

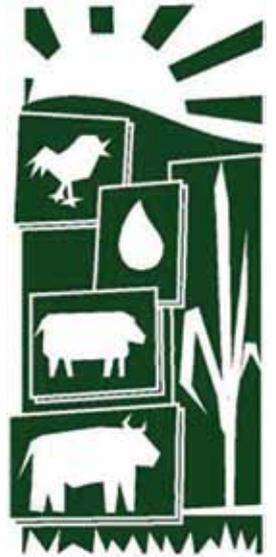
Kwanalu Annual Report

2013

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The voice of Agriculture
Die stem van Landbou
Izwi Lezokulima
in KwaZulu-Natal



President's Report

by Brian Aitken

Once again, it is that time of year when I have the honour of greeting the farmers of KZN, all of whom continue to play a positive and vital role in contributing to the well-being of our province.

The past year has been a challenging one, especially for agriculture. It will surely go down as a watershed year in which farmers were forced to re-evaluate their farming operations and some critical decisions had to be taken.

Kwanalu continues to participate at a national and provincial level ensuring that the interests of the KZN farmers are represented at all times. This is an opportune time to question ourselves and to reflect on how we have fared over the past year. An ideal scorecard is to compare and equate how we are doing against the National Planning Commission's anticipation of outcomes by 2030.

Let us refresh our memories: What did the vision 2030 challenge us to do? In brief, it challenged us to:

- Create one million new jobs by 2030.
- Expand irrigation areas by 500 000ha.
- Convert under-used commercial land.
- Provide more support for commercial agriculture with the highest potential areas benefitting first.
- Create jobs up- and downstream.
- Identify new opportunities.
- Develop strategies that give entrants access to product value chains.

How have we fared against these challenges? The answer, I regret to say, is not very well.

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On the very first issue of creating jobs, organised agriculture has seen an unprecedented increase in the sectoral determination for the agriculture sector; a 52 per cent increase in the minimum wage in a sector where commodities have seen above-inflation rises in input costs and a stagnation of commodity prices.

Contrary to the Minister's budget speech proclaiming about 53 000 additional jobs in agriculture, KZN's agricultural sector shed 13 583 jobs. This has transpired on top of an already high unemployment rate, said to be approaching 40 per cent.

The increase in the minimum wage may have been the catalyst in forcing farmers to follow international trends and increase mechanisation at the expense of manual work, which is now starting to make economic sense from the point of view of the farm-based budget.



Kwanalu Special Information Day speakers covering land and labour topics

With regard to increasing the area under irrigation, this has been hampered by bureaucratic legislation. For a farmer to expand irrigation, the current legislation requires him to submit water-use license applications and to obtain an environmental authorisation. This process, whilst in itself not bad, can be very expensive. In one case, costs rose to above R300 000.00. Furthermore, timeframes tend to be very onerous. The underlying tone seems to be that government wanted to use water provision as a dimension of its redistribution strategies. Initial applications to the Water User Licensing Assessment Committees (WULAC) from white farmers were turned down because they did not "redress past racial and gender discriminations".

Agri SA challenged this and the judgment ruled that the Department were acting against the spirit of the Act as too much emphasis was being placed on one part of the Act whilst other aspects were being ignored. This, together with the cost and time taken to obtain an EIA, is prohibiting the expansion of irrigation in our province.

Whist being spoken about, the need to unlock under-utilised commercial land would be a major step in the right direction. The Ngonyama Trust has vast amounts of suitable land that lend itself to high-potential agricultural production. However, this is proving to be a sensitive issue amongst traditional leaders. More will have to be done in this regard to achieve the goal of unlocking this land.

Regarding support given to commercial agriculture, one cannot but feel helpless as we see our agricultural

institutions floundering through lack of support. For agriculture to achieve its potential, we need highly trained farmers entering the farming family.

The R307 million recently announced to revitalise our colleges will not be enough, according to Salam Abram, ANC MP and member of the Agriculture Forestry and Fisheries Portfolio Committee. This is of major concern as the neglect shown to our colleges over the past years would require more than this to return them to where they used to be. He also mentioned that there were insufficient agricultural training facilities in the country. I fully support this statement.

The extension services that were once the backbone of agriculture have been lacking for some years now. In the absence of extension services one wonders how successful the vast financial resources that are now being

spent on post-settlement support will be. All we can do now is encourage the Minister to give these institutions the support they deserve and, in the interim, urge our existing farmers to offer their support in mentorship programmes in their areas.

The subject of mentorship brings me to the vast number of new opportunities that exist in partnering with new entrants in both the growing and product value chains. Across KZN a number of examples can be found where existing farmers have teamed up

with black partners and are contributing to the agricultural sector.

Still by far the major factor affecting the morale of farmers must surely be the question of land transformation. The long-awaited land audit which was commissioned by Government has failed to meet several deadlines. Should this have been done correctly, it would have gone a long way to shedding light on exactly how much land has been transferred and how much remains in the hands of the government and the private sector.

Notwithstanding our dismal performance against the NDP 2030 challenges, there appears to be a degree of optimism. Instead of languishing in a sea of bureaucratic legislation, farmers are adapting to change. Farmers are rising to this changing environment by embracing the environment and placing emphasis on their social responsibilities to their communities.

For these farmers to succeed, it will require the active efforts of all South Africans. It will require growth, investment and employment. This in turn will need higher 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. It is clear that the success of our sector lies in the adoption of principled positions by leaders who have a long-term strategic view of the future.

