



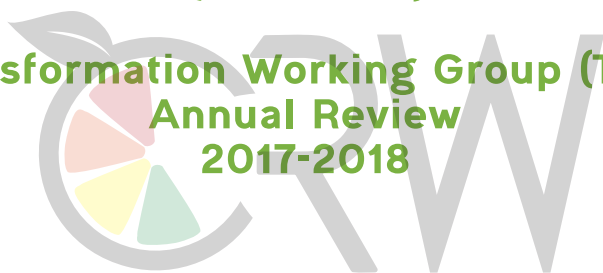
South Africa

FRUIT

South Africa
FRUIT INDUSTRY

**VALUE CHAIN ROUND TABLE
(FIVCRT)**

**Transformation Working Group (TWG)
Annual Review
2017-2018**



The logo for the Fruit Industry Value Chain Round Table (FIVCRT) is a circular emblem. It features a stylized green leaf at the top. The word "FRUIT" is written in a bold, green, sans-serif font across the middle. Below "FRUIT", the words "VALUE CHAIN ROUND TABLE" are written in a smaller, green, sans-serif font. At the bottom, the words "South Africa" are written in a green, cursive script. The entire logo is set against a light green background.

**FRUIT INDUSTRY
VALUE CHAIN ROUND TABLE
(FIVCRT)**

**Transformation Working Group (TWG)
Annual Review
2017-2018**



CONTENTS

CO-CHAIRPERSON FOREWORD, Dr K.B. Liphadzi.....	I
LIST OF ABBREVIATIONS AND ACRONYMS	III
1. INTRODUCTION.....	1
1.1 CONTEXT.....	1
PURPOSE OF THE TWG	1
FOCUS OF THE TWG	2
OBJECTIVES OF THE TWG	2
MEMBERSHIP/COMPOSITION OF THE TWG	2
MEETINGS AND REPORTING OF THE TWG	2
2. ACTIVITIES AND PROGRESS OF THE WORKING GROUP	3
2.1 TWG STRATEGIC SESSION	3
2.2 HIGH-LEVEL IMPLEMENTATION PLAN.....	4
2.2.1 REPORTING ON HIGH-LEVEL IMPLEMENTATION PLAN.....	4
Other initiatives – skills development and training.....	6
Successes identified within the fruit sector.....	6
Challenges identified	6
The way forward.....	7
3. SUBSECTOR REVIEWS 2017/18	8
3.1 CITRUS GROWERS' ASSOCIATION OF SOUTHERN AFRICA (CGA)	8
Extension support	8
Citrus study groups.....	9
Information days	10
CRI Citrus Regional Extension Workshops	11
CRI Citrus Postharvest workshop.....	11
CRI Citrus Production Workshop/CRI Citrus Pests and Diseases Management Workshop.....	11
SIZA Accreditation	11
Eastern Cape Economic Transformation Project	13
Planned initiatives	15
Government Investment Projects.....	15
Limpopo Producer Support Policy.....	15
Eastern Cape:	15
Coca Cola Beverages South Africa (CCBSA) Mintirho Foundation.	15
Comprehensive Agricultural Support Programme (CASP)	15
Jobs Fund.....	15
Citrus Academy Bursary Fund.....	16
Citrus Academy Learning Aids	16
Citrus Business Management Programme	17
Citrus Short Course.....	17
3.2 DECIDUOUS FRUIT INDUSTRY- HORTGRO	18
Economic development initiatives.....	18
Hortfin	20

Commodity approach – Public-private partnership with the WCDOA	21
Other economic development interventions	21
The Jobs Fund Deciduous Fruit Value Chain Financing Project	22
Hortgro Transformation success story – Errol April	23
Hortgro Transformation success story – Ricard Myburgh.....	26
3.3 FRESH PRODUCERS EXPORTERS’ FORUM (FPEF)	29
FPEF Graduate Internship Programme	29
FPEF Graduate Internship Programme Intern Reviews.....	30
Export market access for emerging producers	34
AgriBEE toolkit	34
FPEF Annual Transformation Seminar	35
Training programmes	35
Representation on industry forums	36
3.4 SOUTH AFRICAN TABLE GRAPES INDUSTRY (SATI)	37
SATI Management	38
Skills development	38
Bursaries	38
Business training.....	40
Training DVDs	40
Modular course in table grape production.....	40
Study tours	41
Emerging table grape farmers visit California, USA	41
Feedback on the tour from emerging farmers	44
Enterprise development.....	44
Transformation Helpdesk	44
Preferred Cultivar programme	44
SATI Transformation success story – Warren Bam.....	45
SATI Transformation success story – Uitvlugt table grape farm; owned by PG Kriel Workers’ Trust	45
SATI Transformation success story – Strength in numbers at Vergelegen	49
A dream come true.....	51
Commercial partners.....	52
3.5 SOUTH AFRICAN SUBTROPICAL GROWERS’ ASSOCIATION (Subtrop)	54
Enabling black smallholder farmers	54
Co-funding of trees, infrastructure and equipment	54
Bursaries	55
Transformation initiatives of commercial growers	55
Subtrop Transformation Summit	55
Subtrop Transformation success story – Shareholding scheme for farm workers.....	58
Subtrop Transformation success story – Halls	59
3.6 17 GUIDING PRINCIPLES FOR ECONOMIC DEVELOPMENT AND LAND REFORM	62



CO-CHAIRPERSON FOREWORD

Dr K.B. Liphadzi

It gives me great pleasure to write this foreword for the FIVCRT Transformation Working Group first Annual Review, since this signifies progress. According to the National Development Plan (NDP), 'South Africa needs an economy that is more inclusive, more dynamic and in which the fruits of growth are share equitably'. At the last Fruit SA strategic planning session, transformation of the South African fresh fruit industry was identified as one of the four key priority areas to be aggressively pursued.

As highlighted by the NDP, we all need to acknowledge that 'transforming the economy is a challenging and long-term project'. It is therefore critical to have clarity of direction (where we are going), as well as practical and flexible strategies for getting there. We need to have a common understanding of what transformation means for our industry and also have a shared vision of the end product – the transformed fruit industry.

As we review the transformation efforts of the fruit industry, a question one can ask is 'whether the glass is half full or half empty'? My answer is a simple one – the glass is half full – as you will see in this annual review, significant progress has been made thus far at various fronts although a lot of work still needs to be done. It is important to acknowledge and celebrate the great work that has been done, making a difference in people's lives as Thando – an FPEF intern who is hosted by Capespan, explained.

Some key highlights from this review are:

- There is no 'one-size-fits-all' and there is no 'silver bullet' – there should be no prescribed model or format for transformation. In this industry, transformation is happening in different formats through a variety of initiatives – the continuum including equity schemes and workers' trusts, ranging between X% and 100% black-owned entities. All of these transformative initiatives are important and should be encouraged and supported.
- Partnerships are crucial for success – there will never be enough funds and/or other resources required to advance transformation from the industry or government grants. The collaboration between HORTGRO, the Jobs Fund and the Western Cape Department of Agriculture is a great example of a partnership that brought all relevant stakeholders together for maximum impact as a result of their combined efforts. Partnerships between black growers and commercial farmers cannot be underestimated, as highlighted by various project beneficiaries in this review.
- A holistic approach to transformation is necessary – the exclusion of black people in the fruit industry was systematic throughout the value chain. Therefore, for transformation to be sustainable, a holistic approach like the SATI Preferred Cultivar Programme should be employed. The focus should be on the whole value chain, not only on primary production.

- Platform for shared learning – this annual review offers a great platform for sharing experiences, successes and failures, in our industry’s effort to transform.

Going forward, it will be important to develop clear indicators for success that will enable us to quantify and measure progress. Furthermore, the slow pace of transformation needs to be radically changed.

Lastly, I thank the FPEF, SATI, CGA, HORTGRO and Suptrop – as led by their Transformation Managers in driving the transformation efforts and initiatives of the South African fresh fruit industry.

K.B. Liphadzi

Co-Chairperson: FIVCRT and CEO: Fruit SA



List of abbreviations and acronyms

ABET:	ADULT BASIC EDUCATION AND TRAINING
AGM:	ANNUAL GENERAL MEETING
AGRISETA:	AGRICULTURAL SECTOR EDUCATION TRAINING AUTHORITY
ANC:	AFRICAN NATIONAL CONGRESS
ARC:	AGRICULTURAL RESEARCH COUNCIL
BAWUSA:	BAWSI AGRICULTURAL WORKERS UNION OF SOUTH AFRICA
BBBEE:	BROAD-BASED BLACK ECONOMIC EMPOWERMENT
BEE:	BLACK ECONOMIC EMPOWERMENT
BEEBS:	BEE BURSARY SUPPORT
CASP:	COMPREHENSIVE AGRICULTURAL SUPPORT PROGRAMME
CEO:	CHIEF EXECUTIVE OFFICER
CFO:	CHIEF FINANCIAL OFFICER
CGA:	CITRUS GROWERS' ASSOCIATION OF SOUTHERN AFRICA
CGA-GDC:	CGA GROWER DEVELOPMENT COMPANY
CGDC:	CITRUS GROWERS DEVELOPMENT CHAMBER
COO:	CHIEF OPERATING OFFICER
COSAS:	CONGRESS OF SOUTH AFRICAN STUDENTS
CRI:	CITRUS RESEARCH INTERNATIONAL
CV:	CURRICULUM VITAE
DAFF:	DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES
DFDC:	DECIDUOUS FRUIT DEVELOPMENT CHAMBER
DFI:	DEVELOPMENT FINANCE INSTITUTION
DFPT:	DECIDUOUS FRUIT PRODUCERS' TRUST
DoL:	DEPARTMENT OF LABOUR
DRDAR:	DEPARTMENT OF RURAL DEVELOPMENT AND AGRARIAN REFORM
DRDLR:	DEPARTMENT OF RURAL DEVELOPMENT AND LAND REFORM
DTI:	DEPARTMENT OF TRADE AND INDUSTRY
DWA:	DEPARTMENT OF WATER AFFAIRS
EGVV:	ELGIN, GRABOUW, VYEBOOM, VILLIERSDORP
ELI:	ETHICAL LEADERSHIP INVENTORY
EU:	EUROPEAN UNION
FISC:	FRUIT INDUSTRY SOCIAL COMPACT
FIVCRT:	FRUIT INDUSTRY VALUE CHAIN ROUND TABLE



FPEF:	FRESH PRODUCE EXPORTERS' FORUM
IDC:	INDUSTRIAL DEVELOPMENT CORPORATION
IFG:	INTERNATIONAL FRUIT GENETICS
IPL:	INTERNATIONAL PROCUREMENT AND LOGISTICS LIMITED
L&M:	LEADERSHIP & MENTORSHIP
LRAD:	LAND REDISTRIBUTION FOR AGRICULTURAL DEVELOPMENT
MOU:	MEMORANDUM OF UNDERSTANDING
NAMC:	NATIONAL AGRICULTURAL MARKETING COUNCIL
NDP:	NATIONAL DEVELOPMENT PLAN
NMMU:	NELSON MANDELA METROPOLITAN UNIVERSITY
NQF:	NATIONAL QUALIFICATIONS FRAMEWORK
NTI:	NATIONAL TRAINING INSTITUTE
PDI:	PREVIOUSLY DISADVANTAGED INDIVIDUAL
PHI:	POST-HARVEST INNOVATION
PLAS:	PROACTIVE LAND ACQUISITION STRATEGY
PPECB:	PERISHABLE PRODUCTS EXPORT CONTROL BOARD
PYDA:	PINOTAGE YOUTH DEVELOPMENT ACADEMY
ROFR:	RIGHT OF FIRST REFUSAL
SA GAP:	SOUTH AFRICAN GOOD AGRICULTURAL PRACTICES
SANCU:	SOUTH AFRICAN NATIONAL CONSUMER UNION
SANDF:	SOUTH AFRICAN NATIONAL DEFENCE FORCE
SAQ:	SELF-ASSESSMENT QUESTIONNAIRE
SATI:	SOUTH AFRICAN TABLE GRAPE INDUSTRY
SETA:	SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY
SIZA:	SUSTAINABILITY INITIATIVE OF SOUTH AFRICA
SPV:	SPECIAL PURPOSE VEHICLE
SRCC:	SUNDAYS RIVER CITRUS COMPANY
Subtrop:	SOUTH AFRICAN SUBTROPICAL GROWERS' ASSOCIATION
TOC:	TOP OF THE CLASS
TOR:	TERMS OF REFERENCE
TWG:	TRANSFORMATION WORKING GROUP
UK:	UNITED KINGDOM
USA:	UNITED STATES OF AMERICA
WCDOA:	WESTERN CAPE DEPARTMENT OF AGRICULTURE

1. INTRODUCTION

1.1 CONTEXT

The Fruit Industry Value Chain Round Table (FIVCRT) was established as a valuable platform that brings together Government, including the Department of Agriculture, Forestry and Fisheries (DAFF), the Department of Trade and Industry (dti) and the Department of Labour (DoL); parastatals like the Perishable Products Export Control Board (PPECB) and the National Agricultural Marketing Council (NAMC); labour unions, such as the BAWSI Agricultural Workers Union of South Africa (BAWUSA); the fruit industry (Fruit SA member associations) and civil society, represented by the South African National Consumer Union (SANCU), for fruitful engagement and the speedy resolution of issues.

The FIVCRT, which was established by Fruit SA and DAFF, is a dialogue process amongst industry stakeholders. The process is aimed at fostering collaborative actions amongst stakeholders to help secure an enduring competitive advantage for the fruit sector. An outcome of the process, which brought about a draft Fruit Industry Social Compact (FISC), was the identification of work streams that were later introduced as focus areas for the FIVCRT.

The work of the FIVCRT is streamlined into five working groups:

- » Employment and Worker Welfare (Leader: Rev N. Pieterse)
- » Transformation (Leader: Mr A. Rabe)
- » Research and Development (Leader: Mr W. Bestbier)
- » Trade (Leader: Mr J. Chadwick)
- » Resources (Leader: Mr A. Kruger)

The terms of reference (TOR) for the TWG were developed and finalised in 2015 and were, following a strategic session, revised and accepted by all stakeholders during May 2017.

1.2 PURPOSE OF THE TWG

The core purpose of the TWG is to facilitate, monitor, measure and report on the agreed transformation plan and targets; consequently ensuring the entry and sustainable participation of black¹ South Africans, including the youth, into the economy of the primary and secondary fruit value chain.

1. As defined in the BEE Charter as Black, Indian, Coloured and South African Chinese

1.3 FOCUS OF THE TWG

The TWG limits its focus to the economic development² and growth dimensions of transformation, which are required for sustainable and profitable businesses, addressing the following key areas:

- i. Ownership:
 - » To increase the number of black commercial fruit growers;
 - » To increase black ownership and participation in the fruit value chain in local, national and international markets;
 - » To ensure that previously disadvantaged individuals (PDIs) and groups receive title deeds of properties;
- ii. Enterprise and Supplier Development (business skills, training, mentorship, technical information and extension, access to funding and access to markets);
- iii. Management and Control (promotion of black people as board members and for executive management positions);
- iv. Increasing the availability of black and skilled human capital in the fruit industry.

1.4 OBJECTIVES OF THE TWG

The TWG outlined the following objectives to help achieve its purpose:

- i. To develop targets and a framework for transformation in the fresh fruit industry that encourages existing and new initiatives/programmes – to help ensure the success of enterprises;
- ii. To review and redefine the fruit industry and subsector strategies and action plans from time to time;
- iii. To develop different economic business models for different circumstances;
- iv. To create a platform within which challenges to transformation in the fruit industry can be identified and resolved;
- v. To collate information and statistics on fruit industry initiatives and programmes and to inform all stakeholders in and around the sector of transformation activities and progress through reports and media exposure.

1.5 MEMBERSHIP/COMPOSITION OF THE TWG

The TWG is composed of the following stakeholders:

- i. Fruit SA CEO;
- ii. Transformation Managers of the various industry associations
- iii. DAFF officials
- iv. Department of Rural Development and Land Reform (DRDLR) officials
- v. dti officials
- vi. Relevant experts/officials – co-opted when necessary
- vii. Labour and worker welfare representatives

1.6 MEETINGS AND REPORTING OF THE TWG

Meetings are held bi-annually, whilst the TWG reports quarterly to the FIVCRT and annually to stakeholders.

