

7th October 2011

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EXECUTIVE NEWS

Well the weather predictions from last week were certainly correct, for Harare anyway, as the first rain fell last weekend and have continued, with some very useful falls having been recorded during the early part of the week. From reports coming in from the districts around the country it would seem that the rain has been fairly widespread, albeit in varying amounts as well as being generally in the form of isolated showers and often with thunder.

Whilst this very early rain may be money in the pocket for cattlemen and summer crops the few wheat farmers out there may be in trouble with their crops, which are still waiting to be harvested.

Although we have not yet been able to lay our hands on any scientific evaluation of the forecast for the season, what happened this week certainly goes along with the one prediction which has been bandied about, being early rains with an early cut off. As soon as we are able to obtain one we will publish it.

Included in last week's message from President Taffs we included a list of telephone numbers for you to contact in case of problems being experienced. Unfortunately we published Vice President Peter Steyl's incorrect telephone number. We therefore show his correct number in the duplicated list below:

Charles Taffs	0772 284 847
Peter Steyl	0712 631 738
Hendrik Olivier	0772 235 640
Marc Carrie Wilson	0772 865 199
Mike Clark	0772 337 226; 0712 603 427
Starr Glen Williamson	0712 215 282; 0772 346 487
Police Special Response Unit:	04- 497906;

We have over the last month seen a large increase in violence, evictions court cases and intimidation and have and will continue to appeal to our leaders for sense to prevail.

It is essential that you keep in touch with us as soon as you are experiencing any problems, or better still, even before they develop, so that we can come up with a strategy to resolve the problem before it is too late. All reports should be sent to Mike Clark at mashc@cfuzim.org

Last Sunday an elderly farmer living on an isolated farm in the Guruve district was attacked by two youth who were waiting outside for him when he visited his outside kitchen at 8 pm in the dark. He was struck over the head with a badza and left outside unconscious whilst the two youth entered the house ransacking it after tying up his wife with wire. Although they were after money they left with a few items of clothing, \$40, 2 cellphones, ammunition and a pistol. They were also armed with a small calibre pistol. The farmer is still in ICU being treated for the injuries to his head.

The two murders and two serious assaults involving farmers over the last month can give rise to a lot of speculation as to the motives. Some say that a message is being given to a few of the remaining farmers whilst others say there is an increase in criminal activity caused by the repatriation of Zimbabweans from South Africa, whose permits were refused by the authorities.

Whichever one we may choose to believe and whether either are even correct, we strongly urge all farmers, and for that matter our non-farmers now living in the major towns, to look at and tighten up their security of their homes for the safety of themselves and their families. We are definitely heading for uncertain times as we are also aware of at least one similar incident in one of the towns. Where farmers are handling large amounts of money, for example on pay days, we suggest that they should rather think of working together with other farmers in their district and employing security companies instead of becoming possible targets themselves.

Although the pressure is still on in the conservancies the publicity of the fate of one herd of 70 elephant which is under pressure from several hundred new settlers in that particular conservancy has certainly created an international outcry and awareness. This has resulted in a new home being offered for the elephant, but this is met with numerous challenges, which includes the huge financial costs which would have to be overcome. Although there was a favourable reaction by the police to a similar incident developing on a neighbouring property which threatened a herd of about 80 buffalo held in a confined area, the official reaction to the now endangered elephant remains negative.

Whilst many farmers out there are still facing prosecution in the courts under the Gazetted Land (Consequential Provisions) Act, we note with interest that the prosecutors are currently on strike. However, affected farmers should not take it for granted that their cases will simply not continue and should liaise with their defence team rather than being held for contempt should they not appear. We are following the situation closely.

The following article was taken from the press this week on a wage increase for domestic workers, but we cannot confirm the authenticity yet as nothing has been seen published in the Government Gazette. As soon as we see the Statutory Instrument covering this issue we shall publish it:

Domestic workers: New wages gazetted

Government has set wages and conditions of service for domestic workers in a move that will result in the highest-paid such worker earning \$100 per month. The new wages and working conditions were approved by Cabinet recently and are with effect from October

Domestic workers - including child minders, cooks and gardeners - will now be paid between \$85 and \$100. Workers not residing with their employers are now entitled to accommodation, transport, electricity and fuel or cooking allowances. A yard worker or gardener will now get \$85 per month or a weekly wage of \$19,60, while a cook or housekeeper is now entitled to \$90 per month or \$20,79 per week.

Those domestic workers looking after the disabled had their wages pegged at \$95 per month or \$21,94 per week.

Some domestic workers with Red Cross certificates or similar qualification who take care of the disabled and the aged are paid \$100 or \$23,10 per week. Those who do not stay with their employers are now entitled to monthly allowances of \$50 accommodation, \$26 for transport, \$5 for lights, \$5 for fuel or cooking and \$5 for water.

