

PULA INVULA

Agriculture holds the key to food security

AS FARMERS WHO ARE WORKING TO PRODUCE FOOD FOR THE NATION, IT IS IMPORTANT THAT WE UNDERSTAND THE ISSUES SURROUNDING THE CONCEPT OF FOOD SECURITY AS IT COULD EVEN INFLUENCE DECISIONS WE MAKE FOR OUR BUSINESS TODAY.

We need to understand the seriousness of the problem and to take our responsibility to produce high quality food to every operation we undertake in the production process. We can be encouraged by the high level of importance the issue has in the eyes of our politicians because this should mean that we have excellent bargaining power to get government's utmost support for farmers who are doing the job well!

At the recent Grain SA Congress, Deputy Minister of Science and Technology, Derek Hanekom, said "The year 2012 will be one of action in agriculture, with an increased focus on food production!" Mr Hanekom focused on issues of food security, hunger and land reform. A matter deeply concern-

ing him is that although South Africa presently has food security, many households live in food insecurity experiencing hunger on a daily basis. Statistics report that one third of the inhabitants of sub-Saharan Africa are chronically hungry – the highest percentage in the world!

What is food security?

Food security is defined as physical, social and economic access to sufficient, safe and nutritious food by all South Africans at all times to meet their needs for an active and healthy life. Mr Hanekom emphasised the three pillars used by the FAO to define food security:

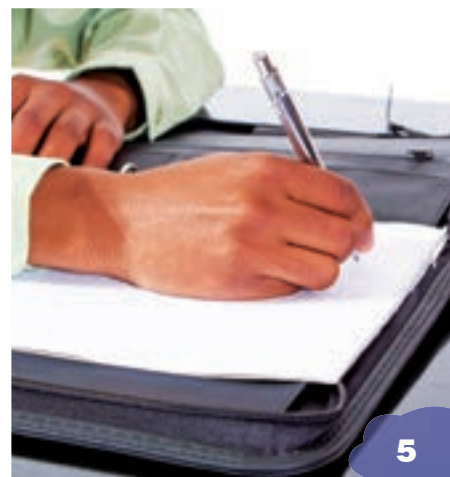
• Availability

To ensure that enough food is available to all now and in the future. Food availability implies a steady reliable supply of food at national and household level. It is affected by the production capabilities of the agricultural sector and market conditions.

Grain SA magazine for
developing producers

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Mme Jane says...

The whole question of household, national and international food security has been in the news recently and people are concerned about the situation. There are some people who are ill because they are overweight from eating too much, while there are millions of people in the world who are starving.

I have been thinking about this and thinking that although we have one earth, we really have people living in two worlds. There are those who can afford to have food while there are others who cannot afford food – it is not that there is an actual shortage of food in the world. In total, there is enough food for everyone, it is just that some cannot afford it or access it.

I believe that if we are to make sure that everyone on earth has enough to eat, then each and every one of us will have to make some contribution to the food stocks. By this I mean that each and every person will have to make an attempt to produce food (at least for themselves) while the large commercial farmers will have to produce for those who simply have no access to land at all.

Now my question to you is – “Are you using all the land that you access to produce food?” I know that many people will say “I do not have a farm.” That is precisely where we are going wrong – start producing vegetables/fruit/grains/seeds where you are – even if it is in your tiny yard. All land can be productive and if we are going to feed the world, we are all going to have to make our contribution. There is a saying “The biggest mistake you can make is to do nothing because you can only do a little!”

Please start today; wherever you are to grow something – you will be rewarded and you will also be saving our earth from global warming because it is the plants that we grow that can assist us with this devastating disaster of global warming and CO₂ emissions.

Agriculture holds the key to food security

• Affordability and accessibility

To match incomes of people to prices so they can access food. The question of affordability and accessibility refers to the purchasing power of consumers and whether they can afford the food that is available.

• Nutrition and safety

To empower citizens to make optimal choices for nutritious and safe food. It is a basic human right to be able to access safe and nutritious food. This is one of the reasons farmers will have to pay attention to water quality, fertilisation and chemical use on food crops. One-fifth of our children are stunted in their developmental stages because of a lack of food and 20% never reach their full potential because of malnourishment. Our single biggest challenge is to eradicate hunger. Hanekom highlighted the value of feeding schemes and community food gardens suggesting that farmers find ways to impact their communities at this level so contributing to the “zero hunger” campaign.

Hanekom informed farmers that part of government’s proposal towards ensuring a sufficient supply of food to meet the needs of the population is to:

- Increase the number of hectares under irrigation, increasing both agricultural production and employment opportunities on farms.
- Improve the performance and efficiency of all land reform projects.
- Offer better support services to black farmers including more effective and accessible extension services.
- Embark on effective recapitalisation programmes.

Government recognises that farmers cannot survive in the face of unfair competition from highly subsidised farming operations and will have to seriously:

- Examine tariff regimes;
- Fight agricultural subsidies;
- Seek improved market access for our products; and
- Conclude technical co-operation agreements.

