
CHAIRMAN'S REPORT

1. RESEARCH AND EXTENSION

Two new flue-cured varieties were made available to growers after a five-year lapse, bringing the total number of flue-cured varieties on open release to 23. This marks a return to the traditional variety release practice and is evidence of a solid turn-around in the research programme which had suffered during the last decade. The maintenance of a vibrant variety development programme is fundamental to the release of novel varieties which form the basis of the competitive advantage that Zimbabwean tobacco has on the international markets.

During the year, Government approved the re-establishment of the Tobacco Industry Variety Release System, following representations from the Board. This welcome development was followed by the re-launching of the Variety Release Scheme in February which was well-attended by stakeholders, including merchants. The uniqueness of the scheme allows merchants to sample varieties for their markets and growers to produce the crop over a period of up to four years before the variety can proceed for Government registration. This stringent scheme is key to the maintenance of Zimbabwe as a choice source of flavour styles of tobacco.

The Pesticide Approval Scheme, first introduced in 1964 and amended in 2004, was further refined during the year leading to the launch of a new Pesticide Approval Scheme Service (PASS). The PASS will guarantee the continued acceptance of Zimbabwe tobacco on the major international markets by ensuring that international regulations of agrochemical usage are adhered to in tobacco production.

The Board continued to provide various services to growers during the year. Over 50 000 growers, representing about 80% of growers registered for the 2010/2011 tobacco growing season, received calendar-based information on tobacco production. Additionally, 39 Kutsaga Farmer Field Schools (KFFS) were established in 15 tobacco growing districts. Some 7 154 growers attended these schools. More schools will be established next season, as there is an increasing realisation by stakeholders of the relevance of this form of interactive and localised training.

To assist stakeholders with more accurate and modern national tobacco volume estimations, the Board launched a collaborative project on “Remote Sensing for the

Production of Tobacco Area and Yield in Zimbabwe” during the year. The initial results have been exciting as the irrigated crop could be clearly distinguished from the dry-land crop using satellite-derived information. With further refinements in the coming season, the model could be recommended for use to complement current conventional area and yield estimation models. The need for accurate national tobacco volume statistics for planning and marketing purposes is widely recognised.

Through a collaborative project with tobacco merchants and in order to reduce the environmental impact of tobacco production, the Board launched the “Rocket Barn” Project at Kutsaga during the year. Preliminary results indicate up to a 50% reduction in wood fuel usage and a reduction in barn-turnaround time from 8 – 9 days to 5 – 7 days with the “Rocket Barn” compared to conventional barns. This curing method, together with the use of alternative fuels, should reduce the environmental “foot-print” in tobacco production.

2. BUSINESS DEVELOPMENT AND RESEARCH SERVICES

The Board introduced aphicide-treated and film-coated tobacco seed for the local market this season, following ground-breaking research in seed technology. This unique technology enables the Board to track seed between years and to colour-code tobacco varieties, while ensuring that seedlings are protected from the debilitating effects of aphids during the first six weeks of establishment. As Zimbabwe’s tobacco industry is now dominated by small-holder growers who plant their tobacco with the rains when aphid populations are at their peak, this technology should find wider acceptance by growers. Seed sales targets were, therefore, exceeded by 40%. Kutsaga Seeds accounted for 70% of tobacco seed sold nationally and continues to make in-roads into Zambia, Mozambique, Tanzania, Malawi and South Africa.

Some 18 million tobacco seedlings were sold against a target of 22 million, reflecting the cash-flow problems that continue to haunt growers. The introduction of the mooted credit facility for seedlings should further spur seedling demand.

Production at the Expanded Polystyrene factory at Kutsaga was constrained by erratic water and electricity supplies. Consequently, only 105 000 trays were produced, against an installed capacity of over 500 000 trays annually. Demand for trays continues to firm as large-scale growers gradually switch to the float-seedling production system.

3. FINANCE AND CORPORATE SERVICES

The Board achieved a surplus of \$1 958 090 compared to \$610 601 achieved in 2009. Total income grew by 81% from \$4 237 703 in 2009 to \$8 826 003 in 2010. The Tobacco levy contributed 40% while the Board's own commercial projects contributed 60%. Correspondingly, expenditure increased by 81% from \$3 797 700 in 2009 to \$6 867 913 in 2010, largely reflecting staff cost adjustments.

The staff establishment as at 30 June 2011 was:

	2011	2010
Professional	42	37
Senior Technical	28	42
Farm/Stores/Workshops/Messenger/ Security	143	141
Admin/Accounts/Clerical	12	15
Contract Workers	31	30
University Students	<u>43</u>	<u>27</u>
Total	<u>299</u>	<u>292</u>

4. BOARD GOVERNANCE

The Board's tenure ended on 7 April 2011 and a new Board has not been appointed. However, the Board continues to meet. Six meetings were held during the year. Attendance by Board members remained high throughout the year.

The "Maximum Value Strategy: 2011-2016," the successor to the "Consolidation, Continuity and Growth Strategy: 2006-2010," was completed in June 2011 following a six-month consultative process with stakeholders. As the strategy aims to maximise value from responsible and sustainable tobacco production through the provision of elite varieties and novel services, technologies and products, the Board is of the view that the tobacco industry is poised for sustained incremental growth.

Through the Governance and Social Investment Programme for People Planet and Profit (GOSIP-3Ps), the Board availed 1 ha gum-tree seed packs each to over 50 000 growers and distributed over 200 000 gum tree seedlings to stakeholders.

Also under the GOSIP-3Ps some 38 undergraduate and five post-graduate students were on year-long attachments to various research Divisions of the Board. This investment in human resources development in the 'life sciences' is conducted through active linkages with five local universities.

APPRECIATION

The commendable research and financial achievements have been accomplished in a challenging but stabilising macro-economic environment. I wish to express my appreciation to fellow Board members, management and staff, for their efforts during the year. Stakeholders have overwhelmingly contributed during our strategy-making process and have continued to support various Board operations, for which I am grateful.

E N Mushayakarara
Chairman