

PARLIAMENT OF ZIMBABWE

FIRST SESSION - SIXTH PARLIAMENT

FOURTH REPORT OF THE PORTFOLIO COMMITTEE ON LANDS, LAND
REFORM, AGRICULTURE, RESETTLEMENT AND WATER
DEVELOPMENT

ON

THE VIABILITY OF THE SUGAR INDUSTRY

Presented to Parliament on 6 June 2006

[S.C 15, 2006]

ORDERED IN TERMS OF STANDING ORDER No. 151:

- (1) At the commencement of every session, there shall be as many select committees to be designated according to government portfolios to examine expenditure, administration and policy of government departments and other matters falling under their jurisdictions as the House may by resolution determine and whose members shall be nominated by the Standing Rules and Orders Committee. Such nominations shall take into account the expressed interests, experience or expertise of the members and the political and gender composition of the House.

TERMS OF REFERENCE OF PORTFOLIO COMMITTEES S.O 152

Subject to these Standing Orders a Portfolio Committee shall:

- a) Consider and deal with all Bills and Statutory Instruments which are referred to it by or under resolution of the House or by the Speaker, consider or deal with an appropriation or money bill referred to it by these Standing Orders or by or under resolution of this House; and
- b) Monitor, investigate, enquire into and make recommendations relating to any aspect of the legislative programme, budget, rationalization, policy formulation or any other matter it may consider relevant of the government department falling within the category of affairs assigned to it, and may for that purpose consult and liaise with such a department.'

On Tuesday, 19th of July 2005, Mr Speaker announced that the Committee on Standing Rules and Orders nominated the following members to serve on the Portfolio Committee on Lands, Land Reform, Agriculture, Resettlement and Water Development:-

Chief Bushu
Chief Chimombe
Mr Mr Gabbuza
Mrs Katsande
Mrs Mahofa
Mr Mguni
Mr Mkhosi
Ms Mugabe
Mr Mzembi
Mrs Pote

On Thursday, 23 February 2006, The President of the Senate announced that the Committee on Standing Rules and Orders nominated the following senators to serve on the Portfolio Committee Lands, Land Reform, Agriculture, Resettlement and Water Development:-

Senator Chikwanha
Senator Chief Chiduku
Senator Dete
Senator Rtd General Zvinavashe

Mr Mzembi to be Chairperson

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EXECUTIVE SUMMARY

The Committee received evidence from four different types of sugarcane growers namely Estates, old commercial farmers, new commercial farmers and the Chipiwa and Mpapa Settler Farmers.

There was consensus among all stakeholders in the sugar industry that since 2001 there has been reduction in the production of sugar as a result of land reform and that there was need to raise the production to its normal level. They appealed to government to finalize the land reform programme and to fully support new farmers in the industry by allocating funds in the national budget for the sugarcane crop.

Farmers appealed to the government to speed up the processing of the 99 year lease agreements. This would enable them to borrow loans from financial institutions. There is concern over the issue of land sizes for planting sugarcane. Most holders of 20 hectares and below are considered not viable for sugarcane production. The A2 farmers expressed great dissatisfaction over the Cane Purchasing Agreements which they consider unfair. Farmers were not satisfied with the price charged by millers for their cane. They appealed to the government to intervene in the operations of the millers. They also recommended that government must break the monopoly of existing millers in the sugar industry by bringing more players. They also complained that transport costs have become very expensive to the extent that transporters are now in business than growers.

A2 farmers applauded Parliament for passing amendment no. 17 of the Constitution. They said it came as a blessing to them and an end to their problems.

1. Introduction

- 1.1.** The Portfolio Committee on Lands, Agriculture, Resettlement and Water Development conducted a fact finding visit to the Lowveld from 8-11 May 2006. The objective of the visit was to assess the viability of the sugar industry and to find out the challenges being faced by both new farmers, old farmers and the sugar cane milling companies.
- 1.2.** As part of its information gathering, the Committee held four stakeholder meetings; one at Nesbit Arms Hotel where all stakeholders in the industry were present. At this meeting, the Committee received oral evidence mainly from A2 farmers and white commercial farmers who are growing sugar cane. After the meeting at Nesbit Arms Hotel, the Committee visited quite a number of A2 farms. The second meeting was held at Hippo Valley Estate where the main presenter was the Managing Director of the company. After the meeting the Committee toured the Estate's sugar cane plantation and the mill. The third meeting was held at Triangle Limited. Again the main presenter was the Managing Director of company. However, because of time constraints the Committee was unable to tour the mill. The last meeting was held at Mkwase Estate where the Committee received evidence from Mkwase Estate, Chipiwa Group of Settlers, the Consortium represented by Hippo Valley Estate, A2 farmers and white commercial farmers.
- 1.3.** Your Committee received oral and written submissions. Some stakeholders who were unable to present their cases during the Committee's meeting in Chiredzi posted their written submissions. Additional information from stakeholders was also sent soon after the Committee's visit reporting what was happening in the Lowveld.
- 1.4.** The visit was necessitated by numerous invitations from stakeholders in the sugar industry who were requesting the Committee and the government to show some concern for the industry. The industry felt that the government was not interested at all in the production of sugar yet there is no substitute for the product. It was against this background that your Committee resolved to conduct a fact-finding mission to the Lowveld to find out the challenges being faced by the industry.

- 1.5.** Your Committee would like to take this opportunity to thank all those who took time out of their busy schedules and gave evidence to the Committee. The Committee would like to convey its gratitude to everyone who attended its meetings in Chiredzi. Indeed their contributions were enlightening, well intentioned and enriched the Committee's deliberations.
- 1.6.** The report will give general findings and specific findings. Your Committee captured the views of those who responded to the Committee's open invitation to make submissions on the viability of the sugar industry. The report therefore, contains the views of the stakeholders, your Committee's observations and your Committee's set of recommendations.

