



Transition paths into the South African sugar industry: Implications to Farm Ownership by new Freehold Growers

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Available online at: www.isca.in, www.isca.me

Received 12th November 2015, revised 16th January 2016, accepted 24th January 2016

Abstract

There is likelihood that the structure and demographics of the South African (SA) sugar industry will continue changing given numerous agrarian reform policies introduced by the ANC government, post 1994. The government's land redistribution program is one of such policies aimed at enabling some PDIs to own land and engage in commercial agriculture. The introduction of black farmers into the SA sugar industry may in the long-run, influence and determine entry paths into the industry. This paper (i) reports on the entry paths into the SA sugar industry in KwaZulu-Natal (KZN) by the new freehold growers (NFGs), (ii) highlights some wider implications of the NFGs' entry paths to sugarcane farm ownership and (iii) suggests some policy implications. The majority (80 and 91%) of the 43 surveyed NFGs respectively had no educational background in agriculture and business related fields. Nearly 70% (30) of the surveyed NFGs had prior experience in general management, with the majority (46.6%) of them from the North Coast region. Almost nine percent of the sample NFGs had prior experience in managing a sugarcane farm. These study results therefore, suggest that most of the respondents fall in the rare entry path and may lack key farm business management skills and hence increased need for extension services, mentorship, training and other support services. Policy makers therefore, need to craft and implement support services customized to meet needs of NFGs from diverse backgrounds. Further, there is need to do detailed NFG needs assessments and profile emerging farmers according to their backgrounds, training and development needs in order to optimize the intended benefits of support services.

Keywords: Mentorship, Land reform, Sugar industry, Experience, Entry paths.

Introduction

The African National Congress (ANC)-led government has to date, made plausible and commendable strides in transforming the South African (SA) agriculture. Land reform and AgriBEE¹ are some of the ANC government's reform policy initiatives, introduced to promote an inclusive commercial agriculture sector. For instance, pre-1994, the SA commercial agriculture was mainly dominated by white farmers while black farmer largely practiced subsistence farming (*i.e.* dual agriculture). Mabe *et al*¹ observed that the ANC government agrarian reform initiatives have in some cases, led to the emergence of a large pool of new and inexperienced black farmers from diverse backgrounds. More importantly, due to the dual nature of SA agriculture, previously disadvantaged individuals (PDIs¹) were excluded from actively participating in the land markets. Accordingly, the PDIs predominantly practiced subsistence agriculture in the rural areas and mainly on tribal land. It is for this reason that most of the PDIs lack practical experience in commercial agricultural production. Thus, some of the PDIs who acquire farms through the government's land redistribution program and/or through private purchases do not possess some key skills required to successfully engage in commercial farming. This therefore, compelled the government to implement various post-settlement support services and

programs aimed at integrating new entrant black farmers into commercial agriculture and address their skills gaps.

Formal mentorship is one of the post-settlement support services that the ANC government instituted to address skill gaps among emerging farmers and thus promote equity, emerging farmer learning, orientation, capacity development, entry and engagement in commercial agriculture. The KwaZulu-Natal Department of Agriculture and Environmental Affairs (KZNDAEA)² defined mentorship relationship is either between an experienced farmer/s (mentor/s) and an inexperienced farmer/s (mentee/s) or between a strategic commodity partner and a mentee/s. A commodity partner in the SA sugar industry could be South African Cane growers Association (SACGA). Mentorship therefore, promotes sustainability of the land reform program by equipping emerging farmers with the much-needed skills and knowledge required to engage and succeed in commercial farming. Moreover, mentorship enhances post-settlement support services and complements extension. This study therefore, seeks to (i) report on the entry paths into the SA sugar industry in KwaZulu-Natal (KZN) by the new freehold growers (NFGs), (ii) highlights some wider implications of the NFGs' entry paths to sugarcane farm ownership and (iii) suggests some policy implications.

Transition paths into agriculture and emerging farmer support: According to Mabe *et al*¹ there is a likelihood that due to the ongoing agrarian reform initiatives in the SA agriculture, i. entry/transition paths in the SA agriculture may significantly change in the long-run, and ii. the number of PDIs involved in commercial agriculture may also increase, all else remaining constant. Reeve and Stayner³ described three entry paths into farming by new entrant farmers (Figure-1). The “*rare entry path*” is characterized by farmers with agricultural education background but no farming experience, or those with no agricultural education background but has farming experience and those that manage a farm but have no farming experience. The “*common entry path*” include farmers with agricultural education and farming experience and manage family or own farm, or manage own farm but have no farming experience. Farmers in the “*less common entry path*” either manage own/family farm but have no agricultural education or have farming experience but no agricultural education. Entry paths into farming may go a long way in determining support services offered to new entrant farmers in the new SA.

