

President's Report to the 74th Annual Congress of the CFU, 20th September 2017.

Good afternoon Ladies and Gentlemen,

I would first like to thank you all for coming and note at the outset, that this congress will take a different form to the proceedings we are used to. For a start our open session, which will be held tomorrow at the Robbie Mupawose Hall, Show Grounds, will be for the first time, a shared event with other Union partners at the launch of the Federation of Farmers Unions.

This is indeed a milestone and will see the ZCFU, ZNFU and CFU coming together following their own closed sessions to chart a way forward for the Agricultural sector. It is hoped the ZFU will soon conclude the ground level dialogue amongst its members that will facilitate its participation also. This is something that for a long time has been advocated by many and whilst we anticipate there will be many hiccups on the way, it nonetheless remains an imperative that the divisions of the past are faced realistically and we work towards a joint future.

For me it is a giant leap in faith but as William Shakespeare said: *Our doubts are traitors and make us lose the good we oft' might win by failing to attempt.* Our past has been a history of a country divided racially and economically and in our own sector this fragmentation has left wounds that have caused further hurt to us all. As we strive to build unity and understanding, I hope that we will also improve the prospects of recovery in our country and once again open up the space for the next generation of our constituency to look positively at a career in farming.

Simultaneously as we build a consensus with our partners as to the shared needs of farmers across all sectors for a conducive environment to do business on a competitive level with our neighbours, I am sure we will find strong advocates for a resolution to the outstanding and vexing question of Compensation, so desperately needed by many of our aging constituency. Indeed there are a number of concurrent strategies that share a common objective in this regard but I will not dwell on this here, rather I will leave it to debate later in our proceedings.

To look now specifically at the Union and its state of affairs. A little under a year ago we were gathered here and held our congress under the shadow of great uncertainty for a number of reasons. Of primary concern was our precarious financial position and the very serious cash flow problem that the union faced. Further we were grappling with a difficult and protracted disciplinary hearing with our former director and his wife. Thankfully both these difficulties have seen resolution and to a certain extent we are better off than a year ago. I say this cognisant of the very challenging economic, financial and political environment we are now in.

Our first and most pressing difficulty of cash flow was alleviated in January this year following the sale of 5/7 Craster Road in Graniteside. This property was acquired through the purchase by CFU in 2013 through a share transfer of Teunon Brothers P/L. We paid \$2million for this in something of a rush as we endeavoured to get our post Agriculture House cash out of unstable banks into an investment that would not suffer if the banks went under. As it transpired Tetrad, where around half of the investment was held, shortly afterwards closed its doors and to the present investors have been unable to get their

money back. That said, in hind sight it is clear that inadequate diligence was done on the purchase of Teunon Brothers and we have been prejudiced considerably by in a number of ways.

In the initial instance, the anticipated rentals failed to materialise, there were also liabilities incurred in regard to City of Harare rates and ZESA bills which were not settled before transfer and tax liabilities that were similarly inherited following the movement to Judicial management by the sellers shortly after our purchase.

The end result has been that when we finally found a buyer for the property and indeed one astute enough not to make the same mistakes we made, it has been necessary to settle these arrears. It is uncertain that we will ever be able to recover these costs although we are pursuing the matter. In all, such prejudice probably amounts to close on \$200,000 when penalties and interest charged on unpaid tax are considered. Coupled with the hefty requirement to pay Vat of \$270 000 and Capital Gains Tax of \$78 000 to effect tax clearance on transfer, (We have written to Zimra to query and although we believe there has been double taxation, we are at their mercy. A similar case is in the courts and judgement has been reserved!) this and our own accumulated tax liability of around \$85,000 on vat on Rentals including penalties and interest incurred after statutory payments were stopped in mid2015, the sale of the property outside of the company for \$1,8 Million, already \$200 000 less that purchase price means that we got a net return of around \$1,2 Million. This is essentially the residual value of Teunon Brothers and is reflected as such in the CFU set of accounts for 2016/2017.

