The Cane Grower

The Newsletter of the South African Cane Growers' Association

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Suss it Out

By Dr KM Hurly—Director: Regional Services

What's all the fuss about SuSFaRMs™ and how can you participate?

For growers who would like to implement the sustainable sugarcane farming system (SuSFaRMs™) and who are not farming in the Noodsberg, Union Co-op Ltd, Eston and Malelane/Komati cane supply areas, you will unfortunately have to wait another year. For those of you who are in those five cane supply areas, please take the step and participate. Not only will you embark on a life-long journey into sustainable sugar production, you will also be able to ensure that you are up to date with better management recommendations from SASRI, see your Extension Officer more regularly, comply with all legislation and implement a farming system that will enable you to confidently undertake self and external audits (if and when necessary in the future).

Our biggest disappointment is that we cannot show you a comparison of the cost and the benefit that implementation can achieve, but hopefully, this will encourage you to volunteer to participate in the CANEGROWERS' cost/benefit research project. But enough of the marketing! What then is planned for this year and what has SASRI achieved to date?

SuSFaRMs™, developed by the Noodsberg Cane Growers' Association in conjunction with WWF-SA, WESSA and SASRI, has been further refined by SASRI and the manual re-drafted into a "farmer-friendly" format which means there is less of the academic and more of the practical. At the same time, sections on legislation and audits have been updated to fit the new manual structure. Manuals will be ready for distribution in the Midlands and Mpumalanga regions in July and August 2011 respectively.

Once interest has been established, and again I urge you to participate: particularly if you are a land reform entity or a corporate entity and are required to report to beneficiaries and shareholders on more than just the bottom line.

SASRI will convene workshops and train interested growers. The Extension Officers have all been trained and, where necessary, undergone refresher courses. SASRI extension administration has also been trained to capture your first audits.

So, once you have attended your road show and/or workshop, you will have an opportunity to assess where you are on your journey to sustainable sugar production with a self-audit. You will be assisted in initial data capture which will give you a "point of departure" to assess improvements as you travel this journey of continuous improvement. Each of you will be able to identify your focus area, allowing you to factor in changes that will be affordable and will fit into your long-term vision for your farm. So participate and enjoy! ●

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Findings from the FIRCOP Survey of Small-Scale Sugar Cane Growers

By Dr SD Ferrer—Research Economist

In 2007 the Mauritius Sugar Industry Research Institute (MSIRI), the South African Sugarcane Research Institute (SASRI), and CIRAD collaborated on a research project to study the small-scale sugarcane farming sectors in SADC countries. The study was funded through the Southern African Development Community's Fund for Innovative and Regional Collaboration Project (FIRCOP). CANEGROWERS' staff refer to this study as the FIRCOP Project.

The researchers designed a questionnaire to collect information from small-scale sugarcane growers (SSGs) on seven main issues, *viz*.: socio-demographic profile, sugar cane farming environment, resource base, sugar cane husbandry and use of technology, communication facilities, household expenses and decision making. As part of this study, 950 South African SSGs were surveyed in 2008. The collaborating research institutions have conducted very little analysis of this data to-date.

In 2009 CANEGROWERS was given the South African survey respondents' completed survey questionnaires by SASRI. CANEGROWERS hired a student to capture a subset of the information elicited in the survey into a database during the second half of 2010. This database was augmented with time-series information on respondents' cane deliveries over the period 1999–2009. An analysis of the data set was conducted to learn more about SSGs in dryland sugarcane production regions. Some of the findings are reported in this article.

Respondents' age and education:

Over 42% of respondents were older than 60 years of age at the time of the survey, whilst less than 12% of respondents were younger than 40 years of age. Considering that 83.4% of respondents did not identify any other household members as sugarcane growers, and those who did tended to identify their spouse rather than a son or daughter, the relative absence of younger SSGs is reason for concern about the future of this sector. The distribution of respondents' education levels is further cause for concern. More than 45% of male respondents had not completed primary school and only 9.8% had completed secondary school. Likewise, 61.6% of female respondents had not completed primary school and only 6.6% had completed secondary school.

Farm size

The distributions of the survey respondents' areas under cane (AUCs) are shown in Figure 1. The majority of men and woman respondents have less than 2 hectares under cane. It is evident that female respondents, on average, have less AUC than their male counterparts.

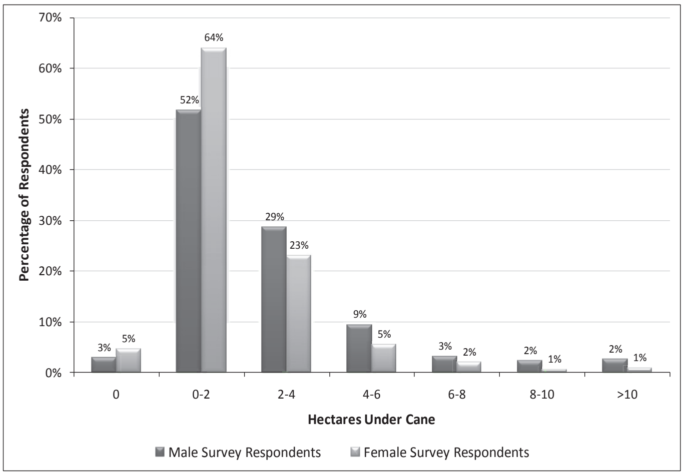

Figure 1: The distributions of AUC for survey respondents in dryland sugarcane production regions