However, there is limited published research work on how entry paths into the SA agriculture have changed since 1994. Mabe *et al*¹ also noted that often, new entrant black farmers come from different professional and educational backgrounds (other than agriculture). However, the only study on occupational paths into commercial agriculture in SA, known to the researcher was conducted by Anseeuw and Laurent⁴ in the Namaqualand in the Northern Cape. The study involved 266 mine workers, of whom 44% were engaged in small-scale commercial agriculture. Fuller⁵ observed that *pluriactivity* (combining several occupational activities over a period of time) in agriculture, may be an effective way of making income by households with small-scale farms in developed countries. De Janvry and Sadoulet (2000) cited by Anseeuw and Laurent⁴ concurred and added that the same is true about *pluriactivity* in developing countries. Consequently, formal mentoring could be used to bridge skill gaps among the new entrant farmers who come from diverse backgrounds.

Thomson and Gillitt⁶ noted that the new black sugarcane farmers generally do not have any agricultural or business background. As a result, these inexperienced farmers without the necessary agronomic, financial and labour management skills may negatively affect the sugar industry as some cane farms can be mismanaged within a few seasons following acquisition. Additionally, Reeve and Stayner³ caution that farming is becoming increasingly professionalized. Thus, the highly evolving technical nature of commercial agriculture, the increasing importance to establish and maintain relationships with service providers, requires new skills on the part of the farmers. Hence, the main challenge facing policy makers is therefore, to ensure efficient extension services, integrate mentorship and extension and, design and implement other post-settlement support programs that may facilitate smooth

transition of the emerging farmers into commercial agriculture in SA.

The South African Canegrowers Association (SACGA) rolled-out the first formal mentorship programme in the SA sugar industry from October 2003 to May 2005 in KZN. The state funded programme involved about 80 emerging black sugarcane growers, also commonly known as new freehold growers (NFGs)³. The programme was funded by the Primary Agricultural Education Training Authority (PAETA), which is respectively funded through the National Skills Levy. The programme included both mentoring and training. The new farmers were divided into groups (*i.e.* according to geographical areas) and did 21 modules towards an outcomes-based learnership certificate in agriculture. The training course lasted between 15 and 18 months. Further, the programme utilized a group of mentors (*i.e.* predominantly white commercial farmers) with different expertise in different areas. The SACGA ran the second NFG mentorship programme from June 2008 to June 2009. This programme was funded by the Department of Agriculture. The year-long programme included NFGs and other growers who were not covered by the 2003/5 programme, such as small scale farmers and community projects⁷. This study focused on the 2008/9 programme.

