

ANNUAL REVIEW 2018

AREA UNDER CULTIVATION PER DECIDUOUS FRUIT TYPE



HORTGRO ANNUAL REVIEW

This report provides an overview of the range of functions and services delivered by Hortgro and its related industry sub-structures throughout 2018.

HORTGRO JAAROORSIG

Hierdie oorsig gee 'n blik op die reeks funksies en dienste wat deur Hortgro en verwante bedryfsubstrukture gedurende 2018 gelewer is.

NOTE

Due to constraints, it is not possible to provide all the content in both our operating languages (English and Afrikaans). We tried to balance the content as far as possible. Should you require a translation of a specific section in this report, or more detail on any aspect, please contact us. We appreciate your understanding in this matter.

Weens koste- en spasiebeperkings is dit nie moontlik om die verslag in beide die twee hoofbedryfstale (Afrikaans en Engels) te publiseer nie. Ons het sover as moontlik probeer om die verslag tussen die twee tale te balanseer. Indien daar 'n spesifieke gedeelte is wat u graag in die ander taal, of in meer detail wil sien, kontak ons gerus. Ons waardeer u begrip hiervoor.



**At HORTGRO we
focus on
production,
research and
technology,
communication,
markets, and
transformation
within the
deciduous fruit
industry.**

VISION

Inspiring • Inclusive • Growth

MISSION

To create an enabling environment for all industry stakeholders to enhance equity, sustainability, profitability and competitiveness of the pome, stone and related horticultural industries through the following programmes:

Good governance, administration and financial management	Scientific research, development and technology transfer	Technical market access, protocols and product standards
Plant material acquisition, including cultivar development and procurement	Independent evaluation (cultivars and rootstocks)	Plant improvement and certification
Trade and market development, including market intelligence	Economic development and land reform	Skills and human resource development, including socio-economic development
Industry information and statistics	Communication and industry representation	

CONTENTS

07

CHAPTER 1
GENERAL REVIEW

- 1.1 Hortgro board of directors
- 1.2 General review

15

CHAPTER 2
PRINCIPAL MEMBERS

- 2.1 Hortgro Pome Chairman
- 2.2 Hortgro Stone Chairman
- 2.3 Dried Fruit
Technical Service

25

CHAPTER 3
SERVICES

- 3.1 Management and
administration
- 3.2 Communications
- 3.3 Research and technology
- 3.4 Trade and markets
- 3.5 Information and logistics
- 3.6 Jobs Fund
- 3.7 Deciduous Fruit
Development Chamber
- 3.8 Corporate social
investment and training

53

CHAPTER 4
INDUSTRY SERVICE ENTITIES

- 4.1 Sapo Trust
- 4.2 Culdevco
- 4.3 FruitFly Africa
- 4.4 Fruit Workers'
Development Trust
- 4.5 Deciduous Fruit Industry
Development Trust

63

CHAPTER 5
ALTERNATIVE CROPS

- 5.1 Cape Flora South Africa
- 5.2 Pomegranate Association of South Africa
- 5.3 South African Berry Producers' Association
- 5.4 SA Olive
- 5.5 South African Pecan Nut Producers' Association
- 5.6 South African Fig Producers' Association

76

CHAPTER 6
HORTGRO IN PICTURES

78

CHAPTER 7
CONTACT LIST



CHAPTER

GENERAL REVIEW

1.1 Hortgro board of directors _____ p.8

1.2 General review _____ p.10

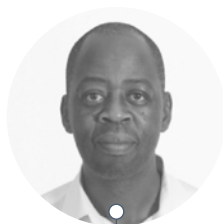
1.1 BOARD OF DIRECTORS



Chairman & Pome Director

NICHOLAS DICEY

Nicholas is a fruit producer from the Wolseley district. He has served the industry on various boards over several decades. He is currently the Hortgro Chairperson and the Hortgro Pome Chairperson. He is also the Vice-President of the World Apple and Pear Association.