ZIMBABWE'S POWER SITUATION: A CLOSER LOOK

Got any power? Got any water? Got any explanations that make sense? Maybe this one does. The statement below is from the Chairman of the Zimbabwe Power Company.

Chairman's Statement

Zimbabwe Power Company 2nd October 2011 (10pm)

Starting with the end in Mind

It is important that customers are regularly informed of the stark reality of generation capacity in Zimbabwe. If the facts are understood then it is up to each individual to assess how best they can cope going forward into the next four to five years. There has been no meaningful investment in additional power since the 1980's – 25years! Over the past two and a half decades there has been major growth in our population as well as a population drift to the urban areas.

The demand for power is around 1,800 MW at daily peak and this is growing. Local installed operational capacity today is around 1,200 MW – so we have a gap of 30%. As ZPC implement their program to stabilise and optimise the generation capacity at all its stations over the next 12 months the supply will increase to 1,500 MW – but in the meantime demand will continue to increase.

The ONLY way to close this gap is to install additional capacity and the shortest timeline to achieve this is four years. So I urge all customers and stakeholders to understand this and take whatever steps they can to mitigate against this stunted power capacity.

I suggest that an Energy Forum is established amongst major customer groups to facilitate dialogue around this critical aspect of life in Zimbabwe. We need to seek solutions that will help address this shortage: remove duties on solar power equipment, remove duties on low energy power devices, change the building by-laws to insist that all middle and high income new houses use solar geysers, insist that new mines install solar systems in their housing and other water heating processes etc. Most importantly to engage in a national education campaign on how to be more economical in our power usage.

Other power producers need to be encouraged to enter the market. Licenses have been issued but it seems there is little appetite to invest, why? We need to debate these issues.

An Update on Capacity Expansion

Kariba and Hwange

There has been a very positive response to the “Expression of Interest” for the expansion at both Kariba and Hwange. The “Expressions of Interest” closed in mid-September and our team of Hatch, KPMG Consortium and management are reviewing the documents before making recommendations to the State Procurement Board. This will then be followed by a formal tender to prequalified companies.

To ensure that the momentum is maintained it is vital that the Independent Regulator is put in place outside of the Ministry and that this new body engenders the confidence of potential investors.

Small Thermals

WAPCOS (an Indian consultancy group in the power sector) will finish the feasibility studies to re-power the boilers at the small thermal stations. We then intend looking for funding / joint venture partners to help us carry out these upgrades.

Recent History and the Current Situation

The month of September has not been a good month for ZPC and hence for you, the customer. Many of us over the last week have experienced up to five consecutive days of load shedding from 5am to 10pm. Why?

Before I continue, it is important to note that ZETDC (Zimbabwe Electricity Transmission and Distribution Company) hold the balancing of supply and demand / (load shedding) responsibility. They have a load shedding plan which is in turn based on their expectation of power supply from ZPC as well regional power utilities. ZETDC are forced to deviate from this plan when there is a sudden loss of power from their suppliers – power generation outages at times occur without warning and this throws out the planned load shedding regime.

In writing this statement I will endeavour to give facts, to not be defensive yet not shy away from giving news that you need to hear.

There are four main themes that run through the low generation this month and particularly over the last 10 days, namely: sluggish and below par (in my view) performance of the Original Equipment Manufacturers (OEM), underperformance of the procurement and logistic chain (both in-house and external suppliers), ongoing cash flow challenges (ZPC have only received approximately 80% payment this year for the energy it has generated and sent out, as payment of imports are given precedence) and finally the ongoing occurrence of regional power swings (surges) into our transmission systems where protection is insufficiently robust.

Some Detail

If detail is not what you want please skip to the next section.

Kariba Power Station

This station has been generating at full capacity for much of the last two years except for planned shut downs. In June this year a failure occurred in the generator winding of Unit 2. These are copper windings as thick as one's arm. It can only be replaced by the OEM who had to design and outsource the replacement section. During this outage a crack was found in one of the turbine blades which only the OEM can repair. This repair work is under way and is scheduled for completion before mid-October. In my view the OEM did not, and could not be encouraged to, respond to our crisis with the urgency demanded by our unique situation or with the respect that a 30 year relationship deserves. Our MD has been in Europe this week to discuss this with the OEM.

During the week ending 25th September the protection on Units 3 and 4 tripped. Unit 4 was isolated from the transformer which it shares with Unit 3. Unit 3 was then brought back into service. After meticulous trouble shooting it was found that switch gear and control devices, which were replaced by another OEM during our maintenance shut downs earlier this year, had failed. Repairs to these devices are underway under guidance of the OEM from Europe.

