



# Transformation digest

Issue No.: 1

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3. Emkhayideni Macadamia Nuts Co-op
4. Subtrop Industry Transformation Summit 2018



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## **AGRI-TRANSFORMATION DIGEST**

*Agri-Transformation Digest* is a monthly report that is produced by the National Agricultural Marketing Council through the Agricultural Industry Trusts Division. The publication aims to communicate transformation developments as they happen around the agricultural industries. The focus of this issue is on two industries: (i) Wool Industry and (ii) Macadamia industry. The division has three digests, which cover Food Agriculture Natural Resource Policy Networks (FANRPAN), Agricultural Transformation, and Agricultural Industry Trusts. *Agri-Transformation Digest* reports on the monthly key developments coming from the transformation activities of different Industries and trusts.

### **Contributors to this issue:**

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## 1. NAMC TRANSFORMATION REVIEW COMMITTEE (TRC)

by

**Bonani Nyhodo and Ndumiso Mazibuko**

### 1.1. Introduction

The Transformation Review Committee (TRC) was established in 2014 to independently review, comment on and provide inputs into the transformation business plans submitted by the industry levy administrators; furthermore, to conduct monitoring and evaluation on the transformation activities supported by the industries, and to establish how government can collaborate with industries in support of transformation initiatives.

The TRC deals specifically with the administration and utilisation of the 20% transformation component of levy income and expenditure. More importantly, it ensures that all the levy administrators adhere to the NAMC transformation guidelines. The TRC is an inclusive committee whereby all the core divisions of the NAMC are represented.

### 1.2. Procedure

The process is as follows: firstly, industries forward their transformation proposals to the NAMC. Secondly, the NAMC TRC then calls a meeting, and finally it consolidates all the inputs from the members and deliberates to agree on the way forward. Three outcomes may result from the deliberations and can be outlined as follows: Satisfied – a letter giving the go-ahead is written and shared, Need clarity – a letter requesting a meeting is written and shared, and Not satisfied – a letter outlining the TRC disapproval is written and shared.

### 1.3. Progress thus far

During 2018, the TRC engaged a number of industry bodies in ensuring that their transformation activities are in line with the NAMC Transformation Guidelines. The following proposals were received: Three proposals were received through SACTA (SANSAGO, PANNAR and SABBI); six proposals were received through RMIF (RPO, SAMIC, RMAA, NERPO, NFMT and SAFA); a proposal was received from Cotton South Africa; and a proposal was received from Milk South Africa,

The TRC convened the following meetings with the following institutions to deliberate on their transformation work: SAMAC, SACTA, RMIF, Milk South Africa, and Citrus Development Agency. The following site visits were conducted: National Lucerne Trust, Milk South Africa, and SAMAC.

### 1.4. Conclusion

Agricultural transformation in South Africa has started to show results. This is due to the commitment and willingness by the agricultural industries through the support provided to the black farmers on the 20% levy expenditure. It can be argued that the transformation levy is not sufficient, but the results are evident. The NAMC TRC believes in working together with the industries in order to realise more positive results in the empowerment and inclusivity of the black farmers in South Africa's mainstream economy.

## 2. NAMC'S VIEW OF THE WOOL CONGRESS 2018

by

**Bonani Nyhodo**

### 2.1. Introduction

The wool Industry held its annual Congress on 12 – 14 June 2018 at Pine Lodge in Port Elizabeth, and the NAMC was in attendance through Mr B Nyhodo. The Congress went well as planned.

### 2.2. Take-home points – very impressive

**Firstly**, the industry's approach to the way of doing business is commendable, considering the attitude toward ethical trade. The industry identified that training of shearers is not just a business requirement but also a good intervention in terms of the welfare of animals.

**Secondly**, the Congress was very clear that all the stakeholders need to approach predators in a way that recognises that these predators are part of the ecosystem/environment and as such the approach needs to be systemic, and restlessness must be avoided at all costs.

**Thirdly**, the Congress agreed unanimously that all acts of unethical treatment/trade stand to compromise the

good image of the South African wool Industry as producer of quality wool.

### **2.3. Position of SA Wool**

It is important to note that South Africa's wool clip has been increasing over the past ten (10) years or so. South Africa's share of world production declined over this period, meaning increases in other producing countries were much more rapid than in SA. However, South Africa is a producer of quality wool, with South Africa accounting for about 30% of world apparel wool. As a result, the prices South Africa has been receiving for its clips are above the world average.

Another important development is the performance of farmers operating from communal areas of the country as part of the mainstream value chain of the wool industry. Communal farmers account for a reasonable proportion of the increase over the past 20 years or so. This presents the wool industry as one of the few industries that can, without a doubt, point to the mainstreaming of black farmers.

### **2.4. New development**

The wool Industry has resolved to establish a Development Fund to be funded through a levy to be collected by SAWAMBA and administered by Cape Wools. The objectives of the fund are in threefold: (i) wool promotion both locally and internationally, (ii) training of shearers and (iii) development of communal farmers. The industry agreed on R0.22/kg of wool sold, to be reviewed annually.