Director

DR MONO MASHABA

Dr Mono Mashaba is the Managing Director of Africa Excel Advisory Services - a consulting company advising SA fruit industry associations to broaden their international market access. He spent 8 years in China as an agriculture attaché at the South African Embassy in Beijing facilitating market access for South African agriculture products to the East Asian markets. He also serves as a Board Director for FPEF, PPECB, Fruit SA and various other industry organisations.



Director

BONGIWE NJOBE

Bongiwe Njobe studied in Bulgaria and was the longest serving Director-General for the Department of Agriculture, Forestry and Fisheries - holding the position for eight years. She is the Managing Director of her own company and joined Hortgro as director in 2016. She also serves on various other boards.



Executive Director

ANTON RABE

Anton Rabe studied agricultural economics and had a brush with journalism before he fell head over heels into the deciduous fruit world. He has been the frontrunner of the industry for more than two decades and spearheads the transformation of the industry with passion and pragmatism.



Director

PITSO SEKHOTO

Pitso is an accounting graduate and businessman from the Free State who entered the deciduous fruit industry ten years ago. He is also a board member of the DFDC, ASUF and AFASA.



Stone Director

ANDRÉ SMIT

Andre has been at the helm of Hortgro Stone since 2015. He has extensive experience 'on farm' and in the industry. His passion is to help close the gap between producer and consumer.



ANTON RABE
Executive Director

1.2 GENERAL REVIEW

The past year is certainly the most difficult and challenging that I have experienced in my career in the deciduous fruit industry. We were challenged by the ongoing drought and water crisis in many of our production areas, but also by the continued policy uncertainty and the radical and racial debate around land expropriation without compensation. Luckily on both fronts we have seen a turn for the good. There are still production regions with critical water shortages and an approaching general election in 2019 - with agriculture in general being blamed and scapegoated for incompetence and opportunistic rhetoric - the outlook for the 2018/19 season does look much better than 12 months ago.

We do not know what the knock-on effect of water stress will have on the size and quality of the next crop, but we have learnt from the past three years how to manage water very efficiently. This new approach towards water-use in production has changed forever. Continued engagement with government at various levels will be required to inform and change policies and legislation with regard to water-use, dams and boreholes. In both the Western and Eastern Cape the metros' investment in alternative water sources such as

“ We have learnt how to manage water efficiently.

desalination, ground water extraction and recycling, will be a key factor for the long-term sustainable and fair water allocation for agricultural production and continued investment.

Hortgro will therefore continue to participate in multi-stakeholder forums to influence policies and decisions, the development of new technology and practices and managing phytosanitary and other trade risks associated with climate change. Hortgro also extensively communicated and engaged with stakeholders relating to the underlying principles underpinning successful land reform via informed legal processes and ownership linked to title deeds.

Die platform waarbinne Hortgro optree sluit in die gesamentlike aksies binne Vrugte SA waar die Vrugte-waardekettinginisiatief (Fruit Industry Value Chain Round Table – FIVCRT) se sleutelkwessie m.b.t. handel, hulpbronne, navorsing, infrastruktuur, arbeid en transformasie van die sektor in noue skakeling met ander vrugtebedrywe, arbeid en sleutel-staatsdepartemente hanteer word. Die Phakisa-program waardeur publieke hulpbronne herallokeer word na 27 prioriteitsareas word ook in die konteks op 'n strategiese vlak hanteer, tesame met 'n gefokusde deelname aan internasionale handelskoue en besoeke aan voorkeurlande m.b.t. marktoegang.

Ondanks hierdie uitdagings toon die kern- en steenvrugbedrywe steeds gesonde groei. Die verwagting is dat die oesvolumes, behalwe vir appelkose, gedurende die komende seisoen weer

naby aan die verwagte potensiaal sal wees, nadat volumes veral die afgelope seisoen onder druk was. Die hoofrede hiervoor is dat jonger aanplantings toenemend in drag kom. Koste-druk op die bedryf bly egter hoog, want tesame met die internasionale handel wat steeds meer en meer proteksionisties optree en die plaaslike politiekery rondom landbou, word die uitdagings nie minder nie.