The prospects of robust growth in the agricultural sector have not looked this good for a long time. However, this said, one must acknowledge constraints such as natural

resources, water and land, in the struggle to expand the agricultural sector. The general economy is also constrained and there is a process of consolidation in the local agricultural market which is making it increasingly difficult for new entrants.

The industry has been pushed into distress by increasing biosecurity failures and a skewed global agricultural trade environment. This is the result of subsidies, dumping and non-tariff barriers, affecting various commodities.

However, the increasing spending power of urban consumers is creating opportunities for local agricultural business, both in South Africa and north of our borders. This increased spending power is the result of growing middle-class consumers, a sector said to have grown on the African continent by 60 per cent to about 350 million in the past ten years.

Willie du Plessis, Head of Agricultural Business at Standard Bank, says these consumers are creating unprecedented demand across a number of sectors, including food production. This can only bode well for us as farmers.

Other issues are safety and security concerns, as well as substantial increases in administered prices. 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 would like to remember the farmers who lost their lives this past year in KZN. I would like to express my thanks to Koos Marais who manages our security desk. We express our appreciation to members of the South African Police Services and the other related entities who are always willing to assist us in combating crime in our areas.



Kwanalu project – In-field training

As a union, Kwanalu holds firm to the various policies which form the basis for how we conduct our businesses. Our policy platform leaves everyone under no illusions as to where we stand on any particular issue. We have responded to the various challenges we have been faced with. This requires strong balanced and principled leadership. This is particularly so in KZN. I must thank the leaders of the various structures which have come through in serving Kwanalu.

Finally, 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 have all laboured faithfully in our collective interests. Here I must salute Lyn Vincent on serving Kwanalu for 30 years, Ethel von Abo for 22 and Sandy for 14 years. My thanks are also extended to the base of members who continue to support the organisation financially and in their participation in our collective interests.



Kwanalu staff

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. We need to succeed for you to be successful.

NAU Trust



The Natal Agricultural Union Trust was established in 1998, after a resolution by Congress was passed to donate the Naunlu Building to the trust by the members at the time.

The objects of the trust are namely:

- a) to promote the interest of organised Agriculture in all its forms in the widest sense, in KwaZulu-Natal
- b) to do anything and to promote any cause which in the sole discretion of the trustees will promote the foregoing objective.

The Trust has been operating successfully and has been a major contributor to Kwanalu in its quest to meet with promoting agriculture. The Trust also seeks to create opportunities for contributions, donations or grants by Farmers' Associations or individuals. Donations made are tax deductible.

If you wish to financially participate in the Trust this contribution would be greatly valued. The banking details are: FNB – Hayfields, Branch code 22-14-25, Account Number 62011348770.

For further information please contact Sandy La Marque on 033-342 9393.



CEO's Report by Sandy La Marque

Kwanalulu has experienced another busy and challenging year. The issues attended to are far too many to cover in this report; what I will attempt to do is paint a brief overview of some of the most pressing issues dealt with.

Kwanalu has followed the key areas listed below in

order to ensure that those follow a generic pattern with Agri SA and its affiliates.

The 6 key areas are:

1. Transformation and Rural Development
2. Rural Safety & Security
3. Natural Resources
4. Labour and Social Investment
5. Commercial Policy
6. Communication and Image Building

Transformation and Rural Development

The perceived on-going dysfunctionality, lack of budget and commitment of the department has resulted in little or no progress regarding the resolution of the outstanding Restitution and Labour Tenant claims in the province. Sadly, one has seen the continued degradation and collapse of farms transferred through the various legs of distribution continue to take place resulting in a number of dissatisfied parties.

Rights based issues and labour relations in some areas are untenable. Kwanalu has continued to lobby through the various opportunities afforded to us for a number of these issues to be addressed, amongst other:

- Cropping and grazing rights.
- Livestock limits.
- Access to amenities. (i.e. water, firewood, electricity)
- Access to property.
- Living conditions. (i.e. toilets, waste removal etc)
- Visitors.
- Extended family, permissible number of occupiers.
- Burials.

What is encouraging however is the commitment and dedication to the sector by a number of successful proactive approaches taking place by farmers; with the result of achieving sustainable rural development and an improved life for all.

During the course of the year a great deal of time has been committed to participating in the Green Paper on Land Reform. In February 2013 a NAREG (National Reference Group) meeting was held with the Minister, officials, claimants, NGO's etc. where a number of new developments took place. The Minister also announced

that the "consultation process was almost at an end and that the working groups had to resolve their outstanding issues within 2 weeks to finalise policy documents". Amongst developments which took place was the formation of additional working groups taking the previous 6 to 11 namely;

- The Land Management Commission (LMC).
- 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).
- The Valuer-General.
- Legislative Amendments; to the Restitution Act, and the
- Communal Property Associations Act.

The working group that dealt with the tripartite ownership system had now been divided into three working groups, namely:

- State-owned land.
- Limitations on private land, and
- Limitations of foreigner-owned land.
- A working group on rural financing.
- "Project 2013".
- The minister also appointed an ad hoc legal committee to look at the constitutionality of certain proposals.

During the NAREG meeting various new "draft zero" policy documents were tabled which resulted in a renewed effort and intensified lobby actions being undertaken by the mandated group of representatives from Agri SA. It must be noted that there has been no negotiation or acceptance of any policy or other that is contrary to the principles decided on by Kwanalu and Agri SA at their Congresses. Throughout participation there have been numerous areas of disagreement, agreement and non-acceptance.

I will not unpack the abovementioned working groups in any further detail as this was done extensively at our successful information day held in May 2013.

In the land space alone since March three bills have been gazetted, each with their own aims; the draft Expropriation Bill 2013, Property Valuation Bill, 2013 and Restitution of Land Rights Amendment Bill, 2013.

