I greet all who read this report, trusting that you are doing so in full appreciation of the vital role that agriculture plays in feeding our nation and region while providing a significant level of employment and making a positive contribution to rural stability and development in the communities in which we operate and live.

The past year has been a challenging one for agriculture, where all other sectors of the economy have failed to prosper after the global meltdown. Agriculture in general, from my observation has generally come through relatively unscathed for the time being.

Kwanalu continues to participate fully at a national and a provincial level ensuring that the interests of KZN farmers are represented at all times.

So the question must be asked. With all the participation and representation, why has agriculture continued to have such a negative sentiment about it?

The reasons can broadly be categorised into 5 areas which are affecting confidence levels amongst farmers:

1) Land and transformation
2) Safety and security
3) Commercial and economic
4) Infrastructure and resources
5) Communication and image

Around the question of land, most of us are aware of the debate at the recent ANC Policy Conference. What seems to be left out is the issue of ownership. Land redistribution versus the fundamental building blocks of ownership of property are crucial dichotomies within the South African land reform discussion. The general consensus on the ANC’s position at its policy conference in Midrand was embraced with optimism by some experts and a bit of uncertainty by others due to the complex nature of the debate.
The ANC proposed an intriguing paradigm shift to the land reform process where it resolved to ditch the willing-buyer, willing-seller model for a more robust constitutional approach that entails “expropriation with fair compensation”. Section 25 of the constitution, allows for expropriation to take place within the confines of the law and in the interest of the public. Expropriation will be subject to compensation where the value of the property expropriated may be agreed by both parties, or determined by a court of law.

The constitution states that the amount of compensation and the time and manner of payment must be just and equitable, reflecting a balance between the public interest and the interest of those affected. This may or may not silence the ramblings of those calling for land grabs and expropriation without compensation, Zimbabwean style.

Notwithstanding all the debate around a failed willing-buyer/willing-seller, my own view is that the Government has not done badly when it comes to redistributing productive white owned land to blacks. Here I would like to refer to an article which appeared in the Business Day on 21 June 2012 titled “The facts are more complicated that the simple claim that white people own the majority of the land”. In a statement by Prof. Johan Kirsten from the Department of Agricultural Economics, Extension and Rural Development, University of Pretoria.

He argues that the critique is far too harsh on the ANC and that the party should actually be congratulated with the good progress with land transferred from white ownership to land owned by blacks. Evidence would suggest that South Africa is actually very close to reaching the target of distributing 30 per cent of the country’s agricultural land by 2014. At the speed of current acquisitions by the State through the Pro-active Land Acquisition Programmes (PLAS) and private transactions as well as completion of existing LRAD and land restitution projects it is likely that we will reach, if not exceed, the 30% target by 2014. Based on results of a number of studies on private land transactions by black individuals and the recent land reform and land restitution numbers presented by Minister Nkwinti in his budget speech of May 2012 it could be argued that 26.75% of formerly white owned agricultural land is today already black-owned.

Part of this number can be tested from empirical studies but it would have been far easier to confirm had the Department of Rural Development and Land Reform and Department of Agriculture, Fisheries and Forestry not been dragging their heels on implementing a full-scale audit of land ownership for the past 3 years.

How does this statement hold up? Kwanalu’s own initial audit would suggest that this information is correct and must surely be a feather in our cap. Our thanks must go out to all our members who participated in this exercise.

This raises the big question in the land reform debate of quantifying land ownership in the country to determine just how far we are with the land reform process. The land audit which was commissioned by Government was supposed to have been completed by June this year. This we are now told will be completed by December. This done correctly will tell us how much land is in the hands of both the Government and private sectors, as well as how much has been transferred.

**What then?**

We need confirmation on the sunset of the 30% land transfers. Without which uncertainty will persist. Land reform is not just about transferring land. For any agricultural project to be successful we need three things, land, skills and access finance. Remove any one of these and you will be doomed to failure. This is where we as farmers have the most valuable input of all, which is our skills. Without skills farmers will find it awfully difficult to survive.

This is where I would like to offer our services to Government. You may be able to provide land and finance, but for skills you will have to turn to us the South African farmers. This is where I urge you all to take hold of a new entrants hand and help him make a success of his farming.

Together we can make a difference.

Looking at safety and security, whilst our own statistics, thanks to Koos Marais, show a reduction in crime, we continue to suffer significantly at the hands of criminals in areas of stock theft, farm attacks and general theft, including crop theft. Here I must express my appreciation to members of the South African Police Services and other related entities, who are always willing to assist us in combating crime in our areas. In my recent travels across the province it became abundantly clear that our problems are a consequence of poor relationships and communications at a local level. Here I would like to urge members to actively participate in structures set up at local level which attempt to further and enhance communications and relationships amongst local level participants.

The past two years have witnessed the turmoil in the financial and commodity markets virtually unprecedented in living memory. We have witnessed the prices of agricultural commodities peaking at an all time high as the global economy remains in recession. This has created an ideal opportunity for us in agriculture to strengthen our businesses and lobby Government for support measures so crucial to our future. We have never before had a better opportunity to appeal to Government for better treatment of our sector.

We need, amongst other, increased investment in agriculture, infrastructure, services to farmers as well as plans to achieve rural stability and security in which our members and their workers live. And above all we need food security for our nation.

When one takes into account 50% of commercial farmers in the country made a turnover of less than R300K, and 10% have a turnover of more than R2m one realizes how relatively small and brittle our industry is. With threatened expropriation and the effect that this has on farmers sentiments this can only worsen poverty and raise unemployment. A situation we can ill afford.

After recent travels across the province a number of issues were highlighted. The most significant being the marked deterioration in the state of many roads and the failure of rail infrastructure. What this province needs is more goods to migrate from road back to rail. This will only happen if there is a change in the view of policy makers. Here I congratulate the timber industry on their continued dialog with Transnet Freight Rail on the continued use of various branch lines which have been threatened with closure.

