



**"FOSTERING MARKET READINESS AND MARKET GROWTH FOR BLACK ENTITIES IN THE WINE INDUSTRY"**

Karin Kleinbooi  
Executive Manager: Transformation and  
Development  
13 March 2024

# WHO IS

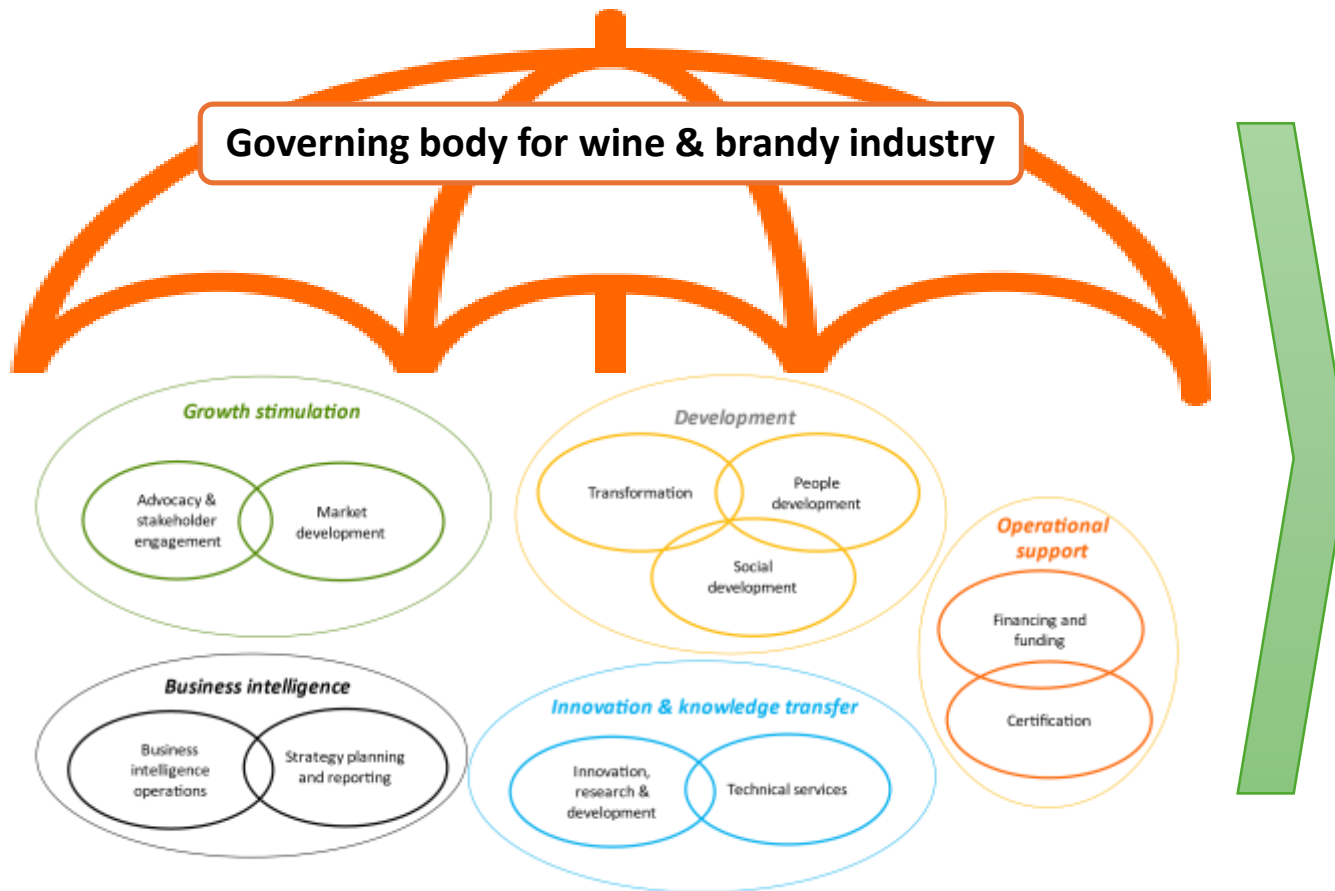


# SOUTH AFRICA WINE

*discover diversity in a glass*



# ...our objectives



## *Envisaged benefits of SA Wine:*

- **Single voice for industry**
- All activities coordinated around the industry strategy
- Single point of **accountability** for delivering on the overall industry strategy and needs
- **Optimised application of resources** and improved **collaboration** between functions, in line with industry strategy and objectives