We have just started the last year of the current levy cycle. A strategic assessment and review of activities were undertaken which will inform the Hortgro strategic framework for an application for the next levy cycle. This framework and proposed levy levels which will be linked to CPI will be motivated to producers in the coming months after which a referendum will be conducted to assess industry support. It is expected that a new application to the NAMC would be submitted by mid-February 2019.

Hortgro continues to administer funds and provide services to a broad spectrum of industry bodies and service entities. In the past year around R350 million were administered from three income streams, statutory levies, user-pay services and grant funding for various activities which augment private initiatives. Levies remain critical to provide a stable capacity and base on which the other funding streams can be developed and motivated.

LEVIES ADMINISTERED DURING 2018

* including cling peaches

Apples (Fresh Fruit)
Export and Domestic Volumes

4,50 cents
per kg

Apple Concentrate
Export and Domestic Volumes

R 8,30
per fresh ton

Pears
Export and Domestic Volumes

4,50 cents
per kg

Apricots
Export and Domestic Volumes

18 cents
per kg

Nectarines/Peaches*
Export and Domestic Volumes

11,3 cents
per kg

Plums
Export and Domestic Volumes

15 cents
per kg

Apples and Pears
Export Market Development

2,8 cents
per kg

Apricots
Export Market Development

10 cents
per kg

Nectarines/Peaches*
Export Market Development

20 cents
per kg

Plums
Export Market Development

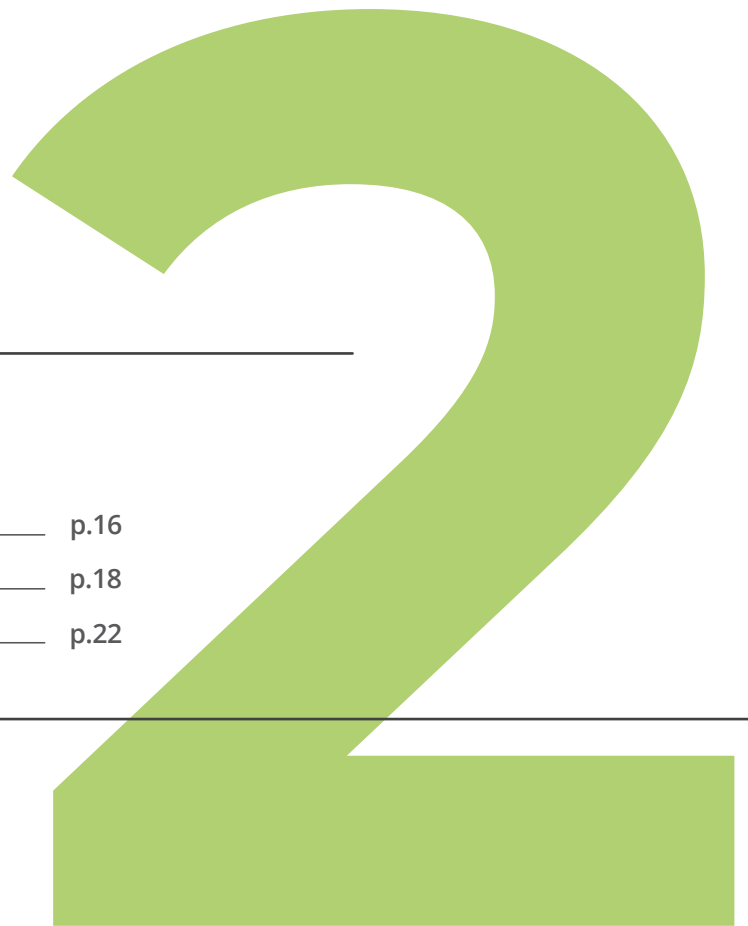
9,5 cents
per kg



CHAPTER

PRINCIPAL MEMBERS

- 2.1 Hortgro Pome Chairman _____ p.16
 - 2.2 Hortgro Stone Chairman _____ p.18
 - 2.3 Dried Fruit Technical Service _____ p.22
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2.1 HORTGRO POME



NICHOLAS DICEY

Hortgro Pome Chairman

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The industry should not forget the devastation below par rainfall can cause.

