

Izigi ZABALIMI

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Sugar imports must stop! But industry must transform

Sfiso Mnguni, *Grower Support Services Manager*



SAFDA Vice Chairperson, Lindiwe Hlubi addressing guests at the SAFDA Official Launch Gala Dinner, Elangeni Hotel Durban. (Pic: Nolwazi Maphosa)

The South African sugar industry is on the verge of collapse as a result of cheap sugar imports, unless some drastic protection measures are implemented in the form of effective protection tariff by the International Trade Administration of South Africa (ITAC) within the next 3 months.

Earlier this year the sugar industry submitted a proposal to ITAC, seeking an increase in the dollar based reference price, which would afford the local industry some level of protection. The current \$566 dollar based reference price has pushed

the Industry to the verge of near collapse. In order to come out of this situation, the industry is seeking an increase of \$290 on the dollar based reference price, which will take the tariff to \$856 per ton of imported sugar. ITAC has recently indicated that it will consider the Industry's application and provide response by end July 2018, meanwhile farmers are hit hard on their cane proceeds as many are reporting negative cash balances on their cane proceeds. This literary means that after a year long hard work of investing in the crop, farmers walk away indebted

to the mill for crushing their cane. Unless something drastic happens urgently to raise the import tariff, sugarcane currently remains a worthless crop. The situation is affecting small and large farmers and sugar millers alike as the Industry has had to take a 13.5% decrease on the notional price.

While ITAC remains key in implementing the sought favourable tariff, the Industry on the other hand has a duty to come clean on its support for the Country's transformation agenda. SAFDA has put forward its reciprocity proposal as a contribution to the industry proposal, in terms of which, the sugar industry needs to address, among other issues, the following:

- Create a transformation fund of which purpose is to fund a number of industry's transformation initiatives.
- Implement local market price for all black growers
- Farm gate price determination for all black growers
- Address problems relating to burn to crush delays by reviewing the current daily rateable deliveries (DRD) and change it to provide preferential access to the mill in favour of black growers.
- Funding of SAFDA by the Industry in recognition of it being the industry's transformation vehicle.

While the above would certainly assist both, black growers in enhancing profitability and the industry in enhancing its transformational credentials, SAFDA believes that more can be done by the industry, considering the value of the tariff which can be worth between R2 billion to R4 billion per annum.



R172m for black growers

SAFDA's fight for transformation yields immediate benefits

Sfiso Mnguni, *Grower Support Services Manager*

When SAFDA got recognition by the sugar industry it set out to deliver a series of much needed immediate changes for the benefit of all growers. These included among others, stopping cheap sugar imports, local market price for black growers, farm gate price for small scale growers and prioritisation of small scale growers in the daily rateable delivery (DRD) allocation system. SAFDA's pursuit of transformation recently showed signs of paying out tangibles as the industry adopted what can be regarded as the seven point

plan for immediate transformation interventions. This comes as a response to Parliamentary Portfolio Committee's instruction that the industry come up with a plan for immediate transformation interventions within 2 weeks and the medium to long term transformation plan within 3 months. The total monetary value of the immediate interventions amounts to R172 million and will be implemented retrospectively with effect from 1st April 2018. The table below illustrates specific areas of the interventions.



SSG Water Mandlazi in his Figtree D field in Komati

The interventions come as a huge relief to small scale growers such as Walter Mandlazi, who despite producing as high as 160t per hectare on his 10ha farm at Figtree D in Komati, still can't make profit due to the lack of economies of scale which increases production costs.

While some within the industry raises concerns about whether the industry will afford to pay the above transformation "bill", Bruce Dunlop of Tongaat Hulett advises that industry's contribution towards transformation must not be viewed as a cost, but an investment the return on which will be enormous in setting the industry on the right path in the country's pursue of transformation and will end up with the industry celebrating the return on investment in the long term. "While it is known that in the current situation it is the small scale growers who are the hardest hit, commitment to transformation should not be just about sharing the spoils. It must be about sharing the pain as well", says Bruce Dunlop.