Hanekom paid tribute to grain farmers highlighting the indispensable role that producers play in contributing to job creation and food security, “Every grain producer in South

Africa provides food for over 6 000 people.”

He also complimented Grain SA’s Farmer Development team on their excellent training and support to black grain farmers. “I believe Grain SA is setting an example which is serving to raise the bar for how established agriculture can contribute to South Africa’s agrarian reform.”

The cost of food insecurity is higher than we think!

At household level food insecurity affects all levels of social and economic life. It leads to unreasonably high health and medical costs, high funeral expense, low energy levels and low labour productivity. Food insecurity often affects the most vulnerable members of the family like the aged, women and children. Educational development is slowed and stunting in the growth process is common.

At national level there are also consequences as there are the costs of social grants, raised levels of crime and higher policing requirements.

The role of agriculture

An international report by the Food and Agricultural Union indicates that agriculture holds the key to food security. A healthy agriculture sector contributes to poverty alleviation by reducing food prices, creates employment, improves farm income and increases wages. Making agriculture work must be the central focus of policy approaches to food security!

DID YOU KNOW?

- 25 000 men, women and children have died today of hunger, malnutrition and related diseases. That’s the equivalent of 60 fully-loaded jumbo jets crashing into the ground.
- There are one billion hungry people worldwide. The effects are heartbreaking. Solutions are needed now to feed future generations.
- A hungry person is weak, tired and unable to concentrate, study or work.
- Hunger leads to illness. The body starts to feed on itself, eventually leading to starvation and death.

JENNY MATHEWS, CHAIRMAN OF THE GRAIN SA FARMER DEVELOPMENT PROGRAMME

Maintaining sustainable production – our proposal to Derek Hanekom

AT GRAIN SA'S CONGRESS HELD IN MARCH I WAS PRIVILEGED TO ADDRESS OUR DEPUTY MINISTER FOR SCIENCE AND TECHNOLOGY, MR DEREK HANEKOM: "MY NAME IS JENNY MATHEWS AND I AM A FARMER FROM SANNIESHOF. I HAVE BEEN ON THE GRAIN SA EXECUTIVE SINCE 2005 AND I AM ALSO THE CHAIRPERSON OF THE GRAIN SA FARMER DEVELOPMENT PROGRAM."

There is an unfortunate general perception that farmers are always negative and uncooperative particularly with regard to land reform and transformation issues. I would like to challenge that misperception today because this is simply not true and at the same time I want to offer Grain SA's services to the government.

As a result of a Grain SA Steering Committee decision to assist new farmers, our Grain Farmer Development Program was implemented in 2000. Since then we have, through funding from the Maize Trust and other grain trusts, already spent R88 million on training and developing new black farmers.

We have ± 3 600 black farmers in our study groups and 58 black farmers in our 250 Ton club. Our advance farmer program consists of 120 farmers currently being serviced with mentoring and on-farm support by our provincial managers. We believe in developing, capacitated, sustainable, black commercial farmers.

In a significant partnership this year we have been the service provider for the Department of Rural Development and Land Reform for 16 farmers in the Free State and we have assisted them with R36 million of recapitalisation funding.

- Each farmer has been consulted with extensively and was involved in all decision making;
- Every farmer knows exactly where the money has been spent;
- Each farm has been set on a path of recapitalisation according to its unique potential; and
- Every cent can be accounted for!

We have a team of 18 dedicated staff members in our eight regional offices, as well as 25 people assisting us on a contract basis, who are more than willing to assist Government in ensuring the successful establishment of new black grain farmers.