The problems being experienced with labour shortages especially in the sugar industry are very concerning in view of the unacceptably high unemployment figures coming out of Statistics S.A. On further examination it would seem that Government grants are the main contributor to this problem. KZN’s position is particular worrying as the indication is that 43 000 jobs have been shed in the last year. This will have to be continuously addressed as unemployment is the main contributor to social degeneration.

Communication remains challenging in rural areas, however
seems to be rapidly changing. Wireless technology is proving to be an alternative to Telkom. To be able to communicate with our members remains of high importance to our organisation. The amount of crucial information on our website enables our members to keep abreast of current affairs.

**What will the future bring?**

At this stage I would like to acknowledge the National Planning Commission’s report and its Vision 2030. This report creates some interesting challenges for agriculture and the economy as a whole. In this report, the country we seek to build by 2030, must be just, fair, prosperous and equitable. And most of all must be a country that each and every South African can proudly call home.

To succeed, will require the active efforts of all South Africans. It will require growth, investment and employment. This in turn will need rising standards of education and a healthy population. To achieve this we need an effective and capable government where there is collaboration between the private and public sectors.

Whilst in my report I have mentioned the current challenges facing us. It is clear that the success of our sector lies in the adoption of principled positions of leadership who have a long term strategic view on the future.

I have been asked a number of times “Would I invest in agriculture?” The answer to this is an overwhelming yes. However, only if you are prepared to adapt to change. Farming tomorrow will certainly be very different to farming today; the emphasis being on our social responsibilities to our communities, fellow farmers and the environment. The next 10 years will be tough, but raising to these challenges nothing is impossible. For those of us prepared to embrace change the future is sure to be bright. With the present mood in agriculture being subdued, there is little doubt that opportunities exist and I challenge you to go and create that bright future.

**What does this vision 2030 challenge us to do?**

- Create 1 million new jobs by 2030.
- Expansion of irrigation areas by 500,000 hectares.
- Conversion of some under-used communal land.
- More support for commercial agriculture with the highest potential areas benefitting first.
- Job creation up and downstream.
- Identifying new opportunities.
- Develop strategies that give new entrants access to product value chains.

As a union Kwanalu holds firm to the various policies which form the basis of how we conduct our business. This leaves everyone under no illusion as to where we stand on any particular issue. Kwanalu has successfully responded to the various challenges it is faced with. However to do this it needs strong, balanced and principled leadership. I would like to challenge every Farmers’ Association or society who actively participates in Kwanalu structures to bring potential leaders to the fore. Never in the history of organised agriculture has leadership been as important as it is now. In the words of Dwight Eisenhower: “Leadership is the art of getting someone else to do something you want done, because he wants to do it.”

**In conclusion**

I offer my thanks to our CEO Sandy La Marque, and the team in the office, comprising Ethel von Abo, Lyn Vincent, Rita Kali, Nonjabulo Mbanjwa as well as Koos Marias, who labour faithfully in our collective interests.

My thanks also to the growing base of members who continue to support the organisation financially and in terms of participation and comment offered in support of our collective interests.

To government and other stakeholders, Kwanalu is a dynamic and professional organisation with a positive outlook and future oriented attitude and approach, always ready and available to participate. For you to be successful, we need to succeed!
It became evident that a formal structure would be needed to deal with the issues emanating from the Green Paper. A National Reference Group (NAREG) was formulated to oversee the process. In order to streamline the issues six working groups were established, as follows:

a) The Land Management Commission (LMC).

b) The Land Rights Management Board (LRMB) and its local structures (to handle matters including the draft Land Tenure Security Bill, ESTA/evictions and agri-villages).

c) The Valuer-General where fair market value compensation for property is debated.

d) The threefold (3-Tier) system of land ownership (state land, private ownership with certain restrictions and leased land). This working group also dealt with aspects such as land ceilings and the right of first refusal.

e) Communal Land Tenure.

f) Legislative Amendments; to the Restitution Act and the Communal Property Associations Act.

Kwanalu has worked with Agri SA during this participatory opportunity created through the NAREG. Numerous Agri SA meetings have been held to ensure that participation in the process is conducted within the mandated framework which has been agreed to by Kwanalu and Agri SA alike, at previous congresses.

Kwanalu has operated within the mandated congress policy which will not be deviated from unless instructed by its members at an annual congress. The Kwanalu policy is as follows:

Opening statement:
Arguably the greatest debilitating factor for the agricultural sector in KwaZulu-Natal has been the failure of government to implement the three existing programs of land reform namely restitution, redistribution and tenure reform. KwaZulu-Natal has been plagued with mal-administration, nepotism, corruption, a total lack of transparency and disregard for the rule of law amongst other. At the outset Kwanalu has always supported land reform and will continue to do so through numerous projects and interventions undertaken by Kwanalu members and the organisation as a whole.

Kwanalu supports:
• Free market principles.
• Respect for property rights.
• An inclusive approach of all parties to ensure a seamless transfer of land to beneficiaries.
• A holistic approach to provide resources, infrastructure, finances, extension support etc.
• Growth opportunities e.g. job creation and security, food security, investment.
• A credible land audit/land database on the status of ownership of land.
• Provincial and local forums.
• Agri BEE in line with the generic codes for best practice.
• State support both financial and in terms of resources.
• A partnership-approach with government.

The Kwanalu position is clear:
• Land reform is to be supported within the confines of the Constitution and rule of law of the Republic of South Africa.
• We will not be drawn into discussions and negotiations which run counter to the effective operation of the free market.
• Rights infringements are not condoned.

Our support of the necessity for land reform leads us to extend to the state an offer of support in seeing the effective implementation of existing land reform policies aimed at sustainable rural development and an improved life for all.

The Green Paper on Land Reform appears to be far from over. Some working groups have made substantial progress whilst others still have a great deal of work to do. Constitutional principles such as the rule of law, the right of access to the courts, transparency, accountability and administrative justice should underpin all recommendations coming from the working groups, but the practical aspects thereof are still subject to debate.