So in summary Kariba has been down to four units for the last 10 days with the station expected to return to full capacity by mid- October.

Hwange Power Station

As I have mentioned in prior statements there is a significant amount of work still required to stabilise this station not the least of which is the Ash Disposal section of the process. As money becomes available we go to tender against a prioritised schedule of replacement components – some of which have lead times of up to one year!

We have lost the four Phase One (smaller) units over the last week to 10 days. Unit 1 due to the failure of the “Boiler Feed Pump” which is new and under warranty, Unit 2 due to a the failure of its thrust bearing, Unit 3 due to wear on its induction fans caused by the under-performing de-ashing system and Unit 4 due to the failure of its “Boiler Feed Pump”.

To exacerbate the situation the entire station was taken out by a surge out of Eskom (S.A) on Tuesday 27th September.

At time of writing this statement we now have two Phase Two (larger) units and one Phase One(smaller) unit feeding the grid. We expect to bring another unit back overnight (Sunday) and the fifth by Wednesday this week.

Small Thermal Stations

These stations are situated in Bulawayo, Harare and Munyati. Our major constraint in maintaining modest outputs from these stations continues to be the availability of coal from our three suppliers. All three suppliers assure us that their production will improve over the next two months. Should this not be the case we will have to consolidate and probably run only two of the three stations.

In the middle of this week NRZ went on strike. I must commend our management team and coal suppliers for their rapid response to this event. They mobilised over 40 trucks to haul the coal that was to move by rail.

The next 12 months

Major retrofitting and component replacement projects will continue over the next 12 months. WAPCOS (the Indian company that provides expert advice at Hwange) have provided an experienced project manager to help oversee these projects at Hwange. To execute these projects there will be extended planned outages of units on a sequential basis during the year ahead. For example the precipitators (ash handling) on Phase Two will be retrofitted over the next seven months therefore from the middle of October until May 2012 and one of the Phase two Units will be offline.

At Kariba the system that governs the turbine blades, in sympathy to the power demand, will be replaced on each unit (six weeks per unit) on a sequential schedule. This means that from mid-December until September 2012 only five of the six units will be online.

In addition, over the next 12 months, other units will need to be taken off line for shorter periods to undertake unit specific upgrades or repairs. There will also be the exogenous breakdowns.

So in summary the power supply regime will for the next 12 months will be much the same as it has been for the last 12 months – all in a bid to stabilise and optimise supplies in the medium term.

The refurbishment of the 40km pipeline from the Zambezi to the Hwange station remains a priority and is a one year project. The feasibility study was completed over two months ago and we await the outcome of possible of government-to-government funding with the government of India.

The Tariff

I wish to thank all stakeholders for their understanding on the need for a revised tariff after two and a half years of stagnation. The power woes of today are largely attributable to many years of suppressed earnings by this power utility. To have continued this trend would surely have led us into total darkness.

Sadly this increase in tariff as of 1st October will not translate into immediate improvements in the availability of power. Lead times for retrofitting projects can be many months.

Of equal importance is the positive message that this sends to investors: “Zimbabweans are prepared to pay for their power.” I urge all of you to take personal responsibility for your power usage. There seems to be a misapprehension that load shedding automatically results in a dramatic reduction in your power usage and hence cost. This will not be the case if you do not manage your consumption. While you sleep the power comes back on and heats geysers, runs fridges and pumps etc.

Board

The board of ZPC remains committed to its responsibilities for the company whose performance is critical to the economy of this country. We see our role as more than one of oversight and governance. We therefore spend time in mentorship roles as well as bringing our diverse skill-sets and experience to bear at an operational level when the situation demands. Arriving at solutions to the complex challenges that have been imposed on the company over the years (lack of investment in new capacity, foregone maintenance of existing infrastructure etc.) requires a team effort.

We have commissioned the “Institute of Directors Zimbabwe” to undertake a performance review of the ZPC board.

In Closing

I hope reading this statement improves your understanding of recent events and the challenges that all of us will face in the medium term – until additional generation capacity is installed.

It is essential that we find ways to hold dialogue across all walks of life on this key economic driver and household resource.

R. Maasdorp

Chairman ZPC

LADIES DAY

Further to the invitation sent out previously regarding a ladies day for the pensioners/elderly. Please be advised of the following:-

Date :26 October 2011

Venue :CFU dining room – Cnr. Adylinn Roads/Marlborough Drive, Marlborough, Harare

Time : 10h00 – approximately 1:00pm

Theme : Is this Life?

Riesl Spies is a social worker in private practice and an art teacher. All the ladies have to bring is: a picture or photo of anything that has a positive feeling for them. They will make a memory board.

There is no charge and teas and eats will be served.

