



Transformation digest

Issue No.: 05

In this issue we cover the following topics:

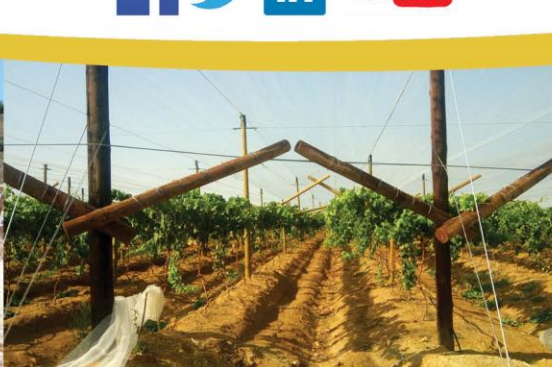
1. Views of the NAMC on agri-industries' interest towards transformation
2. Transformation of Ncera communal land in the macadamia industry
3. Transformation of deciduous fruit farms as a tool of job creation



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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 three topics: (i) Transformation projects as a tool for job creation, (ii) NAMC's views on agri-industries' transformation proposals and, (iii) Transformation of communal land into commercial venture in the 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. TRANSFORMATION PROJECTS AS A TOOL FOR JOB CREATION: A CASE OF THE DECIDUOUS FRUIT INDUSTRY IN THE WESTERN CAPE PROVINCE

By

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Nekhavambe

1.1. Introduction

The agricultural sector has long been the main job creator in the South African economy. The industry employs both skilled and unskilled individuals at the farm level. The sector has the potential to employ people on a seasonal and permanent basis. The unemployment rate in South Africa has been reported to be high at about 26.7% (with unemployment among youth aged 15-34 reported at 38.2%). Agriculture plays a crucial role as a supplier of raw materials to other economic sectors such as manufacturing, tourism, and services. The National Development Plan identifies the agricultural sector as one of the key areas to achieve its objectives of job creation and poverty alleviation amongst others.

This article argues that should there be more transformation projects and expansion of the existing projects in the deciduous fruit industry – or both. There is great potential for more jobs to be created. This is based on the site visit conducted by the NAMC TRC on 27 and 28 September 2018 in the Western Cape Province.

1.2. Current status quo on deciduous fruit farms as part of transformation

The NAMC visited seven projects, and job creation was at the forefront. Interestingly, a total of about 155 ha under production (nectarines, pears and apples) has resulted in over 150 permanent jobs being created with over 298 seasonal jobs created. There is no doubt that the agricultural sector employs more people during the harvesting season, which accelerates the total number of jobs created.

Noteworthy, the launching of the Horfin fund gives hope that should the money be invested in the projects that have high potential regarding production yield, expansion and efficiency, it would mean a bigger workforce, which

would be key to the success of these projects. As such, increased profits and employment would be at the forefront of alleviating poverty in rural communities.



Figure 2: A photo of farm employees in the packaging facility

An industry such as deciduous fruit requires workers in the farm production area and the packing facilities (see Figure 2). Some people can be employed in the processing units. In other words, if these projects show transformation on the production side, there is a higher chance that persons could be hired in packing units and processing units. This could also affect the distribution side, which will affect transport services positively.

Table 1: Jobs created by deciduous fruit farms in the Western Cape Province

Farm name	Area planted	Jobs created	
		Permanent	Seasonal
La Vouere	15	21	-
Trevor's	70	31	-
Kliprivier	16	10	36
Cortina	38	35	80
Klein Ezeljacht	38	18	44
Amanzi	31	7	130
De Fyne Nursery	-	28	8
Total	155	150	298

Source: NAMC Survey (n=7; 2018)

1.3. Conclusion

It can be concluded that should more investment be directed towards transformation projects in the deciduous

fruit industry, there is a high potential for more job creation in this industry.

2. NAMC's VIEWS ON AGRI-INDUSTRIES' TRANSFORMATION PROPOSALS

By

Elekanyani Nekhavhambe

2.1. Introduction

The issue of agricultural transformation is becoming a daily topic in South Africa and elsewhere in the world. In the case of South Africa, the contribution of statutory levies to the empowerment of smallholder black farming enterprises needs to be acknowledged and known. Through continuous collaboration between the NAMC and agricultural industries collecting statutory levies, high numbers of smallholder farmers are realising the impact of statutory levy expenditure support on their enterprise development.