Kwanalu Land Audit
At the National Land Summit in 2005 a land audit was called for. This call has taken place at various events since 2005, however little or nothing has been undertaken in order to conduct an audit. The Kwanalu Board of Governors realising the importance of a land audit gave a mandate that they should proceed with an agricultural land audit.

The reasons are:
• There is no single source of information on the ownership patterns of agricultural land.
• The target of 30% transfer of white owned agricultural land change in ownership set out by the government does not appear to be measured.
• The ability to present a view of how much of the land is black owned is needed.
• Various other land transformation strategies/policies exist.
• The unknown impact on the stability of the agricultural sector and implications for food security in South Africa.

We further believe our ability to lobby at a municipal, provincial and national level is significantly limited without having a factual base of information. Furthermore, calls for “your land to be limited, expropriation without compensation, reopening restitution, buying more land because only 6% of land has been transferred” are still mooted, all this on the back of perceptions.

It was decided that to implement the project:
• An alternative approach be used to ensure useful and relevant information is gathered.
• A questionnaire which details all of the information required for analysis was drawn up. A Questionnaire to be linked spatially (map) to individual properties. To enable the effective reporting on ownership patterns as well as other key indicators
• All urban areas, traditional authority areas and conservation areas be excluded.
• A standalone data capture form should be created with definitions.

Example of spatial data.
- Digital maps for establishing a spatial link be made available.
- Pilot projects had to be run in 7 Farmers’ Associations.
- There should be value-add for Farmers’ Associations.
- Workshops be arranged for implementation which would include “live” demonstrations and hands on use by members.
- The forms, spatial data and relevant information be made available.

The following key success factors were identified:
- The requirements should be based on the broader need for the information.
- Pursue a good working relationship with the Chief Directorate: Spatial Planning & Information, Department of Rural Development & Land Reform.
- Engage Quartex Consulting for the duration of the project.
- The full involvement and commitment from Farmers’ Associations, affiliates and members.

Some very useful lessons learnt after the implementation of the project across KwaZulu-Natal:
- The audit should be conducted using a web based approach.
- Identify key questions with the opportunity to then complete the “valuable sector information”.
- Technology issues and a lack of the fundamental understanding of the questions and purpose was experienced in some cases.
- The extent to which some farmers are disinterested in something so important is a tragedy and backs up the need for collective bargaining power which resides with Kwanalu.
- Farmers’ Associations were given an opportunity to have a good look at their area although some did not participate.

The initial results which started to develop have been without a doubt worth every ounce of effort by the members and administration. After the successful implementation across a significant part of the province the outcome was:

- Maps were generated for each municipality based on the data collected and submitted by Farmers’ Associations (52).
- These individual maps were made available for viewing in the member’s area of the Kwanalu website.
- The maps were saved in a user friendly version with a useful legend which clearly shows ownership patterns.

The Kwanalu results clearly started to show land ownership patterns. The results were broken down into categories and then types of ownership:

The categories included:
- Parastatal
- Private
- Third tier government

The types of ownership:
- Places of worship
- State
- Traditional authorities
Types of ownership included:
- Cc – Entity
- Ltd – Private
- (Pty) Ltd – Trust
- State – Unknown

The outcome and amount of exceptionally useful data gathered and the results thereof was beyond the expectations of Kwanalu. It became evident that Kwanalu should continue with its proactive approach and find a way forward which would address the challenges and lessons learnt. The Kwanalu Board approved a 2nd phase of implementation.

Currently,
- A new web based tool is being designed for the data update.
- Allowance for automatic live updates of maps and information will take place.
- Key questions have been identified and these will not be able to be skipped before moving on.
- Additional “useful information” questions will be optional and added in due course.
- The new Kwanalu Land Audit Tool will be dynamic and effective however, the input of data will remain a critical component residing in the hands of Farmers’ Associations and members alike.

There remains one major factor outstanding in the province – land claims both restitution and labour tenancy. From the poor statistics available it appears that the majority of this province still remains under claim, which continues to play a negative role and which has undermined investor confidence in kwazulu-Natal.

However, this major challenge does not hamper the proactive and positive approach adopted by Kwanalu.

**Rural safety & security**

With heightened awareness on farms and various developments which have occurred it was decided to conduct a survey to assess the overall picture of, amongst other, service delivery, the role of farmers in the local police structures etc.

Of growing concern has been the number of disgruntled land claimants, beneficiaries and landless who have been flexing their muscles through land invasions, marches and direct infringements on landowner’s rights. Kwanalu has been grateful for the working relationship which exists in the province with safety and security forces. The Agri SA guideline document “Information Document on how to deal with the unlawful occupation of land” has been used successfully by a number of members. Kwanalu has constantly recommended members to become involved in local matters and form working relationships which can be relied on in a time of need.

A further matter which affects our province is the problem of stray cattle and cattle invasion. On instruction of the Kwanalu Board a basic guideline was formulated on how to deal with cattle invasions or stray animals. The guideline document was made available to members on the Kwanalu website.

**Natural resources**

Kwazulu-Natal farmers, particularly in northern Kwazulu-Natal, find themselves in the grips of a severe drought. Farmer’s records have indicated that this is the driest they have experienced their farms in more than 80 years! Immediately on receiving an alert of the situation, Kwanalu went about requesting interventions by the Department of Agriculture & Environmental Affairs. On request Kwanalu asked its members to provide information for an assessment to the department. Various forms of intervention have been discussed however the process remains slow and unsatisfactory. The situation is dire and needs urgent attention and a call has been made to government to expedite this matter in order to save farmers from being wiped out in some areas.

Farmers in the province have raised growing concerns regarding the increasing Eskom tariffs, line charges etc. as well as water charges and other input costs. Kwanalu will continue to enter into discussion in the hope of influencing and getting some form of reduction, exemption or other.