- Improved **speed and agility**, especially in terms of decision-making
- Increased **flexibility in allocating funding** to meet industry needs (consolidated levy structure<sup>1</sup>)

1. 20% levy allocation to Transformation to remain ringfenced. Export levy to remain ringfenced.

VISION

A robust, adaptable and competitive wine and brandy industry

STRATEGIC  
OUTCOMES



A transformed & responsible value chain



A loyal and growing local market base



An established & enviable position in the global market

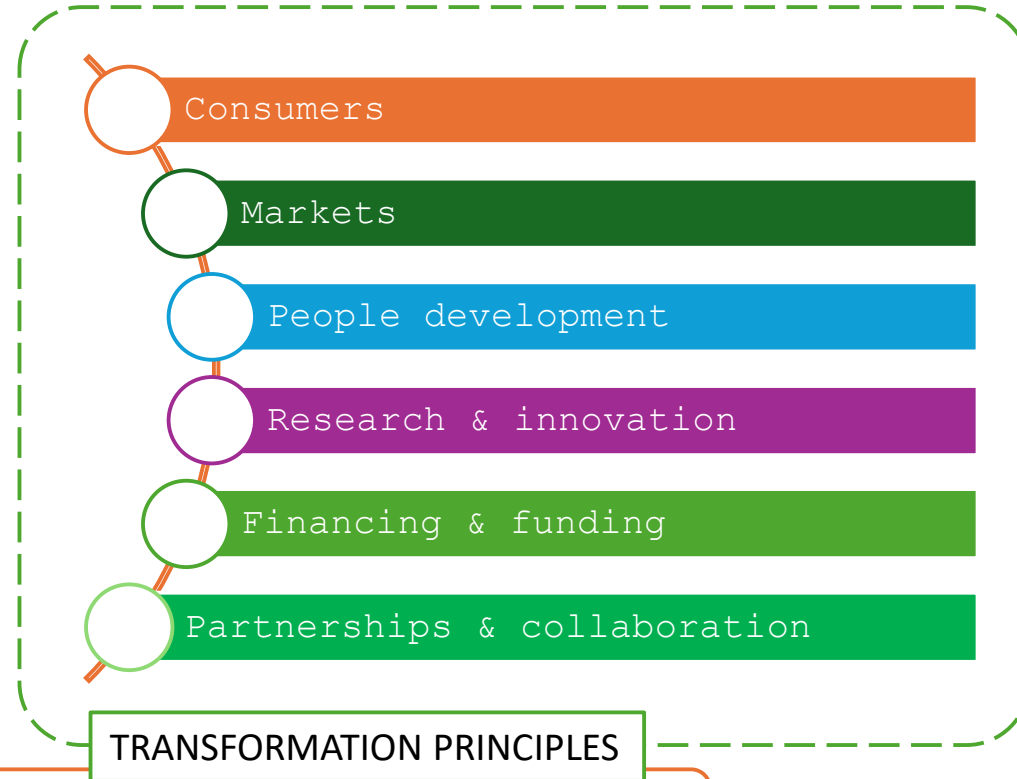


Sustainability throughout the VC

PURPOSE

*To optimise our diverse resources to deliver sustainable value to all stakeholders*