INTERVENTIONS	AMOUNT	R/ton cane
Intervention 1: Increase in premium cane payment for black small-scale sugarcane farmers - based on local market sugar pricing	R 60m	R32
Intervention 2: Establishment of a premium cane Price for black sugarcane farmers (who do not qualify as small scale farmers)	R 35m	R23
Intervention 3: Subsidisation of black small-scale sugarcane farmers' cane transport costs	R 20m	R8
Intervention 4: Access to seed cane of the appropriate varieties for black small-scale sugarcane farmers.	R 20m	R11
Intervention 5: Subsidisation of black small-scale sugarcane farmers' membership levies.	R 7m	R4
Intervention 6: Institutional capacity building subsidy to fund start-up costs of new emerging black sugarcane farmer associations.	R 10m	R3
Intervention 7: Allocate additional funding for the training of black sugarcane farmers via the Grower Development Account (GDA)	R 10m	R4
Intervention 8: Creation of Sugar Industry Job Creation Accelerator Programme for black youth and women.	R 10m	
TOTAL	R172m	

Sugar Industry's Short Term Transformation Plan Submitted to Parliamentary Portfolio Committee on Trade and Industry on 11 May 2018



Mr Aubrey Gabriel, SAFDA Industrial Affairs Manager

WELCOME NEW SAFDA Industrial Affairs Manager

SAFDA has secured the service of the former SA Cane Growers Industrial Manager, Mr Aubrey Gabriel. Aubrey brings along with him a sound academic record with over 40 years in the economics and statistics environment, 20 years of which he spent working with

the economics of the sugar industry. Among other work functions, he will be representing SAFDA on the relevant SASA committees and advising SAFDA Management and growers on issues around economics of sugar and RV performance in particular. Welcome to the future, Aubrey.

MPUMALANGA GROWERS Elect their Provincial SAFDA Leadership

Sfiso Mnguni, Grower Support Services Manager



On Friday 23rd March SAFDA Mpumalanga growers elected their provincial leadership. The 15 member team consists of representatives of small scale and land reform farmers from Komati and Malelane.

SAFDA is pleased that all 8 joint venture

projects, who earlier this year took SAFDA membership were represented.

Each one of the 7 Komati SSG projects and 8 land reform joint venture projects across Komati and Malelane were represented by 5 delegates in the meeting and elected

1 representative to the Provincial Leadership Committee. Amongst some immediate tasks of the Committee are to facilitate the formalization of local leadership structures in all areas, support the establishment of SAFDA Mpumalanga Provincial Office and support employment of office staff.

SAFDA Recognition

A victory for the entire industry

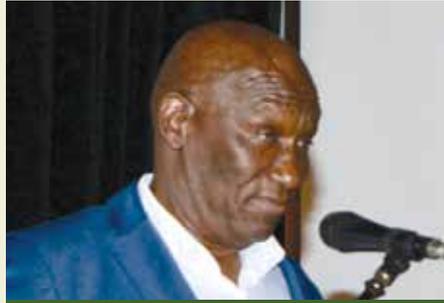
A new era in the life of the Sugar Industry, characterised by unity and a renewed commitment to transformation. This came with the recognition of SAFDA by the

South African Sugar Industry as was demonstrated at the Official SAFDA Launch functions held on the 26th January 2016 through a well attended celebratory Imbizo at Gingindlovu

Sports Ground and the evening Gala Dinner at Elangeni Hotel, Durban. SAFDA recognition was described by most speakers as a victory, not only for SAFDA, but for the entire industry.



