

POSTER SUMMARY

SMALL SCALE GROWER PROJECTS IN THE SEZELA AREA

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The South African Cane Growers' Association (CANEGROWERS) undertakes an annual cost survey of SSGs which gathers production cost information for a sample of SSGs in each mill area. From the 2006/07 survey, it was discovered that the Sezela sample produced a higher average yield than samples taken from other areas, as well as the average yield for the Sezela mill area. In addition, the Sezela mill average SSG yield is above that of the overall dryland SSG average. This poster summary attempts to discover the reasons for these high yields.

Keywords: small scale growers, Sezela, yields, farming practices, costs, productivity, cost survey, contractor

Introduction

For the past 10 years, the small scale grower (SSG) contribution to total cane has been declining at a steady rate. Various factors could motivate this decline, one of them being the economic challenges faced by growers in terms of the recent rise in input costs. The Farmers Requisite Index (FRI), being the cost of goods and services necessary for sustaining farming operations, was compared with the cane price. The cane price fell below the FRI in 2003/04 with a 4.2% difference, which increased in 2008/09 to 16.2% - the highest experienced over the past 19 years. The impact this has on the SSG sector is a cause for concern. The annual SSG Cost Survey provides a way of understanding the financial impact experienced by SSGs. After conducting the 2006/07 survey, it was discovered that the Sezela sample produced a higher average yield than samples taken from other areas, as well as the average yield for the Sezela Mill Area. In addition, the Sezela Mill average SSG yield is above that of the overall dryland SSG average. It was decided that further investigation was necessary to determine the reasons for these high yields, which might uncover possible methods that can be adapted and implemented in other regions to increase SSG productivity.

Methodology

It was discovered that the SSG survey participants belonged to one of three projects established by Illovo and CANEGROWERS, namely the IFafa Mission Project, the Khula Project and the Gijima Project. These projects were established with the objective of alleviating poverty in various rural areas via the re-establishment of sugarcane. The stakeholders involved include Illovo Sugar Limited Sezela (ISLS), Sezela Cane Grower Association (SCGA), CANEGROWERS, the Department of Agriculture and Environmental Affairs (DAEA), Umthombo Agricultural Finance (UAF) operating under the SA Sugar

Association (SASA), and the European Union (EU). A brief description of these projects follows.

IFAFa Mission Project

IFAFa Mission was established in March 2005 with the aim of re-establishing 1200 hectares of cane land. However, grant funding for only 300 hectares was provided by the DAEA. The area was considered ideal for sugarcane production because of its soil type, climate and its close proximity to the Sezela mill. The SSGs are represented via the IFAFA Mission Cane Committee (IMCC), which structure is in turn affiliated to CANEGROWERS

Khula Project

The Khula Project included growers from the Zamani area and was sub-divided into two phases, where 70 and 150 hectares were re-established in 2005/06 and 2006/07, respectively. Grant funding was secured from the DAEA, which covered 70% of planting costs, the remainder being covered by the growers themselves.

Gijima Project

The EU provided 68% of the funds required for re-establishing 460 hectares of cane to Land Economic Development (LED), later renamed the Gijima Project. Planting commenced in 2007/08 and was completed in 2008/09. The farmers are organised into the Sizanayo Development Committee which includes members of SCGA, CANEGROWERS, UAF and ISLS, who meet on a monthly basis to discuss progress and resolve problems associated with the project.

The Results

SSG operating costs based on the 2006/07 cost survey were reviewed under the various projects. The financial benefits derived by the IFAFA Mission are clear, as the sample growers are spending only R113.10/ton on cane farming operations. Also, the yields/hectare produced in 2007/08 were the highest achieved over the past 11 years, indicating improved productivity. The Khula and Gijima projects are spending R151.47/ton and R150.13/ton, respectively. Khula has shown a stabilising trend in yields/hectare from 2005/06 to 2007/08, during which administration problems were experienced. This resulted in poor cane production in phase one, with harvesting only taking place in phase two. The true benefits of the project were only apparent in 2008/09 after these problems were resolved and both phases harvested.

The success of the abovementioned projects can be attributed to the active roles played by the various stakeholders, dedicated to providing services and/or financial aid to SSGs. Some of these services take the form of the following agreements made between the stakeholders, SSGs and local contractors:

- The Planting Retention Agreement
- The Ratoon Management Agreement
- The Crop Removal Agreement.

The Planting Retention and Ratoon Management Agreements

These two agreements permit UAF to allocate a small portion (30%) of the SSG cane income to a debit account for the purpose of future re-establishment of their farms, as well as for

ratooning operations (R117/ton cane). Ratooning is performed mainly by ISLS, or local contractors. To ensure quality control of these services, payment is made to contractors only after permission is given to UAF via the Sizanayo SSG Finance and Development Committee (SSGF&DC) to release monies owing. This committee is represented by millers, growers, and SASA (UAF), and meets on a monthly basis to discuss cane supply, development and financial issues related to SSGs.

The Crop Removal Committee

Contractors have unified themselves under the Zenzele Contractors Association (ZCA), which has led to good interrelations among fellow contractors, and discussing and resolving contractor issues. This has also given rise to the Crop Removal Agreement initiative created by ISLS and CANEGROWERS in 2006/07. This stipulates that contractors should combine harvesting efforts to ensure optimum completion of services rendered to SSGs. Ongoing meetings held between contractors and SSGs facilitated by ISLS and CANEGROWERS has secured its success and is reflected in the improved yield performance in the 2007/08 season.

ISLS also gives the following support measures to local SSG contractors:

- Financing is provided to contractors for the servicing of machinery during the off-season based on the estimated tonnage each contractor will harvest for the season. Repayments are made by the contractor through a cession.
- Illovo gives SSG contractors first priority to buy any of their tractors when they are being replaced.

Conclusions

There are various key factors that have contributed to the increased yields of Sezela SSGs:

- The co-ordinated efforts of the various stakeholders to ensure SSG sustainability.
- The successful implementation of the projects established by ISLS and SCGA.
- Fair and equal representation of SSGs and contractors at relevant meetings.
- The use of Retention Savings by the growers through UAF under SASA.
- The role played by the SSGF&DC.

A full paper is to follow in which various growers and contractors from the Sezela area will be interviewed with regard to their farming practices, and the benefits of the Gijima project will be revealed.