2. The labour, housing and social/socio-economic dimension of transformation to be addressed within the Employment and Worker Welfare working group

2. ACTIVITIES AND PROGRESS OF THE WORKING GROUP

Although there were numerous actions and activities at commodity level within the fruit industry, the TWG of the FIVCRT struggled to gather momentum and to ensure visibility on a collective national level. In addition to the poor visibility, another great source of frustration was the failure of the TWG to deliver on a comprehensive and accurate database that enables reporting, particularly to DAFF and DTI. This led to perceptions that ‘nothing is happening’ on the transformation front, and that the fruit industry is ‘not serious’ about transformation. To address these issues and collectively decide on a way forward, a facilitated strategic session – attended by a wide range of stakeholders, was held in February 2017.

2.1 TWG STRATEGIC SESSION

Following a Fruit SA strategic session late in 2016, during which transformation was once again identified as a key focus area; the TWG conducted a strategic session in February 2017 – involving industry, Government and other key stakeholders. The purpose of the strategic session was to identify blockages relating to the slow progress that was made in terms of transformation and land reform within the sector, to evaluate the relevance and progress of the work undertaken by the TWG, and to ultimately map the way forward. The session was facilitated by Strategic Alternatives – a management consulting firm.

The objectives of the strategic session were:

- » To develop a common vision and shared definition of transformation within the South African fresh fruit industry
- » To review progress thus far regarding the implementation of transformation by the fruit industry
- » To review the TOR and the activities of the TWG
- » To define the future direction and a long-term strategy for transformation within the fruit industry
- » To set measurable targets and to align activities and action plans accordingly

It was agreed upon by all stakeholders that transformation is inherent in all the initiatives and cuts across the following themes:

- » Capacitating producers to develop by creating an ecosystem of growth and self-sufficiency;
- » Fostering progressive careers and improving the work environment by driving investment in human capacity and entrepreneurial skills
- » Facilitating market access by transforming the sector to ensure equity and inclusive economic growth
- » Changing ownership patterns by supporting ownership, the management of enterprises and productive assets by black communities, workers, cooperatives and other collective enterprises
- » Creating sustainable livelihoods by upholding human rights and securing resources for survival and development

The following major gaps were identified:

- » Dedicated capacity to drive the work stream
- » Ownership of land
- » Lack of support programmes to optimise the available resources
- » Lack in sustainable funding models
- » Lack of planning with the industry
- » Poor policy coordination
- » Lack in entrepreneurial pipeline/incubator
- » Lack of skills development in management structures.

The following major opportunities were identified:

- » AgriBEE Codes – to address the lack of transformation from an ownership, enterprise and supplier development perspective, as well as issues relating to management control
- » Focused drive to access funding through clusters, e.g. with DTI, DAFF, the Department of Water Affairs (DWA), Development Finance Institutions (DFIs), the National Empowerment Fund and DTI's Black Industrialist Programme
- » Accessing training opportunities, e.g. DTI's National Exporter Development Programme, which is focused on new entrants and emerging exporters
- » Opportunities for industries to collaborate, improve and integrate
- » Expanding on existing successful projects, such as the project focused on planting trees, and building synergies between industries and government-support programmes
- » Reporting on successes within the fruit industry
- » Agriculture, including agro-processing, was identified as a key development area for Government
- » Harnessing the commitment from sectors to transform.

The outcomes as agreed by parties were to re-work the terms of reference (revised TOR, attached in Annexure 2), consult on the revised TOR, and to formulate a high-level implementation plan.

2.2 HIGH-LEVEL IMPLEMENTATION PLAN

Stakeholders reconfirmed the need for coordinated and collective action. It was agreed that the focus, on Fruit SA level, will be to collate and report on industry activities; provide visibility thereon; coordinate initiatives where required; assist with unblocking bottlenecks and the constraints experienced by members; direct and support national funding applications, and ensure maximum delivery on basic levels.

2.2.1 REPORTING ON HIGH-LEVEL IMPLEMENTATION PLAN

The reporting on implementation was done through the development of a standardised reporting template to make information easily and readily available, ensuring that all industry organisations report in the same manner. Industry organisations were to report on the progress and status of the following areas: profiling, ownership, plantings, funding, technical and extension support, mentorship, training, trade and market access – aligned with the BEE codes and the NAMC guidelines, including targets per subsector as well as information relating to skills development and training, bursaries and other socio-economic and rural programmes.

The status as well the progress made thus far is reported and represented in Table 1, Figure 1, Figure 2 and Figure 3 below.

Table 1: Number of BEE enterprises and total BEE area per subsector

Commodity	Number of BEE enterprises	Total BEE Area (ha)	Average farm size (ha)
Citrus	123	7 320	60
Pome and stone fruit	62	3 953	64
Table grapes	34	2258	53
Subtropical fruit	187	1 261	7
TOTAL	401	14 064	
	Number of BEE exporters	BEE cartons	
Exporters (61 participated)³	12	40 088 164	

Exporters' BEE volume (cartons) estimated at 12% of total fruit industry.



Figure 1: Percentage of BEE contribution to total fruit industry, based on area planted

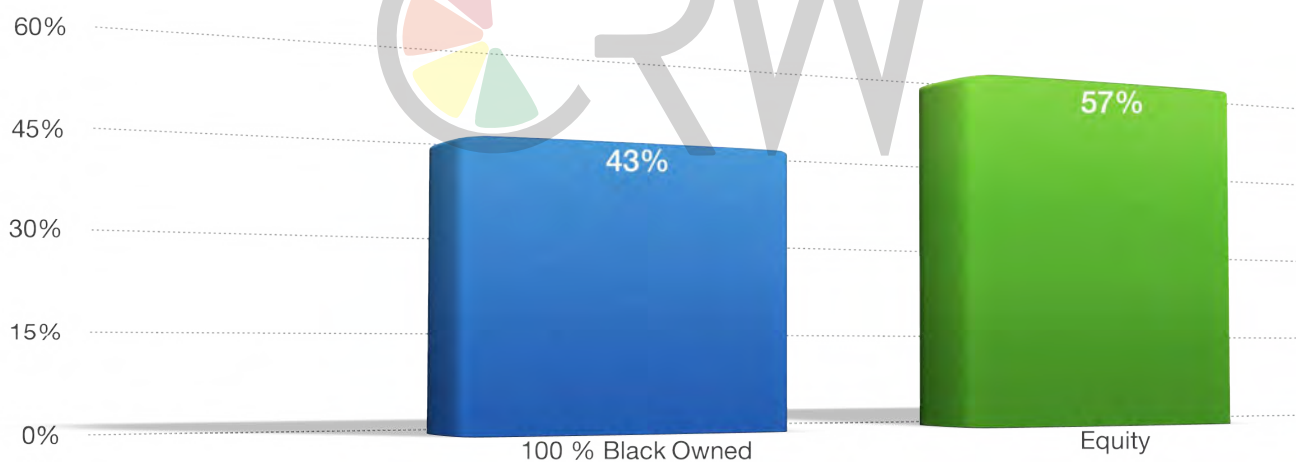


Figure 2: Primary BEE ownership, based on BEE area planted

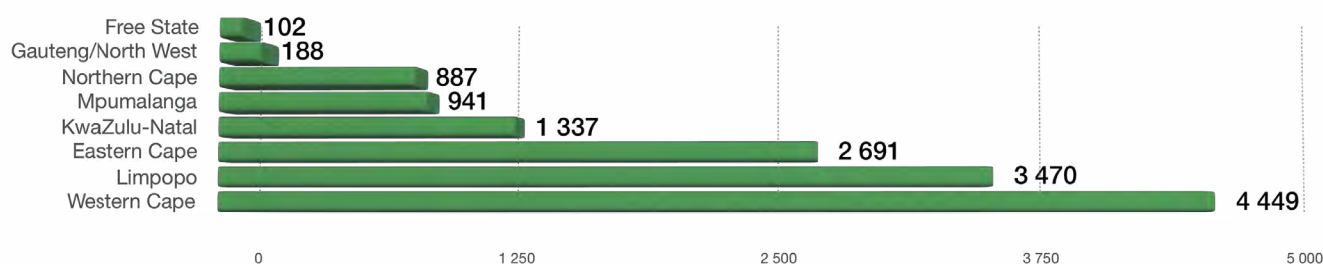


Figure 3: Total primary BEE area (hectares) per province

BEE exporters' representation per province = Western Cape 78%; Eastern Cape 22%

Other initiatives – skills development and training

A wide range of training and skills development programmes have been implemented by industry associations, their members and affiliates.

- » DAFF and the PPECB provide support to smallholder farmers through programmes, such as South African Good Agricultural Practices (SA GAP) and the Market Access and Logistics Programme to enable access to formal markets.
- » The FPEF provides the Top of the Class (TOC) and the Leadership and Mentorship (L&M) training programmes; the FPEF Graduate Internship programme; a series of trade chain manuals for training purposes; the Pinotage Youth Development Academy (PYDA) fruit learnership; postgraduate funding through the Post-Harvest Innovation (PHI) Programme, and overall support to emerging exporters.
- » Industry associations have been capacitated with Transformation Managers to champion and drive transformation within subsectors. Growers are provided with support in terms of structuring businesses, the development of business plans and feasibility studies, access to and obtaining new cultivars; compliance with market requirements through the Worldwide Standard for Good Agricultural Practices (GlobalG.A.P.) and the Sustainability Initiative of South Africa (SIZA); linking with formal markets, study groups, industry exposure (e.g. markets, symposiums, research and technology); bursaries, technical assistance, mentorship and the sourcing of alternative funding.

Successes identified within the fruit sector

- » Ensuring that transformation of the industries is addressed at the highest level
- » Coordination of support (technical, business development, critical infrastructure and input provision)
- » Leveraging of government funding to achieve common goals as well as the sharing of experience, knowledge and skills
- » Commercialisation of growers into mainstream agriculture and the economy
- » Increased compliance to promote market access, e.g. GlobalG.A.P. and SIZA
- » Collectively addressing policy issues

Challenges identified

- » Minimal involvement of industry associations in the purchasing of land, i.e. limited to no prior consultation regarding post-settlement tenure arrangements like the Proactive Land Acquisition Strategy (PLAS) farms, 'matchmaking' and the revitalisation of bankrupt farms
- » Limited to no involvement of industry organisations in the acquisition of farms
- » Beneficiaries – strategic partner selection
- » Limited funds due to the seasonality factor and the long-term nature of the industry

- » The development of funding models, including their sustainability and accessibility
- » Industry associations are funded by statutory levies operating on four-year funding cycles, which limit the lifespan of each strategic plan to only four years
- » Dependency on grant funding and access to augmented funding sources through loan financing
- » Voluntary non-profit organisations, such as the FPEF, depend on voluntary membership fees;
- » The capital and management-intensive nature of the industry;
- » Economies of scale (size), vertical integration, critical mass and large beneficiary groups
- » Resource restrictions, particularly water and land
- » Inadequate business literacy
- » Unclear categorisation of farmers, e.g. subsistence, smallholder and commercial farmers
- » Skills development and creating space for a pipeline of new entrants from incubators and internships so people can rise to positions of leadership

The way forward

It was agreed that, going forth, a centralised plan that incorporates all subsector activities will be developed. The plan will include measurable targets, whilst progress will be monitored and reported on regularly. On the 24 May 2018, a follow up strategic session workshop was held with the sole purpose of formulating a Fruit Industry Transformation Plan. The plan is set to be published during early 2019.



3. SUBSECTOR REVIEWS 2017/18

3.1 CITRUS GROWERS' ASSOCIATION OF SOUTHERN AFRICA (CGA)

During the past ten years, the citrus industry has made great strides towards transforming the industry, not only in terms of ownership of land and production, but also in terms of integrating Previously Disadvantaged Individuals (PDIs) into the management of citrus enterprises. Both the proportion of land ownership and export cartons in the hands of PDIs are now nearing the 10% mark. There are a number of factors that contributed to these successes. Good examples are the efforts of individual companies within the industry and government funding initiatives. However, the efforts of the CGA and the companies that it has mandated to focus on transformation undoubtedly had the most significant overall impact.

In 2005, the CGA appointed a Transformation Manager with the responsibility of enabling and supporting transformation in the citrus industry. In response to a need expressed by development growers, the CGA then established the Citrus Growers Development Chamber (CGDC) in 2010 – a forum used by black-development growers to address common issues. As a result of an initiative of the CGDC; in 2016 the CGA spun its Transformation Department off to an independent company – the CGA Grower Development Company (CGA-GDC).

In 2005, the CGA also established the Citrus Academy, tasked with enabling human resource development in the citrus industry. The Citrus Academy manages the Citrus Academy Bursary Fund with its support programmes, develops learning aids related to citrus production, develops and implements learning programmes, arranges capacity building workshops, and promotes the citrus industry as a career of choice for young people. Both the CGA-GDC and the Citrus Academy are non-profit companies; mandated and resourced by the CGA to address transformation in the citrus industry. Between them, they have put a range of support mechanisms for black-development growers into place.

Extension support

An individual or face-to-face meeting is probably the most commonly used extension method in developed and developing countries. The extension agent meets the farmer at the farm and discusses issues of mutual interest, providing the farmer with information and advice. The meeting is usually informal and relaxed, creating the right atmosphere for the farmer to benefit from the agent's individual attention. Individual meetings are probably the most important aspect of all extension work and invaluable for building confidence between the agent and the farmer.





Figure 4: CGA-GDC black-development growers

The personal influence of the extension worker can be a critical factor in assisting the farmer with difficult decisions. It can also be instrumental in convincing the farmer to participate in extension activities. Farmers are most often likely to follow the advice of an extension agent and grateful for the individual attention. During 2017, a total of 78 one-on-one visits to the developing citrus growers in all the citrus-growing regions of South Africa, were conducted by the CGA-GDC extension officers. The number of visits in 2018 increased to 81.

Citrus study groups

The citrus study groups, also well known as Technology Transfer Groups, play a major role in technically positioning citrus farmers in the current farming environment. The study group environment offers citrus farmers the opportunity to engage in in-depth discussions with peers –sharing information and knowledge about subjects and issues involving them as a collective. Being a member of a study group in which all participants actively strive to learn and remain on task can be very advantageous towards success in citrus farming.



Figure 5: CGA-GDC Technology Transfer Group

The CGA-GDC established, convenes and manages citrus study groups that are particularly focused on black-development growers. There are a total of eight citrus study groups in the Vhembe, Mopani and Waterberg Districts in Limpopo; Bojanala Platinum in North West; the Sundays River Valley, Kat River Valley and Patensie in the Eastern Cape, and Nkwaleni in KwaZulu-Natal. Each study group meets once per quarter, which is a total of four citrus study group meetings per year. From April 2017 to December 2017, a total of 26 citrus study group meetings were conducted with ten to 70 participants attending each meeting. From the period April 2018 to December 2018 a total of 21 citrus study group sessions were conducted. The attendances to these study groups sessions ranged from 12 to 70 people.

Information days

Information days provide the opportunity for method or result demonstrations on a slightly larger scale, and are usually presented in an informal and less-structured manner. The purpose is often to introduce a new concept or a new citrus cultivar, whilst attempting to stimulate the interest of as many farmers as possible. Information or field days are usually hosted on the land of a local farmer, which is more cost-effective than utilising experimental stations or other commodity centres made available by Government. The best opportunity to make an impact is provided when a field day is hosted on a farmer's land, with the farmer playing an active role in managing the activities.



Figure 6: Information days

Information days can range from small groups to annual events that attract hundreds of farmers. Since the aim is a general introduction to some new idea, limiting the numbers is not a huge concern. The role of the extension officer during an information day is to support the farmer hosting the event. The extension officers should also offer general guidance, respond to all queries and ensure that everything runs smoothly.

All the regions and provinces with well-established citrus study groups host information days. In 2017, a total of four citrus information days were hosted in four provinces with around 60 to 150 people attending each information day. A total of three information days were held from January 2018 to December 2018 at the Kwa-Zulu Natal, Eastern Cape and Limpopo. The remaining one was held on the 28th of February 2019 at Brits in the North West province. Information days attract large attendances and it ranges from 80 to 150 people.