The 2017/2018 apple and pear production year will be remembered as one of the most challenging ones experienced by many producers. The drought conditions that prevailed in most of the production areas and strict water restrictions that were imposed led to a season where extreme pressure was exerted on resources to ensure economically viable productions. Irrigation practices were fine-tuned with Hortgro Science spending a lot of resources on effective water usage research which once again armed the pome producer with the tools to tackle the challenging conditions in the most effective way.

The 2018 winter returned with normalised winter rainfall in most areas which should bode well for the forthcoming season and assist with the recovery to better apple and pear productions. The industry should however not forget the devastation that below par rainfall can cause and continue to use production practices that encourage more effective and frugal use of water in the future.

Gedurende die afgelope jaar het die herstrukturering van SAAPPA na Hortgro Pome ook glad verloop. Tesame met 'n kleiner en meer gefokusde raad wat meer portefeulje gedrewe sal funksioneer is ek oortuig daarvan dat produsente se belange meer effektief bedien sal word. Die belange van die verskillende gebiede in ons bedryf sal steeds deur produsente-verteenwoordigers op 'n Kernvrug Produsente-raad verteenwoordig word. By hierdie vergaderings sal algemene-, konstitusionele- en begrotings-aangeleenthede aandag geniet.

With a revised cultivar development and acquisition strategy and independent evaluation gaining traction during the year I believe that apple and pear producers will be better served to ensure that only the best and most widely tested cultivars and plant material will be established. With the increasing high costs of establishing new orchards the producer needs to be armed with all the tools to ensure that the correct decisions are made when planting and that a hit and miss attitude to new orchards establishment is not a viable option.

