



ANNUAL REPORT

2019/2020

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Firstly, I would like to state that this was a very difficult and challenging year, for the agricultural sector in particular and for the whole country / world in general. Despite the challenges that the country is facing with regard to Covid-19, I would like to salute the farmers and various stakeholders for assisting with the sectors survival and keeping it operating through all the challenges we are facing.

Agriculture in this country is still facing a vast number of challenges regarding political interference on land issues, economic interference, poor service delivery in particular from municipalities, the failure of Eskom to provide a constant supply of energy and numerous other social challenges.

Attacks, murders and increasing crime are a massive threat to the sector. The killing of farming communities in the rural areas and women and children abuse is still a huge concern our country is facing. I take the matter of farm attacks and murders very seriously and have played a key role in facilitating a discussion with Minister of Police General Bheki Cele to proactively discuss and find ways to address these attacks against our sector.

Regarding the land issue, expropriation without compensation and related land matters, I feel strongly that this must be resolved soon since this is a direct threat to our members. I have been outspoken that we must protect the property rights of our members. We are producing food and fibre for this country and as such we need to ensure that our investments are secured and that we can produce such, without fear of political and social agendas being driven and disrupting our operations.

I want to assure you that Kwanalu is working very hard to ensure that our voice is heard by Government in this regard.

There are many instances that I can mention regarding the challenges and threat in our sector but instead, I would rather like to encourage our members to unite, to work together to ensure we make a stable and economically viable future of our sector. Despite all these challenges, the country and the nation know very well that, without farmers, there is no food to feed the nation. My belief is that united we stand, divided we fall. It is very imperative that as KZN farmers we unite and where we encounter challenges, we face those challenges and disputes that we resolve them without any delay and take the sector forward.

I am proud to mention that as envisaged the proposed land desk has been established and is functioning very well. The land desk will be responding to a wide variety of issues. Kwanalu is constantly seeking ways to provide tangible services to its members. With a wide spectrum of issues, the focus in particular on "land" will be of utmost importance to our objectives.

Due to the Covid-19 pandemic, the road shows did not take place this year, however, our office has ensured that throughout this new and scary situation they have been very prompt and kept us informed and updated with relevant information under trying circumstances. Kwanalu is committed to the development of better communication with its members and creating public awareness of successful initiatives created by our members. Collectively we need to build trust within our union and sector and collectively with stakeholders in our sector. Kwanalu is committed and working very

hard to ensure that its voice is heard in Government, private and financial institutions. We can only succeed if we are united as a sector.

Kwanalu remains committed and is still working hard to ensure that our small holder farmers are well represented in our structure and continuously promote transformation and inclusivity.

Although Kwanalu is also dealing with some development projects, as illustrated in the CEO's report Kwanalu is mainly committed to dealing with policy uncertainty. This remains one of the biggest threats to our members. As President I am fully committed to ensure that the interests of our members are elevated and that we play a key role in influencing these uncertainties and achieve the best outcomes for our members.

During my 25 years of being involved in organized agricultural organizations I believe that leadership is needed at all levels. Members are encouraged to become involved with local, provincial and national agricultural structures to provide necessary skills, knowledge and leadership.

I wish all KZN farmers a bright future.

I thank the Board members for their support and commitment in serving our members. My endless thanks to the Board members for trusting me that I can lead the organization. Special thanks to Andy Buchan and PJ Hassard for their leadership and support they gave me during this past term. Thank you to the Advisory Council members for their inputs and contribution in serving our organization.

In closing, my sincerely appreciation to our CEO, Sandy La Marque and all the team consisting of Rita Kali, Delyse Botha, Koos Marais, John Flanagan and our PR team led by Cindy Kidger. I view these people as part of my family without their selfless dedication and commitment I don't believe we would be the strong force we are, united we stand!

Another incredibly busy, challenging but successful year draws to a close for Kwanalu. Throughout the year our focus and attention has been applied to several key focus areas.

Broadly these are:

- Land and Agricultural development
- Commercial policy
- Natural resources
- Labour and social investment
- Safety and security
- Image and PR

Within each of these overarching focus areas Kwanalu attends to the issues affecting its members. Kwanalu has adopted a set of principles that remain central to our approach these are:

- Be Informed – basing operations on a legal, economical and factually sound foundation
- Have Integrity – acting and ensuring Kwanalu is seen as credible, relevant and integrated
- Be Socially and Morally Responsible – setting an example
- Be Professional – ensuring we are progressive and up to date (modern)

With an everchanging environment with its own set of influencing factors Kwanalu has ensured its credibility, relevancy, inclusivity and mandates are central to the lobby, influencing and leading role that it takes.

During this year the Kwanalu Board have continued to explore ways to add value and ensure the interests of members are addressed. Early on the Board reviewed the mission statement and realized it needed to be realigned, and as such the statement was changed as follows:

The strategic focus of Kwanalu is to provide leadership on rural and agricultural issues. With emphasis on all aspects pertaining to economic sustainability, security, risk management, rural development, and land tenure.

Corporate governance and the fiduciary responsibilities of Kwanalu and its affiliates is central to the credibility that Kwanalu is bestowed with by stakeholders, government, other sectors, members etc. Once again Kwanalu had a clean audit and has been commended for the systems and processes it has in place. The summarized signed audited statements for as at July 2020 can be found under separate cover to the annual report.

