



## FRUIT INDUSTRY VALUE CHAIN ROUND TABLE (FIVCRT)

Transformation Working Group (TWG)

# ANNUAL REVIEW 2019

Executive Summary

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agriculture, land reform  
& rural development  
Department:  
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REPUBLIC OF SOUTH AFRICA

# 1. INTRODUCTION

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Fruit South Africa (Fruit SA)<sup>1</sup> and the Department of Agriculture, Land Reform and Rural Development (DALRRD) established the Fruit Industry Value Chain Round Table (FIVCRT) as a valuable platform that brings together government; parastatals; the fruit industry and civil society for fruitful engagement and speedy resolution of issues<sup>2</sup>. Constituting a dialogue process amongst industry stakeholders, the FIVCRT is aimed at fostering collaborative actions amongst stakeholders to help secure an enduring competitive advantage for the fruit sector. Its work is streamlined into five working groups focusing on employment and worker welfare; transformation; research and development; trade and market access, and resources and infrastructure.

The purpose of the Transformation Working Group (TWG), led by Mr Anton Rabe, is to facilitate, monitor, measure and report on the agreed transformation plan and targets, and where required, to collectively work towards unblocking constraints as they occur from time to time. This would ensure the entry and sustainable participation of black<sup>3</sup> South Africans (including the youth), in the fruit value chain. The TWG focuses on the economic development and growth dimensions of transformation required for sustainable and profitable business to address ownership; enterprise and supplier development; management and control, and increasing the availability of black and skilled human capital in the primary and secondary fruit industry.

The FIVCRT TWG published its first annual review in 2019, which summarised industry initiatives for 2017 and 2018. This latest document is an executive summary of the second report, which reflects the Fruit SA member associations' transformation programmes and achievements for 2019. These industries represent producers and exporters of citrus fruit, pome (apples and pears) and stone fruits (plums, prunes, peaches, nectarines and apricots), subtropical fruits (avocados, litchis and mangoes) and table grapes.

Since the 2017-18 review, good progress has been made, including the adoption of the fruit industry transformation strategy. The strategy provides clarity and certainty about the industry's approach to transformation, with key stepping stones to measure and track progress over time. It also represents a call to action by all stakeholders (including industry players, government and labour) to take active steps to contribute towards the fruit industry transformation process and to jointly unlock some of the constraints that have been identified at various levels.

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<sup>1</sup> Consisting of CGA (Citrus Growers' Association of Southern Africa), Hortgro (pome and stone fruit industries), SATI (SA Table Grape Industry), Subtrop (Sub-Tropical Growers' Association) and FPEF (Fresh Produce Exporters' Forum).

<sup>2</sup> Stakeholders include the Department of Trade, Industry and Competition; the Department of Employment and Labour; the Perishable Products Export Control Board and the National Agricultural Marketing Council; various labour unions; Fruit SA member associations, and the SA National Consumer Union.

<sup>3</sup> As defined in the BEE Charter as black, Indian, coloured and SA Chinese.

## 2. SUBSECTOR REVIEWS

### 2.1 CITRUS GROWERS' ASSOCIATION OF SOUTHERN AFRICA (CGA)

Over the past ten years the citrus industry has successfully integrated previously disadvantaged individuals (PDIs) into the management of citrus industry enterprises, through production and land ownership. Proportionately, nearly 10% of land ownership and export cartons are currently in the hands of PDIs.

The Citrus Growers Association of Southern Africa (CGA) has mandated the Citrus Academy and the CGA Grower Development Company (CGA-GDC) to address transformation in the citrus industry. Both these entities are independent non-profit companies established and resourced by the CGA.

The Citrus Academy is tasked with enabling human resource development in the citrus industry. It also manages the Citrus Academy Bursary Fund, which uses a comprehensive set of learning programmes to equip young people by promoting the citrus industry as a career of choice. The CGA-GDC uses various mechanisms to ensure effective, ongoing support for development growers. These include extension support; citrus study groups; information days; citrus regional extension workshops by Citrus Research International (CRI); business planning support; introduction to citrus business administration training; and enterprise development.

#### Some of the achievements of the citrus industry:

In 2019 alone **17 farms** were supported with production inputs:



**2 with trees**



**13 with equipment**



**4 with infrastructure**  
(fencing and irrigation)



Up to 2019, the **Citrus Academy Bursary Fund** has awarded

**789 Bursaries to 292 Beneficiaries**

**80% PDIs · 55% Female**

to the total value of almost

**R20.8 Million**

Of these, **71 bursaries** to the value of **R2.6 million** were awarded in 2019.