It is expected that the three bills above will hold certain ramifications in one form or another for our farmers. With each bill input has been solicited from members, the business sector, academics and the legal profession which has assisted in ensuring that the submissions are inclusive. On-going focussed lobbying with constitutional principles such as the rule of law, the right of access to the courts, transparency, accountability and administrative justice will underpin a firm position adopted, modelled on our mandate by members.

It will be recalled that last year we reported extensively in the Annual Report the significant progress made and results achieved by Kwanalu in undertaking the

land audit. Throughout the year the outcomes have underpinned numerous discussions on land and related issues. The long awaited state land audit is completed. From information made available by the department we have now started to interrogate the information. There is clarity which is required and this project is going to require some intense review in order to come up with an accurate picture of land ownership. The factual work undertaken by our farmers and affiliations will play a major role in shaping perceptions. This issue will continue to receive attention and I am sure will be boosted when the other provinces complete their audits.

Rural Safety and Security

The Kwanalu security desk continues to be an important instrument to influence respective safety and security issues in the province. The on-going successes of the desk are evidenced in the reduced incidents in KZN in comparison to other provinces, notwithstanding the fact that crime is at unacceptable levels. With the moratorium on crime statistics in place, one of the main functions of the Kwanalu security desk is to retain a detailed database of on-farm incidents which assists in following patterns and trends.

Throughout this past year a number of issues were attended to, amongst other, Kwanalu facilitated the successful establishment of the Provincial Stock Theft Forum, participated extensively in the Provincial Non-Ferrous metal working group, attended to land invasions and threats, provided expert evidence in Court cases and participated in the Cross Border Summit. Various guideline documents were also drafted to assist members in dealing with specific matters for e.g. a comprehensive guideline on "Illegal hunting on private land" with specific reference to hunting with dogs.

With various threats specifically regarding land invasions and labour unrest, guidelines on how to deal with unrest, illegal gatherings etc. were made available to the Kwanalu membership. In addition discussions with the Security Forces were also held and we are most grateful that in most cases reported the SAPS responded and acted swiftly within the rule of law.

More importantly though, is where successes are achieved at a local level this is directly attributed to the relationship which exists between the local Farmers' Association and local security forces. This is positive and should be expanded where difficulties in areas occur.

Kwanalu has now developed a number of excellent guidelines and information which can be utilised in the eventuality of a number of safety and security matters. Members are encouraged to familiarise themselves with these and make use of the information, this may become very useful in the next few months.

But, as mentioned and cannot be overemphasized local level involvement is key to successful safety and security initiatives.

Natural Resources

Water issues have continued to receive attention; of specific concern is delays and non-approval of water licenses, the farmer's ability to expand his irrigation or farming enterprise is inhibited and this requires serious intervention.

Kwanalu had an opportunity to meet with the OIE (World Animal Health Organisation) delegation who conducted an evaluation in SA. This opportunity was used to present to them the concerns we have regarding all the issues experienced in our province with vet services, disease prevention, cure, research, lack of qualified vets etc. Our view was that this opportunity could have a constructive influence and will result in a positive outcome.

There are a vast number of issues which reside in the natural resources domain and will continue to receive attention.



Kwanalu members participate at labour hearings

Labour and Social Investment

The labour unrest which unfolded in the Western Cape in November 2012 pushed farmers in Kwazulu-Natal into an awareness and state of business review. At the outset Kwanalu had to take initiative and exercise strong leadership in the province. Engagements with numerous stakeholders in various spheres took place, empowering Farmers' Associations and preparing for any eventuality that may develop. A vast amount of excellent guidelines and information was made available to farmers that have been used extensively.

Kwanalu farmers came out in their numbers to attend and participate in the Public Hearing which was held by the Department of Labour. Members had an opportunity to ensure that within the criteria prescribed by the BCEA their voice was heard. Amongst other, very relevant points were:

- Business planning, cash flows etc. had been calculated on the stipulated Sectoral Determination for 2013.
- It was unfair to compete in a global context against farmers who were highly subsidised and protected.
- Trade barriers, tariffs, input cost; in fact the agricultural "playing field" requires review.
- KZN had a number of unique issues e.g.:
 - Labour tenancy.

- Grazing.
- High levels of persons accessing social grants.
- Loan sharks abusing people by charging high interest rates etc.
- Large number of workers and their dependants reliant on farmer's goodwill and generosity.
- Provision of labour in many rural towns being the only form of employment etc.
- Employers provided far more than the wage – e.g. housing, electricity, water, food, milk etc.
- Increases would not be sustainable particularly the fact that the increases would not be aimed at those on the minimum wage level but across the board.
- The market should determine/dictate the wage.

It was evident from the inputs made that the economic impact of an increase above the current SD would be catastrophic for many farms resulting in structural adjustments and a potential increase in unemployment.

In addition Kwanalu proactively secured the services of Dr Stuart Ferrer who runs the Agricultural Policy Research Unit, School of Agricultural, Earth & Environmental Sciences, University of KwaZulu-Natal to prepare a KZN Labour Review and the potential consequence of an increase over and above the Sectoral Determination. This review was the backbone of the submission made to the department and the ECC regarding the Minimum Wage and Sectoral Determination.

Further a snap survey by Kwanalu was conducted which had an excellent rate of response by members. The results painted a dismal picture for KZN; sadly this has been realized in seeing the decline in employment in the first quarter of 2013 in the agricultural sector in KZN. Thank you to all those members who responded so quickly providing us with the information to lobby on this matter.

