

ED'S NOTE

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General Manager
of the CGA Grower
Development
Company



This year marks the 25th anniversary of the Citrus Growers Association of Southern Africa (CGA), which was established by citrus growers in 1997. In this month's edition of the CGA Grower Development Company (CGA-GDC) newsletter, we look at how we can ensure another 25 years of inclusive growth within South Africa's local citrus industry.

In order to do so, we need to address the challenges facing the growth of our sector, while offering a clear and structured plan to ensure that inclusive growth remains a top priority.

Currently, the CGA represents 1 400 growers across South Africa, Zimbabwe and Eswatini who collectively shipped 161 million cartons of fruit to global markets in 2021, sustaining 130 000 jobs and bringing in R25 billion in export revenue annually.

This has been an exceptional achievement, given the headwinds our industry currently faces. CGA CEO, Justin Chadwick, provides us with a detailed overview of the factors affecting the sustainability and future profitability of citrus enterprises in South Africa in this month's newsletter. Justin takes us through the findings of a CGA commissioned study, conducted by the Bureau for Food and Agricultural Policy (BFAP), which shows that our industry is being threatened by an increase in production figures, a major rise in farming input costs and decline in real export prices. The major economic constraints that exist in our country have compounded the effect of these issues, including load shedding, deteriorating infrastructure, sky-high unemployment rates and lower levels of consumer and business confidence.

IN THIS ISSUE

Editor's Note

Message from the CGA CEO

Growers Receive Support from
CGA-GDC Enterprise Development
Fund

Engagements with Provincial
Governments Bear Fruit

CGA Companies Pledge Support to
CGA-GDC Initiatives

DALRRD Industrial Placement
Programme Empowers Youth in
Citrus

Citrus Academy Bursary Applications

Thankfully, we have several empowering initiatives and projects which are able to help shield developmental growers from some of these factors, albeit only to a certain degree. The CGA-GDC Enterprise Development Fund continues to make funding for resources available to black citrus growers, while localised engagements with Provincial and National Departments of Agriculture continue to bear fruit in Limpopo, the North West, Western Cape, Eastern Cape and Kwa-Zulu Natal.

Our effort to ensure that the continued growth of our industry remains inclusive in nature has also been supported by a range of CGA companies, who have pledged their support to the CGA-GDC's overall mission and objectives. You can read more about these in the pages that follow.

And lastly, the CGA-GDC commemorates the celebration of Youth Day in South Africa in this month's newsletter, by sharing the insights of a CGA-GDC intern, placed in our organisation through the Department of Agriculture, Land Reform and Rural Development's Industrial Placement Programme. Poneni Mathebula shares how she hopes to one day join the citrus farming community after working for our Business Management Support Unit (which currently facilitates the work being done by our Enterprise Development Fund).

We hope you enjoy this month's newsletter, while we continue to make progress in making our local citrus industry as inclusive and prosperous as possible.

MESSAGE FROM THE

CGA CEO

This year marks the 25th anniversary of the CGA and with citrus production expected to grow by a further 500 000 tons over the next 3 to 5 years, one would expect the local industry to remain one of the few good news stories within the context of a struggling South Africa economy. However, several serious challenges facing the sector, which have recently emerged, pose a major risk to its long-term survival.

This situation has been highlighted by a CGA commissioned study conducted by the Bureau for Food and Agricultural Policy (BFAP). The study indicates that our local citrus industry has been hard hit by a perfect storm of increased production, a major rise in farming input costs and decline in real export prices. This is further compounded by the major economic constraints that exist in South Africa (ongoing fiscal pressure, persistent load shedding, high unemployment and low levels of consumer and/or business confidence).

When it comes to the rising costs of production, there have been exorbitant price hikes across a number of inputs. Fertilizer prices increased just over 56% between 2020 and 2021, due to tight supplies, rising raw material costs, increased demand, logistics constraints and high freight rates.

These prices have been hiked up even further over the past few months as a result of major fertilizer producer, Russia's invasion of Ukraine. This conflict has also placed further pressure on fuel supplies and costs, with soaring gas and fuel prices only expected to start declining towards next year.

Another threat faced by local growers has been identified as the lower freight volumes and a shortage of shipping containers while freight costs have soared, having increased by 128% between 2020 Q1 and 2022 Q1. These challenges have been exacerbated by continued operational issues at our country's ports. While there have been some improvements as a result of financial and operational interventions driven by Transnet over recent months, the Cape Town, Ngqura and Cape Town ports containers continue to run below full capacity.