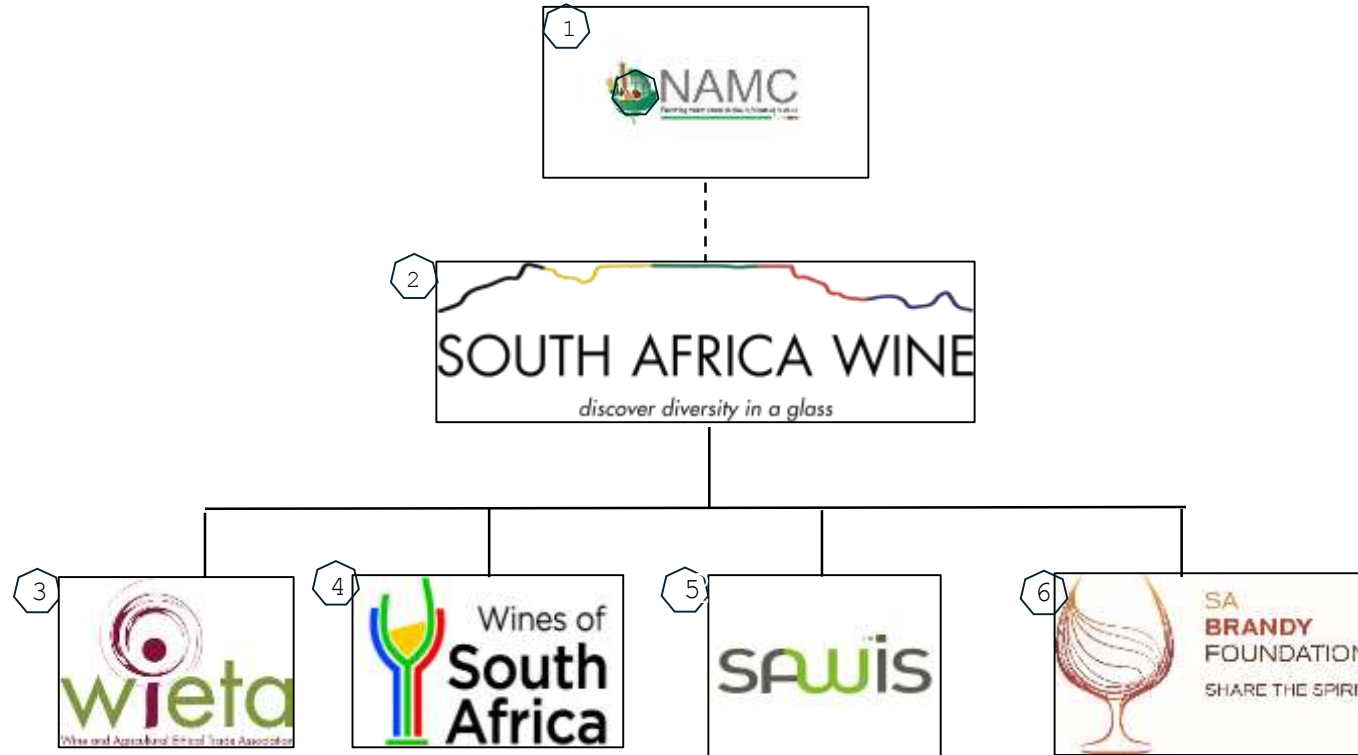
FOCUS AREAS



## Annexure F: Structure, & org design

# SA Wine industry body

## Flow of funds and reporting structure from 1 July 2023

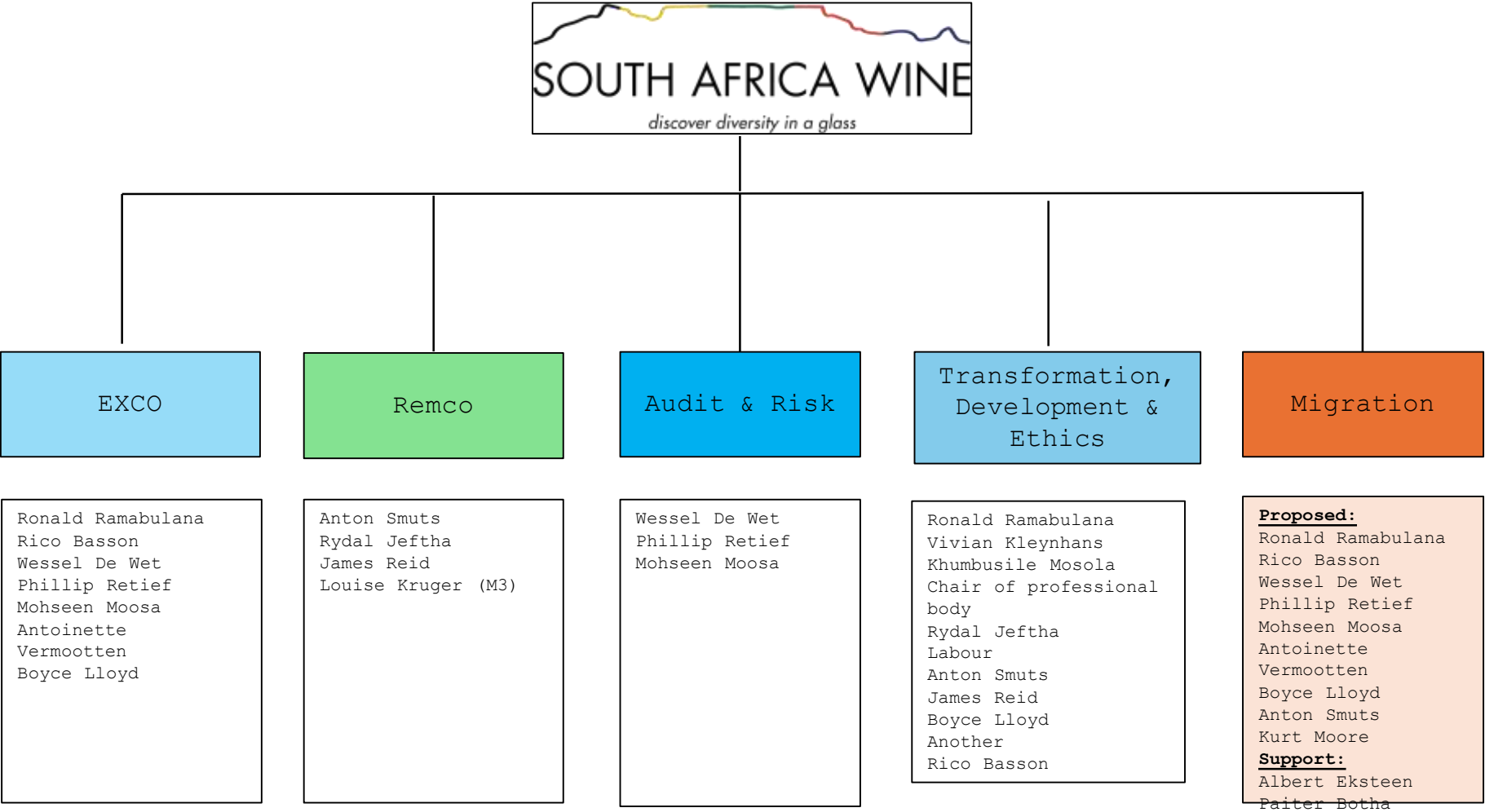


### Notes:

- 1) NAMC (National Agricultural Marketing Council) is appointed by the Minister of Agriculture to monitor statutory levies paid by industry according to agreed programmes within a 4 year cycle. Regular reporting by the industry re progress and NAMC also an observer at board meetings.
- 2) SA Wine is the recipient of all statutory levies +- R115 million per annum paid by the industry. SAWIS appointed to administrate levy collection at a fee. Salba and Vinpro also contribute membership and related fees such as set up costs
- 3) WIETA funded by SA Wine (R1,5 m) within a clear memorandum of agreement to oversee ethical accreditation (WIETA also has other sources of income)
- 4) WOSA contracted by SA Wine within a clear memorandum of agreement to oversee export promotion
- 5) SAWIS contracted by SA Wine within a clear memorandum of agreement to ensure credible business intelligence, levy collection. SAWIS also contracted by the Wine and spirits Board for certification and inspection services and thus need to be independent
- 6) SABF contracted by SA Wine within a clear memorandum of agreement to ensure the category promotion of brandy