Further during this time various political intervention opportunities were being explored both nationally and provincially. Kwanalu presented an overview of the potential impact on the sector in the province and on-going discussions still take place. In addition legal advice was sought and investigated regarding the merit in pursuing legal action in the form of an interdict halting the implementation of the minimum wage on the 1st of March.

A special meeting was called in addition to extensive discussions with members, Farmers' Associations, Commodities (expanded group) and the Board of Governors.

A great deal of discussion and debate took place regarding the merit of pursuing legal intervention through the application for an interdict. The vast majority of participants recognised that administrative processes should not be flaunted; we do have legal rights and the minister and government should recognise that and ensure in future that those are not bypassed. There were concerns raised regarding the potential threat to the safety and security of members, the threat to the good relationships which exist on many farms, the poor image and perceptions which would be created in the public domain, the merit of the case and other unintended consequences. These views amongst other resulted in the decision that "the option of an interdict to stop the implementation of the minimum wage on the 1st of March 2013 should not be pursued further."

Constructive suggestions made by members have been consolidated and Kwanalu submitted that these are investigated and explored for the merits of implementation. Amongst other proposals regarding some form of incentives/relief (tax) should be granted; a review of the percentage cap on deductions; clarity on Labour tenant issues; grazing; access to various services etc. Commodity affiliates raised the issue of improved tariff protection, the "dumping" of produce must not be allowed to take place and that ultimately a win-win situation could result if an equal playing field was created by government.

During the Kwanalu consultation meeting there was consensus that the image of the "farmer" was tarnished and that public relations must be addressed. On this note Agri SA was requested to develop a publicity campaign which would position and showcase a positive image of farmers and the sector as a whole.

Labour related discussions continue to take place. Our adopted and mandated position by congress remains as follows:

"Kwanalu continues to promote compliance with labour and related legislation and has endeavoured to play a positive role in addressing issues, which may have arisen. Kwanalu members can proudly demonstrate numerous very successful social interventions that have been implemented. The financial investment to social interventions is a significant amount and is often not recognised.

Kwanalu supports:

- Development initiatives aimed at the farm worker community especially training, sport, recreation, nutrition and health care.
- Statutory mechanisms to prevent unlawful occupation and the undermining of property rights.
- Legislative compliance.
- A Code of good conduct."



Kwanalu Congress 2012 hosts future farmers from Weston Agricultural College

Commercial Policy

In the commercial policy domain a number of developments have taken place. The input costs farmers are subjected to continue to place farmers under pressure. The issues remain cross cutting.

Last year at the Kwanalu Congress delegates raised their concern regarding Eskom and the ever increasing costs of electricity. Some very constructive and excellent discussions were held with Eskom officials and opportunities to engage with them were used to the advantage of all. On behalf of members issues such as tariffs, line charges, meter dragging, alternative energy, subsidies and other issues were raised. With Eskom issues were flagged and solutions sought.

The diesel rebate which is a benefit that farmers are able to make use of has received a lot of attention this year. Audits took place and farmers were found to be wanting with regard to the procedures, rules and regulations in order to comply with the legislation in place. On behalf of members, a directive has been sought to produce a generally accepted log book which would be utilised for on-farm diesel usage. This could serve as a guide; however the onus would remain on farmers to ensure compliance.

Kwanalu, along with the University of Missouri (USA) is now in the second year of an exciting project which is funded by the Templeton Foundation. The research method being used is called a "COP" - Community of Practice. The principle is to get an inclusive group of participants involved in the project. Currently this includes amongst others, farmers, academics, seed companies, the Department of Agriculture and Environmental Affairs, scientists and other interested parties. The project is entitled; "Creating a GM Community of Practice in Kwazulu-Natal: A pilot for assessing adoption of innovative technology and policy development in South Africa." In the project we are piloting a model over two growing seasons that ensures smallholders and their communities become integral to decisions made about adopting new technologies. The project does not seek to promote GMO's in any way, but to engage in and assess the views of the participants.

We continue to seek opportunities to lobby all stakeholders on general affairs which impact on the production and profitability of our members. Of particular importance is the consistent provision of services to farmers at affordable rates.

Communication and Image Building

Kwanalu continues to effectively make use of the Kwanalu Web page, eMail and SMS facilities to communicate to various audiences. Kwanalu enjoys a strong presence in KZN in both the written media and radio.

Of major success is the on-going use of radio uKhozi. During the past year more than 40 recordings have taken place covering amongst other; the Kwanalu organisational structure, purpose, role and functions, Kwanalu's interventions in government policies particularly on land, labour and commercial policy issues and the various development programs it supports and is involved in.

Relationships and opportunities have been strengthened and created with various stakeholders in the sector.

Kwanalu has undoubtedly grown in its presence and stature in KwaZulu-Natal throughout this past year. The level of professionalism and credibility with which every issue is approached continues to stand the organisation in good stead. The positioning of Kwanalu as an a-political and a-business organisation is one of its keys to success.

General

The continued success of Kwanalu can be attributed to a few specific aspects; our institutional structure and the strength of Farmers' Associations and Affiliates, the careful application of resources and finances, professionalism adopted for the management and lobbying on issues, commitment and loyalty of members and the staff at the Kwanalu office.

The small staff compliment of Ethel, Lyn, Rita, Nonjabulo and Koos continue tirelessly to ensure that the member's interests are attended to. A huge amount of appreciation goes out to the staff. To the Kwanalu executive and Board members, thank you for the support and guidance given throughout the year.



