

READ INSIDE:

- 6 > Managing for success
– ensuring a profitable crop
- 9 > Safety in the
workshop is important
- 11 > Get to know...Ralph Swart



10



12

Making it possible with recapitalisation

A group of recapitalisation farmers and their mentors from the Delareyville district.

THE RECAPITALISATION PROGRAMMES OF THE DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM AND THE DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT IS MAKING IT POSSIBLE TO ACHIEVE OUR MISSION, WHICH IS: "TO DEVELOP CAPACITATED COMMERCIAL GRAIN FARMERS AND TO CONTRIBUTE TO HOUSEHOLD AND NATIONAL FOOD SECURITY." WE ARE BEING ABLE TO SUPPORT FARMERS TO DO THE RIGHT THING – THEY NEED TO KNOW WHAT TO DO AND THEN BE IN A FINANCIAL POSITION TO ACTUALLY DO IT.

We have been very fortunate to enter into agreements with the Department of Rural Development and Land Reform on national level as well as with the North West Department of Agriculture and Land Reform. We are currently involved in recapitalisation as follows:

- **Department of Rural Development and Land Reform**
 - Free State 16 (plus 4 still being processed);
 - Mpumalanga 2; and
 - North West 14.
- **North West Department of Agriculture and Rural Development**
 - 26 farmers (equipment for own use); and
 - 83 farmers (DARD equipment).

The recapitalisation programme of the departments is a lengthy process and takes courage and commitment to complete. It is challenging in many ways, but in most cases, it is very rewarding.

The recapitalisation process

The agreements with the departments

It is essential to have a clear agreement with the departments before embarking on the programme – we must all have a clear picture of the goal we



Nkgono Jane says...

We have been richly blessed since Congress 2012. This time last year, we were reporting on the 16 farmers in the Free State who were being recapitalised – in this issue, we are able to report on 142 farmers in three provinces who are being recapitalised. What a privilege to be part of this wonderful partnership with government that is really impacting the lives of the people in rural areas.

Farming is very complex and yet farmers are managing to feed the population of the world – what farmers have done for centuries. The weather patterns seem to be changing and we have to deal with more extreme weather than ever before. Weeds are becoming more resistant and of course, costs are rising. Thankfully, the price of the crops has also risen and good farmers are able to make the profits that reward them for their efforts.

One of the biggest challenges that we face in recapitalisation is the decision as to whether we should only buy new tractors and implements, or whether we should save considerable sums of money and buy second-hand. New is expensive, but usually more reliable, whereas there can be a financial saving in second-hand, but breakages can cause frustrations in the busy season.

In our programme, we believe that we should spend money as prudently as possible – we should not be extravagant simply because the government is providing the money. The decisions we make should be the same decisions we would have made were we to have been using our own money.

It is very difficult to justify buying new tractors and implements for a small farmer – the capital investment does not make sense. Smaller farmers could perhaps share new equipment (with the challenges that come with sharing), or they could have second-hand tractors and implements for own use alone. Either way, there are challenges. Please think about this – we must take collective decisions on these matters, seeing as we are dealing with public money.

Let us hope that the crops being harvested this year are a good reward for all the effort that every farmer has made – to feed his family, his community and his country. As farmers, you should remember what a meaningful contribution you are making to our country – thank you for the food we eat!

Making it possible with recapitalisation



The tractors and implements purchased are seen here at the Kgoro Training Centre.

are trying to achieve. We have drafted and redrafted agreements with the departments which clearly spell out the roles and responsibilities of all parties – the farmers, the departments and Grain SA. It is important to ensure that everyone understands the contract and that all clauses are possible to implement. All parties have to be protected, but at the same time, all parties have to be accountable for their role in the process.

The selection of the farmers

The selection of farmers is one of the most difficult and most contentious issues about the entire programme – who should qualify for recapitalisation? When it comes to this selection, there are many different agendas. The Department of Rural Development and Land Reform would like to see the beneficiaries of the land redistribution programme (all its various permutations) benefit. The Department of Agriculture and Rural Development would like to see increased production and job creation. Grain SA would like to see dedicated and trained farmers benefiting. Then of course, there are those who are politically well connected who use other channels to get them onto the list. There are even some extremely rich and well-established individuals who have been the recipients of recapitalisation. This of course is not ideal.