Cane yields

Of the survey respondents who did deliver cane to a mill in 2008/09, 68% delivered less than 50 tons and only 13.8% delivered more than 100 tons. To place these statistics in context, in 2008 a grower needed to deliver approximately 52 tons of cane to earn revenue equal to that year's minimum wage (52.1 tons @ R251/ton = R1089.86 per month x 12 months). Considering that over 64% of respondents indicated that their annual expenditure of sugarcane farming exceeds R3500, with 19% spending more than R10000, it is apparent that in the 2008 season the vast majority of survey respondents earned a net return from farming sugarcane that was below the minimum wage.

Respondents' yields per hectare were computed as their average cane deliveries from 2005 to 2008 divided by their AUC. Thirty-nine respondents who first delivered cane post 2005 were identified as "new farms". Of the 678 remaining SSGs, 71% had an average yield per hectare below 30 tons of cane per hectare under cane, and only 10% achieved an average yield greater than or equal to 50 tons of cane per hectare under cane. Interestingly, average yields of respondents who had received formal sugarcane farming training were not significantly different from those who had not received such training.

Labour and machinery

Sixty-five percent of respondents indicate that at least one household member is allocated to full-time work on the household's farm and 8% allocate at least one household member to ad hoc farming tasks on a part-time basis. Less than 10% of respondents hire-in labour on a full-time basis, however, 89.4% hire-in labour (including contractors) on a part-time basis. Only 36.5% of respondents do not make use of contractors. Non-use of contractors is significantly higher in the Zululand region

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than elsewhere and corresponds to higher rates of ownership of machinery and farming implements amongst respondents in that region.

Crop husbandry practices

Only 51.1% of respondents have ever replanted their cane fields. Respondents in the Maidstone mill area were most likely to have replanted their cane (67.9%) and those in the Eston mill area were least likely to have replanted their cane (10.4%). The likelihood of replanting is lower amongst younger respondents, but is not significantly related to respondent's education. Only 6.1% of respondents indicated that they always have their soil tested prior to replanting and 28.3% sometimes do this. The likelihood of respondents having their soil tested is positively related to their education.

Respondents were asked their response to observing a disease in their own sugarcane field. A surprising 77.4% indicated that they would do nothing. Only 6.2% indicated that they would contact an extension officer or a P&D officer and 8% indicated that they would take remedial action. The likelihood of a respondent applying a remedial practice is significantly higher amongst respondents with relatively higher levels of formal education.

Discussion of Results

Findings of this analysis show that for most SSGs the returns to sugarcane farming are unfavourable compared to the minimum wage. It follows that small-scale sugarcane farming in dryland sugarcane producing regions is primarily an occupation for pensioners and adults who are unable to find off-farm employment. Households tend to allocate family members with relatively low opportunity costs of time to sugarcane farming activities and often prefer to hire-in labour or contractors on an ad hoc basis rather than utilise household labour in sugarcane farming. The significant decline in SSG AUC in dryland sugarcane production regions during a period of strong economic growth from 2000 to 2007, and more recently growth in SSG AUC in these regions during the recent recession supports this argument.

Future economic growth and improved rural education is likely to reduce the number of SSGs over time. This in itself is not a problem. The problem is that the institutional environment in communal farming regions of KwaZulu-Natal is not conducive to transferring farmland from household with surplus land to those who would like access to more farm land. The survey results reflect that the land rental market is relatively inactive (less than 3% of survey respondents leased-in some land), and anecdotal evidence suggests that traditional institutions for reallocating under-utilised land are often weak and seldom utilised. Further anecdotal evidence suggests that land sales markets do exist in some communal farming regions KwaZulu-Natal, however land traded in these markets tend to transfer land out of agriculture for

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Langeloop Phase II: a success story, finally!

By JJ Murray—Grower Manager: Mpumalanga

Langeloop Phase II (LLPII) is one of 'seven projects' developed during 2001/02 in the second phase of the Nkomazi Irrigation Expansion Project. Grant funding provided by LRAD, DWAF and ESKOM supplemented the growers 'own contribution' borrowed from Land Bank to facilitate the development of the land. At the time the project enjoyed high profile and was opened by the then Minister of Agriculture, Thoko Didiza.

Inappropriate irrigation infrastructure design and exceptionally high development costs resulted in growers facing a debt trap. These high debt levels and the associated inflexible redemption policy have eroded the incentive to farm amongst growers. This has contributed to a steady decline in production. Production at LLPII reached a peak of 31 000t. An outbreak of smut during the 2007/08 season resulted in plough-out orders being issued by the Lowveld Pest Disease and Variety Control and grant funding provided by SASA assisted all LLPII growers destroy their crop.

