Drought feedback
Portfolio Committee
20 September 2016

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Grain SA team

Contents

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1. Drought - process

- Warning signs in terms of drought – El Nino predictions
- Optimal planting dates
  - East N1 (15 Oct – 15 Nov) (Yellow maize)
  - West N1 (15 Nov – 15 Dec) (White maize)
- Industry Maize forum special meeting in Dec 2016
  - Scenarios (good, medium & bad)
  - 15TH Jan 2016 2nd meeting (Early crop estimate)

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1. Drought process

- GSA evaluation trip from East to West
- Portfolio update on drought conditions 19 Feb 16
- 15 Jan 2016 started rain in die western parts
  - 700 000 ha in 10 days
  - 1.26 million seeds per minute
  - 2 million hectares planted
- Proactive
  - Conservation agriculture assisted (Base foundation)
  - Irrigation management (Crop decisions and water management)

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2. Drought conclusion

Appendix 1: Detailed S & D table for White, Yellow and Total Maize August 2016

		White Maize	White Maize	Yellow Maize	Yellow Maize	Total Maize	Total Maize
	Marketing season	**Actual for 2015/16**	**Projection for 2016/17**	**Actual for 2015/16**	**Projection for 2016/17**	**Actual for 2015/16**	**Projection for 2016/17**
		tons	**tons**	**tons**	**tons**	**tons**	**tons**
1	CEC (Crop Estimate)	4 735 000	3 097 225	5 220 000	4 199 800	9 955 000	7 297 025
2	CEC (Retention)	0	80 000	0	350 000	0	430 000
3	Min: Early deliveries for current season (March + April)	0	288 056	0	449 955	0	738 011
4	Plus: Early deliveries for next season (March + April)	0	350 000	0	450 000	0	800 000
5	**Available for the commercial market**	**4 735 000**	**3 079 169**	**5 220 000**	**3 849 845**	**9 955 000**	**6 929 014**
6	**SUPPLY**						
7	Opening stock (1 May)	1 282 581	1 307 867	791 054	1 163 200	2 073 635	2 471 067
8	Producer deliveries	4 808 279	3 017 225	4 986 053	3 849 800	9 794 332	6 867 025
9	Imports	100 803	1 000 000	1 862 807	2 000 000	1 963 610	3 000 000
10	Early deliveries (Net)*	0	61 944	0	45	0	61 989
11	Surplus	17 474	20 000	35 456	25 000	52 930	45 000
12	**Total Supply**	**6 209 137**	**5 407 036**	**7 675 370**	**7 038 045**	**13 884 507**	**12 445 081**
13	**DEMAND**						
14	**Processed for the local market**	**4 319 697**	**4 290 000**	**5 929 297**	**5 732 000**	**10 248 994**	**10 022 000**
15	- human	4 183 067	4 200 000	515 415	520 000	4 698 482	4 720 000
16	- animal and industrial	118 522	75 000	5 401 726	5 200 000	5 520 248	5 275 000
17	- gristing	18 108	15 000	12 156	12 000	30 264	27 000
18	Withdrawn by producers	13 385	15 000	63 503	65 000	76 888	80 000
19	Released to end-consumers	13 987	12 000	172 309	160 000	186 296	172 000
20	Net receipts(-)/disp(+)	-2 862	7 000	24 313	30 000	21 451	37 000

2. Drought conclusion

		White Maize	White Maize	Yellow Maize	Yellow Maize	Total Maize	Total Maize
	Marketing season	**Actual for 2015/16**	**Projection for 2016/17**	**Actual for 2015/16**	**Projection for 2016/17**	**Actual for 2015/16**	**Projection for 2016/17**
		tons	**tons**	**tons**	**tons**	**tons**	**tons**
21	Deficit	0	0	0	0	0	0
22	**Local demand**	**4 344 207**	**4 324 000**	**6 189 422**	**5 987 000**	**10 533 629**	**10 311 000**
23	**Exports**	**557 063**	**560 000**	**322 748**	**340 000**	**879 811**	**900 000**
24	- products	83 636	80 000	102 747	80 000	186 383	160 000
25	- whole maize	473 427	480 000	220 001	260 000	693 428	740 000
26	**Total Demand**	**4 901 270**	**4 884 000**	**6 512 170**	**6 327 000**	**11 413 440**	**11 211 000**
27	**Closing Stock (30 Apr)**	**1 307 867**	**523 036**	**1 163 200**	**711 045**	**2 471 067**	**1 234 081**
28	- processed p/month	359 975	357 500	494 108	477 667	854 083	835 167
29	- months' stock	3,6	1,5	2,4	1,5	2,9	1,5
30	**- days' stock**	**111**	**45**	**72**	**45**	**88**	**45**