Fortunately though, as Grain SA, we have been able to select some farmers who have been part of our programme for

some years – these have been the greatest success. These farmers have attended study group meetings, seen the demonstration trials, received individual farm support, attended numerous training courses and received the Pula/Imvula monthly newsletter for years – they know the correct practices and they want to do the right thing.

Preparation of business plans

Once the farmers have been identified, we need to prepare a realistic business plan – within the constraints of the budget. We try to address the farming business in a holistic way and assist the farmer to make optimal use of the natural resources available to him/her. In some cases, the content of the business plan is guided by the particular focus of the department or by the available budget.

Some farmers only have access to 100 ha of land, whereas others may have access to 1 000 ha – this influences the contents of the business plan very much. It is not possible to justify the purchase of all new equipment and tractors to a farmer who can only plant 100 ha – it is just too expensive and one tries to buy good second-hand equipment. That brings challenges – second-hand equipment is sometimes difficult to find and requires maintenance from the start. This is a good learning experience for farmers, but some farmers are not interested in learning, seeing as they just want the “biggest and the best” of everything!

Identification of mentors

The mentors are a crucial part of the recapitalisation programme. It is most important to identify and engage the right people – those who have the farming experience, the “heart” to want to help the developing farmer, the time to do the work, who are honest and reliable and who are willing to work within the established framework. They must be trained so that they understand the processes for mentoring as well as for the procurement of goods.

Relationships with the extension officers

Over the past number of years, the extension officers of the Department of Agriculture and Rural Development have come under pressure for non-delivery and their self-esteem has been badly compromised. Grain SA have seen this partnership with the departments as a way to build relationships with the extension officers and help to capacitate them as well as restore their standing in the communities. We have worked hard at building these relationships, which at times has been challenging, seeing as some extension officers view our programme as a threat to their positions.

Relationship of trust with the farmer

The fact that the department has entrusted you with recapitalisation funding does not mean that the farmers necessarily have a relationship of trust with you – trust has to be earned and it takes time. We work hard at showing the farmers that we do indeed want to help them to become successful, independent farmers.

Managing the money

Receiving a large sum of money from any government department is coupled to huge responsibility and it is absolutely imperative to have a very accurate and functional system, which can not only account for the money, but also generate the reports that are required. We have been fortunate to engage the services of PricewaterhouseCoopers in this venture and they have assisted us with the establishment of an internet-based accounting and document management system.

Procurement

Part of the process of development is to ensure that at a certain point, the farmers will be in a position to continue on his/her own as a commercial

Table 1: Recapitalisation programme statistics

		TOTAL	NW 83	NW 26	NW 14	FS 16	MP 2
			DARD	DARD	DRDLR	DRDLR	DRDLR
EMPLOYEES/JOB CREATION	PERMANENT JOBS	369	181	65	48	65	10
	SEASONAL JOBS	260	111	27	64	58	
DETAILED ASSETS	ARABLE LAND AVAILABLE TO FARMER	20 744	10 453	4 195	2 874	2 752	470
	GRAZING LAND AVAILABLE TO FARMER	16 958	9 046	1 390	2 780	2 942	800
ASSETS (SUMMARY)	LARGE STOCK	3 358	1 923	761	461	854	213
	SMALL STOCK	2 689	1 281	360	119	784	75
	TRACTORS (NUMBER)	1 049	139	77	44	56	5
	OTHER VEHICLES (NUMBER)	194	86	36	14	44	2
	IMPLEMENTS AND MACHINERY (NUMBER)	931	459	299	115	244	14
MAIZE PRODUCTION	HECTARES TO BE PLANTED THIS SEASON	7 562	3 395	1 300	1 592	1 035	240
SUNFLOWER PRODUCTION	HECTARES TO BE PLANTED THIS SEASON	9 999	5 863	1 805	1 043	1 258	30
DRY BEANS PRODUCTION	HECTARES TO BE PLANTED THIS SEASON	60					60
WHEAT	HECTARES PLANTED THIS SEASON	128				128	
	TOTAL HECTARES	17 749					

Making it possible with recapitalisation

farmer. It is therefore very important to ensure that the farmer is shown how to get comparative quotations and to procure from a local network of suppliers – the farmer must know where to get help and advice once the recapitalisation programme is over. We have tried very hard to get three quotations for all purchases and then it is for the farmer to decide where to procure the goods. No payments are done without the signature of the farmer on his order – in this way we can be sure that the farmer knows what is being bought and is giving his consent for the items to be procured.

