FROM THE DESK OF THE CEO (24/13)

Justin Chadwick (14 June 2013)

QUOTE OF THE WEEK *"Convictions are more dangerous enemies of truth than lies." Friedrich Wilhelm Nietzsche, philosopher (1844-1900)*

LABOUR

This week I was fortunate enough to attend a Job Imbizo organized by the National Planning Commission. The purpose of the Imbizo was to assess the health of the agricultural sector and to determine how agriculture can reach the ambitious target of generating 1 million new jobs. I was privileged to rub shoulders with some of the biggest farmers from various agricultural sectors and to listen to their inputs. Having been exposed in the past to all the negative comments with regard to the hiking of minimum wages (and there are many) it was refreshing to hear some positive remarks. One remark was that growers were often "wasteful of labour" – labour was cheap and therefore employed without due regard to the productivity thereof; the minimum wage means that growers are now attending to this and valuing the labour they employ. Another positive is that the gap between the amount paid in grants and the minimum wage is now large enough to incentivise people to work. And the minimum wage is now at a level where the employed do not want to lose their jobs – they value the opportunity to be employed and therefore work harder so that they retain their jobs; absenteesm is reduced for the same reason. A refreshing view indeed.

According to BFAP the citrus industry has the highest agricultural wage bill (R1.2 billion) – followed (in order) by sugar, table grapes, apples and wine grapes. The citrus industry employs some 10% of agriculture employment (630 000). This is not likely to change – there may be some who increased mechanization in the Packhouse, handling or storage; but the best way to harvest is by hand.

The citrus industry has potential for growth – where land and water are not a limitation. Production can increase – the added limitation is having sufficient markets to absorb additional fruit (either through **G**aining new markets, **R**etention of present markets or **O**ptimizing present markets). This means that this industry has the potential of partnering with government in meeting the goals of the country; government's role is to GRO market access.

Another interesting comment is that agriculture is too small to bear the full burden of rural unemployment and poverty. With the best will in the world (and believe me there is an incredible amount of goodwill in the agricultural sector) the job is just too big. HOWEVER – a public private partnership can uplift the whole sector and mean a better life for all. The fruit industries are working on a Social Compact that will map out the roles and responsibilities of government, industry and labour (community) in getting to this better life for all in the rural community. Industry participation is through Fruit South Africa.

A lot of time was devoted to skills development – and in fact the next Imbizo will probably focus entirely on this topic. The citrus industry is well positioned with respect to skills development – with a R1 million + bursary fund (predominantly funded by the Citrus Industry Trust and managed by the Citrus Academy), extensive availability of learning material, leadership programs and internships (to name a few); the industry has the tools to ensure a consistent supply of appropriately skilled people. I would encourage industry stakeholders to engage with the Citrus Academy with respect to skills needs; and to see how they can play a role in ensuring that the industry remains competitive

CITRUS BLACK SPOT

Citrus exports to the EU has been "trending" in the media this week as comments from Ambassador Nkosi regarding the EU's stance on South African imports caught the attention of the press. In a continued effort to expose all stakeholders to the extensive work done by the South African citrus industry and regulatory authorities CBS Bulletin 3 was circulated this week. The Bulletin explains that *The direct cost of fungicides (excluding application cost) used by South African citrus growers to control CBS as a quarantine pest is approximately 300 million Rand per year, with undesirable environmental impact, disruption of Integrated Pest Management and resultant residues. The intensity of fungicide sprays required for control of CBS as a cosmetic pest would be approximately 1/3 of that required for phytosanitary control.*

PACKED AND SHIPPED

To Week 24 Million 15 Kg Cartons	Packed	Packed	Packed	Shipped	Shipped	Original Estimate	Latest Prediction	Final Packed
SOURCE: PPECB	2011	2012	2013	2012	2013	2013	2013	2012
Grapefruit	9.7 m	8.9 m	12 m	7.7 m	8.6 m	15 m	15.9 m	13 m
Soft Citrus	4.6 m	4.5 m	4.4 m	3.8 m	3.6 m	8.2 m	8.2 m	7.6 m
Lemons	4.7 m	4.4 m	5.9 m	4 m	5 m	11.1 m	10.3 m	10.5 m
Navels	8.7 m	9.2 m	8.2 m	5.6 m	4 m	24.9 m	24.6 m	24.6 m
Valencia	0.9 m	1 m	0.8 m	0.4 m	0.2 m	47.7 m	47.7 m	47.2 m
	28.6 m	28 m	31.3 m	21.5 m	21.4 m	106.8 m	106.7 m	103 m

SOUTHERN AFRICAN CITRUS GROWERS' FUND THEIR FUTURE THROUGH THE LEVY ADMINISTERED BY THE CGA