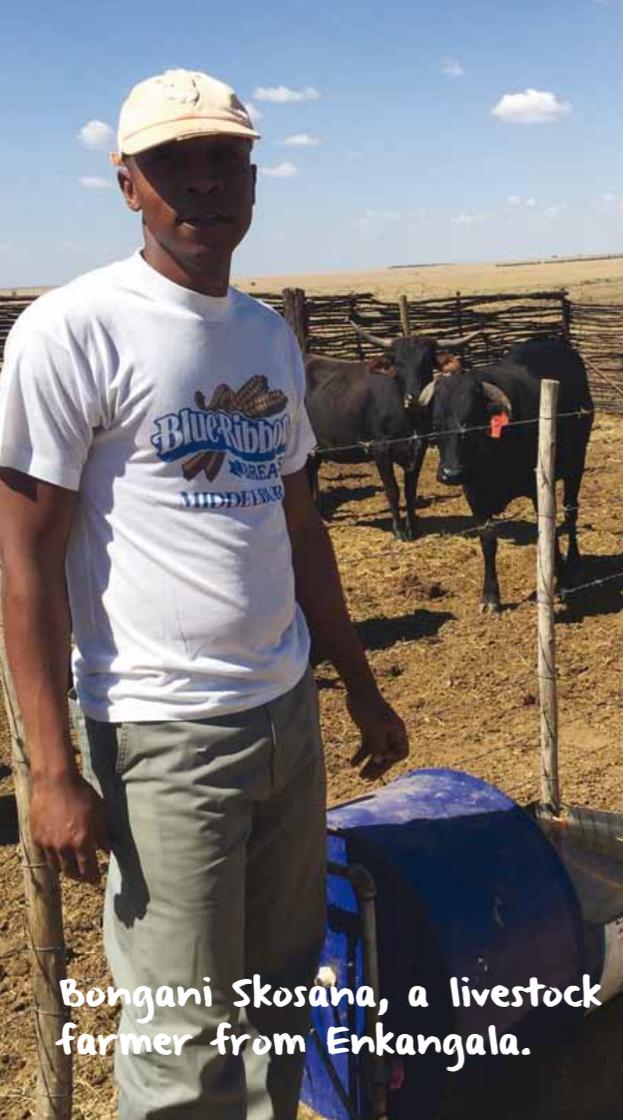




# ANNUAL 2016 REPORT





Bongani Skosana, a livestock farmer from Enkangala.

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## A note from our Chairperson

New farmers need ongoing support to adapt to modern farming methods. This is something that those of us working in agriculture witness time and time again.

Traditional farming methods are well-known to the small-scale farmers of South Africa, and these methods have sustained extended families for generations. However, if new farmers are to run viable enterprises, which can create profits, feed their communities and also create jobs – key elements of poverty alleviation in our rural areas – they need to ramp up their production and use modern methods. This applies to every step of the farming process, from choosing seeds and livestock to marketing their produce.

Our farmer-support programme is so important to our mission – and is growing so fast – that we have made it the theme of this annual report. It is a much-needed programme. A large proportion of the farmers who have benefited from the land reform programme are not getting the comprehensive guidance they need. Buhle has all the necessary skills, expertise and experience to address the challenge.

**Bonile Pama-Jack**

## Letter from our CEO

When Buhle opened its first campus in the year 2000, our focus was on providing new farmers with holistic training, including technical theory and practical skills. Over time, our graduates' need for ongoing support became increasingly apparent, and, as a result, our focus has grown to encompass the broader scope of farmer development, including farmer support. This enables us to ensure that our alumni have the skills and resources they need to run their own sustainable farming businesses.

Initially, we supported our graduates in an informal programme, phoning and visiting them whenever possible. In 2008, we set up our first farmer support unit, and in 2013, we launched a pilot programme mentoring 12 graduates, with excellent results. Last year, we established a fully-fledged farmer support division, with three farmer support officers, a loan officer and an administrator. The division now serves the growing number of graduates from our two campuses, on their farms across South Africa. The unit's expansion was a key element of our invaluable Jobs Fund Project in partnership with Mondi-Zimele, who issues loans to selected farmers who meet their stringent criteria.

Our expansion has been possible thanks to the generous and faithful support of our funders and supporters. To each one of you, we send our heartfelt thanks.

**Neil de Smidt**

# What makes our **farmer support** programme special?

**The Buhle farmer support model is unusual in that it builds upon our training programmes, providing a level of depth that other agricultural extension officers cannot provide.**

It is also comprehensive, covering the myriad technical and business aspects of farming, which range from land rights to writing or revising business plans, choosing seeds or livestock, keeping records, time-management, overcoming diseases, harvesting crops, selling or slaughtering livestock and, finally, finding markets.

Farmers experience a number of challenges when attempting to acquire the loans they need to purchase equipment or production inputs, or expand their operations.

However, most new farmers do not have the collateral that financial institutions require and very few, even those who

are beneficiaries of the land reform programme, have title deeds to their land.