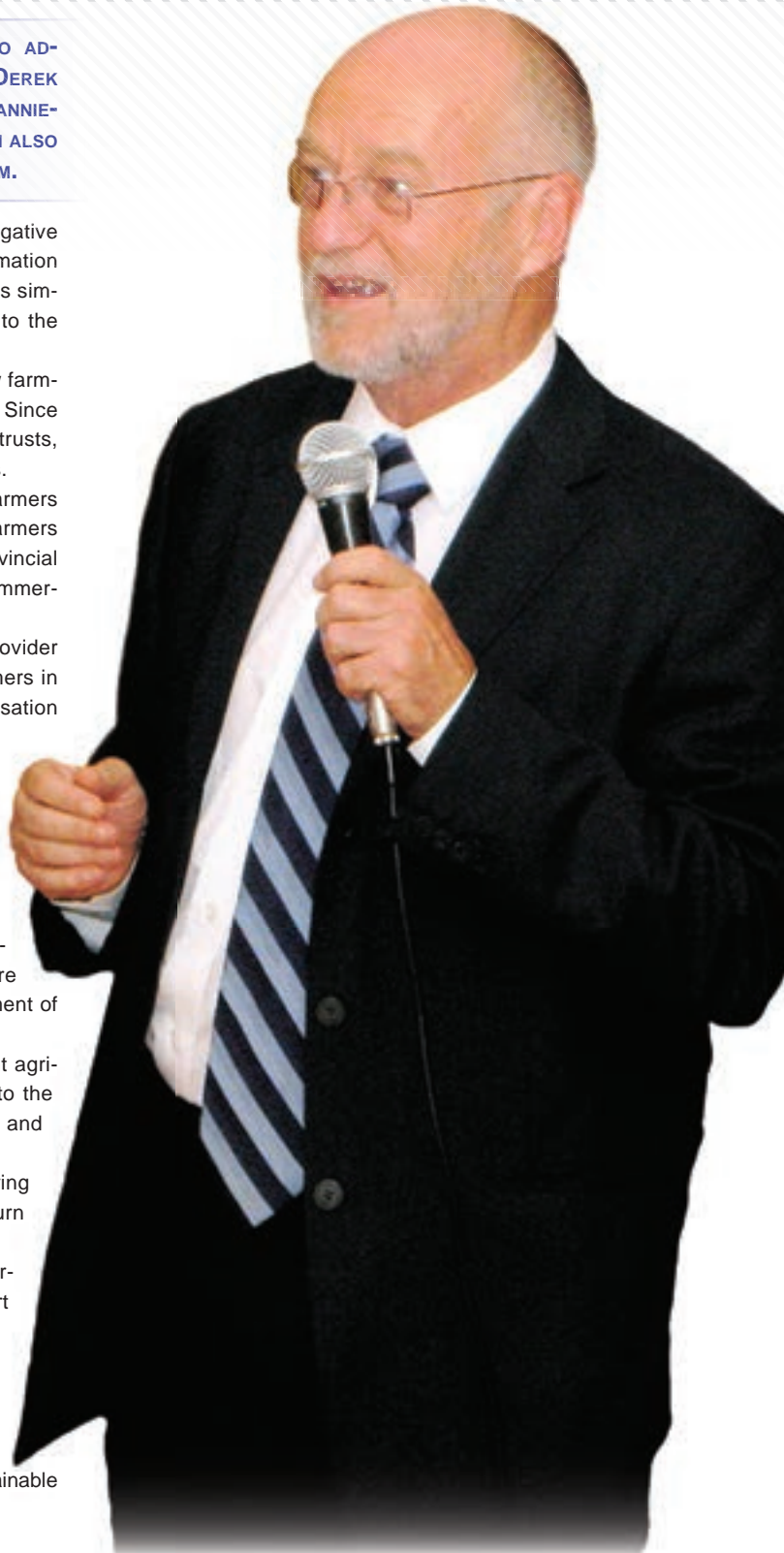
The bottom line: Grain SA has a highly skilled team of development agriculturalists strategically positioned to make a meaningful contribution to the future of this country. A team which is relevant, reasonable, respected and reliable!

To this end we sincerely request of you to carry this proposal declaring that we would like to form a partnership with Government in order to turn the 90% failure into a 90% success story.

- Thus far we have submitted a detailed proposal regarding this partnership to the Department of Rural Development and Land Reform as part of the engagement regarding the Green Paper on land reform.
- We have also submitted the same to Department of Agriculture Forestry Fisheries and the National Agricultural Marketing Council.

I would like to hand over to you this proposal from Grain SA in your capacity as the Chairperson of the Food Security Working Group of the ANC. We are firmly of the belief that this proposal will enable us to maintain sustainable production whilst land reform is implemented."

JENNY MATHEWS, CHAIRMAN OF THE
GRAIN SA FARMER DEVELOPMENT PROGRAMME



Deputy Minister for Science and Technology, Mr. Derek Hanekom.

Snakes are important to the ecosystem



Mole Snake - Photo taken by: M.B. Paehler.

IT SEEMS TO ME THAT IT HAS BECOME COMMON BEHAVIOUR TO WANT TO KILL A SNAKE WHENEVER WE SEE ONE EVEN OUT AND ABOUT ON OUR FARMS. IT IS AS IF THERE IS AN IMBEDDED FEAR FOR SNAKES BUILT INTO OUR PSYCHES. UNDERSTANDABLY SOME PEOPLE SUFFER FROM PHOBIAS, BUT HOW MANY OF US EVER PAUSE TO CONSIDER THE CONSEQUENCES OF OUR ACTIONS BEFORE WE PICK UP THE SHOVEL? HAVE YOU EVER WONDERED WHAT EFFECT THE REMOVAL OF THESE REPTILES COULD HAVE ON OUR FARMING OPERATIONS?

This article is intended for farmers who must think about the value of snakes within a cropping and grazing land context and not in the context of a home or back garden environment. In fact, if you find a snake in your home or on your yard which you believe is poisonous, please don't take any risks and rather exterminate the snake if it is a threat to your family. However if you know it is a harmless snake for example a mole snake, a brown house snake or a red-lipped herald rather capture, remove and relocate it to a safe distance from yours and other home-steads. This is approximately 5 km to 7 km away. If you are a farmer you should make the effort to familiarise yourself with the species of snakes which are common to your area.

