



SA FARMERS
DEVELOPMENT
Association

A N N U A L R E V I E W

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*Thriving rural communities
Thriving rural economies*



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MESSAGE FROM THE EXECUTIVE CHAIR

When we formed SAFDA three years ago, on 25 November 2015, we had a very clear idea of what we did not want in a farmers development association.



Siyabonga Madlala
SAFDA Executive Chairperson

We had experienced first-hand the challenges of apartheid-empowered commercial farmers who were further supported by antiquated legislation. We had witnessed how such a status quo had allowed people to remain in the sugar industry for decades, learn the loopholes in the system and exploit them for their personal benefit.

We had also seen how structural discrimination meant that black people could not progress or even get their views heard at the appropriate forums. Sadly, this had become normal – more than two decades into democracy – where even our own black farmers had been co-opted into promoting this unsustainable state of affairs.

After seeing all the things that were not working, there was no doubt in our mind that if we as black farmers were just given the opportunity to represent ourselves, then we would be able to make a much bigger difference to the lives of people in our communities and even the economies in the deep rural areas where many of us grew up.

For many of us black farmers, lack of income

and timeous access to capital and inputs are not theoretical exercises.

We have stood side by side with our grandparents from the time we could walk and helped to pull weeds out of the ground. We have watched silently as our mothers struggled day after day to put food on broken tables. We have stood helplessly next to our fathers while they bowed their heads after looking at the rotting cane on the field.

These are the practical experiences that lie at the root of SAFDA's drive for transformation. This is the enduring struggle that kept SAFDA going during its darkest days – and this is the reality we can never go back to, now that we have the means to change the way the South African sugar industry operates.

With SAFDA's official recognition by government and the South African Sugar Association a few months ago, there is no time to linger. We must continue to nurture our young organisation.

Sure, there will be times when we stumble and fall as we want to run when we should be walking (and who can blame us, we have waited for so long!). But the true test will be in

how we pick ourselves up and continue our journey to true transformation.

Our dream at SAFDA is not merely to ensure the sustainability of our small-scale and land reform farmers – it is about more than that!

Our dream at SAFDA is about social entrepreneurship.

It is about uplifting the many thousands of our people who have been stuck in the well of economic oblivion, who have given up hope and who have had no choice.

It is about the battles we fight every day to put healthy and nutritious food on the table for our children, it is about making sure they have shoes on their feet, get a good education, learn to love the country in which they live and become the men and women they were meant to be.

It is about seeing the value in every individual farmer, learning their story and easing their burden. It is about accepting that no one person can benefit while the majority starve.

SAFDA will only be successful if you are successful. So, please join us on our journey and let us embrace the social entrepreneur in each one of us.

This is the dream we have for SAFDA – on behalf of the farmers, supporters and employees, I invite you to dream with us as we look towards a new season.

Siyabonga Madlala
Executive Chairperson
South African Farmers Development Association

OUR HISTORY

The South African Farmers Development Association (SAFDA) was formed out of a deep need for black sugarcane farmers to have their voices heard in the South African sugar industry.



For over 90 years, all sugarcane farmers in the country had no choice but to be represented by the South African Cane Growers Association (Sacga), due to legislation created during the apartheid regime – over 20 years after democracy in South Africa.

This legislation continued to promote the status quo of promoting white commercial farmer interests ahead of black small-scale and land reform farmers – who comprise over roughly 90% of sugarcane farmers in the country.

As a result, the efficiency and sustainability of black farmers was not at the forefront of farmer affairs at industry level.

It took land reform sugarcane farmers Andile Buthelezi and Lindiwe Hlubi as well as small-scale sugarcane farmer Siyabonga Madlala just three months as members of the Board of Sacga to realise that the continued survival and sustainability of the black sugarcane farmer would only be served by a separate farmer association.

This was how the SAFDA seed was planted.

It germinated on 25 November 2015, when Buthelezi, Hlubi and Madlala walked out of the Sacga Congress of Growers, citing the following as reasons for their departure:

- The decline in small-scale grower numbers;
- The grower association recognised by the industry (Sacga):
 - 1) Did not represent the interests of black growers;
 - 2) Only served the interest of white growers;
 - 3) Board was ineffective;
 - 4) Displayed no interest in aligning with government's development agenda for agriculture and agrarian reform

A few days later, they resigned as members of the Board of Sacga – and so started a wave of disruptive innovation which marked the start of true transformation in the South African sugar industry.



From left: Small-scale sugarcane farmer Siyabonga Madlala as well as land reform farmers Lindiwe Hlubi and Andile Buthelezi started a wave of disruptive innovation when they challenged the status quo of the South African sugar industry - and farmer representation - in 2015

VISION, MISSION AND VALUES

SAFDA's vision, mission and values focuses both on the short-term and long-term objectives of the organisation

Vision

Thriving rural communities – thriving rural economy

Mission

To work towards farmer driven partnerships for transformation, development and sustainability of all farmers and the enhancement of rural economies.

Values



Co-operation



Diversity



Integrity



Honesty



Profitable Partnership



Accountability



Efficiency and Reliability



Respect



In the short term the focus is predominantly on the challenges facing small-scale and emerging farmers in the sugar industry. This can be traced back to the reason that SAFDA was borne – to be the voice for

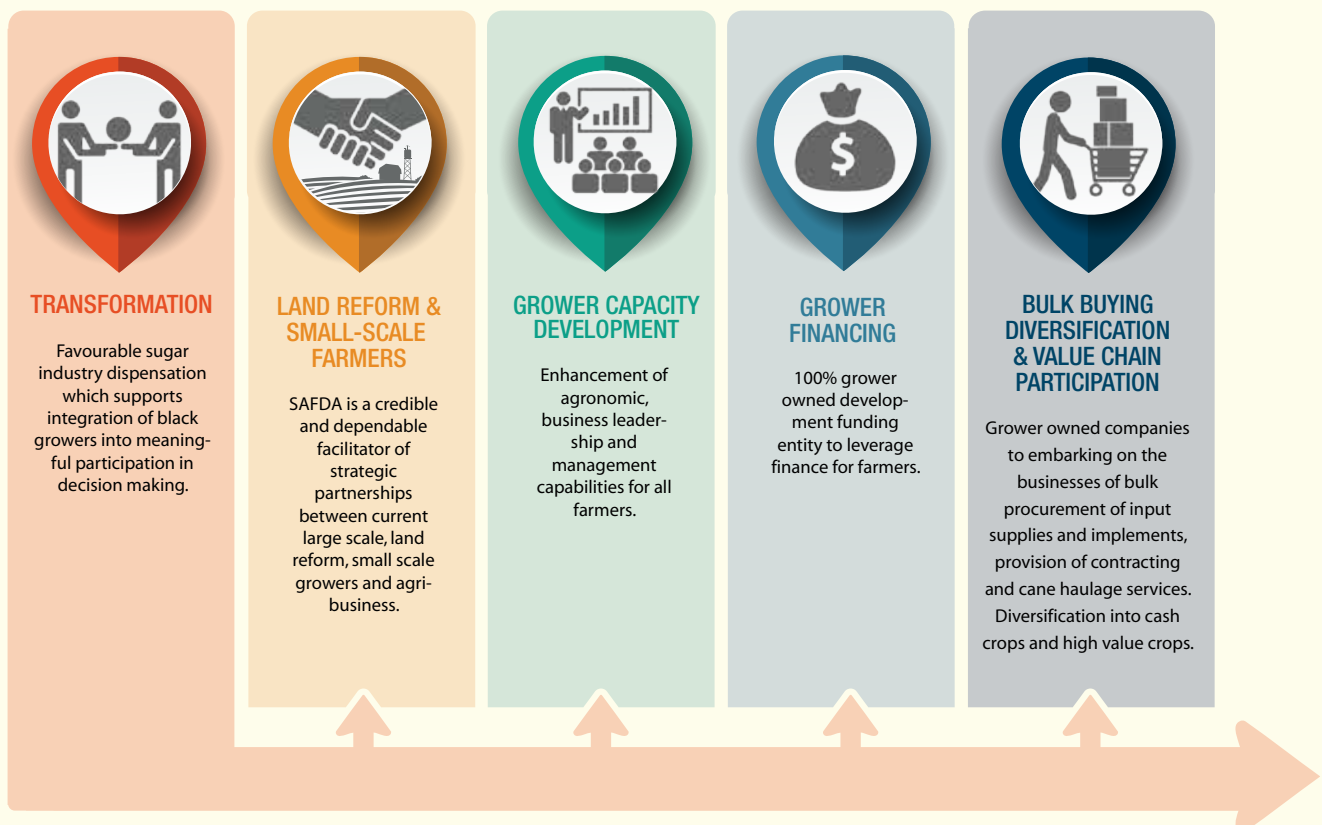
the voiceless and marginalised sugarcane farmers who felt excluded from effective participation in the traditional industry structures that have been in place for well over a century.