During the recent past the Board of Kwanalu held numerous discussions regarding the degeneration of animal health in KZN. It was agreed that Kwanalu would facilitate a
request for the establishment of an inclusive animal health forum where an agreement was reached with the HoD that Kwanalu and its affiliate commodities specialising in livestock would be invited to participate in a Provincial Animal Health Forum with the Veterinary section of the Department to address our concerns. Here compliance, statistical updates, disease management, protocols, on farm bio-security and communication etc. will be some of the items discussed. Communication channels have been opened and we are confident that any matter or situation arising will be communicated to us.

Kwanalu considers the matters above to be serious and requires commitment from all parties in order to reach a solution which is based within legislative and animal disease control measure protocols.

**Labour and social investment**

During December 2010 four labour related bills were gazetted. Kwanalu made various representations at the time. The bills are namely:
- Labour Relations Amendment Bill
- Basic Conditions of Employment Amendment Bill
- Employment Equity Amendment Bill
- Employment Services Bill

Long and protracted debate has taken place at NEDLAC. At this stage no overall consensus has been reached. However, the Government has nevertheless decided to table two of the Bills namely, the Labour Relations Amendment Bill and the BCE Amendment Bill before Parliament. Kwanalu has been fortunate to have Roger Godsmark on the working team at national level. This matter requires some well-considered direction as the affect of the bills in their current form would impact negatively on employment in the country, something we can ill afford.

**Commercial policy area**

The Mineral & Petroleum Resources Development Act (MPRDA Of 2002) has opened the door to a vast amount of prospecting and mining in KwaZulu-Natal. With the overlaying impact of land claims, the increasing pressure to prospect and mine much of the productive agricultural land in KwaZulu-Natal is under threat. A plea was made that we need to protect agricultural land in order to secure food production. This matter requires far more attention and lobbying in the near future.

During this past year a user friendly Kwanalu Property Rates Barometer was launched. An effective tool which allows every Municipality’s property rates information to be captured was designed. It is hoped that this tool will assist associations in a comparative study whilst negotiating with the municipality. Farmers’ Associations are encouraged to capture their data, the tool can be found on the Kwanalu website in the member’s area.

**Communication and image building**

Kwanalu has focused on ensuring its communication is accurate and relevant. The Kwanalu website is used extensively to provide up to date and relevant information to members. The member’s area is host to numerous guidelines and useful information. Perceptions are often built in the absence of views or commentary on issues and Kwanalu has been proactive enjoying a high media presence on a wide range of issues.

**General**

The 2011 Congress resolution approving the establishment of a legal fund has been implemented in a stepped approach as instructed. It is pleasing to see that most Farmers’ Associations have administered the first phase and the response has been overwhelming. Those associations and members who have not yet participated in the first phase are reminded to do so. The success of our organisation lies in its strength from the number of members and affiliates; our membership has not declined even with the challenges our members face. Resources are carefully utilised and the added value of the relationship with affiliates gives Kwanalu a competitive advantage.

This year, by far has felt one of the most challenging, having to deal with very sensitive issues which if not influenced in some form or other could have dire consequences for our members. However, in the face of this, Kwanalu has elevated its relevancy and authority in KwaZulu-Natal as an organisation which is professional, powerful and undoubtedly relevant. This could only be achieved with an excellent team operating in the Kwanalu office, Ethel, Lyn, Rita and Nonjabulo show dedication, commitment and a work ethic which is unquestionable. Thank you for all you do. To the Kwanalu executive and Board members, thank you for the support and guidance given throughout the year.

Kwanalu will adopt a positive, solution oriented approach seeking solutions within the confines of the rule of law and the Constitution of the Republic of South Africa.

**Security Desk**

_by Koos Marais_

The government can no longer turn a blind eye to the devastating effects of crime. A lack of political will to address crime remains an inhibiting factor on successful farming. It is impossible to calculate the enormous cost of crime to the farmer, the consumer and the economy.

While the offender’s rights are protected more than the victims’ rights, crime can only increase. Inexperienced SAPS members and Justice Officials with little interest in service delivery do not contribute to addressing crime. Courts unfortunately do not enjoy the necessary regard and in many incidents is not a comforting factor to address crime or to enforce law and order.

The Kwanalu and RPO Stock Theft delegation who gave a presentation to the Department.
The neglect by government to efficiently execute the land reform policy remains a major security threat and contributes to crime and lack of stability in the rural areas.

Statistics indicate that there was 1 farm murder during the first 5 months of 2012 compared to 0 for the same period in 2011. There were 14 farm attacks for the same period in 2012 compared to 17 in 2011. There was 1 murder and 36 attacks during 2011 compared to 10 murders and 39 attacks during 2010.

Communication with the different SAPS structures at higher level remains good and a good working relationship exists. Farm attacks are still receiving SAPS investigation of a high calibre and arrests follow in most cases. We however need to maintain a good working relationship at our first and vital contact where security issues can immediately be addressed.

The SAPS have launched a new National Rural Safety Strategy. While we monitor the effectiveness and application thereof, it is essential that Kwanalu members contribute to ensure its success.

The Security Desk remains committed to addressing issues in the interest of Kwanalu members.

Some of the functions of the desk are:

1. Mediating and liaising where there are problems between landowners and either the South African Police Services, and/or other Government Departments.
2. Representing Kwanalu members on the Provincial structures of the Rural Protection Plan and the National Safety Committee in order to ensure open working communication channels with security structures.
3. Gathered details and statistics of crime against organised agriculture are submitted to the SAPS for proactive action and operational planning.
4. Attention is given to farm security. Farmers’ Association meetings are attended where security and matters of crime in general are addressed.
5. The desk assists members with basic advice on criminal matters, legal procedure and steps to be taken.
6. Members are informed on important information and issues regarding security
7. The desk communicates with the media where some degree of publicity has been obtained.
8. Relevant incidents regarding security are recorded for lobbying and discussion purposes with different government departments. Unfortunately many incidents are not reported to the desk and it is left to the official operating the desk to ferret out information wherever it can. An appeal is made to members to pass information on to the desk so that a more accurate set of statistics can be produced.
9. Through the desk a process of continuation of service and follow up exists and is maintained.