Over the years we have learnt that during Christmas time the Kwanalu administration does not sleep but is always prepared for amendments, draft legislation, bills etc. which tend to slip in whilst most enjoy their holidays. This year was no different when on 13 December 2019 a proposed amendment to the Constitution of South Africa was published in a Government Gazette. Simply, this amendment sought to *“provide that where land and any improvements thereon are expropriated for the purposes of land reform, nil compensation may be payable.”*

Kwanalu does not support any policy or legislation that infringes on property rights or any other fundamental right enshrined in the constitution. Kwanalu has always been clear on this and will continue to lobby for the protection of its members rights.

The unapologetic and clear position we have upheld whilst dealing with expropriation without compensation and the amendment of section 25 of the Constitution of South Africa has been unwavering.

The Ad Hoc Committee tasked with Initiating and Introducing Legislation Amending Section 25 of the Constitution released and called for written submissions on the Draft Constitution Eighteenth Amendment Bill (which closed on 29 February 2020). With the aim of the Bill - to amend the Constitution of South Africa so as to, among others, provide that where land and any improvements thereon are expropriated for the purposes of land reform, nil compensation may be payable. Kwanalu scaled up the intensity of its information campaign.

Kwanalu has proactively run a long and extensive information campaign which has been wholly informed by sound legal, economic, industry and other advice. No less than 3 Senior Counsel members and a large legal and economic advisory team have been providing advice on how to deal with this attack on property rights and compensation. The mandated position adopted by Agri SA and all its members i.e. provinces, commodities and corporates, is that we oppose any amendment which seeks *to amend the Constitution of South Africa so as to, among others, provide that where land and any improvements thereon are expropriated for the purposes of land reform, nil compensation may be payable.*

Kwanalu assisted its members with blow by blow updates and practical guidelines which were provided in respect of the public hearings. This information was formulated in consultation with other provinces and their farmers associations who had already participated in the hearings. The guideline with the fundamental points serves as a basis of a strategic national campaign and has been utilised across South Africa to lobby, comment and oppose the Draft Constitution Eighteenth Amendment Bill.

In addition, we assisted our members in the midlands. Due to the hearing being inaccessible the midlands farmers led a community protest march on the same day as the hearing in Winterton. They handed over a memorandum in response to the Amending of Section 25 of the Constitution as contained in the Bill. The memorandum was premised on the fundamental points circulated to members.

Kwanalu has been fighting the expropriation matter for more than 13 years, we will not waiver in our proactive lobby work and will remain vigilant and continue to protect the property rights of our members.

Aside from expropriation we have also had to attend to numerous other issues relating to land and the rights of our members. Amongst others a judgement was made regarding the provision of services to farm occupiers and labour tenants. Kwanalu again quickly sought legal advice on the judgement and was able to assist members with a sound memorandum which provided a clear interpretation for members on the “service delivery to farm dwellers, occupiers and labour tenants: rights and obligations of landowners.”

Following the Congress approval of integrating a Land desk into the Kwanalu operations it has already made an immense impact in policy formulation, inputs into blended financing models, economically viable solution-based land reform etc. whilst the land desk cannot attend to all the individual challenges of members the work that is taking place is already making waves and we trust

this work will become a flagship for how sustainable land reform can be undertaken, and without undermining property rights and food security.

Kwanalu has continued to be proactive on the issue of fracking (activities contained in the Mineral and Petroleum Resources Development Act). We have supported legal interventions that have had positive implications for members for eg. that proper consultation takes place. Kwanalu has to date paid out R962 909.61. for legal expenses. The battle is not over and Kwanalu will remain proactive and continue making a difference for its members.

Kwanalu has had an incredibly busy year and we would write a long book if we continued reporting on all the activities undertaken.

However, we can't not mention the massive impact Covid-19 has had on our members operations and on our Kwanalu administration. When our country was put into lockdown Level 5 the days and nights became a blur as we had to work through reams and reams of legislation some of it nonsensical, but all had to be complied with. Getting gazettes in the middle of the night with essential service information, new permits, transport regulations etc. required us to be efficient and 100% correct in our translations and circulation of information to our members. The prompt work from Kwanalu "saved" many of our members from being locked up and or fined for contravening the regulations. The massive amount of administrative compliance has had a negative effect on members productivity and efficiency. Covid-19 has brought about many lessons which were learnt, and we will continue to learn from this disaster.

In the rest of our annual reports you will read about some of the amazing work our public relations and image desk is doing. The statistics and achievements are unapparelled, many organisations will never attain the positive results Kwanalu has achieved in social media, TV and other media domains. The telegram communication medium for members continues to grow and we look forward to all our members being connected with us on telegram, Facebook, our website, Instagram, twitter and other forms of media.

The proactive engagement Kwanalu has undertaken regarding safety and security matters remains essential to members. The work taken on by the Kwanalu Security Desk affects every single member. Throughout the year Kwanalu is taking the lead with SAPS, justice, correctional services, SANDF and other stakeholders to ensure that the rights and interests of our members are upheld. Proactive inputs into policy, operations etc. is critical and Kwanalu leads the way in addressing safety and security matter in Kwazulu-Natal and plays a key role in national engagements.

This report attempts to just touch on a handful of areas where Kwanalu has been involved in this past year. Throughout the year we communicated on activities which are issue based. The Board and Advisory Council have held some productive meetings and have held special sessions with for eg. Eskom, restitution commission, land reform office (dealing with labour tenants), water matters, disasters and other cross cutting general affair matters.