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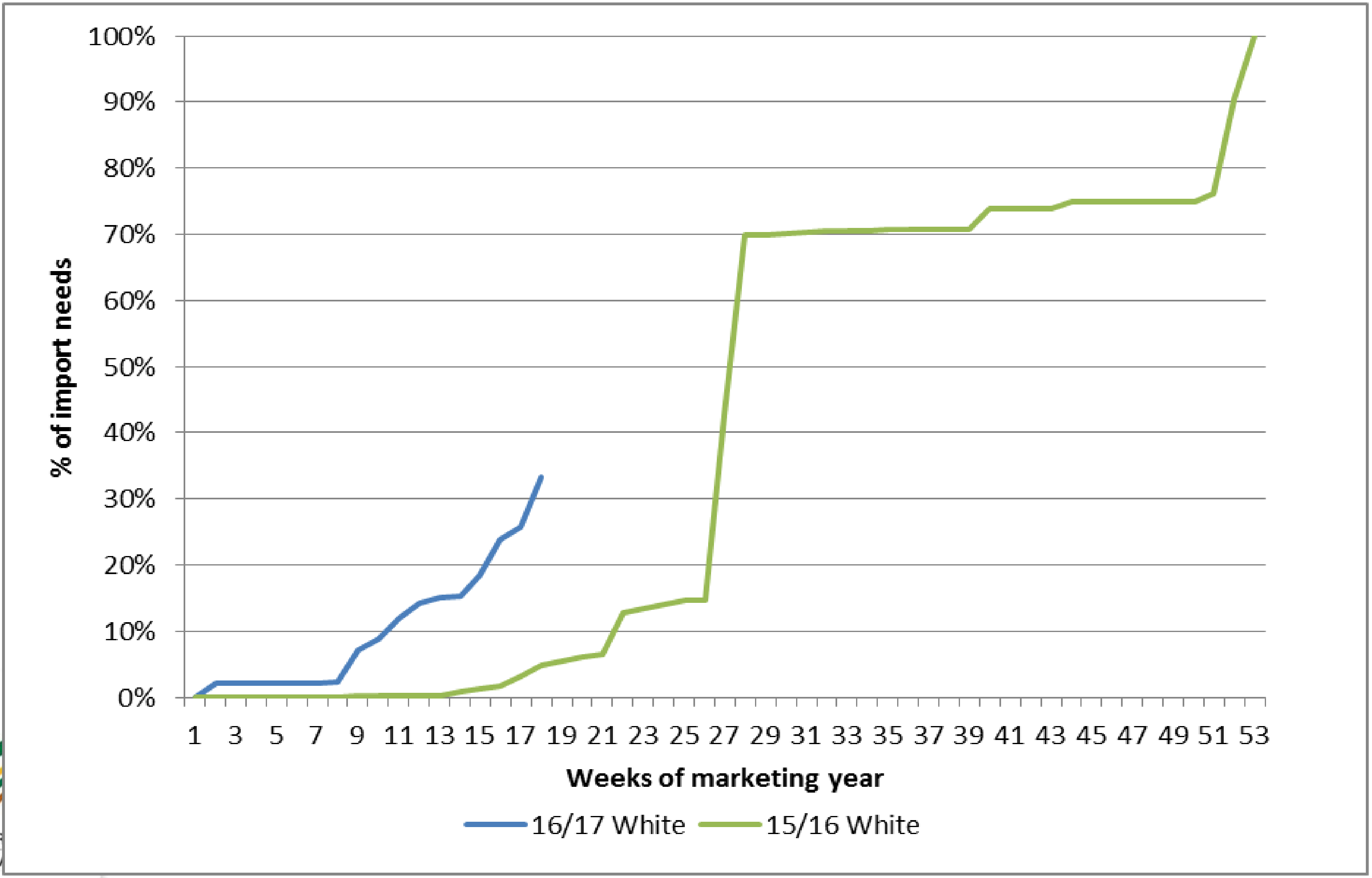
Source: NAMC

