



Transformation Digest

Issue No.: 9

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AGRI-TRANSFORMATION DIGEST

Agri-Transformation Digest is a bi-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 the work of the NAMC's Transformation Review Committee in collaboration with agricultural sectors on the 20 % levy expenditure for transformation; as well as transformation success within the pork industry and the raisin industry, and the participation of a youth farmer in livestock production. The division has three digests, covering Food Agriculture Natural Resource Policy Networks (FANRPAN), Agricultural Transformation, and Agricultural Industry Trusts. Agri-Transformation Digest reports on the bi-monthly key developments coming from the transformation activities of different industries and trusts.

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1. THE WORK OF THE NAMC's TRANSFORMATION REVIEW COMMITTEE IN COLLABORATION WITH AGRICULTURAL INDUSTRIES ON THE 20 % LEVY EXPENDITURE MEANT FOR TRANSFORMATION: THE PROGRESS THUS FAR

By
Elekanyani Nekhavhambe

1.1. Introduction

The various industries are hard at work and eager to advance transformation in the agricultural sector in South Africa. However, resources such as finance remain a significant challenge. Should the government match rand for rand (through its key drivers of enterprise development such as CASP) with the industries, better results and impact can be realised. The partnership between the government and the private sector can be a crucial vehicle for narrowing the gap between smallholder farmers and commercial farmers.

The contribution of statutory levies towards transformation is acknowledged and commendable. It is noteworthy that the statutory levies are currently applicable within 19 commodities (administered by their structural organisations or commodity associations). **For the 2017/18 period, these bodies spent approximately R113.4 million** on transformation activities. Annually, the levy administrators work closely with the NAMC to review and monitor the progress of transformation initiatives funded through their 20 % of monies from their total annual statutory levy income.

The purpose of this article is to highlight the continuous role of the NAMC Transformation Review Committee (TRC) in the monitoring and evaluation of transformation work with industries.

1.2. Industries' transformation business plan reviewed thus far

The following industry bodies have submitted their transformation business plan¹ Proposals as from January to July 2019:

- Deciduous Fruit Industry (Hortgro);
- Pork Industry (SAPPO);
- Pomegranate Industry (POMASA);
- Raisin Industry (Raisins South Africa);
- Poultry Industry (SAPPO);
- Red Meat Industry (SAFA); and
- Cotton Industry (Cotton SA).

Important to note is the level of adherence by industry bodies. All the above business plans were reviewed and approved as being in line with the NAMC guideline of transformation in 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 situation is likely to uplift the smallholder farmers to perform their farm activities at an optimal level. Although the fund cannot support all the needs of smallholder farmers, the impact can 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.

1.3. Conclusion

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

¹. All the transformation business plans were approved, and site visits to some of the transformation initiatives supported were conducted.

2. TRANSFORMATION WITHIN THE PORK INDUSTRY

By

Elekanyani Nekhavhambe and Ndumiso Mazibuko

2.1. Background

The South African Pork Producers' Organisation (SAPPO) invited the Transformation Review Committee (TRC) of the National Agricultural Marketing Council (NAMC) to visit transformation projects of the pork industry in Pietermaritzburg, KwaZulu-Natal, on 10 and 11 June 2019. The purpose of the visit was for the TRC to conduct a monitoring and evaluation (M&E) exercise on the progress of the transformation projects supported by SAPPO's 20 % of statutory levy monies.

This article highlights the background of the three (3) projects that were visited.

2.2. Projects visited

The section below narrates a brief background of the three (3) projects visited and supported by SAPPO through the 20 % levy expenditure.

2.2.1. Baynesfield Training Academy

Baynesfield Training Academy (BTA) is a training service provider in the field of pig production. The academy offers a one-week practical (70 %) and theoretical (30 %) training course that covers all aspects of pig production (knowledge and skills) and management of pig production units (business skills). Training focuses on the transfer of skills and knowledge required to ensure the economic sustainability of a pig farming enterprise. Training is provided on various levels of knowledge and skills to the following clients: developing pig farmers, farm managers, pig farm labourers, extension officers, animal health technicians, agricultural students and learners, and any other individual.