Do your part to prevent crime and take personal responsibility for your own protection and the protection of your family, employees and property.

The Kwanalu Ladies Day had a very special place in the hearts of the Kwanalu staff. It has been hard work, but it has also been a very rewarding function to arrange each year. The excitement of the day starts long before participants even know the date, with brain storming sessions over tea—lots of laughs deciding on a theme and on speakers who can support the theme. Looking back over the past 11 years we have done quite well, always hitting on something topical and typical of women, and managing to get speakers who have delighted the audience and left them with food for thought. The day was always dedicated solely to our farmer’s wives, who were always so encouraging of the arrangements and complimentary about the day.

The 2011 Ladies Day did not fall short of its reputation. Our main speaker was Mandy Tyrer who gave us the know-how and courage to defend ourselves and our families in time of need. Ankle kicks, shin kicks and “other” kicks were demonstrated and enacted with great gusto and shrieks of laughter could be heard around the hall, while ladies practised on one another. With her soft yet confident demeanour she certainly made us feel, in Annie Lennox’s words “Strong, Beautiful, Powerful Woman” with a need to protect.

We were fortunate to have Lt Col Piet Scott who addressed the ladies giving them very useful information on how to deal with possible farm attacks and how to treat a crime scene. The question and answer time in this session was particularly interesting.

A special word of thanks to the Agri Securitas Trust Fund for sponsoring the speakers for this session.

The day however held a disappointment in that it was not as well supported as in previous years; however those who attended went away with loads of information, and again some wonderful prizes.

The Ladies Day relies entirely on sponsorship from outside the Kwanalu structure and securing sponsorship for a day like this remains a challenge. We are very fortunate to have been supported over the years by a number of loyal sponsors who we acknowledge and thank very much.
The 2011/12 season presented challenges and opportunities to growers and again, the resolve of the cane growing communities was tested. The vagaries of the weather its took toll on the cane crop in most of the rain fed cane growing regions as drought conditions extended into a second consecutive year. Cane quality, in general, was at its worst level for many years impacting negatively on final sugar production for the season. However, the difficult operating conditions did allow growers to assess whether the tough lessons learnt during the global economic depression of recent years are effective in sustaining the farming business during periods of severe economic squeeze. It is encouraging that prospects for the season ahead look more favourable and this will assist growers to build their cane production back to more average levels.

2011/12 Statistics

- Cane crush 16 800 277 tons, an increase of 4.89% over 2010/11
- Saleable sugar production 1 822 488 tons, a decrease of 86 748 tons over 2010/11
- Recoverable value 11.68%, a reduction from the 12.89% in 2010/11
- Final RV price R R3 017.51 per ton RV, an increase of 17.3% on the final 2010/11 price.
- Sugar exported 66 215 tons, a decrease of 82%. over 2010/11.

The world sugar market continued to trade in a favourable price range. However, the reduced crop decreased the tonnage of sugar available for export trade resulting in substantially lower export revenue earned year-on-year. Likewise, the currency fluctuations during the course of the season were of a lesser impact on revenue earned than would be the case in a year with higher export sugar sales.

CANEgrowers’ cost of production survey indicates that growers’ financial circumstances have improved, on average, over the past two seasons. This must, however, be viewed against a background of significant input cost increases and at a time when world sugar prices are at the upper end of longer term trading ranges. It will take some time for growers’ financial positions to stabilize as the impact of the sustained period of not achieving a return on full costs since 2003 is worked through.

On the opportunity front, considerable time and attention invested by Grower and Miller representatives in reviewing the Sugar Industry legislative framework must, in time, result in improved circumstances in which growers can participate in a broader spectrum of value added initiatives with the miller. This will lead to a further enhancement in aligning the incentives of both parties to improve the revenue base by building on the sugar and molasses business, as well as through a focused strategy of diversification of product. It is evident that past practices will need to be adapted to allow the full benefit of initiatives to “grow the pie” to flow to growers and millers.

CANEGrowers is adapting to meet the opportunities and challenges that the future sugar industry will present. A key matter under consideration is how the organization can best achieve and implement the provisions of the King III Report on Corporate Governance within the constraints of a representative organization.

During the past marketing season ending 31 March 2012 the KwaZulu-Natal production area produced 397 bales of cotton lint, representing 0.5% of the total South African crop - one of the lowest crops on record. This crop which was cultivated under dry land conditions by about 200 small-scale farmers was 23% down from the previous season and 85% less than 4 seasons ago mainly due to the closure of the Makhathini Gin and its irrigation project. Although the total South African crop for the current marketing year is estimated to be about 27% down from the previous season, the expected KwaZulu-Natal crop of about 1 200 bales of cotton lint will be 200% more than last year. The majority - 88% of the crop - will originate from local dry land small-scale cotton farmers whilst the balance will be produced by a commercial KwaZulu-Natal farmer. This crop will again be ginned by the Loskop Cotton Gin as the Makhathini Gin is only expected to be re-commissioned next year.

On the international front, less favourable prices than last year were expected due to the high level of global cotton stocks which have a depressing effect on international prices in 2012/13. About 360 KwaZulu-Natal small-scale cotton farmers have since 2001 attended Cotton SA’s skills training courses, with close to a 1000 small-scale cotton farmers in total having benefitted so far from Cotton SA’s training program.

Fallowing extremely depressed trading conditions in 2009, tonnage sales of timber, upon which FSA levies a membership contribution, increased substantially in 2010. However, of concern to note is that tonnage sales recorded in 2011 of 15 324 000 tons were only 51 000 tons more than in 2010 (and some 176 000 tons less than budget), indicating that local and international markets have not fully recovered. Notwithstanding this, it is pleasing to report that sales volumes indicated by our members for 2012 indicate a marginal upturn and this seems to be borne out by the sales volumes reported for the first five months of this year.