Far too many farmers suffer huge crop losses due to increased rodent populations, especially in the seeding and germination periods of the season. Why is this situation such a big problem? It has a simple answer: There are too few predators around nowadays.

How do we combat this problem? This question has another simple answer: Stop killing predators unnecessarily. We all need to know the benefits of predatory reptiles:

- They keep rodent numbers down.
- They keep soil oxygenated and porous.
- They maintain a balanced ecosystem on your farm.
- They allow for increased biodiversity.

If we keep on killing reptiles, especially snakes, at the rate that we are,

then we are going to be dealing with far greater problems than damaged crops. The loss of snakes or even a single snake species may result in an entire shake-up and derailing of the ecosystem which will cause even more problems and imbalance, much like a domino effect. This phenomenon is often referred to as a 'trophic cascade'. This is the kind of "cascade" which we want to avoid at all cost. An example of this imbalance is found in sub-Saharan Africa with the disappearance and decline of lion and leopard numbers. This has led to an outbreak of baboons which has led to increased conflict between baboons and humans as the baboons' raid crops and spread diseases.

All snakes are predators. They eat other snakes, many small mammals, rodents, birds, fish and reptiles such as lizards. They also eat eggs, insects and snails. The diet of a snake acts as a natural form of pest control and reduces the need for pesticides and poisons which negatively impact eco-systems. In fact in Vietnam biologists are re-introducing snakes in and around villages as a means of protecting the grain from the growing rodent populations. The reduction in rodent populations also reduces the spread of disease commonly carried by rodents.

On the other side of the coin there are numerous animals and birds which need snake in their diet. These predators depend on the presence of snakes for their survival, so the removal of snakes from ecosystems that include the predators of snakes will have a knock-on negative impact. Raptors like the Black-chested snake eagle, falcons and owls as well as mongoose and meerkat all prey on snakes. Even when a snake dies, the carcass is decomposed by bacteria, worms and fungi. Through this process nutrients are put back into the soils which are then taken up by grasses and other plant life. Each living element within an ecosystem is dependent on every other element!

Clearly, the presence of snakes is important to the health of the ecosystems. Farmers, please think before you kill our valuable reptiles.

GAVIN MATHEWS, BACHELOR ENVIRONMENTAL MANAGEMENT, UKZN

Winter cereals

Mentorship

— what it is and what it is not

THE AMERICAN POET RUTH WHITMAN ONCE SAID THAT IN EVERY ART, BEGINNERS MUST START WITH MODELS OF THOSE WHO HAVE PRACTICED THE SAME ART BEFORE THEM. AND IT IS NOT ONLY A MATTER OF LOOKING AT THE DRAWINGS, PAINTINGS, MUSICAL COMPOSITIONS AND POEMS THAT HAVE BEEN AND ARE BEING CREATED; IT IS A MATTER OF BEING DRAWN INTO THE INDIVIDUAL WORK OF ART, OF REALISING THAT IT HAS BEEN MADE BY A REAL HUMAN BEING AND TRYING TO DISCOVER THE SECRET OF ITS CREATION.

It is much the same with mentorship in the farming world where newcomers to the business of agriculture should carefully look at and study and learn from other successful farmers in similar farming operations where the more experienced farmer has already had experience and success. Once the new farmer learns the “secrets” and wisdom from the experienced farmer, he becomes better equipped to be a better farmer! Of course, the key is that the older and more experienced farmer needs to be willing to become a guide, a coach, a teacher and a friend who will open the eyes of the new farmer to the world of agriculture and business.

Mentorship is built on a supportive foundation where a healthy mutually respectful relationship is established between two individuals. Knowledge, skills and experience are shared where a new entrant to farming is actively seeking guidance and help which will enable him to become a better farmer.

The mentor will be someone who already has insights and experience and who is willing to impart knowledge which will empower the mentee.

Mentorship is always based on mutual respect. The relationship will be characterised by elements of trust as well as kindness.

What makes one a suitable mentor?

Such a person would be confident in his own knowledge so that he is able to guide or teach someone through a learning process. He or she will:

- Have a good knowledge of farming both in the field and how farming works as a business operation.
- Have a passion for helping others and seeing them grow.
- Would be willing to share their skills and experience with another.
- Would exhibit strong interpersonal skills and have the ability to communicate clearly.
- Will have the ability to build a relationship of trust with the mentee. Mentees need to feel safe in order to reveal their areas of weakness and to open themselves up to new learning.
- Will have a good dose of patience!

What is expected of a mentor?

- Share knowledge and skills which will empower the young farmer.
- Set clear targets and expect specified jobs or tasks to be completed.
- Offer challenges which give opportunity for growth.
- Help build self confidence and encourage professionalism in all areas of farming.
- Confront and address areas of weakness, slackness or negative attitudes.
- Offer encouragement and help create a positive attitude to farming as a career.