The structure of the Information Days is as follows:

- » Opening Session
- » Technical and Production Presentations
- » Training, Bursaries and Mentorship Presentations
- » Access to Finance and Government Support Programmes Presentations
- » Closing Session

CRI Citrus Regional Extension Workshops

Citrus Research International (CRI) initiates three regional workshops every year to capacitate developing as well as commercial citrus growers. The CGA-GDC supports developing citrus growers to attend these regional workshops by paying their registration fees, whilst farmers cover their travel and accommodation expenses. The series of workshops includes the Citrus Postharvest, Citrus Production and the Citrus Pests and Diseases Management workshops.

CRI Citrus Postharvest workshop

The CRI Citrus Postharvest workshop is scheduled annually for January and February to prepare farmers for the packing season ahead. During this workshop, information is provided on new quality and export standards and the latest research findings.

CRI Citrus Production Workshop/CRI Citrus Pests and Diseases Management Workshop

These two workshops were merged because of the CRI Citrus Research Symposium that was held during August 2018 at the Sports Champagne Ground, Drakensberg in the KZN. This workshop prepares the citrus farmers for the upcoming production season and how to manage citrus pests and diseases during the production season. The workshop was held during September and October 2018

SIZA Accreditation

The citrus industry is export-oriented; hence it has become critical to ensure that capacity is built for producers in terms of the export market. SIZA is a programme related to export compliance and provides a platform for agricultural stakeholders to ensure ethical and environmentally sustainable trade. The SIZA platform monitors care for the environment and compliance with labour legislation. The programme incorporates farm audits, training, workshops and general assistance to ensure compliance amongst South African growers. In 2017, a total of 50 out of 123 black citrus growers were selected from Limpopo, the Eastern Cape, KwaZulu-Natal, Mpumalanga and the North West to benefit from the programme. Figure 13 illustrates the targeted farms per province.



Identified beneficiaries per province

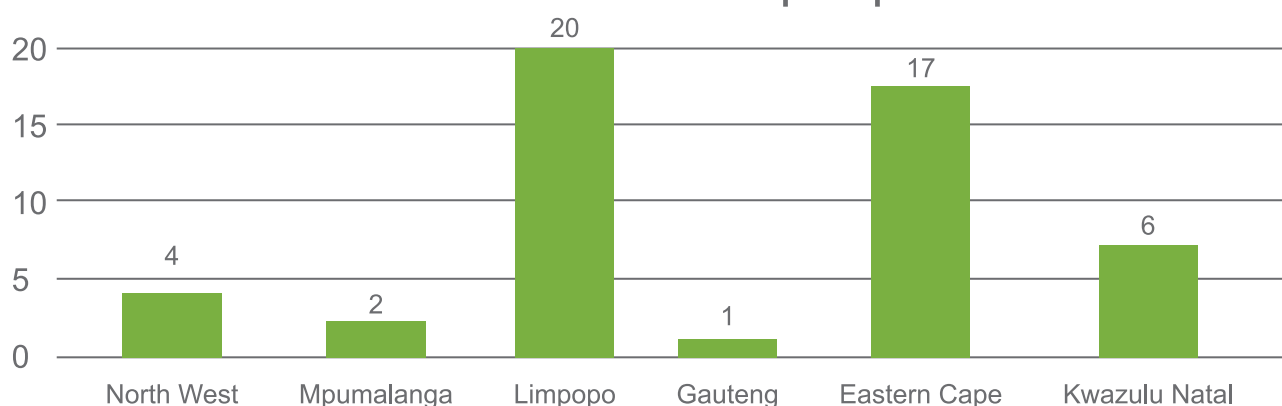


Figure 7: Identified SIZA beneficiaries per province

A total of 94 people participated in the training, including representatives from farms and Advisory Services (private and Government). Farms were requested to send more than one representative to ensure representation of management and workers. Of the original 50 farms identified, representatives from 42 farms attended the training, whilst Advisory Services comprised of nine representatives from Government and two from private companies. Advisory Services play a critical role in supporting farmers after training, thus ensuring that the gaps identified during training are attended to. Table 2 below indicates the breakdown of the total number of people trained.

Table 2: Total number of people trained per province

Province	Total number trained	Farms represented	Representatives from Advisory Services
Eastern Cape	38	16	2
KwaZulu-Natal	7	4	1
Mpumalanga	7	1	0
Limpopo	28	15	6
North West and Gauteng	14	6	2
Total	94	42	11

Of the 42 farms that benefited from training, a total of 39 have been registered on the SIZA platform. Of these 39 registered farms, 11 have approved Self-Assessment Questionnaires (SAQs); a total of 27 SAQs have been reviewed with the outstanding information identified, whilst one farm will update its SAQ independently. The status of the SAQs indicates that the growers still need a huge amount of support before their SAQs can be approved. Most of the growers do not have the required policies or systems in place and lack the necessary information to complete the SAQs.

In order to inculcate a culture of ethical standards, the Ethical Leadership Inventory (ELI) recommended the following training interventions:

- » Management Systems – How to set up and implement a quality management system;
- » Labour legislation – Disciplinary and grievance procedures, employment equity and conditions of employment;
- » All aspects of Health and Safety.



Figure 8: SIZA Training in progress.

In 2018, a Service Level Agreement was signed with SIZA to support 50 farms in the following provinces: Limpopo; North West, KwaZulu Natal and the Eastern Cape. The programme commenced in the Eastern Cape in the fourth quarter. Farmers were assisted in the completion of the Self-Assessment Questionnaires and each farm was assessed for compliance and corrective actions recommended.

Eastern Cape Economic Transformation Project

To ensure that there is significant participation of black citrus producers in the country, the CGA-GDC has established relationships with the provincial government departments. This is critical for an industry that creates 100 000 jobs. The Eastern Cape Department of Rural Development and Agrarian Reform entered into cooperation agreements with the CGA-GDC in support of an economic transformation programme for the citrus industry. The agreements included a five-year Memorandum of Agreement and a Service Level Agreement, which will be reviewed annually.

Consultative sessions were held at local level between growers and officials to discuss the allocation of funds. A needs assessment was conducted, resulting in a citrus production plan that reflects the requirements of the growers, as well as the associated costs throughout the citrus producing Amathole District and the Sarah Baartman District.

The grant allocation was split into two major categories – new development and expansion, and the provision of input. New development included trees, soil preparation and irrigation, whilst input included fertilisers, chemicals and pesticides. The first year of implementation targeted 50 hectares for expansion, from which 10 farms benefited – six in Amathole and four in Sarah Baartman, each with an allocation of 50 hectares. Input involved 12 farms that were funded in Amathole and nine in Sarah Baartman, whilst one farm was allocated mechanisation.

Committees were set up to guide, monitor and report on the implementation of the project. These committees consist of company staff members, various levels of the provincial department, and growers' representatives. The first tranche, which amounted to 66% of the funds, was transferred in July 2017 and utilised for the procurement of production input, soil preparation and irrigation. The remainder of the funding, was transferred in January 2018, and was spent on procuring trees and on mechanisation.



Figure 9: Input provided for the Eastern Cape Transformation Project

Planned initiatives

During the 2018 year the following proposals were developed:

Government Investment Projects

Presidency has called on both private and public sector to submit Investment Projects for purposes of interacting with potential investors at the South African Investment Conference held on the 25 to 27 October, 2018. The company submitted a proposal to the tune of R339 734 520, based on the 60 business plans. The proposal was entitled, 'Commercialization of Black Citrus Producers in South Africa'.

Outcome: The proposal was not funded.

Limpopo Producer Support Policy

The CGA-GDC responded to the call for applications under the Limpopo farmer support policy which was only targeting Mopani district. Four farms were included in the proposal because they managed to submit the required documents.

Outcome: One farm was funded.

Eastern Cape:

CGA-GDC responded to a call from the Eastern Cape, themed 'Transformation schemes for commercialization of black agro-enterprise development'. The proposal was to the value of R9,5 million.

Outcome: the proposal was approved for the full amount and it covers the following: infrastructure (4 farms); equipment (4 farms); mechanization (2 farms); production inputs (378,6 ha – 14 farms); expansion (30 ha -6 farms) and Environmental Impact Assessment (2 farms).

Coca Cola Beverages South Africa (CCBSA) Mintirho Foundation.

A proposal was submitted to request funds for new-entrants to do an introductory course in Business Management. The course is pitched at NQF level 2 covering 5 unit standards.

Outcome: CCBSA approved R1 million to fund the course and training will be run in five provinces where a total of 100 farmers will be trained.

Comprehensive Agricultural Support Programme (CASP)

A CASP funding proposal for the Western Cape for 2019/20 financial year was prepared based on a project recommended.

Outcome: One farm will be funded for a 10 hectare orchard establishment and maintenance of the orchards during the production period. The approved amount is R2 million. A visit to the recommended farm, Leeurivier Boerderey in the Cape Winelands District was conducted. The proposal was approved pending the allocation to be done in fourth quarter of 2019.

Jobs Fund

A joint proposal with the CGA and the Citrus Academy application for the Jobs Fund. Thirty farms were identified.

Outcome: Discussions are ongoing.

Citrus Academy Bursary Fund

The Citrus Academy Bursary Fund was established in 2006. The purpose of the fund is to provide financial support to learners at academic institutions all over South Africa who are studying towards qualifications related to the citrus industry. Up to 2018, the Bursary Fund had awarded 718 bursaries to 271 beneficiaries, to the total value of almost R18.1 million. Included in these totals are the numbers for 2018, when 73 bursaries to the value of almost R2.6 million was awarded. Of the 271 individual students who have benefited from the Bursary Fund, 77% are PDIs, and 52% are female.

Sixty-four Citrus Academy Bursary Fund graduates are now working in the citrus industry, some in management positions, with a further fifty-four employed in the wider agricultural industry, government departments or academia.

One section of the Citrus Academy Bursary Fund, referred to as BEE Bursary Support (BEEBS), is aimed specifically at supporting development growers. The purpose of BEEBS is to subsidise bursaries to relatives of development growers and employees of development citrus enterprises in order to develop the internal capacity of these enterprises over time and to assist with succession planning. Support is given from school level onwards.

Up to 2018, 190 BEEBS bursaries have been awarded to sixty-seven beneficiaries, to a total value of just over R2.8 million. In 2018, twenty-five bursaries were awarded, totalling almost R530 000. The Citrus Academy has also established a number of support programmes for the Bursary Fund, including internship and graduate placement programmes, vacations work placements, and an industry exposure programme.



Figure 10: Citrus Academy students attending the CRI Symposium

Citrus Academy Learning Aids

The Citrus Academy develops written learning material and audio-visual learning aids dealing with a variety of citrus production practices. In 2018, the Academy developed an audio-visual series on the Safe Handling of Agrochemicals and added a module on Citrus Rootstocks to the Citrus propagation series. Copies of these series on DVD were distributed to all development growers, extension officers and other support staff. Copies of series produced in the past (Integrated Pest Management, Citrus Picking, Citrus Packing, Citrus Planting Management, Citrus Pruning, Citrus Propagation and Plant Structures and Functions) are made available to development growers at no charge, and they are regularly handed out at study group meetings and information days.

Citrus Business Management Programme

The Citrus Business Management programme was developed in 2014 in response to a need expressed by development growers for improving their business management skills. The programme is based on a New Venture Creation NQF level 4 qualification, with the programme material developed in the context of citrus production.

The programme was piloted in the Kat River Valley in 2014, and in 2017 a second programme was rolled out in Letsitele, involving eighteen learners from five farms in the region.

In 2018 the programme was transferred to an e-learning platform where it is more accessible to learners all over the country.

Citrus Short Course

The Citrus Academy identified an urgent need for the development of a short course covering the whole citrus value chain, and focussing on citrus production practices. The Citrus Short Course was developed in collaboration with Villa Academy, and was rolled out in the citrus production regions in the form of workshops in October 2018.

Sponsorship was received that allowed 40 development growers to attend the course at no charge. In 2018, eighteen emergent growers were sponsored to attend the workshop in Fort Beaufort and eighteen were sponsored for the workshop in the Sunday's River Valley.



3.2 DECIDUOUS FRUIT INDUSTRY- HORTGRO

HORTGRO and the Deciduous Fruit Development Chamber (DFDC) play the role of facilitating and supporting transformation within the pome and stone fruit industries with specific focus on economic development and land reform, training and capacity building, as well as corporate social responsibility.

HORTGRO is an industry association funded by producers by means of a statutory levy. According to the National Agricultural Marketing Council (NAMC) transformation guidelines, 20% of the funds collected through the industry statutory levy must be geared towards driving transformation within the industries to ensure compliance with the statutory requirements. The NAMC guidelines further indicate that expenditure on land reform and economic development *per se* should be 70% of the total funding available for transformation. The pome and stone fruit industries collectively have achieved a higher spend on economic development activities (83%) as a portion of the total transformation funding. The rest of the funding is channelled towards skills development, bursaries, capacity building as well as corporate social responsibilities while industry funding is used to gear additional funding to augment existing programmes or to develop new initiatives. These alternative funding sources include grant funding from Department of Agriculture, Forestry and Fisheries (DAFF) through the CASP funds and the Jobs Fund funding via National Treasury.

The DFDC has been positioned as a transformation pillar within the industry structure to access funds and to implement the industry's strategic transformation plan regarding economic development and land-reform issues. The focus of the DFDC is to promote transformation within the industry, focusing on the primary level as well as transformation throughout the value chain. As part of the broader industry objective of doubling the deciduous fruit industry by 2050, the DFDC has a specific focus on an expansion strategy with Mpumalanga, Limpopo and the Free State as the targeted provinces. The DFDC is currently in the process of negotiating a Memorandum of Agreement with the Mpumalanga Department of Agriculture, Rural Development, Land and Environment Affairs (DARDLEA), to drive the expansion strategy in the Mpumalanga province.

HORTGRO and the DFDC therefore facilitate and support transformation within the pome and stone fruit industries in order to enable inclusive growth of the industry in a competitive, profitable and sustainable manner.

Economic development initiatives

The Jobs Fund DFDC Commercialisation Programme

With a total budget of R120 million, the overall objective of the DFDC Commercialisation Programme is to graduate smallholder farmers to commercial status with the focus of ensuring future self-sustainability of the farmers post the support, as well as job creation.

This will be done through:

- » improving productivity on existing orchards,
- » improving market access and compliance to market requirements and standards,
- » increasing number of new plantings,
- » replacing old orchards and/or obsolete cultivars,
- » providing assistance with production inputs of new and replaced orchards,
- » access to technical assistance and mentorship.

The programme is funded through contributions from The Jobs Fund contributing R60 million, the Western Cape Department of Agriculture (WCDOA) with R40 million and industry funding of R20 million through the Deciduous Fruit Producers' Trust (DFPT).

The output of the DFDC Commercialisation programme is very closely monitored, with funding of subsequent quarters based on reaching the deliverables and the risk profile associated to non-delivery and deviation from the plan. The programme is very rigid in terms of spending, as well as reporting against the contracted Project Implementation and Monitoring Plan.

The support and management structure established in support of this programme, refers to:

- » One dedicated project manager and an implementation team
- » A multi-stakeholder steering committee that focusses on providing guidance on strategic matters and oversight with the following representation: three representatives from the WCDOA, two representatives from the DFPT, one from the Agricultural Research Council (ARC), one from DAFF, two from the DFDC, one from HORTGRO (secretariat), and one commercial producer representative
- » An operational committee that assists with guidance on daily operations and decisions;
- » A technical advisory committee that assists the project-management team with technical aspects relating to oversight in terms of proposed developments based on resources and required outcomes, and to assist with the study groups and the coordination of technical assistance. The Technical Advisory Committee will also assist with monitoring and evaluation

The following criteria were applied to select smallholder farmers as beneficiaries of this programme:

- » Access to land (title deeds, lease agreement, permission to occupy)
- » Access to water and water usage rights
- » Enterprise is 100% black owned
- » Consent to further skills development, training and mentorship
- » Fruit farmer with the potential to become commercial

The first three years of the four-year implementation period (January 2016 to January 2020) has been completed with the total expenditure to date at R97 million with R23 million still to be implemented.