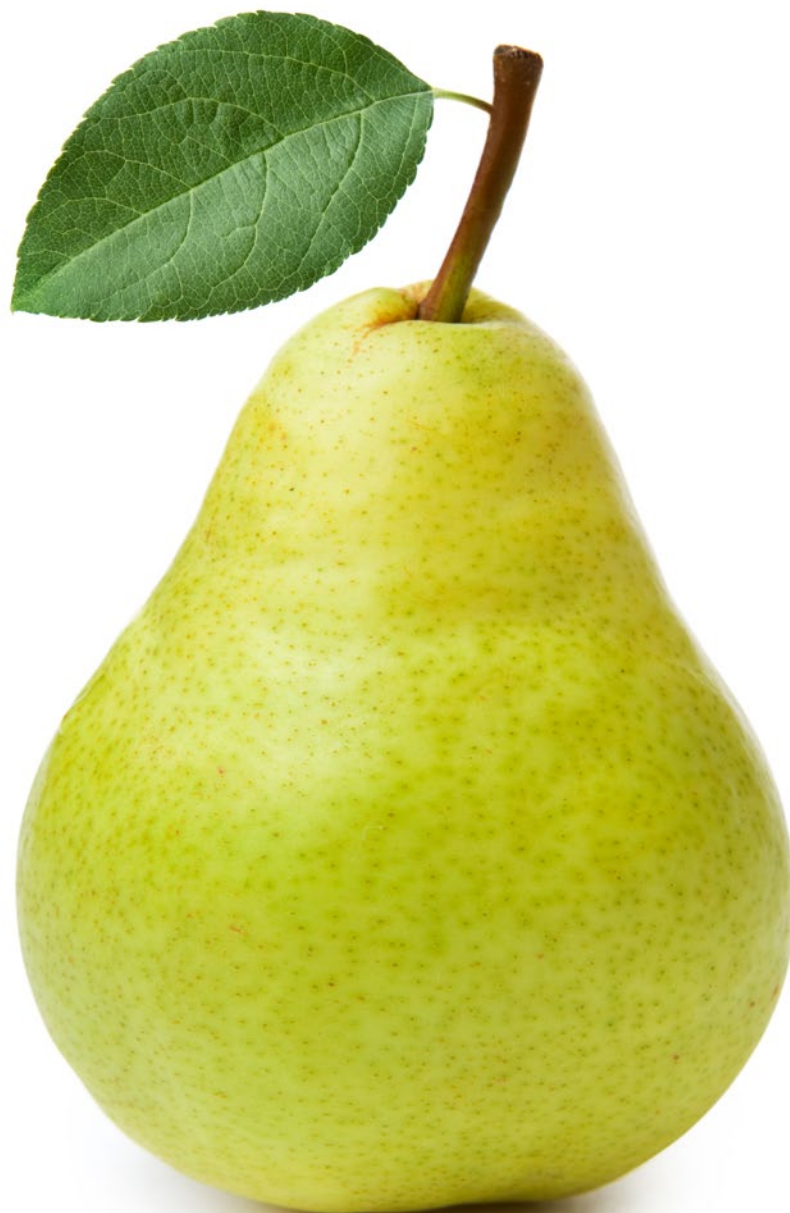
Economic transformation and viable land reform remain at the forefront of Hortgro Pome's future strategy. Together with the DFDC, the structure within Hortgro to strategically drive the industry's transformation agenda, I am convinced that we are on the correct path regarding this important programme. Strategies to actively influence transformation policies and implement projects, both on economic and social levels are constantly being debated and implemented and I look forward to growth in our sector amongst the upcoming producer constituency. Without a vibrant and growing industry transformation objective are challenging to achieve. We must always strive to create this progression within the Pome industry to ensure successful and sustainable transformation both on primary and secondary or value chain level.

Die Hortgro Pome bestuursraad word voortdurend gekonfronteer met nuwe uitdagings wat voorheen deur ander instansies behartig is. Kennis en kundigheid word oor 'n wye spektrum gedeel om te verseker dat beleid, veral

oor marktoegang en-ontwikkeling, positief beïnvloed word en dat die Suid-Afrikaanse kernvrugbedryf op die voorpunt bly. In 'n hoogs kompeterende bedryf is dit kritiesbelangrik dat bestaande markte behou word, terwyl alle pogings aangewend moet word om nuwe markte te ontsluit.

The 2019 season will be the final year of the current 4-year levy cycle and at the time of writing the personnel of Hortgro are hard at work preparing for the application of the next levy cycle. All efforts will be made to ensure that the 11 programmes that are pursued within Hortgro Pome to ensure an enabling environment for all producers to operate in will be done so in the most cost-effective way. Anton Rabe and his team must be commended and thanked for the dedication and hard work in ensuring that the needs of the industry are always addressed so that we as producers can continue doing what we do best in the orchards to ensure a growing and sustainable industry. I would also like to thank my fellow board members for their support, time and knowledge that they have put in to ensure that the needs and challenges of our industry are addressed in the most effective manner.

May 2019 be a prosperous and fruitful year not only throughout the pome industry but in the whole agricultural sector within South Africa.



2.2 HORTGRO STONE



ANDRÉ SMIT

Hortgro Stone Chairman

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The farmer has to be an optimist or he wouldn't still be a farmer.

A rollercoaster ride of a year it has been. Producers have been tested to their limits and learned how far they can bend when facing not only a drought and other climatic conditions, but very strict water restrictions. “The farmer has to be an optimist or he wouldn't still be a farmer” – this is very true considering the difficult farming conditions farmers have had to weather the past year. In the end, growers performed admirably by still producing a good crop of excellent quality fruit.

