

The Cane Grower

The Newsletter of the South African Cane Growers' Association
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VOLUME 18 • NUMBER 5

AUGUST 2011

What Makes a Grower Successful?

By B Nothard—Regional Manager: Tugela

There are many definitions of grower success that include: having the highest production, the maximum profit, the most diverse portfolio of assets and crops, being the lowest cost producer, or having the best conditioned farm. It is more likely a combination of all of these and more. Consider a farmer that makes a large short-term profit by applying unsustainable farming practices, or applies an aggressive low cost approach that negatively impacts on his ability to expand due to disinvestment. Both incorporate an element of success but these alone would not make a grower successful as a far broader definition needs to be given and could differ from farmer to farmer. It also needs to be considered that some factors contributing to grower success would not necessarily be in the control of the grower such as rainfall or soil type. In this case it is not always easy to compare a successful grower on a poor soil against another as he may not be the most profitable even when applying good management practices.

At the 2011 International Farm Management Association (IFMA) Congress held in New Zealand, academics, businessmen and most importantly, farmers identified key factors or attributes believed to contribute to a more "successful" farmer. Several of these aspects are included below and even though some are obvious, growers may find it useful to again examine if and how these might be applied to their own circumstances.

IFMA Conference Contributions

A United States speaker found that growers who took control of their own destiny, set goals, adapted new technologies, sought more information from their personal network, spent more time on record keeping and worked more hours per week, tended to be more successful (based on NFI and a Return on Assets). Interestingly their research showed that the least successful farmers were those with other jobs, who only had money as a key motivator, who

spent too much time on the internet and always sought the most modern machinery (Characteristics of High Farm Profits, Olson *et al*: 2011).

A New Zealand researcher (Peter Nuthall) from Lincoln University, identified the motivation behind "higher ability" farm managers as being those that sought farming as a way of life. Again, it was not the financial motivation that proved to be most important. Interestingly his research showed that while intelligence contributed 8% to "management ability", experience contributed a far more significant 67%. This highlights the importance of retaining experienced farmers in the industry and something that any land reform policies would need to consider regarding new entrants!

Four New Zealand farmers had very similar views and attributed some key factors to their survival and success

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within the move to a free market economy. These included:

- Adoption of technologies (e.g. yield and electromagnetic mapping, GPS for row setting, ensuring every hectare is profitable).
- Simplifying systems.
- Farmer discussion groups (sharing of knowledge).
- Monitoring farm performance.
- A need to share in downstream activities.
- Accessing professional support (e.g. extension/consultants).
- Having risk mitigating systems in place.
- Having self-imposed safety measures (rather self regulate than have government regulate!).
- Setting Goals.

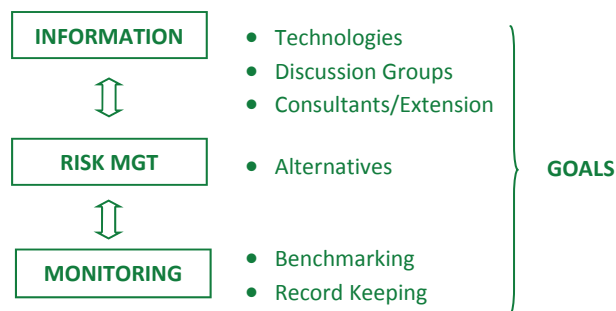
So what does this mean for the average grower?

The first and most obvious is that money cannot be the only motivator. To be successful one needs to have a passion for farming. This may not be inherent to all farmers but needs careful consideration, particularly by potential new entrants into farming. In the current uncertain political climate it is understandable that negativity has gripped many farmers and questions could be asked as to the impact this has had on farm management levels. Land ownership and the access to capital are important factors but for a successful farmer enthusiasm and commitment could prove as, if not more, important.

Secondly, information seems a key contributor to success. Through discussion groups or extension services farmers need to access as much information as possible. For example, before any technologies are adopted what research has been done to support their adoption? What farming practices are proving more successful than those currently being used? Is there something out there I am not aware of that can add to my bottom line? Can I improve on what I am doing already? As a word of caution, to make decisions based on limited information is dangerous in an environment where there tends to be so much misinformation. The industry has the support of stakeholders such as SASRI but it goes beyond a single source of information and sometimes your neighbour may prove to have the best fitting solution or innovation!

In an environment where technologies, weather, labour legislation, benchmarks, pest and disease types and levels, etc., are continuously changing, there is always need for good risk management practices. This does not mean one should not take risks when there is a good chance of reward but to rather ensure there is always a “plan b”. For example, when SASRI releases new varieties some will advise to never roll them out to more than 30% of the total area of a farm. Adoption of these types of risk management practices is critical to avoid failures where losses may be irreversible.