I would like to thank the Kwanalu Board, Advisory Council and staff – Rita, Delyse, Koos, John, Cindy, Tegan and team for all the unwavering dedication and passion that each task is tackled with and the difference that they make for each and every member we serve at Kwanalu.

Security and the Security Desk continue to play a major part in the activities of Kwanalu and remains committed address matters in the interest of Kwanalu members.

With farm attacks in KZN it is noteworthy that during 2019, Kwanalu members were involved in 4 out of 24 attacks, and 5 out of 27 attacks involved Kwanalu members during 2019. None of the murder victims were Kwanalu members. This would suggest that Kwanalu members have noted and are successfully applying the supplied security tips and hints which are carefully prepared and disseminated by Kwanalu.

Communication with the different SAPS structures at higher level remains successful and a good working relationship exists. Matters addressed at higher levels receive immediate attention. Monthly meetings are held with the office of the SAPS Provincial Commissioner, certain Cluster Commanders, other Provincial Commanders and government departments to address crime on farms and rural areas in terms of the Rural Safety Strategy.

Specific attention is given to farm murders / attacks, stock theft, theft of non-ferrous metals, theft of produce, other theft, and land issues. The Security Desk played a major role in the re-establishment of the KZN Provincial Stock Theft Forum where a number of major role players are involved.

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

Where any matter relating to crime is brought to the attention of the Security Desk, immediate assistance and advice is given and where necessary the matter is elevated for the necessary action by the SAPS or relevant government departments. We, however, need to maintain a good working relationship as our first and vital contact where security issues can immediately be addressed. We should continue to report all crime and insist on a CAS number.

Most concerning is the failure of some SAPS members to deal with and address crime at ground level even refusing to open criminal cases where there is no doubt that a criminal offence has been committed. The inability of the justice system to address crime also remains a serious concern.

Information and facts gathered has been analysed and enabled Kwanalu to give specialised evidence in the High Court including motives for and consequences of farm murders and attacks. Sentences imposed have been severe and must act as a deterrent for farm murders and attacks.

The Security Desk remains committed to addressing issues in the interest of Kwanalu members. Some of the functions of the Desk are:

- Mediating and liaising, where there are problems, between landowners and either the South African Police Services, and/or other Government Departments.
- 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.
- Gathered details and statistics of crime against organised agriculture are submitted to the SAPS for proactive action and operational planning.

- Attention is given to farm security. Association meetings are attended where security and matters of crime in general are addressed.
- The Security Desk assists members with basic advice on criminal matters, legal procedure and steps to be taken.
- Members are informed on important information and issues regarding security.
- A detailed analysis of all farm attacks and murders is conducted annually.
- Relevant incidents regarding security are recorded for lobbying and discussion purposes with different government departments. Unfortunately, many incidents are not reported to the Security Desk and it is left to the official operating the Security Desk to ferret out information wherever it can. An appeal is made to members to please pass information on to the Security Desk so that a more accurate set of crime statistics can be produced.
- Through the Security Desk, a process of continuation of service and follow up exists and is maintained.
- Proactive planning and information sharing with relevant stakeholders.
- Informing policy and relevant legislation.

Kwanalu Land Desk

by John Flanagan

The Land Desk has been a new addition to services provided by Kwanalu to members and started in January of 2020. The Land Desk focusses on both proactive and reactive support to members in terms of security of land, tenure and economic growth. The reactive support focusses on policy, conflict and challenge mitigation. The proactive support focusses on partnerships, claim settlement, conflict prevention and providing farmers with a regulatory framework (contract templates, information, recommendations) to avoid on-farm issues.

The labour tenancy issues have come strongly to the fore with the focus on settling and acting on labour tenant claims from the office of the Special Master of Labour Tenant Claims in Pretoria. Kwanalu is working with this office to establish a way to support a smooth transition in settlement and negotiation of claims which ideally would avoid the costly and damaging exercise of litigation while ultimately retaining tenure and business security for members. Kwanalu has completed one survey on the general situation of land & labour tenant claims and is in the process of completing a more detailed survey on farm occupiers & labour tenancy.

The Land Desk has contributed to policy comments and compilation with national government including but not limited to the following policies:

- National Policy for Beneficiary Selection and Land Allocation
- Land Administration Policy Brief
- Equitable Land Redistribution Policy Brief
- Smallholder Agriculture Policy Brief
- Women's Land Rights Policy Brief
- Small Scale Fisheries Policy Brief
- Land Observatory Concept Note
- Blended Finance Policy

In general, the feel of policy coming out of government is still very focused on transformation and development, however the mechanisms envisioned are to be substantially more business based with debt finance and partnerships playing a big role.

Development and support of partnership based commercial agriculture with an aim of tenure security and a profitable farming environment has achieved the following:

- The development of a portfolio of business partnership options for sustainable on-farm socio-economic development.
- The identification of 14 projects either under establishment or in concept phase including partnerships/development of some form.
- Identification of 22 participants actively pursuing some form of development partnership in their enterprise.

The partnership – based investment is a flexible model but with a definite aim of a sustainable and profitable farming future. The focus areas of the land desk in this regard are (i) to ensure tenure security for farmers moving forward and to (ii) increase the social security by decreasing localized poverty through profitable business.

One key outcome from the survey released early in the year by the Land Desk was that farm profitability is under pressure. In order to assist in mitigating these challenges, Kwanalu is undertaking discussions with industry stakeholders to identify opportunities for collaboration. Kwanalu would effectively be a voice to value chain producers lobbying for more affordable inputs, competitively priced markets and localized value adding. This work on profitability is at a relatively early stage, but there is high potential for future growth.

