



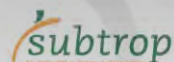
Fruit South Africa Presentation

Modipadi Setumo: Industry Affairs Manager

05.11.2020



Fruit SA Structure



Fruit SA Board of Directors



Dr Nompumelelo Obokoh – recently appointed



Fruit South Africa strives for a **competitive**,
equitable and **sustainable** South African fruit
industry

Fruit SA Objectives



- Establish Fruit SA as the collective platform for the SA fruit industry
- Engage constructively with government and other public institutions on policy, legislation and other fruit industry matters
- Engage constructively with other strategic stakeholders
- Promote and coordinate Broad Based BEE, transformation and skills development and training
- Gather and disseminate key industry related information
- Communicate industry information to broader public and industry stakeholders

Fruit SA Key Priorities



- Transformation
- Market Access
- Government Relations
- Information management and Communication

Fruit Industry in Numbers



**191 791ha = Fruit
Production Area**



**4.85 Million Tons
produced in 2019**



59% exported



Value: >R44 bn



11% local market



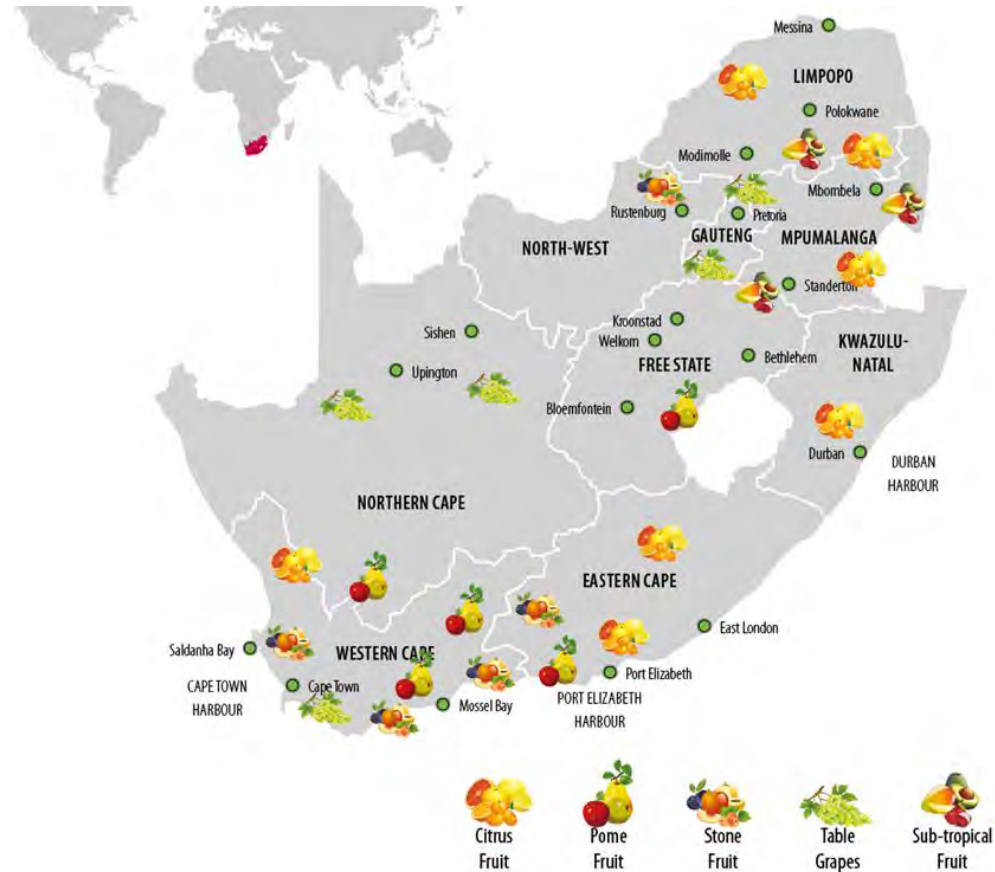
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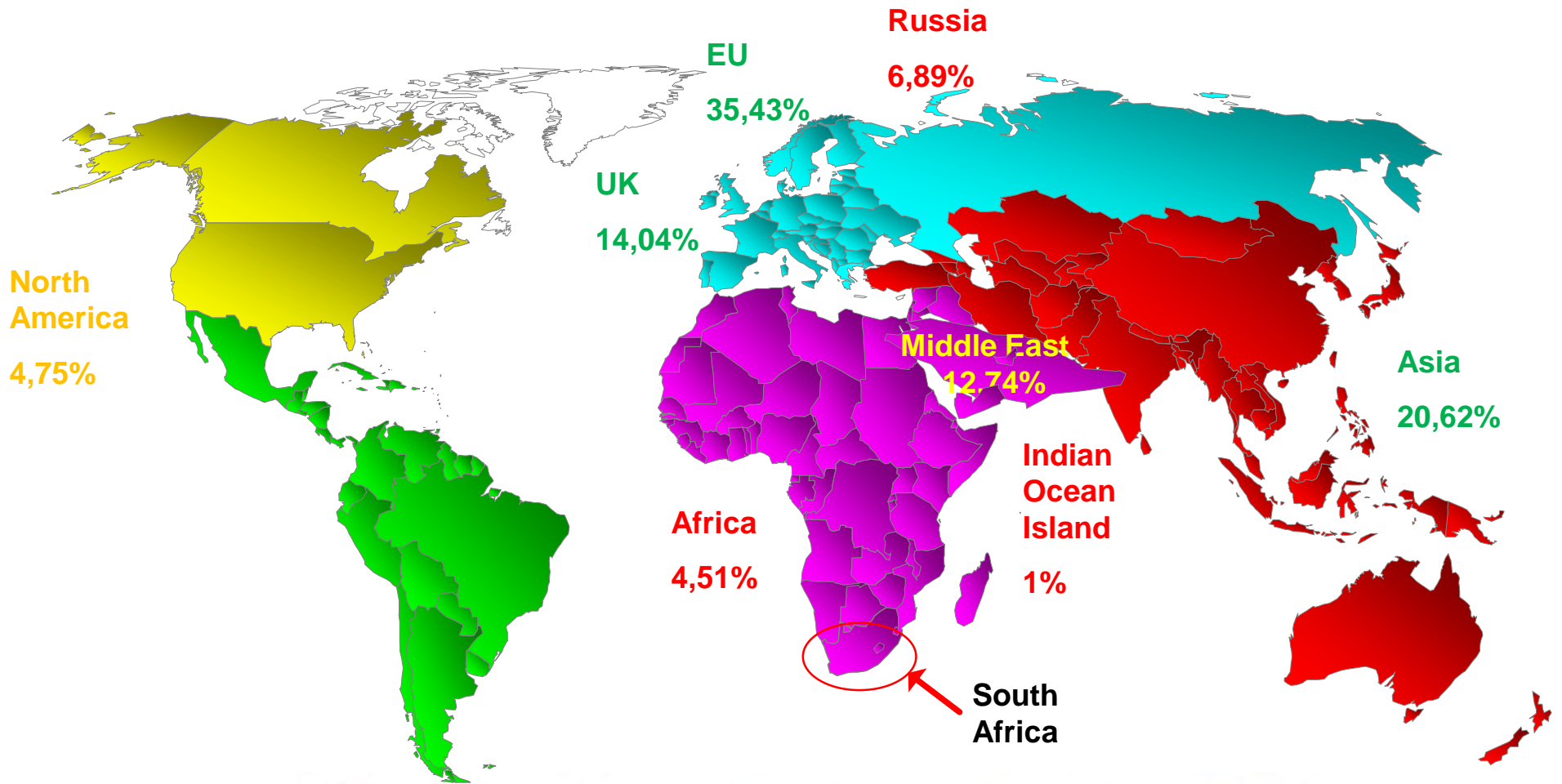
263 053 direct jobs

*Production is expected to increase by between 10 and 15% within
the next 5 years*

The Fruit Industry Footprint



South African Fruit Export Markets



Fruit industry's contribution to the Economy



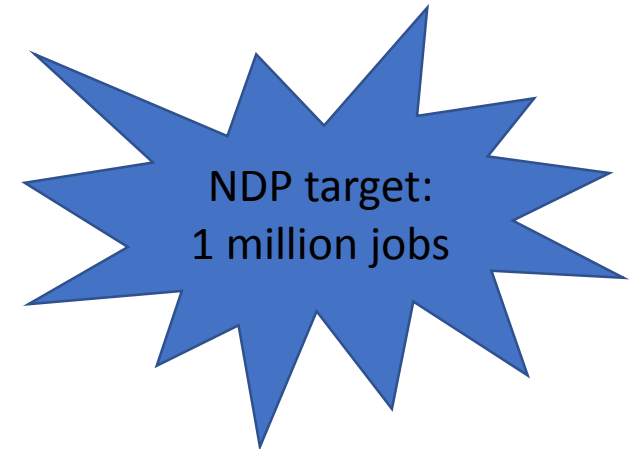
- 50% of all agricultural exports from South Africa is fresh fruit
- The fruit industry is worth more than **R44 billion**
- Given that Agriculture contributes 2,4% to the country's GDP (\pm R106 billion in current terms), therefore, the fruit industry is a major contributor to agriculture's contribution to the economy