It is important to note that BTA is a critical tool for technology and information dissemination to black emerging pig farmers within the pork industry. Farmers not only benefit from the theoretical part of the training, but they also have access to the practical experience of pig farming on the BTA farm that currently has a 100-sow unit capacity. Through SAPPO's account of the transformation budget, about 150 farmers (regarded as

students) benefit annually from the training provided by the BTA. The following are some of the benefits and knowledge that farmers are receiving through the BTA, namely -

- Preparing the farrowing house;
- Preparing the sows for the farrowing house;
- Conducting all management practices during farrowing;
- Feeding practices at different stages of pig production;
- Cleaning and disinfecting pig housing;
- Biosecurity in the piggery;
- Recognising breeding behaviour in pigs;
- Heat detection;
- Conducting the natural mating of pigs;
- Artificial insemination; and
- Pregnancy testing.



Figure 1: Photo of Ms Kgadi (SAPPO) demonstrating artificial insemination at the BTA

Figure 1 above shows Ms Kgadi from SAPPO demonstrating (to the NAMC representatives) how farmers learn to perform artificial insemination at the BTA.

2.2.2. Mr Duke Mkhize's farm

Mr Duke Mkhize started farming with about 22 pigs at his home in 2012. Land access was his major problem until he gained access to the existing piggery farm unit on the so-called "*Embo Emfeni Trust*" in 2016 and later on engaged with SAPPO. He also received training from the BTA to gain more knowledge on pig farm management. The farmer also enjoyed the services of a SAPPO-employed veterinarian who used to visit his farm every two months.

Mr Mkhize's farm has a carrying capacity of about 150 sows and currently has about 34 sows with one boar. The market for his pigs is the local abattoirs.



Figure 2: Photo of Mr Duke Mkhize's piggy farm unit

Challenges observed:

It is the NAMC's opinion that Mr Mkhize's farm can do well, if the following challenges are addressed, namely-

- Lack of proper and sufficient feeds, which are associated with high costs;
- Lack of a proper channel for transferring animals to another house (e.g. pregnant gilts are moved by hand from their house to the farrowing house. Weaned animals are also moved by hand to the finisher house); and
- Lack of proper supervision over the pigs.

2.2.3. Simba Mabele Piggery

Simba Mabele Piggery is a farm owned by a woman by the name of Mrs Florence, and it is one of the many commendable enterprises developed by SAPPO. She started farming with pigs between 2003 and 2004 and her relationship with SAPPO began in 2006. It is noteworthy she has been involved in the SAPPO mentorship programme for about 10 years. The farm does currently have proper infrastructure (see figure 3) with 150 sows, with a carrying capacity of 170 sows.



Figure 3: Photo of Simba Mabele Piggery farm infrastructure

Support received from SAPPO to date:

- Construction of a farrowing house unit;
- Construction of a slurry dam;
- Supply of 40 gilts and 4 boars;
- Supply of semen and refrigerator;
- Installation of insulation;
- Scales for weighing the pigs; and
- Feed silo.

Market information

It is interesting that Simba Mabele Piggery sells about 50 pigs (finishers group) to the local abattoir, Lance La Rochelle, and also sells meat to Michel Fry's Fresh Meat Butcher every week. Mrs Florence indicated that she receives about R21 per kilogram and the butcher requires a maximum weight of about 70 kilograms after slaughtering.

The income received per pig head is approximately R1470. The total revenue per week, excluding the cost of slaughtering, is about R73 500. However, it was pointed out that sometimes pigs are sent to the market with a lower average weight than required due to the shortage of feed, which is a significant problem affecting smallholder pig farming within the pork industry.

Challenges observed

The following are some of the challenges faced by Simba Mabele Piggery:

- Shortage of feeds due to high costs;
- Shortage of medicinal items for pigs; and
- Shortage of funds to buy new gilts raised specifically for breeding (the farmer ends up

raising her gilts from her pig stock after weaning).

2.3. Conclusion

The first line of defence in pig farming is biosecurity. Considering the recent spread of African swine flu (ASF) within the pork industry, the best farming practices are imperative. The NAMC commends the support of smallholder farmers through veterinary services and mentorship support by SAPPO, which cannot be undermined in the effort to transform the farmers and at the same time reduce their vulnerability to diseases such as ASF. It can be argued that transformation within the pork industry requires the best farming management practices and the willingness of farmers to adhere to such practices.

