

### Congress Notes October 2019

ZIMRA have formally said they will not accept paying CFU back the VAT we paid on the purchase of Teunon Bros as it was a company we bought which was in business.

#### **Opening Prayer and National Peace and Reconciliation.**

- Reverend Masunungure of the National Peace and Reconciliation Commission gave the opening prayer and scripture reading.
- He said the commission deals with the past, the present and the future and facilitates the talking of the truth through general conversation.
- It is their responsibility to advise on policies and legislation to punctuate peaceful coexistence.
- Each Province has a Provincial Peace Committee, which is made up of representatives from Government, political parties, business, churches and also farmers.
- He recognised the problems in the farming community with the compulsory acquisitions of farms and homes.
- The inclusion of the farming community would give space to converse and find a way forward. It would bring out old wounds and help them heal.

#### **Minister Shiri**

- Heard all the problems in Andy's speech so needs to set up a committee with CFU and himself to deal with individual problems.
- Regarding the Interim relief payments he said he would push to complete the payments in a week or two.
- The Land Reform Programme is completed and now behind us.
- A significant number of whites are still on the remainder of their farms. He appreciates the important role they have carried out in food production and wants them to continue.
- It is the duty of government to protect them and there are areas that need to be addressed to ensure their stability.
- Acquired land is now State Land, which cannot be reversed and title deeds are no longer valid regardless of what some people say or would like to believe.
- Everyone on the land needs to regularise their position by acquiring Offer Letters first and then 99-year leases.
- Those who were issued 5-year leases will have them automatically converted to 99-year leases.
- The absence of documentation over farms leads to challenges. If there is no Offer Letter recorded against a farm mischievous Lands Officers ..... issue to someone else. In the records the property is unallocated so it may get approved by HQ.
- For example the 80ha Marondera property had no Offer Letters or supporting documentation for the farm owner to retain occupation.

- Offer Letter challenges need to be resolved through a Joint Committee to be set up by the CFU and his Ministry's office. Those who currently don't have Offer Letters should receive them over the next two weeks or so and work through this new committee
- However, when it comes to 99-year leases, the sizes of the property is governed by the Maximum Farm Size Regulations. If the piece of land you are on is larger it will get downsized.
- Region I – 250ha; Region II - 500ha; Region III -750ha; Region IV – 1000ha.
- He promised not to stop farming operations on highly productive farms
- The application for a 99-year lease is dealt with by the Land Commission so we need to find out what the process is from them.
- No applications are granted over the Maximum Farm Size Regulations, but if they are permission can be sought for shorter period leases for the extra land.
- His ministry's mandate is to service needs of farmers and national prosperity to impact on production.

### **Theo de Jager**

- Gave the example of two pictures of Broadway in an office. First one showed a street full of horses and carriages with a single Ford car. The other a few years later showed the same shot with the road full of cars and only a single horse. This illustrated just how fast change happens.
- We have to be ready for paradigm shifts in agriculture, particularly with digitalisation, climate change, property paradigm, family farms, etc.
- Consumers are told everything these days so you need to win over their hearts and minds too.
- Gave an example of a farm he visited overseas which was totally mechanised and even made decisions for the farmer. It also decides what to plant and when to plant it after researching the international and local markets.
- In the morning 4 drones took off and flew over the farm inspecting crops. One found a pest problem in a very small area. Returned and loaded with a chemical spray and went back to spray just that specific area.
- The driverless tractors then went out to do different tasks. Theo went out and put an obstruction in the path of one. It immediately stopped and a text message was sent to the farmer. When removed it started again. Another tractor stopped and sent a message that a wheel bearing was hot. Once repaired the tractor continued.
- Digitalisation makes the world a small place for farmers.
- Climate change discussions happens in major cities and includes technocrats and in the past no farmers were included, particularly in the Kyoto Protocol. Participants knew nothing about agriculture although agriculture was blamed for climate change. Cattle industry is blamed for excessive methane in the atmosphere, which is untrue and unfair. However, farmers are now included in the discussions.
- His main advice to beat climate change is to create healthy soils

- He first heard about the recent Marondera land invasion case whilst in Switzerland as it is a very sensitive subject in a number of developed countries.
- Land must be viewed as capital which here is affected by inconsistent policies.
- There is enough money to be invested in agriculture, with over a trillion dollars available. However it is not available to the farmer, the most important person in the sector, as the farms here have no collateral value to underwrite the risk.
- Over 3000 dispossessed farmers from Zimbabwe and South Africa are farming all over Africa using the collateral they have back home in those other countries. In Zimbabwe farmers desperately need access to finance, but no collateral makes this problematic.
- United Nations have declared the next 10 years to be the Decade of the Family Farms as without them and the increasing takeover by huge corporates, the small towns across the world are dying.
- It is very hard for the small farmers to compete against corporates but 20 farms of about 100ha each create far more jobs. They also anchor a value chain for other jobs. They are more conservative people and have more engagement as families. They understand emotion much more. Their kids have a better life growing up on the farms as the city children just buy from stores.
- CFU farmers have the most resilience in the world and are highly respected for this. They are still hanging in despite all of the problems they have and are facing. History will certainly remember the farmers here.