One opportunity which has already arisen in this area is the linking of medium – large enterprise members to specialist international consulting opportunity to the value of R40 000 per successful applicant. This opportunity is in the relatively early stages and is expected to go public during the first quarter of the next financial year.

Kwanalu Public Relations Desk

By Cindy Kidger

The 2020 public relations campaign's intention is to build on the broader objectives of the past 4 years' campaigns, namely to Reinforce the value of being a Kwanalu member, to Remind members of what Kwanalu does for them, encouraging them to communicate with the organisation as the strength of Kwanalu lies in feedback from "the ground", and thirdly, to Recruit new members.

Furthermore the 2019 campaign identified the world's shift towards a reliance on digital, as not only as a source of news and information, but also in the way in which we communicate, do business and live our lives.

Fortuitously, the 2020 campaign sought, and continues to, focus on this reliance on digital by ensuring that Kwanalu continues to be a consistent, non-reactive and credible source of factually-based information for its members and as the sound voice for agriculture in the province. With the outbreak of Covid-19, the power of digital media has been amplified, further driving a reliance on this medium, not only as a source of information but as a connection to the outer world. Private messaging, namely WhatsApp, Facebook Messenger, and Telegram predominantly used here in SA, are increasingly used by organisations with agendas, resulting in a surge of fake news bringing with it its intended unrest.

To this end, an important role the PR campaign plays is the supply of factually-correct information, unbiased and sound incident reporting and the distributing of quantified statistics, in order to combat

the increased rate of fake news and the sensationalism of information surrounding the agricultural sector.

The Kwanalu PR campaign has seen great success for the dates July 2019 – June 2020 with the following media, and reach achieved:

- Newspaper/ magazine articles: 88 (2 103 834 circulation)
- Online articles: 70 (142 229 091 unique browsers)
- Radio: 12 (59 068 000 listenership)
- TV: 12 (58 623 viewership)
- Direct value (should Kwanalu have paid for this space): R5 742 013
- PR value (perceptions, conclusions, the “PR” benefit for Kwanalu): R17 390 737

In keeping with the strategy, and focus on the power and reach of digital media, the antics of the Social Media campaign strategy were further amplified this past year by an increased spend on advertising (to reach more people), the inclusion of an Instagram campaign (as at April 2020, there were 4.31 million daily users on the App, with majority being women and men under 35), and the strategy of driving all social media marketing traffic to the Kwanalu website in order to grow and entrench Kwanalu’s digital footprint.

The following Social Media stats for the dates July 2019 – June 2020 are recorded:

Facebook:

| | |
|---------------------------------------|-----------|
| Total reach: | 1 249 830 |
| Total followers June 2020: | 35 372 |
| Growth between July 2019 & June 2020: | 8 356 |

Instagram:

| | |
|---------------------------------------|--------|
| Total reach: | 83 916 |
| Total followers June 2020: | 1 690 |
| Growth between July 2019 & June 2020: | 1 260 |

Twitter:

| | |
|---------------------------------------|---------|
| Total impressions: | 567 000 |
| Total followers June 2020: | 1 329 |
| Growth between July 2019 & June 2020: | 431 |

In an effort to reach, and communicate with members “on their terms”, in the 2018 campaign we introduced an instant messaging broadcast system via WhatsApp to reach farmers who are not often at their desks.

This campaign then moved to Telegram in January of this year following WhatsApps’ announcement that the sending of messages to a large number of contacts is no longer permissible and punishable with a fine. This strategy has proven to be highly effective and has been well-received among members with the following statistics for the dates July 2019 – June 2020 recorded:

| | |
|---|--------|
| Number of instant messages sent: | 117 |
| Number of people reached: | 36 288 |
| Number of link clicks to Kwanalu website: | 15 282 |

Looking forwards, the remainder of the 2020 campaign will continue to focus on driving the value of Kwanalu, the vital role the organisation plays in the stability of the sector and how being a member of organised agriculture benefits not only the individual but the entire industry ~ that its strength lies in numbers, feedback from members and a collective voice via an organisation with a seat at Government's table.

KZN Cotton Growers' Association

by Phenias Gumede

Past season - 2018/19

The 2019 ginning season is now complete with the cotton crop size coming in at approximately 2 668 statistical lint bales of 200 kg each. While the total crop has been sold it is disappointing to note that the new season started off poorly as poor growth conditions were the order of the day. The 2018/19 crop for the region is almost unchanged from the previous season and although more hectares were planted weather conditions were very challenging. The season started off well in terms of precipitation but gradually became drier as the season progressed. Good downpours prevailed towards the end of the season but was too late to assist farmers in achieving reasonable yields.

During the decade from 2008/09 to 2017/18 smallholder production contributed between 2 and 15 percent of the national crop with an average of 3 167 bales per season while the Kwazulu-Natal region being the major contributor from the sub-sector. The total number of smallholder households that practiced cotton farming in South Africa, mainly as a secondary source of income, amounted to over 2 000 in 2018/19.

The projected national cotton harvest for the year under review is about to be finalized at 220 000 bales of lint and is the largest crop on record since the 1998/99 season. It is also the first time since the middle seventies that we generated a trade surplus of roughly 75 000 bales.