Below is the current sugar cane industry value chain which SAFDA aims to influence, to ensure that like-minded farmers can realise value from greater participation in each link of the value chain.



STRATEGIC PILLARS

Shortly after official recognition by the sugar industry in December 2017, SAFDA leadership went out on a three-day retreat to map out the framework upon which all future organisational activities would be based – now known as the five key strategic pillars



Transformation

While transformation is a pillar in its own right, it is also the foundation upon which the other four pillars rest.

It is focused on a favourable dispensation to support the integration of black farmers in meaningful participation in decision making and help the industry to make a positive contribution to South Africa's broad economic transformation efforts.

Land Reform and Small-Scale Farmers

SAFDA is a credible and dependable facilitator of strategic partnerships between current large-scale, land reform, small scale farmers and agribusiness. Under the current changing land reform environment, SAFDA aims to support and benefit its progressive farmers, with a particular focus on advancing the interests of black farmers.

Grower Capacity Development

SAFDA's comprehensive capacity enhancement programme refers to enhancement of agronomic, business leadership and management capabilities of black farmers. Interventions under this area include training and development to achieve sustainability.

Grower Financing

Access to development finance is a continuous challenge for farmers, particularly in the land reform and small-scale sectors. SAFDA aims to establish a farmer-owned development funding entity to leverage finance for farmers. Within this context, a blended finance model is the preferred approach.

Bulk Buying, Diversification and Value Chain Participation

SAFDA is working on ensuring full farmer

participation in the sugar value chain from establishing farmer-owned business entities to embarking on bulk procurement of input supplies, especially relating to fertilizer, chemicals and implements. Provision of contracting services, through the formation of a farm management company, is a critical aspect of this pillar.

The ultimate objective is to reduce costs and maximise revenue for the farmer. Sustainability of farmers is underpinned by diversification into other crops and maximising the value of sugarcane, through biofuels, bio-based products, and cogeneration. This should be complemented by meaningful participation in ownership, management and control.

Subsequent annual implementation plans will provide high level strategic objectives and milestones for programming to achieve these strategic goals.

LOWLIGHTS: THE STORM CLOUDS GATHER

When black farmers walked out of SACGA towards the end of 2015, they were optimistic that the transition to forming a representative organisation focused on the needs of small-scale and land reform would be smooth and simple.



As soon as SAFDA was formalised, the association wrote to the sugar industry requesting recognition under the South African Sugar Association (SASA). That process proved to be a slow and disappointing one, as the industry would not accede to this request due to the prohibitive legal instruments that regulate it.

The South African sugar industry is governed by the Sugar Act (Act 9 of 1978). The Act creates SASA, which has its own Constitution. It is also governed by the Sugar Industry Agreement (SIA), which lays out the manner in which the farming and milling sections work under SASA. Both the SASA Constitution and the SIA are promulgated by the Minister of Trade and Industry (the dti) as regulations under the Sugar Act.

SAFDA initially adopted the legal route to achieve recognition but it was soon clear that that was a long path to nowhere – and a very costly one at that.

The industry continued to use the regulatory instruments as the reason it was unable to

include SAFDA. That is when it became clear that there would be no progress without government intervention.

This is when SAFDA started engaging government to raise awareness about the plight of black farmers in the industry – and the need for transformation and a new approach to black farmer support and empowerment.

Initial engagements were with the provincial government which moved with speed to convene an industry discussion. Unfortunately, political changes in the province derailed these discussions and SAFDA then decided to engage the dti at a national level.

This provided an opportunity for negotiation among industry stakeholders, specifically between SAFDA and SACGA.

The SASA Constitution provided for two associations, one to represent sugar millers (SA Sugar Millers Association) and the other sugarcane farmers (SACGA). So, negotiations on how two farmer representative organisations could be represented in the industry began.

But these negotiations did not make satisfactory progress and collapsed.

As a result, SAFDA tried other means of putting pressure on the sugar industry to ensure recognition, including embarking on mainstream and social media campaigns, picketing outside the KwaShukela campus and even a march.

Nothing changed and it was starting to look like there were no more options available.

Legal challenges

During this time, farmers who were loyal to SAFDA were still required to pay membership levies to SACGA and the situation was becoming increasingly dysfunctional – as was the relationship with SACGA.

In response, SAFDA intensified its struggle and started engaging directly with farmer structures in the mill areas, canvassing support and urging these farmers to persuade the SACGA Board to negotiate in good faith.

This was done because SAFDA believed that the SACGA Board was not acting on the mandate of their farmer structures and were not providing all sugarcane farmers with a balanced view of the then dysfunctional farmer fraternity.

This resulted in pushback, with SACGA resorting to legal avenues, like interdicts, to intimidate and silence SAFDA office bearers and employees. Consequently, SAFDA was also required to seek legal assistance – something that it could not afford. Debt started to build as a result, as SAFDA defended itself and its reason for existence.

Drying up funds

Operations began with a zero budget. The intention was to rely on levies from the crop produced by black farmers in the industry.

At the outset, SAFDA was positioned as an organisation that would speak for all black farmers in the sugar industry and advocate for meaningful interventions to ensure their sustainability. It was assumed that the organisation would manage its operating costs through a mix of levies, grant support and management fees for implementation of development projects.

But this was not to be – as the sugar industry regulatory instruments allowed for all farmer levies to be given to SACGA only.

This meant that SAFDA had no guaranteed source of income.

Fortunately, at the start of SAFDA's first year of existence, the Department of Rural Development and Land Reform (DRDLR) entrusted the association with the imple-



mentation of a drought relief programme in KwaZulu-Natal.