### **2.5. Industry challenges**

A concern regarding the continuation of the genetic improvement programme was noted. The issue of stock theft was also noted – the problem of thieves being given bail does not assist in resolving the problem. The problem of predation was also raised and farmers were warned that dealing with this problem needs a systemic and more ethical approach.

## **3. A PROFILE OF THE EMKHAYIDENI MACADAMIA NUTS CO-OPERATIVE**

**By**

**Mr Elekanyani Nekhavhambe**

### **3.1. Background**

On 11 July 2018, the NAMC Transformation Review Committee (TRC) along with the Southern African Macadamia Growers' Association (SAMAC), conducted a site visit to Emkhayideni Macadamia Nuts Co-operative (EMNC) located in Richards Bay, under the uMhlathuze Local Municipality of Uthungulu District, KwaZulu-Natal Province. Emkhayideni Co-op has nine (9) beneficiaries, of which seven (7) are youth. The co-op operates on leased land for a period of 45 years.

This forms part of the monitoring and evaluation of the transformation activities funded by the industries collecting levies. Part of the conditions for the approval of levies is threefold, namely: 70% on generic functions, 20% on transformation and 10% on administration.

### **3.2. SAMAC interventions**

The EMNC was established in 2016 and started planting **5 ha** of macadamia nuts in 2017, from the total area land of 52 ha. EMNC is among the SAMAC beneficiaries of the **transformation levy funds** in the KZN Province. Below are some of the activities and/or support provided to the EMNC through the 20% transformation levy:

- Bush clearing and land preparation at a cost of **R100.2 thousand**;
- Provision of **1 721 macadamia trees** at a cost of **R94.6 thousand** (R55 per unit tree);
- Chemicals for pest control; and
- Capacitation of farmers through Buhle Farmers' Academy.





**Figure 1: Photo of Emkhayideni Co-op plantation**

### 3.3. Mentorship

The EMNC is mentored by Mr D. Williams, a commercial farmer in the KZN Province. The farm is visited twice a week. Furthermore, the mentor donated fertilisers, chemicals, fences and a water tank, and loaned (free of charge) a tractor to these farmers for the purposes of planting and irrigation. Like any business venture, the EMNC faces challenges such as insufficient funds, theft and security, pests and animal damage, among others.



**Figure 2: Photo of fresh macadamia plant**

### 3.4. Future development

The EMNC plans to expand their production by another 5 ha and SAMAC is prepared to assist with the trees. Furthermore, the Local Municipality of uMhlathuze is interested in funding them with approximately R200 thousand to boost their farm operation and maintenance of fences.

### 3.5. Conclusion

The NAMC acknowledges the sterling work done by SAMAC through the statutory levy (20% transformation spending) in empowering the black macadamia farmers in the industry.

## 4. NAMC'S VIEW ON SUBTROP INDUSTRY TRANSFORMATION SUMMIT

by

**Mr Elekanyani Nekhavhambe**

### 4.1. Introduction

On 12 July 2018, the subtrop industry held their annual transformation summit at the Southern Sun Elangeni & Maharani Hotel, Durban. The NAMC was in attendance through Mr E. Nekhavhambe, Ms M. van der Walt and P. Nengwekhulu. The event went well as planned. Interesting to note is that more emerging farmers who attended have an interest in growing macadamias on a commercial scale as compared to other subtrop crops such as avocados, litchis and mangos.

### 4.2. NAMC observation – very impressive

The summit had robust discussions pertaining to transformation in the macadamia industry. SAMAC's approach towards transformation is commendable. Black emerging macadamia producers benefit from the transformation through study groups, mentorship and training, and farming inputs such as macadamia nut trees, chemicals, equipment and infrastructure support.

### 4.3. Position of SA macadamias

The South African macadamia nuts industry is one of the fastest growing in the country. In 2017, Mpumalanga remained the major production region in South Africa, with an estimated production of 15 700 ha, followed by KwaZulu-Natal with approximately 7 200 ha and Limpopo Province with approximately 6 300 ha. Macadamia production in South Africa has increased exponentially and is expected to increase even more in the near future (<http://samac.org.za/industry-statistics-southern-african-macadamia-industry/>).

### 4.4. Future development

The macadamia industry's medium-term goal for transformation as set out in 2015 is to have 2000 ha of commercially viable, black-owned macadamia orchards in South Africa by 2025. The industry is entering into a new transition whereby farmers and stakeholders develop strategies to support transformation initiatives with the industry, at the same time fighting against the farm and stock theft happening within the industry. Such an approach needs to be realistic and also encourage the involvement of youth within the macadamia industry.

#### **4.5. Conclusion**

The summit went well as planned. The challenge of accreditation and theft of macadamia trees was noted, and the South African Police Service is working with the Industry in resolving the matter. The fact that there is interest and new entrance by previously disadvantaged individuals cannot be undermined. The 20% of statutory levy income spent on transformation has an impact; however, it is the NAMC's opinion that more sufficient funds and different stakeholders are needed to fast-track the macadamia industry.

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