Reporting

Financial and statistical reports are required by the departments as well as by Grain SA – it is absolutely imperative that accurate and up-to-date reports are available at all times.

Problem solving

Farming is challenging and problems are inevitable – we try to solve all problems as they arise and deal with any events. Recently we had an outbreak of army worms in the maize in the North West Province – this required immediate action before too much damage could be caused to the maize.

Extent and impact of the programme this year

We are currently working with five different “groups” of farmers – different funding from different departments in different provinces. The focus of the recapitalisation programmes are on income generation, land use, food production and poverty alleviation – hence the statistics in **Table 1**.

Challenges

Expectations

As we are dealing with people, there is a problem in that the entire process creates expectation. Once people hear about the

possibility of recapitalisation, they start wanting it immediately, and we have found that not everything happens as planned. Sometimes the departments take a long time to pay over the money and then the beneficiaries are very frustrated with everyone.

Timing of the funding

The departments also work within a scheduled cash flow and quite often the money comes too late to prepare for the pending season. Procurement can only commence once the money has actually been received – and then the goods are not necessarily readily available. There can be a delay of months on the purchase of certain tractors and implements – when the money is late, the planting season can be missed.

Buying the tractors and implements is necessary before tillage can begin – tillage is also dependent on the rain. In some cases, by the time you have managed to buy the implements, the lands are dry and cannot be worked. We must also remember that many of the farmers who receive recapitalisation have perhaps not used the land for some years due to various problems and these lands require additional tillage to get them into the proper condition to nurture a crop.

In some cases, the agreement with the department states that a certain percentage of the money will be paid over on a certain date – the money could be late, or only a portion of the money may be paid over. This brings another set of challenges, seeing as we will have to agree as to how to spend the available money – while hoping that the balance will also be received.

Identification and management of mentors

In some provinces it is much easier to recruit and contract good, experienced farmer mentors. In the Free State for example, the developing farmers are amongst the commercial farmers and there is a natural good neighbourliness. In some of the deeper rural areas, there are very few commercial farmers, and mentors have to travel considerable distances to reach the developing farmers. This is not ideal.



Tlhpule Isaac Shashape and Tshotetsi Jeremiah Mogapi, both farmers from the Delareyville district, with their mentor, Gert van Rensburg.

As already mentioned, it is critically important to contract “good” mentors who are dedicated to the process of transformation.

Criteria for selection of farmers

This remains a very thorny question – we have experienced problems with people who are not full-time bona fide farmers. When they become part of the recapitalisation programme, as one mentor put it, “they think they have been given the inputs and a farm foreman”. In our development programme, we are serious about establishing independent, sustainable farmers and we do not want to “farm for” people who are not even on the farm.

We have also experienced problems with farmers who take no ownership for the programme – they do not care about the equipment and feel that they can ruin government property – they do not see the recapitalisation as a huge opportunity to set them up in a profitable and sustainable farming business.

Poorly skilled farm workers

We have realised that due to severe financial constraints, many developing farmers do not have the money to pay their workers a good monthly salary. Some pay poorly with the promise of more money after the crop. Unfortunately, this results in poor quality farm workers on many of the farms of developing farmers – they are not well skilled and not motivated. As soon as one of these workers becomes trained and skilled, they leave for a better-paid job elsewhere.

The festive season

The Christmas season comes at a very bad time for the production of summer crops – most people in South Africa want to take leave from 16 December until around 10 January – this is a critical time for planting the summer crops, cultivating, spraying and top dressing. It is often difficult to get the workers enthusiastic about the job when the villages have a wonderfully festive atmosphere.

Late and patchy rains

Grain farming is conducted outside in the open and the farmer is at the mercy of the weather. This year, as was the case last year, rains have been late and erratic – some farmers get good rain while a neighbouring farm gets nothing. We have also experienced extreme heat, which makes the establishment of crops, particularly sunflowers, difficult (they burn dead as they come out of the ground). We believe that all these weather occurrences are a result of global warming. Then of course we must also not forget the incidences of hail and too much rain – particularly at planting.

Service by input suppliers

Unfortunately not all businesses are focussed on service delivery – many make promises which they do not meet.

Volumes of administration

The more farmers, the more procurement and reporting and the more administration – this is a very necessary aspect to the entire process, but the volume of administration should not be underestimated.

The future

We are very excited about the changes that are being brought about by the recapitalisation programme – it has a huge impact when done correctly. We hope that the good relationship that exists between Grain SA and the departments will grow from strength to strength so that we can achieve our common goal together, which is “a united and prosperous agricultural sector”.