SAFDA signed a Memorandum of Understanding (MOU) and Service Level Agreement (SLA) with the DRDLR, for R71 million to be disbursed to sugarcane farmers in the form of fertilizer for ratoon management. In return, SAFDA was paid a percentage as an administration fee, which was able to sustain the operations for a good part of 2016.

However, negotiations within the sugar industry continued to be unsuccessful and finance was needed to manage costs like office rent, telephones, water and lights, salaries as well as office bearers and governance structures. This was compounded by the legal fees, which were starting to add up.

At the end of 2016, SAFDA was facing the bleak reality of insolvency. The accountant started ringing warning bells, SAFDA stopped paying rent, reduced office activities to save on the electricity bill, stopped paying meeting expenses and did not process subsistence and travel claims.

At the start of 2017, SAFDA started paying its three employees only half their salaries, with money being raised by some of the farmers in leadership positions.

During this difficult period, sugarcane farmers, particularly those in Darnall, Eston and Umfolozi signed cessions for about R10 per ton, to keep SAFDA afloat while the fight for recognition in the sugar industry continued. These cessions were treated as loans and would have to be refunded once SAFDA's cashflow was positive again.

CEO leaves

This helped to cover the basic expenses, mainly 50% of salaries and some office expenses. Nonetheless, as the months went by, SAFDA's financial situation became more precarious.

At the end of July 2017, the CEO Nhlanhla

Gumede filed a formal notice to resign and requested indemnity from SAFDA liability claims against his person. His resignation was met with mixed reaction within the sugar industry, with some mourning and others celebrating (thinking that it signalled the end of SAFDA).

The Management Executive Committee, which later became the Board, met on 24 July 2017 and agreed that the chairman would step into the position of CEO, thereby becoming an Executive Chairman during this seemingly hopeless time. The Central Executive Committee (CEC) met on 7 August 2017 and ratified the Board recommendations.

In doing so, the Executive Chairman was tasked with:

- Ensuring that an imbizo/annual general meeting (AGM) take place for that year (that was held on 24 August 2017);
- Financial management, including internal control of the SAFDA bank account;
- Simplifying the organisational structure.
- Fundraising strategies to implement programmes;
- Strategic planning to formulate recommendations to the CEC and the AGM for ratification to plan a different approach (a strategic planning session was held in December 2017); and
- Formulating the terms of reference for the Executive Committee.

Despite the best efforts of farmers and remaining employees alike, towards the third quarter of 2017, SAFDA was forced to move out of its rented office, sell furniture to settle rental arrears and look at other ways to survive.

This was the most difficult time for the such a fledgling organisation. There was no hope – and things seemed to be falling apart. The SAFDA Facebook page was dormant and no one knew what was happening at SAFDA.

The assumption was that SAFDA was no more.

HIGHLIGHTS: 2017 AGM & IMBIZO

SAFDA's inaugural annual general meeting (AGM) was held on 22 July 2016. Amidst the challenges that 2017 had offered SAFDA was still able to meet its constituency and Board requirements of ensuring that the 2017 AGM was convened.



The SAFDA 2017 AGM was held on 24 August 2017 at the SASA Auditorium in KwaShukela, Mount Edgecombe, Durban. This was a non-elective AGM as, according to clause 5.9.14 of the SAFDA Constitution, Central Executive Committee members hold office for two years.

The AGM took the form of an imbizo and the invitation was widely shared with farmers.

Embracing RASET

The 2017 AGM was held at a time when there seemed to be very little to inspire enthusiasm amongst farmers.

Certainly, there were no positive prospects emerging from the sugar industry. In order to create alternative futures and possibilities for sustainability, the theme for the AGM was Embracing RASET for Diversification and Sustainability.

In order to unpack opportunities that the Radical Agrarian Socio-Economic Transformation (RASET) programme held for farmers, invitations were extended to government departments in the province, including the Department of Agriculture and Rural Development

(DARD), the Department of Economic Development, Tourism and Environmental Affairs (edtea), the KZN Provincial Shared Service Centre (PSSC) for the Department of Rural Development and Land Reform (DRDLR) and the KZN provincial office of the Commission on the Restitution of Land Rights (CRLR).

As part of activating Radical Economic Transformation, the KZN provincial government launched Operation Vula to achieve meaningful economic transformation in all sectors of the economy – particularly agriculture. Operation Vula and RASET were launched by then President Jacob Zuma on 27 June 2018. According to the edtea, RASET would guarantee a market for small-scale emerging enterprises such as co-operatives to supply products to different government departments.

SAFDA leadership believed that the AGM was an ideal platform to discuss this programme and position its farmers as beneficiaries of the initiative – in line with the Association's diversification strategy.

Sinenhlanhla Langa and Nonhlanhla Myeni were deployed by the Office of the Head of Department at DARD to deliver a full presentation

to SAFDA farmers on RASET. The positive prospects from RASET energised farmers and employees alike, and a resolution was made to follow-up on the programme after the AGM.

MOUs: From DRDLR to CRLR

The DRDLR and the CRLR/KwaZulu-Natal Regional Land Claims Commission (KZN RLCC) were represented by Chief Directors Nhlanhla Mndaweni and Advocate Bheki Mbili.

SAFDA had signed a Memorandum of Understanding (MOU) and Service Level Agreement (SLA) in 2016, which acknowledged the Association as a DRDLR strategic partner. It was through this MoU that SAFDA successfully disbursed R71 million drought relief to qualifying sugarcane farmers.

At the AGM, KZN RLCC Operations Manager Walter Silaule presented information on restitution projects that needed comprehensive and meaningful post-settlement support – as well as the opportunity for SAFDA to be a partner in this initiative.

This opportunity was welcomed with open arms and SAFDA availed itself to work with restitution

communities that were mainly farming sugarcane – but also committed to starting a process to work with restitution communities outside the sugar sector as well.

Most projects had accessed Recapitalisation and Development Programme (RADP) funding, which was targeted at facilitating post-settlement support.

This led to another key outcome of the 2017 SAFDA AGM, where it was agreed that SAFDA would enter into an MoU with the CRLR and would be in time for the National Dialogue at the Durban International Convention Centre on 14-15 September 2017. The KZN RLCC undertook to draft and circulate the MoU for finalisation before the National Dialogue.

Political lobbying

Advocate Anthony Brink, who supported SAFDA's cause, was also present at the AGM. He looked into the legal options to change the legislation that governed the South African sugar industry (that did not allow for SAFDA to be officially recognised as a representative organisation for sugarcane farmers).

Shortly thereafter, he advised SAFDA to abandon litigation against the industry – as it would be a costly exercise – and recommended that political lobbying would be a better strategy. This marked the start of an aggressive lobbying approach.

Constitutionally speaking

Another important outcome of the 2017 AGM was the Constitutional amendments. The AGM resolved to change the term of office for the CEC (as per clause 5.9.14.1) to three years.

In addition, the Chairperson and the Deputy Chairperson were expected to serve for a year (as per clause 5.9.14.3 of the SAFDA Constitution). The AGM resolved to change this to three years.

Furthermore, the AGM agreed to remove clause 5.9.14.2 completely from the Constitution because it was ambiguous.

