



Fruit South Africa Presentation

Modipadi Setumo: Industry Affairs Manager



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Fruit SA Structure















Fruit SA Board of Directors





Dr Nompumelelo Obokoh – recently appointed











Fruit SA Vision



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





Value: >R44 bn



11% local market



30% processed



263 053 direct jobs

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





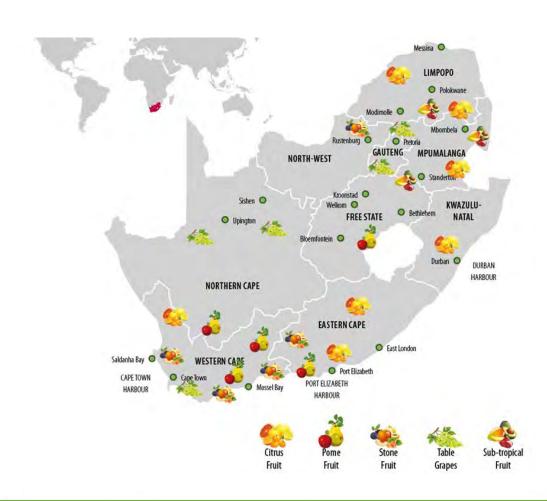






The Fruit Industry Footprint









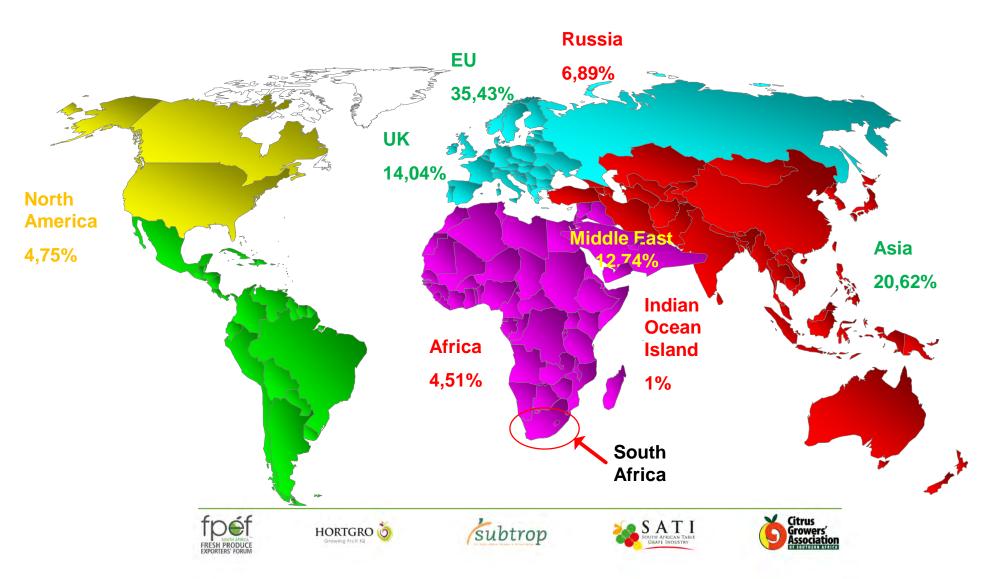






South African Fruit Export Markets





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 (±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