Record Keeping and benchmarking go hand in hand and can prove a useful tool in self management and farm practice improvements. Although many areas do some level of productivity/cost surveying this only provides a small part of the picture. To know where one is rated on performance in chemical application timing, fertiliser rate accuracy and water use efficiencies, compared to other growers, are just a few examples of how growers can identify where they may be lacking. Identification of these “shortfalls” would prove useful, particularly to growers who are currently unaware of improved processes, management techniques and innovations. An Australian consultant once said that a grower should know every one of his costs to at least 3 decimal places! Interestingly, New Zealand farmers involved in the conference tours were very open to share revenue and cost information to the extent that they would print out their income statements for all to see! Within an environment where they are competing on a global front, they see it as important to support one another in the sharing of knowledge and information.



Consider the following definition of Goal Setting: *establishing specific, measurable and time-targeted objectives that provide a sense of direction and purpose.* Goals for any business are important. Why adopt a new technology? Why expand? Why get out of bed in the morning? If you are just going through the motions of farming you are at risk of being “left behind”. Even with political uncertainty, a world sugar price that remains highly volatile and not knowing what new obstacles lie around the next corner, individual growers remain largely creators of their own destinies! There is still no substitute for hard work but this should be focussed correctly. A farmer at the conference concluded by saying that he continues to ask himself...“how can I grow more today than I grew yesterday”. It may be a different question you ask but make sure you keep on asking it! ●

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.

First things first – your ratoon

By MC Gina – Regional Economic Advisor: North Coast

With the harvesting season well underway now is the time when growers reap the benefits of high quality sugarcane resulting from the previous season’s crop. The harvesting operation is closely followed by the ratoon management operations. These operations include weed control and fertilizer application. There is no guarantee that these operations will maximize profit, the cost of these operations, timing as well as alternatives, should be considered.

In looking at weed control, cane growers can use mechanical, chemical and agronomic practices as weed control methods– the costs of which vary according to method, timing and type of herbicide applied. The combination of chemical and mechanical weed control method is widely used across the industry.

Mechanical weeding (hand weeding or hand hoeing) generally bears high costs compared to chemical weeding (herbicides). Mechanical weed control is labour intensive with weeds emerging within a short period of time resulting in repeat weeding operation before canopy. Chemical weed control is less labour intensive and has a long term control effect.

Weeds should be attended to as soon as possible after the harvesting operation to avoid the ‘cane to weeds’ competition which results in lower cane yields as a result of low cane growth. If the weeds are as high as the cane, then herbicides will be less effective necessitating mechanical weed control. Table 1 shows yield response when herbicides are applied at the correct time compared to hand weeding (SASRI Senior Certificate Course notes).

In choosing a herbicide treatment, a grower should use a good quality chemical that will control weeds for a longer period of time and make sure that the treatment is suitable for the weed type and conditions and has the lowest cost per hectare per week. Table 2 below gives an example of treatments that can give the same desired results with a difference on the costs incurred.

Growers are reminded that the SASRI (Fertiliser Advisory Service) recommendations serve as a good guide on fertilizer application. Fertilizer is the third biggest input cost after mechanization and labour costs therefore it is essential that the timing of the application, rate and type of fertilizer is correct. This therefore makes soil sampling a very important exercise when considering which fertiliser to apply.

The timing of fertilizer application on the ratoon crop is important as the faster the cane reaches canopy, the lower

the weed control costs that will be incurred. During winter a split application may be done to minimize fertilizer losses due to volatilization especially in the rainfed regions. Applying the full application during this time can increase the grower’s fertilizer cost as a supplementary application may be required.

The type of fertilizer applied can also impact on costs. Nitrogen carriers which are usually applied as a top dress on ratoon cane, show a different degree of volatilization. Growers should refrain from using nitrogen carriers that may have high volatilization. Applying these nitrogen carriers under dry hot conditions could double the farmer’s cost of fertilizer and labour as the farmer may need to compensate for the fertilizer that was lost. Yields can be affected if the supplementary fertiliser is not applied thus shrinking the grower’s margin.

The farmer does not have a choice whether to apply fertiliser or not on ratoon cane. Fertiliser is important for ensuring that the crop grows fast and shade of the weeds. The faster the cane reaches canopy the lower the weed control costs. Sugarcane that was not fertilised or under fertilised will take a long time to reach canopy as a result more weed control will be required and less yield will be obtained from that crop. The high weed control costs coupled with low yields result into a low grower’s margin or no profit at all under extreme conditions.