### **Questions to Minister Shiri, Andrew Pascoe and Theo de Jager**

#### **Minister Shiri**

- There is a plan afoot to redevelop 100 000ha of irrigation land and it has been given to a local company on tender, which will be completed over the next 3 years.
- On the problems with previous unpaid ZESA debts and the subsequent disconnections he has a proposal for his ministry to assist. Farmers need to work through their Unions.
- On the issue of seed farmers not being paid for their seed he said that CBZ and Agribank have been brought in under the Command Agriculture so loans would be given to purchase seed and inputs, which would therefore be paid to the suppliers, Command would come to an end.
- He is waiting for advice from the tobacco seed producers who had in fact asked the question.
- Regarding the policy on unutilised land he said this was a revolution and political matter. The day will come when those not using it will be made accountable.
- Collateral on land. The only security are offer letters and 99-year leases. Title deeds, don't know – maybe in the future?
- Favouring giving land to foreign investors? Not the case. Any that come to see him are told to look for joint ventures. Otherwise large blocks of undeveloped land are being offered like at Kanyemba, Tokwe Makorsi, Middle Save and Gokwe. They would be issued with 99-year leases.
- Larger blocks like on ARDA or estates of 5000ha to 10000ha are advertised in the newspaper.

- On horticulture he prefers corporate models which are being farmed. The HPC has been formed by government but will be handed over to stakeholders to run.
- Where farmers are feeling insecure on their properties they were welcome to see the minister in his office.
- A question was raised on the horticulture forex sweep after 30 days. Minister said Tobacco has an extended period, so the same should apply to Horticulture. Farmers should use their Union to ask for this.
- He was asked about difficulty of Horticulture product access to Europe from Acquired land. Would the Ministry be prepared to look at investors in Horticulture settling compensation to overcome such an obstacle? He indicated that his Ministry would look at this.

### **Theo**

Was asked about international finance for solar units. He said it would mainly be in the form of soft loans but would have to come through government. There is a small-holder investment fund with a minimum of EU400 000.00 which may be tapped. Then there is the Green Climate Fund which is quite popular at the moment but all would have to be worked by the CFU through government.

### **Ashok Chakravarti**

- He is an economics professor and a member of the Economist Round Table who work closely with government as an advisory body of the top economists in the country. He is the new Chairman of ZESA Holdings.
- The current growth rate is minus 5.7%. The problem came with excessive spending by government in 2015-2018. This will take a long time to resolve. The 2020 rainfall is forecast to be better so there will be more revenue for development expenditure.
- In June the inflation was at 39% and in October it was down to 17% and should decline even more by year end.
- The SMP being monitored by the IMF will end in March 2020, which if effective, could lead to access to more finance.
- With ZESA there have been more improvements very recently and it should become more stable in the future.
- US\$6 billion forex is available annually. The only problem has been the management thereof. The old system of allocation through the RBZ is now out of date so the system needs to be brought back to normal.
- The talk of the return of the US\$ - it just won't happen as the country has no source of US\$. There is still a massive amount of RTGS to be converted.
- The command agriculture system has been a massive drain of unaccounted finance from the economy and needs to stop.
- People should rather work on incentives or a Special Deals programme – not by command.
- He advocates a great role for the private sector.
- The repayments by Command Agriculture have been about 40%. Treasury bills were used to pay suppliers which has been a major problem too. The money needs to rather go to deserving farmers and to work through the banks with accountability.
- The GMB must only be the buyer of last resort.
- Need to set up working groups in agriculture and form a quorum to talk to all ministries etc.

- Land must be available with collateral and the next step for recovery would be a land market.
- We spend US\$1.2 billion on fuel every year but we need to balance the import with the export. Zambia has a fuel bill which is a third of this. Zimbabwe has the largest number of vehicles on the road per capita in Africa. NOSTRA is kept rotating.
- There is \$17 billion of RTGS in the system. There is about \$5 million in liquidity. Need to limit the money supply market and the RBZ must not print money if we are to bring the exchange rate down.
- The new currency would be at 1:1 Bond or RTGS.
- If anyone has any good ideas to fix the economy they should channel it through to him through CFU.
- He is also on the ZESA board. The country needs 1700MW daily but there has been no planning in the last 40 years.
- Kariba can supply 1000MW but is down to 200MW. Hwange is old and breaking down often can produce 800MW but now down to 500MW. We are importing 400MW from South Africa and 250MW from Mozambique so we are still short of about 400MW.
- His board are now planning load shedding only at peak hours to ease the burden but basically ZESA itself is dead and will find it very difficult to recover. We can only hope for substantial heavy early rains in the Kariba catchment as the Chinese renovations at Hwange will take a long time.
- The immediate plans are for solar power and there are solar plans to supply 3000MW. New Statutory Instruments are due out soon to encourage all users to move to solar and make imports of solar equipment all duty free.

### **Julian Scales**

- Batteries make up 55% of the cost of solar installations. His team is working on a battery which will be 15% of the current cost. It is currently undergoing tests and trials overseas and has a cycle of between 1 and 2 million amp hours.
- ZESA is currently losing an average of 4 transformers every day as well as a large number of power lines being stolen.
- They need 20c per KW/hr but with an engine that uses 80% gas and 20% diesel it brings the cost down to 3c per KW/hr. Diesel itself cost 6c per KW/hr. The cheapest gas is bought in Botswana.
- Farmers can change to the high voltage tariff which halves the cost.
- A big solar unit for a farm would be paid back in 3 years. He says he can organise overseas loans for his customers.