

DFDC

COMMERCIALISATION PROGRAMME NEWSLETTER

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Dear Jobs Fund Beneficiary,

Welcome to our latest newsletter, the second this year, all of which we hope have helped to keep you updated on our latest news and provided you with vital information. We are now in the 3rd year of the project and headed into the 2nd quarter of the new financial year. The 2nd quarter will be a busy one as most of you will be planting! With our latest newsletter we would like to provide you with an update in terms of progress made on the overall project, express our challenges and share information on upcoming events.

Update

In the previous newsletter we informed you that to date we managed to establish a total of 102 hectares - 94 ha was in the Western Cape and 8 ha in the Eastern Cape. The majority of hectares established are pome fruit with only 20% being stone fruit. In 2018, we will only be planting 92 hectares (vs. the planned 154 hectares). Planting will take place as follows:

37 hectares in EGVV;

15 hectares in Ceres;

29 hectares in Langkloof (WC) and

11 hectares in Langkloof (EC)

Preparation activities for the 15 farms planting this year are well underway, with the soil preparation being completed on most of the farms. The recent heavy rains in the Western Cape did however impact on preparation activities leaving the soils too wet to complete ridges and fumigation on some farms. The tree orders for 2018 has been confirmed with the nurseries with whom we have placed orders on your behalf.

You are more than welcome to go and view your trees at the nurseries if you have not done this yet.

Apart from establishing hectares, job creation is also critical for the success of the DFDC Commercialization Programme. We committed to create 354 permanent jobs over the lifespan of the project. As communicated previously, we only managed to create 129 permanent jobs to date. Going forward, permanent job creation will be monitored more closely, hence your cooperation is imperative.

We would also like to thank those who attended the two day financial management course that took place on 15 & 16 May 2018. Training is another project milestone which is critical as it will enable you as the project beneficiary to manage your business more efficiently. The overall feedback from the two day training session was positive and we are considering scheduling a follow up session as requested by some of the delegates. More information on this will be communicated in advance.

Furthermore, note we have created a new Jobs Fund website that shares project information and your individual stories. You are most welcome to go and have a look at the website: <https://www.jobsfundinitiatives.co.za/>

Previously we reported the cancellation of Oudrif and Angus Williams Farms. The funds that was initially earmarked for those project were reallocated within the project - we did not consider any new farms. The decision on how to best allocate the funds within the existing project were based on a set list of criteria. We decided that our target in terms of the hectares to be established will remain fixed. The farms who received funds to plant additional hectares needed to adhere to the following:

- 1.) Projects identified to receive additional funding should have enough resources available these include land, water, labour, capital to fund shortfalls & management abilities/competencies.
- 2.) Water allocation & availability is crucial and must be quantified and proof provided that it is sufficient.
- 3.) Water quality must be adhered to in terms of the norms for irrigation purposes.
- 4.) Available land must be suitable for plantings of the new orchards.
- 5.) The existing business must be able to financially support new the infrastructure development - cash flow and financial arrangements must be in place to fund the shortfalls. No projects in distress will be considered.
- 6.) Institutional arrangements must be in place with no institutional risks identified.
- 7.) Fruit kind and contracted targets will be considered - reference to pome and stone fruit
- 8.) Number of jobs to be created - especially permanent will receive preference
- 9.) Sustainability - the new infrastructure must be able to support commercialisation of the entity and prove sustainability post-jobs fund support.
- 10.) All land and tenure arrangements must be finalised.
- 11.) Consent to training and further skills development.

Project Visits

We also had our quarterly project visits in the Cape Winelands region where the Jobs Fund Agricultural specialist, Rihan Saayman, accompanied the project management team to the site visits. These visits took place on 8 & 9 May 2018; the following farms were visited:

- Trevor's Farm (both Ceres and Wolseley)
- Hillsight Fruit Farm
- La Vouere
- Kliprivier Kleinboere Trust
- De Fynne Nursery

Overall the visits went well with no major issues identified. We also reviewed the progress of orchards planted in 2016 and 2017. In general, the results are good, but the young orchards needs attention. We note that the latest harvest had an impact on managent given that available resources were used to harvest the crop. Also, we were made aware of the cash flow challenges most of you are experiencing and this also impacts on the management of young orchards.



Cash Flow concerns

Recent interactions with yourselves revealed that most of you are having cash flow issues. This topic was discussed at both our OC and SC meetings. We realized that this will have an impact on the overall project and could negatively impact our targets. In order for us to assess the problem and make informed decisions, we will require the financial and production information as requested previously. To date we have only received the said information from 14 farms - 7 farms still need to provide the information. The due date to submit the information was 30 April 2018! As a reminder, the following information is needed:

- Latest financial statements
- Update management accounts
- Production records for the last 3 years that includes pack out %, price per carton (broken down per cultivar), and yield/ton p/ha and number of export cartons.

Kindly note that grant funding is a constraint and will not be the only option taken into consideration when decisions are made. Decision making will be guided by a financial framework that considers:

- Available resources
- Access to finance
- Repayment ability
- Performance (Productivity, Yields, etc.)
- Income streams
- Risk factors

We urge you to provide speedy responses to the project office whenever information is requested as this can only assist your project and the DFDC programme as a whole. We wish to re-assure you that this information is treated confidentially.

Jobs Fund Performance Audit

In our previous newsletter we informed you that the Jobs Fund will conduct a Performance audit starting end of March 2018. By now you have received emails from the project office requesting that you provide information related to the jobs that was created on your farm. It is highly imperative that you provide the requested information as soon as possible. We note that most of you are on holiday and will only be able to provide the requested information once you back. This was communicated to the auditors.

The auditors are currently reviewing all the contracts that was provided. Please note that some of the contracts you provided are incomplete. For example, where workers are appointed short-term or seasonally, the contract has a start date, but no end date. In future, please ensure that the contracts submitted to our office is compliant with labour law and practises. Furthermore, ID copies should always accompany the contracts that you send.

The auditors has also requested to visit some of farms to verify the information we have provided. Project visits will be scheduled once you are back from holiday. We kindly request that you avail yourselves for these visits.

Technical Capacity

To ensure progress is made in terms of our project activities, you are aware that Anton van Zyl and Ben de Villiers has been appointed to assist the project office. We recently renewed their contracts and they will continue with their weekly project visits to keep us informed. They will also help facilitate management decisions as needed. Ben is responsible for the Langkloof and EGVV region and Anton will tend to the Cape Winelands area.

Overall project challenges

You may have heard this before, but communication is key for the success of any project. Unfortunately communication is a major concern, with beneficiaries failing to respond in time on emails sent via the project office. Please note that your feedback is critical and if we request information, we urge that you provide it within the said timeframe. If our method of communication is not meeting your requirements, please inform us accordingly so that we can address this. Failing to comply with our terms of reference can result in suspension of implementation.

Upcoming events

Prophyta and Hortgro Science will be hosting a short course in August 2018. For those of you interested in attending, you are welcome to make contact with Anine Cook at info@prophyta.co.za.

Closing remark

For those of you going on holiday, we wish you safe travels and hope that you enjoy the well-deserved break.

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