

## R40 million required for maize storage facilities in the Transkei

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Silo sites being targeted for Butterworth, Mhlontlo, Matatiele

To alleviate the chronic shortage of maize storage space for farming communities in the former Transkei R40 million is required for constructing new silos and refurbishing existing ones.

Following a recent visit to 12 unused silos in Butterworth, AsgiSA EC CEO Simpiwe Somdyala explained there is a desperate need for storage facilities. The silos will go a long way in making the lives of the local farming communities easier. Milling plants will also be linked to the silos to produce maize meal and crushed maize. The current budget available for the project is R7 million, but the project requires R40 million. The silos will be located in Butterworth, Mhlontlo and Matatiele with smaller community silos at strategic locations.

"Maize is a commodity whose price is determined via SAFEX (South African Futures Exchange) and this varies. In the absence of storage, communities are forced to accept the price given at anytime because they need to dispose of the maize. The result is that they can't take advantage of price fluctuations in the market which led to less revenue from maize prices last year. This had an effect on funds available for reinvestment," says Somdyala.

AsgiSA EC will kick-start the process by refurbishing the 12 old silos in Butterworth site which have a combined storage capacity of 30 000 tons. Somdyala says negotiations and plans to revamp the existing silos are already yielding positive results.

"The talks with the owners of the silos, the Eastern Cape Development Corporation (ECDC), are fairly advanced. We have submitted a concept proposal to the ECDC and their response has been positive.

"It also fits in with ECDC's strategy to facilitate economic development and generate value from its assets and large property portfolio. AsgiSA EC aims to have the silos ready for the next harvest season in June. There are synergies that will be exploited," says Somdyala.

ECDC acting chief executive Msulwa Daka says he is optimistic about the initiative and the spin-offs it will have for the community.

"We are of the view that it will benefit the farmers in Butterworth and the surrounding areas. The farmers will have the advantage of selling their produce to a processing plant in nearby Butterworth. This might also encourage the rejuvenation of agricultural production in that region," says Daka.

"We expect to have an agreement with AsgiSA EC by end of the February. ECDC will remain the owner of the silos and AsgiSA EC will be the operator," said Daka.

Somdyala says storage is critical for communities as they cannot consume the maize at once hence the need to keep it for the entire season.

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**Source:** Eastern Cape Development Corporation

**Web:** <http://www.ecdc.co.za/>