In 2019, a total of **32 citrus study group sessions** were held, with **610 attendees**.



**91 participants from 57 farms** received training in the introduction of **citrus business administration** in 2019.

## 2.2 DECIDUOUS FRUIT: HORTGRO AND THE DECIDUOUS FRUIT DEVELOPMENT CHAMBER

The pome and stone fruit industries have built an impressive 10-year scorecard that demonstrates their commitment to sustainable development and transformation, focusing on economic and socio-economic development initiatives linked to training, mentorship and bursary programmes.

The economic development strategy of the pome and stone fruit industries is collectively driven by the Deciduous Fruit Development Chamber (DFDC) – as an independent non-profit entity in conjunction with the Hortgro Pome NPC and Hortgro Stone NPC Boards.

The Deciduous Fruit Industry's high-level strategic intent is to double the deciduous fruit industry by 2050. This strategic focus seeks to identify and influence two areas: (i) to increase the number of hectares owned by black producers and (ii) to transform the value chain segment. And inclusive growth will be achieved through economic development, funding opportunities, and building capacity and sustainable enterprises.

Various transformation initiatives are being implemented in support of the industry vision. This includes, but is not limited to the Commodity Approach – a partnership between the Western Cape Department of Agriculture (WCDoA) and Hortgro; the DFDC Commercialisation Programme; Coca-Cola; Hortfin and includes the Mpumalanga Memorandum of Understanding (MoU). The roll out of successful initiatives to other provinces forms part of the strategy.

### The following are some of Hortgro's achievements:

**Funding** to the tune of

**R37 million**

was awarded to **deciduous fruit farms** in Mpumalanga for increasing hectares.



**R224.2 million invested in 762 ha of new orchards** developed unlocking the value of **R7.2 billion to beneficiaries.**

**Hortgro**, together with the **table grape and wine grape industries**, the **Jobs Fund** and the **Land Bank** are **funding partners of Hortfin** (a ring-fenced debt facility to the value of R600 million).

This programme is **focused on majority black-owned businesses** (at least 51% black ownership), with the ability to **expand and create additional jobs in the fruit value chain**. The objective is to utilise 60% of the funds on primary level (780 ha) and 40% in the value chain,

**with 1 700 new jobs linked to these projects.**

**R100 million has been secured from industry.**

**R26.5 million (2014-2019) spend on bursaries**

**for 138 graduates, 240 post-graduates and 40 PhDs.**

**R4.9 million paid to 1 500 workers**

**from proceeds of the Fruit Workers' Development Trust.**



## 2.3 FRESH PRODUCE EXPORTERS' FORUM (FPEF)



As the official Fresh Produce Export Council in SA, the Fresh Produce Exporters' Forum (FPEF) provides a pivotal link between government and the industry regarding market access and transformation.

The FPEF's transformation vision is to increase the inclusion and sustainable participation of black South Africans in the fresh produce export value chain.

Existing initiatives include a graduate internship programme; the Top of the Class (TOC) training programme; market access support for emerging farmers and exporters; co-funding for high-achieving current and former interns to attend local and international trade fairs; provision of a "help desk" to guide new and aspiring emerging exporters, and hosting transformation seminars.

### Some of FPEF's achievements:



Since the internship programme was launched in 2016,  
**22 interns have been appointed,**  
**13 of which had been permanently placed**  
 by the end of 2019. The medium to long term goal is to see a growing group of talented black South Africans advancing to leadership and ownership roles in the industry.



**70 industry employees in 3 provinces**  
 (KwaZulu-Natal, Limpopo and the Western Cape)  
**completed the TOC programme in 2019.**

The **primary goal** of the TOC programme is to provide **training to black employees and emerging farmers** in the value chain.

## 2.4 SA TABLE GRAPE INDUSTRY (SATI)

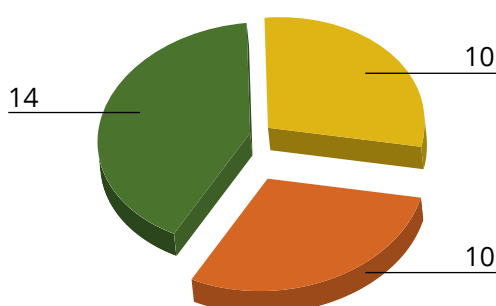


The strategic objective of SATI is to create a progressive, sustainable and equitable table grape industry, with transformation as an imperative and key driver.