Kwanalu CEO participates at an International meeting



Kwanalu attends the launch of the UKZN Agricultural Policy Research Unit

Security Desk

by Koos Marais

Statistics indicate that there were 2 farm murders during the first 5 months of 2013 compared to 1 for the same period in 2012.

There were 23 farm attacks for the same period in 2013 compared to 14 in 2012. There were 4 murders and 44 attacks during 2012 compared to 1 murder and 36 attacks during 2011.

Too many incidents are reported of members of the SAPS neglecting to open criminal cases where there is no doubt that a criminal offence has been committed, to obtain a true picture of criminal tendencies in any given area. Neither does the fact that National crime statistics are released annually, assist in preventative planning or addressing crime at a local level.

Too few cases are finalized in court and bail too easily set to be an inhibiting factor for any person committing a crime. Most concerning is the inability of the Government to address the ever increasing theft of non-ferrous metals and stock theft that effects every stockowner. The financial effect of these crimes on commercial farming cannot be calculated.



Kwanalu delegates to the Provincial Cross Border Summit

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 National Rural Safety Strategy is relatively successful in areas where good communication and a relationship with the SAPS exists and note worthy service is delivered.

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.

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 and submitted them 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.

Be proactive and be a role player in preventing and addressing crime.



SA Cane Growers' Association

by Jane Ferguson

The 2012/13 season was a testing time for cane growers. The promises of a recovery in the cane crop to close to average levels, brought about by good early rains and growing conditions, were unfortunately not realized to their fullest expectation. The crop increased significantly from the previous two seasons with a final tonnage of 17 278 020 tons (1 951 515 tons sugar).

The continued upward trend in farm input costs presents further challenges to growers. The ability to retain and create jobs in the cane growing businesses will be influenced by the comparative cost of labour and mechanisation. Cane growing is a labour intensive business and provides employment for significant numbers in the rural areas. This ties in closely with government's rural development plans and there are many synergies that can be achieved in this regard given an appropriate policy environment.

Net Industry proceeds for the 2012/13 season totalled R10.495 billion. Through the division of proceeds formula, growers' share of the total industry proceeds amounted to R6.722 billion. The final RV price for the season was R3 197.32 per ton, which represents a 6% increase over the previous season's RV price.

The future operation and structure of the sugar industry has been under intense scrutiny in recent years. The high expectation that the Sugar Act review process would be completed during the period under review was not fulfilled. Significant effort was put into this matter by Grower leadership and there certainly appears to be a bright light at the end of the tunnel. CANEGROWERS' objective in this matter remains to "grow the pie" and to ensure fair and equitable distribution of proceeds between all parties.

Renewable energy opportunities for the sugar industry participants to contribute meaningfully to the country's energy requirements appear to be a step closer. Constructive interaction between the industry and the relevant government authorities is encouraging.

KZN Cotton Growers' Association

by Phenias Gumede

During the past marketing season, ending 31 March 2013, the KwaZulu-Natal production area produced 686 bales of cotton lint, representing 1% of the total South African crop. This crop, which was mostly cultivated under dry land conditions by about 260 small-holder farmers, was 73% up from the previous season but it was still 75% less than 5 seasons ago when the Makhathini Gin was still in operation.

Although the total South African crop for the current marketing year is estimated to be about half of that of the previous season, the expected KwaZulu-Natal crop of about 4 400 bales of cotton lint will be the biggest crop since the closing of the gin and represents about 14% of

the expected total South African cotton crop. The majority (85%) of the crop will originate from local small-holder 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 now only expected to be re-commissioned next year.

On the international front, more favourable prices than last year are expected at this stage. On 19 June 2013 the A index (an indicator of international cotton prices) was 12% up from a year ago whilst the Rand equivalent of the A index was 38% up from a year ago.

More than a 1 000 South African small-holder cotton farmers have, since 2001, benefitted from Cotton SA's formal skills training courses, with more than a third originating from KwaZulu-Natal.

Forestry South Africa

by Roger Godsmark

Following subdued timber trading conditions in 2010 and 2011, those in 2012 were even worse with sales of timber, upon which FSA levies a membership contribution, of 14.835 mt being 865 000 tons (-5.5%) less than budget and a worrying 489 000 tons (-3.2%) less than those recorded in 2011. The result of this lower than budgeted for tonnage resulted in FSA's income being some R1.8 million below budget in 2012 – not a comfortable situation to be in. Of further concern is the outlook for 2013. Despite the fact that the 2013 budget was based on a lower tonnage than in 2012 (14.4mt in 2013 vs. 15.7mt in 2012), tonnage sales during the first three months of 2013 indicate that even this modest tonnage budget will not be met by year end.

On the staff front, I am sorry to report that after 10 years of dedicated service to FSA, Steven Ngubane, our Business Development Director, left the Association to take up a post as "Forestry Specialist" at the IDC. However, on a positive note, Steven will not be lost to the Industry and we have recruited a very capable replacement in the form of Mr Norman Dlamini (ex SAPPI) to take over Steven's position. Recognition was given during the year to Judy Dowsett and Roger Godsmark who have served the Industry for 30 and 25 years respectively.

Due to the constant flow of new regulations, policies and legislation emanating from Pretoria, a lot of which could potentially negatively affect our members, FSA was once again kept extremely busy during the past year protecting the interests of our members. Although space does not permit a full report on all the issues dealt with, some of the more important are listed below.