Mentorship – what it is and what it is not

The best mentors are those with so much enthusiasm for their own farming operations that they inspire others to want to do what they are doing!

What are the pitfalls for a mentor?

As with most situations there can be two sides to any experience and although a positive attitude on the part of the mentor will usually set a good tone for a working relationship there are pitfalls to look out for.

- A lack of commitment on the part of the new farmer being mentored.
- The expectation that they can sit back and watch you without getting their hands dirty.
- Sometimes there is a mismatch between your skills as a farmer and what the young farmer is interested in learning.
- A personality so different from yours that you feel you are struggling to find their enthusiasm or even find yourself in conflict with the mentee which creates a situation where you feel so drained that you find it hard to be constructive and productive in the mentoring relationship.

Although you should not be permanently discouraged from trying to contribute towards the growth of others, should you feel uncomfortable with the mentoring relationship you should end it as amicably as possible and refer the young farmer to someone else who may be a better match for them.

What are the characteristics of a mentee?

A mentee is someone seeking guidance in developing specific competencies and skills from someone who has experience and is a role model in the field. In this relationship the mentee:

- Will have plenty of opportunity to watch how things should be done – look and learn style.
- Will have the freedom to ask questions and share concerns.
- Should be able to develop himself as a farmer within a safe relationship and a hands-on learning environment.
- Should become more self-confident and competent as he integrates his early learning about farming into the best practice methods he learns from his mentor.
- Agricultural college students get the opportunity to see the information acquired in the classroom and in books become physical reality out in the fields or in the farmer's office.

What skills should a mentee have?

Every mentee has to appreciate the opportunity of having a mentor and must take full advantage of the mentoring relationship. Two of the most important skills a mentee should develop are the ability to ask questions and the art of listening and learning! A major part of learning is asking the right question which will bring new information and understanding. Learning how to listen carefully from the outset will create confidence and make the mentee feel more secure in the tasks he has to do.

What are a mentee's responsibilities?

- Have a clear understanding of your expectations from your mentor and the relationship.
- Clearly communicate expectations and hopes regarding what you hope to learn during the mentoring relationship.
- Be flexible and willing to change plans if it becomes necessary.
- Have your own plan with milestones and goals.
- Be prepared for the ending of the mentoring relationship by developing an exit strategy with your mentor.
- Be willing to communicate your wishes and specific interests to your mentor.
- Be willing to work hard, to plan and prepare yourself and decide to be proactive about your learning opportunity!

Grain SA and mentoring

Grain SA has been in the business of training new farmers for nearly ten years. We have found that there have been wonderful results where new landowners and young farmers have been exposed to our field services and they have listened and learned from our experts about best practise farming methods. There are many astonishing testimonies of perseverance and success from men and women who have had their hearts set on farming as a career and who despite many difficulties have made the most of our study groups, training courses and field services and gone back to their fields and put what they have learned into practice.

This past season was very exciting because we were able to access grants from the Department of Rural development and Land Reform for a group of farmers in the Free State. Each of these 16 farmers had a relationship with a mentor who has farming experience and who cares about the success of land reform. This team of mentors have taken great pleasure in working closely with the farmers in the planning and development of their commercial farming enterprise.

All decisions regarding the expenditure of the recapitalisation grants were made as a team and the individual farmer's passion and interests were a very important part of the development that took place on their farm. Tributes must be paid to both the mentors and mentees who participated in this process for the wonderful working relationships and the lasting friendships that have emerged through this process. It is our sincere hope that we will have further opportunity to take hands with more new farmers in other regions where grain farming needs to be developed to guarantee a future of food security for the citizens of our beautiful country.

**JENNY MATHEWS, CHAIRMAN OF THE
GRAIN SA FARMER DEVELOPMENT PROGRAMME**

We make a living by what we get; we make a life by what we give.
Winston Churchill

Focus on the proper use of land

AS A RESULT OF OUR VERY SAD AND DIVIDED PAST, WE HAVE DEVELOPED AN OBSESSION ABOUT LAND AND LAND OWNERSHIP. I WAS RECENTLY PRIVILEGED TO BE INVITED TO AN HSRC CONGRESS IN CAPE TOWN WHERE THE THEME OF THE DAY WAS “CAN ACCESS TO LAND IMPACT ON THE LIVES OF THE RURAL POOR?”

However, as the day progressed, I became more and more saddened by the attitude and approach of all the “academics” in the room. Their focus is on the land and not on the use of land. It would actually seem that they have absolutely no interest in the use of land.

If you think about land without emotion – you cannot eat land, it does not pay schools fees, you cannot drive it from one destination to another, you cannot wear it! In fact all that you can do on land is stand on it – unless of course, you put the land to use. In other words, land is useless unless you are going to farm it and in so doing, make it productive.