The majority of the targets during this period were achieved and exceeded. Major achievements include:

- » Of the initial 24 entities, a total of 21 have been approved and remained part of the programme. (One project was rejected due to the inability to achieve and contribute to the objectives of this programme, whilst two entities were afforded the opportunity to address legal and institutional issues)
- » A total of 211 hectares have been planted (the total target over the implementation period is 315 ha)
- » A total of 116 permanent jobs, 614 permanent seasonal jobs and 480 short-term jobs were created while the total employment target over the lifespan of the project was set at 505 jobs
- » Training includes hosting study groups, the HORTGRO Technical symposium, the Interpera (International Pear Congress) conference and SIZA compliance training. The number of trained beneficiaries to date is 561, whilst the target was 24

The programme is furthermore supported by formalised study groups and coordinated technical assistance in the three main production regions: Ceres, Langkloof and the EGVV regions. The DFDC has engaged with the Eastern Cape Department of Rural Development and Agrarian Reform (DRDAR) to contribute towards the development of Eastern Cape farms that form part of the Langkloof region and the Gubenxa Valley. The DRDAR has since contributed an amount of R5 million towards the development of deciduous farms. Currently feasibility assessments are in progress in Gubenxa Valley.

All project activities are guided by the Project Implementation and Monitoring Plan which includes a breakdown per farm. Progress is measured on a quarterly basis via the Jobs Fund and on an annual basis through external monitoring and evaluation.

One of the special conditions contained in the concluded grant agreement, was to endeavour to create a revolving credit fund with a portion of the funding provided by The Jobs Fund. According to the results of the whole-farm development plans, the 23 entities would require R360 million to become fully commercial. The latter indicates a shortage of R240 million as the total available budget of the project is only R120 million. After substantial investigation of different loan funding options and institutions, the conclusion was made that the project was already scaled down. The project team were therefore of the opinion that a loan component will not be feasible within the context of this project. However, the HORTGRO team has endeavoured to explore accessing additional funding and/or creating a fund to assist smallholder farmers to augment existing financial resources at a subsidised rate. This project proposal was approved by the Jobs Fund with Land Bank as the funding partner which led to the creation of Hortfin by the industry.

Hortfin

Hortfin is a ring-fenced loan facility directed at the fruit industry value chain. It will provide innovative and comprehensive financing and support systems in a manner that promotes job creation, transformation and sustainability.

The custodian of Hortfin is the deciduous fruit industry, supported by the Jobs fund and Land Bank. The activities of Hortfin are governed by the board of directors supported by permanent personnel and contracted capacity. Funding will be provided by Land Bank, Jobs Fund and the industries with the loan book being managed by the Land Bank. Participants in the broader fruit industry are expected to play an important role in identifying opportunities, forming joint ventures and generally providing support to the investee companies.

Applicants must comply with the following broad eligibility criteria:

- » Must relate to the deciduous fruit value chain within the pome, stone, table and wine grapes industries
- » Be able to create sustainable permanent and permanent seasonal jobs within the three year implementation period at an approximate cost of R300 000 per job
- » Be at least 51% black owned or reach at 51% black ownership within 3 years
- » Must be a “juristic person” in the form of a company, trust or cooperative
- » Must have the ability to meet the repayment obligations
- » Must consent to appropriate post investment support which includes mentoring, capacity building, reporting, implementation of financial and admin systems and regular monitoring and evaluation audits

Hortfin can be differentiated from other commercial financing institutions by the following:

- » The loan facility is specifically for the deciduous fruit industry and will rely on industry bodies and local knowledge to assist with deal origination, the due diligence process, the investment decision and post investment support
- » The loan size will typically vary from R2.5 million to R35 million
- » Willingness to absorb relatively greater risk
- » Interest rates in the range of prime less 2% to prime plus 1% depending on the risk profile
- » Flexibility in structuring finance products with optimum matching of cash flows to repayments
- » Comprehensive post investment support regarding financial, technical and management aspects
- » Encourages collaboration with other funders, commodity organisations and agribusinesses

Commodity approach – Public-private partnership with the WCDOA

The Commodity Approach is a programme that has been implemented by the WCDOA, through which the department has entered into a partnership with industry. The objective is to leverage resources and access to expertise that will result in an increase in the success rate of land and agrarian projects, an increased number of smallholder farmers supported and new entrants into the industry. Through this partnership, smallholder farmers will gain access to industry networks, mentorship, technical support and existing marketing networks.

The agreement between industry and the WCDOA has been in effect since 2011. HORTGRO has also been gazetted by the WCDOA as an implementing agent and, since the programme's inception, has implemented R1230 million in partnership with the WCDOA. Of these funds, 62% was spent on entities that are 100% black-owned and 38% was used on projects that are in partnership with commercial entities, which through this intervention, have leveraged additional funding from the commercial sector.

This programme was not only nominated, but also received a Service Excellence Award from the Premier of the Western Cape in 2017. It was awarded a silver accolade as one of the best-implemented programmes in the South African fresh fruit industry. HORTGRO was subsequently audited internally by the WCDOA to ensure that the processes and policies used to manage and implement this programme, are sound and transparent. HORTGRO is proud to announce that a positive audit report was received in respect of the processes followed and implemented.

The partnership with the WCDOA has been a beneficial relationship for all parties involved. It enabled the industry to establish an efficient and transparent public-private partnership to leverage additional funding, resources, skills and expertise in our efforts to transform the industry in a responsible, economic and sustainable manner.

Other economic development interventions

A summary of the support services rendered to the industry includes:

- » Supporting of DFDC with regard to project implementation and administration;
- » Increasing the welfare of farm workers through activities of the Fruit Workers' Development Trust
- » Mentorship and technical assistance to economic development and land reform beneficiaries to ensure sustainability and profitability

- » Business development support through the land reform desk, assistance in compiling business plans, conducting feasibility studies and engagements with role players and relevant government departments
- » Technical training DVDs in English, Afrikaans and Xhosa
- » Workshops, field days and symposiums to ensure optimal exposure to good agricultural practices and the latest technologies
- » Exposure for smallholder farmers to international markets and trade fairs
- » Research of new cultivars
- » Market development ('Plum Power' and the informal market)
- » Visits of new farmers to different production areas, as well as processing and research facilities

The Jobs Fund Deciduous Fruit Value Chain Financing Project

HORTGRO has identified that a sustainable funding mechanism is a key constraint to fast tracking economic development and land-reform initiatives within the industry. HORTGRO therefore made an application to The Jobs Fund under Window 7 (Industry Change for Scaling inclusive Job Creation Models) to address this challenge. HORTGRO was afforded the opportunity to proceed to the business application stage.

The completed business application was submitted by end-September 2017, whilst approval of this funding round was scheduled for February 2018. The funding currently being applied for will be a collaborated industry initiative through the DFPT, the Land Bank and The Jobs Fund. The main problem identified is the lack of an appropriate and sustainable funding mechanism that caters for the specific circumstances and needs of people and businesses previously excluded from the fruit industry value chain. This has resulted in the slow rate of transformation, a lack of inclusive economic development within the deciduous value chain, as well as a lack of participation in the system.

The funding applied for will be a loan fund that will be administered by HORTGRO and a Joint Management Committee – consisting of necessary stakeholders and experts. The total loan-financing facility applied for amounts to R600 million. It is foreseen that the industry will contribute R100 million (raised through loans and enterprise-development funding); the Land Bank – R300 million, and The Jobs Fund – R200 million.



Hortgro Transformation success story – Errol April

Meet the inspirational Errol April, a 49-year-old deciduous fruit farmer who until recently knew nothing about fruit farming. He is an Umkhonto we Sizwe (also known as MK) veteran whose journey started in the Cape Flats and led to the orchards of Amanzi. He is also a worthy winner of the Deciduous Fruit Industry's Novice Award 2017.



Figure 11: Errol April and workers on his fruit farm.

Errol April was born in Elsies River in the northern suburbs of the Cape Peninsula during the autumn of 1968. The youngest of five children, he was an inquisitive boy who often pestered the elders and wanted to know more.

The April family grew their own food. They had to. They were poor. "From an early age I was exposed to the concept of subsistence farming," remembered Errol. "As children we were healthy and I still contribute this to the fact that we grew our own food." Coming home from school, Errol loved to impress his parents by weeding and irrigating the vegetable garden. In his spare time he flew pigeons.

At school he excelled in sport, especially athletics, soccer and rugby. In the classroom he could not get enough of History, Biology, Geography and Accounting. "As a young boy I really wanted to play the piano and dreamed of becoming a pianist, but my family could not afford a piano." Later, as a teenager, he was set on becoming a teacher. This idea was kept alive until his matric year when the political realities of the apartheid regime hit home.

Errol became involved in politics at school. It was during the banning of the Congress of South African Students (COSAS) that he became the organiser for the Western Cape Student Congress and a national convener for the National Student Coordinating Committee. In 1989 they defied the banning orders and relaunched COSAS.

“At that time I worked at a community centre in Woodlands (Mitchells Plain, Cape Town) as the resource centre coordinator. I was responsible for the community library; study and resource material for high school and tertiary students. I also assisted with Adult Basic Education and Training (ABET) and, of course, helped with our own community garden. The garden was small, but we could feed the nursery school that had about 30 children.”

The political wrongs of the time frustrated him, and shortly after school he was trained by MK – the military wing of the then still-banned African National Congress (ANC). “I was part of an integrated military force, which created the conditions conducive for the country’s first democratic elections in 1994,” he said proudly. Later, he received the Unitas Medal for his commitment to the struggle and was integrated into the new South African National Defence Force (SANDF). He retired in 2006, holding positions as Chief Personnel Service Clerk and Sergeant Major.

It was during this time that his affection for ‘toiling the soil’ spiked again. “As a child I realised my plate of food came from the soil.” In 2011, Errol and a friend – both military veterans, decided to register on the DRDLR’s database and to apply for a farming project. “We were willing to take on any form of farming because we were confident that, should we apply ourselves as we were taught in our military training, we could achieve our goals. However, when Errol arrived at the Amanzi fruit farm (near Greyton in the Western Cape) in 2013, he soon realised that this was a challenge of epic proportions. Not only was fruit farming not his first choice, but he also did not understand the complexities involved in producing apples and pears. The farm was a new acquisition by the Two-a-Day group – “appointed at that time as caretaker whilst we were finding our feet”.

“We experienced a lot of negativity, especially from the permanent workers. The Two-a-Day methods and approaches to fruit farming were very different to what the workers were used to. Consequently, it led to dissent and unwillingness to execute instructions. There were also administrative and salary problems; the infrastructure was old and some of the farming implements were useless, the orchards were neglected and not correctly pruned, hygiene protocols were non-existent, the farm had no reliable transport for the business, workers were ill-informed of their rights and they were not trained to work with the implements. It was a mess.”

The first year was tough. He could quit or he could put shoulder to the wheel. Despite the mammoth task of rebuilding the farm, Errol was grateful for the opportunity. He decided to give it a go and with the help of the Two-a-Day group technical advisors, in particular his previous mentor – Wilmer Ferreira, he slowly came to grips with ‘fruit farming 101’.

“I have realised that the first thing we needed to do was to turn around the workers’ attitudes. We needed commitment, hard work and, above all, smart work. My strategy was to start at the very beginning – do one small thing at a time and then move on to the next thing.”

Today, all the tractor drivers at Amanzi, including six women, are fully trained. “We now have enough trained personnel for forklift driving; spray operators, monitors, irrigating officers, first-aiders and quality control officers, and we have an excellent administration and financial recordkeeping system. The workers know that they are important to the business and that they are part of the success story.

On Amanzi we have changed a careless agricultural worker into an innovative, top performer – willing to take on tasks with responsibility. They are skilled and productive members of staff. My personnel know they come first. I have no favourites when correcting wrongs and all is served with dignity. I have, for my full-time staff component, set aside a 20% share in profits (when there are profits), which is held in a trust.”

“I take a lot of strength from my family – on and off the farm. Caroline, my wife, supports me with all the administrative and financial matters. We are SIZA and Global G.A.P. accredited.”

Caroline keeps control of all the systems and logs and administers the computerised pay system. She also mothers five-year-old ‘farmer Alex’, who knows about closing windows when the spray operators are working. Alex regularly checks with his dad whether the bees have arrived when he notices even 5% of the trees in blossom! Nephew Jeremy assists on all levels and has also been helping Errol for the past two years.

“Amanzi is 211 hectares in size, of which only 31 hectares are under production. I have the ambition to expand and take the farm to a good economic unit of at least 50 hectares over the next five years and a further 10 hectares thereafter. I would also like to diversify and create more job opportunities for local workers. Last year, we employed 120 seasonal workers. Obviously, we want to do it every year, but we have to remain realistic. Farming is humbled by Mother Nature time and time again. Just look at the current drought.”

For Errol, a successful farmer is one that cares more about his workers than about crop yields. “I believe that behind a successful farmer is a valued, dignified, cared for and committed worker. I still have shortcomings and have to learn a lot about fruit farming, but with the assistance of advisors and mentors, I believe we will be successful at Amanzi.”

Errol concluded with the philosophy: “No matter how long the night, dawn is sure to come. At Amanzi, dawn is breaking.”

When Errol April received the Deciduous Fruit Industry’s Novice Award 2017, the judges motivated his award based on the following factors:

- » He had no farming experience prior to 2013, when he was appointed as one of the lessees owning 80% of the operating entity
- » Significant personal and business development over the previous four years under difficult circumstances
- » Decreased debt levels from R2,5 million to R650 000 as a result of tight controls
- » Increased revenue during 2016, in comparison with the 2015 season – increased from R2,9 million to R6,4 million
- » He employs seven permanent workers that earn well above the minimum wage
- » Amanzi was recently selected as one of the beneficiaries of the DFDC Commercialisation programme, due to its high potential of becoming a commercial entity in its own right
- » Errol has illustrated the ability to align himself with a very good network of experts to advise on strategic and daily operations, which contributed to the successes achieved to date and to his journey of becoming sustainable in the long term

Hortgro Transformation success story – Ricard Myburgh

Ricard Myburgh, a 25-year-old apple and pear farmer from Vyeboom in the Western Cape, was crowned the Toyota New Harvester of the Year 2017. Ricard is also the fourth Toyota New Harvester award recipient in a row from the deciduous fruit industry in the Western Cape.



Figure 12: Ricard Myburgh

The young Ricard has been farming on the family farm, Cortina Farms, for the past five years. Cortina Farms is situated in beautiful Vyeboom, between Villiersdorp and Grabouw. This excellent fruit farm of 54 hectares was bought by the Myburgh family in 2000. Ricard's parents, Richard and Yvette Myburgh, are originally from Pniel but have subsequently moved to the farm where they developed 40 hectares of orchards as well as a sizeable fruit packing, marketing and transport business. After matriculating from Stellenbosch High School and completing a two-year Diploma course in Pomology at Elsenburg College, Ricard joined the family business in 2013.

Ricard explained: "I am passionate about farming and agriculture in general. There has never been any doubt in my mind about which career I wanted to pursue, so joining the family farming business was just part of the natural progression for me. I am committed to the success of our farm and although I work hard to achieve this, I would not want it any other way. My main responsibility is managing the farming production process. We have 40 hectares of orchards and the farm currently produces between 6000 and 6500 bins of apples and pears annually. Of this, 50% is for export, 40% is Class 2 fruit and 10% goes to Elgin Fruit Juices. Whilst I work mainly on the farm, I also assist with the packing and marketing business from time to time."

Besides the farming business, Cortina Farms also has an apple and pear storage, packing, transport and marketing business on the same premises. The Myburgh family's roots were originally in fruit trading for the South African domestic market. They expanded this business at Cortina Farms, buying Class 2 fruit from local pack houses and growers. Today, Cortina Farms has five Controlled Atmosphere storage rooms and it supplies the domestic market with apples and pears throughout the year. The company incorporates the transport function and has a fleet of freightliner trucks that are used to deliver fruit to markets across the country.

"I am very positive about the future of agriculture and believe that our sector really offers many opportunities for young people," Ricard remarked. "South African farmers are generally quite old and we truly need young people to bring new ideas into the sector. Farming is by no means the only career in agriculture, since growers need a wide range of fundamentally important support services. Agriculture is increasingly embracing technology and this requires agricultural scientists, engineers and many other specialists as service providers. It is a field that offers a range of opportunities to young people and yet it is often overlooked."