Current Season - 2019/20

The latest SA cotton crop forecast for 2019/20 is 150 000 bales which is 30% lower than the previous year and the first contraction since three seasons ago but still the 3rd largest crop on record since 2000/01. Whilst the main reasons for the decline can be attributed to unfavourable weather conditions that prevailed before and after planting as well as insufficient seed availability, expectations are that the decline is short-lived and that a recovery can be expected as soon as the beginning of the 2020/21 season.

The estimated production for the KwaZulu-Natal region is estimated at 1400 lint bales, originated from 68 irrigated hectares and 600 dryland hectares planted. The region's smallholder production, cultivated by approximately 415 farmers, will represent almost 1% of the total estimated national crop.

Conclusion

Smallholder cotton production in SA has not shown growth over the last decade and their production curve has flattened over time. Yields remain low as a result of the lack of proper skills and timely access to inputs to sustain profitably, but the foremost challenge persists to be access to finance. Until such time that black farmers are entitled to privately own land to serve as collateral for production loans, only then growth in the sub-sector will start to occur.

Grain SA was in the fortunate position to have held its congress beginning of March (just before the National Lockdown). Pragmatic and calm Jaco Minnaar, after four years at the helm of Grain SA, stepped down as chairman and was replaced by the seasoned Derek Mathews (who was vice chairman). The new vice chairman in Derek's place is Richard Krige and Ramodisa Monaisa was re-elected as second vice chairman.

This past season was again characterised by very late summer rains (one wonders if this is the new norm), but despite the later than optimal planting window, the crop is forecast to be the second or third best ever. There are unfortunately pockets where the rain just stayed away, and these farmers will be put under financial strain; as a big crop results in lower prices.

Grain SA came up with an initiative to make an amount available to serve as security to help unlock financing for potential black commercial farmers who are members of our development programme.

This money was obtained from funds, which had accumulated over a number of years, which were earmarked for the development of producers. Strict criteria are applied to ensure that applicants have the ability to repay their loans.

This money will not be used to finance producers but will be made available as surety or collateral for producers applying for financing with financing institutions.

Despite numerous teething problems, we hope that the initiative will grow and inspire others to become involved.

From 2020 Grain SA is managing the National Grain Yield Competition (previously known as "Weeg en Wen". A standard protocol has been developed in collaboration with all seed companies. This will ensure that participating grain producers and seed companies are subject to the same criteria. As an overall, national competition, the competition will create a synergy between the regional competitions of the different seed companies.

In closing, Jannie de Villiers CEO Grain SA: "In retrospect of the past year one realises anew that only through the grace of the 'Great Planter' could Grain SA help bring stability to a challenging climate and season; and for that we are grateful."

Macadamias South Africa (SAMAC)
by Lizel Pretorius

SAMAC is a Non-profit Company under the Companies Act, 2008 (Act 71 of 2008). Our main objective is to serve the interests of members to ensure the sustainability, growth and prosperity of the South African Macadamia Industry.

Production and forecast

The 2019 South African macadamia crop ended on a very positive note with a record crop of 59 050 tons of inshell macadamias. South Africa is currently the largest macadamia producing country in the world. According to SARS information, the total value of macadamia nuts sold in 2019 was R4.8 billion.

Even though it might be premature to provide a production forecast so early in the season, our forecasting model indicates that production for 2020 will be over 62'000 tons. Our long-term production forecast is also promising with a steep increase in supply expected in the next couple of years.

Hectares planted

The demand for macadamias continues to grow due to an increase in habits associated with healthy living and consumer demand for vegan, gluten-free and natural foods. As a result of the high demand for macadamias, many new plantings are established each year. Currently there are over 44 776 hectares macadamias established in South Africa. Macadamia production in South Africa has increased significantly and the rate of production is expected to increase even more in the near future due to the volume of new plantings annually.

Future Outlook

Due to the increase in supply, not only from South Africa, but world-wide, it remains crucial for SAMAC to ensure that new markets are opened timeously through generic marketing and consumer educational campaigns, as well as that existing market trade barriers are lowered (preferable 0%). SAMAC therefore works closely with our Government and represents macadamia producers on various platforms to ensure favorable market access.

SAMAC also participates with Australia, USA, China, Hawaii, Vietnam, Kenya and Malawi in the World Macadamia Organisation. The objective of the World Macadamia Organisation is to collect market intelligence, be the creator and the custodian of global quality standards, drive health research, implement measures to promote macadamia consumption in current markets and to identify new markets to increase demand.

Research

The sustainability and growth of macadamia production depends largely on the success of its research and development programmes. SAMAC invests annually 50 % of its budget towards research, in areas such as invasive pests and diseases, soil health and orchard ecology, plant pathology, integrated pest management, precision farming, etc. SAMAC currently has 27 research projects.

Forestry South Africa

by Francois Oberholzer

Timber sales have declined for a fifth consecutive year. The total tonnage recorded in 2019 was 13 625 000t, down 1 575 000t (10.4%) on budget, and 810 000t (5.6%) lower than the tonnage recorded in 2018. In comparison to 2018, the sale of mining timber showed the biggest decrease in the period 2018-2019, dropping 31% to 178 000t. This was followed by the sale of poles, decreasing 14% to 328 000t and pulpwood sales decreasing 5.9% to 9.3mt. The sale of sawlogs remained relatively stable, with a decrease of 2.0% to 3.8t. In terms of genera, wattle sales decreased by 10.6 % to 1.3mt, eucalypt sales decreased by 7.6% to 6.9mt, and softwoods decreased by 1.6% to 5.4mt.