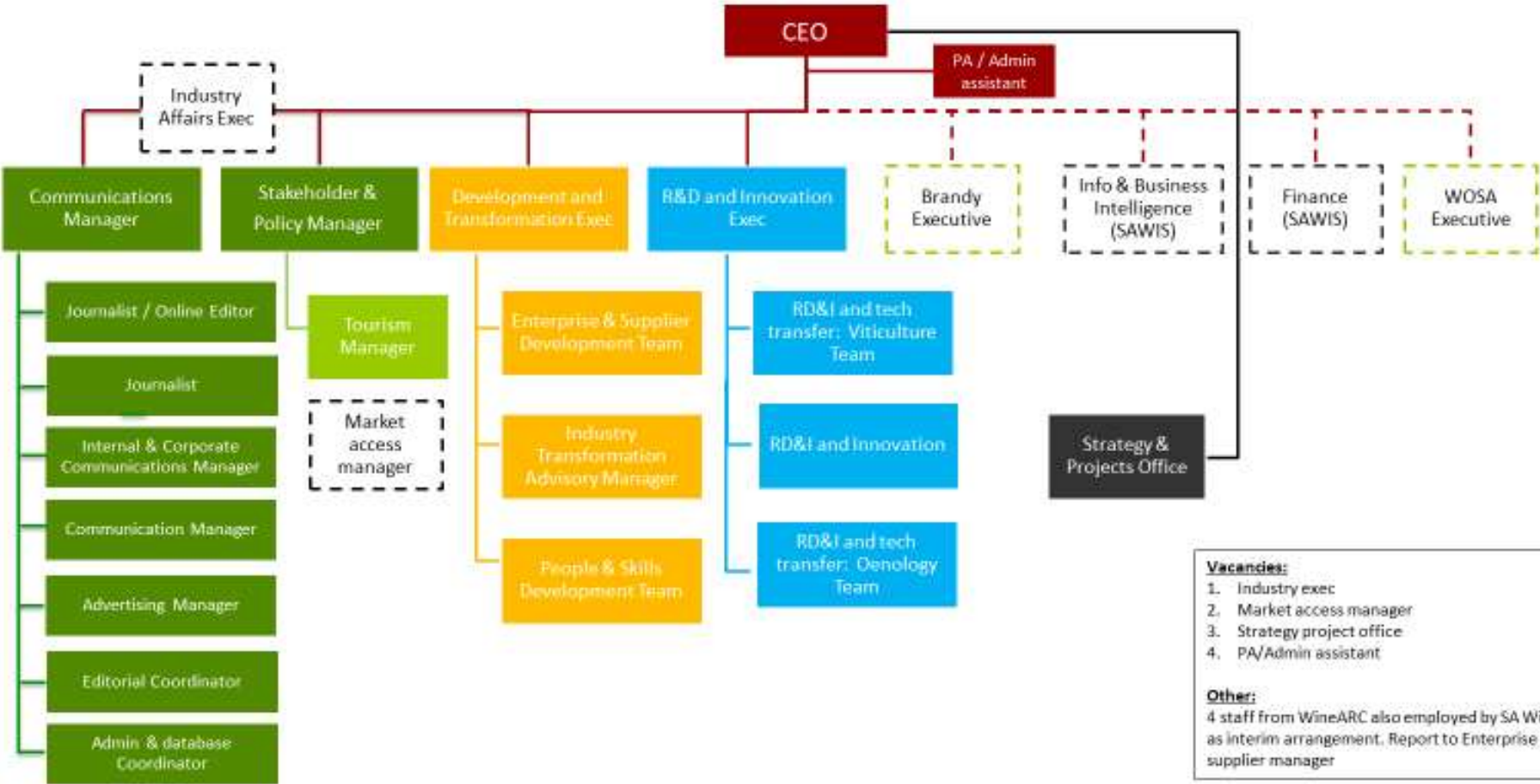
Annexure F: Structure & org design

SA Wine Board committees



Annexure F: Structure & org design

Organisation structure



# TRANSFORMATION AND DEVELOPMENT

## Overarching objectives:

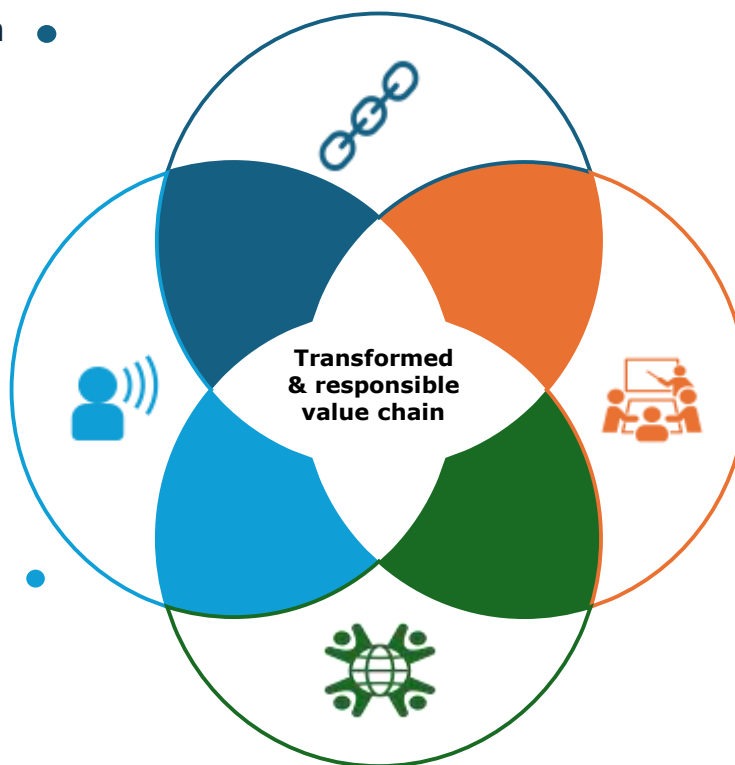
- The industry has demonstrated real commitment to transformation
- Successful black businesses have been developed and integrated across the wine and brandy value chain
- High quality talent is being developed to meet critical skills needs and enable transformation at all levels
- Real social value has been delivered to communities

## Value chain transformation ●

- Develop a systems-based **strategy** that enables true **transformation** across the value chain:
  - Business incubation & mentorship
  - Sustainable business planning
  - Market readiness support (international & local)
  - BOB investment for brandy
  - Leverage Brandy innovation challenge & innovation ecosystem to identify & drive new black businesses
- Actively engage on the **B-BBEE Charter Council**
- **Advise industry players** on effective implementation of **B-BBEE legislation**

## Communication ●

- **Showcase** key **success stories** for transformation, both locally and internationally:
  - With trade, journalists / media, VIPs, wine influencers, government, industry players



## ● Talent attraction, development & retention

- Drive ongoing development and utilisation of **SAWIPB** (Professional Body)
- Drive usage of **Learner Management System** to manage learning across the industry
- Actively support industry to access **funding** to develop **scarce skills**
- Source **funding** to enable **graduate placements** in industry
- Continue to develop **pipeline of black scientists and technical experts** to support wine and brandy value chain

## ● Social development

- **Promote ethical trade and fair labour** practices throughout the value chain
- Ensure **corrective actions** to mitigate ethical trade and human rights risks
- Update **CSI snapshot** for the industry
- Drive relevant **SED programmes**



## Transformation and Development Portfolio

**1. Support 109 BoBs nationally (higher concentration of brands in the North**

**76 BoFs nationally with farms more concentrated in the Western Cape**

**2. Total Support across 2 segments:**

**(2019-July 2023: R47 414 237,35)**

**3. People development: Learner management system is in partnership with expert Service Providers to ensure capacity building through knowledge, information through masterclasses, targeted training, technical training and exposure to the business of wine and markets**



# Flagship projects continue

## The Wine ARC

The Wine ARC was established in 2021 to service as a brand home for black-owned wine brands and entrepreneurs and a symbol of South Africa’s wine industry transformation.