Ricard is also proactively facing current production challenges and has travelled to other production regions to investigate possible solutions first-hand. "I have recently visited apple production regions in Italy and in the United States of America (USA) to investigate the new varieties and rootstocks available, and also to study the advances in production methods. One of our challenges is that our climate has become warmer and we need new low-chill varieties to cope with these changes."

"We are also investigating the availability of dwarfing rootstocks, since we need to start producing smaller trees that yield exceptional volumes of high-quality apples and pears to replace older large tree varieties that are not necessarily good bearers. I also plan to trial narrower spacing planting practices to potentially increase production. We also need to consider mechanisation and to make this possible, we need to plant our orchards in the required way. I intend to start trialling these methods in the near future."

"Despite my positive attitude to our industry, I am very aware of the huge challenges we face. Right now, the drought is the biggest problem facing agriculture in the Western Cape – we never expected it to become this serious. We will have to plan very carefully and see this through to the best of our ability. Our export fruit also faces increasing pressure in our international markets, whilst the exchange rate fluctuations pose further challenges to our sustainability."

"I believe that we do not receive the level of support from Government that agriculture needs, not only to expand our productions and productivity, but also to remain sustainable and competitive in world markets. This has a negative effect on South African competitiveness when we compete in the marketplace against other Southern Hemisphere countries that receive good support from their governments."

"Throughout my life, my parents have been remarkable role models to me. They run the business and I work closely with them. I have grown up working on the farm or in the pack house during holidays, so I knew what to expect when I started here. I have two younger brothers and a sister and my brothers both plan to join the family business."

“Rural living is quiet, but I do have some good friends in our neighbourhood and we socialise when possible. Despite our busy schedule on the farm, I find the time for some mountain biking as well as motorcycle riding and playing golf. More recently, I have also started camping and really enjoy this as a leisure activity.”

“I was very excited about the nomination and selection as a finalist in the Toyota SA/Agri SA National New Harvester competition. It is really an honour to have won and it has been a great motivation to continue improving our farming practices.”

The other deciduous fruit Toyota New Harvesters were:

- » Trevor Abrahams – 2014
- » Jacky Goliath – 2015
- » André Cloete – 2016



3.3 FRESH PRODUCERS EXPORTERS' FORUM (FPEF)

FPEF is a voluntary, non-profit organisation with more than 130 members, accounting for over 90% of fresh produce exported from South Africa. FPEF is also a member of Fruit SA, together with the country's main growers' associations. This position strengthens FPEF's role as the official Fresh Produce Export Council in South Africa.

FPEF members consist of fruit exporters, producer-exporters, export and marketing agents, pack houses, logistic and other service providers. Whilst membership is voluntary and open to all South African fresh produce exporting companies and industry service providers, strict accreditation criteria and a Code of Conduct apply to ensure that only competent and reliable marketing agents and grower-exporters are admitted to the Forum.

The neutral and representative status of FPEF enables it to raise funds for the export industry to ensure attendance of major international trade fairs like Fruit Logistica Berlin and Asia Fruit Logistica, during which the FPEF Export Directory is distributed. Essentially a service organisation, some of FPEF's services for its members include generic promotions for new and existing markets, the distribution of information, and the publication of a series of trade chain manuals. FPEF also manages a number of projects for the benefit of the industry, such as the Post-Harvest Inspection (PHI) Programme, as well as transformation initiatives like the TOC and L&M training programmes and the FPEF Graduate Internship programme.

Prior to 2016, FPEF's transformation strategy focused only on training, however, in recent years the scope of FPEF's transformation initiatives has broadened to include a Graduate Internship Programme, AgriBEE support and export market access support for emerging farmers. The FPEF's updated transformation vision is:

“To facilitate a significant shift in the inclusion and sustainable participation of black South Africans within secondary agriculture in the fresh produce export value chain.”

FPEF Graduate Internship Programme

The FPEF Graduate Internship programme was launched in January 2016. The objective is to place high-calibre tertiary graduates in junior commercial roles at South African fresh produce export companies for one-year internships, with a view to provide long-term career opportunities for successful interns. The vision is to integrate a growing group of talented black individuals into the commercial heart of the industry. This would create the prospect for many of these individuals to become future industry leaders in executive management and ownership roles.

Since 2016, 11 interns have been placed in fruit export companies, of which five received permanent appointments with a further three likely to be appointed on a full-time basis at the end of 2018. Many of the interns have performed very well and FPEF is excited about what the future holds for them in the industry. The programme is growing from strength to strength with seven exporter companies interested in participating in the January 2019 placement round. The interview process is well advanced at the time of writing and FPEF is once again encouraged by the high calibre of the candidates on the short list.

FPEF Graduate Internship Programme Intern Reviews



Figure 13: Thandolwethu Landu

Thandolwethu (Thando) Landu was one of the first interns to participate in the FPEF Graduate Internship programme. Thando commenced his internship with Capespan in Bellville, Cape Town, in March 2016 – under the mentorship of the Capespan Operations and Shipping Manager, Annalene Sadie. Two months after the start of the internship, FPEF had a discussion with Thando and Annalene to hear how it was progressing.

Thando was placed within the Logistics Department at Capespan, since he has a National Diploma in Logistics. As the chief mentor, Annalene Sadie is responsible for planning and supervising the internship programme and guiding Thando through the process. Judging by the enthusiasm that both Thando and Annalene have for the internship process, it certainly seems to be working successfully.

“From the first day I received Thando’s Curriculum Vitae (CV) and spoke to him on Skype I was happy to have him as an intern in our department,” Annalene remarked. “This internship initiative was something new and a big responsibility, so I started to plan the internship programme immediately.” She explained that Thando’s internship with Capespan was set for a year and that he would work within and become familiarised with four different aspects of the fruit industry logistics chain. She added that the internship would probably lead to a permanent position with Capespan.

Thando was very enthusiastic about the internship programme: “At home I was taught to seize an opportunity with both hands and with the internship I have followed this advice.” Thando is from the Eastern Cape where he grew up in Grahamstown and matriculated at Gqebera High School in Port Elizabeth. In his matric year in 2011, he was head boy and student leader.

Thando recalled: “During my matric year, our school attended a career expo and I heard about logistics as a career path. I needed to choose something suited to my character and since I always wanted to be an active, on-the-move businessman, logistics appealed to me.” He then discovered that one of his cousins was employed in the Logistics division at Volkswagen in Port Elizabeth. She encouraged Thando about the prospect of a career in logistics and showed him around at Volkswagen. “From then on I was sold on a career in logistics. Today, I can truly say that I am passionate about logistics,” Thando exclaimed.

Thando attended the Nelson Mandela Metropolitan University (NMMU) in Port Elizabeth where he completed a National Diploma in Logistics at the end of 2014. During this course, he did in-service training at Volkswagen in Port Elizabeth.

Thando explained: “After graduation in April 2015, I applied for a post as Logistics Coordinator with the Sundays River Citrus Company (SRCC) at Addo. The appointment was being done by the National Training Institute (NTI) and Marianne Rousseau interviewed me. During the course of our discussions, she told me about the FPEF Graduate Internship programme and what this opportunity could mean for me. I was immediately interested and she helped me to apply for the internship programme,” Thando explained.

After two successful interviews, he was accepted for a yearlong internship at Capespan. Thando recalled: “I was welcomed at Capespan with open arms. In fact, when I arrived at the office on the first day – early, before office hours, I was very surprised that the cleaning staff greeted me by name and offered me coffee. When I later asked my supervisor how the cleaners had known who I was, she said that everyone had been told that I would be starting with the company and they wanted to make me feel welcome. This friendly reception has continued with all the personnel at Capespan. They are very professional and they mentor me extremely well.”

“I am learning every day and if I do not understand something, I ask questions and they patiently explain to me until I understand the concept. My colleagues ensure that I understand each task they set for me, so they can be confident to delegate tasks to me. I am proud to say that I am currently doing vessel planning. I complete the loading plan and then my colleagues check that this has been done successfully. I have visited orchards and fruit intake depots as well as been to the port to see the vessels, so I am receiving first-hand exposure to the fruit industry infrastructure and logistical functions. I am motivated and really enjoy what I am doing and also love living in Cape Town.”

Annalene explained that Thando initially spent time with data processing in the Data Integrity and Loginfo Department. The data is sent to Capespan from various fruit intake depots or farms, and an important part of the administrative process is verifying this information and aligning it with shipping information. This is fundamental to the company’s operations and finances, since this information is linked to payment schedules. She added that he will next spend time in the Operations Department and will then be moved to the Claims Department, also residing under Operations.

Thando added: “My mom is a single mother and works for a retail company. I have one sibling, a 12-year-old brother. When I was growing up, we lived in a house with my grandparents and a number of aunts, uncles and cousins. The presence of my elders at home provided a remarkable support structure and gave me the motivation to pursue my dreams. My mom is very proud of what I have achieved.”

“I would like to thank Marianne Rousseau for informing me about this internship. She saw something special in me, continued to contact me and kept me motivated until the internship commenced. I truly appreciate the experience offered to me by Capespan and FPEF through this internship. I am extremely grateful for this opportunity.” Annalende concluded: “In the two months he has been with us, Thando has been thrown into the deep end and has fitted in well with our personnel. We have open-plan seating in our offices, so he gets to hear and see what everyone does on an ongoing basis. In short, I can say that Thando has proved to be reliable, trustworthy and hardworking. He is close to my heart and, to put it quite simply, Thando is my star!”



Figure 14: Jeanne Michaels

The successful placement of four interns at four different export companies in 2016 and their subsequent appointment on a permanent basis prompted the expansion of the FPEF Internship Programme.

In January 2017, the programme commenced when Jeanne Michaels was appointed as an intern at FruitOne in Stellenbosch. To find out more, a short interview was conducted with Jeanne Michaels and Cobus Van Graan – Chief Operating Officer (COO) and internship programme champion at FruitOne.

Jeanne, please give us some information on your background – where did you grow up and which school and university did you attend?

I grew up in the small town of Robertson, which I still call home, even though I currently live in Stellenbosch. In 2012, I matriculated at Robertson High School and the next year I started studying at the Potchefstroom campus of North-West University – better known as ‘die Pukke’. After obtaining a degree in Marketing Management in 2015, I completed an Honours degree in Entrepreneurship and Marketing Management in 2016.

As a student, what were your dreams for your future?

I’ve always known that I wanted to pursue something in the business world. Whilst studying, I started enjoying various marketing aspects. I wanted to work for a manufacturing company rather than a retail company. It intrigued me and I wanted to know and learn more. Ultimately, my dream was to become a marketing manager.

Where did you hear about the FPEF internship programme and what motivated you to apply?

When applying for jobs, I searched various career websites for vacancies. It was PNET that led me to the FPEF Graduate Internship programme. The specifications and required qualifications suited me perfectly and previous work experience wasn’t necessary. That motivated me, as well as the knowledge and skills I would gain.

What surprised you the most about the fruit industry and the work environment when you started at FruitOne?

I never expected that I would view fruit in a different light. So many people are unaware of the various details that have to be processed behind the scenes before going onto the shelf, and are ignorant of concepts like Class 1 and Class 2. The fruit industry is one of the biggest industries in the world and presents so many opportunities for growth. With regard to the working environment, I am so grateful and blessed to have people I can look up to, to motivate me and from which to gain knowledge and experience. I have learnt that communication is key and working as a team creates further opportunities and generates more and more success.

Which aspect of your work do you find the most satisfying and why?

The most satisfying aspect is when clients are happy; when people are satisfied with the work you have done, whether as an individual or a team, and when you achieve your personal and work-related goals. This leads to great relationships with clients; generates word of mouth and creates more opportunities and a comfortable work environment with productive workers. Where would you like to see yourself in five years' time?

In five years, I hope to be employed on a full-time basis; doing what I am passionate about at a company such as FruitOne. I am beginning to understand more about the agricultural environment and would like to pursue more in this regard.

Which activities do you enjoy in your free time?

I love staying active with tennis and hiking. I've recently regained my love for reading as well. I also enjoy spending time with my family and friends and exploring the Western Cape, since I have not had the opportunity to do so in the past.

Cobus, what motivated you to take on an intern at FruitOne?

I am a keen proponent of talent identification and development. When a team member's personal and professional goals are aligned, their potential is really without limit; ultimately the organisation will benefit and I believe this will differentiate companies. When I entered the agricultural industry, I was in the fortunate position to have a mentor. Hence, I see it as our responsibility to nurture and develop young people in the agricultural sector. If our sector can attract the best talent, we will reap the benefits in multiple ways.

What advice would you give to other exporters who are considering taking on an intern?

The position of any internship must be clearly demarcated in order to manage expectations and outcomes for both the intern and the employer. In the absence of clear goals and a dedicated mentor, the probability of a successful outcome is limited. Expect an intern to add value to your organisation and allocate responsibilities accordingly.

How has FruitOne benefited from this experience?

Internships challenge both the employer and the intern, which means that there are growth opportunities for both. Apart from the fact that we are immersing Jeanne in all aspects of our business, and thus hopefully widening her perspective, I hope to be in a position to incorporate an exceptional team member at the end of the internship. The benefit is of course that she understands our organisational culture and expectations, and can therefore 'hit the ground running'. It is also enjoyable to have young and energetic people in the office, since they add to the general mood of our environment.

Export market access for emerging producers

To assist emerging producers with issues regarding export market access, the FPEF continues to work with emerging farmers in collaboration with primary producer organisations. The FPEF's Transformation Coordinator facilitates an annual training session in January for a group of emerging producer, funded by the Western Cape Department of Agriculture (WCDOA), to attend Fruit Logistica Berlin each year. The training session consists of an overview of the commercial fruit export process – including relationships with importers; fixed price versus consignment business, terms of trade, a breakdown of the cost chain, the associated risks and risk transfer.

In October 2018 the FPEF, in collaboration with Fruit Attraction, CGA, SATI and Hortgro, funded and accompanied four top emerging fruit farmers to attend Fruit Attraction trade fair in Madrid, Spain. During the visit the growers had the opportunity to meet with top United Kingdom (UK) and European Union (EU) importers providing a first-hand understanding of the market requirements and potentially opening the door for future direct supply to these markets.

Over the past three years, the FPEF Transformation Coordinator, in collaboration with the primary producer organisations delivered presentations to emerging citrus, table grape and avocado producers in KwaZulu-Natal, Eastern Cape, Limpopo, North West and the Western Cape provinces. The presentations included an overview of the FPEF Code of Conduct with emphasis on its part in protecting growers; the significance of contracts and agreements with export agents, the importance of fruit quality and the valuable role of exporters as service providers in the industry.



Figure 15: Citrus Growers Development Chamber grower day in Mooiwool

AgriBEE toolkit

In 2017, FPEF commissioned the drafting of an AgriBEE toolkit to serve as a guideline for its members. The toolkit covers the status of AgriBEE Codes; explains the need for BEE compliance, the selection of the applicable scorecard and the appropriate methodologies; describes some of the implications of proposed amendments to the AgriBEE codes and provides a high-level overview of each of the elements, including some associated strategies.

FPEF Annual Transformation Seminar

In October 2017, the FPEF launched its first annual transformation seminar with the second seminar held in October 2018. The seminar is aimed at the senior executives in FPEF member companies (CEO, CFO, COO etc) and the goal is to inspire and equip FPEF members towards effective transformation in their businesses.

In 2017, Professor Jonathan Jansen served as the keynote speaker with a challenging and riveting address on how to transform with integrity, followed by Dr Konanani Liphadzi, Fruit South Africa CEO on transformation in the fruit industry and finally, Stephen Hobson gave an update and overview of the new AgriBEE codes.

In October 2018 Bongiwe Njobe, the Head of Social Investing for the First Rand Group, served as the keynote speaker. She challenged us in the private sector to act and come forward with viable solutions rather than waiting for government to lead the way. She was followed by William Hughes, evicted farmer and Vice Chairman of the Commercial Farmers Union of Zimbabwe during the land redistribution in Zimbabwe who shared some of his experiences and perspectives relevant to the land issue in South Africa. Brad Green, transformation specialist and Executive at Signa Group closed by providing some practical guidance relating to the new AgriBEE codes.