As this report only deals with forestry related issues, I would like to give a very brief report on the highlights of the past year.

Retirement of the Operations Director, Roger Godsmark: One of the icons of the Forestry Industry, Roger Godsmark, retired at the end of March 2020. His illustrious career of 33 years in the Forestry Industry started at Forest Owners Association, which later became Forestry South Africa. Roger was

intimately involved with everything that happens in die industry and was completely dedicated to the wellbeing of the industry. We wish him everything of the very best for the new chapter in his life and we would like to thank him for his selfless dedication to the industry.

Public Private Growth Initiative (PPGI): Following FSA's engagement with the President in 2019, the PPGI process has continued to drive significant improvements in several of our long-standing challenges such as:

Renewable energy from biomass: As a result of pressure from Forestry and other renewable energy producers through the PPGI process, government finally published the Integrated Resource Plan (IRP) 2019. This paves the way for cogeneration sales, own use of such power and wheeling (selling outside of own operations). Registrations are under way and one cogeneration project has already been registered.

Investment: as a result of these significant improvements in service delivery from Government, the two largest forestry companies in SA have already invested R5.6bn in new capacity, another large integrated forestry company has invested R852m in a renewable energy plant and the same company has invested R50m in two sawmills in Mpumalanga. In addition to this, one of the two largest forestry companies have pledged an additional R14bn in investment, should the positive momentum from Government be maintained.

Water Use Verification: In April of 2019, Department of Water and Sanitation (DWS) issued notices to members stating that afforestation claimed as "existing lawful water use", also had to have been authorised under laws which were in force immediately before the date that the Water Act came into effect. The effect of this was that if you did not have a permit and could not prove pre-1972 planting, your water use is deemed by the DWS to be unlawful. FSA sought legal opinion on the notices and it confirmed that any use of land for afforestation, which had been established for commercial purposes at any time during a period of two years immediately before the Water Act came into effect (1998), was "an existing lawful water use". Following our founding affidavit, we received a proposal from the legal counsel for the Minister of DWS, which would avoid the need for the Court to hear arguments on the interdict. The offer was accepted, as it effectively prevented DWS and Catchment Management Agencies (CMAs) from acting on any of the Section 35(1) notices which had been issued to our members. Unfortunately, the CMAs ignored or weren't aware of the Courts awarding in our favour and they have continued to issue notices. They are thus in contempt of Court and we have started a new round of legal proceedings against for failure to comply with the Court order. The matter was set down for May 2020 but will now be heard at a later date due to the Covid-19 crisis.

Water Use Licence Conditions: FSA made extensive progress on the long-standing water use licence conditions. The DWS were suddenly most receptive to the changes we wished to effect, and number of conditions proposed by FSA has reduced the original 56 conditions down to 12. Further work is being done within FSA for the development of a template for all afforestation prior to 1998 when the National Water Act (NWA) came into effect so that should we win the court case and for areas planted prior to 1972, all plantations can be regularised through licences under the NWA.

Industry Promotion: FSA has launched their new corporate website www.forestrysouthafrica.co.za, which is a vast improvement on the previous offerings. It consolidates FSA's web presence with the very successful Forestry Explained pages being absorbed into the new site. The new site also introduced a 'FSA members only' section where members can access a host of publications and

other documents. FSA has also launched an FSA broadcast service on the Telegram keeping members informed of major FSA announcements.

Forest Protection: The Tree Protection Co-operative Programme (TCP) celebrated its 30th anniversary, making it the oldest commercial forestry pests and diseases programme in the world and now recognised as the largest worldwide. FSA's role in the establishment and growth of this world-leading programme was acknowledged at the internationally attended event and Industry needs to ensure that this Programme continues to thrive, as it is crucial to the survival and growth of the Industry.

Fire Matters: An MoU with SANRAL has been approved by their legal team for the Northern regions of the country. This is excellent news and other FPA's should take note and make similar approved to SANRAL for their areas. The Limpopo FPA advise that a commitment by Eskom has also been made with regards them agreeing to join local FPA's and thus, paying membership fees. This, however, would only be in respect of the areas related to the generation of electricity and not servitudes upon which they had no title deeds. This is nonetheless an excellent start and once again other FPA's should take note and attempt to do the same in their areas.

SA Canegrowers

By Dr Kathy Hurley

Sugarcane growers have been dealt crushing blows over the past seasons due to a confluence of factors, which have created what could be described as a 'perfect storm'. As a result, the future of the sugarcane industry is now increasingly under threat. The futures of some 65 000 farmworkers, 21 000 black small-scale growers, the provision of 350 000 indirect jobs and the livelihoods of about one million people who depend on the sugar industry are at risk.

The gathering of the perfect storm starts with the inability of growers to recover from the worst drought in recorded history because of the devastatingly low Recoverable Value (RV) Price in 2018/19, with subsequently slow recoveries. Then unprecedented levels of crime and theft have severely affected the morale of growers, farmworkers, and rural communities.

Record levels of cheap sugar have poured in from both deep-water and Southern African Customs Union (SACU) displacing the demand for South African-grown and processed sugar. These imports have resulted in the export of the domestic surplus onto a "dumped" or over-supplied world market at a significant loss, which has left growers with an eroded RV price - at times lower than the cost of producing their crop.

The financial crisis has led to the "moth-balling" of the Darnall and Umzimkulu mills for the 2020/21 season, which is of grave concern for growers on the KwaZulu-Natal South and North Coasts and in the Midlands region. All these farmers will more than likely struggle to deliver their full crop in the forthcoming season as a direct result of capacity constraints at the remaining operational mills.