Fruit industry's contribution to the Economy

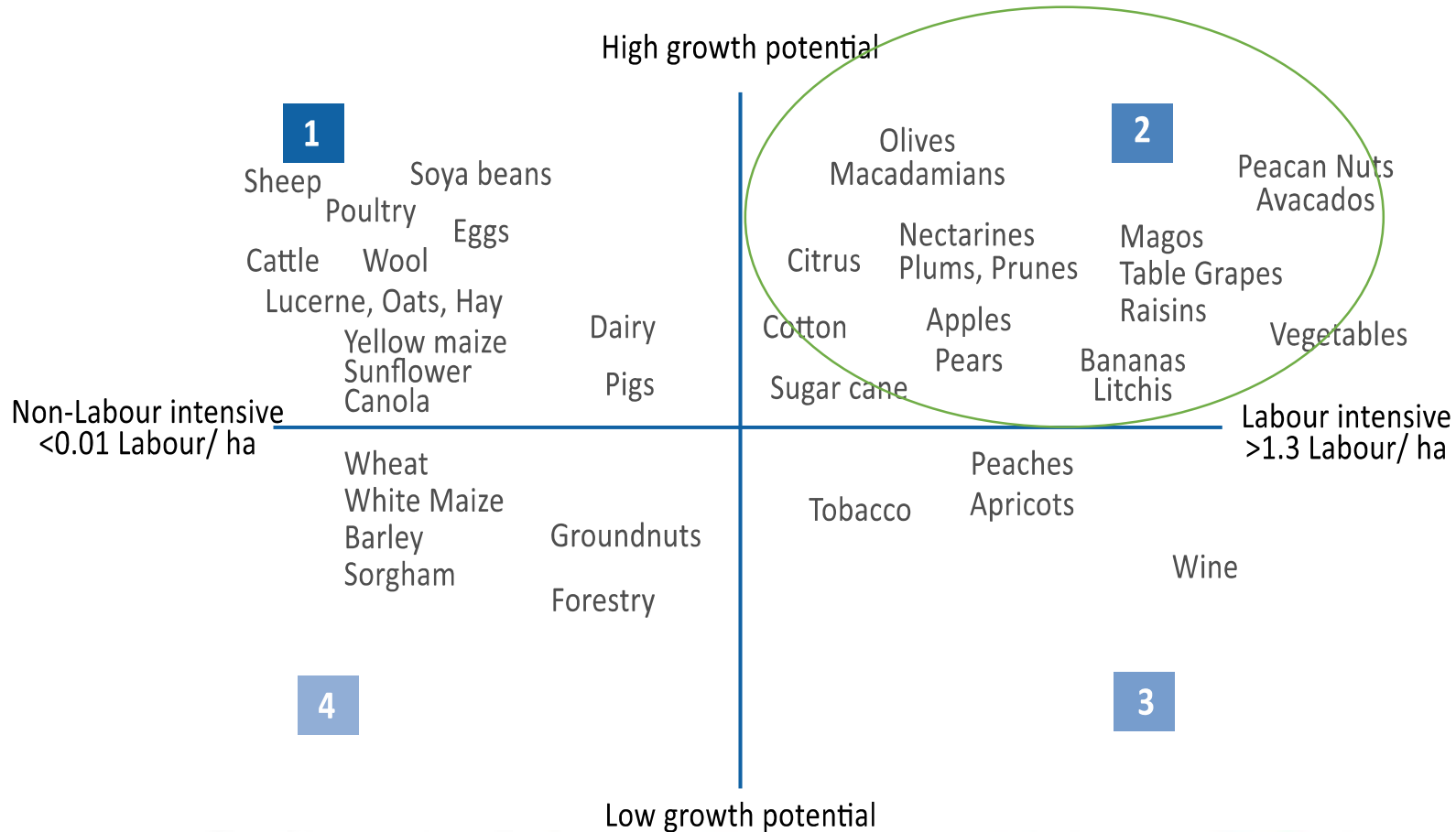


Job creation & Employment

- **159 023** people directly employed
- 8 000 people directly providing services to the fruit industry
- 109 000 people employed in downstream service