There has been a considerable amount of land reform in South Africa since 1994. Not all has been successful, but I also do not think that all has failed. However, if we want to see agrarian reform, I believe that our focus should be on making the land productive. The successes that are cited are all those where the land is being used for productive farming – the failures are those where the beneficiaries had unrealistic expectations of how the land would change their lives. So many people who got land were groups of people who have done nothing but fight since they acquired the land – they could have fought without the land too!

How does farm land become productive?

The simple answer is – through hard work! For land to be put to good productive use, there are a number of matters that have to be considered:

- The farmer has to be committed, preferably living on the land, have hunger for knowledge and the will to work really hard.
- The farmer needs secure land tenure which does not necessarily mean ownership. You can hire land, or have a PTO on communal land.
- The land has to be suited to the type of farming planned for that area. It is essential to understand the potential of soil. Not just any crop can be produced on any piece of land.
- Money plays a critical part in farming. Everything costs money, from the land itself, mechanisation, production inputs, labour, insurance etc. Another critical factor is the timing of the money – there are certain critical times that things have to take place on the farm and if the money is not available at this time, you should rather do nothing than do it too late.
- Mechanisation is important if the farming is larger than 1 - 2 hectare and this mechanisation involves tractors and implements. It is difficult to do the right thing if you do not have the right tools.
- Labour is critical when the farm is too large for the farmer to manage on his own. Farming is not an 8 - 5 job and we often hear that farm workers are treated badly and that they work difficult hours. That is the nature of farming. The farmer has to be available every day of the year as the crops and livestock do not have “holidays”!
- Access to good quality inputs is vital. You must have diesel for the



Focus on the proper use of land

tractors to work, seed, fertiliser, chemicals etc. The better the quality of the inputs you use, the better the likelihood of a good harvest.

- There must be a market for the product and this must be coupled to a “good” price. Farming is a business like any other and you have to make profits if you are to stay in farming.
- It is important that the farmer should have a support structure. People who can help, assist and advise. Farming is costly and it is better to take advice and be cautious rather than to make expensive mistakes.

Those who travel extensively in South Africa will know that there is a lot of “unused” land, or “badly used” land. At this very same HSRC congress, one person said that they have never seen “unused” land in the former homelands. Unfortunately this person was simply showing his ignorance. There is a very clear difference between “unused” land and fallow land. Fallow land is part of a production programme and the land that is lying fallow will be clean of weeds and not grazed by animals. This land is being rested to accumulate moisture in the soil. Unused land is usually covered with weeds and often being grazed. It is not even possible to see which crop was produced on that land previously.

There are a number of reasons why land in the former homelands is not all being used:

- A lack of interest in the land for farming purposes (the PTO has been handed down in the family and the current owner might not know how

to use it, or work elsewhere, or be too old or ill to work).

- A lack of mechanisation – this is common in the North West where the tractors are old and many are broken (due to various factors).
- Improper production practices which have left the land compacted and infertile.
- A low pH (particularly where the rainfall is high) which prevents the farmer from getting a crop unless he applies lime which is expensive.
- Lack of money to buy production inputs.
- No access to good production inputs.
- Lack of knowledge and skills needed for farming.
- No fences – so livestock graze the crops.

In our farmer development programme, we are focusing on the use of land. We believe that all arable land should be put to good use so that we can have an impact on household and national food security. It does not matter how large the land is – we can help you to know how to use your land optimally.

Let us take the pressure off land ownership for a while and focus on the proper use of land – this will take us a long way towards food security and job creation.

JANE MCPHERSON, PROGRAMME MANAGER OF THE GRAIN SA PRODUCER DEVELOPMENT PROGRAMME



This special feature is made possible by the contribution of the Winter Cereals Trust.

“Stooking” your maize for winter feed

IN YEARS GONE BY, ONE OF THE MANY ACTIVITIES WHICH FARMERS BUSIED THEMSELVES WITH AS PART OF THEIR ANNUAL PREPARATION FOR THE COMING WINTER SEASON WAS THE MAIZE SHOCKING PROCESS. THE MAIZE WHICH WAS SHOCKED FORMED A VERY IMPORTANT PART OF THE WINTER FEED RATION FOR THE FARM ANIMALS.

In South Africa, the farmers talk of “stooking” the maize for winter feed. This was a common practise and only started to decline with the arrival of the huge combine machines as the stooking process is very labour intensive. However, not all farmers have these huge machines and this practise could seriously be considered even today as it is a process ideally suited to the small scale farmer looking for excellent winter fodder. It effectively stores high nutritional values in the maize plant.

What is a maize shock?

Maize planting takes place normally. When the maize plant leaves are still lush and green and the cobs have reached a hard dough stage with the kernels fully dented, one starts cutting off the stalks with a sickle or a panga as low to the ground as possible.

The best stooks are made from tall, strong, healthy maize plants. Some farmers put a central pole and stack the maize up against the pole at an angle but this is practical where only a few stooks are made. Otherwise, lean the plants against each other in a circle to form a cone shape. A nylon string or a wire noose should be tied around the circular stook to hold it together and prevent the whole structure from falling over. About 150 to 200

maize plants would form one conical stook. This stook if properly formed should be fairly weather proof and it stays on the land until it is processed.