The facility is located at Nietvoorbij, close to Stellenbosch and offer tasting, functions and meeting/ conference facility. 12 Black Owned brands are currently in part of this flagship project.

Phase 2 and 3 of the project include e-commerce and route-to-market facilitation.

Responsible: South Africa Wine Transformation and Development team

<https://thewinearc.co.za/>

Status: Operational but under full review



Investment to date: > R 6 million

## Learner Management System

The Learned Management System (LMS) is a dynamic tool and database that is linked to development opportunities, training programmes, training schedules and people development plans.

The platform provides employers, learners/employees, providers and sponsors with central and coordinated access to execute learning and development, address industry skills gaps and generate related reports.

Responsible: South Africa Wine PD team

- 2024 focus:
- E-learning platform for providers (subsidized fee).
  - Farms manage people development initiatives independently (Spier example)
  - Partnerships with institutions and providers that offer other learning programmes

Investment: No further investment. R8,5 million is repayable from 2025

## Professional Body

The body was established to grow industry professionals, inform learning programmes, advise providers and avail continuous development initiatives based on defined competencies.

It is a vital strategic asset that supports the people and skills development processes and enables the transformation of the industry.

Responsible: South Africa Wine PD team

- 2024 focus:
- Register NPC and finalise South Africa Wine MOI
  - Implement Marketing Plan
  - Increase membership and affiliations
  - Designate practitioners



Investment to date: R80,000  
2024 investment by South Africa Wine: R937,800

Resources invested

CURRENT LEVY CYCLE (2021-2022 )-----Cycle concludes in 2025							
BOB/BOF PROGRAMS	PROVINCE						TOTAL
	Eastern Cape	Free State	Gauteng	KZN	Northern Cape	Western Cape	
BOB Covid Emergency Relief			45 000,00	45 000,00		635 000,00	R 725 000,00
BOB Grant Funding						2 189 650,00	R 2 189 650,00
BOB Grant Funding		220 000,00	1 068 000,00	R219 000,00		7 503 995,00	R 9 010 995,00
BOB Mentorship	14 050,00		38 200,00	33 400,00	20 000,00	246 675,47	R 352 325,47
BOF Covid Emergency Relief		45 000,00				270 000,00	R 315 000,00
BOF Grant Funding		150 000,00			503 475,00	9 239 169,55	R 9 892 644,55
Market Access			122 904,46	1 697,41		3 679 039,80	R 3 803 641,67
TOTAL	R 14 050,00	R415 000,00	R 1 274 104,46	R299 097,41	R523 475,00	23 763 529,82	R 26 289 256,69



# MoA between SA Wine and WoSA

## **WoSA core responsibilities:**

1. Co-Develop global export strategy
2. Input in demand – led production strategies and related research
3. Input into export reporting and business intelligence
4. Generic promotion of SA Wine Render of tangible and value adding generic export market support to exporters (incl BOB's)
5. Pro actively collate market challenges
6. Provide regular feedback to SA Wine

## **SA Wine core responsibilities:**

1. Co-Develop global export strategy & tourism
2. Conduct research, knowledge transfer, fit for BoBs
3. Source additional funding
4. Provide relevant BI, research and insights fit for BoBs
5. Advocate for beneficial market access – tariff and non-tariff and regularly interact with WOSA
6. Address export related logistical issues
7. Ensure market readiness of BOB's
8. Implement overarching strategy
9. Apply for statutory levies

