

# ROYAL SWAZILAND SUGAR CORPORATION

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CORPORATE BROCHURE



# Against all ODS

Swaziland is a peaceful but poor country, battling against great problems—but there are some bright spots, as Jeff Daniel discovers

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Swaziland is one of those African countries you never hear about, largely because since being dragged into the Boer War between South Africa and Britain 100 years ago, the country has existed peacefully under its odd mix of democratic monarchy.

Landlocked between Mozambique and its dominant neighbour, Swaziland has some extremely scenic mountainous countryside around the administrative capital Mbabane that has long provided R&R to South Africans, and that could possibly be a destination for Europeans were circumstances different.

Progress in the country is being held back all around by having the highest HIV infection rate anywhere in the world. Taking a lead from the former South African president, it wasn't until 2004 that HIV was officially acknowledged as a problem. Now, though, a quarter of adults are infected and over half of all young adults in their 20s have the illness. Citizens of Swaziland have an average life expectancy of 32 years.

So the country is battling on many fronts; but one of the bright aspects of its economy is the Royal Swaziland Sugar Corporation (RSSC). The royal tag of this publicly listed company comes from its largest shareholder, Tibiyo Taka Ngwane. It's a unique business entity with many interests, of which its 53 per cent holding in RSSC is just one. Created by the former king of Swaziland on the day of independence from the British in 1968, it is the commercial face of the government's national development efforts. Through its investments, Tibiyo has directly or indirectly created employment for many thousands of people over the years, as well as contributing heavily to the government through the corporate taxes it pays from these investments.



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## Royal Swaziland Sugar Corporation

The Swazi economy is largely dependent on South Africa, to where 70 per cent of its exports go. The remainder goes to other key trading partners such as the EU, from where it received trade preferences for sugar—so much so that exports between 2000 and 2005 rose by a half. Since then, there has been a phasing out of preferential prices for sugar, forcing Swaziland to the challenge of remaining competitive in a changing global environment.

throughput of 700 tonnes per hour, producing approximately 450,000 tonnes of sugar (960 pol) per season. The sugar pulp is then used in one of two ways—either going to the refinery, which produced 170,000 tonnes of refined sugar last year, or to a 32 million litre capacity ethanol plant.

The majority of Swaziland's one million population rely on subsistence farming, from



RSSC is located in lowlands in the north-east of the country. It's one of the largest companies in Swaziland, employing 3,500 people (including additional seasonal labour) and produces two-thirds of the country's sugar.

It has approximately 15,600 hectares of irrigated sugarcane on two estates leased from the government and another smaller, privately owned plot. In addition, RSSC manages a further 5,000 hectares on behalf of third parties, which together deliver approximately two million tonnes of cane per season to the group's two sugar mills.

These two mills currently crush cane at a combined

which they manage to survive on just a few dollars a day. For those in the Lowveld, RSSC is an important partner. With an average of less than five hectares each, over 2,500 families are involved in small scale sugarcane production, delivering 1.2 million tonnes of sugarcane to RSSC's mills.

With the help of the Swaziland Water and Agricultural Development Enterprise, another 3,666 hectares of cane have been brought into production by smallholding farmers in the Komati Basin.



With steadily decreasing prices being paid by the EU for sugar, RSSC has no option but to try and improve productivity. As well as the expansion into new districts as mentioned above, the company has accelerated its replanting programme in order to ensure optimum yields on the estates. In both cases, work has progressed quicker than budgeted.

To enable precision agriculture into the future and to reduce compaction in defined traffic zones, state-of-the-art global positioning system (GPS) technology is being used for fields that are being replanted under drip irrigation.

But so much depends on the rains, and they can't always be expected to come at the right time and in the right quantity. RSSC has invested in drip irrigation lines for the plants but there is still a need for rain. Last year, for example, there were good falls at the start of the season but uncooperative late rains delayed harvesting of the sugar into December, resulting in lower sugar content than might otherwise have been the case.

After the weather, the most important factors affecting profitability are input expenses. Milling and refining consume large amounts of electricity and RSSC's largest expense is for coal. Last year it spent in the order of £6 million on its own power generation as well as buying electricity from the grid. There was also several million pounds of expenditure on fertilisers.

Power is one of the key factors influencing future performance and RSSC is planning to have two new 30MW power plants. Ideally, gases produced in the refining process will eventually be harnessed as fuel; but investigations are taking place on how waste from the fields can be brought into the process. Such a scheme would make the plants completely self sufficient and even enable power to be fed back into the grid with the possible long term goal of making Swaziland the first self sufficient country in Africa.

With so many health and welfare issues affecting the country, all businesses which can must play a part in raising living conditions for ordinary citizens. RSSC provides healthcare at two site-based clinics where the emphasis is on primary healthcare and the prevention of diseases.

RSSC has recognised that HIV/AIDS is a strategic business issue; and its management has the close personal attention of the managing director who chairs a tripartite committee overseeing operations. In addition there are two voluntary counselling and testing centres, and free anti retroviral treatment is available for employees. [www.rssc.co.sz](http://www.rssc.co.sz)

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