Focus on land reform

Shortly after the 2017 AGM, the KZN RLCC team under the leadership of Advocate Bheki Mbili worked with the office of the Chief Land Claims Commissioner Nomfundo Gobodo to draft an agreement that would formalise the partnership between SAFDA and the 'Commission for the Restitution of Land Rights (CRLR).

SAFDA leadership were invited to participate in the Dialogue on Sustainable Land Restitution Models in Sugarcane, Forestry and Conservation land, at the Durban International Convention Centre on 13 and 14 September 2017 – where it was expected that the agreement would be formally signed.

Although SAFDA participated in this event, it was not part of the official sugar industry represented by the South African Sugar Association (SASA), which provided a presentation about the state of land reform in the sugar industry.

However, SAFDA was an active participant in the commodity discussions on sugar.

The sugar commodity commission, under the leadership of SASA, resolved to undertake an audit on restituted farms to:

- Determine their condition and productivity status;

- Conduct due diligence on land already transferred;
- Measure benefits and beneficiation;
- Provide a platform for peer review mechanisms, so claimants can find sustainable solutions; and
- Establish and strengthen existing restitution structures.

SASA thereafter compiled a comprehensive report, which was shared with various industry and government platforms.

SAFDA signed a Memorandum of Co-operation (MOC) with the CRLR on 14 September 2017 – thereby paving the way for deeper engagements to jointly advance the empowerment of restitution communities involved in sugarcane farming.

It was hoped that the SAFDA-CRLR partnership would – in the long term – focus on, among others,:

- Conducting feasibility studies in the development of the business plans;
- Co-funding development initiatives;
- Conducting workshops and training;
- Empowerment of trusts for communally owned projects;
- Mentorship programmes;
- Joint needs analysis of land reform projects;
- Monitoring land reform projects; and
- Sourcing support in the agriculture sector to ensure sustainability of land reform projects





THE PEOPLE'S PARLIAMENT STEPS IN

There was a time in the journey that SAFDA travelled when all forms of engagement with the sugar industry and its principals simply did not yield the desired results.

On occasion, a deal seemed imminent – there was even a signed agreement that SAFDA realised was not worth the paper it was written on.

It was demoralising. Some people retreated and walked a distance away. Some chose to stick it out.

At the lowest moment when SAFDA was left with no option but to give up, there came a solution that would prove to be effective.

There is an IsiZulu proverb that says *ukuhlehla kwenqama ukuthatha Amandla* (when the ram retreats, it never does that in retreat but to gather more strength, so it can face its opponent). SAFDA had that moment when

it retreated to the shadows to work out one last strategy to strike. Some people thought it was over for SAFDA.

Looking at legal options

During this time, SAFDA consulted legally and started working on a case to take the industry to court and challenge its legal framework. Financial resources were so limited that legal assistance to take on the sugar industry, which was able to mobilise funds and get the best lawyers available in the market to defend themselves, was not really feasible.

Nonetheless, Advocate Anthony Brink assisted with legal papers. He analysed the industry and interviewed SAFDA leadership. Brink advised that there was little chance of success with the legal route.

It was at that time that SAFDA took an unprecedented route of engaging the Portfolio Committee on Trade and Industry in Parliament, Cape Town.

A detailed letter was sent to the Portfolio Committee Chairperson outlining SAFDA's plight, what had been attempted and failed – and sought Parliament's intervention.

The first letter to Parliament did not elicit a response.

The next plan was to hire buses for farmers to march on Parliament. This is also when SAFDA sent a second letter to Parliament and this got the attention of the Chairperson, who invited SAFDA to present to the Portfolio Committee.

Present in Parliament

SAFDA's first visit to Parliament was on 12 October 2017. SAFDA was introduced to the committee and explained the reason behind its formation.

SAFDA discussed challenges faced by black farmers in the sugar industry, including high input costs, exposure to low and volatile international market sugar prices, lack of access to farming equipment, inability to haul



Chairperson of the Parliamentary Portfolio Committee of Trade and Industry

TRADE AND INDUSTRY COMMITTEE MEETS WITH SOUTH AFRICAN FARMERS DEVELOPMENT ASSOCIATION (SAFDA)

Parliament, Thursday, 12 October 2017 – Parliament's Portfolio Committee on Trade and Industry today met with the aggrieved South African Farmers Development Association (Safda) to hear its concerns regarding not being recognised by the South African Sugar Association (Sasa) and the South African Cane Growers' Association (Sacga).

The Committee acknowledged that this is an urgent matter and that swift action should be taken. The Committee proposed that the Minister should consider amendments to the Sugar Act of 1978 and the regulations to address the recognition of alternative associations including Safda. Committee Chairperson, Ms Joanmariae Fubbs, emphasised that the Committee wants a progress report from the Department of Trade and Industry (DTI) within 14 days.

The Committee heard that Safda had previously taken its concerns to the DTI and a directive, via a letter, was sent to the Sasa and Sacga – requesting them to address the issues and emphasising the importance of economic transformation in the sugar industry. Specifically, the importance of accommodating black players in this industry, stating that the *status quo* cannot be allowed to continue. In this letter, the DTI reminded the parties of a mediated agreement that was signed on 24 November 2016 that has not been implemented.

Safda today indicated to the Committee that the portion of grower levies due to them should be allocated and directly released to them accordingly by the Sasa. Safda is a member-based, voluntary non-profit association of emerging and small-scale farmers. It was formed in 2015 to represent their fundamental needs within the sugar industry. The industry operates under the Sugar Act of 1978 which was last amended in 1992.



DID YOU KNOW?

Political parties represented in Parliament are entitled to an amount of public money for their political activities. The parties receive the money in proportion to the number of seats they hold.

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sugarcane to sugar mills timeously (as payment for sugarcane is based on quality and the longer it takes to get to the mill, the lower the quality).

SAFDA's recommendations

During its presentation, SAFDA made the following recommendations to the committee:

- The sugar industry must implement the dti DG's directive to recognise SAFDA, which had been ignored;
- Sugar industry regulations should be amended to allow SAFDA to participate;
- Levies due to SAFDA should be paid, retrospectively since its formation;
- Review the payment system of the SA sugar industry to effect premium payment for emerging farmers based on the local market.
- Transformation and beneficiation was needed in the SA sugar industry value chain.
- A timeline was requested for the implementation of these recommendations.
- The PPC of Trade and Industry should provide oversight in the implementation of the above recommendations.

The Committee applied its mind and its Chairperson Joanmariae Fubbs issued a statement after the meeting that officially communicated what was discussed and agreed.

The Committee acknowledged that the matter was urgent and swift action needed to be taken. It proposed that the Minister of Trade and Industry should consider amendments to the Sugar Act of 1978 and its subordinate regulations, to address the recognition of another grower representative associations within the sugar industry, viz. SAFDA.

Fubbs asked the dti to provide a progress report to the Committee within 14 days.

End an 'apartheid situation'

She said, "We are allowing an apartheid situation to continue by not doing anything. We cannot allow for this to continue. Urgent action is required and demanded, especially since the agreement between the parties has been flouted."

SAFDA's second visit to Parliament was on 10 November 2017 and about 60 farmers travelled by bus all the way from KwaZulu-Natal to Cape Town to support SAFDA leadership in Parliament.