2. COMMITTEES FINDINGS

2.1. Land Allocation

- 2.1.1.** Stakeholders appealed to your Committee to have the land reform programme finalized. They said this would end the problems they are currently facing of being moved from one farm to another. Your Committee learnt that there has been an emergence of what are called "A5" farmers. There has been a fresh wave of farm takeovers in the Lowveld where these so called "A5" farmers with the assistance of Lands Officers in Chiredzi and Masvingo were seizing plots with ready to harvest sugarcane crops. Farmers told your Committee during the stakeholders meetings that they were tired of being moved from one farm to another. Ministry Officials were cited as the culprits in these movements. It was alleged that this happens mostly during the time of harvesting. Your Committee appeals to the Ministry Officials to exercise their duties professionally and not become land grabbers. Now that the cutting season is upon us, these culprits would go around reaping where they did not sow. Many names of Lands Officers were cited. Greedy people must not be allowed to harvest where they did not sow.
- 2.1.2.** To avoid the collapse of the sugar industry, your Committee strongly recommends that a new land audit by an impartial and independent board should be carried out immediately in the Lowveld specifically for sugar cane growers. This must be followed by re-planning in the Lowveld. Members of the Portfolio Committee on Lands, Land Reform, Resettlement and Water Development must be part of the Committee that should be set up to conduct this land audit. The Committee would want to have these corrupt officers and other culprits exposed and there is need to weed them out as they are obstacles to the economic turn around of this country.
- 2.1.3.** Your Committee was also told that some A2 farmers had multiple farms registered in different names e.g wife using maiden names or son or daughter's name but belonging to one family or one person. It was also alleged that most A2 beneficiaries do not have the hectarage cited in their offer letters. Your Committee was told that land officers who have farms grab some extra hectarages from their neighbours.
- 2.1.4.** Your Committee is concerned with the manner in which land allocation is being conducted in Chiredzi. People were being moved from one farm to another for no apparent reason. Your Committee noted that there was conflict of interest from lands officers. Your Committee was told that the officers were allocating themselves the best plots where there were irrigation equipment, homesteads and larger hectarage at the expense of the ordinary people who are supposed to be the real beneficiaries of land reform.
- 2.1.5.** Your Committee is in receipt of documents on the BIPA Agreement between the government of Mauritius and the government of Zimbabwe. There are allegations that some farms under this agreement were being allocated to A2 farmers and that some farms are claimed to be under this agreement when in actual fact they are not. Your Committee recommends that the new land audit should find out the authentic beneficiaries of this agreement. Those who are genuine Mauritius farmers must be

protected by the Agreement and those who are not covered by the agreement must be removed from the farms.

2.2. Sub economic farming

- 2.2.1. Closely linked to the above named cases was the issue of sub economic farming. Your Committee was told that for a sugar cane grower to earn a living that farmer has to be on more than 20 (twenty) hectares of land. It was disturbing to hear that the Chipiwa Group of Settlers were still on 10 (ten) hectares of plots. Hippo Valley Estate and Triangle Limited established the Chipiwa Settlement Scheme with the approval of the government. This was done in phases from 1982 to 1989 and consisted of 191 small scale farmers with an average of 10 hectares each and a homestead.
- 2.2.2. The Chipiwa Group are at Mkwesine Estate with a total hectarage of 2000. At the time of take-up all the land for cane was under overhead irrigation system. The farmers were divided into blocks of between six and eight sharing one irrigation water pump. Hippo Valley Estate and Triangle Limited through Mkwesine Estate provided the land, developed it and constructed the homesteads. It was by paying up this long term loan that the farmers were purchasing and owning the holdings. The loans had since been paid up and the Chipiwa Group of farmers were about to get their title deeds but this was stopped because of the land reform.
- 2.2.3. Your Committee learnt that the success of the Chipiwa Settlement Scheme was because of the adequate support from government and the establishing companies that is Hippo Valley and Triangle Limited forming the consortium. The Chipiwa Group of farmers has what is called Planters' Agreement which governs the relationship between the individual farmers and the developing companies, the later represented by Mkwesine Estate. Under the agreement the Estate provides staff and facilities at subsidized rates to undertake the administrative functions of Chipiwa settlers. The services offered are as follows; control and distribution of water, control of cane cutting programmes, control and coordination of cane haulage system, full payment for cane deliveries by rail, supply of diesel for cane haulage, maintenance of irrigation infrastructure and inputs such as fertilizers and herbicides and liaising with planters and their Committees on matters essential to the smooth operation of the schemes.
- 2.2.4. Your Committee was told that with time, it was realized that due to rampant theft of aluminium irrigation pipes, high maintenance cost of pumps and motors and the ever-escalating electricity charges and power cut offs, it was cheaper to convert to furrow irrigation. The Chipiwa Scheme then embarked on a massive flood conversion exercise requiring plough out and redesigning of field layouts, cane replanting and construction of night storage dams. Your Committee was informed that to date more than 1800 hectares had been ploughed out and redesigned for furrow irrigation and 800 hectares are under flood irrigation. Your Committee was told that the scheme must have four night storage dams and to complete the project it requires \$ 150 billion.
- 2.2.5. Your Committee was impressed to hear that the Chipiwa Settlers managed to buy eighteen (18) haulage tractors and had employed personnel to maintain the tractors. This reflects the commitment by farmers to reduce total dependence on Mkwesine Estate. All they are asking is to have their hectares increased from ten (10) to twenty (20). New farmers without as much experience in sugar cane as them are on more than (20) hectares of land and this defies logic. The farmers said the ten (10) hectares are no longer viable considering the costs of water, inputs, transporting cane and maintaining irrigation equipment and this was confirmed by the two big Estates.
- 2.2.6. Your Committee feels that the Chipiwa Old Resettlement Farmers are being treated unfairly as first tenants. They must be considered for resettlement because the ten hectares of plots are theirs because they purchased them. They need to be brought to twenty hectares of plots for peaceful co-existence with new settlers.