It is the NAMC's opinion that if SAPPO had sufficient resources, it would have better served other smallholder farmers in the same way they have helped Simba Mabele Piggery, which is doing well in terms of its enterprise development. Despite the minimal 20 % allocated to transformation from levies, with good planning, SAPPO can do well in terms of enterprise development over time.

3. TRANSFORMATION WITHIN THE SOUTH AFRICAN RAISIN INDUSTRY

By

Matsobane (BM) Mpyana and Nomantande Yeki

3.1. Background

On 2 and 3 May 2019, the National Agricultural Marketing Council (NAMC) Transformation Review Committee (TRC) was invited by Raisins South Africa (RSA) to visit their industry transformation planning projects in Upington, Northern Cape Province. The purpose of the visit was for the TRC to conduct a monitoring and evaluation (M&E) exercise on the progress of the transformation projects on which RSA anticipates spending their transformation funds.

This article provides a snapshot of the projects visited. All the projects visited were newly part of the RSA transformation plans.

3.2. Projects visited

In total, five (5) projects were visited and their background is outlined briefly as follows:

3.2.1. Mr Bron Coetzee's farm

Mr Bron Coetzee's farm is located in the Keimoes area. The total farm size is about 6 ha within his title deed ownership. The production of raisins has been increasing year on year since 2014 at an average of 75 tons/year. Currently, Mr Coetzee is renting an extra 10 ha of land for expansion and realising high profit margins. In the 2018/19 season, the farm produced about 75 tons of raisins in a total farm production size of 15 ha – his total farm size planted and rented land collectively.



Figure 2: Photo of Mr Coetzee's vineyard

Potential interventions:

It is the NAMC's opinion that Mr Coetzee can do well in terms of raisins and the expansion of his production.

However, the followings challenges need to be addressed, namely-

- Replacement of old vines at an estimated total cost of R150 000 per ha (3 ha will cost him R450 000); and
- Installation of a proper drying facility and the accreditation thereof.

3.2.2. Mr Wynand William Ross's Farm

Mr Wynand William Ross grows vines for both raisin and wine production. The total farm size is about 10 ha, of which 8 ha are under production for raisins and 1 ha for wine. The farmer has invested money from previous sales and is currently replacing old vines and establishing drying facilities. For the 2018/19 season, the farm produced about 46 tons of raisins – an increase from previous seasons.



Figure 3: Photo of Mr Ross's on-farm drying facility

3.2.3. Mr Llewellyn Denver Adams's farm

The farm is located in the Keimoes area with a total size of about 7 ha under title deed ownership. Additional land has been rented for expansion purposes. With regard to production, the total raisins produced in the 2018/19 season amounted to 18 tons. Apart from raisins, Mr Adams has an additional three enterprises to keep his cash flow positive, namely pecan nuts (supported by Pecans SA), livestock and lucerne enterprises.

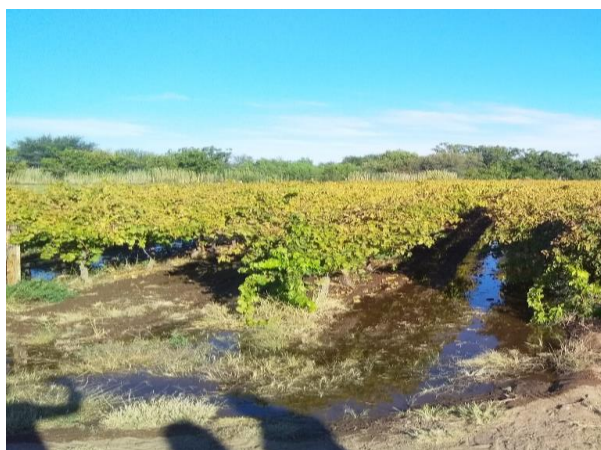


Figure 4: Photo of Mr Adams's vineyard

Possible interventions:

- Acquiring more land for expansion of his farming operations (DRDLR land application has been submitted, and feedback is being awaited); and
- Erecting a storage facility and intervention on the cost of spraying, which is currently high.