Methodology

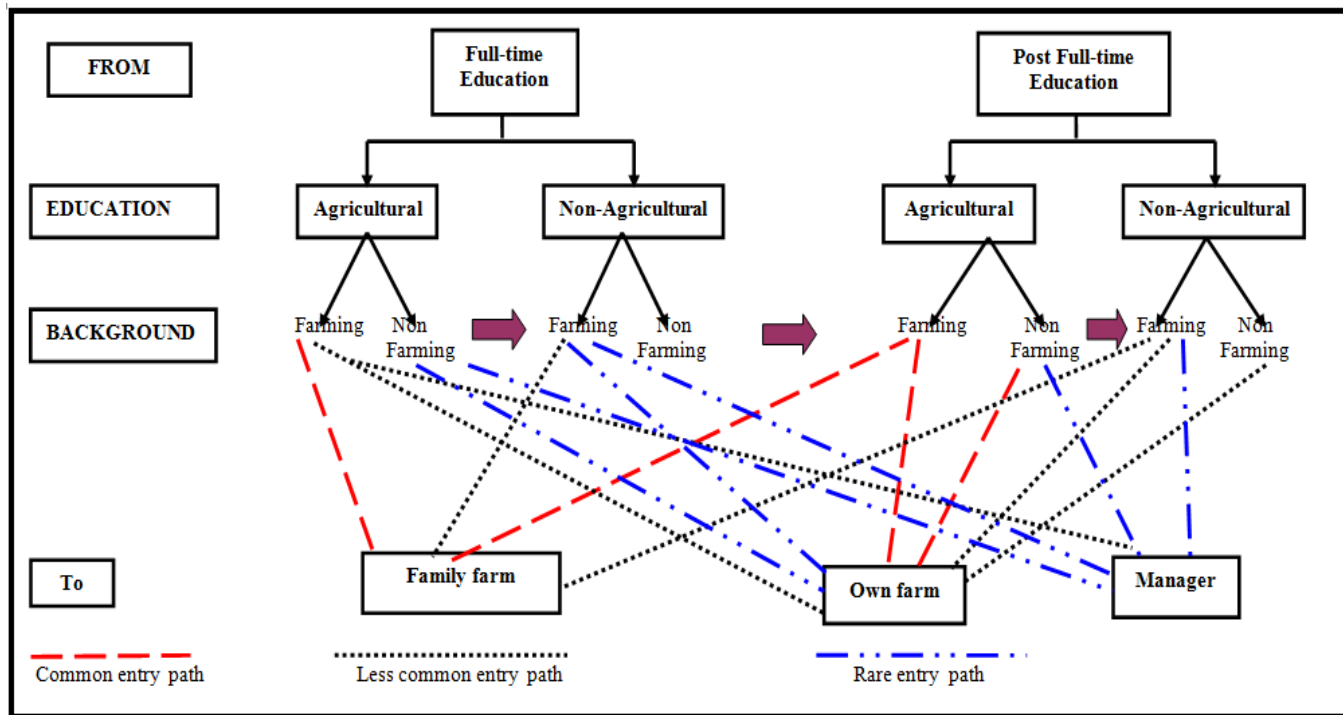
A survey questionnaire designed to identify farm/farmer specific, socio-economic and industry factors that influence NFGs' participation in mentorship was administered in KZN sugar growing regions from April to June 2010. The questionnaire was first tested for clarity with four respondents in one of the regions. A random sample of 70 NFGs was drawn population of 291 emerging black growers in KZN. However, a major challenge that faced the researcher during data collection was the unwillingness of the majority of the NFGs to be interviewed. The growers' unwillingness to be interviewed was partly due to the fact that they felt that they the NFG mentorship programme was not beneficial. As a result, fewer NFGs and mentors, than originally planned were surveyed. A total of 43 NFGs were interviewed, with 22 of the respondents from the North Coast, 15 from the Midlands and six farming on the South Coast. Additionally, a focus group discussion was held in early April 2010 with some of the key stakeholders in the sugar industry, mainly from SACGA and SASRI. The purpose of the discussion was to get more information and understanding about the two mentorship programmes implemented in the sugar industry and make further adjustments in the survey instrument.

Results and Discussion

Table-1 (in the appendix) shows that the majority (81.4%) of the sample NFGs were male and 18.6% female. Half (4) the surveyed females NFGs participated in mentorship up to the end and the other 50% discontinued. The majority (75%) of the female NFGs who discontinued were from the North Coast

region. Overall, about 35% (15) of the surveyed NFGs discontinued from the mentorship programme, with the majority (73.3%) from the North Coast region. The average age of the sample NFGs was 51.51 years, with the youngest being a 26 year old male from the Midlands and the oldest 72 years old (i.e.

a male from the South Coast). Furthermore, the majority (32.6%) of the surveyed NFGs fell within the 51 to 60 age category. The mean ages per region were 49.13, 59.50 and 50.95 years for the Midlands, South Coast and North Coast, respectively.



Source: Reeve and Stayner (2006:6)

Figure-1
Entry paths into farming
Table-1

Mentorship participation status and the demographic characteristics of the surveyed NFGs by gender and region, 2010

Characteristic	KZN (n=43)	Midlands (n=15)	South Coast (n=6)	North Coast (n=22)
Mentorship participation status and duration				
Fully participated (number)	9	5	0	4
Discontinued (number)	15	1	3	11
Never participated (number)	19	9	3	7
Mean participation duration (months)	6.29	4.93	1.83	8.52
Mentorship participation status and gender distribution				
Male NFGs				
Fully participated (number)	5	1	0	4
Discontinued (number)	11	0	3	8
Never participated (number)	19	9	3	7
Total number male NFGs (number)	35	10	6	19
Female NFGs				
Fully participated (number)	4	4	0	0
Discontinued (number)	4	1	0	3
Never participated (number)	0	0	0	0
Total number female NFGs (number)	8	5	0	3