We address these issues, removing the barriers to successful farming. Our service in helping our graduates source and apply for loans is crucial. Our farmers also gain access to the wide Buhle agricultural network, which includes nurseries, hatcheries and markets, as well as loan opportunities. And, importantly, we are now piloting an economic growth approach, tracking the financial impact of our support services on our graduates' farms

and investigating the best methodology to use for future assessments. This pilot study started in the last quarter of 2016 and is still under way, but preliminary indications are very positive. We look forward to telling you the full story.

In 2016, our farmer support officers visited 203 farms, compared to 84 the previous year. On these farms, 507 jobs had been created. We aim to visit 350 of our alumni, in 2017 and expect see a total of over 400 jobs created, most of them non-seasonal.



vegetable students preparing to plough during practical training.

## More about our economic growth study:

In this pilot study, each farmer support officer has identified three farmers to use as a piloting sample. We are tracking 10 farms in total. Each farm is assessed initially, to determine the limiting factors to success, and advice is given accordingly. The application of this advice or failure to use the advice is assessed, and the improvement analysed, to evaluate the financial impact to the farmer's business.

**Our aim, of course, is to see substantial economic growth for every farmer!**



In 2016,  
we trained  
a total of  
456 new  
farmers.

65% of  
them  
were  
youth,

and 43%  
were  
women!

## How does **farmer support** work?

We have divided South Africa into three geographical areas, and allocated a highly competent farmer support officer to each area.

Each farmer support officer is responsible for visiting and/or phoning the graduates in their areas who request assistance, and collecting data during each visit. This data includes answers to a questionnaire, financial management data and photographs showing the developments at the farm. This information is then packaged in a database.

As farmer support is an opt-in programme, farmers have to indicate the level of assistance they need. The

officers then respond accordingly, setting their visits and scheduling calls in response.

After visiting a farm, which gives us intimate knowledge of its layout and operations, we provide the farmer with continued assistance until the enterprise is stable and able to function without our support. We acknowledge that this may take years, in the light of drought, unstable markets and continuing poultry imports.



4.

**Buhle graduate, Edward Lushaba (right of picture), expanded his farming operations with a Buhle loan and in so doing has created 7 new jobs!**

**On the 203 farms we visited in 2016, 507 jobs were created!**

As a way of reaching out to many farmers at once, our farmer support division has been hosting farmers' days and agricultural events, and will continue to do so, in collaboration with other agricultural organisations. These events are circulated between regions, so that each of the three geographical areas in which we operate have an event at least once annually.

To remain relevant, our farmer support officers have committed to attending short courses in both animal health and crop protection – fields that are advancing continuously – in order to provide our graduates with the best possible guidance.

As we realise that accessing financial support is important, a new position of loan officer, has been recently created. The loan officer is based in Piet Retief and devotes his time to identifying loan-worthy farmers, compiling business plans for these loan applications, and helping to secure them.

Our farmer support is currently available free of charge to all our alumni for up to five years, as long as they request the help within three years of graduating.



**Herman Mkotlwe is a Buhle graduate who now plants cabbage and Swiss chard (spinach) on a quarter of a hectare in Mabieskraal (NW).**

5.

## Meet some of our farmers: Simon Chabalala

“My family has a maize farm and I completed a poultry course at Buhle so that we could diversify. A few months ago, I started raising parent poultry stock. We have 3 800 birds. I will raise chicks from their eggs, and sell both the chicks and surplus eggs.

“The farmer support officer visited us three times last year. He has told us everything we needed to know, from how to manage our farm so that we make a profit, to the best stock density and the optimal height for our chicken houses.

“I am expecting to make a profit in 2017, but meanwhile, I have been able to pay my workers. The support has been a huge help.”



6.



## Elijah Molefe

“I have 156 cattle and a vegetable farm in Marble Hall, Limpopo. My livestock provide me with a livelihood but I needed to diversify, so I started farming vegetables.

“All my knowledge about this comes from Buhle’s farmer support officer. He visited me three times last year, and we had many phone conversations. He told me which pesticide to use for cabbage moth, which fertiliser to use, and how to space my crops. I used the profits from my vegetables to buy a drip irrigation system and water tanks. I now have two part-time and three full-time employees.

“Buhle is always available. They have helped me a lot, honestly. I am extremely happy with the support they are giving me.”



## Lebogang Molefe

### “My farm supports four people”

“I completed a poultry production course at Buhle in 2015, and now run a farm with up to 3000 chickens per cycle in Brakpan. This farm is paying the rent and buying food for our family of four, and providing one more full-time job.

“The Buhle training was excellent, and the support officer filled in the gaps, teaching me when to slaughter my birds to help me make a profit, and to change the chicks’ bedding frequently to keep them healthy. He has also advised me to diversify, so we are planning to go into pigs and vegetables. Buhle has played a major role in our lives. I would recommend them to anybody.”

## Patience Matshaya

“I completed a poultry production course at Buhle in November 2016, and now have 3000 broiler hens at our farm near Putfontein, Gauteng.

The Buhle support officer has visited us several times, and we’ve also spoken to our lecturer by phone. The support has been tremendous, from giving us contacts for equipment to advising us to slaughter a sick chicken so that a vet could investigate and give us the right antibiotics for all the other chickens, to make sure they thrived.