- **Afforestation issues:** FSA continued to interact with the Department of Water Affairs in order to change various policies (e.g. Area exchange and Genus Exchange) that will facilitate forestry development. Unfortunately progress in this regard has been painfully slow. Despite this there has nevertheless been an increase in the number of water use licences granted.
- **Transport issues:** Two major achievements were recorded during the year. The first followed two high level meetings between Industry and Transnet Freight

Rail (TFR) to discuss the future of the Pietermaritzburg Cluster of Branch Lines. The outcome of the meetings was TFR's acceptance of the Industry's proposal that instead of the Industry concessioning the branch lines, TFR rather revive the Tuth' Ihlathi (move the forest) project that had been successfully implemented a decade earlier. This was a win-win outcome in that TFR got additional tonnage commitments from Industry in return for better service levels and a 58% decrease in tariffs. The second success was that following FSA's interaction with the Ports Regulator of SA (along with other cargo owners), the regulator not only rejected the Ports Authority's request for a 5.4% tariff increase for the 2013/14 year but also instigated an investigation into the methodology that the National Ports Authority uses to calculate their annual tariff increase requests – this methodology being highly criticised by FSA.

- **Labour issues:** FSA was well aware that any change in the agricultural minimum wage following the labour unrest in De Doorns in late 2012 would have a negative impact on our Industry as the Forestry Sectoral Determination linked our minimum wage to that of agriculture's. Despite having discussions with the Department of Labour and the Employment Conditions Commission in which we appraised them of the likely implications of a substantial increase in minimum wages - namely increased mechanisation and a commensurate decrease in jobs, they nevertheless decided to keep the Forest Sector Determination unchanged. As a result, on 1st April 2013, the forestry minimum wage increased by 56% (to 98% of the agricultural minimum wage). Any increase of this magnitude is going to result in a structural change in the Industry and this will happen through a gradual move towards the mechanisation of all those operations that can be. In the short-term it would, however, appear that the anticipated job losses that we thought would have occurred have not materialised – this as a result of employers reducing working hours rather than worker numbers.
- **Forest Protection:** Pests and diseases pose a constant threat to our local Forestry Industry. It is thus heartening to record that the world-renown Forestry and Agricultural Biotechnology Institute at the University of Pretoria continued its excellent work in combating the existing and new pests and diseases that invade our shores annually. Of particular importance this year was the release of a bio-control agent to combat *Leptocybe invasa* (Eucalyptus Gall Wasp) and the work done on the Damage Causing Animal Project. DAFF must be thanked for their continued and substantial funding for our Sirex Control Programme.

- **Environmental issues:** A considerable number of issues were dealt with by the FSA Environmental Management Committee. Amongst the more important were the following:

– The finalisation of an FSC South African Certification Standard.



- Lobbying FSC for permission to use certain pesticides and herbicides in plantation applications as well as the use of Genetically Modified trees.
- Promotion of the FSC brand.
- The continuation of the very successful SANBI Grasslands Programme.
- The launch of a three year project to facilitate the certification of small private forest owners.
- **FP&M SETA:** FSA continued to play an active role in the affairs of the FP&M SETA through its seat on the Board and various other committees and structures and endeavours to make sure that the education and training needs of the Sector are met in an effective manner. On a positive note, the SETA has appointed a permanent CEO and the process of obtaining a new and more functional Management Information System is underway. On a less positive note, it must be reported that the Minister unilaterally changed the grant regulations which, with effect from 1st April 2013, will mean that employers will only be entitled to get back 20% of their levy contributions in the form of a mandatory grant. Previously this had been 50% and it is thus likely that many employers will no longer go to the trouble of applying for the grant given the reduced percentage they will receive back.

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.

Although FSA primarily deals with issues that are “forestry specific”, there are nonetheless a great many others such as land and transport issues which are of a more general agricultural nature. It is thus encouraging to note that the co-operation that FSA enjoys with Kwanalu and Agri SA in dealing with these more “generic” matters is excellent and for this we are most grateful.

Natal and EG Wool Growers Association

by Hendrik Botha and Bom Louw

The NWGA and RPO held regional meetings on 5, 6 and 7 February 2013 at Paulpietersburg and Dundee (Northern KZN), Winterton and Nottingham Road (Central KZN) and Swartberg (Southern KZN). The meetings were well attended by a total of 209 farmers; 18% more than in 2012.

The two guest speakers were Ernst Janovsky of ABSA who spoke on the economic outlook for agriculture and Kim Gillings of Ezemvelo who advised farmers on their rights regarding the illegal hunting with dogs. These were both well received by the farmers who asked many questions.

The NWGA-FNB Best Economically Classed Clip in KZN for 2012, was awarded to Othard Klingenberg of the farm Chance, in the Wakkerstroom 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 in a new A5 format.

The NWGA participated at the Royal Show and the stall again obtained a gold medal. 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 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. Individual farmers from one shed for the first time marketed their wool as a group.

The wool season closed at R110.31/kg (clean). This is almost 26% up on the opening sale and 17% higher than last season's closing sale.

KZN Poultry Institute

by Janet Lee

The commercial sector of the poultry industry has been under enormous pressure during the last year due to high feed raw material prices and large volumes of poultry meat imports. The concomitant "belt-tightening" and reduced staff turnover has led to reductions in staff training.

This was particularly noticeable in the annual SA Poultry Association/KZNPI Management training courses held at venues throughout the country. Despite the introduction of a SAPA subsidy which refunded 50% of the course fee if the delegate successfully completed the course, numbers were down to by 33% compared to 2011.

In response to the increasing demands from the developing poultry market, SAPA training for 2013 has been re-aligned to offer grass-roots courses for incoming poultry farmers as well as modifying the management courses to a more challenging workshop format for established managers.

Our short courses in both general and the more focused areas of poultry production remain popular. The Business Skills for Poultry Producers course has proved very successful and has opened the eyes of many aspirant poultry farmers to the potential pitfalls of chicken farming. We are also seeing more interest in training for table egg production.