In the face of these challenges, the BFAP study also predicts that there will be a decline in real prices across all citrus varieties from 2022 to 2030. It is clear that the long-term survival of the industry and the 130 000 jobs it sustains is under severe threat if the current status quo remains.

While soaring input costs that are being driven by global forces are out of the industry's control, there are other steps growers could take that could help make the sector more resilient. This includes potentially reducing the amount of citrus produced by removing older orchards; erecting netting over orchards to improve pack out percentages; reducing production yields while increasing fruit sizes that are favoured for exports and increasing yields to reduce the unit cost of production.

However, there are also other factors crucial to the future survival of the industry, most importantly, Transnet continuing to improve the operational capacity and efficiency at the country's ports and government working with the citrus sector to secure, maintain, and retain as many market access opportunities as possible.

The CGA remains committed to working with government and other value chain partners in order to ensure that the industry survives over the short-term while remaining the number one South African agricultural exporter 25 years from now.

Justin Chadwick
CEO of the Citrus Growers' Association
of Southern Africa



SUPPORT

**GROWERS RECEIVE SUPPORT FROM
CGA-GDC ENTERPRISE DEVELOPMENT FUND**

From left to right: EDF-Sponsored Tractor at the Intathakusa Farm in Kwa-Zulu Natal and EDF Sponsored trees at the Kemo Citrus Farm in the North West

The Enterprise Development Fund (EDF) is an initiative that was started by the CGA-Grower Development Company in 2018, in order to provide black citrus growers with the support they need to ensure the future sustainability and profitability of their citrus enterprises. The fund aims to provide for the specific material needs of each of these businesses, whether for the short or long term. The funds allocated to support the growth of these farms can range from a minimum of R100 000 per farming enterprise, with a maximum of R500 000.

One of the most challenging obstacles facing black citrus growers in South Africa today remains the accessibility and availability of funding. Without adequate funding, developing growers are unable to provide their entities with the infrastructure and assets their enterprises require to improve their balance sheets while financing their production input costs. This can have several undesirable knock-on effects. Most notably, it can prevent black citrus growers from meeting industry guidelines towards the production of high-quality fruit for export.

This can have devastating consequences and often leads to black growers being unable to grow their entities and commercialize their produce. This issue is currently being compounded by rising inputs costs - of fuel and fertilizer specifically - which are squeezing the profits of black citrus growing enterprises into thinner margins every year.

The EDF seeks to assist in bridging the gap in accessibility to finance by assessing growers' needs and providing them with the financial support they require as a stepping stone to addressing those needs. Although there are limited funds available for all 124 black citrus

growers in South Africa, the fund is managed in a manner that ensures it is able to stretch its resources to provide aid to all those who require it. Several black citrus growers have been supported by this fund over the past four years and have received various contributions to their farming operations through it. These resources include production inputs for growers, irrigation infrastructure, mechanization and any other equipment that is in need. In June, the EDF was able to purchase a tractor for the Intathakusa Farm in Kwa-Zulu Natal while sponsoring 1 100 trees for the Kemo Farm in the North West.

This assistance has been praised by growers countrywide with many citing that the support of the EDF has provided them with the necessary equipment and mechanization to enable the continued operation of their daily farming activities. The financial support, however little, has gone a long way in assisting black farmers when it was truly required and growers have always shown a great sense of appreciation to the GDC for this support. A little truly does go a long way.



From left to right: The Risaba Gunyula Citrus Farm (left - Red) and Lavhengwa Nemaorani / Easy Farm enjoy new tractors through the EDF (Right - Blue)

ENGAGEMENT

ENGAGEMENTS WITH PROVINCIAL GOVERNMENTS BEAR FRUIT



Senior Manager of the Limpopo Department of Agriculture, Luther Mkhonto and General Manager of the CGA-GDC, Lukhanyo Nkombisa, sign an updated MoU for both parties following the lapse of the previous MoU

The CGA-GDC continues to engage with the relevant government authorities to ensure that black citrus growers are able to benefit from the close relationships the CGA-GDC has formed with members of each provincial Department of Agriculture and through various other platforms too.

The CGA-GDC makes every effort to foster relationships with key stakeholders in the government space, in order to ensure that black

developmental growers are also supported by initiatives and undertakings within the public sector too.