Training programmes

FPEF has continued to facilitate the delivery of its well-established TOC and L&M training programmes. The TOC programme provides training on the fruit export value chain – from harvest to home. As part of the curriculum, this programme incorporates FPEF series of trade chain manuals, which consists of the Basic (published in English and Afrikaans), Intermediate and Advanced Citrus, Pome Fruit and Table Grapes manuals. The L&M programme is mainly focused on leadership and personal development.

Developed specifically for the South African fresh fruit industry, the TOC and L&M training programmes are aimed at employees in junior to middle management, emerging producers and exporters, fruit packers and marketers. Training is usually presented over a couple of full-day sessions; grouped into a number of two-day or four-day sessions to make up a total of eight to twelve days.

International Procurement and Logistics Limited (IPL) and Tesco have funded the delivery of the L&M programme to 16 leaders and mentors in De Doorns, which commenced in September 2017. At the same time, the TOC programme was presented at the Capespan fruit marketing office to twelve staff members, as well as to 29 emerging farmers in the Langkloof, Ceres and Grabouw areas. Since 2012, when the L&M programme was launched, 224 industry employees and emerging farmers have completed the programme while 466 industry employees and emerging farmers have completed the TOC training programme in the past five years.



Figure 16: The group of leaders and mentors during L&M training in De Doorns

In 2017, the TOC programme was adopted by the Pinotage Youth Development Academy (PYDA) as part of its curriculum. It is currently used in a 12-month training and work-placement programme within the fruit industry for unemployed youth. In 2017, a total of 25 students enrolled in this programme, which has commenced in June and is being offered on a full-time basis until May 2018. In collaboration with the WCDOA and Hortgro, the L&M programme was delivered to emerging farmers who are beneficiaries of Hortgro's Jobs Fund grant funding programme.

Representation on industry forums

The FPEF Transformation Coordinator represents FPEF members at the Agricultural Sector Education Training Authority (AgriSETA) as a member of its Horticulture Sector Skills Committee and through participation in the broader AgriSETA plenary sessions. This provides an opportunity for FPEF's voice to be heard within the SETA (Services Sector Education and Training Authority) landscape. Likewise, the Transformation Coordinator is a member of the FIVCRT TWG. The purpose of this group is to coordinate the transformation initiatives of the various industry bodies under Fruit SA.

3.4 SOUTH AFRICAN TABLE GRAPES INDUSTRY (SATI)

The South African Table Grapes Industry (SATI) views transformation as the creation of equal opportunities for black agriculturists and entrepreneurs to participate as owners, co-owners, managers and professionals in the table grape industry; to share in the economic benefits the industry potentially offers to all. Business acumen, economics, commitment and human capital development are the driving forces of SATI's transformation process. SATI believes that black people must be introduced and exposed to the industry in order to become part of the mainstream as fast as possible. Each Broad-Based Black Economic Empowerment (BBBEE) initiative must have long-term and sustainable economic benefits to all participants, especially black people, in order to address previous inequalities.

SATI is concerned about the lack of progress in terms of transformation and has consequently identified enterprise development, skills development and access to information as focus areas.

The SATI transformation agenda includes the following services to black growers and young black people in the industry:

- » Preferred Cultivar programme
- » Extension and Advisory Services – business and production advice
- » Bursaries
- » Training – business and modular courses
- » Transformation helpdesk – business, production, compliance (planning and feasibility studies)
- » Study tours – local and international



Figure 17: Black table grape farmers

SATI Management

SATI is committed to comply with the Employment Equity Act and the AgriBEE Charter. The current CEO of SATI established the Employment Equity Committee, which is a representative body in terms of race, gender and youth. At present, 44% of the senior managers are black people as per generic definition within the BBBEE Charter.

Skills development

Bursaries

According to SATI, the improvement of the skills of qualified black professionals within the industry is part of transformation. The SATI Bursary Fund targets individuals aspiring to have a career in the table grape industry. The study fields which are supported are at primary production level and within the value chain. In the 2017 academic year, nine tertiary students were supported through the SATI Bursary Fund. Preference was given to black individuals, especially those involved in land reform and agrarian reform initiatives. The industry supports the development of competent, skilled and knowledgeable black agriculturists with the potential to become owners of agricultural businesses or compete for top positions within the industry value chain. Table 3 shows the number of students supported by the SATI Bursary Fund. It is a prerequisite that all students avail themselves during their holidays to be exposed to the industry.

Table 3: Students supported by the SATI Bursary Fund in the 2017 academic year

STUDENT	RACE	GENDER	INSTITUTION	STUDY PROGRAMME
N.P. Cesiko	B	F	Stellenbosch University	BSc Food Science
T. Mokheseng	B	F	Stellenbosch University	BSc (Agric) Viticulture and Entomology
K. Toolo	B	F	Stellenbosch University	BSc (Agric) Viticulture and Oenology
S.L. Mchwango	B	F	Stellenbosch University	BSc (Agric) Viticulture and Entomology
M. Sadikge	B	M	University of Pretoria	BSc (Hons) Soil Science
S. Strydom	W	F	University of Pretoria	BSc (Agric) Plant Pathology
A. Basson	C	M	Vaal University of Technology	NDip Agric. Management
M. Mahlo	B	F	University of the Free State	BSc Soil Science

SATI is proud to report that Keboneilwe Toolo and Mukwhethwa Sadikge graduated in 2017 and are both furthering their studies in their respective fields. After benefiting from the SATI Bursary Fund in 2016, Thandekile Mokhojane received other support from SATI which enabled her to graduate independently in 2017. For the 2018 academic year, SATI continued to fund the students of the previous year, as well as additional students, as listed in Table 4 below.

Table 4: Students supported by the SATI Bursary Fund in the 2018 academic year

STUDENT	RACE	GENDER	INSTITUTION	STUDY PROGRAMME
N.P. Cesiko	B	F	Stellenbosch University	BSc Food Science
T. Mokheseng	B	F	Stellenbosch University	BSc (Agric) Viticulture and Entomology
S.L. Mchwango	B	F	Stellenbosch University	BSc (Agric) Viticulture and Entomology
A. Basson	C	M	Vaal University of Technology	NDip Agric. Management
M. Mahlo	B	F	University of the Free State	BSc Soil Science
K. Toolo	B	F	Stellenbosch University	MSc (Agric) Viticulture
M. Sadikge	B	M	University of Pretoria	MSc Soil Science

S. Strydom	W	F	University of Pretoria	MSc (Agric) Plant Pathology
J Daniels	C	M	Elsenburg Agriculture Training Institute	Higher Certificate in Agriculture
A. Sigadla	B	M	Cape Peninsula University of Technology	M. Tech
A. Govindsamy	I	F	Durban University of Technology	NDip. Horticulture

SATI is proud to report that the following students obtained their qualifications in 2018:

- » Jacques Daniels a farm worker in the Western Cape obtained his Higher Certificate in Agriculture from Elsenburg Agricultural Training Institute and will continue his studies 2019 with support from SATI.
- » Allister Basson obtained his National Diploma in Agricultural Management from Vaal University of Technology.
- » Ncediswa Cesiko completed her BSc Food Science degree at University of Stellenbosch.
- » Mashoto Mahlo successfully completed her BSc Soil Science degree at the University of the Free State. She will continue her master's degree studies with support from the industry.

The students who graduated in 2017 each report on their personal experiences:



Figure 18: Keboneilwe Toolo

"I am Keboneilwe Toolo from Thaba 'Nchu in the Free State. SATI supported me financially to obtain a BSc degree in Viticulture and Oenology at the University of Stellenbosch in 2017. Furthermore, SATI committed to fund me whilst studying towards a Master's degree in Viticulture (table grapes). I'm a person who enjoys field work a lot, which is one of the reasons I have chosen to take the Viticulture route. Learning and working in this industry has been enlightening and somewhat eye-opening. The fact that we are in competition with big table grape-producing countries abroad makes working in this industry even more exciting. It shows how much potential we have to become bigger and for South Africa to be one of the best table grape-exporting countries. I want to take part in growing our table grape industry, not just in quantity but also in quality."



Figure 19:
Mukwhethwa Sadikge

"My name is Mukwhethwa Sadikge and I am from Mamelodi East in Pretoria. I am a person who is peaceful, friendly, respectful, caring, loving, non-judgemental, humble and ambitious – always seeking for knowledge. I have completed a BSc degree in Geology in 2016 at the University of Pretoria. SATI is supporting my passion for Soil Science and helped me to complete an Honours degree in Soil and Environmental Science. SATI has committed to support me in obtaining a Master's degree in Soil Science in 2018. I am self-disciplined and not easily manipulated. I like to complete the task at hand. I don't give up easily, even when I encounter challenges. Thank you, SATI, not only for the funds but also for the exposure to the industry."



*Figure 20:
Thandekile Mokhojane*

“My name is Thandekile Mokhojane and I grew up in Bloemfontein. I studied for a BSc degree in Biotechnology at the University of Pretoria. Life was never easy, but often presented opportunities of which one was studying. To receive financial support from SATI required us to identify a study mentor whom we reported our progress to, as well as to have a supporting network. We had to submit progress reports to SATI on a regular basis and these had to be signed by the study mentor. I am grateful to SATI for the opportunity given to me, because they played a crucial role in me being a qualified Biotechnologist.”

Business training

SATI initiated a ‘Beyond the Farm Gate’ training course. This business training course (NQF Level 3) specifically focused on imports and exports and was presented by the School of International Trade to farmers in the Western Cape in 2017. In a separate business training initiative, Dr Willem Hoffman of Stellenbosch University presented a course on Financial Planning to beneficiaries of empowerment initiatives in the Northern Cape in 2017 and Western Cape in 2018. This modular course remains a winner for newcomers, whilst serving as an excellent refresher course to more experienced producers and farm workers.

Training DVDs

The SATI DVD series on production is used for the on-farm training of staff members and is viewed as an incredibly handy toolkit. SATI is in the process of translating the DVDs from Afrikaans into English for more people to understand and benefit from this resource. SATI started with the translation and recording of some of the DVD modules in Xhosa and Tswana, this is an effort to share industry knowledge and mitigate language as a learning barrier.

Modular course in table grape production

The modular course in table grape production remains a winner for the transfer of knowledge and skills to farmers and farm workers within the industry. The course is presented by industry experts from the ARC – Infruitec-Nietvoorbij, SATI and Elsenburg. The course, which is usually presented over 17 days, includes several modules and covers topics such as the viticultural aspects of table grape production, harvesting and the postharvest handling of table grapes, and it provides an overview of the table grape industry. In 2017 and 2018, this course was presented in the Western Cape and the Northern Cape.

The target audience for this course includes:

- » New entrants to the industry
- » Farm workers
- » Junior, middle and senior production managers
- » Extension officers
- » Individuals with no tertiary education

Study tours

The transformation portfolio organises local, national and international study tours for black farmers on occasion. Exposure and networking are vital to create a network of support to SATI's farmers. These tours, such as the study tour to California in 2017, are aimed at providing first-hand information by introducing the farmers to experts. SATI is currently planning a second tour for the emerging sector in 2019 to revisit the breeders.

Emerging table grape farmers visit California, USA

In August 2017, a comprehensive SATI study tour was undertaken to California in the United State of America, with the main objective of visiting leading table grape breeders to observe and taste the latest table grape varieties. The delegation, led by the SATI Transformation Manager, Wilton September, consisted of emerging farmers – Hendrik Davids, Alec Abrahams and Warren Bam, as well as extension officers from WCDOA – Johannes Links and Cobus van Schalkwyk.

The delegation visited Bakersfield in California to attend information days at Sunworld International, Giumarra Vineyards, Sheehan and International Fruit Genetics – some of the leading table grape breeders, worldwide. The study tour was focused on broadening the participants' knowledge of the table grape breeding process; licensing, as well as various table grape cultivars in different stages of development. The delegation left South Africa on 11 August and returned with a wealth of knowledge on 22 August 2017.

The Vice President of Variety Development at Sunworld International, Terry Bacon, welcomed the delegation. He provided an overview of the business and introduced their cultivar development programme.



Figure 21: The South African delegation at Sunworld International

The delegation then visited different laboratories, including the evaluation, embryo rescue, seedling development, and molecular laboratories. The laboratory tour was followed by a visit to the test blocks where new cultivars are planted for further evaluation. This day was concluded at the Sugra 35 and Sugra 13 commercial blocks that provided insight into farming on a huge scale.

The next day, the delegation visited Giumarra Vineyards where the ARRA (one of the Giumarra table grape labels) field day was hosted. After a personal welcoming by John Giumarra, the group attended a demonstration on plastic covers by Retilplast at the commercial ARRA 15 vineyard.



Figure 22: Giumarra Vineyards

The delegation moved to trial blocks to observe potential new varieties and released cultivars, followed by a visit to the Giumarra cold-storage facility. Members of the delegation were very impressed with the mechanical system used for palletisation; the pre-cooling unit and cold-storage rooms.

The last item on the day's itinerary was a visit to Wonderful Nurseries – the largest grapevine nursery in North America. Approximately 10 million vines are produced per annum in this nursery and the capacity is increasing. In addition, all vines undergo virus testing.



Figure 23: The South African delegation at Wonderful Nurseries.

The delegates were very impressed with the nursery's cartonage facility, comprising an area of one million square foot of concrete where around 4 million cartonage vines are propagated annually. The cartonage vines are placed in specially patented cotton socks for easy planting. The cotton degrades after planting and reduces root damage during planting.

On the third day of the tour, Sheehan hosted its field day in Fresno. This event commenced with a background presentation and an introduction to the most notable cultivars. Touring of the trial blocks followed, during which different cultivars under various production treatments and rootstocks were observed. Various cultivars were discussed and tasted, including 'Krissy', 'Carlita', 'Magenta', 'Timpson', 'Great Green', 'Timco', 'Apple Crisp' and 'Allison'. The day in Fresno concluded with a visit to a commercial 'Allison' vineyard.

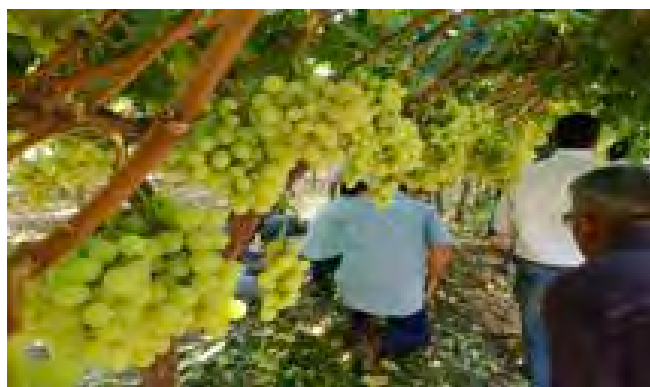
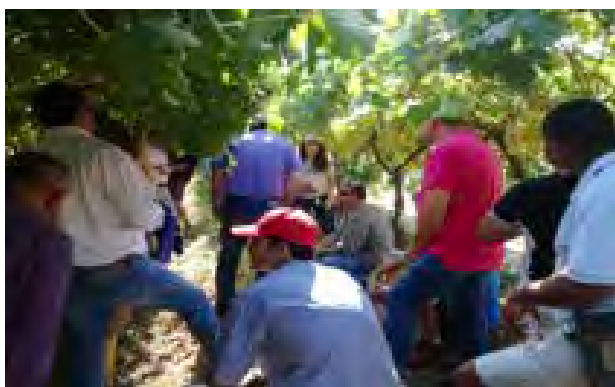


Figure 24: Sheehan information day in California



Figure 25: 'Sweet Sapphire' bunches with characteristic elongated grape berries



Figure 26: The South African delegation at IFG cultivar day, in a commercial block with 'Sweet Celebration'

International Fruit Genetics (IFG) was the last breeder to host the South African delegation. Commercial blocks were visited, during which the 'Candy Dream', 'Cotton Candy', 'Candy Hearts', 'Sweet Sapphire', 'Sweet Globe' and 'Sweet Celebration' cultivars were observed and tasted.

Thereafter, trial blocks were visited with a total of 16 new cultivars in various stages of development. This session was followed by a visit to the Jack Pandle cold-storage facility. This state-of-the-art pre-cooling and storage facility was very impressive.