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



Solomon Nkuna from Delmas looking over his soybeans.



Winter cereals

Managing for success — ensuring a profitable crop

THE MAIN AIM OF WHEAT CROP MANAGEMENT AFTER PLANTING IS TO ASSESS THE DEVELOPMENT OF THE CROP SO AS TO COUNTER ANY THREATS OF WHATEVER NATURE THAT MIGHT IMPACT AND REDUCE THE FINAL YIELD AND INCOME.

The production of wheat has been reduced by about 14% in some areas for this production year as farmers moved to plant other crops. The price of wheat has been low in comparison to the increased production costs over the last few seasons, with farmers breaking even or making a loss on the wheat enterprise.

Many farmers have increased the summer crop area to be planted on their farms. This decision can impact the farming business in various ways, including reducing the basket of grains produced on a particular farm as well as reducing the concentration of planting summer crops, which increases financial risk if the next season is a dry year. The tractor power required to plant the summer crops in an optimum climatic window might not be adequate, seeing as the farm is geared to spreading the work on the dedicated arable lands over a winter and summer crop during one farming year.

Some farmers have opted to plant green feed fodder crops for the livestock in lieu of dryland wheat. The planning for the arable area of these farms remains more in balance between winter and summer crops. The green feed area will be available to plant wheat in the next season, should prices remain high enough to be able to project a profit after the annual gross margin analysis.

Those farmers who planted wheat this year on well prepared fallow lands with sufficient moisture build-up in the soil profile, will probably at this stage have an excellent stand of well stooled or tillered wheat.

At the time of writing, the Safex futures prices for wheat have firmed for August, September, December and March to between R2 763 and R2 811 per ton. If a transport differential at an average of R200 per ton is deducted, then a final price for B1 graded wheat of R2 565 could be realised in the farmer's pocket.

On well farmed fallow lands with high potential and by planting the correctly chosen cultivar, the crop could be profitable this year. Some critical and important factors that will influence management decisions being taken and positively influence the final yield achieved, are discussed on page 7.



Late tillering to flag leaf stage in winter wheat at Tweespruit in the Eastern Free State.



A close-up of very good early tillering in the row. The wheat kernels were planted at the correct depth to allow for development of secondary roots under each tiller.



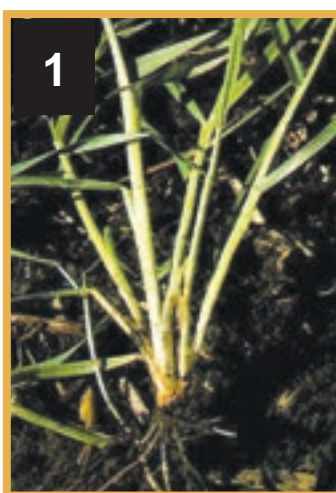
Planted rows showing good tillering with no weeds, reflecting effective weed control during the fallow period and at planting.

Growth and development – assessing the current stage, development and yield

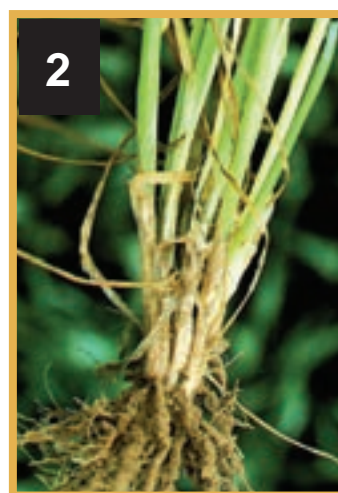
Winter wheat is a cool season crop and grows best under moderate temperatures, but is able to resist both cold and hot weather. This hardiness enables wheat to endure the freezing temperatures of winter, the late frosts of spring, the high temperatures of summer as well as drought conditions during October, November and December. Wheat also requires the cold to form tillers and to joint and flower so that it can set seed in spring. Wheat growth virtually ceases at freezing point (0°C).

While assessing the stages in your wheat crop, you should have observed the following growth stages in your crop. Germination leading to seedlings, then the first stage of crop growth, followed by tillering, the prostrate over wintering stage, jointing, booting, heading and flowering stages. At maturation, the grain develops and goes through the milk, soft dough as well as hard dough stages and then becomes physiologically mature. At this stage, the crop can be combined when enough moisture content has been lost so that the crop is at 13,5% moisture. If you have access to drying facilities, the crop can be harvested at 15% moisture so that the risk of the effects of excess rain or hail on the crop can be reduced.