For catering and preparation purposes, kindly indicate your interest to attend on following e mail address louise@cfuzim.org or 04 309811-19.

Hendrik Olivier

DIRECTOR

COMMERCIAL FARMERS UNION

MEMBERSHIP CARDS

There are literally a few boxes of membership cards, which have not been collected from your Union. Please check with the ARAC office and collect yours if you have previously come in to pay your subscriptions.

Zimbabwe National Water Authority (ZINWA) Levies – Justified charges or just another Piece of the Farmer?

By Marc Carrie-Wilson (Commercial Farmers' Union)

Introduction

In recent months Zimbabwe's agricultural sector has seen a steady rise in the costs of production which many farmers, both small holder and large scale, agree are reaching unsustainable levels. Many of these costs are in the form of high fees and charges payable to state run authorities and agencies for services, permits, licenses and taxes. They include Rural District Council fees and rates, Environmental Management Agency fees, Zimbabwe Electricity Distribution and Transmission Company (ZEDTC) charges and not least of all the Zimbabwe National Water Authority (ZINWA) charges. It is the latter Authority, which is the subject of this article.

Background

Prior to the reforms of the water laws and regulations that took place in the later part of the nineteen nineties, rights to access water for economic or commercial benefit were allocated by the centralized Water Court in Harare. These rights were issued in perpetuity on a first come first serve basis. Once granted there was no requirement to pay for the possession of the right. In practice the Water Right was linked to the market value of the farm on which the water was used. The calls for reform of this system mainly focused on:

- the inequitable distribution of water rights to mainly commercial farmers;
- a need to decentralise the administration of river systems thereby increasing user participation in the planning of water use in a catchment area; and
- the need to ensure that environmental aspects of water management which were not catered for in the old act were recognised.

Following these legislative reforms, the administration, development and use of water resources is now regulated by two Acts of parliament, namely: The Water Act [Chapter 20:24] (i.e. the 1998 Water Act) and The Zimbabwe National Water Authority Act [Chapter 20:25].

The Water Act of 1998 incorporated many new features, which were designed to address the shortcomings mentioned above. The main changes centred on the abolishment of private ownership of water and the water rights system in favour of a system of permits. Management of Water resources was also decentralized to Catchment Councils and Sub catchment Councils who exercise use allocation powers over the river systems within their jurisdiction. Catchment Councils are chiefly empowered by the Act to grant permits to water users and to prepare a plan relevant to its river system. Other features of the Act include provisions, which cater for the so-called "green" aspects of water management.

The Zimbabwe National Water Authority Act, which became effective on the 1st of January 2000 provides for the establishment of ZINWA and confers the authority with certain powers. ZINWA's functions are set out in section 5 of the Act which is probably best summarized as "to manage water for the State and to ensure sustainable development and equitable distribution of the country's water resources to all Zimbabweans at an affordable price"¹. ZINWA is of course empowered to charge a levy and set other fees, which must be used to sustain its operations and enable it to provide the services, which the Water Act and the ZINWA Act require it to carry out.

It is contended in some quarters that these two pieces of legislation provide a good theoretical framework for the efficient management of Zimbabwe's water resources. However, it is widely acknowledged that in practice there have been many shortcomings in the implementation of the legislation and the water sector reforms. Moreover, the launching of Governments Fast Track Land Reform Programme (FTLRP) in 2000 and the subsequent nationalisation of almost all commercial farmland in 2005 has in a sense overtaken the water law reforms of the late 90s.

Today almost all land is state land, and therefore, all Water is state water, which is managed and sold to users by ZINWA by way of agreement. The involvement of the Catchment Councils and Sub-Catchment Councils in this process is unclear. Many users have the impression that there is a duplication of the centralised Management of Water Resources by ZINWA, and the decentralised management of Water resources by the Catchment Councils. It is submitted that this position has to an extent undermined the noble ideals of decentralising water management to the Catchment and sub catchment Councils, which was intended to involve users in the management of water affairs at Grass Roots level.

The last decade has witnessed a significant decline in Agricultural Production, which is borne out by the low uptake of "agreement water" at present². The net effect of this is that Water is not a resource which is competed for at present and it is therefore difficult to assess whether the current framework is adequate to cater for the equitable distribution of access to water in future times when water may be scarce. In addition, severe economic distortions and hyperinflation leading to the spontaneous dollarization of the economy in 2009 has caused the erosion of the capacity and resources of ZINWA and the Catchment Councils who are now not ideally placed to pursue their mandate.