The MEC for Agriculture and Rural Development in the North West, Desbo Mohono, recently invited the CGA-GDC to an External Stakeholders Engagement Meeting with Bojanala farmers in the North West in Brits. The aim of the meeting was to obtain inputs from commodity groups towards the refocusing of the sector. Seven strategic



interventions to transform the industry have since been identified as vehicles through which we can drive transformation. These include the aggregate market access model, district corridors, commercialization, agro-processing, financial and non-financial support, the building of relationships and industrial infrastructure.

The CGA-GDC shared a presentation that covered the citrus production in the Bojanala district and how its local citrus industry makes a remarkable contribution towards improving food security, poverty alleviation as well as job creation in the area. This was followed by a presentation on what kind of support would be required from the provincial government in order to continue growing citrus enterprises in the area. We are happy to report that all black citrus growers in the Bojanala district attended and benefitted from these engagements and event.

The MEC for Rural Development and Agrarian Reform in the Eastern Cape, Nonkqubela Pieters, invited the CGA-GDC to a Post Policy Speech Stakeholder engagement session in East London. The aim of the meeting was to articulate the Department's key priorities for the 2022/23 financial year while sharing the progress made in the previous financial year. The focus was on the commodity approach to farmer support. Of major interest to the citrus farmers was the intervention on business rescue of the over-indebted farms and the rehabilitation of orchards across three developmental farms in the Amathole District.

The GDC also met with the Head of Department of Agriculture in Limpopo, Jacqui Maisela, to discuss the work that has been done through the Revitalization of the Agriculture and Agro-Processing Value Chain (RAVAAC) in developing the provincial citrus development plan. Once the meeting had concluded, Maisela advised the

committee to host a full-day session to finalise this plan to ensure that all citrus-producing districts in the province come up with new plans to help support black citrus growers for the remainder of the financial year 2022/23.

The CGA-GDC has also been hard at work through its participation in the assessment of the applicants of the Department of Agriculture, Land Reform and Rural Development's (DALRRD) second call for Jobs Fund applications. The in loco assessments have been conducted on five farms - one in Limpopo and four in the Kat River Valley in the Eastern Cape.

The CGA-GDC was also invited by the Subtropical Fruit industry to attend and contribute towards their own transformation summit that was held on the 25th of May 2022 at the Fairview Hotel in Tzaneen. The Minister of Agriculture, Thoko Didiza, was in attendance and engaged with the industry on its plans to continue working towards the establishment of a more inclusive industry, through the development and upliftment of black citrus farmers in South Africa.

The CGA-GDC hopes to continue facilitating the establishment of provincial relationships between black citrus growers and the officials responsible for providing them with the support they need from the public sector. With the added help of government partnerships, we can help these enterprises reach new heights with the resources and skills required to grow their businesses in an impactful manner that creates jobs and contributes to the growth of our national economy.





PLEDGE

CGA COMPANIES PLEDGE SUPPORT TO CGA-GDC INITIATIVES



From left to right: General Manager of the CGA Cultivar Company, Jonathan Robertson, General Manager of the CGA-GDC, Lukhanyo Nkombisa RBX CEO, Rob Elfick, signing their MoA's with the CGA-GDC

The CGA Group of Companies includes a range of organisations and enterprises who have historically committed to working alongside the CGA-GDC in order to support all CGA-GDC initiatives towards the continued development and support of black citrus growers in South Africa. This commitment has always ensured that our local citrus industry remains united in its efforts to address issues of inclusivity, while focusing on the transformation that may still be required to ensure that any South African is able to reap the rewards of this growing export industry.

This commitment by the CGA group of companies has recently been formalised by the signing of a Memorandum of Agreement (MoA) with the CGA-GDC. The MoA provides an indication of the areas for collaboration, especially with regards to the technical and production side of developmental citrus enterprises. This year, the CGA-GDC signed an MoA with River Bioscience (RBX) and EXIT, the CGA Cultivar Company and Citrus Research International (CRI).

These intra-industry relationships are critical for the continued growth and development of black citrus producing farms, as they help deepen the knowledge of new growers with their respective resources. The CRI in particular has been instru-

mental in this regard, through the frequent provision of the latest insights on new spray calibrations and tractor services.

The CGA Cultivar Company has been of great assistance and have provided growers with land assessments and cultivars suitable for their region, in order to ensure the sustainable development of citrus enterprises across South Africa. The RBX teams and CRI have also been hard at work on the ground by assisting growers with the use of pest management products and pest control through study groups meetings.

