



# Transformation Digest

Issue No.: 11

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2. An oversight visit to a potato enterprise development farmer in the Sandveld Region
3. Lessons from the Western Cape Department of Agriculture: "We are collectively responsible to transform the agricultural sector"

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## **AGRI-TRANSFORMATION DIGEST**

*Agri-Transformation Digest is a bi-monthly report produced by the National Agricultural Marketing Council (NAMC) through the Agricultural Industry Trusts Division. The publication aims to communicate transformation developments as they happen around the agricultural industries. The division has three digests, covering Food, Agriculture and Natural Resource Policy Networks (FANRPAN), Agricultural Transformation and Agricultural Industry Trusts. Agri-Transformation Digest reports on the bi-monthly key developments that come from the transformation activities of different industries and trusts.*

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## 1. REVIEW OF THE INDUSTRIES TRANSFORMATION BUSINESS PLAN: A BRIEF HIGHLIGHT OF ACTIVITIES FROM APRIL 2019 TO MARCH 2020

by

**Elekanyani Nekhavhambe and Nomatande Yeki**

### 1.1 Introduction

Industries that are collecting statutory levy are required to spend a minimum of 20% of the statutory levy income on transformation activities. Although the activities vary according to the different industry commodities, each time, the industry applies for the continuation or establishment of statutory measures, the Transformation Review Committee (TRC) of the National Agricultural Marketing Council assesses the business plans relating to transformation. "Business plan" means a detailed and systemic formulation of a transformation programme of action with specific objectives or deliverables, time frames and a budget. Levy administrators or industries also submit their annual business plans regarding their transformation activities envisaged for that financial year on an annual basis.

Eighteen (18) commodity industries collect statutory levies and are encouraged to engage with NAMC's TRC to discuss their transformation plans and receive a go ahead in terms of expenditure. The total funds collected by levy administrators through statutory levies in the 2019 survey amounted to R641.2 million, which is 8.8% higher than the previous survey's reported levy income of R589.2 million.

*It is also important to note that these industries spend some of the R116.6 million (2019 survey) on transformation activities relating to enterprise development, skills development, employment equity, management control and socio-economic development activities.*

This article gives a snapshot of the transformation business plans that were reviewed by NAMC's TRC from April 2019 to mid-March 2020.

### 1.2. Number of business plans reviewed and approved

The NAMC commends the positive response from all industries that collect and administer statutory levies. Their response in submitting transformation business plans and collaboration with NAMC have been positive. Against this background, nine of the 18 commodity industries submitted their transformation business plans to NAMC's TRC for review and approval, as reviewed against the 2018 transformation guideline:

- Dairy industry – Milk SA
- Fynbos industry – Cape Flora
- Raisin industry – Raisins South Africa
- Pomegranate industry – Pomegranate Association of South Africa (POMASA)
- Deciduous fruit industry – Hortgro
- Poultry industry – SA Poultry Association
- Wine industry – Transformation Unity
- Pecan nut industry – SA Pecan Nut Association
- Red meat industry – SA Feedlot Association

### 1.3 Conclusion

The role of public-private partnerships within the South African agricultural sector is becoming visible. There is a high level of engagement between the commodity industries and government institutions in an attempt to address transformation within the agriculture sector. The work of the industries in collecting statutory levies and their expenditure on key industry functions, including transformation, needs to be appreciated as it contributes towards long-term viability of the sector.



## 2. AN OVERSIGHT VISIT TO A POTATO ENTERPRISE DEVELOPMENT FARMER IN THE SANDVELD REGION

By  
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### 2.1. Introduction

Potatoes South Africa invited NAMC to conduct a monitoring and evaluation exercise of the Enterprise Development Support Programme, which is funded by the statutory levy and the Potato Industry Development Trust (PIDT). It is very important to note that these two funding models are becoming an important tool of transformation within the South African agricultural sector.



**Figure 1:** A photograph of the PIDT, Potato SA and NAMC team, discussing transformation progress with Mr Joseph.

The survey conducted by NAMC for the 2018/19 Statutory Measures Report indicated that Potatoes SA has utilised approximately R10 million towards transformation, as 20% of the total income was from its annual statutory levy. In the case of the PIDT, NAMC's Annual Status Report for Agricultural Industry Trusts (2018) indicates that the potato industry spends approximately R6.2 million on transformation activities.