Siyabonga Madlala
Executive Chairman of SAFDA



Bheki Cele
Former Deputy of
Agriculture Forestry and Fisheries



Candith Mashego-Dlamini
Deputy Minister of Rural
Development and Land Reform



Joan-Marie Fubbs
Chairperson of Parliamentary Portfolio
Committee on Trade & Industry



Themba Mthembu
KZN MEC for
Agriculture and Rural Development



Hans Hackmann
SASA Vice Chairman



Charl Senekal
Mega Farmer



Adv. Mbili
Chief Director - RLCC



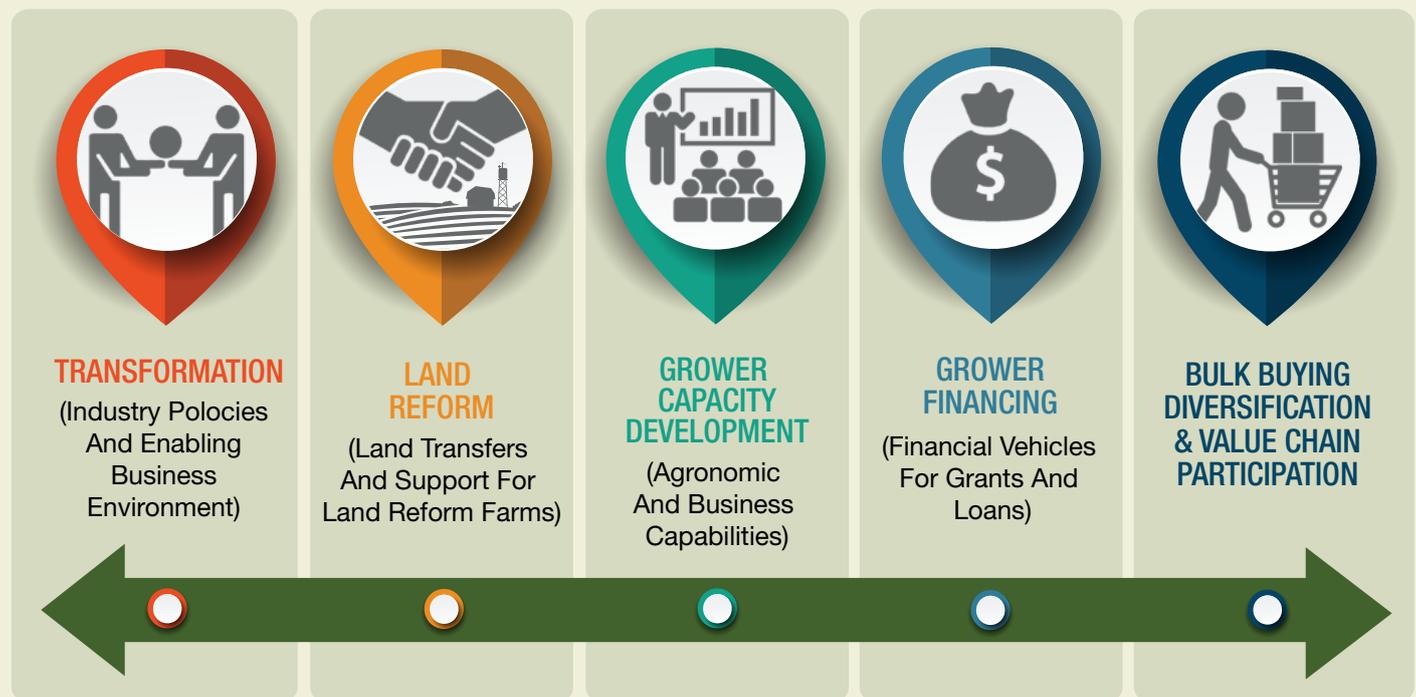
Bruce Dunlop
Tongaat Hullett



SAFDA's Key Strategic Focus Areas:

Extract from the Executive Chairman's SAFDA Launch Speech

Sfiso Mnguni, *Grower Support Services Manager*



As SAFDA gears itself up for its upcoming first strategy planning session following its official recognition by the South African Sugar Industry, the following five points represent the organisation's current key strategic focus areas.

Transformation

Favourable sugar industry dispensation which supports integration of black growers into meaningful participation in decision making will help the industry make a positive contribution to South Africa's broad economic transformation efforts. SAFDA's recognition marks an important start, but which only creates a conducive environment for many more practical things to happen to demonstrate a truly transforming South African Sugar Industry.