There are increasing requests for Training/Mentoring packages for fledgling poultry projects. The Institute is currently involved in mentoring a hatchery project funded by the National Empowerment Fund as well as exploring requests from national, provincial and local government agencies and NGOs.

There remains little clarity as to the road ahead for national training. The National Qualifications Framework (NQF) structures are to be replaced in 2015 by the QCTO structure which is more occupational/vocationally based, but currently the AgriSETA can offer little clarity as to the requirements for these qualifications.



KZN Pork Producers' Organisation

by Barry Gibbs

We are going through another difficult year. Input costs have escalated to an all-time high, and our market, due to industrial action over the Christmas/New year period, created a problem for not only KZN but the whole country. To date we have not recovered from this as the action lasted 10 weeks.

Promotions

Once again, we have concentrated our efforts on in-store demonstrations as we still feel we have the most impact there. All the provincial areas are now on board and have reaped the benefits of these promotions.

Imports

Imports are the highest they have ever been. Brazil is still closed due to their health status. The latest import figures, (last 5 months) represents a decrease of 10.38%. However, April and May 2013 figures are extremely high which is of concern. It is going to be very interesting to see what the June and July 2013 figures are, going forward.

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. KZN Pork Producers has decided not to increase their voluntary levy for the coming year.

Disease status

The FMD status is that there is no change. The OIE have decided not to accept the South African application for reinstatement at this stage. Our CSF status and PRRS is still negative. The Veterinarian Procedural Notice (VPN) to importing countries was given and came into force on the 31st May 2013. This notice requires importers to meet the South African requirements on pork imports for the prevention of PRRS in South Africa. Again, we urge all farmers to maintain their bio-security.

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. Every now and then, the KZNPPO account has to subsidise the statutory account in order to meet all commitments on promotions.

Developing farmers

I am very pleased to report that the Baynesfield Training Academy was opened and has proved very successful to date. We thank all the sponsors involved for their on-going support.

A special thank you to Brian Aitken, President of Kwanalu and his staff for keeping us up to date on all agricultural issues.

We would like to thank SAPPO with special thanks to Simon Streicher (CEO). Peter Mockford (Chairman), Sally Bosman, Qeda Nyoka and Dr Peter Evans for the sterling work they have done.

It has been a very difficult year for our producers and I would like to thank my committee for all their support;

Sally Wilson and Heather Cullinan and their team on the marketing side; and Hayley Jackson on the office side, for all their hard work.

Finally, I would like to thank our sponsors who support us on an annual basis.

It is a pleasure to have the SAPPO AGM and Congress joining with us in KZN for our 2013 AGM.

I hope that the year ahead proves to be less difficult for our producers to survive.

Milk Producers' Organisation KZN

by Tom Turner

2012 was a continuation of 2011's difficult trading environment but was a year of 2 halves. The year started off with farm profits in negative territory as a result of stagnant farm gate prices and above inflation increases in input costs during 2011. Conditions improved from February 2012 when Farmer Controlled Selling Groups and Producer Forums managed to motivate a significant price move. This relief was short-lived as a result of dramatic inflation in maize and soya prices from July due to the drought in the US Corn Belt. By the 3rd quarter, farmers again found themselves in negative territory having not recouped their position from the previous down-cycle in the 3rd and 4th quarters of 2011.

The 1st quarter of 2013 was again a continuation of these factors but adding a weakening Rand and above-inflation increases in Government administered costs such as electricity, diesel and labour. In January 2013 the production cost base had escalated by 30.8 % year on year. Farm gate prices moved in March 2013, but by only 2.3%, falling well short of production cost increases. We see our members extending their short-term credit facilities from their banks and co-op's and in some cases liquidating capital to stay in business. Attrition in dairy farmers due to cession of operation remains at an all time, both in KZN and on a national basis.

Retail demand has been surprisingly robust for the past couple of years with growth being in the 4-5% region according to AC Nielsen. There are however numerous reports that retail performance has been 'sluggish' in the 1st two quarters of 2013, which does not bode well for a much needed increase in farm gate prices. SA's current economic performance and political instability's impact on the Rand is having a dire effect on our sector, as all our inputs are Dollar linked and our milk price is in Rand. That being said, legal imports of dairy product pose very little threat to our industry, as our farm gate prices is currently discounted 30% (R2.15) to the import parity price. Further to this we continue to benchmark our primary sector against 90 other countries via the International Farm Comparison Network (IFCN) and we remain globally competitive.

MPO KZN has continued to engage the Department of Agriculture via our

Memorandum of Cooperation. High on the agenda is the government performance on Animal Health Issues, support for transformation projects and the re-initiation of research to benefit commercial dairy farmers.

MPO National continued key initiatives centered on effective communication with its members, market protection, technology transfer and industry information. Recently the leadership of the MPO visited all major retail chains in an attempt to establish a working relationship for the betterment of the entire dairy value-chain. The importation of subsidized and substandard dairy products continues to be an issue and our Agri Inspec division works hard to minimize the impact on the SA market.

I believe that long-term prospects for dairy are positive. International demand is up, International dairy prices are up (even in Dollar terms) and SA's current farm gate prices is at an unsustainable level relative to the world price. It will correct at some stage; unfortunately current economic circumstances make it difficult to predict when and by how much, the challenge for our members (myself included) will be to stay in business long enough to benefit. The MPO is critically aware of the predicament that many farmers find themselves in and is doing all that it can under the circumstances to improve the position for its members.