It is never too late to dig a profile hole so that the development of the wheat plants can be observed under your farming conditions in your own lands. It is a good idea to look at the secondary root development during June, July and August. The depth of the deepest roots can also be seen. A note can be made of any hardpan that is evident in the soil profile so that the correct tillage operations can be carried out after combining so as to break the pan.



1. A wheat plant where the first group of tillers have grown and advanced to the second node formation at the start of stem elongation.



2. This wheat plant is more advanced than in the previous photo, with stem elongation having progressed to form many more nodes and stiffening of the stem also being evident. The plant shows very strong formation of secondary roots, required for each tiller to produce a high seed count in each ear.

An evaluation of the moisture conditions throughout the profile together with the counting of tillers per square metre will give the farmer an idea of the potential yield. The yield potential will determine whether or not it is economically viable to control weeds and pests, to be able to ensure the crop for a certain yield. The potential yield will also help in deciding the size of crop to be marketed. If the moisture conditions and development of the crop are very good, the farmer can consider entering a futures contract for part of his crop.

Monitoring of root development and yield potential assessment

Most of the root system throughout the life of a wheat plant consists of secondary or crown roots that grow from underground nodes on the main stem and all the tillers. The function of these roots is to anchor the plant and absorb water and mineral nutrients. Most of the roots are in the top 15 cm, but some can penetrate to below 1,5 m. If examinations of your plants reveal strongly developed secondary roots on each tiller and no pan or plough layer, it is assumed that given further favourable growth and climatic conditions, that each tiller will be able to produce a strong ear of wheat.

The critical part of the plant is usually protected by being 25 mm under the ground. Each tiller will have a growing point that can be examined by picking out a plant and splitting the tillers to find the

Managing for success – ensuring a profitable crop

Table 1: An example of the expected yield per hectare

Tiller count from square laid diagonally across the row, corner to corner	200
Estimated kernel count per ear – ready to be harvested	32
Kernels/m ² = 200 x 32	6 400 kernels/m ²
Less 10% as a margin for error = 6 400 x 0,90	5 760 kernels/m ²
Divide this result by the factor of 3 500 = 5 760 ÷ 3 500	165 tons/ha

growing point. Examination of the growing point can be carried out at regular intervals to see what is happening with the crop.

The potential yield of wheat is established a few weeks after planting, depending on the planting depth, soil moisture and fertility. The development of the first wheat grain cells can be seen under a magnifying glass and can give a good idea of the eventual size of ears when they emerge after the booting stage.

The tillers that started to grow a few weeks after planting flatten out with the onset of the cold in winter, while the roots continue to grow. As the weather conditions warm up during August and September, the tillers change from the prostrate form to start growing in an upright manner, seeing as the sheaths that cover the stems become longer and the stem elongates between the leaf nodes.

The number of tillers will be determined by the seeding rate per square metre and the extent to which tillering has developed on each plant. It is quite possible to have ten tillers per plant, with long fallow wheat planted in June.

Yield assessment

The easiest way to assess wheat yield at any stage is to make 1 m² from 8 mm steel rod with two hinges on opposing sides. The square can then be easily folded up for ease of transport. The square can be placed with two of the diagonal corners along a row so that adjoining wheat rows fall into the upper and lower half of the placed square. The tillers can then be counted and multiplied by the estimated number of kernels that will be produced in each ear. Do not count any yellow or spindly tillers that will probably not make a full ear of wheat. As tillers become more upright, the growth point with the developing ear can be found in order to determine the number of likely kernels/pipes that will be produced. The result can be reduced by 10% to be conservative and then divided by a constant of 3 500. The answer will give you an idea of the expected final yield per hectare. An example is shown above in **Table 1**.

An estimated ear kernel count of 40 would result in an estimated yield of 2,05 tons/ha. It can thus be seen that the ear count can have a huge effect on the final yield.

The square can be placed in as many places as practical in a land where the growth looks representative of the growth in the whole land. The results can then be averaged to obtain representative final yield estimation for a particular land. When all lands have been assessed, the farmer will have a reasonable idea as to the total yield and possible income for the crop.