Cfu liabilities at the time of sale were also substantial our closing accounts of 2017 reflect Trade and other payables of around \$320 000 almost equally shared between staff arrears and statutory liabilities. These has since been paid and the residual funds of around \$400 000 are currently invested in Old Mutual Unit trusts and 120-day fixed deposits. Regrettably as we once more head into what can only be interpreted as an effective devaluation of assets not held in actual USD we are on time bound journey as a union. Certainly, such concerns will be expressed as a matter of "Going Concern Status" by the external auditors. In all of this I would like to express particular thanks to Mike Frudd and John Pybus who have served on our Audit Committee. Your advice and input, most particularly in the past year has helped us get through the storm. We appreciate that you are weary of this load and would like to rest but hope that you will bear with us until we can find others to take over. Thank You Mike and John.

This might sound like all bad news but I believe this is not the case. We have cleared outstanding liabilities and undergone a retrenchment exercise that will see the most significant item on our recurrent expenditure, namely salaries and wages cut considerably. We continue to monitor carefully other costs and have made considerable savings through our move to the show grounds where rentals include costs such as electricity and water and security.

Whilst we no longer have the benefit of the considerable support that came through the EU backed ZFAT programme, we believe the move towards the Federation will gain support and allow further streamlining through shared activity support whilst new lines open up from donors in their resolve to support agricultural value chains, in particular the livestock sector. At the same time, we have been successful in securing grant funding for a small labour and women at work project through a collaboration with HIVOS and also, through the Netherlands embassy, for the invaluable archiving and advocacy work of Mike Clark.

These projects make considerable contributions respectively, in the drive towards a better worker/ employer environment in the struggling Horticultural sector and in the human rights and pursuit of justice for the commercial farming sector. As a matter of interest, this week sees the publication and circulation to key diplomatic and other stakeholders of Mike's 120th monthly farm disruption report. Indeed, we commend him and are deeply indebted to him for his dedicated service.

Turning to staff matters. First of all, I am happy to report that the Olivier Matter has been settled through an agreed process of retrenchment. Whilst this position took time to achieve, we believe the outcome offered the best outcome to all parties. We wish the Oliviers the best in their lives beyond the Union and acknowledge the many years of work and dedication they contributed.

Our cut backs have not ended there and we have also to record and thank Lynda Jones who left us at the end of December after 14 years' service and also Neil Wright, our senior economist of 26 years, who whilst he stopped working for the union well over a year ago, patiently awaited his terminal benefits until the union was able to settle around the close of the 2017 financial year. We thank Neil once again for the many years of dedicated service and the quiet integrity with which he delivered on all assignments.

We are fortunate that in the years before he left Neil spent considerable time and effort in mentoring our current Economist, Antonnette Chingwe who we must also congratulate on her recent marriage. Antonnette has proven invaluable as a support to the very limited service team of the CFU in particular as a reliable contributor and source of feedback on various committee meetings that CFU attends on behalf of members. These include such entities as ZEDTC, ZERA, the cost of doing business meetings to name a few as well as her management of the Hivos project and direct supervision of our interns. We would again like to thank her for the excellent work she has done most noticeable in the congress hand-out you have today.

Whilst acknowledging the work of interns Michael and Ruvarashe, who have left us already and Chrispen who is still with us... (indeed he is the prime mover behind a very exciting collaboration with FarmBoek SA. This is the largest and most commercial farmer friendly app on the regional market and something we hope will prove a useful tool for our members and a source of revenue to the union) I would like to pay tribute to our former Acting Director and Labour and Legal affairs man, Marc Carrie- Wilson. It was through his innovation that we have had the very useful service of these interns and for this we thank him. Indeed, it was a sad day for the Union when Marc who joined us in 2009 left after steering the union through several exceedingly difficult months. We were simply not able to keep him in a competitive market and environment where his skills could be so easily rewarded better. With a growing family and the responsibility to provide for them, we more that understood his decision to leave and are left only to thank him for the considerable efforts made to serve the union and its members over the years. We certainly have missed your experience in the labour side but with our consultant Luxmore assisting ion the ground and our continued high level representation at the NEC, we have assisted farmers contain labour costs. Thank You Marc.