Processing, either...or

- After 3 - 4 weeks the stooked maize plants should have dried out enough to be able to be milled with a hammer mill. Most farmers mill the entire plant with the cobs and so create an instant, balanced ration for their livestock.
- Alternatively, this practise could also be useful for the smallholder who harvests the corn cobs off the stooked maize for household food consumption. The cobs can be thrashed separately and then the remaining stalks can still be put through the hammer mill. The green maize plants still have a higher feeding value than regular dried stover.

Why would one stook mealies?

- To preserve the nutritional value locked in the green plant. The plant does not die off but rather it dries off.
- There are no losses as the entire plant is retained – there is no loss of leaves through the harvesting process.
- The higher protein value in the green plant results in an almost perfectly balanced ration once the entire plant is milled up. It has energy and protein from the grain as well as the green plant and the milled *stronke* and stalks supply the roughage.

**JENNY MATHEWS, CHAIRMAN OF THE
GRAIN SA FARMER DEVELOPMENT PROGRAMME**



The best “stookes” are made from tall, strong healthy maize plants.

Easy steps to proper

FINANCIAL MANAGEMENT BEGINS WITH OBTAINING A SOURCE DOCUMENT FOR EACH AND EVERY TRANSACTION OF YOUR BUSINESS. IT IS ALSO IMPORTANT TO KEEP (FILE) THESE DOCUMENTS AS REQUIRED BY LEGISLATION.

Today's farmer should be thoroughly familiar with the numerous management functions, regardless of the size of the farm business. Although all these functions are important, it is the financial management of the farm business that brings everything together. Defining and monitoring farming activities in financial terms will give the farmer an overview of the entire farm business, which in turn will result in better informed business decisions.

Financial management is not only the link between all aspects of the farm business, but also "oils the wheels" that allow the business to function more effectively. Without capital to meet the short-, medium- and long term needs of the business everything will grind to a halt.

Financial management can therefore be defined as an activity that takes care of all the financial aspects of the farm business. Financial management consists of the following four main activities:

1. Financial record keeping and compiling of the necessary financial statements to determine the financial result (profit/loss) through an income statement, to determine the financial position (ratio of assets related to liabilities) through a balance sheet and to determine the cash-flow position via a cash-flow statement. The above is referred to as financial information.

As all other management tasks, discussed in previous articles, financial

management need to be managed properly by proper planning, organising, implementing and control. To be able to manage properly financial records are necessary.

A proper farm record-keeping system should make provision for the following:

- Inventory.
- Depreciation schedules.
- Recording and processing of source documents according to accounting principles.
- Financial statements.
- Record of produce used on a farm.
- Labour records.
- Machinery records.
- Physical production records.

2. Financial analysis and planning. To determine the progress of your business (analysis), the financial information provides a factual and measurable basis of comparison with:

- Previous years;
- Set objectives, and
- The performance of other comparable activities, such as other farms or research results.

If and when available the historical financial information will always serve as a basis for future planning (so-called budgets which indicate future financial information) and decision-making.

financial management

3. Investment decisions. To improve and/or expand your business you need to decide which actions will be the most favourable – should I buy a bigger tractor, should I expand my existing enterprises or should I include a new enterprise.

4. Finance decisions. When you have taken a decision/s on improving and/or expanding your business, you need to decide how you will finance your future plans. Will you be using your own funds (profits) or will you borrow money?

Fully realising that the aforementioned may be seen as theoretical jargon, the question may be asked “But where do I begin with financial management?”

Practically the first step to proper financial management is to obtain and keep all so-called source documents for all actions related to your business where money is involved (directly or indirectly). In all instances a source document will be a piece of paper, such as:

- Bank statements, bank and deposit slips;
- Purchase invoices (including till slips, cash slips, petrol slips);
- Sales invoices and delivery documents;
- Credit notes and debit notes;
- Tendered cheques and cheque stubs;
- Documentary proof of all electronic transactions;
- Pay slips; and
- Records of products used on the farm.

The name source documents are derived from the fact that these documents are the basis or first or starting point or origin of financial management. Without these documents it is totally impossible to manage the finances of your business properly.

To be realistic, many transactions occur informally on the farm for cash and formal source documents are then not available – the selling of vegetables/fruit/green mealies/livestock/chickens directly to customers. To be

able to manage your finances properly you should then create your own source documents. It is quite simple to do – use a simple script and record all transactions or use invoice books available from stationery dealers.

As part of the process of obtaining all these source documents you must also keep these documents in some way or the other in a filing system. As a matter of fact you are obliged by legislation of SARS (South African Revenue Services) to keep these documents on a yearly basis for at least five years. Our Labour Laws also requires you to keep all labour records – pay slips, leave records and so forth for a period of three years.

Filing should be attended to regularly. Many times time is lost searching for documents. Remember time is valuable.