This commitment by the CGA Group of Companies to support developmental farms will help ensure that black citrus growers and their enterprises receive the resources, information and knowledge required to produce good, high-quality fruit. This in turn opens many doors for the export of their fruit to foreign markets, which is a key step towards the profitable commercialization of their farms.

The CGA-GDC will continue to facilitate the provision of this support to ensure that all black citrus growers are provided with the opportunities and information required to help their businesses reach new heights in the long-term.



Poneni Mathebula joined the CGA-GDC Business Management Support Unit through DALRRD's Industrial Placement Programme

The CGA-GDC remains committed to empowering the youth of our country, especially through the opportunities and initiatives that have been made available to them through our local citrus industry's close partnership with the public sector.

One such initiative includes the hosting of interns through the Department of Agriculture, Land Reform and Rural Development's Industrial Placement Programme (IPP). The IPP finds unemployed graduates seeking work and places them within a specific industry for a period of two years, with the aim of providing unemployed youth with a fair amount of work experience.

In November 2021, Portia Poneni Mathebula began to work at the CGA-GDC under this programme. She is originally from Mpumalanga, and was born and raised in Bushbuckridge at the Welverdieng Village.

Mathebula is an Agricultural Economics graduate who was appropriately placed in the CGA-GDC's Business Management Support Unit and currently works with the Enterprise Development Fund.

YOUTH

DALRRD INDUSTRIAL PLACEMENT PROGRAMME EMPOWERS YOUTH IN CITRUS

Mathebula has shared that she is very passionate about agriculture and believes that her passion for the sector is largely the result of her upbringing in Bushbuckridge. Her dream is to one day join the ranks of citrus growers in South Africa as a farmer herself, and believes that her current level of exposure and interaction with other growers through the CGA-GDC will provide her with the insights she requires in order to understand the practicalities of farming and what to expect as a professional working within the agricultural sector.

She states that apart from farming, she would like to also become a role model to other South African youth in rural areas, with the hopes of shifting negative attitudes towards farming.

Mathebula believes that if the youth in rural communities can be inspired by the agricultural sector, "we will find many more opportunities to enable the socio-economic development of people and farms in rural areas". She concludes that "the high unemployment rate in rural areas is a large contributing factor to many of the social ills of our country. The youth need to be provided with the necessary resources and skills to work the land and be job creators instead of job-seekers".

We hope that Mathebula's time with the CGA-GDC will provide her with the insights she seeks on her journey towards becoming a farmer in our country. We have no doubt that her passion will continue to inspire all those around her for many years to come.



BURSARY APPLICATIONS

CITRUS ACADEMY BURSARY APPLICATIONS

A green poster with a white border, featuring the Citrus Academy logo at the top left. The text on the poster includes: 'BURSARY APPLICATIONS', 'APPLY ONLINE', '1 JUNE - 15 SEPTEMBER', a list of subjects, eligibility criteria, and the website www.citrusacademy.org.za.

citrus academy

BURSARY APPLICATIONS

APPLY ONLINE

1 JUNE - 15 SEPTEMBER

* We are looking for students who are studying agricultural related subjects :

- Agricultural Economics
- Agricultural Management
- Plant Production
- Plant Pathology
- Entomology
- Horticulture
- Soil Science
- Microbiology
- Industrial Engineering
- Mechanical Engineering
- Agricultural Engineering

Any person studying at a registered tertiary education institution in a field related to citrus production or research can apply for a tertiary education support bursary.

If you fulfill the below criteria you may apply for a Citrus Academy bursary:

- ✓ A citizen of South Africa, Swaziland or Zimbabwe
- ✓ Studying fulltime or part-time at a registered tertiary academic institution
- ✓ Studying in a field related to citrus production or research
- ✓ Going into your second year of study, or above
- ✓ Interested in a career in the citrus industry

www.citrusacademy.org.za

The Citrus Academy is a non-profit company that was established in 2005 by the Citrus Growers' Association of Southern Africa to enable human resource development within our local citrus industry. The Academy has since been tasked with increasing the level and quality skills among members of our sector.

The Citrus Academy has achieved this objective over the years through the bursaries it has made available to any person studying at a registered tertiary education institution in a field that is related to citrus production or research.

Students that are currently studying agricultural related subjects are encouraged to apply for these bursaries via www.citrusacademy.org.za before the application deadline on 15 September 2022. All relevant details have been included in the poster below. The CGA-GDC would like to motivate all students in our industry to make use of this opportunity and support in order to further their studies towards ensuring the continued growth and development of skills among all members within our sector.