KZN Red Meat Producers' Organisation

by Hendrik Botha and Daneman Smit

The past year was loaded with challenges to the Red Meat Industry. Following a visit by the Red Meat Industry Forum (RMIF) to the Portfolio Committee for Agriculture in Parliament, various matters have been highlighted to which the Department had to attend. One of those was the status of the Department of Veterinary Services. The Department of Agriculture (DoA) has invited an OIE-delegation to South Africa to conduct an investigation into the deficiencies of the Department of Veterinary Services. The same OIE-delegation has also visited KZN. KZN RPO subsequently made use of the opportunity to deliver inputs via Kwanalu. The KZN Animal Health Forum is going strong and improved communication evokes confidence. The outbreak of rabies in the province and the way it was managed was particularly impressive. Together with the rest of the country, KZN RPO was disappointed when the application for FMD-free status was declined. We accepted the invitation that the province would play a major role in the preparations for a re-application, and to meet the requirements as set by the OIE.

This year the attention was mainly focussed on the investigation by the University of Stellenbosch in respect of labelling in the meat industry. The facilitation of the matter was a great disappointment to the RPO and negative reporting in the media has damaged the industry's image. Negative reporting on the matter of independent meat inspection services proved to be a set-back to consumer confidence in red meat. The Industry is currently looking into ways of addressing these challenges.

The ongoing drought in especially the western parts of



the country, Namibia and Botswana has put meat prices under immense pressure since the beginning of 2013. Imports of inexpensive chicken have put a damper on the meat choice of consumers. The RPO supports the local chicken industry in attempts to better protection of local industries by higher import tariffs. RPO monitors imports for any anomalies and various matters are being handed over to the authorities.

As far as stock theft is concerned, an important breakthrough has been made with the establishment of a new Provincial Stock Theft Forum. The Department of Safety and Security chairs the Forum and the DoA acts as the secretariat. KZN RPO looks forward to a positive forum that provides results. The Forum joins the Cross-border Crime Committee that addresses crime (inter alia stock theft) across the border with especially Lesotho. KZN RPO formed part of a delegation that has held talks with the South African High Commissioner in Lesotho on problems at the border. Discussions with the Provincial Minister of Safety and Security during a meeting with vigilante organisations regarding stock theft opened the way to improved co-operation between interested groups and communities. During the past year KZN RPO was involved in comments on proposed amendments to the Stock Theft Act, Cattle Branding Act and National Pound Act.

The SABS is currently compiling standards for cattle handling at sale yards. KZN RPO made direct inputs and viciously resisted unfair requirements by animal health organisations. The RPO puts a high premium on animal well-being and expects of the minimum standards to provide practical leadership in the Industry.

One of the aspects that excite KZN RPO the most is the establishment of a Communal Livestock Association. KZN RPO believes that this will pave the way to greater representation of red meat producers within the provincial structures and organised agriculture. KZN RPO hopes that a Federation of Red Meat Producers will be established to unite the voice of all red meat producers in the province. This is a longstanding aim that could not be fulfilled to date.

International red meat prices are on the rise as a result of an increased demand. Local expectations are that prices will increase in the short term with a further tendency to rising in the medium term as a result of a lower supply.

Hluhluwe Queen Pineapples

by Adriaan Kleyn

Finances

Profits in the pineapple industry have shown a drastic decline in the past year. The main reasons being the rise in the diesel price, the price of nitrogen that has gone up by 54% from year to year, as well as the increase in the minimum wage, which has a large effect on us due to the fact that our industry is very labour intensive. It will require a lot of innovation and guts to generate a fair profit in future.

Supply to the markets has been good throughout the year, except during the winter months when an over-supply occurred. Cayenne pineapples from the Eastern Cape, traditionally produced for the preserving industry, are increasingly being marketed as fresh pineapples,

which has a detrimental effect on the prices of Queen pineapples. The Cape Town market, which has been second in line as the biggest pineapple market after Johannesburg market, has now moved back to third place. Tshwane market is now second in line.

Research

Our research still goes strong. We are privileged to have an extremely dedicated researcher in our midst. During the past year various workshops about specific research subjects took place and those were well-attended. Our study group got well off the ground with the results of the first and second trials, which will be completed in the coming year. We undertook a study tour to Mooketsi and Komatipoort, which we found extremely informative. We plan to attend the Pineapple Conference in Australia next year.

General

During the past year one of the stalwarts in our community sold his farm and moved to Pretoria. This is very sad because it leaves us with only eleven pineapple farmers left in the Hluhluwe area. Mr P J Hassard, who also represents us at the RPO, was wounded during a farm attack and is still receiving treatment in the intensive care unit in the Bay Hospital in Richards Bay. In Hluhluwe we are a strong and close community that works well together and cares for each other.

SKZN Banana Association

by Blaine Peckham

This past year has been another bitter-sweet year where we have experienced favourable growing conditions on the one hand but have then had to deal with the major blow of the new minimum wage and a major wind storm.

On the positive side above average rainfall of over 1 900mm was recorded, which resulted in increased production which was also coupled with better than expected prices for most part of the year.

On the negative side the outcome of "wage negotiations" between Government, trade unions and organized agriculture resulted in a 51.3% increase. This has dealt a major blow to our members, with banana farming being a highly labour intensive crop. Labour is now by far the single biggest expense and this has resulted in a number of retrenchments and farmers concentrating on labour productivity.

Regular study groups are being held covering various topics such as labour productivity norms, propping options, weed control options, planting material options and fertilizer rates.

I am happy to report that the Banana Growers Association of SA (BGASA) is up and running and making progress in representing the interests of banana growers at a national level.