In 2018, the first year of its introduction, it is calculated that the Health Promotion Levy (HPL) or 'Sugar Tax' cost the sugar industry R1.5 billion. As a result, SA Canegrowers has consistently lobbied the government for a moratorium on the tax until a full socio-economic impact assessment can be done to determine or clarify its impact on curbing obesity in the country.

The unrelenting escalation in agricultural input costs over which the industry has little or no control, particularly small-scale growers, has severely eroded the sustainability of the sector. Through a coordinated media and stakeholder engagement plan key decision makers and the public were alerted about the sugar industry crisis. The success of the campaign contributed towards the development of an industry Masterplan. SA Canegrowers has been a consistent and highly constructive participant in the development of the plan. However, the announcement of the lockdown to fight increasing Covid-19 infections put the signing of the plan by all stakeholder on hold.

While the 21-day lockdown has also seen the country's economy collapse, agriculture or food production including the farming and processing of sugarcane, has been designated as an essential service. This means our industry has been able to carry on production with an increased vigilance on the health and safety of our people.

Fourteen sugar mills crushed a total crop of 19 241 812 tons of cane to produce 2 227 248 tons of sugar from 2 240 833 tons of Recoverable Value during the 2019/20 crushing season. The RV% was 12.58% and the cane crop was 210 124 tons larger than the 2018-2019 crop. Compared to the dismal 2018/19 season, the 2019/20 final RV Price increased 18% and total grower revenue rose by 19% in nominal terms.

KZN Poultry Institute
By Shelley Johnston

Despite the difficult macroeconomic climate, the KwaZulu-Natal Poultry Institute continues to offer quality short courses in poultry production. With the adjacent farm containing a hatchery and small units of broilers, broiler breeders, pullets in rear and commercial layers, the institute is ideally positioned to provide hands-on practical training to both new-entrant and existing farmers. A total of 158 people benefited from the various interactions during the year 1 March 2019 to 28 February 2020.

The World Poultry Foundation (WPF), a keen supporter of the institute, funded a further two courses in intermediate poultry production. The group of 31 candidates comprised farmers and extension officers. The WPF also generously sponsored the upgrading and expansion of facilities at the institute, for which the KZNPI is deeply grateful.

Four three-day courses in biosecurity were organised by the South African Poultry Association (SAPA) and funded by AgriSETA. This was part of a capacity building program with the aim to educate small-scale and small commercial poultry farmers on the importance of biosecurity in maintaining flock health and preventing disease outbreaks. A total of 62 farmers from 4 provinces were trained in the basic principles of biosecurity. The KZNPI is appreciative of SAPA's ongoing support.

Standard short courses in poultry production (with an emphasis on broilers), commercial layers and broiler breeders were successfully completed during the year. In addition, a four-day course in broiler breeder rearing was offered on-site to an agribusiness.

One delegate enrolled for an online course in business skills aimed specifically at poultry producers.

The KZNPI also offers tailored on-site training for poultry producers who need to upskill farm staff as part of a workplace skills development plan, or for food safety certification. A one-day workshop on

bird welfare was presented in Zulu to farm workers on a commercial egg production unit in the province.

To round off the year, 8 facilitators from a TVET College attended a five-day training session with major emphasis on the practical work involved in managing poultry flocks.

The institute remains committed to uplifting communities by transferring knowledge on poultry husbandry.

Natal and EG Wool Growers Association

by Dr. A. Shephard

KZN NWGA had our regional meeting road show with the KZN RPO during 3-7 February 2020. Meetings were held at Lüneburg, Dundee, Ladysmith, Tweedie, Donnybrook and Cedarville. Leon De Beer, our general manager, was the main speaker for the NWGA. He gave feedback on our current programs including our development farmer project which currently has more than 20 000 members. These communal farmers delivered wool worth more than R300 million during the last season. This project, which has been going for more than 20 years has been very effective in establishing wool farmers in communal areas and helping them becoming financially independent. Dr P Vervoort from the National Animal Health Forum spoke about Animal Identification and the need for a system which will improve traceability of animals and their products.

The wool market has been down compared with last season which was compounded by the lockdown and general weaker world economy. The weaker rand has helped to keep South African prices more stable. Wool production in KZN has slightly increased during the last season. We have appointed a new production adviser in February 2020, Mrs Annelize Smit van Niekerk. She was introduced during the road show week. This year she will focus on economics of wool sheep farming as well as helping farmers to become part of the sustainable wool farming standard. She will also work in Mpumalanga and the Eastern Free State.

KZN Milk Producers Organisation

By Brett Green

Milk production has continued to grow in SA and in KZN in particular, albeit at a much slower rate than previous years. 3,327 billion litres of milk was produced in SA in 2019. In the first quarter of 2020 we have seen a moderate growth of 0.34% to 1,042 billion. The slower rate of growth can be attributed to unfavourable prices as well as difficult climatic conditions. As at the end of 2019 KZN accounted for 248 of SA's 1284 dairy farmers and produced 28.09% of the national milk supply.

Most dairy farms in KZN have experienced 2 years of record low spring rains with record high autumn rains which has been very challenging and water and feed stocks on farms are much lower than what we are comfortable with.