3.2.4. Carpe Diem Raisins

Carpe Diem Raisins is situated about 10 kilometres to the east of Upington in the Northern Cape Province. Carpe Diem Raisins (Pty) Ltd (CDR) is a raisin packing and exporting company that was originally established in 1935 but was later re-established in March 2018 under new shareholding. It was originally a family business, but in 2018, it was transformed with 51 % black-owned shares and 49 % white-owned shares.

The management of the company includes eight representatives, only one of whom is black. The CDR packing facility has a staff complement of 60 permanent employees and 40 seasonal employees. Furthermore, the company offers training to the employees, and this training forms part of determining the position allocated.



Figure 5: Carpe Diem packing facility for raisins

About 100 farmers supply their produce to the CDR, comprising 70 % smallholder farmers and 30 % commercial farmers. *The primary export markets for CDR are Germany and Canada.* It was highlighted that a certain percentage of the profit generated is used for socio-economic development of the community through the construction of schools and a crèche and by initialising a mobile clinic which comes on particular days of the week.

3.3. Conclusion

The ability of the farmers to acquire more than one market is an indication that market access is not a challenge. The farmers' markets for raisins include Red Sun Raisins and Pioneer Foods. It is the NAMC's opinion that Raisins South Africa can do better in terms of their transformation programme funded by statutory levy monies. Furthermore, we commend the support that farmers have received from the jobs fund. Although the minimum 20 % is allocated from levies, with good planning, Raisins South Africa can do well in terms of enterprise development over time.

4. NEW YEARS OF FARMING CAN ADD SYNERGY TO THE ACCUMULATED YEARS OF FARMING: MR AND MRS MOKHORO FARM WITH THEIR SON

By

Elekanyani Nekhavhambe and Nomantande Yeki

4.1. Introduction

The graduation of smallholder farmers to commercial level remains a significant challenge, and the dualistic nature of the South African agricultural sector may be one of the reasons for this. In light of the above difficulties, the Mokhoro family works hard to reach their target of farming commercially. The Mokhoro farming business is situated in Trompsburg, in the Free State Province. The farm owners acquired the land in 1989 through self-purchase.

The farm is managed by Mr Lehlohonolo Mokhoro (27 years old), overseen by his parents, Mr and Mrs Mokhoro. Lehlohonolo, who has a diploma in Sheep and Cattle Production from the Grootfontein Agricultural College, is bringing new years of farming that are adding synergy to the accumulated years of farming by his parents. Motivated by his parents, Lehlohonolo joined the farm in 2010, with a specific vision to make the business profitable and sustainable.



Figure 6: A photo of Mr Mokhoro

Additionally, Mr Mokhorro was ranked second and fifth in the Xariep district for quality wool. Later, in 2011, Mrs Mokhorro won a female entrepreneur award and was named the top smallholder entrepreneur within the Xhariep district.

4.2. Overview of farm production

The farm's primary production lies with Bonsmara cattle and Merino sheep. Pigs, goats and horses are also kept to diversify production on the farm. The farm has 86 heads of cattle, of which three are bulls. Seasonally about 30 calves are produced. The current stock numbers for sheep are 350 ewes and 93 lambs. The lambing season is in September.



Figure 7: A photo of Mr Mokhorro Sheep

When the production season is good, the farm produces about 35 calves, which are sold to the local market for R27.64 per kg on "A grade". The average weight of calves is between 160 and 180 kgs. Annually, about 37 to 55 sheep are sold for R1 500 per sheep through an informal market (auctions) and directly to the community. Sheep are also kept for wool production, and shearing usually takes place between June and July every year, producing about 14 to 19 bales of wool at an average weight of 160 kg/per bale. The wool is then sent to the market in Port Elizabeth, where it is exported through BKB.

4.3. What does the future look like for this farm?

The future unquestionably lies in acquiring more land, so that it can be possible to expand the business. The Mokhorro family hopes to increase the livestock numbers, especially sheep. Furthermore, with more land, they can absorb more agricultural college students on an annual basis for experiential training.

4.4. Conclusion

Mr Lehlohonolo Mokhorro believes that farming is the way to go and an opportunity that has been kept from black people. This farmer is determined to change the status quo. He believes that youth who are interested in farming should be willing to work hard, as the benefits of the industry are input-output driven.

For more information, visit www.namc.co.za or contact

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