### “Earning a decent income”

“We started small, but my husband and I now earn a decent income and can pay for our needs, from food to school fees. We’re now using some of the profits to diversify into vegetables.”



7.



**Humulani Trust**

Supported by the  
Jesse Graham Memorial  
Foundation



MONSANTO FUND



To each of  
our donors,  
thank-you from  
the bottom of  
our hearts.



Buhle exists because of you!

## Audited financial statements

Buhle Farmers' Academy (2004/016680/08)

Association Incorporated in terms of Section 21

Statement of Assets and Liabilities as at 31 December 2016

ASSETS	2016/12/31	2015/12/31
<b>NON-CURRENT ASSETS</b>	2 280 832.94	1 129 139.09
Land and Buildings	586 533.28	480 908.50
Vehicles, Plant and Equipment	1 694 299.66	648 230.59
<b>CURRENT ASSETS</b>	3 035 094.33	144 101.32
Stock on Hand	127 406.00	32 133.00
Trade and Other Receivables	0.00	12 038.47
Stock : Tiger Brands	26 980.89	43 962.47
Loans to Farmers	172 011.44	0.00
Cash and Cash Equivalents	2 530 593.37	55 967.38
Vat Receivable	178 102.63	0.00
<b>TOTAL ASSETS</b>	<b>5 315 927.27</b>	<b>1 273 240.41</b>
<b>FUNDS AND LIABILITIES</b>		
Accumulated Funds	5 315 927.27	1 249 872.67
Retained Earnings	5 315 927.27	1 249 872.67
Total Liabilities	0.00	23 367.74
Current Liabilities	0.00	23 367.74
SARS: VAT Payable	0.00	23 367.74
<b>TOTAL FUNDS AND LIABILITIES</b>	<b>5 315 927.27</b>	<b>1 273 240.41</b>

Buhle Farmers' Academy (2004/016680/08)  
 Association Incorporated in terms of Section 21  
 Statement of Income and Retained Earnings for the year ended 31 December 2016

	2016/12/31	2015/12/31
Income	1 249 220.23	1 399 897.06
Less: Direct Farm Expenses	1 902 525.70	1 344 903.06
Production Cost	<u>1 902 525.70</u>	<u>1 344 903.06</u>
Gross Profit/(Loss)	-653 305.47	54 994.00
Donor Income	16 451 442.36	3 818 843.59
Stock on Hand	127 406.00	32 133.00
Other operating income	<u>954 129.97</u>	<u>906 839.00</u>
Income from operating activities	16 879 672.86	4 812 809.59
Less: Operating Expenses	-12 813 914.88	-5 888 890.28
Surplus/(deficit) from operating activities	4 065 757.98	-1 076 080.69
Income from investments	301.66	1 650.86
Profit/(Loss) from ordinary activities before financing costs	4 066 059.64	-1 074 429.83
Financing Costs	-5.04	-5.57
<b>Surplus/(deficit) for the period</b>	<b>4 066 054.60</b>	<b>-1 074 435.40</b>
<b>Retained Earnings at the beginning of the year</b>	<b>1 249 872.67</b>	<b>2 324 308.07</b>
<b>Retained Earnings at the end of the year</b>	<b><u>5 315 927.27</u></b>	<b><u>1 249 872.67</u></b>

Buhle Farmers' Academy (2004/016680/08)  
 Association Incorporated in terms of Section 21  
 Statement of Cash Flows for the year ended 31 December 2016

	2016/12/31	2015/12/31
<b>Cashflow from operating activities</b>	<b>4 008 327.01</b>	<b>-690 444.80</b>
Net profit/(loss) before finance cost and income tax	4 065 757.98	-1 076 080.69
Adjustments for non-cash items:		
Depreciation	382 303.79	254 439.67
Changes in working capital		
Decrease/(Increase) in stock	-439 734.76	131 196.22
Decrease/(Increase) in receivables	-78 291.42	60 308.60
(Decrease)/Increase in payables	-338 075.60	47 519.88
	<u>-23 367.74</u>	<u>23 367.74</u>
<b>Cash flow from other activities</b>	<b>301.66</b>	<b>1 650.86</b>
Interest received	301.66	1 650.86
<b>Cash flow to other activities</b>	<b>-1 534 002.68</b>	<b>-20 126.38</b>
Interest Paid	-5.04	-5.57
Additions to plant and equipment	-1 533 997.64	-20 120.81
<b>Nett increase/(decrease) in cash and cash equivalents</b>	<b>2 474 625.99</b>	<b>-708 920.32</b>
<b>Cash and Cash equivalents - beginning of the year</b>	<b>55 967.38</b>	<b>764 887.70</b>
<b>Cash and Cash equivalents - end of the year</b>	<b><u>2 530 593.37</u></b>	<b><u>55 967.38</u></b>



Buhle staff celebrating the launch of the Piet Retief campus.

Check out our news, and find out about upcoming courses, on

[www.buhle.org.za](http://www.buhle.org.za)

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