2.3. Government Input Programme/Funding

- 2.3.1. Your Committee was informed that sugar cane growers are not benefiting from government inputs. The farmers were getting some of the inputs from millers but they said the allocation was not enough. The A2 farmers told your Committee that they approached government departments many times for assistance in sourcing inputs but nothing meaningful has materialized. Your Committee was told that only eighty (80) out of the six hundred and fifty two (652) farmers got fuel for agriculture purposes from NOCZIM. This has left sugar cane growers with no option except to get their inputs from millers at a very high cost. Your Committee appeals to the government to seriously consider funding the new farmers in the sugar cane industry. It seems government has forgotten that it has settled A2 farmers in the Lowveld to grow sugar cane. Government should have taken an interest the moment it settled A2 farmers in the Lowveld. Farmers are left at the mercy of Hippo Valley and Triangle Limited, yet these are private companies who are in business to make money and not to be good Samaritans.
- 2.3.2. Government must also realize that there are a lot of emotions attached to the land reform. Hippo Valley and Triangle Limited cannot continue to help farmers with loans and inputs at no premium. Government should be responsible for the new farmers and provide inputs for sometime until the new farmers have acquired enough resources to stand on their own. Your Committee was told that new farmers were accessing inputs like fertilizers and chemicals from the millers and all other services connected to the production of sugar cane but they were accessing these at a very high crippling cost.
- 2.3.3. Farmers were very bitter that sugar was not being taken seriously. There was bitterness and sadness that other crops were being funded under different schemes or in the national budget but nothing had been put aside for sugar cane. Reserve Bank of Zimbabwe (RBZ) Officials were also invited to Chiredzi to give evidence on the schemes available for sugar cane growers. RBZ Officials told your Committee that sugar cane was being funded under livestock and other crops. Farmers were not relieved to learn this but asked why sugar cane is classified under "other crops". This only shows that nobody has really sat down to consider the importance of sugar in this country yet about 70% of dietary consumption at household contains sugar. It can be a major earner of foreign currency.

2.4. Land tenure

- 2.4.1. Your Committee heard that there was slow investment and or reinvestment drive due to uncertainties around the land tenure. There was reluctance among farmers to improve the existing irrigation infrastructure as they are not sure that they will not be moved from those farms and most farmers told your Committee that they do not have capital to improve the industry resulting in some existing infrastructure not being maintained or serviced or repaired. Stakeholders in the industry were appealing to the government to finalize the land reform programme and to speed up the process of issuing the 99 year lease agreements so that they are not moved from one farm to another for no apparent reason. Farmers said this affects the production as sometimes they are told to move when their crops were still in the fields.
- 2.4.2. The issue of land tenure was cited as a major challenge to the new farmers and also to the Chipiwa Group of Settlers. A2 farmers were not accessing bank loans because financial institutions require security of tenure. Offer letters are not accepted by most banks except for those schemes sponsored by government through Agribank and ASPEF schemes. But most of the sugarcane growers have not been benefiting from these schemes. Farmers told your Committee that if government can speed up the processing of the 99 year lease agreement the better so that they can get loans from financial institutions.
- 2.4.3. The Chipiwa Settlers are not beneficiaries of the land reform as alluded above. They were supposed to get their title deeds and this was affected by the land reform. They

submitted that the uncertainty of land tenure vis-a-vis accessing of bank loans and various agricultural facilities provided by the government was a major set back and a threat to the consortium. One has to have title deeds or be A1 or A2 farmer in order to enjoy the aforementioned facilities and the Chipiwa Farmers are neither of these.

- 2.4.4. Some of the A2 farmers who were on the formerly contested properties said their operations were adversely affected because of movements. During judicial contests some crops were left unattended resulting in many crops wilting and many farmers losing out. Irrigation equipment for example, pumps were removed at some farms. Your Committee was told that many A2 farmers lost a lot of money due these contests because the money they were supposed to get in 2003 from what they had sold what taken to court as a result many farmers were not able to pay back their loans and the loans incurred huge interest rates. Your Committee was told that this was a huge set back as most of these farmers were left with nothing to prepare for the next crop. It was alleged that an amount in excess of \$6 billion was still tied down at the High Court because the case is still pending.

2.5. Growing other crops in the Lowveld

- 2.5.1. The A2 farmers are represented by the Chiredzi Sugarcane Farmers' Association. The association constitutes A2 farmers who were allocated land in 2001 under the land reform programme. The association has 352 members who are farming in Triangle, Hippo Valley and Mkwasine Estates. The association is a member of the Zimbabwe Sugar Sales and the Zimbabwe Sugar Association.
- 2.5.2. Your Committee was told that all the members of the association grow sugarcane and deliver it to Hippo Valley or Triangle Mills for processing into sugar. However, your Committee was told that some farmers grow other crops on part of their plots as plough out. Instead of leaving the field fallow for three months before putting the next crop of sugar cane, farmers prefer to put another crop to improve their cash flow earnings. Your Committee was also told that some farms appear to be under utilized because some farmers got fallow lands and were growing sugarcane gradually due to financial constraints. Farmers argued that they sometimes grow other crops to improve their cash flow as sugarcane takes twelve months to be harvested and within those twelve months farmers find it difficult to buy fertilizers and pay for their water and electricity bills. They said this was the main reason for the divergence from sugarcane production to other short life span crops as maize and sugar beans.