Remember that as the population of tillers increases to 300/m² and more, the wheat plant, under dryland conditions, usually compensates by reducing the possible ear kernel count. The range could be from

about 55 kernels to 24 kernels per ear and is very dependant on many factors, including the prevailing moisture conditions and the intensity of hot and dry periods, especially during October, before the ripening period. The count will become more accurate as the crop goes from tillering, jointing, booting and finally through the flag leaf stage and then heading stages.

By doing this on a regular basis while scouting for weeds and insects as well, much can be learned about the status of the crop. The farmer's "footsteps" can in many cases determine the final yield results.

ARTICLE SUBMITTED BY A RETIRED FARMER



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

Safety in the workshop is important

EVERY FARM OR HOUSEHOLD HAS A WORKSHOP. IT IS EXPECTED OF ALL EMPLOYERS TO COMPLY WITH THE LAW, IRRELEVANT OF THE SIZE OF THEIR WORKSHOPS.

There are various requirements specified by law that an employer must adhere to. Some of these requirements involve the following:

- Portable power tools;
- Ladders;
- Non-power tools;
- Electrical systems; and
- Fire precautions et cetera.

All of the above-mentioned precautions should, according to the law, go hand-in-hand with monthly inspections. In some cases, there are also inspections that should occur on a daily basis.

There is certain equipment within the workshop which may only be used by a trained operator. Such an operator also needs to have a competency certificate. In the case where a workshop does contract work for clients that involve working in or on high areas, it is the responsibility of the owner to ensure that these workers have a medical certificate given by a medical practitioner who is equipped to do these types of assessments in terms of the Occupational Health and Safety context.

A workshop also needs to have a lawfully appointed operator as well as an inspection list for the use of a compressor. It is important to know that a compressor needs to undergo a pressure test every 36 months.

In a large workshop where there is more than one welding area, it is also required that every area should be cordoned off and be protected with a specific material made to safeguard these areas. All welding areas should also have a fire extinguisher that is in good working order.

Workshops on farms should ideally have walkways enabling staff who do not work in the workshop itself are not exposed to any danger when walking past.

When making use of homemade shelves, a safe carrying weight should be determined so that these shelves are not overloaded with parts and other items and as such be a danger to employees.

It is also important to identify a safe area within the workshop where flammable liquids can be stored. These areas also need to be equipped with the needed warning signs as well as fire extinguishers. All workers need to be trained and know how to use a fire extinguisher in case of an emergency.

Another important factor is to wear the required protective clothing in the workshop. The owner or manager of the workshop is responsible to supply the needed clothing. It is also important for the owner or manager of the workshop to know that the needed hearing protection is required to bring the decibels down to fewer than 85 dB. There are various types of hearing protection on the market – it is important to get the appropriate equipment.

Safety signs should be erected and it should be ensured that no obstructions are stored in front of these signs. The safety representatives in the workshop should ensure that the signs are always visible. It is also the responsibility of the safety representatives to ensure that all employees adhere to the rules. Disciplinary action needs to be taken against employees that disregard these rules. It is also the responsibility of the safety representative to ensure that the safety guards of all moving machinery or equipment are in place and maintained. Moving parts which are not protected can easily injure an employee. Such injuries should be reported immediately.

Protective clothing (PPE) needs to be inspected on a monthly basis and if it is found not to be adequate, it should be replaced by the employer free of charge. The responsible person must also ensure that no loose clothes are worn by employees when working with machinery.

It is very important that every workshop has a first aid kit and that one or more employees are trained to administer first aid. The first aid kit needs to be inspected on a monthly basis and restocked when needed. In the case where an accident does occur, a thorough investigation needs to take place to determine the cause of the accident and measures put in place to avoid it in future. It is also important to know that if it happens that an employee loses a limb or passes away as result of a work-related incident, it should be reported to the Department of Labour immediately.

CHARL SAAYMAN, PULA/IMVULA CONTRIBUTOR



Budgets – a management tool par excellence

WHEN USED PROPERLY, A BUDGET BECOMES A GREAT MANAGEMENT TOOL THAT CAN BE USED TO THE ADVANTAGE OF YOUR BUSINESS, WHILST ALSO PROMOTING FINANCIAL DISCIPLINE IN YOUR BUSINESS. A BUDGET CAN BE THE TOOL TO ASSIST YOU IN REACHING YOUR GOALS.