The rehabilitation of LLPII has required contributions from all industry stakeholders. The Department of Agriculture, Rural Development and Land Administration (DARDLA) grant funded (R3.6M) towards the rehabilitation of the irrigation infrastructure. SASA grant funded (R0.75M) for the establishment of a 27ha seed cane scheme at LLPII to provide certified planting material of appropriate cultivars to plant out the balance of the 280ha project.

Despite starting formal discussions with Land Bank in February 2007, Land Bank has made no concessions in terms of their outstanding debt. This debt still accrues interest and penalty fees and is currently R23 million.

A final restructuring proposal has been developed by the local Land Bank office in consultation with CANEGROWERS, Tsb and AAF. LLPII growers acknowledge their debt; their business plan includes the redemption of some of their existing debt. They are willing to consolidate their farming operation to improve scale economies and are willing to appoint a farm manager.

On Thursday 3 March 2011, LLPII growers received some good news. The National Department of Rural Development and Land Reform (DRDLR) has committed R2.9 M to assist growers re-establish their fields. These funds will be incorporated into the LLPII Business Plan and will assist growers to establish a sustainable business and return production to at 31 000t. The LLPII growers are

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Payroll Changes

To improve PAYE processes, SA Revenue Services (SARS) has introduced requirements for the submission of annual EMP 501 reconciliations. As to be expected, this will place further administration burden on cane growers.

SARS requirements for the February 2011 easy@file submission, due 31 May 2011 are:

- Each EMPLOYEE issued with an IT3 or an IRP 5;
- Each EMPLOYEE must have a valid ID number and valid physical address;
- Monthly wages and UIF needs to be reconciled to this annual return and
- SARS is proposing to issue each employee with a valid tax number, auto generated by SARS.

Plan-a-Head and an independent person have developed a payroll hub centre in the North Coast that will take care of this administration. The services will be negotiated between the client and the payroll hub administrator. For further information on the payroll hub, please contact Melanie on 082 738 0165. ●

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currently putting together a rehabilitation plan to plant approximately 48ha by the end of April 2011.

This success at LLPII would not have been possible without the contribution of all stakeholders. SASA assisted growers to destroy their fields when faced by the threat of Smut and has subsequently initiated a seed cane scheme. DARDLA has rehabilitated and redesigned the irrigation infrastructure. DRDLR has made a contribution to the re-establishment costs at LLPII and the growers have changed their business model to ensure their sustainability going forward. Growers still await a proposal from Land Bank regarding their debt levels. CANEGROWERS have also played a significant role in this project—from lobbying, to writing proposals and co-ordinating the process.

This is a success story that illustrates the impact that the Sugar Industry stakeholders can have when a coordinated response to a tragic tale bears fruit. For the first time since 2007/08, LLPII growers have tangible hope of becoming sustainable. ●

This success story illustrates the positive impact of co-ordinated and wide stakeholder involvement. For the first time since 2007/08 - against seemingly impossible odds, the growers, along with Sugar Industry stakeholders, have been able to find a solution to a tragic tale. LLPII growers have tangible hope of becoming sustainable.

DISCLAIMER

The Cane Grower is the official newsletter of the South African Cane Growers Association (CANEGROWERS). Articles included in the newsletter are published with the intention of generating interest and debate in the various issues and to provide information to our readership. Contributions are welcome, but the right to edit any contribution is reserved. The opinions expressed in any published article or insert do not necessarily reflect the opinion of CANEGROWERS.

Price of Recoverable Value (RV) in Cane

FINAL RV PRICE FOR 2010/11 SEASON

The Sugar Association has declared the FINAL RV price for cane delivered in **2010/11**:

RV PRICE: R2 572.14 per ton of RV
"d" factor 0.369589

The price is based on a crop of **16 015 649** tons of cane which converts to **1 919 116** tons of sugar at a cane to sugar ratio of **8.35.** The average RV content is **12.89%.**

EXTENSION LEVY

The average regional levy (excl. VAT) payable by participating growers for Extension Services for cane delivered during the 2010/11 season is:

R0.71 per ton of cane

Briefly…

On the move…

Brian Pearce, Regional Manager Midlands retired at the end of March 2011. He will continue to provide services to CANEGROWERS on a contract basis until a Regional Manager has been appointed for that region.

Celani (Lucky) Mtembu, Regional Economic Advisor (REA), Mpumalanga has relocated to the South Coast and will be taking up the vacant REA South Coast position with effect from 1 April 2011.

Nonhlanhla Maseko's contract as Grower Support Officer, Umfolozi, came to an end at the end of March 2011.

Appointment…

Deloshnie Ramsamy was appointed as CaneFarms Client Liaison Officer with effect from 1 April 2011.

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residential purposes. Solutions for addressing this problem include: (a) working to strengthen traditional institutions that historically guarded against underutilisation of arable land, (b) promoting land rental markets in small-scale sugarcane farming regions, and (c) promoting the establishment of large-scale sugarcane farming co-operatives and other corporate farming models in small-scale growing regions.

CANEGROWERS will use the results of this survey and other insights to assist in crafting its strategy for enhancing the sustainability of SSGs. ●

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