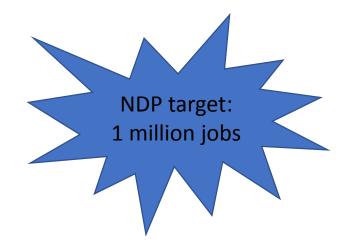


Job creation & Employment

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











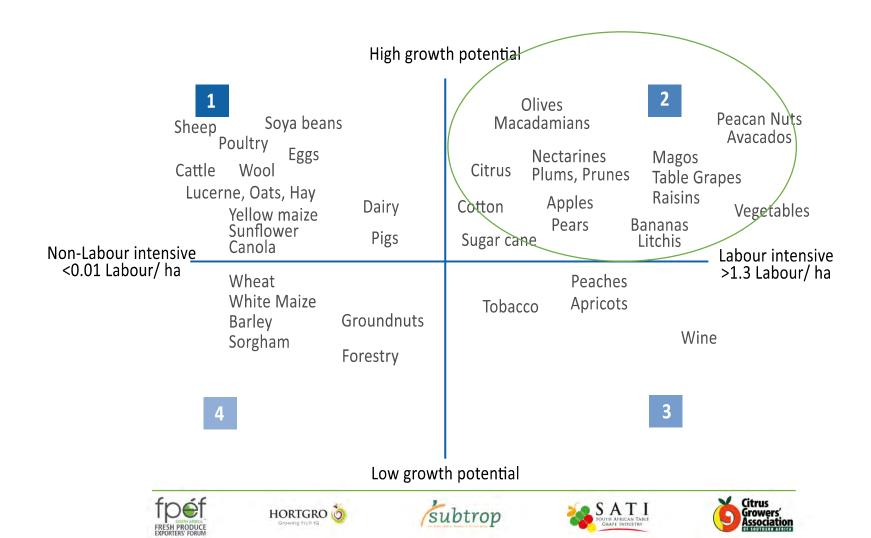






The Fruit Industry's Opportune Position





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

Vision

A Prosperous, Diverse and Sustainable South African Fruit Industry

Goal

By 2038 the industry is fully transformed, and black people are participants across the entire fruit industry value chain on an equitable basis

Milestone

By 2028, participation and ownership of production means by black African youth, women and men in fruit production and across the industry value chain is significantly increased and sustained

SO1:

Increase participation of black growers in fruit production

SO2:

Increase participation of black growers in the domestic and export market

SO3:

Broaden and increase participation of black people in the value chain

SO4:

Improve the quality of livelihoods of fruit industry workers

Enabler Objective 1:

Strengthen collaborative arrangements within the FIVCRT to include joint planning, decision-making, resource allocation and accountability

Enabler Objective 2:

Develop and implement targeted programmes to enhance the participation of black women, youth and people with disabilities along the fruit industry value chain

Enabler Objective 3:

Develop and implement a diversified financing strategy to support the implementation of the Fruit Industry Transformation Strategy

Enabler Objective 4:

Develop strategic partnerships within and outside the Fruit Industry to implement the strategy











Transformation Capacity



Association	Responsible Person	Contact Details
CGA Grower Development Company	Mr Lukhanyo Nkombisa	Tel. 012 341 1115 Email: lukhanyo@cga.co.za
SATI SOUTH AFRICAN TABLE GRAPE INDUSTRY	Mr Wilton September	Tel. 021 863 0366 Email: Wilton@sagti.co.za
Deciduous Fruit	Ms Thembi Xaba	Tel. 021 205 7133 Email: thembix@dfdcsa.org.za
HORTGRO 6 Growing Fruit IQ	Ms Mariette Kotze	Tel. 021 870 2933 Email: mariette@hortgro.co.za
subtrop SALCA SAMOA SAMOA	Mr Stephen Mantsho	Tel. 015 307 3676 Email: <u>Stephen@Subtrop.co.za</u>
FRESH PRODUCE EXPORTERS' FORUM	Mr Johannes Brand	Tel. 071 688 1888 Email: johannes@fpef.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





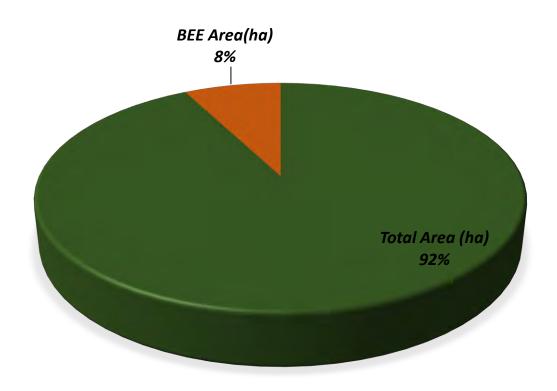






Transformation: Area under fruit production





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