2.6. Price of sugarcane

- 2.6.1. Your Committee was informed that the price of sugar is determined by the Zimbabwe Sugar Sales which comprise of directors of Triangle Limited, Hippo Valley Estates, Zimbabwe Commercial Farmers and Chiredzi Sugarcane Farmers Association and that the Ministry of Industry and International Trade has no input on that. The directors of Hippo Valley and Triangle said they inform the Ministry as a matter of courtesy. The Ministry has no direct intervention in the pricing of sugar except that they are informed. There is no price control in the sugar industry but only price monitoring. Your Committee was however confused to hear from stakeholders including the two millers complaining about the price of sugar when they were the ones who determine the price. There was an outcry that the \$11 000 000 per tonne being paid to growers for raw sugar was very little compared to prices of other crops per tonne.
- 2.6.2. The general feeling among A2 farmers was that millers which are Triangle Limited and Hippo Valley Estate were not paying growers a fair price for sugar cane. They argued that the difference between the producer price which is currently \$11 000 000 per tonne and retail price which is currently \$96 000 000 per tonne was not fair and justified.

2.7. By products from sugarcane

- 2.7.1. Your Committee was told that there are two types of agreements that farmers enter into when selling their sugarcane to millers. These are called Cane Purchase Agreements and Milling Agreements, in the former, a farmer is paid on an estimated average price upon delivery until the final price is determined. Under this agreement a farmer does not benefit from the by-products like molasses, ethanol and refined sugar. Under a Milling Agreement, a farmer is paid on a cash received price and gets money for molasses and ethanol but nothing for refined sugar. Cane Purchase Agreements were designed for new farmers and the Milling Agreement for established farmers. Hippo Valley claimed that it had recently started paying farmers for by-products like molasses and farmers can access their filter cake if they want it and this is done under a Cane Purchase Agreement. There is no clarity on the situation at Triangle Limited. A temporary arrangement, the cane purchasing agreement which is a yearly agreement seems to be operational.
- 2.7.2. The farmers are only paid for raw and sunsweet sugar from one season to another and this results in a low average price to farmers as compared to millers and retailers. The general feeling among farmers was that they should also benefit from refined sugars. Your Committee was informed of a formula which is used for pricing sugar. It was submitted that a grower works out his/her production costs per tonne and the milling company also works out the milling costs per tonne. The price is determined after the farmer's production costs and the miller's milling costs have been added together and subtracted from the total proceeds from sugar. The grower and the miller would then share the profit on the proceeds. Growers argued that more costs were incurred in the growing of the crop than in the milling. There is deep distrust between growers and millers on price derivations and trade measurements of yields starting from weighbridge.

2.8. Water charges

- 2.8.1. Stakeholders complained that ZINWA was charging exorbitant fees on raw water. They argued that the recent percentage increase was not justified. The increase was from \$190 000 per mega litre to \$1 900 000 per mega litre. Resulting in raw water becoming very expensive thereby making farming unviable.
- 2.8.2. Some farmers at Triangle have water rights and these farmers are being charged monthly for their water use. These farmers were complaining that they cannot afford to pay monthly bills for water. The farmers at Hippo Valley pay a lump sum once in a while. Farmers at Triangle Limited were appealing for such a scheme as the ZINWA scheme impacts negatively on new farmers because of limited financial resources and also taking into account that the crop is harvested after twelve months. Cashflow in this case will be a problem.

2.9. Power cutoffs

- 2.9.1. Lack of constant power supply by ZESA was adversely affecting the operations of the sugar industry. Your Committee experienced these power cuts. The sugarcane crop relies on irrigation and failure by ZESA to provide power continuously affects the irrigation schedules resulting in low yields because of inadequate water supply.
- 2.9.2. Hippo Valley Estate and Triangle Limited informed your Committee that they generate electricity from bagasse which they bank with ZESA. Triangle Limited generates 31 mega watts from six turbines. Your Committee was informed that ZESA cuts off electricity for millers notwithstanding that the companies bank their electricity with them.