Ratoon management operations determine the yield to be obtained from the ratoon crop. The grower does not have a choice whether or not to carry out these operations, but does have a choice of using cost effective alternatives. Costs cannot be minimized by applying half the application or not applying at all. Costs can be minimized by using cost effective methods when carrying out the operations. A good yield coupled with low operating costs equal a big gross margin. ●

Table 1

Response	Plant Cane			Ratoon Cane		
	Pre-emerge	Post-emerge	Hand Weed	Pre-emerge	Post-emerge	Hand Weed
Tons cane/ha	13	3.5	0	4	1	0
Rand Value*	R4067.25	R1095.03		R1251.46	R312.87	

* Difference in Rand value from hand weeding. Assume RV 11% @R2844.23/ton RV

Table 2

Treatment	Weed Spectrum *	Cost/ha/week	Length of Control (weeks)
Treatment 1	BL, G, YWG	R46	12
Treatment 2	BL, G, YWG	R45	6

BL—Broad leaf; G—Tufted grasses; YWG—Yellow Water Grass

Sugar Growers United in View

By DB Wayne—Executive Director

The World Association of Beet and Cane Growers (WABCG) held its 32nd Council Session and Executive Board meetings in Dar-es-Salaam, Tanzania from 27—29 June 2011. The representatives of CANEGROWERS, a founding member of the WABCG, played an active role in the Council sessions and meetings, chairing some of the sessions and presenting three papers to delegates. The programme focused in the main on the factors that influence the operations and structure of the African sugar industries. Copies of all the papers presented over the sessions are available on the WABCG website www.wabcg.org. Some of the matters highlighted by the presentations include:

- Climate change is a reality. While there are many views on the causes of climate change and global warming, the fact is that almost without fail, all the sugar industries in beet and cane growing regions have been impacted by adverse weather conditions during the past few years. These include drought, floods, cyclones, earthquakes, extreme cold conditions and severe storms. Farmers cannot ignore the consequences of the vagaries of the changing weather patterns and, as far as possible, must plan their farming operations appropriately.
- Food security is a concern of governments worldwide. Huge potential opportunity and challenges are present for the agriculturally-based industries to provide food for the world's increasing population. African countries can play a significant role in this regard.
- For the foreseeable future, global demand for sugar should exceed supply. While the current sugar deficit in the European Union (EU) is a managed deficit, a view was expressed that the sugar deficit in the Middle East was on the increase, presenting further market opportunity for African-based sugar industries.
- Regarding the circumstances in Brazil, the world's major sugar and ethanol producer, a view was expressed that the current strength of the Brazilian Real would maintain, at least for the near future, and that the cost of transporting sugar and ethanol from the areas of production to the ports was on the increase. This will influence supply conditions and the base of world sugar market prices.
- Investors are hugely influenced by a region's "investment climate" in determining where to focus their investment initiatives. African countries must take note of an investor's need for an "environment of certainty" in order to attract appropriate investment in their industries.

Price of Recoverable Value (RV) in Cane

JULY 2011 RV PRICE FOR 2011/12 SEASON

The Sugar Association has declared the July 2011 RV price for cane delivered in **June 2011**:

RV PRICE: R2 915.34 per ton of RV
"d" factor 0.376322

The price is based on a crop of **16 981 679** tons of cane which converts to **1 941 017** tons of sugar at a cane to sugar ratio of **8.75**. The average RV content is **12.05%**.

EXTENSION LEVY

The average regional levy (excl. VAT) payable by participating growers for Extension Services for cane delivered during the 2011/12 season is:

R0.75 per ton of cane

Briefly...

It is with sadness that we report the passing of Jackonia Mhlanga, a member of the Executive Committee and Board of Directors of CANEGROWERS.

Welcome...

With effect from 1 August 2011:

Musa Nyalungu has been appointed to the position of Regional Economic Advisor and **Emmanuel Mshego** as Grower Support Officer in the Mpumalanga region.

- Input cost pressures are increasingly being tackled by trying to introduce economies of scale through consolidation of small scale cane growing operations.
- The factors that influence the value of the energy output of bagasse/fibre is a matter under consideration in most sugar cane industries. While there is not a "one size fits all" solution, it is a matter that requires resolution to ensure the sustainability of growers, beet or cane respectively.

In conclusion, the prospects for the world sugar market appear favourable for the near future. The challenges faced by growers in the various industries have a common thread, although different in detail, which is to remain sustainable by receiving fair value for the products made from beet or cane in diversified sugar/energy industries. Meeting this key challenge remains foremost in the activities of CANEGROWERS. ●