### BBBEE initiatives

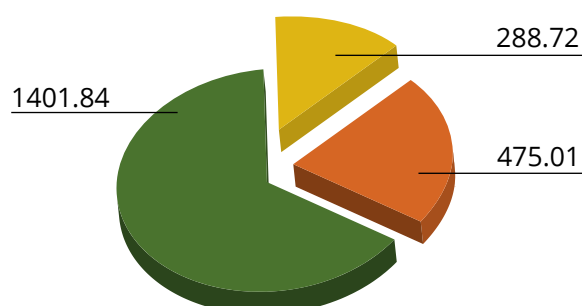
Number of BBBEE initiatives

100% Black    ≥ 50% Black    ≤ 50% Black



BBBEE area (ha)

100% Black    ≥ 50% Black    ≤ 50% Black



SATI facilitates and supports transformation within the table grape industry by focusing on economic development, land reform, training and capacity building. This is in line with the guidelines as per the National Agricultural Marketing Council (NAMC). SATI renders 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; a transformation helpdesk – business, production, compliance (planning and feasibility studies), and study tours – local and international.

### SATI has, amongst others, achieved the following:

A contribution of over  
**R2.6 million**  
towards vines for the 2019  
planting season to  
**9 BBBEE initiatives,**  
and a further **R2.68 million is budgeted**  
for the 2020 planting season.

**A 15% stake**  
in the **Hortfin Fund**  
– a contribution of  
**R15 million**  
over a **period of three years** in the  
form of an interest free loan.

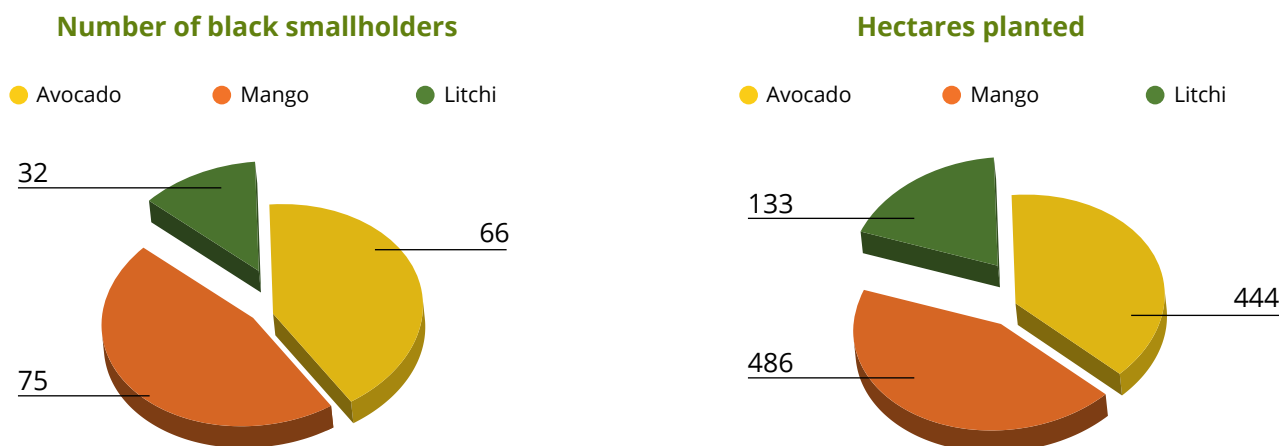
**SATI**  
SOUTH AFRICAN TABLE  
GRAPE INDUSTRY  
In the **2019 academic year,**  
**SATI supported eight black**  
**students with bursaries**  
to the value of about  
**R500 000**

## 2.5 SA SUBTROPICAL GROWERS' ASSOCIATION (Subtrop)



Subtrop drives transformation through various mechanisms, which include enabling black smallholder farmers, bursaries, transformation initiatives by commercial growers, and hosting transformation summits.

### Smallholder avocado, mango and litchi farmers registered with Subtrop



Technical information on crop production is transferred to smallholders at study group meetings, which take place at least three times a year in each region. 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 where smallholders get first-hand experience of world class production systems.

Subtrop continues to train government extension officers who work with subtropical fruit smallholders in Limpopo Province and Mpumalanga, enabling farmers to get the most up-to-date technical information on production of their crops.

A **Subtrop bursary scheme** was launched in 2019 with **4 BSc (Agric) students** being awarded bursaries to a total value of

**R240 000.00**



Additionally, **38 bursaries** were awarded to **black students** by Subtrop's members.