3. MILLING COMPANIES

3.2. Hippo Valley Estate

- 3.2.1. Hippo Valley Estate is a private company which was established in 1956 as citrus estate. To date the Estate has 12 500 hectares of land under sugarcane with an average yield of $\pm$ 105 tonnes per hectare. The average cane delivery from the estate, some A2 farmers and from Mkwasine is 1 315 500 tonnes per annum. Your Committee was informed that the mill has a capacity of milling up to 2 300 000 tonnes of cane. The milling company is under utilizing the facility because of inadequate supply of cane from small holder farmers. There is need to increase the production of sugarcane so that millers can maximize production to ensure adequate supply of sugar in the country.
- 3.2.2. Hippo Valley Estate informed your Committee that they experienced reduction in sugarcane production since 2001 due to inadequate supply of sugarcane from farmers who are still new in the industry and inadequate irrigation water storage capacity. Lack of adequate knowledge and commitment by most new farmers was adversely affecting their production. It was submitted that new farmers lack skills and resources resulting in low yields and poor quality of the crop. This has an impact on the overall production of sugar. Hippo Valley gets some tones of sugarcane from A2 farmers and from Mkwasine Estate because on its own, the Estate cannot produce enough to maximize the milling capacity they have. Failure to produce by these small individual farmers has a negative impact on the overall production. The production of sugar has not increased yet the mills have the capacity to produce up to 1 000 000 of tones of sugar per annum provided there is enough cane delivered to them. Currently Hippo Valley produces an average of 300 000 tonnes of sugar per annum.
- 3.2.3. Your Committee was informed that the Estate had been facing quite a number of challenges in the production of sugar. It was submitted that the instability of the economy was a major threat to the sugar industry. They said inflation, exchange rates and interests rates were making it difficult for the industry to be viable taking into consideration that sugarcane is a crop that is harvested after twelve months of planting. They said that the industry was receiving low returns on investments from both domestic prices and export returns.
- 3.2.4. Your Committee was also told that inadequate infrastructure like roads, railways, electricity and fixed telephone lines were major hindrances to the success of the industry. Your Committee was told that ZESA was unable to constantly supply electricity in the Lowveld and yet the area relies more on electricity for irrigation purposes. National Railways of Zimbabwe was unable to provide the service required by the industry. Telephones lines were said to be down most of the times.
- 3.2.5. The unavailability of key inputs like fertilizers and chemicals were cited as other obstacles to the growth of the industry. Stakeholders argued that without adequate inputs there is no talk of expansion and no assurance of the availability of sugar in the country.
- 3.2.6. Your Committee was informed that drought was another challenge to the industry. Without adequate water there is no production. Your Committee was told that the Lowveld gets its water from six dams namely Mutirikwi, Bangala, Nyajena, Manjirenji, Muzhwi and Tokwane Barrage. Hippo Valley Estate was getting a total of 185 667 mega litres of irrigation water from these water sources and they said this was not enough. The Estate recommended for the completion of the Tokwe Mukorsi Dam. They proposed to get in partnership with government and other interested stakeholders to sponsor the project. They said the completion of this dam would end many problems and would ensure an increased production in the sugar industry.

- 3.2.7. Hippo Valley Estate told your Committee that if the Tokwe Mukorsi Dam project were to be completed, the Estate has a potential to produce an additional 150 000 to 250 000 tonnes of sugar annually within ten years of completion of the dam. They also said there would be a potential of foreign currency inflows of US\$15 million to US\$25 million annually. Other potential benefits cited were creation of employment, strategic development vehicle for the Lowveld and Masvingo Province, vast irrigation for other crops, significant contribution to the fiscus and possible hydro-electricity generation.

3.3. Triangle Limited

- 3.3.1. Triangle Limited was established in 1926 and the first crop of cane was planted in 1939. Your Committee received a very detailed presentation from Triangle highlighting the same challenges being faced by the Hippo Valley Estate. Triangle Limited produced 234 523 tonnes of sugar in 2005. The company told your Committee that it experienced a total cane production loss of 349 000 tonnes. Below is a table which shows the losses.

Table 1 - Production loss by group

Name of cane supplier	Reduction in tonnes
ARDA Chisumbanje	75 000
Chipiwa	52 000
Mpapa Settlement Plots	40 000
Nuanetsi Ranch	10 000
Triangle Mill Group	77 000
Mkwasine Mill Group	42 000
Mkwasine Estate	53 000
Total	349 000

- 3.3.2. Triangle Limited also stressed the need to expand the industry. Stakeholders said the Lowveld was the best place in the world to produce sugar because it has the ideal conditions for cane production and low costs. The following advantages were cited as compared to other countries; fertile soils, continental climate, hot summers, short cold winters, well developed irrigation infrastructure and well developed milling equipment. In Zimbabwe the cane has a twelve month cropping cycle as compared to eighteen and twenty four months in other countries.
- 3.3.3. Stakeholders submitted that the sugar industry if managed properly can be a catalyst for economic recovery and contribute to sustainable land reform. The industry can also be a catalyst for growth and development in Masvingo and above all contribute to foreign currency generation through exports. This can only become a dream come true if government and all relevant stakeholders can work together to solve the challenges being faced by the industry.

4. Mkwasine Estate

- 4.1. Your Committee was told that the Mkwasine Estate was started in 1968. It was basically a parastatal involved in the production of wheat under irrigation system. The government then decided to divert itself off the parastatal and the estate was put on tender. Hippo Valley and Triangle Limited apart from standing individually also put in

a joint tender and they succeeded. The two companies had a 50% share of the Mkwase Estate commonly referred to as the Consortium. At that point in time the aim was to convert the estate from wheat into sugar cane production. This was done between 1979-1981.