At this meeting all SASA sections were invited to make representation to Parliament. The Committee heard that the dti had been brought in to broker a settlement between SAFDA and SACGA. Despite the involvement of an experienced facilitator, SACGA was not prepared to transform and rejected the dti's directive.

SASA, as the industry representative body, highlighted that the Sugar Act only recognised two members, SACGA and the South African Sugar Millers Association (SASMA). SACGA accused SAFDA of wanting to destroy their association and even brought members of their surrogate organisation, G6, to Parliament.

Transformation needed

In response, SAFDA advised the Committee that its members had left SACGA because it was untransformed and not prepared to drive meaningful development and support for small-scale farmers.

In a press statement issued by the Parliamentary Portfolio Committee of Trade and Industry after the hearings, Chairperson Fubbs

urged the dti to be firm in its approach in dealing with the sugar industry, and to conduct a broad-based, black economic empowerment verification of SACGA's leadership and membership to determine the extent of black farmers' representation. This was as a result of the analysis of white dominated representation in the organisation, which a former SACGA employee explained to Parliament. The Committee resolved that levies collected from SAFDA members be suspended by SASA and not be paid over to SACGA, with immediate effect.

Furthermore, the dti was asked to amend the Constitution of SASA and allow for the recognition of SAFDA as a grower representative body.

In addition, the Committee issued a strong warning saying that if the industry did not co-operate, the dti would need to place it under administration until the Sugar Act and its subordinate regulations had been amended.

The press release also noted that the Com-

mittee would request the Speaker of Parliament to approve an oversight visit to the sugar industry.

The Committee said the Sugar Act of 1978, amended in 1992, was outdated and being exploited to maintain the status quo. The Committee also decided to request the Portfolio Committee on Labour to look into working conditions in the sugar industry.

After that session in Parliament, the industry was ready to listen to and engage with SAFDA.

Negotiations begin

Negotiations were planned and a facilitator was brought in. On 3 December 2017, an agreement recognising SAFDA as a farmer representative organisation in the sugar industry was signed.

The SASA Constitution and Sugar Industry Agreement were amended to bring this into effect. The intervention of the People's Parlia-

ment was a breakthrough that would change the sugarcane farming landscape for the better for all stakeholders in general and black farmers in particular.

This restored SAFDA's confidence and justified its cause. There was little doubt that this marked the start of a new chapter for SAFDA, including participation in industry processes – as observers without a vote – while building towards full-scale participation once amended regulations were promulgated.

On 12 December 2017, SASA delegates met and passed a resolution to amend the SASA Constitution and the SIA 2000. Three Observer Councillors from SAFDA were approved to attend SASA Council while the amended regulations were awaiting gazetting.

The Council agreed that R9 000 000 be paid to SAFDA in lieu of retrospective levies. The settlement amount was considered fair and was accepted by SAFDA.

Photographers:
Ashraf Hendricks,
GroundUp



SSGS IN THE SPOTLIGHT

Coupled with the PPC's resolution to compel SASA to recognise SAFDA as an alternate farmer representative organisation in December 2017, was the announcement that the Committee would undertake an oversight visit to sugar cane operations to witness first-hand the plight of black farmers.



From left: Senzo Mchunu, Bheki Cele, Joanmariae Fubbs

This took place on 26 January 2018 when Parliament, led by Chairperson Fubbs visited small scale grower farms in Amatikulu, on the KwaZulu -Natal North Coast.

Committee members were flabbergasted by the piles of harvested cane that was lying around and had not reached the mill. For black sugarcane farmers, this meant that their hard work for over a year and every cent of their operating budget was lying around the field as waste. This called for immediate attention to the daily rateable delivery (DRD) system – a function of the local Mill Group Board, which generally prioritises commercial farmer cane for crushing to the detriment of small scale farmers.

Local farmers grabbed the opportunity to appeal to members of the Portfolio Committee, to force the industry to revisit policies and practices, which had been used in certain quarters of the industry for years to drive black sugar cane farmers out of business.

Other issues raised by farmers included the negative impact of cheap sugar imports, for

which government intervention was requested through the International Trade Administration Commission of South Africa (ITAC) to increase the Dollar Based Reference Price from \$566 to \$856 as per the sugar industry submission.

The PPC visit coincided with SAFDA's official launch event at Amatikulu Sports Ground, which was attended by over 10 000 farmers from all cane growing areas in KwaZulu Natal and Mpumalanga.

Speaking at the SAFDA launch imbizo, Fubbs informed farmers that Parliament was committed to enforcing transformation. "While we will do everything it takes to help the sugar industry to fight cheap sugar imports, we are not going to compromise on transformation," she said.

Parliament undertook to conduct another oversight visit as follow up, to see if there were any improvements to the lives of black sugarcane farmers, alongside the main industry transformation process.

MOBILISING FARMERS FROM KWAZULU-NATAL TO MPUMALANGA

The first SAFDA seed was planted in KwaZulu-Natal, but it was inevitable that it would also take root in the other cane-growing province of Mpumalanga.



Awareness and the drive for transformation in the mill areas of Komati and Malalane started in 2016 when SAFDA hosted a number of roadshows to introduce itself to all mill areas.

There was no doubt that these efforts were well received by farmers. Unfortunately, due to the tensions in the sugar industry at the time that were a direct result of the status quo being challenged, there were a number of efforts to create doubt and sow division among farmers.

SAFDA's farmer mobilisation drive took place during December 2017 and January 2018, with several farmer meetings – for both small-scale and land reform – taking place in Mpumalanga during this time.

These campaigns culminated in the formation of the SAFDA Mpumalanga

Interim Provincial Leadership Committee. The Committee comprised equal representation of land reform and small-scale growers in the province.

From there, the focus moved to incorporating all small-scale grower structures into SAFDA. This was hugely successful in the Komati mill area, as the Komati Mill Cane Committee (KMCC) migrated in its entirety and changed to SAFDA's Mill Area Committee (MAC).

SAFDA's involvement in the Siyathuthuka Project fiasco was among the early interventions that could only be addressed through an organisation truly committed to the interest of the growers. Despite the fact that the project was largely governed by RCL staff in its Board of Directors, these growers had been informed that their debt had accumulated up to R27 million and operations had virtually collapsed.

SAFDA's intervention and engagement with RCL resulted in the revitalisation of the project within a short time space with a clear implementation plan to deal with the debt.

SAFDA's live radio shows with Ligwalagwala FM and Nkomazi Radio ensured a clean sweep in migrating growers from the old to the new organisation. The show was well received throughout Mpumalanga by farmers across the various commodities.

The organisation later secured a provincial office within the RCL Malelane Mill and employed three people and a Provincial Manager.

Mpumalanga is now represented in all SAFDA committees and sugar industry structures locally and at industry level.

FACILITATING FARMER MIGRATION

SAFDA's recognition and inclusion in the sugar industry meant many big things to many people. It renewed careers for employees – and meant a new home for most black farmers.



The inevitable migration of farmers in big numbers to SAFDA called for a structured response from the organisation.

In January 2018, SAFDA launched a farmer migration strategy. While mass mobilisation of farmers had to be managed continuously as part of a sustained migration programme, there was a need to apply different strategies at various stages of the process.

