FROM THE CHAIRMAN'S DESK

I greet you this April 2014 with mixed emotions: Our most recent harvest varied from very good to very poor. The harvest appeared to be particularly poor up north, while down south we had a mix of good and not so good. This comment relates to the tons produced. The revenue achieved for those who produced reasonable tons, made most growers smile, with some degree of satisfaction. This was driven by better prices and a healthy push from the weakening Rand … thank you Mr Zuma? Also, what part have the more disciplined marketing tactics of Madagascar played in this improved export result?

Sadly, the weak Rand will only help exports for a few years before inflation will again drive our costs up. A careful examination of the trend of our historical costs will shock even the most seasoned grower, be it fertiliser, fuel, electrical power, wages or whatever. In many cases, because of the monopolistic nature of many of our suppliers, we are exposed – in addition – to manipulated price increases, disguised as currency corrections. Unfortunately farmers have not yet discovered the trick to deal with this very hurtful practice. The danger during these times is to accept price increases because we have benefitted to some extent from better revenues. More and more our focus must be on driving the costs of production down, despite what revenue is doing. Cost inflation has an exceptionally long tail before reductions are made, if ever.

Many of us genuinely sympathise with the misfortune of our northern colleagues. The strength of our Association is consequently compromised for many reasons, in particular the shortened export window of supply to the outside world. We have always seen this as "a strength" of our industry … the "window of continuity of supply" to export markets. The larger players in the industry and the Board are concerned about these difficulties and wish to assist where possible.

Local market prices improved this year, probably driven by the shortage of supply. This year has starkly illustrated the need for precise farming practices, to at least limit the vagaries of our challenges. For those who produced reasonable tons this year, litchis remain a very profitable crop – so "aanhouer wen".

As Chairman, I must again thank Sakkie Froneman for his unfailing efforts to improve our cultivars. Since last reporting, a second batch of cultivars has been received, and they thankfully show an even higher survival rate as we learn the skill of the quarantine practices. More imports (our third attempt) are planned, to replace those that did not survive the second quarantine process and to further enhance the range of different cultivars available for breeding. These cultivars will change the face of our industry from north to south in years to come. The cultivars will only be available to paid-up members in good standing, approved by the Board. SALGA has built up a wealth of intellectual knowledge over the years, which will be protected for those who have paid for it.

In respect of our financial health, I report as follows: Expenditure has been cut as far as possible, while keeping important research projects running. It has been another very tough year trying to balance the books. Johan Benadé and his team need to be thanked for a major witch hunt for levies, just to scramble a break even. Detailed figures indicate that way more than half of our members have not paid any levies, so with immediate effect our cost base will be reduced by removing those non-paying members from our data base (80% of our levies come from six members). I expect our membership to drop to less than 50. It is unbelievable that we should suffer this indignity, as voluntary office bearers and paid staff, because members do not pay their levies. A further change in the levy collection system is contemplated to eliminate the expensive, wasteful, soul destroying task of continually chasing dishonest members.

I wish you well for this coming season as your current farming practices will largely determine your crop at the end of the year.

Gavin Hardy