- 4.2. One of the conditions of the sale of the estate was that 40% of the original estate was to be set aside for resettlement purposes and that happened during 1982 and 1983 resulting in the development of Chipiwa Resettlement Scheme. As earlier on mentioned above, it consists of 191 farmers on 10 hectares plots with houses and they occupy about 2000 hectares of the total estate. Your Committee was informed that there are ten commercial farmers on approximately 110-120 hectares each and these occupy about 300 hectares. Your Committee was informed that Mkwase Estate contributes about 15-19% of the total production at Hippo Valley and Triangle Limited.
- 4.3. With the land reform programme the current situation is that the estate has been fully acquired by the government. Your Committee is worried about the future of Mkwase Estate. It was submitted that the estate was designed and developed as a large scale producer. The water runs down the canal from Manjirenji Dam which is about 30-40 kilometers and runs about 230 kilometers of canals on the estate. Your Committee was told that the canals were designed around a central management system. The estate relied and succeeded because the Consortium was responsible for the management of water, road maintenance and the coordination of the haulage system from the fields to the rail loading zone (Mkwase Estate is furthest from millers). Infrastructure on the estate was also centrally designed.
- 4.4. The management at Mkwase Estate told your Committee that the future of Mkwase is hazy since it is not clear whether the Consortium will continue coordinating things like water conveyance, sourcing agro-inputs, electricity, servicing roads, providing health services and collection of refuse among other things. However, your Committee was told that it would be not possible for the Consortium to continue offering these services if they are not left with sufficient hectares. Before the land reform, the consortium in total was 4 881 hectares and out of that total 4 331 had been allocated to new farmers. The balance of 440 hectares still remains unallocated and was being maintained by the consortium but the government has not yet officially offered these hectares to the Consortium. It is not clear to the Consortium whether the remaining 440 hectares belongs to them or other farmers might come to occupy them.
- 4.5. Your Committee was told that the conditions of the core-estate was that the Consortium would be left with 30% of the original hectareage which is 1 465 hectares. That core was made to provide the requisite amount of revenue for the estate to be able to sustain itself while providing the required services to farmers. Without the 30% Mkwase Estate would not be able to provide the services and the only option will be that the new farmers would be charged for those services and this would not be possible considering the ten and twenty hectares of plots they have. The Consortium is currently subsidizing the services of the new farmers and in way assisting them. If the Consortium is left with less than 30% they said they would be forced to charge commercial rates of every service they would provide and for most farmers with less than 20 hectares it would not be sustainable.
- 4.6. New farmers told your Committee that the issue of core-estate was important for their survival. They confessed that it is a challenge which needs to be addressed. They said they cannot survive without this consortium and that there was need for all involved in this to unite and find a way forward. Your Committee was told that there was plenty of virgin land at Mkwase Estate but the current supply of water was inadequate to cater for the extra hectares. Again the proposal to have the Tokwe Mukorsi Dam finished was highlighted. Farmers said they had two options, its either they take up all the land (including the 440 hectares) and provide full cost recovery services but the charges will be beyond reach to most farmers or the Consortium is given land and Mkwase Estate remains with the concept of core-estate. The Chipiwa

Resettlement Scheme said that they would not be able to sustain themselves with the ten hectares they have if the services offered by the Consortium were to be stopped. They would need extra hectares for them to be viable. They appealed to the government to consider all the consequences involved in this whole issue. Their dilemma is that they were denied to be beneficiaries of the land reform on the basis that they already had land. They paid for their ten hectares but were not given title deeds. They do not have even offer letters like A2 farmers and it would not be possible for them to access funds from financial institutions.

5. CONCLUSION

- 5.1. Your Committee concluded that the sugar industry lacked government support and intervention. There is need to declare sugar cane as a strategic crop and not treated it as other crops where government interest is imbedded.
- 5.2. The Committee appeals to government to immediately desist from exercising distant interest and urgently addresses the challenges being faced by the industry. Government must take note that historically the lowveld used to be a country within a country because sugarcane growers were self sufficient. Farmers then did not need government assistance but things have since changed. There are now new farmers who cannot stand on their own so government has to assist until such a time that they are self sufficient. Triangle Limited and Hippo Valley are private companies and when they source inputs they would be doing it for their operations only. Farmers must benefit from government inputs schemes so that they are not left at the mercy of millers. Millers are charging them commercial rates for any service rendered on full cost recovery basis plus a premium.
- 5.3. There is rampant fragmentation in the sugar industry. Until such a time that stakeholders in the sugar industry come together and form a council that would represent the views of all and not sectional interests, the industry would continue to have problems. Your Committee noted that there is need for the establishment of a Sugar Council which would lobby on behalf of the industry. Some groups have managed to come together and lobby for their activities and are getting assistance from government. If we take an example of jatropha which is fairly new, we find that it has all the support from government because they managed to convince the government that their project is very important to the nation. There is no substitute for sugar and yet nobody pays attention to where it comes from.
- 5.4. Your Committee noted with concern that land disputes were affecting the production of sugar negatively. The Committee supports the land reform 100% but we feel that it should be resolved once and for all. Good farmers with offer letters are being chased away from their allocated plots and being replaced with people without offer letters in most cases. Your Committee observed that there are a lot of dirt dealings happening in the Lowveld as far as land allocation is concerned. Your Committee came to the conclusion that the culprits are the land officers because names of Ministry Officials were mentioned in most cases where people were being moved for no apparent reason.
- 5.5. The Committee also came to the conclusion that shortages of sugar on the local market was not as a result of low production but as a result of illegal exports by both consumers and producers. Besides the reduction in the production of sugar, millers are producing more than enough for the local market and can export the excess. Your Committee came to a conclusion that manufacturers were exporting more at the expense of the local market. Milling companies told your Committee that they export 70% of the total production and 30% is for the local market. Your Committee was however concerned that the RBZ has never mentioned that they have received so much from sugar exports. There is need for government to intervene in such matters of economic importance.