The focus was therefore on the:

- Rapid migration of regional grower support officers (GSOs) to SAFDA farmer development advisors (FDAs). FDAs are professional development practitioners who bring in aspects of agronomic and business support with strong social facilitation insight.
- Facilitation of the migration of former mill cane committees (MCCs) into new SAFDA mill area committees (MACs), with immediate effect.
- Facilitate opening of new bank accounts, new offices and procurement of new office furniture

and equipment

The above diagram illustrates the steps followed in the farmer migration strategy in terms of which the role of the FDAs was to facilitate:

- Farmer meetings to discuss and pass a resolution on the future of the grower associations in light of recent transformational developments in the sugar industry.
- Passing, drafting and signing of farmer resolutions to migrate to SAFDA.
- Communication of the resolution to the mill.
- Completion and provision of estimates.

Implementation of grower support and development programmes commenced immediately when farmers signed up with SAFDA.

SAFDA OFFICIAL LAUNCH

The recognition of SAFDA by the sugar industry on 12 December 2017, following the Parliamentary Portfolio Committee on Trade and Industry's decision to compel SASA to do so, could not go by without a celebration to mark the two years of struggling to be the official voice of black sugarcane farmers.



Siyabonga Madlala
Executive Chairman of SAFDA



Lindiwe (Lee) Hlubi
Vice Chairperson of SAFDA

Growers held a number of mill area get togethers, hosting braais and information meetings, in celebration – and SAFDA hosted two formal events on 26 January 2018.

The first formal day function was a Growers Imbizo at the Amatikulu Sports Ground and was attended by over 10 000 growers from Mpumalanga and KwaZulu-Natal.

The second was an evening gala dinner at the Southern Sun Elangeni hotel in Durban, which was attended by over 100 guests, comprising members and leaders of the sugar association, government departments and officials, the private sector as well as industry partners.

Both events were blessed by the attendance of high-profile guests and speakers. Members of the Parliamentary Portfolio Committee on Trade

and Industry, led by Chairperson Joan-Marie Fubbs, were among the distinguished guests in attendance. Guest speakers at the event were Fubbs, the Deputy Minister of Rural Development and Land Reform Candith Mashego-Dlamini, then Deputy Minister of Agriculture Bheki Cele, MEC for Agriculture in KwaZulu Natal Themba Mthembu and former Premier of KwaZulu Natal Senzo Mchunu.

Industry stakeholders and progressive commercial farmers who were present at the evening gala dinner took the opportunity to welcome SAFDA and shared messages of support.

A key highlight of the gala dinner was during the SAFDA Chairman's opening speech, where he noted that "We are excited as we start the year and look forward to working with all industry stakeholders. While there is

narrative portraying SAFDA as a threat, I wish to say that SAFDA is an opportunity and not a threat".

Both the formal and informal events served the objective of officially launching SAFDA in the South African sugar industry, and also provided a platform to show appreciation of individuals and organisations who made significant contributions towards the attainment of SAFDA's recognition.



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

Both events
were blessed
by the attendance
of high-profile
guests and speakers,
including members of the
Parliamentary
Portfolio Committee
on Trade
and Industry.



Bruce Dunlop and wife
Tongaatt Hulett



Senzo Mchunu
Former KZN Premier



Charl Senekal
Mega Farmer



Hans Hackmann
SASA Vice Chairman

"Sibeke eceleni imali engaphezu kuka R50 Million kulolu hlelo ukuze sizobona abantu abaningi abamnyama abangabalimi bekhqiza umba kanti lolu hlelo luzoba ngu-3 000 wamahektha omhlaba olondolisa amathakha amachwazi."

[illegible]

Harri Markham, vice-chairperson of the South African Sugar Association and the newly launched South African Farmers Development Association's chief executive officer, explains Mr. Riba's role in the launch.

[illegible][illegible]

Black tiger shrimp (which cannot provide for healthy growth rates but provides about 10% of the supply) and Pacific white shrimp for Rural Development Solutions, and the R71 shrimp produced by S&P DA was available.

20

le 2017/18 del
Ristrutturazione
passiva, con
passiva, con
passiva, con

...dat op hoogwater toeën is de
eerste helft van vorig jaar.
"Dus is dat optimistisch en

...druidlandproducente as
rige een
gtes meer Richard
don, economische nar-
soudner by Convergieren,
ruidlandproducente as
rige Westduut as 11%

...hetzelfde niet.
hustuit nu die drie jaar
roegte is hale goed. Vir
daghoort was die her-
kijmer. Halle het wel
gevoel sehoon 10% meer
die vorige sehoon, maar
20% meer.

De optimisten dat die
fluïde zal wettig in die
toekomst. Die meeste pro-
fiteerders van die paarde-
deur oopstelling van
die kassas. Die...

De afname van de arbeidsmarkt kan tot een toename van de werkloosheid leiden. Dit kan tot een toename van de sociale ongelijkheid leiden. Dit kan tot een toename van de sociale ongelijkheid leiden.

LOOKING TO TRUE TRANSFORMATION

Recognition of SAFDA on 30 November 2017 was a turning point for the South African sugar industry. While SAFDA's participation was limited to having a voice – but not a vote – there was little inkling that it would be a very loud voice with a clear message.



SAFDA hit the road running and wasted no time in articulating the immediate areas that needed to change for the industry to embark on a journey of true transformation.

Import tariff

The future of the South African sugar industry was threatened by insufficient import tariff protection. SAFDA championed the industry's application to ITAC for an increase in the Dollar Based Reference Price.

This was due to the belief that black small-scale and land reform farmers do benefit from increased import tariff protection and industry revenue. However, commercial farmers enjoy the bigger benefit – so it becomes a matter of mutual benefit.

Commercial farmers therefore have a duty to support transformation and engage in fair reciprocity discussions as a result of SAFDA's work in this area.

Local market price

Due to insufficient economies of scale and other related factors, SSGs incur far more production and haulage costs than large scale growers. This leaves SSGs with no real benefit upon harvesting, thereby remaining in a perpetual downward spiral of indebtedness as cane payment statements show a negative result in terms of net profit.

In effect, throughout the harvesting season,

SSGs merely create value chain opportunities and benefit for others.

SAFDA believes that this situation is unfair and can be rectified immediately by changing the payment system for SSGs. This would mean paying SSGs a local market price (similar to the old A and B pool system) as opposed to the current weighted average system. This would practically double the current rate at which SSGs are paid for their cane.

Farm gate price determination

Cane haulage is one of the key links in the value chain where farmers spend a large percentage of their operating budget. This is not necessarily an issue for large-scale farmers who can afford to have their own trucks, but certainly adversely affects SSGs who farm on small plots of land.

SAFDA is therefore advocating for farm gate price determination for SSGs and land reform farmers.

This requires a special provision where cane from SSGs and land reform farmers is priced at the farm gate and excludes transport costs. In Reunion Island, for example, the miller picks up cane from the loading zone at their own transport cost.

Daily Rateable Deliveries (DRD)

For most of the milling areas, the daily rateable delivery (DRD) system allows for large scale farmers to have their cane crushed first. This re-

sults in a grossly unfair situation where SSG cane has to wait for a long time – often after having been cut and already on tractors and trucks.

This is a double-edged sword in that it hits both black farmers and black cane contractors. Farmers lose sucrose content, while emerging black contractors lose daily income while waiting at the mill, (sometimes overnight) before their tractors and trucks can offload.

