

CANEGROWERS' Media Bites 2010/11 Season

CANEGROWERS', the national organisation representing in excess of 29 000 sugar cane growers, held its Annual General Meeting on 15 June 2011 at KwaShukela, Mount Edgecombe. At the Board of Directors' meeting held following the Annual General Meeting, TJ Murray was elected as Chairman and ST Naidoo as Vice Chairman of CANEGROWERS for the 2011/12 season.

Highlights of the 2010/11 Season

Crop Production

The 2010/11 season yielded a cane crop of 16 015 649 tons, representing a decrease of 2.64 million tons (14.1%) compared with the 2008/09 season. Total sugar production was 1 909 236 tons, representing a decrease of 278 306 tons season-on-season. Cane quality, improved slightly with the industry average recoverable value percent cane increasing to 12.89% from 12.45% in 2009/10.

Climatic conditions once again played havoc on the crop. Many cane growing regions in KwaZulu-Natal experienced the worst drought conditions reported in the past 15 years. The initial favourable prospects associated with relatively good early summer rainfall did not materialize as extreme dry conditions prevailed in most areas from mid-January to October 2010. These adverse climatic conditions saw the cane crop drop consistently throughout the season. The extremes of weather experienced in recent years must surely draw into reckoning the impact of global warming on our climatic patterns.

Grower Revenue

The final RV price for the 2010/11 season was R2 572.14 per ton representing a 12.6% increase year-on-year. Although the RV price showed a reasonable increase year-on-year, it is important to note that the overall grower revenue decreased year-on-year as a result of the lower crop. Whilst input costs did not increase at the exorbitant rate of two years back, the results of the past eight seasons' cost squeeze are taking their toll on growers and any improvement in grower revenue comes off a low base and the pressures on sustaining a cane growing business remain. Net industry proceeds decreased to R8.29

billion in 2010/11 from R8.36 billion in 2000/10. Cane growers share of these net industry proceeds was R5.34 billion.

Sustainability of the Cane Growing Sector

Sustainability of the cane growing sector is one of the key focus areas of CANEGROWERS. Sustainability in the cane growing sector takes many forms. During the past season, much emphasis has been placed on the objectives of the Sugar Industry Development Plan (SIDP). The objective of the SIDP is to establish an environment that will create the correct incentives for growers and millers to 'grow the pie' to increase the revenue base of the industry that growers and millers can share on an equitable basis. The SIDP have been presented to government, where it has been enthusiastically received. For the SIDP to be meaningful, requires extensive government participation. There is synergy between the impact that the sugar industry has in the rural economies in which it operates and the objectives of the government's 10 point plan as outlined in its Medium Term Strategic Framework (2009). The sugar industry and cane growing communities have always made substantial contribution to the deep rural economies of the region in which cane is grown and can, to a greater or lesser degree, deliver on each of the 10 points which government seeks to achieve. It goes without saying that there is scope for a beneficial Public/Private Partnership arrangement with government for a sustained development of our country and its people.

Land Reform

Land reform policies and processes continue to challenge the cane growing sector and the sugar industry. CANEGROWERS is fully committed to and supports the objectives of our country's land reform policy and programmes. However, the constructive endeavors to help achieve the targets set by government and the willingness of growers to re-invest in their cane farms has been hampered by the slow progress in finalizing the land claims instituted in terms of the land restitution pillar of the land reform programme. Given that approximately 54% of freehold land under cane in Kwa-Zulu Natal has been gazette as land claims, but that only approximately 7% of this has been settled, a climate of uncertainty in investment and production decisions has been created. This must be speedily addressed through a fair, equitable and transparent process in order for us to maintain yields and mill capacity utilization.

CANEGROWERS has been invited by the national Department of Rural Development and Land Reform to participate in a 'think-tank' process to establish creative ways of addressing the challenges faced by land restitution. Through the industry's Memorandum of Understanding with the KwaZulu-Natal Agribusiness Development Agency, CANEGROWERS will contribute to the development of a sugar industry funding model for land reform and farmer development and mentorship programmes.

Support for Small Scale Growers

Many of the sustainability interventions in the sugar industry are aimed at providing relief and assistance to small scale growers who are a vital component of rural areas and who do not have the ability to expand their farming entities mainly due to the traditional land tenure system. The small scale sector is currently operating below potential. Some of these interventions include the continuation of the approximately R31 million per annum Supplementary Payment Fund. Small scale growers who are not registered as Value Added Tax vendors continue to receive the benefits of the VAT Flat Rate and Diesel Rebate. During the 2010/11 season these rebates amounted to some R34 million.

CANEGROWERS provided the vital link for growers to access recapitalization and development funds and compiled 80 business plans which will see support to the value of approximately R100 million being made to the affected growers.

Many of the grower development and training projects are funded through the sugar industry's Grower Development Account (gda) which is administered on behalf of the sugar industry by SASA. Through the division of proceeds mechanism, cane growers fund 64.3675% of the costs of the gda.

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