2.2. The work of the TRC to date

During August and October 2018, the NAMC Transformation Review Committee engaged several industries that collect statutory levies in ensuring that their transformation activities are in line with the NAMC Transformation Guidelines. The interest in transformation by most agri-industries cannot be undermined in bridging a widening gap between large commercial and smallholder agriculture.

The following industry bodies have submitted their transformation business proposal plans:

- Macadamia South Africa (SAMAC);
- Milk SA (dairy industry);
- Wine industry;
- Lucerne industry; and
- Potatoes SA.

All the above business plans were reviewed and approved as being in line with the NAMC guideline of transformation on the utilisation of 20% of statutory levy income. It is also commendable that most of these industries utilise 60% of their 20% transformation levy fund for enterprise development. This is likely to uplift the

smallholder farmers to perform their farm activities at an optimal level. Although the fund could not support all the needs of smallholder farmers, the impact could be realised over time. Moreover, the funds also support direct farm skills development which is also crucial for smallholder farmers to be able to manage their farm activities.

2.3. Conclusion

Transformation support through statutory levies is starting to show good results regarding bridging the gap between the large and small farmers in the agricultural sector. Although 20% is not enough, the efforts by the industries to tap into other funding mechanisms cannot be ignored. Such efforts are commendable, and industries are acknowledged for their sterling work on transformation through statutory levies and other sources of funding.

3. TRANSFORMATION OF COMMUNAL LAND INTO VIABLE MACADAMIA FARMING ENTERPRISES: THE CASE OF NCERA MACADAMIA FARMING

By

Elekanyani Nekhavhambe

3.1. Introduction

The production of macadamia nuts in South Africa is attracting high numbers of households within the country, in particular in the KwaZulu-Natal and Eastern Cape Provinces. Previously, Limpopo and Mpumalanga were the most recognised principals of macadamia production. In the case of the smallholder macadamia growers, most of them depend on communal land for their farming instead of operating on limited land space.

This article gives a snapshot of the success with which the Ncera community transformed communal land into a viable commercial venture for macadamia nuts in the Eastern Cape Province.

3.2. Who is Ncera Macadamia Framing (Pty) Ltd?

Ncera Macadamia Farming (Pty) Ltd (NMF) is the first community-based macadamia initiative in the Eastern Cape. The first plantation was about 50 ha in 2008. *The*

NMF's first harvest was in 2013 where 81 tons of dry nuts in the shell (DNIS) were produced. Several engagements and training sessions were held among the affected community households to ensure the success of the business. To date, the total area of land established is 180 ha of the available 300 ha.



Figure 1: A photo of Ncera Macadamia Farming (Pty) Ltd

3.3. The NMF success story – production rate over seasons

The production of macadamia nuts by the NMF is very impressive when drawing a comparison of the previous three seasons. In 2015/16, the MNF produced about 49.9 tons of macadamia nuts in DNIS. The production then increased by 38.3% to 69 tons (DNIS) in the 2016/17, season while the output for 2017/18 was 81 tons, which is 17.4% higher than the production of the later season.



Figure 2: A photo of harvested nuts of Ncera Macadamia Farming (Pty) Ltd

The mechanisms used by the NMF in their farm business are very commendable. No-one ever believed that communal land could be used so effectively. Hence the NMF is resistant to failure. It is a lesson to other provinces that are suitable for macadamias that they should

transform their available communal land space for macadamia production.

The NMF also proved to be amongst the tools of rural economic development by addressing the issue of unemployment. Currently, the project has employed about 154 households' members for daily operations.

3.4. Future development

There is no doubt that the NMF is a model of transformation within the South Africa macadamia industry. The MNF aimed at plantation expansion by planting the remaining 120 ha at the same time, creating jobs opportunities for 300 employees. However, the effects of drought could be an impeding factor.

3.5. Conclusion

A lot can be learned from the NMF. However, more support is required from both the public and private sectors for the NMF to make a significant impact on the livelihoods of rural villages in the Ncera region.

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