SAFDA believes that the system should be reviewed to allow SSGs to have first access to the mill, which will demonstrate industry commitment to prioritize SSG livelihoods rather than maximizing profits.

Value chain participation

SSGs and land reform farmers' participation is currently limited to that of a producer. SAFDA is advocating for meaningful participation of SSGs and land reform farmers in the entire sugar value chain. This includes equity in the milling factories, input procurement and haulage companies, among others.

SAFDA's presentation and engagement on these matters – at a stage when it had a voice but no vote in the sugar industry structures – would later be adopted by SASA and its sections under the auspices of the R172 million Sugar Industry Immediate Transformation Interventions Initiatives.

OPERATIONS: BUILDING PROFESSIONAL CAPACITY

Since its formation in 2015 until its official recognition in the sugar industry in 2017, employee recruitment was led by a mass migration of professionals from SA Cane Growers Association (SACGA) to SAFDA.

The first move was in November 2015, when three board directors, Siyabonga Madlala, Lee Hlubi and Andile Buthelezi resigned from SACGA to form SAFDA.

This was followed just a few weeks later by SACGA Managing Director Nhlanhla Gumede and Grower Sustainability Director Thandokwakhe Sibiya.

Then in 2017, SACGA Grower Sustainability Manager Sfiso Mnguni joined SAFDA.

On 9 January 2018, a number of experienced professionals resigned en masse from

SACGA to join SAFDA. This included small-scale and land reform farmer support regional representatives in all 14 mill areas being Patrick Bhengu, Nomkhosi Dlodlo, Duduzile Sithole, Bulisa Gcumisa, Nondumiso Gumede, Nosipho Qwabe, Nhlakanipho Khumalo as well as Finance Officer Pontso Ratikane.

These individuals have unique insight into the challenges faced by black small-scale and land reform farmers and have certainly added to SAFDA's professional capacity with their experience and skills.

At that stage, there was little inkling that SAFDA's professional capacity – particularly when it comes to understanding the intricacies of the South African sugar industry – would continue to increase early into the start of the 2018-2019 financial year.

The existence of this formidable operations means that SAFDA farmers in KwaZulu Natal and Mpumalanga continue to receive the highest level of service and advice.



GOOD CORPORATE GOVERNANCE

The South African Farmers Development Association (SAFDA) is a registered non-profit organisation as described in the Non-profit Organisations Act of 1997, which is committed to the principles of good corporate governance.

SAFDA SUMMARY FOR THE STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2018

Figures in Rand 2018

REVENUE

Industry Levies	9 000 000,00
Total Revenue	9 000 000,00

OPERATING EXPENSES

Consulting and Professional Fees	1 190 165,00
Employee Related Coasts	6 830 651,00
Office Rental	341 383,00
Travel and Accommodation	171 778,00
Other Operating Costs	2 917 374,00
Total Operating Expenses	11 451 351,00
Loss for the Year	- 2 451 351,00
Other Comprehensive income	-
Total Comprehensive loss for the year	- 2 451 351,00

Financial overview

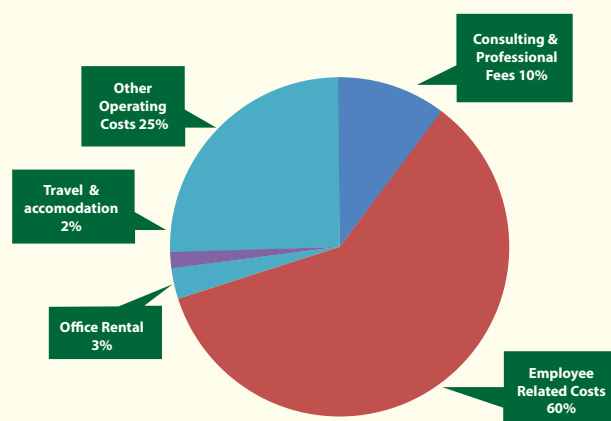
The net result for the year ended 31 March 2018 was a loss of R2.451 million. This was mainly due to a protracted process of gaining official recognition within SASA, which resulted in all farmer levies being collected by the South African Cane Growers Association.

SAFDA was granted recognition in December 2017, more than six months into the financial year. Revenue totalling R9 million was received from SASA in three equal instalments from December 2017 to March 2018 to compensate SAFDA for its grower levies for the remainder of 2017-2018 season.

The organisation had no other source of revenue during the season under review.

Expenditure totalling R11,451 million was incurred and the major drivers were employee-related costs and professional fees.

SAFDA did not have non-current assets as at 31 March 2018 and total liabilities for the period was R4,396 million, mainly due to trade payables.



Audit

No internal audit is conducted on SAFDA, however policies and procedures are regularly reviewed and updated. Control over financial policies and delegation of authority by the Board are reviewed annually.

SAFDA's annual financial statements are audited on an annual basis as per the requirements of the Non-Profit Organisations Act, by black managed and controlled chartered accounting firm Mfuyi Business Services Group.

B-BBEE

Broad-based black economic empowerment (B-BBEE) aims to ensure that the economy

is structured and transformed to enable the meaningful participation of most of its citizens and to further create capacity within the broader economic landscape at all levels.

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

SAFDA is currently a level one B-BBEE contributor.