# PRIORITY MARKETS

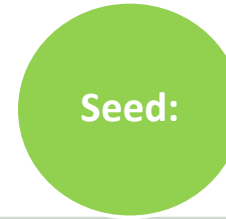


**East Africa**  
(Kenya, Tanzania  
Uganda,)

**UK &  
Germany**

**USA & Canada**  
(very targeted)

**Greater China**



**Japan**

- Strong premium market
- Value share

**Nigeria & Ghana**

- Strong economy and potential for growth of SA wine



**Netherlands:**

- Grow value share

**Sweden:**

- Ethical hub
- Influence Nordic region

**Angola**

- Keep watch & hold current position

**Hong Kong**

- Keep momentum going

# Opportunities and Challenges for Black- Owned Brands and Wine Producers in Export Markets

# Opportunities



- Ethical Trade and Social Sustainability Standards

Black Economic Empowerment (BEE) is a mature, well-regulated, audited Diversity and Inclusion tool. As global value chains trend toward Human Rights Environmental Due Diligence (HREDD), there is merit in looking to South Africa as a leader in this area.

- Inclusivity

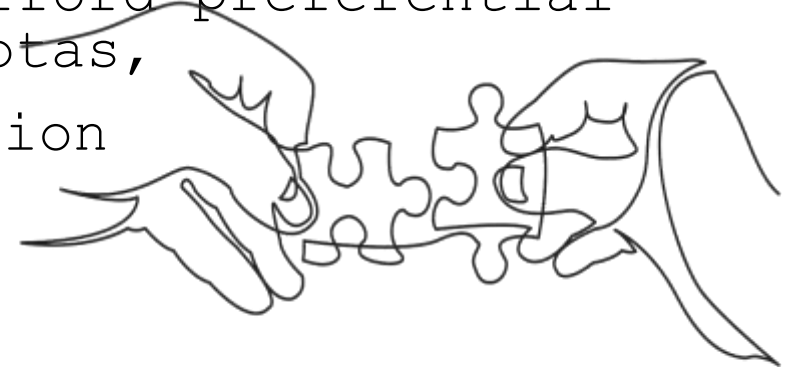
The majority of black-owned wine brands are women-owned. This bodes well for gender inclusion in a value chain that has been deemed by many to be unidimensional in its

- Diverse Sourcing Strategies

- Since those who have established virtual wineries, tend to make use of procured wines or grapes, they hold the potential to procure the best available product

- Opportunities to win concessions that resource their ability to supply markets reliably.

- The South African wine industry and government subscribe to the national agenda to transform the demographic composition of the wine industry. To do this they afford preferential access to, for example, the EU trade quotas, while making funding available for promotion and business development.





# Challenges



- Consolidation of the Industry into smaller numbers of large organizations
  - The current global environment has seen a cost squeeze from 7% year-on-year inflation in the decade preceding 2023, to a 14,5% cost inflation figure in the 2023/24 period.
  - Naturally, a process of consolidation tends to follow such a shock, as small players can't cross the line. Black-owned businesses are vulnerable to this cycle. Their existence is under threat unless they acquire opportunities to collaborate with large, more dominant players.

# Eurocentric Provenance

- Black people are not traditionally associated with wine-making. Similarly, as suchi is synonymous with the Japanese tradition, wine is synonymous with Southern European Provenance, or one transplanted in the new world.
- Black-owned wine brands often struggle to remove perceptions of misaligned cultural provenance.

# Ethical Trade and Sustainability Standards

- North-South standards are known in the past to have been imposed out of context.
- Ironically, black business startups are not immune to proving their diversity and inclusion credentials at a cost.
- Well-meaning standard-writers sometimes inadvertently exclude those whom they intend to benefit but who are asked to bring about corrective actions that have little bearing on their own ethical standing, but rather a bearing on

# Local and international barriers

- Unknown brand not being seen as the wine maker
- Technical knowhow in production of wine
- Owning of facilities in primary production
- Perception of black emerging brands and authenticity
- Resources to market brands at the same level as established brands
- Access to distribution channels
- Sustainability of business through advancement of business acumen
- Business growth strategy
- Succession planning
- International standards