6. Recommendations

- 6.1. Your Committee recommends that government must declare sugar cane as a strategic crop and not treat it under "other crops". To date Government has been expressing a distant interest in the sugar industry, but the Committee observes that from the day the first A2 farmers was resettled Government should have consolidated its interest first expressed in 1987 through the resettlement of Chipiwa Group of Farmers.
- 6.2. Your Committee having noted the importance of the consortium as a service provider to Mkwesine Estate and considering the limited hectares that most individual farmers have, recommends that the Consortium remain with the 30% for it to be able to sustain itself and to provide services to the farmers. This 30% of the land is equivalent to 1 465 hectares and will form the basis of the core estate concept.
- 6.3. Your Committee also recommends that any hectareage which is less than twenty (20) is sub economic and therefore not sustainable. The Chipiwa Resettlement Scheme has skills developed since 1987 and these should not be thrown away. Your Committee recommends a new land audit for all the A2 farms and a re-planning to ensure that the Chipiwa Group together with other resettled farmers get at least 20 hectares each to ensure viability. This should form the basis of setting minimum land sizes for the newly resettled farmers.
- 6.4. Farmers with excess unutilised and unproductive hectareage must have it cut down to an agreed average size so that no farmer is on less than 20 hectares, equally no farmer should be in possession of land 20% in excess of the agreed average. This should form the basis of setting maximum land sizes for the new resettled farmers.
- 6.5. New farmers need government support in terms of accessing loans and inputs. The Committee recommends that there be an allocation for sugarcane inputs in the national budget and that sugarcane growers have access to fertilizers, fuel and chemicals through institutions like Grain Marketing Board and NOCZIM just like other crops covered under the Government Input Programme.
- 6.6. Loans given to sugarcane growers should be in harmony with the crop cycle and allow growers to harvest and sell. Your Committee recommends that banks design a facility for farmers based on a sixteen (16) months and not six (6) months pay back period.
- 6.7. The Committee notes that most new farmers do not have expertise in sugar production although they are willing to learn and recommends that government with other stakeholders must seriously consider setting up sugar technology training institutes equivalent to master farmer programme to improve sugar production and sector knowledge.
- 6.8. The Ministry of Industry and Trade must be part of the board that determines the price of sugar because there is a huge gap between the retail price and the producer price. When the Industry decides to review the price of sugar, the Ministry of Industry and Trade must be involved as an arbitrator and to confirm price derivatives and not just be informed "as a matter of courtesy" leaving producers at the mercy of the millers.
- 6.9. Your Committee recommends that some investigations be done on who buys sugar from Zimbabwe Sugar Sales and the kind of transactions and remittances that are done at Triangle Limited, Hippo Valley Estate and ZSR. And also investigate the criteria used in awarding export licences for sugar and to find out the benefits that accrue to the Sugar Industry/Grower and to the Nation.
- 6.10. Sugarcane farmers cannot afford to pay monthly water bills because the crop is harvested after twelve months. Your Committee therefore, recommends that sugarcane farmers pay quotas on agreed intervals to alleviate cashflow problems.

- 6.11. The Committee also recommends government to break the monopoly of existing millers in the sugar industry by bringing in more players. There is a case for a Milling Company for A2 farmers that needs further research and support. The Committee by copy of this report to the Anti-monopolies Ministry recommends immediate investigation into this matter.
- 6.12. Your Committee recommends the completion of the Tokwe Mukorsi Dam. Tins will go a long way in solving the problem of water shortages in the Lowveld. The Committee recommends that Government revisits the Tokwe Mukorsi Heads of Agreement (Statutory Instrument 87 of 1984) signed on 7 January 1996 by Hon K.M. Kangai as the Minister of Lands and Water Resources and on behalf of the Government of Zimbabwe between itself and Triangle Limited and Hippo Valley Estate. The Consortium is still willing to finance the project estimated at US\$34 million subject to agreed terms. The Committee recommends in light of new changes in land pattern use and on the back of the year 2000 resettlement programme, that signatories to this agreement renegotiate the period of usage of water by participants, water quotas and funding obligations by participants. The environment under which this Agreement was secured and negotiated has drastically changed to the advantage of Government and it should drive this process once again. It is better to have a completed dam with water and negotiate water usage than not to have it at all.
- 6.13. Triangle Limited and Hippo Valley Estate should harmonize the issue of Cane Purchasing Agreements and come up with a single uniform agreement that is applicable to all cane growers regardless of race, colour, creed or farming history. Equally by-products such as ethanol, molasses etc should accrue to farmers on the same basis of equality.
- 6.14. The Committee is encouraged by Government's interest in one of the sugar's by-products namely ethanol but encourages Government to extend its interest to other by-products like bagasse which has a potential to solve energy deficit in the area. In other sugar growing economies sugar is no longer treated as the main product and has been substituted by electricity and other products.
- 6.15. All growers protected under BIPA's should have their rights protected. The Committee calls for a definite resolution of all cases before Ministries of Lands, Agriculture and Foreign Affairs in order to restore investor confidence in the sector.
- 6.16. The National Railways of Zimbabwe must be put at the center of an integrated cane haulage model. The advent of the Tokwe Mukorsi Dam means that sugarcane would be grown on a large scale throughout the Lowveld and this also means that the distance from fields to the milling companies shall increase, a cheaper and more cost effective haulage model is therefore necessary.
- 6.17. On land tenure, your Committee recommends that the law enforcement agencies be deployed immediately to protect the interest of growers from farm disruptions caused by the emergence of "A5" farmers who are hopping from one "ready to harvest farm" to another. The Committee has specific cases on file that it will bring up with the Ministry of Lands and other law enforcement agencies.
- 6.18. The Committee recommends that the Ministry of Lands investigate the operations of its Provincial officers in Masvingo and District Officers in Chiredzi. The Committee can provide specific names for interrogation and questioning in relation to specific cases that have been brought to its attention.
- 6.19. Finally, it is the considered view of the Committee that an all inclusive Sugar Council be set up that would draw its composition from government, growers, millers, financiers, marketers, research and development and other stakeholders. Tins will eliminate fragmentation and partisan representation of the sector and increase the bargain and lobbying leverage of the sector to government. The Sugar Council is expected to drive the industry's adaptation strategy in line with changes in the

European Union Sugar Regime, our country is a signatory to the Sugar Protocol as per the Lome Convention. The Committee implores government to commission a policy study that would answer European Union requirements to avert losses in export of the product that are emerging as a result of trade liberalization and in price reductions that commenced in January 2006.