The day was concluded with the following five presentations by IFG representatives:

- » The use of plastic structures in the table grape industry
- » Practical experiences with 'Sweet Globe' in South Africa and Namibia
- » Practical experiences with 'Sugar Crisp' in South America
- » Practical experiences with 'Jack's Salute' in South Africa
- » Practical experiences with 'Sweet Sapphire' in Australia

Field packing was on the agenda for the last day of the tour. The delegation returned to the Giumarra Vineyards Corporation and met Wayne Childress – the CEO at Farm 14. The tour was concluded with a visit to the workshop where the packing tables are made and all maintenance on machinery is done.

Feedback on the tour from emerging farmers

Hendrik Davids: “This is the first tour that gave me a life-changing experience. It changed my thinking and it confirmed the importance of the new varieties. I came far to meet and experience the power of American and South African expertise from knowledgeable people.”

Alec Abrahams: “This is something that each table grape farmer needs to experience – it’s a revelation! I have now seen and tasted many new varieties. We must thank SATI for this experience. This tour exceeded my expectations.”

A special word of thanks to the institutions mentioned above and industry professionals for contributing to a successful study tour, including: JT Nel (Capespan), Heidi De Villiers (IFG), De Witt Kamfer (IFG), Terry Bacon (Sunworld International), Dirk Burger (Sunworld International), Robyn Gerber (Topfruit), Stephan Nel (Topfruit), Wian Mouton (SNFL), Josep Estiarte (SFNL) and Elena Aguaron (SFNL).

Enterprise development

Transformation Helpdesk

This initiative is to support potential for existing BBBEE initiatives with the planning of their businesses. The services of experts such as economists, production experts, BEE specialists, soil scientists and water specialists can be procured via the helpdesk. Through the helpdesk, support with business plan development, feasibility studies, resource utilization, compliance management, mentorship, extension services and management tools can be considered to increase performance and monitor progress.

Preferred Cultivar programme

Cultivar choice is one of the most important decisions in the production of table grapes. Most of the emerging farmers have older varieties and therefore SATI has this programme on a cost-share basis to finance planting material. SATI contributed over R1,7 million towards vines for the 2017 planting season, R2,45 million in 2018 planting season.



Figure 27: ‘Joybells’ variety vineyard, planted in 2017



Figure 28: ‘Tawny’ variety vineyard, planted in 2016

SATI Transformation success story – Warren Bam

Warren Bam is the owner of WCB Boerderij – a farming business, producing table grapes in the Cape Winelands District of the Western Cape. He started his business in 2012 on leased land (Gunsteling farm), whilst working as a farm manager at a nearby table grape and blueberry farm. His first plantings were done in 2013 with the support of the WCDOA and SATI. The start-up was a 'greenfield' business and had access to new varieties that gave him a competitive advantage from the onset.

Warren also bought a 26% share in Wesland Farming in Saron in the Western Cape, where they farm with approximately 50 hectares of table grapes and 30 hectares of olives. In addition, Warren Bam became the first member of the SATI Board of Directors that was voted in by the farmers.

Warren and Wessel Van Niekerk continued growing their business in 2018 when they bought the neighbouring farm. Warren is the majority shareholder in De Denne. The farm has 70 hectares table grapes planted.

This farmer is passionate and committed to the industry. One of the key factors that contributes towards success in his business is his hunger for information, as he seeks and implements expert advice. He also believes that the vine and his workers are his biggest assets.



Figure 29: Warren Bam



Figure 30: A farm worker on Warren Bam's vineyard

Milestones for Warren Bam include:

- » Deciduous Fruit Novice Award (2013)
- » Toyota New Harvest Young Farmer of the year (2013)
- » SATI Director (2016)
- » Organic Certification (2017)
- » National New Entrant into Commercial Agriculture – South African Agricultural Writers' Association (2017)

SATI Transformation success story – Uitvlugt table grape farm; owned by PG Kriel Workers' Trust

At Uitvlugt, between Worcester and De Wet along the N1 highway, the vigorous, neat young vineyards on either side of the road are clear signs that the hard work and dedication of the beneficiaries of the PG Kriel Workers' Trust are bearing fruit.



Figure 31: Uitvlugt vineyards

This is the first table grape farm in the broad Hex River Valley that northbound travellers see when approaching the region from Worcester. For nine years its dilapidated, abandoned appearance as the result of a failed BEE project did not do much for the image of this farming community. However, since the farm changed hands in 2014, this has improved remarkably as the flourishing farm is the pride of its new owners. The PG Kriel Workers' Trust bought the farm from its previous owners in 2014 with a 15-year loan from Absa bank for the establishment of the farm and the running expenses.



Figure 32: The PG Kriel Workers' Trust team

Buying the property was very complicated, since there was a moratorium in place on the repurchasing of land by commercial farmers where Government had been involved in assisting empowerment projects. The shareholding in the trust is split between Pieter Kriel (66%) and the farm workers (33%). It was necessary to structure the shareholding in this way, since Absa was not able to approve the loan without the security provided by Pieter Kriel. The farm has a total size of 160 hectares of which 40 hectares are arable and 32 hectares have already been planted under vineyards since 2014.

Pieter Kriel remarked: “Our faith in our workers and the will to provide them with a business opportunity were the motives for us to embark on this empowerment project. From the results to date we are indeed proud of what we have achieved through teamwork and commitment.” This initiative was started and is being driven by Pieter Kriel and his father, Boetie Kriel, who are well-established farming partners in the Hex River Valley.

Boetie has been a proponent and proactive supporter of BEE in the area for over a decade. This has been undertaken with the permanent farm workers from Nil Desperandum – Boetie and Pieter’s farm in the Hex River Valley. The beneficiaries are all still employed at Nil Desperandum and are simultaneously working to establish Uitvlugt. The PG Kriel Workers’ Trust has received a grant from the WCDOA and hopes to receive further grants in future. These grants are in the form of the required input resources for farming such as vines, poles for the vineyard trellising construction, irrigation components and payment of the Eskom electricity account.

The Uitvlugt farm is truly thriving. The first 12 hectares of vineyard was established in 2014, the next 20 hectares were planted in 2015, and in 2017, the workers’ trust expects to harvest 40 000 cartons of grapes from these young vineyards. All the vines are seedless and the varieties planted on the farm are ‘Crimson’, ‘Scarlotta’, ‘Adora’ and ‘Thompson Seedless’.

Along with Pieter Kriel, farm workers Jennifer Labaea, Ricardo Goosen and Ida Goosen are the trustees of the PG Kriel Workers’ Trust. They have all grown up on the Kriel-owned farms in the Hex River Valley and have been working there since leaving school. For them to be part of the workers’ trust is like a dream come true. “We are excited about the ownership that we have in the farm, because it provides us and our families with long-term security,” said Ida Goosen.



Figure 33: Beneficiaries of the PG Kriel Workers’ Trust packing their Uitvlugt grapes in the Nil Desperandum pack house

Jennifer Lebaea agreed: “I am overjoyed at this opportunity that has come my way and I am proud to tell people to look out for our beautiful farm when they travel to Worcester – even my young son brags to his friends about his mother’s farm! I would encourage other commercial farmers to get involved with

empowerment projects along with their workers and if the correct systems are in place, both the farm workers and the commercial farmers can benefit from the project. We have been part of the project since it started in 2014, and we are extremely motivated and excited about our successes. We can tell you that it really can and does work.”

Ricardo Goosen explained that even before the PG Kriel Workers’ Trust project was proposed, he had seen that BEE projects can work when he had temporarily helped out at Osplaas – one of the earlier empowerment projects in the Hex River Valley that Boetie Kriel had mentored. Ricardo further explained: “We are united by the common goal of our farm’s success, so we work very well together as a team.”

Boetie Kriel’s enthusiasm for the project and ensuring its success is infectious: “Together we are all working hard to build up this farm. We are re-establishing the infrastructure and making use of our own farm builder to fix up the pack house and houses on the property. I was motivated to become involved in BEE projects, because I have great empathy with the position of most farm workers.”

“Growing up without many privileges taught me at a young age that hard work and determination are important for success. Starting a farming project requires security and operational capital without which a BEE project will not succeed. For a BEE-farming initiative to become established and survive financially, there need to be sufficient funds available to complete the project before it can support the beneficiaries. Thus, beneficiaries must initially have an income from another source and not be reliant on the project until it has become sustainable.”

“One of the challenges to the development process is that it is unclear if or when grant applications will be successful, and this makes it difficult to farm successfully. If our harvest is successful and we receive good market-related returns, we hope to have enough funds to finance our running costs and service our debt without requiring further grants in future.”

“Looking ahead, there is a large building on the property that was previously used as a cold-storage facility for table grapes. Although all the cooling machinery and other infrastructure have long since been removed, there is currently a demand for additional cold-storage capacity in our immediate area. We are investigating the potential of refurbishing this facility to possibly establish it as an additional division of the business,” concluded Boetie.

Judging by the big smiles and enthusiasm of the members of the PG Kriel Workers’ Trust, and the diligent custodianship of Pieter and Boetie Kriel, the Uitvlugt farm is certainly on the right track to long-term success.

SATI Transformation success story – Strength in numbers at Vergelegen

A farm worker-empowerment business, Vergelegen Packing, is showing what can be done when land reform beneficiaries are serious about business – not only running a project – and are linked with the right commercial partners.



Figure 34: Vergelegen vineyards

It is one thing to grow up on a farm and come from a line of people who have worked the land, but another, altogether, to become a successful farmer. The business is owned by farm workers' trusts, with trustees that worked for either AJ Reyneke or De Villiers Graaff in the Hex River Valley when the group applied for grants. The group currently has 60 hectares under table grape production.

"It would have been futile to think that our years of experience as farm workers would prepare us for managing a farming operation. We looked at what was happening with other farm worker-empowerment projects and realised that our strength lies in unity and strong partnerships with other agricultural role players," said Hendrik Davids, Managing Director of Imdawo Ekukhule, the company under which the business is registered.

Some of the beneficiaries still work on the farms where they worked when the business was initiated, whilst others have been transferred to Vergelegen. "I think one of our greatest strengths is that group members basically share the same background, with most of us growing up in the Hex River Valley, coming from farm worker families and working on farms when the business was initiated. We, in effect, have very much the same expectations from the business," Davids said.

In addition, there is no distinction between workers who are part of the trust and those employed from outside. "Everybody working in the business are treated equally," according to Davids. All the beneficiaries are also aware of what is happening in the business, with the farm-management team being directly accountable to the directors of each trust.



*Figure 35: Part of the team being groomed to take over full management of the business in 2020.
From left: Logan von Willingh, Cindy Bosman and Hendrik Davids*

Davids explained: “All management decisions and long-term operations have to be approved by the directors, who communicate the decisions to the trustees. The management team meets with the directors once every three months, whilst the directors regularly communicate information to the trustees. An Annual General Meeting (AGM) is held once a year. Bonuses have been paid to beneficiaries over the past three years, but beneficiaries understand that the business cannot pay dividends yet, since all the profits have to be reinvested to improve the farm’s sustainability or to pay off debt. Ideally, we would like to have 100 hectares under table grape production by 2020 and expand the capacity of our pack house to 500 000 cartons.”

Government had a huge stake in the group’s success. “Without Land Redistribution for Agricultural Development (LRAD) funding, we would never have a farm in the first place. Similarly, without CASP funding, received two years ago to fix a leaking dam, upgrade our packing infrastructure and plant 18,5 hectares of new varieties, some of our production expansions would also not have been possible. SATI and Culdevco supported the renewal and expansion by supplying all the planting material for these new developments from 2013 to 2017; improved their viability, competitiveness, sustainability and ultimately profitability,” Davids recounted.

The group has also been assisted by some very successful commercial farmers. “If it wasn’t for our mentors – AJ Reyneke, De Villiers Graaff and the Karsten Group, the farm might have turned into a poverty trap. Imagine having your dream of owning a farm come true and then not having the means to maintain it or turn it into a money-making asset. These individuals and organisations are more than mentors, they had to become the financiers and marketing agents of our produce due to the incomplete support system provided by Government at the time,” Davids said.

A dream come true

“Our business has significantly changed many people’s lives. We have gone from owning hardly anything to being shareholders in a farm. Becoming the Managing Director of the business also resulted in major career growth and experience, which would have taken much longer to generate if I was working for another company,” Davids said. He added that the business is strongly focused on training to uplift and equip workers with the necessary skills to fulfil their career potential.



*Figure 36: The group responsible for quality control.
From left: Martha Thomas, Caroline Mlabo,
Carol Conradie and Elmarie Mylord*



*Figure 37: Pack house line managers.
From left: Martheleen Olivier, Janne Winnaar,
Patricia Hansen and Lia Dempers*

Hendrik Davids’ daughter, Cindy Bosman, is also a beneficiary in the project. The project has inspired her to do her best: “I am doing everything I can to make our farm as successful as possible, because it is not only a great asset to us, but also to our children and potentially their children’s children.” The business has also resulted in career advancement for her. “I started out as a secretary at De Hoop, from where I was promoted to financial clerk. Last year, I was transferred to Vergelegen Packing as Assistant Accountant. I am happy and satisfied with my present position, but there would be a lot of support if I decided that I actually wanted to become an accountant.”

Logan von Willingh, Junior Production Manager at the business, also comes from a family of farm workers in the Hex River Valley. “I wanted to follow in the footsteps of my parents, so I completed an Agricultural Diploma at Boland College after school; followed by a Certificate Programme hosted by the PPECB. I was fortunate to do my internship at De Hoop at the time that Hendrik Davids and the other beneficiaries started talking to De Villiers Graaff about having their own farm. The internship turned into full-time employment, which allowed me to also become a beneficiary,” Von Willingh said.





Figure 38: Bianca Mathys is packing 'Crimson' red grapes for the export market.

The business not only realised Von Willingh's dream of having his own farm, but it also provided him with the opportunity to live out his passion for making a difference in other people's lives. "We get many young people and first-time employees on the farm. My objective is to equip them with skills to not only do a good job, but also to increase their career prospects. It is a difficult job, since many of the temporary workers do not realise the great opportunities in the industry and, in effect, come and go," he said.

The business has been doing a lot to try and improve the livelihoods of their labourers and people who live on the farm. "One of our challenges is that the farm is quite far from towns," Von Willingh said. "In addition to building new rooms, we have been trying to improve the living quality by supplying geysers for warm water and DSTV satellite dishes, so people have access to good television programmes when they are not working."

Von Willingh mentioned that the business has accelerated his personal growth. "Hendrik Davids has been a great mentor by teaching me almost all of the tricks of the trade, giving me enough space to do my own thing and learn from my mistakes. Along with all the courses I have done until now, Davids has equipped me with enough knowledge to take the farm over from him if necessary. I would most probably not have been in this position today if I worked for someone else."

Commercial partners

Davids said that De Villiers Graaff primarily helped to take the group forward by helping them get their vineyards in order, whilst the Karsten Group significantly boosted their profitability by allowing them to market their table grapes through the group. "Supplying grapes via the Karsten Group is a huge benefit, because they are responsible for their own marketing and sales, which eliminates third-party costs. Our exports have grown from 160 000 to 242 000 cartons since Karsten took over from Graaff around 2013," Davids said.

One of the greatest advantages of having a strong industry player on your side, according to Davids, is that it gives you a direct line to someone when you need advice. “It is extremely overwhelming for a new entrant to choose reliable service providers from a multitude of available consultants. When you have a mentor, you automatically gain access to the service providers that have helped the mentor become successful,” Davids said.

Another advantage is that they are not as emotionally involved in the business as the beneficiaries and have years of experience in running a business. This makes it easier for them to offer objective advice. “Some mentors would directly interfere and do everything for a group. Our mentors understand the importance of having the group make its own decisions. They might suggest a certain direction, but ultimately allow the group to have the final say,” Davids said.

One of the group’s dilemmas was that Government wanted first option to buy the farm if the group decided to sell the land. “We have had a terrible time trying to source production loans from banks, because of this clause. In the end, De Villiers Graaff came to our aid with a loan of R15 million, of which we still owe R3,5 million,” Davids said.

The loan, along with funding provided through CASP (WCDOA), SATI and Culdevco, was used to plant better table grape varieties and expand production. Davids added: “The WCDOA supported us with the restoration of the packing facility and therefore we have the on-farm capacity to pack all of our table grapes. This adds to our profitability. Vergelegen had 46 hectares of table grapes when the farm was bought, but the majority of the vines were old or no longer in demand. No table grapes have yet been planted at Quickstep, but there is space to plant roughly 66 hectares of vines.”