Office bearers

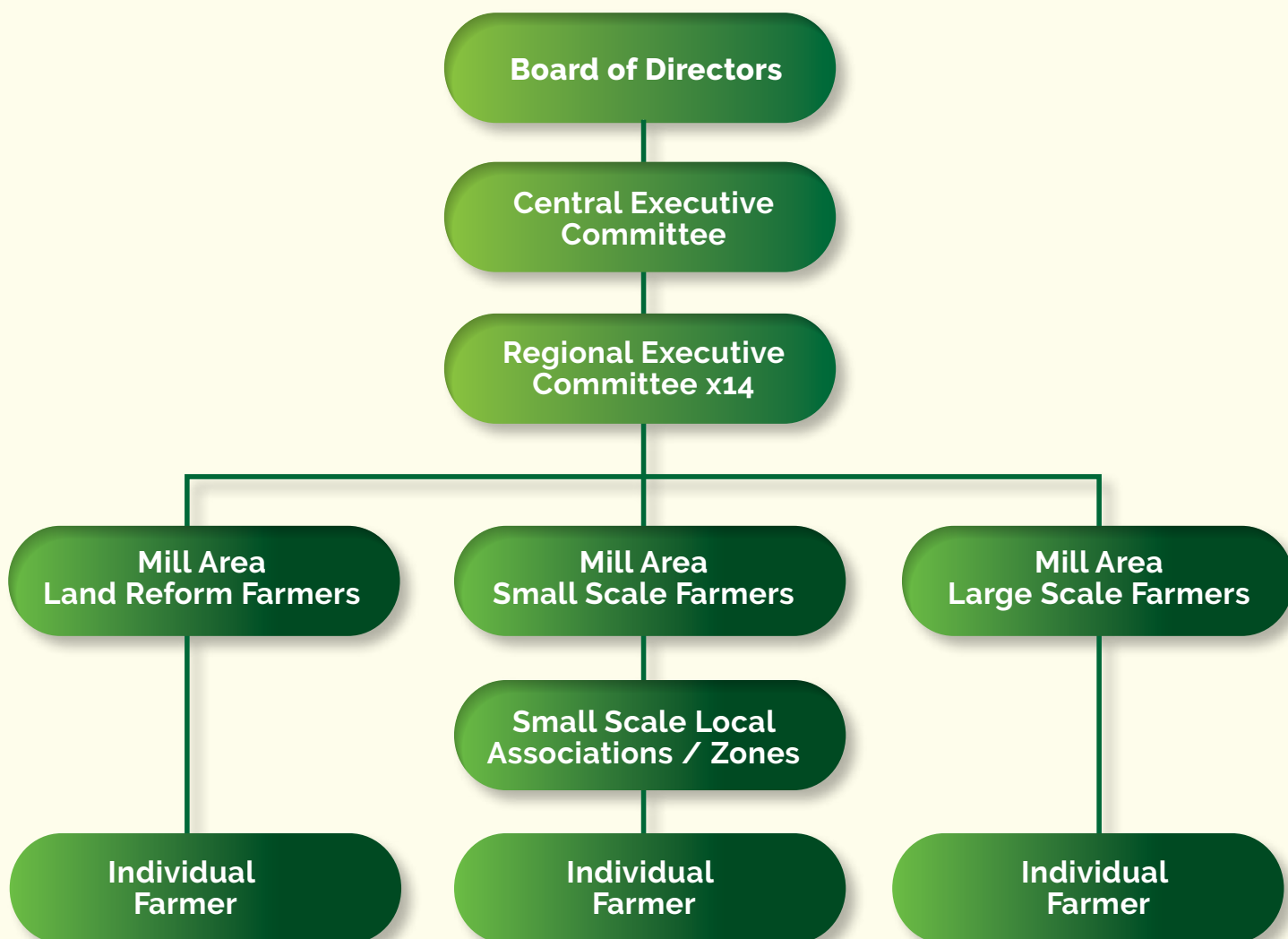
In terms of office bearers, Regional Executive

Committees elect five representatives from each mill area to the Central Executive Committee. At the SAFDA AGM, a Board of Directors (Management Executive Committee) is elected.

A board member's term of office is two years except for this current term which has been extended to three years, as it was the first term of operation for the organisation after being officially recognised by the sugar industry.

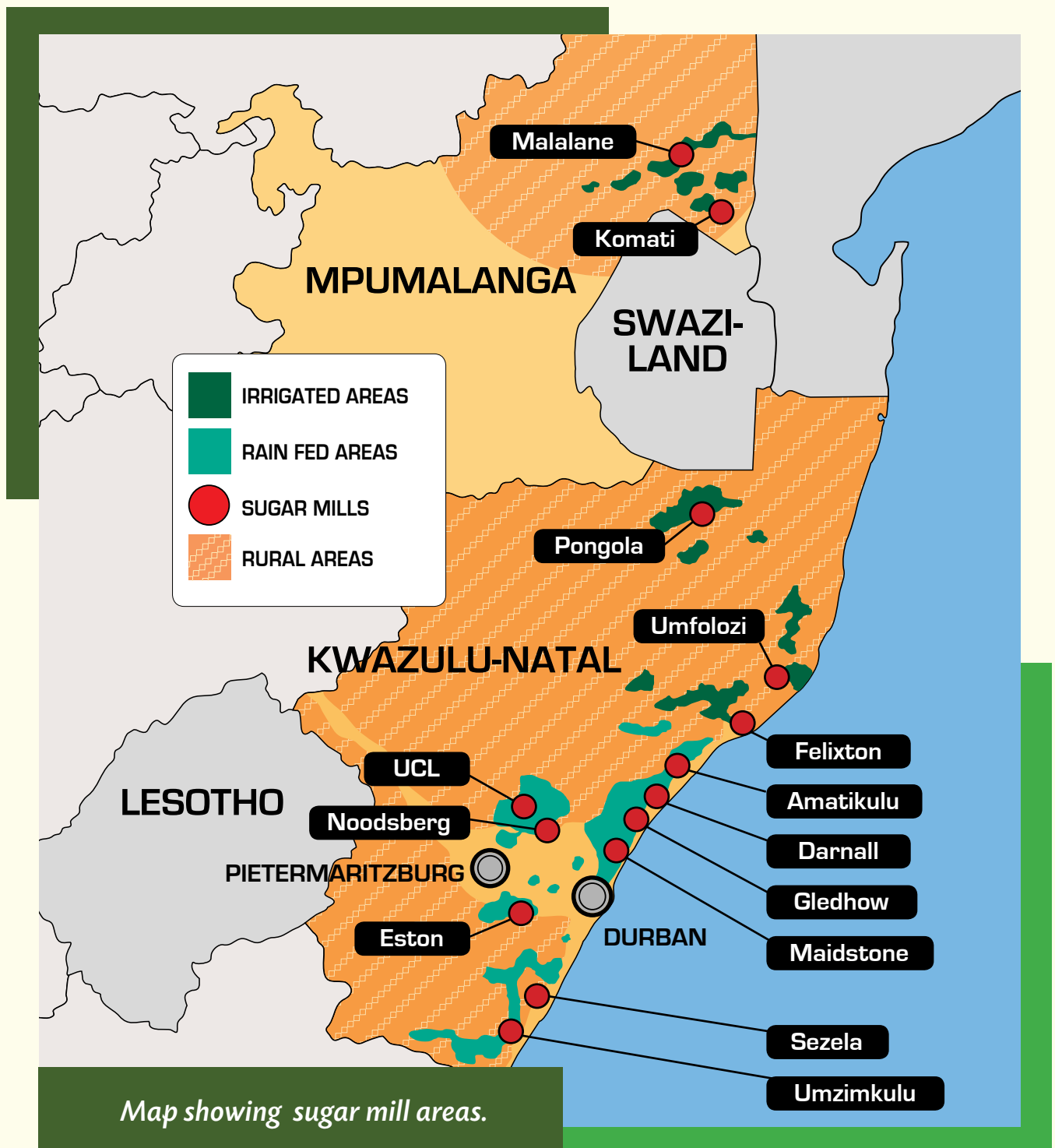
The Central Executive Committee oversees the affairs of SAFDA, including the approval of the annual budget. The Board meets twice a quarter, to focus on SASA industry matters and SAFDA operational matters, respectively.

The SAFDA office bearer structure is as follows:



SAFDA PROVINCIAL FOOTPRINT

SAFDA has a regional presence in both sugarcane growing provinces of KwaZulu-Natal and Mpumalanga. These areas have farmer-led structures, which are ably supported by SAFDA professionals on the ground





Company name: South African Farmers Development Association

Registration number: 163-564 NPO

Nature of business: Development of sustainable black farmers
and the transformation of rural industries
and rural economy

Directors: Siyabonga Madlala, Lindiwe Hlubi, Vela Jwara,
Swazelihle Ndlovu, Mandla Malishe & Mathew Bulala

Registered office: 170 Flanders Drive, Mt Edgecombe,
KwaZulu-Natal, 4302

Bankers: First National Bank

Auditor: Mfuyi Business Consulting



SA FARMERS
DEVELOPMENT
Association

South African Farmers Development Association
Registration number 163-564 NPO

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