¹ Extract from information about ZINWA published on the Ministry of Water Resources Development and Management website:

http://www.water.gov.zw/index.php?option=com_content&view=article&id=59&Itemid=57

² The 7 major dams are 83.2% full

http://www.zimbabweprememinister.org/index.php?option=com_content&view=article&id=91:all-stakeholder-water-summit-hosted-by-minister-nkomo-in-bulawayo&catid=68:water-resources-and-development&Itemid=95

The adoption of the multi currency system has also accompanied moves by ZINWA and the Catchment Councils to charge more “realistic” rates for the abstraction of water. Suddenly water charges are now a factor, which requires serious consideration in costs of agricultural production. The questions posed in this article are:

- How much does ZINWA charge? (and how were these charges determined?)
- For what are these charges levied?
- Do ZINWA and the Catchment Councils provide the services that they should provide?
- Are the charges sustainable as regards the costs of agricultural production?
- Does the present regulatory framework reward water users who invest in storage infrastructure and water conservation techniques?
- Is the system adequate to equitably distribute access to water if water were a scarce resource?

To answer these questions the regulations regarding “Permit Water” and “Agreement Water” will be summarised below. Then a fictional scenario indicating a typical example of a wheat farmer will be given to indicate the constraints farmers face and finally the criticisms of the present scenario from the farmer’s perspective will be listed.

ZINWA, Catchment Council and Sub Catchment Council Fees

The Permit System

Commercial use of water requires a permit

The following categories of water use require a permit

- a.) Abstraction of surface water for any purpose other than primary purpose³; or
- b.) Storage of surface water in storage works in a public stream for
 - i. Any purpose other than primary use; or
 - ii. A primary purpose in excess of 5000m³
- c.) Construction of ground water storage works in a public stream for:
 - i. Any purpose other than primary use
 - ii. A primary purpose in excess of 5000m³
- d.) Abstraction of ground water for any purpose other than primary use
- e.) Interfering with a riverbed for any purpose.

A permit is issued by a catchment council. Sub-catchment councils monitor and supervise the exercise of permits on a day-to-day basis. The permit is valid for a given period and is subject to conditions set by the catchment council. A permit can be renewed or revised.

A permit is not required for a person who is abstracting water from ZINWA storage works. In this case ZINWA is the permit holder and the person enters into an agreement with ZINWA to access the water.

At the moment commercial users of water can be classified as (1) those that held water rights before the new Act became effective, (2) users who used water without water rights, (3) newcomers who want to access for commercial use.

Conversion of water permit

All water rights have been automatically converted to temporary permits. The temporary permits will allow the user to use the same quality of water as allowed in the old water right until such time that

³ Primary use is defined by section 2 of the Water Act [Chapter 20:24] as the reasonable use of water

- a) for basic domestic human needs in or about the area of residential premises; or
- b) for the support of animal life other than fish in fish farms or animals or poultry in feedlots;
- c) for the making of bricks for the private use of the owner, lessee or occupier of the land concerned; or
- d) for dip tanks.

the catchment council revises the permit or when the user applies to the catchment council for a revision of the permit.

Application for a new permit

New users are required to apply for a permit for commercial use of water. Application forms are obtainable from catchment council, sub-catchment council and ZINWA office.

Application procedure

- An application is submitted to the relevant sub-catchment council (together with relevant reports and application fees).
- The sub-catchment council assesses the application and makes recommendations for consideration by the catchment council.
- Sub-catchment council submits one copy to the catchment manager together with the processing fee and another copy to the catchment council.
- The council notifies affected parties and invites objections.
- The catchment council, after assessing objections, analysing relevant reports and after consultation with the catchment manager, shall refuse the application or grant a permit provisional permit/temporary permit with conditions as they see fit.

Accompanying reports

Examples of reports which may be required to be submitted together with the application forms are:

- Hydrological report.
- Water engineer's report.
- Agricultural report.
- Prospectus approved by DNR (to clarify environmental effects of proposed project)
- RDC support letter (in case of applications within communal and resettlement areas)
- Government mining engineer's report
- Hydro geological report
- Any other report as required by the appropriate catchment council.

Please note that the applicant will only be required to submit reports that are relevant to his application.

Example of types of applications

Form No.	Description	Current application fee (US\$) (SI 21 of 2011)
W1	Surface water permit	20
W2	Right to interfere with river bed	TBA
W3	Amendment of permit	15
	Renewal of permit	15
	Extension of temporary/provisional permit	15
	Cancellation permit	5
W4	Appointment or allocation of permit on sub-division/consolidation of land	15
W5	Petition for combined water scheme	TBA
W6	Apportionment or allocation of scheduled irrigable area on subdivision/consolidation of land	TBA
GW1	Authority to sink a well for commercial use or drill a borehole	60 (Commercial) 30 (Urban)
GW4	Ground water Permit Urban	60
	Ground Water Permit Commercial	60

For Water abstraction the cost is quarterly using the following formula:

Total mega litres permitted multiplied by rate in schedule divided by 4

Ground Water Use (Household)	10 (quarterly)
Ground Water Use (Institutional)	15 (quarterly)

Raw Use of Water

Commercial farming-cattle watering	US \$1 per m/l
Water bottling	US \$5 per m/l
Beverage purposes	US \$5 per m/l

Penalties

Late Registration penalty – Urban household	5
Late Registration penalty - commercial	25
Late Registration penalty - institutional	25
Tampering with dam basin and river beds (per offence)	100

Ministerial Water (or Agreement Water)

There are 3 main categories of customers who buy water from ZINWA by Agreement:

- A1 farmers who must agree to a purchase price of approximately US\$ 7 per mega litre and
- A2 and other medium to large scale farmers who must agree to a purchase price of about US \$ 12 per mega litre.
- Large commercial plantations who must agree to a purchase price of US \$ 14 per mega litre

Over and above this, Farmers are also charged the ZINWA levy of US \$ 1.06 per Mega litre.

Fictional Case Study – Typical Example of Farmer and the Costs incurred for using Water

Water to rural economies is more vital than oil. Without out it a successful agricultural enterprise is impossible. However, if water is too expensive the costs of production may be come unviable. In order to illustrate the impact of these fees on the agricultural sectors viability and other challenges the following typical scenario is presented:

Farmer X the Winter Wheat Farmer

Farmer X is a new A2 Farmer. He decides to grow 10 hectares of wheat in the winter crop rotation. His farm is located in Midlands's province near a large dam, which is managed and administered by ZINWA who sells the Water as "Ministerial Water" to farmers. The dam also falls within the Sanyati Catchment Council's area of jurisdiction. Farmer X prides himself on being a Water Conservationist. He has recently invested in drip irrigation technology and other devices to conserve water.

ZINWA entered into agreements with farmers around this dam who want to use Water from it for irrigation back in 2005. Farmer X has an agreement with ZINWA, which allows him to access 200 Mega-litres per year. Farmer X knows that he will only require about 65 mega litres to irrigate his winter wheat crop. Due to electricity outages at critical stages in the irrigation of the crop Farmer X only manages to get a yield 5.5 tonnes per hectare giving him a total yield of 55 tonnes of wheat. He sells this at a price of US\$ 450 per tonne giving him a total return of US \$24,750.

ZINWA sends Farmer X a Statement for the year reflecting a payable amount of US \$2,412. After an examination of the Invoice Farmer X realises that the fees are broken down as follows:

Ministerial Water 200 Mega litres @ US\$12 per Mega litre	US\$ 2,400
ZINWA Levy 200 Mega litres @ US\$1.06 per Mega litre	US\$ 212
TOTAL	US\$ 2,412

Farmer X then sits down to calculate the costs of production of the wheat crop. In doing so he divides the Water Charges in half because Wheat is only half of his annual crop rotation even though wheat is the main consumer of irrigation water.

<u>DIRECT COSTS</u>		
<u>INPUTS</u>	<u>COST PER HA</u>	<u>TOTAL COST</u>
Labour	\$ 80.00	\$ 800.00
Tillage	\$ 144.10	\$ 1,441.00
Fertilizer and Seed	\$ 749.64	\$ 7,496.40
Chemicals and Spraying	\$ 25.68	\$ 256.80
Irrigation (Electricity Costs)	\$ 193.86	\$ 1,938.60
Water Charges	\$ 120.60	\$ 1,206.00
Harvest and Transport Out Costs	\$ 332.50	\$ 3,325.00
Insurance, Levies, Sundries and Interest	\$ 135.56	\$ 1,355.60
		<u>\$ 17,819.40</u>
<u>OTHER COSTS</u>		
Other Indirect Costs (e.g. Environmental Management Agency Licenses, Rural District Council Rates, Road Maintenance, Equipment Maintenance, Repair of Canals etc)		\$ 5,979.40
		<u>\$ 5,979.40</u>
Total Costs		<u>\$ 23,798.80</u>

Farmer X realises that he has only made a profit of US\$951.07 on his wheat crop for several months' hard work and risk!

Criticisms from the Farmers Perspective of the Present Scenario

Farmer X's story illustrates a number of critical points as regards the ZINWA farmer relationship:

- It is important that the Agreement that is negotiated is sufficient to cover the amount of water required for the crop but if the agreement affords the farmer more water than he requires the farmer will still be billed according to the amount of water in the agreement. With the instability of electricity supply, and other factors, the amount of water actually used may fall far short of the amount allocated to the farmer by agreement. It would therefore be fairer to charge users for water actually used. In this regard low cost flow metres would be more preferable to ensure that:
 - - I. The farmers is only charged for what is actually abstracted for a commercial purpose; and
 - II. If the farmer exceeds his Water allocation for the year then ZINWA can monitor this and charge the appropriate penalties.