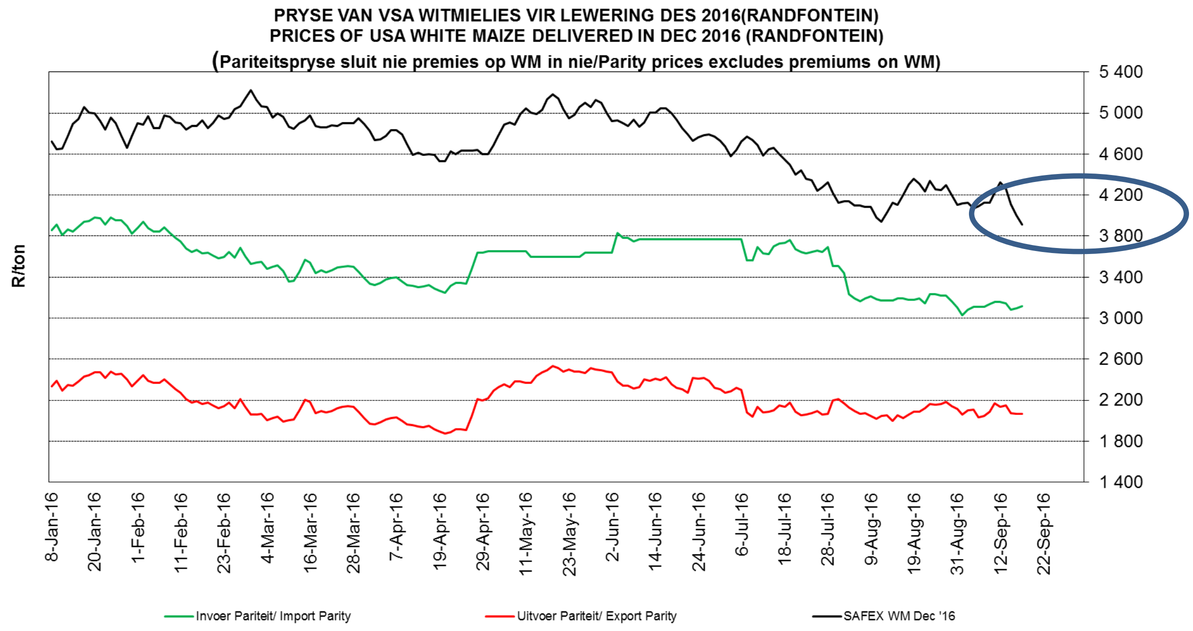
Imports



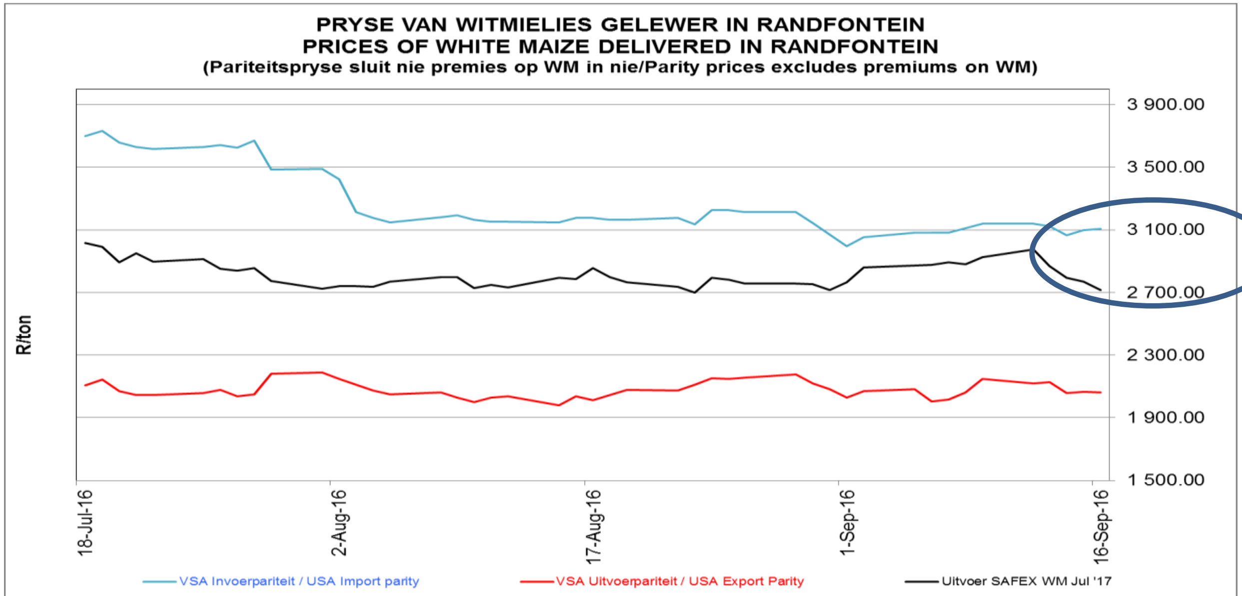
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
% of import needs
1 3 5 7 9 11 13 15 17 19 21 23 25 27 29 31 33 35 37 39 41 43 45 47 49 51 53
Weeks of marketing year
16/17 White
15/16 White