Against this background, this article gives a snapshot of a visit to an emerging potato farmer in the Sandveld Region.

### 2.2. The story of Mr Joseph

Mr Joseph is a beneficiary of the Potato SA Enterprise Development Programme, which is located in the Western Cape, near Greyton. Mr Joseph is operating on about 22 ha of land of the Community Property Association (CPA). Currently, he has planted 1 ha due to limited irrigation power. His yield estimation is about 50 to 55 tons of potatoes.



**Figure 2:** A photograph of Mr Joseph on his potato plantation.

It is fortunate that Mr Joseph does not struggle with the market for his potatoes. He pointed out that he has already received a proposal from a potential buyer. Moreover, in his nearest town, there are a number of restaurants that are interested in doing business with him.

Like any other business, agriculture encounters its own set of challenges, such as water scarcity, lack of infrastructure and equipment, and limited or no electricity power supply. Mr Joseph is facing challenges of theft, and recently the electricity transformer and cables were stolen. This led to serious financial pressure, which forced him to spend about R600 a week on fuel to pump water from the dam.

### 2.3. Conclusion

Theft on farms cannot be condoned and the perpetrators need to be dealt with. These challenges affect the operation and productivity of farm activities. Farmers like Mr Joseph have a passion for agriculture and should be supported. The fact that he has been able to unlock markets shows his ability and accountability in the sector in which he is operating.

### **3. LESSONS FROM THE WESTERN CAPE DEPARTMENT OF AGRICULTURE: “WE ARE COLLECTIVELY RESPONSIBLE TO TRANSFORM THE AGRICULTURAL SECTOR”**

**By  
Elekanyani Nekhavhambe and Matsobane (BM)  
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#### **3.1. Background**

Globally, historically disadvantaged people have been stuck in smallholder agriculture, which is characterised by limited resources, such as land, infrastructure and farming equipment, to mention but a few. There is no doubt that farmers are looking at government as one their hopes for the success of their farming enterprises, most importantly to drive transformation within the sector.

On 27 February 2020, NAMC, together with Potatoes SA, conducted a tour to the Department of Agriculture in the Western Cape, Elsenburg. The main purpose of this visit was to learn and understand how provincial government departments drive transformation in the country.

This article provides a snapshot of certain programmes towards the support of smallholder farmer development and its effectiveness.

#### **3.2. Business model for farmer support**

The Western Cape Department of Agriculture (WCDOA) prides itself to be “*an institutional arrangement that draws in multiple spheres of government and the private sector, each understating their unique roles, working from the same plan, towards achieving the same outcomes,*” which brings about farmer development.

The WCDOA has a partnership with commodity organisations and other directly affected groups within the sector, such as the Citrus Growers Association (CGA), Hortgro (supporting the horticultural industry), South African Table Grapes, the SA Poultry Association, SA Feedlot Association, the Wool Growers Association and Potato SA, among others. The WCDOA’s programme has been successful in its commercialisation in the fruit sector, most importantly through the Jobs Fund.

The Head of the Department of the WCDOA, Ms Joyene Isaacs, emphasised that each stakeholder partner within the agriculture sector needs to understand their unique roles. The WCDOA has been successful for the past 16 years, fulfilling its role in supporting the sector.

Furthermore, the WCDOA has four important programmes that support farmers through agricultural development programmes, as well the Department through project implementation and state farm management:

- Farmers Settlement and Development
- Extension and Advisory Services
- Food Security
- Casidra

#### **3.3. Contribution of other partners through collaboration**

The collaboration between the WCDOA with other commodity sector groups has been successful and leverages approximately R80 million per annum through the commodity approach.

The following collaboration activities were achieved:

- Offer mentorship support to black farmers
- Facilitate access to markets
- Provide commodity specification extension
- Provide access to research and technology
- Provide training and capacity building support
- Disseminate information

This is evidence that the role that provincial departments play as drivers of transformation within the sector should be appreciated. If resources are managed well, government can achieve more through partnership collaborations.

#### **3.4. Conclusion**

It can be concluded that, if the Western Cape can manage to do it, there is no doubt that other provincial departments of agriculture can transform the sector as well.

For more information, visit [www.namc.co.za](http://www.namc.co.za)

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