In the interim ZINWA must adopt a flexible approach to agreements to allow farmers to renegotiate at any time.

- The charges for Water by agreement are perhaps too high at his point in time. They appear impact the viability of agricultural production particularly for medium to small-scale farmers. To this end it is important that a process of user consultation is embarked upon in formulating fees and charges. Also it is important that an independent commission monitor and evaluate all Government fees and levies to ensure that they have not been arbitrarily set.
- The current situation does not provide incentives for private investment in water conservation technologies. Also the current system does not take cognisance of any investment in the building of storage infrastructure in fact by levying the storage of water there is in some respects a disincentive to invest in storage facilities.

Discounters Club

A reminder that Discounters Club will be having a stand at the **Shopping Under the Stars** fair on 28th October 2011 from 3.00p.m. to 9.00p.m. at Old Georgian's Sports Club which is always a huge affair. If you are at the fair, call in at the stand and meet Debbie Mylroie who has recently taken over the Discounters Club. She will have updated hard copy lists of the Partners should you want one.

The Discounters Club of Zimbabwe has been established and had its official opening in December 2010. Its focus is to boost Zimbabwe's businesses through free advertising for the companies that have joined and will be joining in the future by providing a discount mechanism to the general public of Zimbabwe.

All companies that join will pass on a discount to any customer using a valid Discounters Club Card. The Discounters Club Card will have the name of the member, ID number and a card number for verification purposes. Signage indicating participation will be given to each partner of the Discounters Club who offers discounts to cardholders.

The Discounters Club has a wide range of companies (over 300 companies now, with more coming into the fold) offering discounted prices on their products and services to the discount card members. There are a wide range of companies ranging from: Retail; Spares & Hardware; Manufacturing; Gyms; Restaurants; Hair & Beauty Salons; Catering; Groceries; and many others.

Discount Cardholders

The benefits of subscribing to become a member of the Discounters Club: You have the opportunity to make savings! The cost to subscribe is only \$60 for one year (i.e. \$5.00 per month). The initial cost can be covered within in a short time period if the subscriber is vigilant about using their card. Once the cost of becoming a member is covered through the various discounts offered and deducted off their purchases, making the items cheaper, the subscriber now is effectively saving money! A regular update is sent to all subscribers via email to inform you of the discounter's club news. Discount cards can be purchased on a family basis. As long as you carry the same surname your spouse and children will be able to use the card. The potential saving to you is huge through the various discounts on offer. Broader customer base.

Discount Club Partners

Participating companies offering a discount to their customers are guaranteed regular free advertising and a broader customer base. Your business will be advertised in the Discounters Club Brochure which will be produced on a regular basis, and the new Discount Club website. On top of that your business will be advertised on the CXFU classifieds e-mail network to over 4000 subscribers every week and in the Agrizim Magazine distributed to over 600 members and this figure is increasing. Our circulation is being discussed at present and it is envisaged that this magazine will

soon have a circulate of 20 000, five thousand of these being distributed in the Fingaz Newspaper and ten thousand copies being distributed by Zimbabwe Farmers Union.

The potential to the companies who opt to become a Discount Partner are a much broader customer base. If you are a BUSINESS and are interested, join the club today. Don't miss this opportunity, as we would love to welcome you on board. We look forward to your support.

Zimbabwe Crop Producers' Association

PRODUCER PRICES

Commodity	GMB	Agrifoods	PHI Commodities	Staywell	Croplink	ProGroup
White Maize	285	Not available	255	240	250 – 260	245
Yellow Maize	285		240	240	250 on farm	245
Maize Bran	-		150	165	160	150
Soya beans	500		620	600	600 on farm	600
Soya bean Meal	-		650-670	165	690	-
Wheat	466		Premium 460 Standard 450 Utility 435	475	470	465
Wheat Bran	-		Imported 185	165	170	180
Groundnuts	950		800	-	800	-
Sugar Beans	700		1100	1100	800	1150
Sorghum	285		-	White 255	250	-

South African Grain Information Services (SAGIS)
South African Foreign Exchange (SAFEX) 4th October 2011

Commodity	Rand/tonne	US\$/Tonne	Import Parity Rand/Tonne	Import Parity US\$/ Tonne
White Maize	1862	229	2022	248
Yellow Maize	1873	230	2033	250
Wheat	2950	362	3110	382
Soyabeans	3320	408	3480	428
Sunflowers	3895	479	4055	498

International Gulf

Commodity	US\$/Tonne	Import Parity US\$/Tonne
Wheat	295	445
Maize	259	409
Sorghum	265	415
Soyabeans	452	602

NATIONAL ASSOCIATION OF DAIRY FARMERS (from the Desk of Rob Van Vuuren)

Work continues on the membership data base along with the national herd census for 2011 and we appeal to members for their support in supplying the office with this important information. All information is strictly confidential.