After having 2 significant Dairy processing factories destroyed by fire in 2019, our capacity to process most of our KZN produced milk was severely hampered and could well have negatively affected farm gate milk prices in our province that spring. However, I am happy to say that Orange Grove has rebuilt and significantly expanded their factory in Dundee and Clover have been steadily expanding at their new facility south of Durban. Processing capacity in KZN is finally growing with supply and along with that, employment and other economic opportunities.

One of our most pressing challenges is trying to produce milk as economically as possible while at the same time matching supply with demand for 365 days of the year. It's a problem that is proving to be nearly impossible to overcome without an unfortunate and imminent loss of farmers from the industry.

The nationwide lockdown in response to Covid-19 and it's economic devastation is surely going to test the mettle of farmers and consumers alike. It's been encouraging and inspiring to see everybody come together and help where they can, always going beyond the call of duty. Millions of Rands worth of dairy products have been committed by farmers to help to feed the most vulnerable. I feel that the need for food will become ever more important and could present us with many dangers as well as opportunities.

There has never been a greater need to be part of organized than now.

SKZN Banana Association

by Blaine Peckham

The 2019/20 season has been one of the most stable seasons of the last couple years on all fronts, with regards to the weather, production and price. We received a total of 1341mm of rain from July 2019 to June 2020, with no major floods or any extended dry periods. Many farmers did not even turn their irrigation systems on from the end of November till the middle February. With the good rains and no major wind storms most farmers enjoyed an increase in their banana production this season.

The National Fresh Produce Markets (NFPM's) did not experience any significant spikes in volumes from the major banana growing areas of Mpumalanga and Mozambique from November 2019 till May 2020. This resulted in very stable and reasonable prices over this period. Unfortunately, there has been a significant rise in volumes on the NFPM's in June coming from Mozambique and other neighbouring countries, negatively affecting the price due to the high volumes.

Certain major retailers continue to not support the South African banana industry and prefer to risk local jobs by importing bananas from Ecuador, even though sufficient volumes are produced in South Africa. The industry still sees these imports as a threat to the long-term sustainability of the industry, due to the risk of bringing in diseases from these countries in which they occur.

Banana Bunchy Top Virus (BBTV) is seriously affecting small scale and subsistence growers in Ingonyama Trust lands in and around the Hibberdene/Umzumbe areas. The Department of Agriculture must be congratulated in working together with local farmers in getting two scouting teams on the ground, who are destroying infected plants in an effort to stem the spread of the disease. Unfortunately, BBTV has now been detected in Umzinto which is more than 30km north of the original site where it was first detected, containment of the virus seems unlikely

We would also like to take this opportunity to thank Kwanalu for their commitment in representing our member's interests in these challenging times.

KZN Red Meat Producers' Organisation

By Hendrik Botha

During the past year the red meat industry experienced various difficulties.

The outbreak of Foot and Mouth during January 2019 in Limpopo had a great economic effect in South Africa for more than 12 months.

The banning of stock sales in all 9 provinces from 4 December 2019 until 17 February 2020 was a serious economic setback for the industry. During this time producers had to adapt, various initiatives and marketing structures were introduced / managed under difficult circumstances.

On 17 February 2020 the holding of livestock sales was unbanned, and trading of livestock and marketing of red meat basically normalised – then SA was struck by the Covid-19 lockdown on 27 March 2020.

During this pandemic – livestock auctions under unusually strict regulations were allowed, with the result that several livestock sales were cancelled. Since then however, livestock sales have “normalised” under the strict regulations. Our way of life now is a new normal.

The marketing of livestock, producers’ cashflow and various uncertainties resulted in great pressure on producers. All these negative circumstances led to new adaptations including virtual marketing of livestock and communication that resulted in improved farming management.

The reality is that red meat producers – due to the additional overhead costs, the current weaker economy, uncertainty with regards Covid-19 and the weaker buying power - had no choice but to produce at a lower profit margin.

Beef prices varied somewhat but the yearly average to May 2020 remained the same. Cattle slaughter numbers declined by 2.6%. The average price of mutton for the year ending May 2020 increased by 22% and sheep slaughter numbers declined by 11%.

The 12th annual KZN RPO and NWGA Regional Meetings took place earlier this year. The meetings were held at Luneburg, Dundee, Ladysmith, Tweedie, Donnybrook, Swartberg and Cedarville. The Red Meat Magazine is 11 years old and approximately 1600 magazines are distributed in KZN. Communication with producers has been extended to WhatsApp groups with regular information regarding the industry being received from National RPO office. Communication with Farmers’ Associations and members is of utmost importance to the KZN Council.

The high occurrence of stock theft in KZN is a matter of great concern. Mr Freddie van Tonder who was appointed last year as Stock Theft Advisor has contributed greatly by assisting producers professionally with regards to the technical aspect of stock theft. The KZN Stock Theft Forum serves a good purpose in that several role players in KZN meet quarterly. Valuable contact is kept with the National Stock Theft Forum which is important.

The KZN Animal Health Forum that has been functioning for 10 years serves a good purpose in that all livestock organisations interact with good communication. The Forum is affiliated to the National Animal Health Forum with good interaction. The importance of inoculating for different animal diseases such as Brucellosis, Anthrax, TB and others is of great importance for the management of a healthy herd.

Trich Subsidy: To encourage animal health the testing of beef and dairy bulls is subsidised. During 2019 R264 000.00 was paid out to 65 producers for the testing of 1161 bulls.

The cancelling of the 2020 Royal Show as well as several other important meetings and activities is a reality during the Covid-19 pandemic during which each of us need to remain positive in managing our businesses.