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PRESS RELEASE

NWK announces drought aid options for producers

NWK is implementing several actions to try and reduce the impact of the drought and help ensure the sustainability of producers. Possible additional options for supporting producers – like postponing production debt and/or the consolidation of producer debt – are also on the radar.

The exceptionally high temperatures and low rainfall of the current grain production season have caused a fourth consecutive under-average year in NWK's area of operation. NWK has supported producers over the past few years by creating consolidation accounts to the value of R140 million for the payment of unpaid production loans and other short-term financing – which benefited 69 customers. Settlement agreements and payment arrangements with 47 producers amounting to roughly R50 million were also implemented.

'NWK is involved in several actions like the provision of water where there is a need, and the transport of feed where requests have been received. Our point of departure is to do everything within our ability to assist producers who have been loyal to NWK over the years and who received financing from us. In terms of rand value this stretches much further than a once-off donation to a general fund,' said Danie Marais, managing director.

A survey by NWK conducted early in January indicated that on average only 45% of the planned cash-crop plantings had been done in the region. Just more than 50% of the planned maize and 27% of the planned sunflower were planted. In the meantime, more than 40 mm of rain fell on average in the area, which allowed the maize-planting activities to continue and created an opportunity for sunflower plantings. The ultimate impact of the drought conditions on the grain production potential in the area is still unclear, but it can already be said with certainty that the expected grain deliveries will be significantly less than average.

Subject to approval by the board, final quantification of the impact on NWK's business and certain conditions, drought aid options for producers are being investigated.

As the situation of all customers differ, NWK Financing will attempt to assist clients by postponing, consolidating and handling applications for financing for the 2016/2017 season within the prescriptions of the National Credit Act, the client's repayment ability and security available as well as NWK's cash flow situation.

NWK Grain is involved in importing and facilitating imported maize from South America and storage and logistical matters with respect to the expected import programme are being negotiated. In the meantime, producers are also encouraged to use grain sales to service term financing and instalment sale agreements.

According to Marais, NWK is participating actively in discussions in organised agriculture and the agribusiness environment in support of an attempt to try and mitigate the impact of the drought on food security, financing, animal feed, availability of water for irrigation and animals as well as socio-economic implications.

Initiatives for supporting communities in the NWK region who suffer a shortage of water have also been implemented. With a water problem in Lichtenburg and school terms commencing, the girls' and boys' hostels at the Lichtenburg High School, with roughly 200 learners, have been provided with water. And as part of the Jacaranda FM #ProjectWaterDrop, 1 000 x 5 litre bottles of water were donated by NWK and its staff. In support of an Agbiz initiative a prayer meeting for the countrywide drought was held at the head office and some points of operation on 20 January.

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