The group has since replaced all the ‘Dauphine’, ‘La Rochelle’, ‘Regal’, ‘Red Globe’ and ‘Victoria’ vines at Vergelegen with varieties that are better suited to their production conditions and the market. These include ‘Crimson Seedless’, ‘Flame Seedless’, ‘Derali Seedless’, ‘Tawny Seedless’, ‘Scarlotta’ and ‘Joybells’.

With any empowerment scheme there should always be an exit strategy – a point where the group is left to fully manage their own business. “As it is, we are already functioning quite independently, with the Karsten Group only providing input when absolutely necessary. The target is for the Karsten Group to exit co-management in the near future. A lot of time and money is invested in training and education to ensure that the management team is prepared for this transition,” Davids said.

The exit strategy, however, does not imply the end of the relationship. “Our group would most probably always maintain close ties with the Karsten Group, because of everything the Karsten’s has to offer us and have done for us,” Davids concluded.

3.5 SOUTH AFRICAN SUBTROPICAL GROWERS' ASSOCIATION (Subtrop)

The South African Subtropical Growers' Association (Subtrop) manages the affairs of the South African Avocado, Litchi and Mango Growers' Associations. Up until December 2017, Subtrop also managed the affairs of the Macadamia Growers' Association.

Enabling black smallholder farmers

The subtropical industries are mainly situated in Limpopo, Mpumalanga and KwaZulu-Natal where there are extensive areas of communal land on which smallholder farmers cultivate avocados, litchis, macadamia nuts and mangoes – the majority of which are registered with Subtrop (Table 5). The greatest concentration of these farmers is in the Vhembe District of Limpopo.

Subtrop has a full-time Transformation Coordinator who is involved in the field with these farmers. Study groups for the various crops have been set up in the various districts and Subtrop works in collaboration with the provincial Departments of Agriculture and Rural Development to get local farmers involved in the study groups. Technical information on crop production is transferred to smallholder farmers at study group meetings, which take place in each region at least three times per year. Researchers, commercial farmers and members of Subtrop's technical staff present talks and provide practical orchard management advice at these meetings. Visits are also arranged to commercial farms, during which smallholder producers get first-hand experience of world-class production systems.

Subtrop has signed Memoranda of Understanding (MOUs) with the Department of Agriculture and Rural Development in Limpopo and in KwaZulu-Natal and is in the process of entering into a similar MOU in Mpumalanga. Under these MOUs, Subtrop trains government extension officers in the technical aspects of the Subtrop crops in order to equip them to assist smallholder farmers. In addition, Subtrop is providing input to provincial research and extension programmes, information days and the placement of interns on commercial farms.

Table 5: Smallholder macadamia, avocado, mango and litchi farmers registered with Subtrop

Commodity	Number of smallholder farmers	Hectares planted
Macadamia nuts	117	956
Avocados	62	444
Mangoes	72	486
Litchis	28	133
TOTAL	279	2019

Co-funding of trees, infrastructure and equipment

The majority of smallholder farmers farm on communal land, which cannot be used as collateral finance for input and equipment. This is the most serious constraint preventing smallholder farmers from expanding their operations and becoming commercially viable. Selected macadamia growers have been assisted to purchase trees, production equipment like sprayers and infrastructural items, such as fences and irrigation pipes. This assistance is on a 50/50 basis with the farmers paying 50% and the Macadamia Growers' Association paying 50%. At least 18 farmers have been assisted by this scheme to date.

Bursaries

In 2017, Subtrop awarded bursaries to three black students to pursue BSc (Agric) and BSc (Hons) studies at the University of KwaZulu-Natal and the University of Fort Hare. In addition to financial assistance, Subtrop helps these students to gain exposure and find employment in the subtropical industries after completion of their studies.

Transformation initiatives of commercial growers

Apart from the transformation activities of Subtrop mentioned above, the transformation initiatives of commercial growers have a highly significant impact on transformation within the industry. Commercial growers are frequently involved in mentoring, whilst a number of companies have agreements with communities to manage large commercial avocado, mango, litchi and macadamia orchards – owned by communities as a result of the land restitution process. Commercial farmers are also increasingly entering into partnerships with communities that own previously viable commercial farms, to help these farms return to commercial production.

Subtrop has on record 4711 hectares of commercial avocado, litchi, macadamia and mango orchards that have been handed to communities as a result of the land restitution process. Initially, the majority of these farms experienced a decline in yield and lost commercial viability. However, in recent years, commercial growers have entered into agreements and partnerships in various forms with these communities and the farms are once again commercially productive.

Of the 4711 hectares, 48% are linked with strategic partners that ensure the orchards are viable, thus providing employment and income for communities. There are initiatives to expand production on these farms going forward. Commercial farming entities are also negotiating with communities to develop subtropical tree crops to replace unviable tea plantations and other areas not previously used for fruit and nut production.

Subtrop Transformation Summit

Subtrop also brings people together to promote transformation.

The annual Subtrop Transformation Summit promotes transformation by:

- » **Informing** people of initiatives and resources to facilitate transformation;
- » **Connecting** people interested in transformation initiatives;
- » **Activating** transformation initiatives;
- » **Addressing** challenges relating to transformation;
- » **Inspiring** people to play their part in transformation.

The summit is attended by commercial farmers, emerging farmers, government departments, banks, marketers, processors, packers and other service providers.

The second Subtrop Transformation Summit was held in 2017. The atmosphere was considerably different to the first Summit held the year before. In 2016, there was a mood of 'us and them' with various parties – Government, Subtrop, commercial farmers and emerging farmers – stating what they believe the other parties should be doing to promote the inclusion of blacks in the subtropical industries. In 2017, however, there was less animosity and a realisation that we (all stakeholders) have to work together to achieve

meaningful transformation. A common understanding was reached that true transformation is not about white farmers giving away their land; rather it is about ensuring that the industry prospers and grows and allowing black entrepreneurs to share in that growth. It is a philosophy of 'growing the cake' so more people can participate.

Building on the momentum of the previous year, the 2018 Subtrop Transformation was held in Durban with the KZN and Mpumalanga Departments of Agriculture and Rural Development providing transport and covering accommodation costs of black farmers that attended. The summit was opened by the KZN MEC for Agriculture and Rural Development, Mr R.T Mthembu and raised awareness for government and industry collaborate to empower black farmers. There was also a strong focus on the need to get young people into careers in agriculture.



Figure 39: Macadamia study group at Mokoena's Farm – Mashau in the Vhembe District.



Figure 40: Pumps co-funded by SAMAC and the growers of the Mutale Project in the Vhembe District



Figure 41: Training of extension officers

Subtrop Transformation success story – Shareholding scheme for farm workers

Kosie Eloff and partners of the farm, Agriwet, in Soekmekaar in Limpopo have implemented a shareholding scheme for their farm workers. The trust ensures that farm workers have a 17% shareholding in the operation and receive dividends from Badirammoho – the name of the business means ‘Here we work together’.

The farm, Welgevonden, was originally the property of Kosie Eloff's grandfather – Frikkie Eloff, who lived there until 1972. A few years later, in 1975, the land was bought by Government for ‘homeland development’. However, in 1991, the Eloff family bought back the farm, which was overgrown with black wattle and lantana at that stage. In 1994, Fritz Eloff (Kosie's older brother) joined the business and assisted with the financial development of the farm. Two years later, they were joined by their other brother, Hannes Eloff.

Part of the Eloff brothers' vision was to involve their farm workers in management. Therefore, they sought ways to raise money for the workers to acquire shares in the business. The Industrial Development Corporation (IDC) provided them with the finance to develop orchards on a neighbouring farm, whilst the EU made R4 million available in 2008 for workers to acquire shareholdings. The beneficiaries include 88 black and four white staff members, looking after 200 hectares of avocados, 10 hectares of granadillas and 10 hectares of guavas.

The farm experienced some tough times. In October 2009, a large hailstorm wiped out the crop and damaged the trees. Even though the orchards later recovered miraculously, the young plantings were almost destroyed again by hail the following year. The EU came to the farm's rescue and allocated R1.5 million for the re-establishment of the young orchards. During that time, no dividends could be paid. However, they pulled through and the farm is successful today.

Subtrop Transformation success story – Halls

Halls is a substantial grower and exporter of avocados, litchis and pecan nuts in Mpumalanga. The newly appointed CEO of Halls, Tracey Davies, is responsible for the 128-year-old business, including over 6000 hectares of owned and leased agricultural land, with 1200 hectares of irrigated orchards under management. Tracey Davies explained: "Halls is a fully vertically integrated fresh produce company, involved in production, packaging, sourcing, marketing and the distribution of a range of subtropical products, but our main focus is on avocados. In the European avocado market, Halls has operations in five offices – Kent in the UK; Paris (Rungis International Market) and Marseilles in France; Rotterdam in the Netherlands and Madrid in Spain. These operations supply most of the major retailers across the UK and the EU. In fact, our product can be found in over 27 European countries."

A key feature of Halls' approach has been its commitment to environmental and social responsibility. Halls was proactive in opening negotiations with Government regarding land reform. "It was clear to us that for the country to make progress; much of South Africa had to move from white ownership to black ownership. As a company with substantial land holdings, Halls needed to make a contribution to South Africa's transformation," Davies said.

Engaging with the Department of Land Affairs and the Commission for the Restitution of Land Rights, Halls concluded the largest settlement transaction of the time, according to which 6000 hectares were sold to Government and subsequently transferred to the Matsafeni Trust. The settlement land included 260 hectares of avocado orchards, 303 hectares of pecan orchards, and 10 hectares of litchi orchards. It was one of the first successful land claim projects between Government and the private sector.

Today, Halls still plays a role in providing Matsafeni Mdluli Farms with essential farming services, advice and financial assistance. After 15 years of ownership by the Matsafeni Trust, the farm continues to run profitably and is referred to as a rare example of a farm, handed over in a land reform agreement, which is not only productive, but also profitable.

"The partnership that developed over the years was not without challenges as the Matsafeni Trust and Halls learned to work with each other. It is now an example of what can be achieved in South Africa, and I hope

that I am able to build on the work of my predecessors to continue the success achieved so far,” Davies added. “The farm remains under production, and is thriving,” remarked Terry Mdluli, CEO of the Matsafeni Mdluli Farms. “When we took over, we were new to farming and therefore understood that we needed Halls as a partner to keep the farms producing. We are both in business – we have rigorous debate and talk things through – we know that ultimately, both parties are benefitting from the close partnership that we share. Looking forward, we are excited about Halls’ commitment to assist us in leadership development and education in the postharvest downstream processes and transactions that occur between the farm and the customer.”

Halls has a long track record of contributing to the local community. The company rehabilitated the wetlands when it developed part of Nelspruit, also donating land to the National Botanical Society to enlarge the Lowveld botanical gardens and to ensure the natural preservation of the cascades and gorge on the Crocodile River. Halls donated 150 hectares of land to provide formal housing ownership opportunities for 440 of its current and former employees, and was recognised by the Department of Human Settlements – through the Govan Mbeki Awards. By April 2018, Halls will have completed the provision of water and sewer connections of 40 households in the Phumulani township; located between Nelspruit and White River and bordering on the Halls property.

The Halls group has grown into a multi-national conglomerate, with interests in pharmaceuticals, technology and financial services, and it continues to expand its operations around the globe. The company’s link to its South African roots and heritage remains strong. “It’s where we draw our pioneering spirit from as well as the firm commitment to serve the communities in which we operate,” Davies concluded.

For more success stories visit the following links:

<https://www.farmersweekly.co.za/agri-business/empowerment/mentorship-helped-two-women-rise-top-positions-farm/>

<https://www.farmersweekly.co.za/agri-business/former-bank-boss-reuel-khozas-huge-avocado-investment/>



FRUIT

South Africa

RW

Addendum A

3.6 17 GUIDING PRINCIPLES FOR ECONOMIC DEVELOPMENT AND LAND REFORM

The TWG as a collective has adopted these 17 guiding principles relating to economic development and land reform:

1. The NDP – specifically in relation to food security; maintaining and creating jobs, as well as maximising earnings within the framework of the Constitution to ensure meaningful transformation within a stable agricultural sector.
2. Recognition of the transformation dimensions as contained within the AgriBEE Charter, specifically those relating to ownership and enterprise development.
3. No 'one-size-fits-all' - Climate, geographic regions, crop types, economic realities; long-term versus cash crops and combinations thereof differ vastly. Different models, i.e. 100% black-owned entities and equity/Joint Venture initiatives (broad-based approach) should be possible.
4. An accurate database of all economic development initiatives in order to measure and/or quantify progress over time to be able to refute broad allegations with facts and figures. Realistic targets and measures of success need to be quantified and agreed upon by sectors/regions.
5. In case of equity initiatives :
 - a. Grant funding should be utilised to enlarge the ownership % of the beneficiary group;
 - b. A clear mentoring/support and exit strategy of equity partner as well as beneficiaries wishing to exit (e.g. on retirement and death) should be in place;
 - c. The extent and manner in which long-term ownership and skills transfer take place, linked to the economic sustainability of the entity, should form part of measuring the success of the initiative.
 - d. Some recognition for, and a possible waiver/amnesty/suspensive arrangement for further involvement by the equity partner after successful transfer to beneficiaries has been completed and should be explored.
6. In the case of 100% black-owned entities, a clear graduation strategy from an emerging to a mainstream commercial entity should be in place – based on quantifiable criteria.
7. Key success factors should be in place for evaluating/approval of all business plans. This includes recognition of international agricultural realities; scale and economically viable production units, clear selection criteria and screening of beneficiaries, institutional arrangements, as well as realism with regard to the size and expectations of the beneficiary group.
8. A value chain approach to ensure that downstream co-ownership in secondary infrastructure (packing, cold storage and processing) is created off farm and not just on primary production level.
9. A growth philosophy should underpin land reform – especially in long-term capital and technology intensive industries such as fruit. New hectares should be developed rather than splitting up viable economic units for potential failure. (Note: Land and water are available or could be made available for such plantings, but certain market access and trade constraints need to be addressed internationally to ensure viable existing and new markets.)
10. Voluntary participation – given economic realities, it is unrealistic to expect a producer to embark on a sustainable empowerment exercise on an already struggling family-owned production unit. However, such a producer could be involved or participate, with or without his workers, in some off-farm initiative on another production unit – or in collaboration with producers in a similar position in the district or region.

11. Right of first refusal (ROFR) – farms that come onto the market should first be offered for land reform purposes for a reasonable period (around 90 days) before it can be sold on the open market. (ROFR must still be ‘unpacked’ and defined clearly through a practical and formal procedure on regional level.)
12. Market value of land should underpin transactions recognising land as security for funding of farming operations. Addressing the difference between productive and market value must be debated. The PLAS system needs to be revisited in this context.
13. Agriculture alone cannot fund land reform – the broad community and all tax payers should contribute to funding. A dedicated national land reform tax for a finite period or some incentive scheme might be part of the answer.
14. A balance between grants and ‘soft’ loan funding. Such funding schemes, e.g. the Land Bank’s so-called on-lending scheme, as well as other funding forthcoming from within the value chain (commercial banks, input, service providers and other economic sectors), need to be revisited and explored.
15. Such funding should be channelled via decentralised Special Purpose Vehicles (SPVs) for different sectors or geographical areas.
16. Such SPVs should:
 - a. Evaluate applications/business plans (see attachment for critical success factors);
 - b. Allocate and administer funds in an transparent and objective process;
 - c. Ensure adequate funding for both acquisition of land and development/production costs;
 - d. Have representation from commercial and emerging producers (100% black owned and equity groups), labour and government agencies.
17. Allow failures in cases where projects, even after repeated interventions and renewed financing, still fail. LEARN from these mistakes.



NOTES





Contact Details

E-mail: admin@fruitsa.co.za or intern@fruitsa.co.za

Website: www.fruitsa.co.za

Tel: +27 12 007 1150

Address: Grain Building, Agri-Hub Office Park
477 Witherite Road, The Willows
Pretoria, 0400

Facebook: facebook.com/fruitsa.co.za

Twitter: [@fruitSAfrica](https://twitter.com/fruitSAfrica)