INFRASTRUCTURE DEVELOPMENT BANK OF ZIMBABWE

At the Bulawayo Regional meeting Mr. O. Manungo gave a brief on this bank and financial facilities available to livestock producers. Their funds are derived mainly from NGOs to support rehabilitation of infrastructure on farms. Each application is assessed on an individual bases. For more information please contact the following:

Mr. O. Manungo (09) 70035 / 70241 (Southern Region)

Mrs. H. Makanha (04) 750171/6 (Northern Region)

RUMEN MAGNETS

Although more applicable for dairy animals rumen magnets may well have a place in feedlots for beef cattle.

Metal objects often find their way into a cow's rumen and these usually end up puncturing the rumen wall and/or doing serious damage to vital organs such as the heart or lungs.

A rumen magnet is pushed down the animal's throat and it remains in the rumen until the animal is slaughtered or dies when the magnet is recovered and ready to use again. While in the rumen, metal objects attach to the magnet and prevent internal damage.

Animals with damaged internal organs from metal materials will be noticeably unhealthy and do not respond to treatment and often appear uncomfortable with an arched back when walking.

The magnet can be used at any time during the cow's life although it is common to load it in heifers at bulling.

The magnets come in packs of 10 at a price of \$7.50 per magnet. An applicator is available to "dose" the magnets.

For ordering details please contact NADF office.

VACCINATIONS

Dr. Rachel Stewart gave very informative talks at the Regional Meetings and highlighted that the following vaccinations should be included in your programme:

- 3 Day Stiff Sickness
- Lumpy Skin Disease
- Rift Valley Fever
- Anthrax
- Q.E
- Botulism
- Vibrio Lepto
- C.A

LAND-O-LAKES

Land-O-Lakes would like to purchase between now and April 2012, 250 in-calf or bulling heifers. Animals need to be hardy dairy breeds or cross breads. Price \$3.00 per kg. Please contact the NADF office if you have animals for sale.

LIVESTOCK INFORMATION

We have in stock and available at our offices at present:

Animal Foods of Central Africa Technical Handbook @ US\$10,00 each

Stock Registers @ US\$5,00 each

Daily Milk Records of Individual Cows @ US\$5,00 each

Recommended Guide to Good Dairy Farming Practices @ \$2.00 each

Dairy Handbooks @ US\$40,00 each

Cattle Producers' Association Beef Production Manual @ US\$40,00 each

Sheep and Goat Handbook @ US\$25.00 each

Go Green Mastitis Mint @ US\$10,00 each

C.P.A

With the onset of the rainy season beef producers are reminded of the need for summer supplementary feeding of phosphorus to maximize live mass gain from the summer grazing.

VENUE	MT. HAMPDEN		BULAWAYO SHOWGROUNDS	
DATE	03.10.11		05.10.2011	
	AVE. PRICE	AVERAGE	AVE. PRICE	AVERAGE
GRADE	NO. OF CATTLE	PER KG LV WT	NO. OF CATTLE	PER KG LV WT
SUPER	N/A	N/A		2.04
CHOICE	N/A	N/A		1.83
COMMERCIAL	30	1.74		1.7
ECONOMY	38	1.69		1.42
MANUFACTURING	2	1.49		1.15
WEANER HEIFERS	10	1.57		N/A
BULLING HEIFERS	1	1.71		N/A
WEANER STEERS	13	1.83		N/A
LONG WEANER HEIFER	31	1.81		N/A
LONG WEANER STEER	N/A	N/A		N/A
FEEDER STEERS	24	1.89		N/A
COMM WEANER STEERS	N/A	N/A		N/A
COMM WEANER HEIFERS	N/A	N/A		N/A
BULL	28	1.73		1.48
BRAHMAN BULLS	N/A	N/A		N/A
STD GOAT	14	0.77		N/A

	AGRIFOODS	NATFOODS
CALF RUMEN STARTER	446	441
CALF GROWER MEAL	336	333
DRY COW MEAL	268	236
DAIRY MEAN 16%	344	317
DAIRY MEAL 18%	350	339
DAIRY MEAL 20%	395	368
HEIFER MEAL	307	298
PHOS 4 BLOCK (15KG)	6.24	6.36
PHOS 7 BLOCK (15KG)	7.86	8.12

COMMENTS AND VIEWS

Please let us know your comments and views on items contained within this issue or any other issues of CFU Calling by sending an email to us on dir@cfuzim.org

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