As in previous years, FSA had an extremely busy year dealing with a large number of issues which, if not addressed, could have had a detrimental impact on our members. Although some of these issues still need to be resolved, some of the more important ones worthy of mention are the following:

- **Land Issues:** The long-awaited Green Paper was, after an inordinate delay, finally published during 2011 – a far slimmed down version of the original. FSA is, as are other organised agricultural bodies, making the necessary inputs though participation in the six National Agricultural Reference Group (NAREG) Working Groups. FSA’s
Business Development Unit has continued to make significant strides in assisting some of our 20 000 small growers with training. In a Provincial development, the Unit is to sign a MoU with the KZN Department of Rural Development and Land Reform and the KZN Agribusiness Development Agency which is aimed at facilitating sustainable land reform projects in the Province and unlocking funding for post settlement support.

• Water Issues: One of the major hindrances to Industry growth since the enactment of the National Water Act in 1998 has been the difficulty growers have experienced in obtaining water use licences. After many years of interaction between the FSA and the Department of Water Affairs, the work being done by the joint FSA – DWA Task Team, is finally paying off, the result of which being a dramatic increase in the issuing of licences.

• Transport Issues: In 2010 the FSA Transport Committee began investigated the possibility of applying to Transnet Freight Rail (TFR) for a concession to run the 700 kms of branch lines comprising the “PMB Cluster”. Although it is disappointing to note that during 2011 TFR halted the concessioning process, Transnet's Group CEO, Mr Brian Molefe, has taken up an invitation from FSA to visit the Industry to discuss how we can work together to improve the service levels rendered to the Forestry Industry by TFR. Another positive interaction was the one–one–one discussions that FSA held with the consultants employed by the Ports Regulator of SA to investigate the merits of giving the National Ports Authority the 18.09% increase in port dues that they had requested. Following discussions with ourselves and various other important customers, a more acceptable increase of 2.76% was granted. Other transport related issues which FSA dealt with during the year including giving input into the Department of Transport’s National Transport Master Plan (NATMAP) 2050 and registering the Industry’s serious concerns with regard to certain provisions of the Amendments to the National Road Traffic Regulations.

• Labour Issues: It is regrettable that the Department of Labour completely ignored the recommendations made by FSA regarding the latest Forest Sector Sectoral Determination, the net result being an increase in the minimum wage of 11.8% and a disadvantageous (to employers) change to the basis upon which future wage increases will be calculated. FSA’s Executive Committee has resolved to take the matter up at the highest level. FSA also felt obliged to raise its concerns with the Department of Labour regarding the proposed Basic Conditions of Employment Bill and the Labour Relations Amendment Bill, both of which will have serious ramifications for employers should they be promulgated in their current form.

• Forest Protection: During the year under review, a number of major initiatives occurred which benefited the Industry. These included (a) the Institute for Commercial Forestry Research finalising the drafting of the National Forest Protection Strategy, (b) the signing of an MoU between FSA and the Forestry and Agriculture Biotechnology Institute (FABI) for long-term funding for research into forest pests and diseases and (c) the successful deployment of various bio-control agents to combat virulent forest pests and diseases. Another positive development is that DAFF is now contributing significant sums of money to the Sirex Control Programme and FABI.

• COP 17: COP 17 took place to much fanfare in Durban in December 2011. FSA gave extensive input into the Green Paper on Climate Change in which it articulated its views regarding the positive role that forests could play in mitigating climate change and its opposition to the “carbon tax” being proposed by Government.

• Environmental Issues: A considerable number of issues were dealt with by the FSA Environmental Management Committee. Amongst the more important were the following:
  - The development of a National Certification Standard;
  - The appointment of FSA’s Environmental Consultant, Dr John Scotcher, as the FSC’s “Contact Person” in SA;
  - The continuation of the very successful SANBI Grasslands Programme; and
  - Interaction with Government on a number of highly contentious pieces of environmental legislation.

• FP&M SETA: As mentioned in my report last year, on 1st April 2011 the new Fibre Processing and Manufacturing SETA came into being. FSA has, since its inception, been heavily involved in the work required to create this new SETA and it is pleasing to report that the body has now “bedded down” and functioning as we would hope.

The above-mentioned are a snippet of FSA’s activities during the year. Full details can be found in our Annual Report. This can be found at www.forestry.co.za.

Finally, I would like to take this opportunity to congratulate my good friend, Brian Aitken, on being elected as Kwanalu’s President. Brian, a prominent timber farmer in the Melmoth district, has, over the past ten years, dedicated an enormous amount of his personal time as a member of Forestry South Africa’s Executive Committee and by so doing helping to ensure that our Industry has remained vibrant. In short, Brian is both an asset to the Forestry Industry and to Kwanalu.
to Clark and thank you very much to Mike for years of dedicated service to your fellow wool farmers. All the other vacancies due for election – the members on management were re-elected.

The NWGA-FNB Best Economically Classed Clip in KZN for 2011 was awarded to Mike Rennie of the farm Palmiet, in the Kokstad district.

A manual, “Guidelines for Livestock Farming” containing a lot of relevant information on nutrition, breeding, management and farming in general, was again distributed at the Regional meetings. It also contains wool production statistics for the previous wool production season.

The NWGA participated at the Royal Show and the stall again obtained a gold medal award. We again had models displaying the clothing for sale. More than 3 000 people attended the shearing demonstrations during the show.

With the two Extension Officers from the Department of Agriculture in KZN that were seconded to the NWGA to assist with wool sheep extension in the Umzimkhulu and Nquthu areas some momentum was gained and the organization in the communities is improving. Each region had its own NWGA congresses which were very well attended. Two farmer representatives of each area also attended the National Congress at PE in June 2012. The ram project took off in Umzimkhulu where 223 good quality rams were exchanged for inferior rams from the community.