In previous articles we have discussed what a budget is and how to compile a budget. It was described that a budget is a short-term business plan usually prepared for one year with sub-periods of one month. A budget is expressed in financial and physical terms working towards the business's objectives. Usually there are separate or sub-budgets for each key area, which is then summarised in the main budget, indicating the expected financial success as reflected in the budgeted Balance Sheet, Income Statement and Cash-flow Statement.

Once you have gone to the effort of compiling a budget, it just makes sense that you should use it properly as a management tool. When using your budget to the full extent, it promotes discipline in the management of your business. Seeing as you are owner/manager of your own business, it can at times be difficult to be your own "boss" as well. Being your business and your money, you can do what you like and spend money as you wish. However, conduct of this nature is a sure way to disaster. A budget can fulfil this function of becoming your "boss" to the benefit of your business. Using it promotes the discipline to complete all tasks as planned at the cost allowed for the task. A budget will assist you to be in charge of your business in a disciplined manner. Let's illustrate this with a few examples.

Regarding the purchase function of your business, budgets stimulate discipline when purchasing any item needed in your business. When spending according to your budget, the costs are kept under control and advances discipline – you learn not to spend without consulting your budget. Even when you have to purchase something unforeseen,

it becomes a habit to first consult your budget – you are then taking a financial decision understanding the implications of the unforeseen purchase on the financial success of your business.

Regarding capital purchases (buying a tractor, implements, bakkie), it also disciplines you not to purchase uncontrolled or spontaneous. If you have budgeted to purchase a bakkie at a cost of R200 000, the purchase would be in order, you have planned in advance and considered all the financial implications.

However, should you decide on the spur of the moment to purchase a bakkie for whatever reason, you may place your total business in jeopardy, because you do not consider all financial implications properly. Normally an ad hoc purchase of this nature will have to be financed by a loan. Should you borrow for example R200 000 at 10% interest to be paid back over five years, the monthly instalment will be R4 249. The interest on this transaction would be R54 965, thus meaning any profits made over the five year period will be reduced by R54 965. Furthermore you are putting the cash-flow of your business under pressure; R4 249 needs to be available each month for the instalment. Should you miss payments, you affect your creditworthiness adversely. Even your Balance Sheet may be affected adversely with the higher proportion of liabilities. Therefore an ad hoc purchase as discussed will affect the financial success of your business negatively. Be disciplined – plan and compile a budget, use it properly, purchase according to your budget. That is proper financial management. Perhaps you should consider the expression: "Do not spend tomorrow's money today."

Secondly, a budget promotes the keeping of proper records of your business, both production and financial wise. In order to use your budget effectively, you need to compare the actual outcome of all actions with your budget for control purposes and to rectify any discrepancies. That requires proper records of the actual actions.

A major challenge is to keep proper records of cash sales. Many a time these records are neglected on purpose for reasons such as not to declare the income to reduce income tax. Thus, when selling products for cash, you simply pocket the cash without recording the income. When this is done, your records are not accurate and nullify proper control. The profit/loss portrayed of your business is then also not the true picture. Therefore, how can you take proper financial decisions using incorrect financial records? How are you going to plan properly for the next year with incorrect records? It does occur that by being unethical in this way, you are only deceiving yourself and are placing your own business in jeopardy. You could take incorrect decisions because of incorrect records. The expression, "To manage, you must measure or then keep records", is well known, but this implies accurate records. How can you manage properly if your records are not accurate?

A matter of concern is also your relationship with financial institutions and possibly SARS. People favour doing business with trustworthy and credible people. Should you become to be known as an unreliable client, it will be to the detriment of your business.

If you do not know to which port you are sailing to, no wind will get you there. A properly compiled budget dictates the destination of your business and when used correctly with the necessary discipline, it will be the wind that will help you to reach your destination. A budget puts you in control of your business.

MARIUS GREYLING, PULA/IMVULA CONTRIBUTOR

Do not spend tomorrow's money today.

Get to know...

Ralph Swart



THIS MONTH WE WILL GET TO KNOW RALPH SWART WHO FARMS WITH WHEAT, BARLEY AND KOROG. RALPH IS FROM ELIM IN THE WESTERN CAPE.

Where and on how many hectares are you farming? What do you farm with?

I currently rent 1 059 ha of land and own 89 ha of land in the Elim region in the Western Cape. I plant approximately 200 ha of wheat, 200 ha of barley and 200 ha of korog.

What motivates/inspires you?

I am proud to be a third generation farmer. I started farming with my father and there is nothing else I would rather do than to be a farmer. I have been farming for 33 years.