A simple and easy index system whereby files are classified is a necessity. All documents should be filed in date order for the purposes of financial management. It is highly recommend that all documents be marked/numbered in such a way that they are easy traceable and can be re-filed correctly and easily again.

Remember these documents also serve as legal documents for instance as proof of ownership, when you wish to return goods purchased, proof of payment and so forth. In terms of tax you can only claim VAT if you have the relevant documents available. Also with reference to income tax you may only claim a cost as a deduction if you have the relevant source documents available. Thus, obtain these pieces of paper and keep them properly.

Also remember at some point in time you would like to determine the profitability of your business: $I - E = P/L$ (Income minus Expenditures = Profit or Loss). This can only be calculated timely, correctly and accurately if you have all the relevant source documents.

INFORMATION ADAPTED FROM THE BUSINESS ETHICS COURSE BY MARIUS GREYLING



This publication is made possible by the contribution of the Maize Trust.

GRAIN SA

PO Box 88, Bothaville, 9660
 ▶ (056) 515-2145 ◀
www.grainsa.co.za

PROGRAMME MANAGER

Jane McPherson
 ▶ 082 854 7171 ◀

MANAGER: TRAINING & DEVELOPMENT

Willie Kotzé
 ▶ 082 535 5250 ◀

SPECIALIST: FIELD SERVICES

Danie van den Berg
 ▶ 071 675 5497 ◀

DISTRIBUTION: PULA-IMVULA

Debbie Boshoff
 ▶ (056) 515-0947 ◀

PROVINCIAL CO-ORDINATORS

Daan Bosman
 Mpumalanga (Bronkhorstspuit)
 ▶ 082 579 1124 ◀

Johan Kriel
 Free State (Ladybrand)
 ▶ 079 497 4294 ◀

Jerry Mithombothi
 Mpumalanga (Nelspruit)
 ▶ 084 604 0549 ◀

Lawrence Luthango
 Eastern Cape (Mthatha)
 ▶ 083 389 7308 ◀

Jurie Mentz
 KwaZulu-Natal and Mpumalanga
 ▶ 082 354 5749 ◀

Ian Househam
 Eastern Cape (Kokstad)
 ▶ 078 791 1004 ◀

Naas Gouws
 Mpumalanga (Belfast)
 ▶ 072 726 7219 ◀

Toit Wessels
 Western Cape (Paarl)
 ▶ 082 658 6552 ◀

DESIGN, LAYOUT AND PRINTING

Infoworks
 ▶ (018) 468-2716 ◀
www.infoworks.biz



PULA IMVULA IS AVAILABLE IN THE FOLLOWING LANGUAGES:

English,

Afrikaans, Tswana, Sesotho,
 Sesotho sa Leboa, Zulu and Xhosa.

Managing farm credit

IT IS WITHOUT DOUBT BEST PRACTICE FOR A FARMER TO BUY INPUTS SUCH AS SEED, FERTILISER, SPRAYS AND FUEL FOR CASH. THIS WILL ALWAYS BE THE IDEAL. HOWEVER IF THE FARMER DOES NOT HAVE ENOUGH CASH AVAILABLE THERE ARE PRODUCTION LOANS AVAILABLE FROM AGRIBUSINESSES, BANKING INSTITUTIONS OR GOVERNMENT AGENCIES. THE INCURRED LOANS MUST ALWAYS BE repaid AT THE END OF THE PRODUCTION SEASON ALONG WITH THE INTEREST WHICH IS ESSENTIALLY THE PRICE YOU PAY TO THE LENDER FOR LOANING YOU THE MONEY.

Once the harvest is gathered in and it has been marketed:

1. The farmer must firstly repay all the loans he has taken out. In this way a reputation of credit worthiness is built up so that money lenders feel more positive about giving out future loans.
2. Secondly, a farmer should consider the amount of money remaining after loan repayments have been made. Is there a profit or a loss? If there is a profit the farmer must

pay himself – one doesn't work for nothing. Taking wages for the work done ensures there is money for everyday living expenses. 3. Finally the remaining money should be set aside and saved. This could be used to pay for the next seasons inputs in cash or to buy new implements or even buy in animals for the farming business.

Never underestimate the importance of repaying loans. Failure to keep up with repayments of debt can force you to declare bankruptcy and severely affect your credit rating and any hope of acquiring further production loans.

Minister in the Presidency, Trevor Manuel has said that South Africa is a nation of highly indebted families. The debt trap becomes a "death trap" because "We spend money we don't have, on things we don't need because we are trying to keep up with the Kunenes."

Always remember: It is very important to strive to borrow as little money as possible because interest repayments are very costly and it is easy to be caught in a debt trap.

JENNY MATHEWS, CHAIRMAN OF THE GRAIN SA FARMER DEVELOPMENT PROGRAMME



Our aim is to produce the best publication possible. Please direct any comments on the editorial content or presentation thereof, to Jane McPherson.