Land Reform Support

SAFDA is a credible and dependable facilitator of strategic partnerships between current large scale, land reform, small scale growers and agri-business. In the present uncertainty with the land reform policy environment, the organisation aims to

support and benefit its members on all ends and of all races in the process.

Grower Capacity Development

SAFDA's comprehensive capacity enhancement programme refers to enhancement of agronomic, business leadership and management capabilities for all our members. Interventions under this area include tapping into the industry's Grower Development funding to provide training to black growers.

Grower Financing

Access to development finance is a continuous challenge for farmers. SAFDA is working on establishing a 100% grower owned development funding entity to leverage finance for farmers. Blended finance models are preferred approaches to running the financing scheme.

Bulk Buying, Diversification and Value Chain Participation

SAFDA is working on ensuring full grower participation in the value chain of the sugar business through establishing grower owned companies to embarking on the businesses of bulk procurement of input supplies especially relating to fertilizer, chemicals and implements as well as provision of contracting and cane haulage services. Sustainability of farmers is being underpinned by diversification into cash crops and high value crops other than cane.

The upcoming strategic planning session will seek to produce high level strategic objectives and milestone for programming and implementation plans to achieve these strategic goals.

Swayimane Co-ops Celebrate R2.6 million DRDLR Funding

Sfiso Mnguni, *Grower Support Manager*



Back: Mfu. Bhelukwenza Ngcobo, *Counsellor Londi Zondi (Ward 11)*, Muziwemali Thusi (*SAFDA MAC and Siphapheme Co-op Chairman*), Patric Bhengu (*SAFDA*), Mfanufikile Mbatha (*Inzwakele Co-op Chairman*), MB Mthembu (*SAFDA*), Bheki Zondi (*Mshwati Municipality LED Manager*), Nontobeko Phungula (*DRDLR*), Nathi Msweli (*SAFDA*), Silondiwe Radebe (*DRDLR*)

Front: Mrs Nkwanyana (*Udondolo Trust Accountants*), Sbusiso Nkwanyana (*Udondolo Trust Accountants*), Mzibanzi Buthelezi (*Ekupholeni Traditional Leadership Counsellor*), Inkosi Gcumisa, *Counsellor Nhlakanipho Gasa (Ward 8)*

Swayimane small scale growers recently gathered at the Imbizo at Nongco Community Hall in celebration of the advancement of the second tranche of funding from the Department of Rural Development and Land Reform (DRDLR).

The funding is part of the total of R9 million approved and partially advanced by the Department in 2015 towards sugarcane development in the area. In this second tranche, Siphapheme Co-operative received R1,700,000 while Inzwakele got R800,000 thousand. When receiving

the funds the Chairman of the South African Farmers development Association (SAFDA) Noodsberg Mill Area Committee (MAC) and also Chairman of Siphapheme Co-operative, Muziwemali Thusi said: "As a result of the earlier intervention by the Department, production increased from 16000 tons to 60000 tons per harvesting season."

The traditional leader of the community, Inkosi Gcumisa applauded the Department for assisting his community, while appealing to the Department of Rural Development

and Land Reform to make land available to the people, as what is available in communal land isn't enough. Similar sentiments were shared by Counsellor Gasa of Ward 8, who pledged political leadership support for initiatives which seeks to help in the upliftment of the community of Swayimane. According to the business plan, the funds will be used towards cane development, which will include purchasing of inputs, implements and building of the shed on the site, which has already been made available by Umshwati Local Municipality.

Over 600 Growers to Receive Training

Over 615 small scale and land reform growers are set to receive agronomic training in various training categories for 2018/19 season. This has been made possible by the Sugar Industry's

approval of SAFDA's R1.1 million funding for training of black growers. Courses include among others, agricultural skills courses, Junior and Senior Certificates in Sugar Cane

Agronomy. The training will be provided by Shukela Training Centre and the South African Sugar Research Institute (SASRI).