ANNEXURE I

LIST OF PARTICIPANTS

	NAME	ORGANISATION	DESIGNATION
1.	S. Cleasby	Triangle Limited	Managing Director
2.	S.G. Nhari	Triangle Limited	Financial Operations Director
3.	F.D. Musikavanhu	Triangle Limited	Agric. Planning Director
4.	E. Eston	Triangle Limited	Agric. Project Manager
5.	F. Chifombo	Triangle Limited	Agric Operations Manager
6.	C. Wenman	Triangle Limited	Technical Director
7.	E. Mugumo	Hippo Valley Estate	Farmer
8.	C. Dhlamini	Mkwesine Estate	Farmer
9.	C. Muhwati	Hippo Valley Estate	Farmer
10.	M. Sinaravo	Hippo Valley Estate	Farmer
11.	N. Mlambo		Farmer
12.	S. Muduma		Farmer
13.	PHJ Baloyi	CSFA	Treasurer
14.	O.C. Mutema	Mpapa	Farmer
15.	N. Mabika	Mpapa	Farmer
16.	F. Mutamba	Mpapa	Farmer
17.	O. Chagwasha	Mpapa	Manager
18.	B. Lagesse	ZCFA	Chairman
19.	S. Warth	Mpapa	Farmer
20.	S. Schwarer	ZCFA	CEO
21.	B. Baloyi	Mkwesine	Farmer
22.	D. Tsingo	CSFA	CEO
23.	L. Mazanhi	CSFA	Sec. General
24.	R. Mukwati		Farmer
25.	A. Matsvayi	CSFA	Vice Secretary
26.	B.S. Mukono	Turkey Heart	Farmer
27.	L. Mukono	Turkey Heart	Farmer
28.	D. Muregwi		Farmer
29.	C. Mafadza	Turkey Heart	Farmer
30.	F. Chaka	Mpapa	Farmer
31.	L. Chimwai	Reserve Bank	
32.	J. Nyoni	Reserve Bank	
33.	E. Magovo	Triangle	Farmer
34.	D. Chiwa		Farmer
35.	J.V. Parichi	Triangle	Farmer
36.	M. Mlambo	Hippo Valley	Farmer
37.	S. Jindu	Mpapa	Farmer
38.	G.M. Chitesah		Farmer
39.	Kahlamba		Farmer
40.	J. Changamire		Farmer
41.	L. Chikomo	Mpapa	Farmer
42.	C.G. Pambuka	Mpapa	Farmer
43.	S. Sigauke	Mpapa	Farmer
44.	F. Tausha	Mpapa	Farmer
45.	I. Murembwa		Farmer
46.	R. Siziba	Triangle Limited	
47.	J.C. Hwarate	Hippo Valley	Farmer
48.	B. Mahoya		Farmer
49.	F.Z. Mavheneka	CSFA	
50.	TPS Bere	Triangle Limited	Farmer
51.	R. Madzingo	Triangle Limited	Farmer

52.	Z. Katiyo	CBZ	Branch Manager
53.	F. Musamrwa	CSFA	Farmer
54.	V. Gombodza		Farmer
55.	R. Munaki		Farmer
56.	R. Chiwawa	Mkwasine	Farmer
57.	P.M. Chitesah	Buffalo Range	Farmer
58.	H.E. Rwafa	Chipiwa Mill Group	
59.	A. Karekwavanani	Chipiwa Mill Group	
60.	Alexander	Chipiwa Mill Group	
61.	L. Mutubuki	Pore Pore	
62.	F. Mazarure	Pore Pore	Chairman
63.	J. Masuku	Chipiwa	Farmer
64.	E.Gonye	Chipiwa	Farmer
65.	Z. Mashandudze	Chipiwa	Farmer
66.	B. Chingwena	Chipiwa	Farmer
67.	P.B. Chokuda	Chipiwa	Farmer
68.	E. Chandimhara	Chipiwa	Farmer
69.	M. Sinaravo	Hippo Valley Estate	Farmer
70.	J. Mandava	Chipiwa	Farmer
71.	Bungu	Chipiwa	Farmer
72.	M. Mupfudze	Chipiwa	Farmer
73.	Witness Moyo	Chipiwa	Farmer
74.	N. Phiri	Chipiwa	Farmer
75.	E. Shumba	Chipiwa	Farmer
76.	B. Madondo	Chipiwa	Farmer
77.	P.J. Manyawi	Chipiwa	Farmer
78.	G. Pondori	Chipiwa	Farmer
79.	T. Shenjere	Chipiwa	
80.	E.C. Paradzai	Chipiwa	
81.	F.N. Chigava	Triangle	Farmer
82.	A. Matsvayi	CSFA	Vice Secretary
83.	A. Samson	Triangle	
84.	Gwandomba	Mkwasine	
85.	Mavhengeka	CSFA	Chairman
86.	S. Mugauri		Farmer
87.	C. Tobaiwa		
88.	T. Zhuwawo		
89.	D. Mpala	ZRP	
90.	Nyamuzuwe	ZRP	
91.	T. Jeke		Farmer
92.	E. Chambani		Farmer
93.	M. Dzingira		Farmer
94.	M. Mlambo		Farmer
95.	A.M.Dongora	Chipiwa	Farmer
96.	B. Mahoya		Farmer
97.	Takavarasha	Mkwasine	Management
98.	A. Mutembwa	Mkwasine	Management
99.	J.G. Tagarisa	Chipiwa	
100.	S. Mutsambiwa	Hippo Valley Estate	Managing Director
101.	Shumba	Triangle Limited	Marketing Manager