Describe your strengths and weaknesses

I believe my strengths are that I am willing to work hard and I am not afraid to make difficult decisions. My main weakness is that I am not a very social person.

What was your crop yield when you started farming? What are your respective yields now?

I started farming on 4 ha with a yield of 0,8 tons/ha. This year my crops yielded between 2,5 and 3 tons/ha. We had a bit of rain and wind damage this year, which subsequently brought down my yield.

What do you think was the main contributor to your progress and success?

The Western Cape Department of Agriculture has assisted me greatly. Grain SA also gave me training and their involvement meant a lot to me.

What training have you received to date and what training would you still like to do?

I have completed the Farm Resource Assessment course as well as the Tractor Maintenance course. I would still like to do the Financial Management and Personnel Management courses. I would also like to learn how to take soil samples.

Where do you see yourself in five year's time?

I would like to establish a sustainable commercial farming business, which I can pass on to my two sons and their families.

What advice do you have for young aspiring farmers?

WORK! 24 hours a day! Put everything into everyday!



TOIT WESSELS, PROVINCIAL CO-ORDINATOR OF
THE GRAIN SA FARMER DEVELOPMENT PROGRAMME



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

GRAIN SA

PO Box 74087, Lynwood Ridge, 0040
► 08600 47246 ◀
www.grainsa.co.za

DISTRIBUTION

Liana Stroebe
► 084 264 1422 ◀
liana@grainsa.co.za

DEVELOPMENT CO-ORDINATORS

Danie van den Berg
Free State (Bloemfontein)
► 071 675 5497 ◀
danie@grainsa.co.za

Johan Kriel

Free State (Ladybrand)
► 079 497 4294 ◀
► Office: 051 924 1099 ◀
johank@grainsa.co.za
Dimakatsi Nyambose

Jerry Mthomboti

Mpumalanga (Nelspruit)
► 084 604 0549 ◀
► Office: 013 755 4575 ◀
jerry@grainsa.co.za
Nonhlanhla Sithole

Naas Gouws

Mpumalanga (Belfast)
► 072 736 7219 ◀
naas@grainsa.co.za

Jurie Mentz

KwaZulu-Natal (Vryheid)
► 082 354 5749 ◀
► Office: 034 980 1455 ◀
jurie@grainsa.co.za
Sydwell Nkosi

Ian Househam

Eastern Cape (Kokstad)
► 078 791 1004 ◀
► Office: 039 727 5749 ◀
ian@grainsa.co.za
Jenilee Bunting

Lawrence Luthango

Eastern Cape (Mthatha)
► 076 674 0915 ◀
► Office: 047 531 0619 ◀
lawrence@grainsa.co.za
Cwayita Mpotyi

Toit Wessels

Western Cape (Paarl)
► 082 658 6552 ◀
toit@grainsa.co.za

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.

If you can't feed it, don't keep it!

ANIMALS ARE KEPT FOR A VERY SPECIFIC PURPOSE. SOME ANIMALS ARE KEPT AS PETS/COMPANIONS, SUCH AS DOGS OR CATS; SOME WORK ON THE FARM, LIKE CATTLE DOGS AND DRAFT ANIMALS; AND OTHERS SUPPLY HOUSEHOLD FOOD OR GENERATE AN INCOME FROM THE PRODUCTS THEY PRODUCE, LIKE MEAT, MILK OR EGGS.

In order to work and produce, essential nutrients in the form of energy, proteins, minerals, vitamins and water (above those necessary for the maintenance of normal body functions), must be provided.

The Animal Welfare Act of 2006 makes owners and keepers responsible for ensuring that the welfare needs of their animals are met.

These include:

- Freedom from thirst, hunger and malnutrition;
- Freedom from discomfort;
- Freedom from pain, injury and disease;
- Freedom to express normal behaviour; and
- Freedom from fear and distress.

It is important to realise that animals should not be kept if you as the owner or person responsible for them cannot meet their nutritional demands. It must be kept in mind that it is better to have fewer healthy animals than many thin and sick ones. It is also important to remember that:

- One cow needs to eat approximately 10 kg of dry matter per day (half a bale of feed); and
- One cow requires approximately 40 litres of water per day and even double that when she is lactating.

LIANA STROEBEL, PULA/IMVULA CONTRIBUTOR

The greatness of a nation and its moral progress can be judged by the way its animals are treated.

There is more status in health than numbers...



This land does not produce sufficient feed to maintain animals.

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