The Fruit Industry's Opportune Position



Other Social Contribution

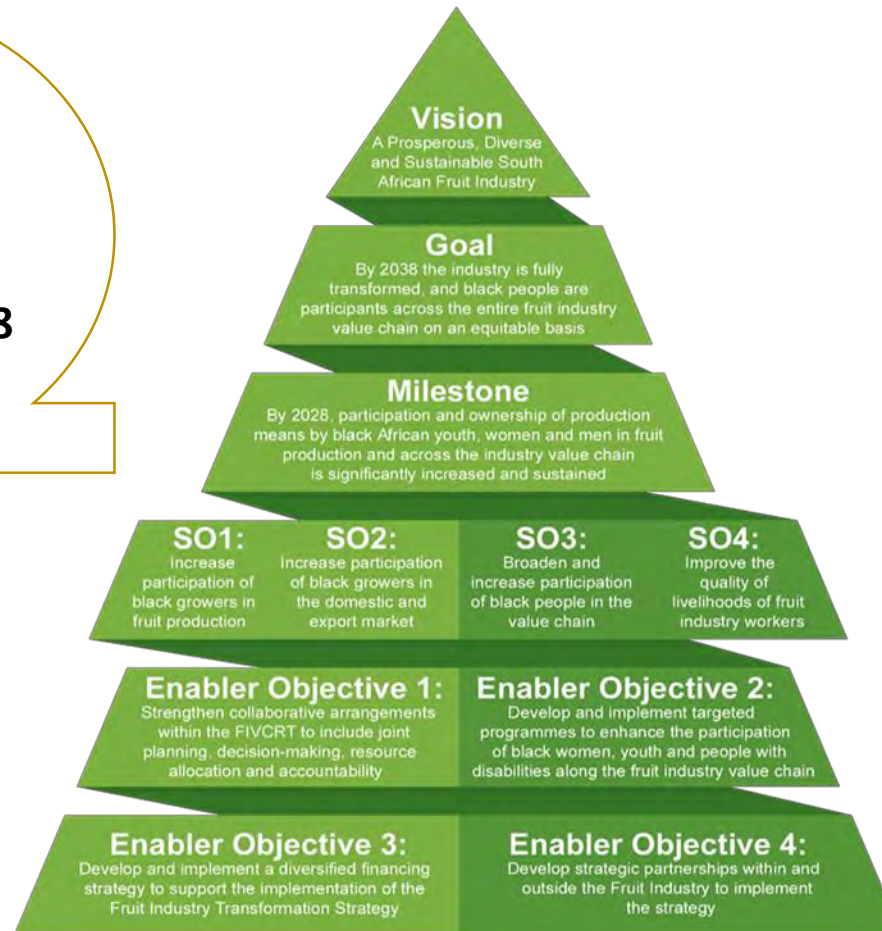


- Provide on-farm **housing** to more than 80% of its permanent employees (water and electricity supplied to all the houses)
- Provide **transport** capacity or transport subsidisation to seasonal employees
- Provide basic **health care** on on-farm facilities and subsidisation of advanced health care at external health care facilities
- Providing **nursery and pre-primary** school programmes on-farm
- Supporting primary and secondary **school programmes** at external centres
- The fruit industry established a Sustainability Initiative of South Africa (SIZA), the **ethical trade program** which promotes sound ethical labour practices on farms and pack houses

Fruit Industry Transformation Strategy



Fruit industry Transformation Strategy developed and published in 2018



Transformation Capacity



Association	Responsible Person	Contact Details
	Mr Lukhanyo Nkombisa	Tel. 012 341 1115 Email: lukhanyo@cga.co.za
	Mr Wilton September	Tel. 021 863 0366 Email: Wilton@sagti.co.za
	Ms Thembi Xaba	Tel. 021 205 7133 Email: thembix@dfdcsa.org.za
	Ms Mariette Kotze	Tel. 021 870 2933 Email: mariette@hortgro.co.za
	Mr Stephen Mantsho	Tel. 015 307 3676 Email: Stephen@Subtrop.co.za
	Mr Johannes Brand	Tel. 071 688 1888 Email: johannes@fpéf.co.za