A summary presented in Table-2 (in the appendix) shows that the majority (81.3%) of the surveyed NFGs had no educational background in agriculture. Nine percent of the surveyed NFGs had a business-related educational background, with the majority (75%) of them men. Additionally, about 70% (30) of the surveyed NFGs had prior experience in general management, with the majority (46.6%) of them from the North Coast region. The majority (39.5%) of the sample NFGs acquired their experience in management while employed elsewhere. Almost nine and nineteen percent of the sample NFGs acquired their managerial expertise by managing farms and through formal training, respectively. The majority of the surveyed growers therefore, fall in the rare entry path due to

their lack of farming experience and agricultural education. Correspondingly, NFGs may require more support services and training on sugarcane production.

An estimated 63% of the sample NFGs had previous experience in finance, with 18.5% of them female. On the other hand, about 23.2% of the sample NFGs had acquired their experience in finance while employed elsewhere and through formal training, respectively. Almost forty-nine percent of the surveyed NFGs had previous experience in marketing, with the majority (85.7%) of them male. Managing own farms and formal training accounted for a higher proportion of NFGs' previous experience in marketing (*i.e.* about 19% respectively).

Table-2
Educational background and source of prior experience in management, finance and marketing by region, 2010

Characteristic	KZN (n=43)		Midlands (n=15)		South Coast (n=6)		North Coast (n=22)	
	F	M	F	M	F	M	F	M
Educational background in agriculture and business management								
With agricultural educational background (number)	1 (7)	7 (28)	- (5)	5 (5)	- (5)	1 (5)	1 (2)	1 (18)
With business related educational background (number)	1 (7)	3 (32)	- (5)	1 (9)	- (5)	1 (5)	1 (2)	1 (18)
Prior experience in management, finance and marketing								
NFGs with prior experience in management (number)	2 (6)	28 (7)	- (5)	9 (1)	- (5)	5 (1)	2 (1)	14 (5)
NFGs with prior experience in finance (number)	5 (3)	22 (13)	3 (2)	7 (3)	- (5)	5 (1)	2 (1)	10 (9)
NFGs with prior experience in marketing (number)	3 (5)	18 (17)	1 (4)	7 (3)	- (5)	4 (2)	2 (1)	7 (12)
Source of experience in management								
Managing own farm (number)	-	4	-	1	-	1	-	2
Employed elsewhere (number)	1	16	-	5	-	3	1	8
Formal training (number)	1	8	-	3	-	1	1	4
No experience (number)	6	7	5	1	-	1	1	5
Source of experience in finance								
Managing own farm (number)	1	2	1	1	-	-	-	1
Employed elsewhere (number)	1	10	-	2	-	3	1	5
Formal training (number)	3	10	2	4	-	2	1	4
No experience (number)	3	13	2	3	-	1	1	9
Source of experience in marketing								
Managing own farm (number)	1	2	1	1	-	-	-	1
Employed elsewhere (number)	1	8	-	1	-	2	1	5
Formal training (number)	1	8	-	5	-	2	1	1
No experience (number)	5	17	4	3	-	2	1	12

NB: 1. F = female; M = male; 2. The numbers in parenthesis are for NFGs with no agricultural and business educational background, prior management, finance and marketing experience

Conclusion

The sample NFGs were mostly male and relatively old and the majority of them had no educational background in either agriculture or any business related field. However, most of the respondents had prior experience in general management. Relatively few surveyed growers had prior experience in managing sugarcane farms. Further, most of the sample growers had gained financial management experience while working elsewhere and or through formal training. These study results therefore, suggest that most of the respondents fall within the rare entry path and they do not possess key farm business management skills. Policy makers therefore, need to craft and implement post-settlement support services customized to meet the needs of NFGs from diverse backgrounds. Further, there is need to do detailed NFG needs assessment and profile the emerging farmers according to their backgrounds, training and development needs in order to optimize the intended benefits of support services.

Additionally, this study paves way for potential future research work. Identifying entry paths into the SA sugar industry may help policy makers know and understand the skill needs of NFGs and how best to provide them with the required support services. Other studies may investigate the role of mentorship and extension in equipping the NFGs with the necessary skills to engage in commercial agriculture.

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