring on board other agricultural and renewable value chain business opportunities such as beneficiation of grains, industrial crops like Hemp, etc.

What did you study at school / tertiary education?

I was always passionate about furthering my academic studies, education is something that no one can take away from you. I have seen God's hand and favour throughout my life as I have pursued Him first. I was blessed to get a student loan (both from Standard bank then and through University of KwaZulu-Natal), where I completed my Bachelor of Science, followed by Honours in Hydrology. I then joined the CSIR as a researcher, while undertaking an MSc in Hydrology through UKZN and followed on with a PhD in Natural Science through Wits

University on the Anglo-Gold Ashanti Mines. I spent a good season at the CSIR, thereafter joining the South African Sugar Association, and then becoming part of the SAFDA family. I have been fortunate through my career to have been exposed to strong and competent, mentoring reporting leaders - Prof Roland Schulze (ex UKZN), Prof Jeff Smithers (ex UKZN), Mr. Jan Bosch (ex CSIR), Prof Peter Dye (ex CSIR), Prof Collin Everson (ex CSIR), Dr Mark Gush (ex CSIR), Mr. Johan van Der Merwe (ex SASA), Mrs. Portia Mpofu (SASA), Dr Siyabonga Madlala Executive Chair SAFDA and a combination of highly zealous and committed work colleagues throughout my working years.



What is a typical day like at SAFDA?

Certainly, a mix of office in person and virtual meetings, then some out, project and field meetings. However, we are grateful of how technology has evolved, enabling us to connect across all parts of South Africa and internationally to engage around projects. In fact many of our initial engagements with India, Brazil and US and DFIs

in SA, on SAFDA Milling and Diversification Projects has been held using platforms like Zoom and Teams, saving us money and making efficient use of our time.

I am humbled and blessed to work at SAFDA with a highly transformed and development Exco Team, colleagues who are passionate about what they do, highly committed and complement each other to deliver on SAFDA's strategic vision, mission and focus areas. Thank you to my work colleagues for allowing me to be part of your team, to learn from you and contribute to the live changing interventions and projects of SAFDA - Dr Siyabonga Madlala, Ms Lee Hlubi, Mr. Thandokwakhe Sibiya, Mr. Mduduzi Dube, Mr. Sfiso Mnguni, Mr. Mduduzi Shabane, Mr. Andile Buthelezi, Mr. Anwhar Madhanpall and Mr. Moses Mkhabela.

What made you choose to take this career path?

I can say, my science, research and now diversification and agricultural focused career path has "naturally" evolved.

What is the link between Science and Agriculture as per your qualifications?

I recall the words of my University Professor Roland Schulze during the days of my hydrological catchment studies where he would often say to us, the best way to understand the catchment is to be out in the catchment.

I believe even in agriculture, as much as I need the tools of a laptop and phone to get going with much of my work, without getting out into the field and linking what you learn (science) to what is happening in the field (agriculture and industry), development and

understanding would be lacking.

My personal view is that qualifications are just one part of your life achievements, yes I have studied, worked hard to achieve my Doctorate, but an attitude of continuous humility and learning is imperative. Learning does not stop, there is a process of continuous development that can be applied throughout your life.

What would you like to see happening in the sugar industry that will be pioneered by SAFDA?

New milling and biorefining

facilities which utilize state of the art, new and efficient technologies, built in the heart of the rural farming areas, producing new products both for local and export markets. These facilities must represent meaningful participation for small scale farmers in the value chain, being farmers and shareholders as well in these new facilities. I would like to see a truly transformed and diversified SA sugarcane industry – thriving, profitable and sustainable for many, many generations to come. Sugarcane is engraved into the landscape of KwaZulu-Natal and Mpumalanga for a unique purpose, and that purpose must

continue for centuries to come.

Do you think there are adequate opportunities for women in Agriculture?

The opportunities for women in agriculture and agri-business is limitless. From the farm to fork, women have a role, from grass roots to corporate business in the Agriculture and Agroprocessing / Industrial sector women can participate and should participate, not because they are women but because they are passionate, competent and can contribute as well as any other person.



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Commemorating Mandela Day 2023 at Masakhane Creche



The spirit of ubuntu and the legacy of the great Nelson Mandela were celebrated with utmost zeal as the management team, and employees of the South African Farmers Development Association (SAFDA) led by The Executive Chairperson Dr. Siyabonga Madlala gathered at Masakhane Creche in the Matholamnyama area, Ndwedwe Local Municipality, to commemorate the 2023 Mandela Day. The event was a heartwarming testament to the power of collective action in making a positive impact on local communities.

Mandela Day, observed annually on the 18th of July, is a day dedicated to honouring the late South African first black President, Nelson Mandela's life and legacy by devoting 67 minutes of one's time to helping others. It serves as a reminder

that each individual has the power to transform the world through acts of kindness and service.

At the heart of SAFDA's Mandela Day celebrations was Masakhane Creche, a vital educational institution nurturing young minds in the community. SAFDA recognized the importance of early childhood education and wanted to ensure that the children of Masakhane Creche had a conducive learning environment. SAFDA donated with groceries, essential early childhood development needs and blankets to the creche.

However, SAFDA's initiatives didn't stop there. As part of the commitment to uplift the community in a holistic manner, the association also organized visits to nearby co-ops to donate agricultural inputs. These co-ops,

play a crucial role in sustaining local agriculture, were provided with essential resources to boost their productivity and improve their livelihoods.

The agricultural inputs donated by SAFDA included seeds, watering cans, and farming tools, which are instrumental in increasing crop yields and ensuring sustainable farming practices. By supporting these co-ops, SAFDA aimed to empower local farmers and contribute to the growth of the agricultural sector in the Matholamnyama area.

The success of SAFDA's Mandela Day celebration at Masakhane Creche and the support extended to nearby co-ops exemplify the spirit of ubuntu, where unity and collaboration drive progress.