Know Your Support Staff



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DARNALL / MAIDSTONE
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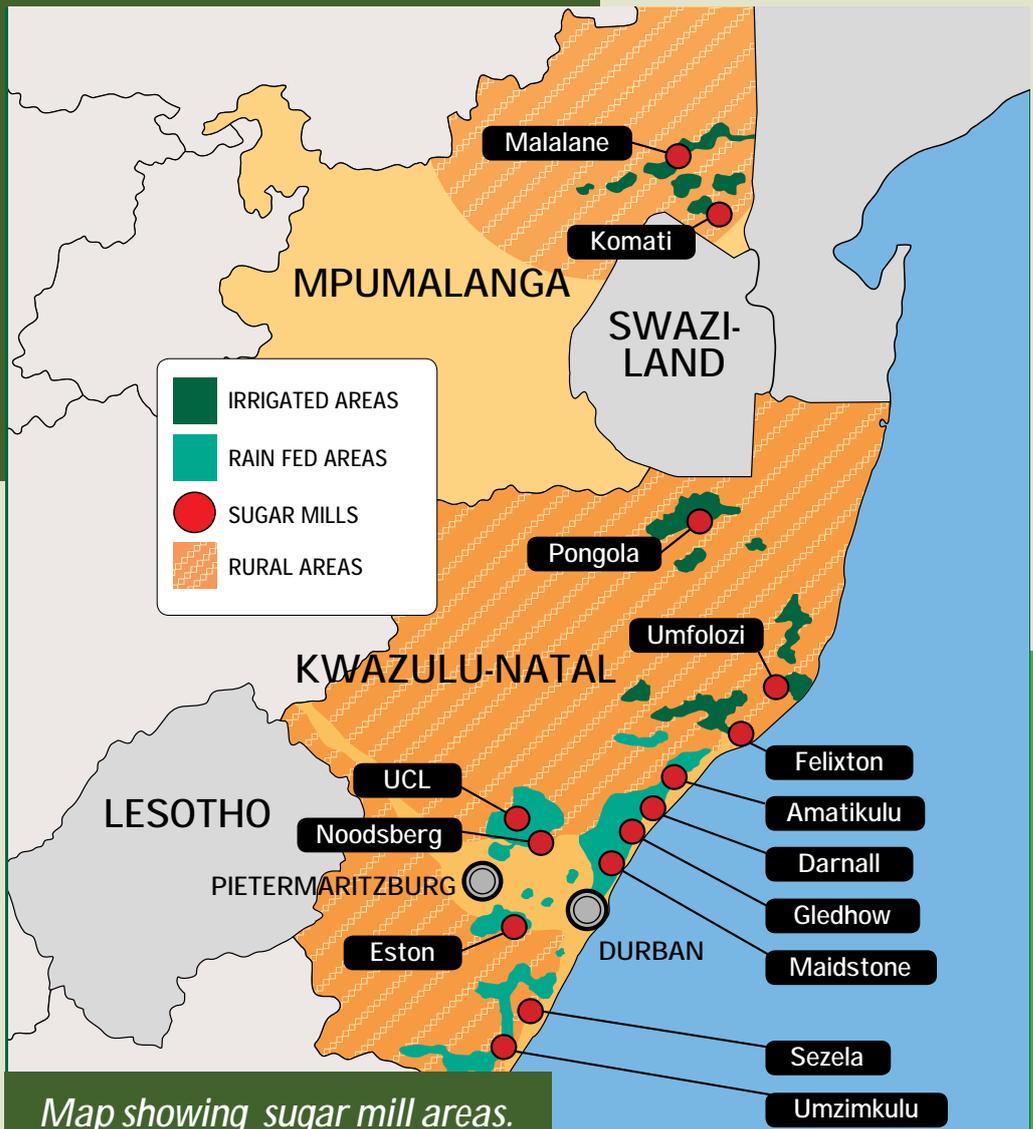
MALELANE
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PONGOLA / MAKHATHINI
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Map showing sugar mill areas.



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