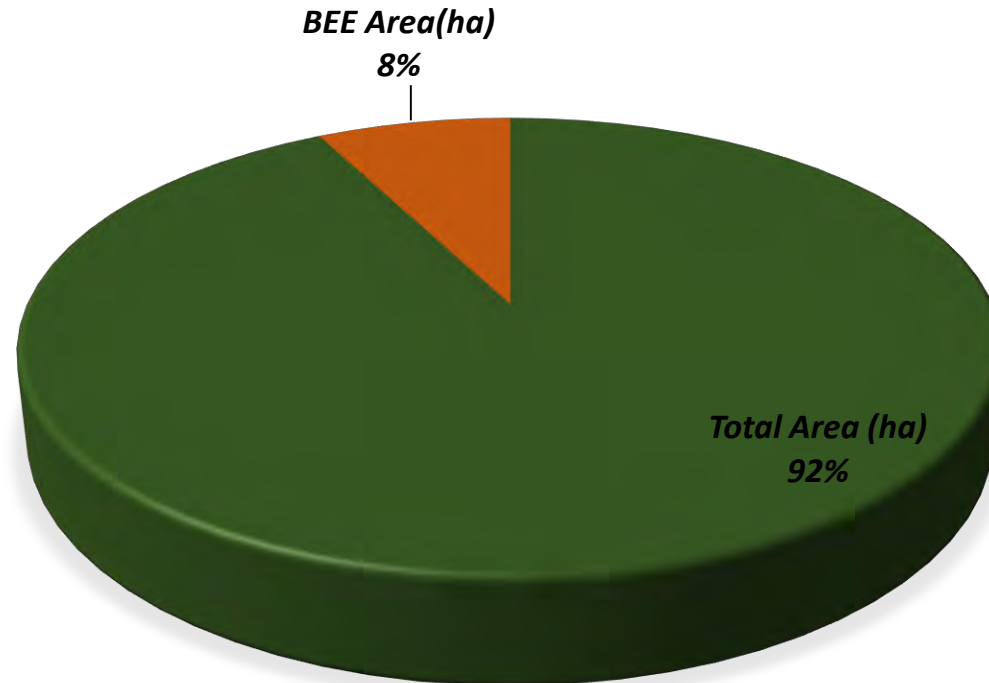
Transformation: Balance Sheet, 2019



Commodity	Total BEE Area (ha)
Citrus	7 143
Pome & Stone Fruit	4 341
Table Grapes	2 165
Subtropical Fruit	1 216
Total	14 865

	Number of BEE Exporters
Exporters (based on 42% responses from FPEF members)	13

Transformation: Area under fruit production



Exporters – BEE volume (cartons) = 25% of participation 12/61

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

Opportunities/Outlook



- Within the next 3 years, an increase of **10,08%** in the total fruit production is projected.
- With an average employment of 1,34 permanent jobs per hectare (deciduous fruit average), it is estimated that **25 141 new jobs** can be created in the next 3 years.
- This is both exciting and frightening – the market for the fruit!

The Fruit Industry Challenges



- **Market access** for the various fruit produced
- A fierce **competitive** environment for SA fruit in the world market
- Import **tariffs, import permits and phytosanitary** measures are some of the barriers to trade
- Relevant and reliable **infrastructure** to support the fruit value chain
- Very high initial **capital investment** required
- Far greater needs of new entrants/black farmers (land, water, inputs & on-farm infrastructure)

Innovative Solutions: Hortfin



- **Problem:** Lack of meaningful participation of previously excluded groupings in fruit value chain - partly due to lack of access to finance for “missing middle”
- **Stakeholders:** Deciduous Fruit Industry (Hortgro, SATI, Vinpro, SAWIT, DFPT, DFDC, WC Dept Agric, Land Bank, Jobs Fund).
- **Hortfin** – R600 million (3-year period, 2-year post implementation monitoring)
 - Project Targets: 1333 ha; 1700 jobs; 60% primary & 40% value chain

Conclusion



- The labour intensiveness and growth potential of the fruit industry presents an opportunity for job creation, poverty alleviation and overall contribution towards rural economic development
- This can only be fully realised through Private-Public-Partnership

Thank you



Website: www.fruitsa.co.za

Office Details

Tel: +27 12 007 1150

Email: admin@fruitsa.co.za