With that transition, we have relied on Ben Gilpin to fill his shoes, and whilst this is a tough act we are grateful to him for the efforts made so far. Council confirmed Ben's appointment as Director in August and we hope he and his team recently strengthened by the addition of a very able Mel George in the accounts department will meet and surpass our expectations. Once we are over the considerable back log Mel will also be assisting Mike Clark with his work.

To the rest of the support staff Mary Alberto, Philip Marodza, Benson Kali and Square Simon as well as our part timers; book keeper Clemence Kadondo and Pauline our cleaner, a big thanks. At this time, also I would like to pay a particular compliment to Louise O'Connor who has continued to produce such excellent minutes and has consistently provided secretarial support for the director and President and council.

Looking at thank yous, there are others I need to mention, namely members of council who continue to attend and provide the essential role of constituency representation to our members. We have been able to hold regular meetings with considerable debate on all relevant matters and as President I have relied on this. I note however that we are lacking elected representation in a couple of regions, notably in Manicaland and Mash East. We are grateful to those who have come forward to assist in filling the gaps but I believe it will be a key responsibility of the incoming council to engage and strengthen each other's participation, particularly in those areas not well represented. I would like to pay particular thanks to my Deputy, Andy Pascoe who has ably assisted me and I look forward to the day when his challenges on the land will release him and enable him offer himself freely to assume higher office.

I would like to commend the crops and livestock associations for their positive resolutions to be presented later in congress as the move to form joint commodity associations under the Federation are a logical move towards collaboration along common interest lines.

To Patrick Ashton and the ARAC committee, thanks for keeping active and for pushing for the vital ly important terms of reference for the Compensation Steering committee, I believe these are essential for the protection of both committee members of the CSC and also the farmers whose interests we present. It is clear that for many out there, there is a limited understanding of the relationship between, CFU, CSC and Valcon. It must be stressed that Valcon are professional Valuers whose role it is to do just that, CSC has been asked to effectively pursue local options for compensation through dialogue on farmers behalf with Government. The outcome of this process which has been slow in the process is Keenly followed by all but it remains as already alluded to one of a number of concurrent actions from different angles to the compensation matter.

I would also like to thank a number of others, namely Wynand Hart and the South African colleagues who have doggedly pursued legal options in the international arena that could add value for us all. I also needing thanks is Bob Swift who has recently indicated his desire to step down from position of Trustee. Bob, we will miss you but more than understand the need to cut back on your commitments given your current health challenge. Nonetheless we wish to express our appreciation to you for sticking with the union and letting go of past pains in order to serve your farmers. Thanks Bob.

There are a number of other matters I should mention before closing. First, the continued support of our sister unions in SA and elsewhere, this year given the limited scale of our congress, we have not got you with us but we always appreciate the shared events we attend. Notably we have attended various congresses and appreciate the inclusion and opportunity to share experiences. We have also benefited greatly from our membership of the regional SACAU body and are particularly pleased that our nominated Candidate for the Presidency of the WFO was successful in his bid for election. We believe that Theo De Jager who with in the past year has facilitated two successful farmer workshops in Zimbabwe, will be a great advocate for the comprehensive recovery of agriculture in Zimbabwe. It is to him that we owe the very real and positive push towards this objective with our partner unions.

In closing I have served the Union now for several years culminating in my presidency for the last three years. It has been a rewarding period in many ways, there have been highs and lows, both personally and for the union. I have made many contacts in the agricultural sector as well as across the diplomatic spread. Both I and the Union have learnt much and gained considerable insight in the process. We have transformed for the better I believe.

I am aware that it is never a good idea to over stay in a particular position as this is a risk for any organisation, however given the current initiative to towards the Federation, which is a project I have worked hard towards and the challenges for others at this time to come forward and offer themselves for election, I have expressed to council my willingness to extend my service in the role of president should they endorse me.

I hope that together we can achieve our shared objective of compensation and recovery so we and our children can live with hope in spite of the challenges that life throws at us. I believe in Zimbabwe and its people and I am certain that as commercial farmers both young and old we have a place here. It is our task to restore that through sensitive effort and commitment. To those far away, we want you to know that you and your issues are not forgotten and the Union will do its best to sustain efforts on your behalf. Thanks. PSTEYL