Supply and demand

- Tight supplies but we are okay
  - Depending on imports and quality
    - DAFF good monitoring of quality
  - Early deliveries of maize
  - Prices high up to Feb/March 2017



Source: Grain SA



Source: Grain SA

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3. Drought plan

- Large number of forums and calculations
  - Agri SA
    - Communication to government
    - Providing support through Private Partnerships and initiatives
  - NAMC Section 7

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Drought plan

- Suggestions
  - R 1 Billion in guarantees – Small Scale farmers
    - No credit opportunities, no collateral
  - R 1 Billion in guarantees - Commercial farmers
    - Assistance in terms of loan repayments – NCA
    - Planting of new season
  - Crop insurance very important
  - SAA vs Food ?

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Support

- Large amounts in terms of livestock support
- Limited support in terms of Grain producers
  - Landbank R400 million (Loan)
    - Not for small scale producers – no security
    - Remedy to assist only producers that will be able to repay + security
    - Only R180 million taken up

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Quantum of drought impact – Finance (Agbiz, Agri SA and Section 7)

- **Summer rainfall area – Some of the financiers**

	Commercial farmers qualified for production credit 15/16	Quantum of short term production credit extended	Emerging farmers that qualified for production credit	Quantum of short term production credit extended
Total	15 315	R26 218, 5 m	430	R239 m
	Commercial farmers not able to do full repayment	**Quantum of carry over debt – However still qualify for credit**	**Emerging farmers not able to do full payment**	**Quantum of carry over debt – However still qualify for credit**
Total	1255	R2678,8 m	96	R24,3 m
	Commercial farmers not qualifying for credit 2016/17 season	**Quantum of unqualified debt**	**Emerging farmers not qualifying for credit 2016/17 season**	**Quantum of unqualified debt**
Total	339	R618 m	31	R7,46 m

Not all the financiers **Summary of Agbiz report**

Support to Farmers

5000+ Subsistence Farmers

3200+ part of programme

1800 supported in Jobs Fund Project

Goal to obtain Commercial Yields

1 100 Small Holder Farmers

140 Advanced Farmers

123 X 250-Ton Club Members

Goal to become Commercial Farmers

Challenges include production loans and mechanisation

4. Black Farmer Development What Grain SA is doing

• Recap FS	16 farmers	R46.3 mil
• REID DRDLR	84 farmers	R56.0 mil

- Treasury: Jobs Fund (R1 for R1 PPP)
  - 2015 855 farmers 855 ha
  - 2016 1603 farmers 1800 ha
  - 2017 3400 farmers 5400 ha

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FDP Support

- All communal
  - EC, KZN, MP
- One family needs 1 ton maize per year
  - AVG 4.5 ton/ha 2015
  - KZN hand to machine
  - This year max 9.8 ton/ha (MP)

Thank You
Enkosi
Dankie
Ngiyabonga

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