Economic study groups in KZN are progressing. The wool price is at its highest level ever with the market indicator close to R100/kg clean wool and with lamb fetching nearly R50/kg; the Wool Industry is at an all-time high.

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**KZN Poultry Institute**
by Lorraine Giles

**KZN Department of Economic Development and Tourism Project**

A highly successful twelve month training and mentoring project was completed. Co-operative members from eleven municipal districts completed the 5 day short course in poultry production at the KZN-PI. These co-ops then each had four mentoring visits by the KZN-PI team to assist them in applying and expanding their new skills in their own environments. A proposal for further training and mentoring including abattoir and hatchery skills has been submitted to the Department.

**Short Courses**

Over the past year, the Institute has run the following five day courses:
- Basic Poultry Production – 229 delegates (including a few physically challenged).
- Hatchery Production – 15 delegates over two courses.
- Commercial Layer production – delegates were combined with PPSC.
- Poultry Business Skills – 7 delegates at the first course offered.

Quite a few delegates have come from as far afield as Namibia, Zambia and Botswana.

**Village Chicken Training**

ABSA Bank and the KZN Premier’s Spousal Office both funded village chicken training projects. The goals were to upgrade village chicken flocks to afford rural people better access to poultry-derived protein. Communities were exposed to formal training and at-home mentoring, and at the conclusion of the projects, families were consuming more of their own home-grown eggs and chickens per month.

**SAPA courses**

NQF Level 3 courses were conducted in conjunction with the South African Poultry Association (SAPA) at venues in Gauteng, KZN and the Western Cape.

A total of 186 delegates mainly from larger poultry producers in South Africa as well as from Swaziland, Namibia, Mauritius, Kenya, Botswana and Zambia attended the courses in the management of breeders, broilers, commercial layers and hatcheries.

**Other projects**

There have been a number of enquiries for poultry training from both governmental and NGO bodies, as well as numerous private entrepreneurs. The Institute is also seeing an increase in requests to assist with on-site mentoring of poorly managed poultry projects.

Producers have expressed interest in on-site staff training and existing NQF Level 1 and Level 3 training material has been adapted into modular packages to fill this need.

In association with AgriSETA and SAPA, the planning is underway for an NQF level 2 pilot project. KZNPI facilitators will be training Astral staff on-site in Gauteng and it is hoped this will get underway in the next two months.

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**KZN Pork Producers’ Organisation**

by Barry Gibbs

We are going through another difficult year. Input costs are escalating at a phenomenal rate and our market has crashed! Imports have created a major problem for us this year, which is not abating.

**Promotions**

We have concentrated our efforts on in-store demonstrations and shows as this is where we feel we have the most impact. The Royal show which was in May was fantastic in terms of educating the public on the health benefits of eating pork. The Good Food and Wine show is in August, which also gives us great exposure in Durban.

**Imports**

Imports are still coming in at a high rate, at prices that are difficult to match. Brazil is still closed due to their health status. Imports are prevented from those countries whose health status is not up to scratch, and done solely to protect our industry.

**Levies**

SAPPO has decided to apply for the statutory levy to be brought forward by one year, so an increase can be affected a year early. The application will be made and the increase will move from R7 to R8.50 with 6% inflation increase annually.
Disease status
The FMD status is that there is no change. CSF and PRRS are negative. All of these outbreaks of disease have come about by controls being too relaxed.

Financials
KZNPPO’s financials are solid and we thank the farmers for this. The vast majority of the levies, including the statutory levies received, are spent on the promotion of our industry.

Emerging farmers
I am very pleased to announce that the Baynesfield Training Academy, which is a joint venture between SAPPO and the Baynesfield Trust, is now up and running. This training college is open to all producers that require any form of staff education or training throughout South Africa.

A special thank you to Robin Barnsley, and Brian Aitken, the past and present Presidents of Kwanalu and their staff for once again keeping us informed on all agricultural issues in KZN, and standing as a group to help fight important issues.

We would like to thank SAPPO and staff for all the work that has taken place this past year.

In conclusion, it has been a very difficult year for our producers. I would like to thank my committee for all their support and input over the past year. In addition I would like to thank Sally Wilson and Heather Cullinan on the marketing side and their team; and Hayley Jackson on the office side for all their hard work.

KZN Milk Producers’ Organisation
by Tom Turner
2011 was a tough trading year for dairy farmers, driven primarily by stagnant milk prices and significant increases in input costs from the second quarter. In the third and forth quarters some relief in milk price was afforded by a ‘balanced supply’ situation in the market and buyers were not required to enforce severe penalties for over quota production. In spite of this pricing situation, milk prices still fell short of the cost of production, which resulted in producers cashing in on the unprecedented beef price to sell less productive cows to keep their cash flows in order.

By year-end attrition in Dairy Farmers due to cession of operation became a common occurrence and Farmer Controlled Selling Groups and Producer Forums managed to negotiate a significant price move in the 1st Quarter of 2012. This new price however only covered the cost of production and did not compensate for the deficit that producers had experienced over the prior 4-6 months.

There has be no reduction in the input costs going into 2012, in spite of moderate reductions in the maize prices, as protein prices have moved up significantly. Milk pricing in the 1st and 2nd Quarters has been encouraging, however recently there has been significant downward pressure on milk prices that will have a significant impact on the viability of many dairy farms.

On the positive side consumer demand remained strong in 2011 with most categories growing in excess of 5% according to AC Nielsen, which is ahead of national production growth.

MPO KZN has continued to engage the Department of Agriculture via our Memorandum of Cooperation and more recently with the Premier’s Office and the Department of Economic Development. High on the agenda is the government performance on Animal Health Issues in the province and for this reason; we have nominated a provincial committee member to sit on the newly formed Animal Health Forum. Looking forward to 2012 the MPO will be collaborating with various Government Departments, NGO’s and members of the Secondary Industry on the KZN Dairy Development Initiative.

MPO National continued key initiatives centered on effective communication with its members, market protection, technology transfer and industry information. The importation of subsidized and substandard dairy products continues to be an issue and our Agri Inspect division works hard to minimize the impact on the South African Market.

The most critical issue in KZN for the next 12 months is farm profitability, this has been impacted to 2 significant ways: (1) Producers inability to recover input cost increases from the marketplace (2) Stricter quota requirements imposed by processors require a fundamental change to the production systems on some farms and restrictions on ‘unconditional’ growth on all farms.

KZN Red Meat Producers’ Organisation
by Hendrik Botha and Daneman Smit
The challenges faced during the past year proved that good co-operation within the industry, as well as involvement in organised agriculture, is vital to the survival of producers.

The establishment of a provincial Animal Health Forum, which involves various commodity organisations, organised agriculture, Department of Agriculture and other government institutions, played a major role in improving better communication and to eliminate the uncertainty that was caused by the outbreak of the foot and mouth disease.

The threat posed by other animal diseases such as tuberculosis, brucellosis (contagious abortion), anthrax and now also rabies, is also being addressed. The Red Meat Industry Forum (RMIF) is utilised by the Red Meat Industry to put constant pressure on the Department of Agriculture to take the necessary steps in regaining the country’s foot and mouth free status. The RPO made a huge contribution by kerbing legislation which would have allowed game imports from African countries that do not enjoy foot and mouth free status.

The RMIF supports efforts by the RPO to address the ever expanding problems regarding stock theft. The RPO made valuable inputs on behalf of the Industry in respect of the revision of the movement of animals and animal produce act (Stock Theft Act 57 of 1959). In this regard, excellent co-operation prevails between the RPO and Kwanalu. This resulted in a lap top that was sponsored for Kwanalu’s
Security Desk as a token of appreciation for the valuable work the desk is doing in serving the Industry and the farmers in the Province.

The beginning of 2012 saw a drastic decline in the producer price of red meat, which was caused by the “perfect storm.” This is about the only way to describe the influence of the global recession on the producers’ potential, drought-stricken areas in large parts of the country and a bottle neck in the marketing chain with high import levels from neighbouring countries, as well as a sharp increase in the maize price. The RPO constantly negotiates with chain store groups in order to pass the decrease in the producer price to the consumer. We are aware that many chain stores, and also some retail stores, are adjusting their prices strategically to take smaller profits with larger turn-overs. Consumers should be on the look out for lower prices at certain meat traders and should not just buy where they used to buy. Increased meat imports from neighbouring countries are being monitored by Agri Inspect to ensure controlled and legal imports.

KZN RPO’s Congress was held in September 2011. Four new board members have been elected, which brings the Board up to strength, with a positive enthusiasm prevailing. During the five regional meetings of the RPO and NWGA that are being held on an annual basis, the focus was on production development. Prof. Frikkie Neser (Breeding for Adaptability) and Dr. Faffa Malan (Biodiversity), delivered world class presentations.

KZN RPO confirms its dedication to agriculture in the Province by making a positive contribution as mouth-piece of red meat producers in our province.

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**Publicity efforts**

An album with photo’s and recipes of Queen pineapples, has been compiled in electronic format and distributed to magazines. The website www.pineapples.co.za also still exists. Recent art works that advertise Queen pineapples, have been painted on delivery trucks of various producers.

**Research**

It was with great sorrow that we received the news that Dr Piet Joubert of the ARC has passed on during the year. He was a great friend of the Hluhluwe farmers and made a huge contribution to pineapple research. Quite a lot of research is being done in Hluhluwe and a positive attitude prevails in this regard by farmers as well as ARC staff. Four trials have been completed, nine are underway and six are in a planning stage. In addition to current research, we have started a study group, which will expedite results and make it more reliable.

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**KZN Banana Association**

by Quentin Elliott

It has been a year of ups and downs for the Association seeing times of feast or famine in both production and rainfall. We measured 513mm of rain for the month of March 2012 and almost nothing for some months during the summer.

We have regular attendance at our Study Group meetings where we are trying to curb the negative affect of monocropping, adopting an integrated approach of biological, fallowing and chemical treatments. I would like to thank our sponsors for their on-going support of our Association. We have been challenged by the fact that the BGASA (Banana Growers Association of SA) collapsed due to poor grower financial support resulting in our industry not having a mouth piece to speak on behalf of our commodity.

The absence of the National body was really felt when a hoax was released making claims that a human flesh eating bacteria had grafted itself into the skin of bananas in the country and alerted the reader to stop eating bananas with immediate effect as the bacteria would consume human flesh to the point of death. We had to try and send out as many notices through the press and radio and respond to numerous eMails informing the public of the falseness of this article. We would like to thank Kwanalu for stepping in and assisting with press releases helping us to stem the tide of concerned consumers. Fortunately the effect of the hoax was not serious, however we realised our vulnerability in not having a National body to represent our growers.

We are glad to say that the BGASA is being reorganised to support our commodity as I write this article.

We would like to thank the Kwanalu staff for the support, we receive as members in challenging the diverse matters facing us in agriculture in SA.

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**Hluhluwe Queen Pineapples**

by Adriaan Kleyn

**Finances**

For the past year we have experienced favourable agricultural conditions, which resulted in a high production period. This in turn was followed by an over-supply at the markets and a consequent sharp decline in prices. The effect of this has been aggravated by the optimism that was created by the high prices obtained during the drought of the previous season, which resulted in the cultivation of more plants. In the Eastern Cape, where traditionally only Cayene pineapples have been cultivated, which have mainly been utilised for juice, Queen pineapples have also been cultivated, which will be in production in the coming year. Surely this will have an impact on the supply of Queen pineapples on our market.

**Marketing Day**

A marketing day was held during September and during this occasion producers, local marketing agents, marketing authorities and export agents met to discuss the marketing statistics of the past year. Once again, the day was not well-attended by agents and we therefore envisage to change the format of the day. The distance from Gauteng is a problem and we contemplate holding the next marketing day in Gauteng.

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