On the export front, plums took the biggest knock with 17% less cartons being exported compared to the 2016/2017 season. The decrease wasn't just due to the drought, but a combination of factors that included hail, strong winds and sunburn. A normal year would have added 3 million cartons to the plum estimate. To some extent, young orchards coming into production also buffered the total drought impact. Apricots were down 7% due to a down alternating bearing year. Nectarines are up by 2%, whilst peaches were on par with the previous season's volumes.

Die grootste markte gedurende die 2017/2018-seisoen was Europa en Rusland (44%), VK (32%), Midde-Ooste (18%) en Verre Ooste en Asië (3%). Die plaaslike mark is steeds 'n blywende fokusarea en hoë prioriteit vir die steenvrugbedryf. Die bedryf strewe daarna om ook steeds te verseker dat optimale kwaliteit vrugte op die plaaslike mark beskikbaar is. Produsente het 'n verantwoordelikheid om hiertoe mee te werk en die plaaslike verbruiker met dieselfde agting en respek te benader as wat hulle doen vir die internasionale mark.

SASPA, wat voortaan as Hortgro Stone bekend staan, sal steeds voortgaan om die begroting en ander prosesse met die geïdentifiseerde fokuspunte te integreer. Die fokuspunte is:

- Marktoegang en markontwikkeling (insluitend eetgereedprodukte/ ready to eat);
- Kommunikasie / beeld van die steenvrugbedryf met ander rolspelers;
- Kultivarverkryging (insluitend onderstamme); onafhanklike kultivarevaluering en plantverbetering;
- Regeringsverhoudinge;
- Navorsing en ontwikkeling (insluitend tegnologie en innovasie);
- Finansiële volhoubare, effektiewe en doeltreffende bedryfsstrukture;
- Bedryfstransformasie, ekonomiese ontwikkeling en werkskepping;
- Sanitêre en fitosanitêre kwessies;
- Internasionale netwerke en bande.

The 2017 Hortgro tree census indicated that plum hectares are still increasing (3% Y-O-Y) whilst peaches (both dessert and clings) and nectarines are in consolidation phase. Apricot hectares are on the decline. The decrease rate however has seemed to slow down. The industry has also invested in the diversification of product ranges in order to extend the South African stone fruit market offering. Investment has been in white and yellow flesh peaches and nectarines, and different plum colours (yellow, red, black) that are harvested at different intervals to ensure a more balanced supply throughout the season, with the focus being on red and black plums lengthening the season to the latter part.

Die bedryf ondersteun ook die nuutste Provarprojek. Proefpersele van maksimum een hektaar is in al die verskillende produksiestreke geïdentifiseer. Hier word die IP-eienaars (besitters van intellektuele eiendom) dan die geleentheid gegun om die prestasie van hul kultivars te monitor en te evalueer hoe hul kultivars onder Suid-Afrikaanse klimaatstoestande vaar. Die einddoel is om te verseker dat die produsent die geleentheid kry om 'n kultivar te plant wat aard in sy gebied; een wat optimaal kan produseer - maar wat ook aan die verbruiker se behoefte voldoen. Die produsent kry die kans om met goeie inligting die beste besluit te neem oor sy nuwe aanplanting en só finansiële slaggate te vermy.

Highlights during the 2017/2018 stone fruit season can be summarised as:

- The joint marketing forum were well attended throughout the season contributing to the success of the industry in mitigating potential risks;
- Very good discipline within the industry by adhering to Phytclean and excellent cooperation by growers to manage and mitigate the risk of false codling moth. We had no interceptions on nectarines and peaches in the EU during the past season.
- The continued market development campaigns both internationally and locally.

The 2018/2019 season is already underway and not without its challenges. The theoretical stone estimate has been released and adjusted accordingly and

export volumes are indicating a possible increase between 2-5%, with the exception of apricots which is anticipated to be down by 1%. This is mainly due to the fact that parts of the Little Karoo region which is the main production region for fresh apricots are experiencing issues with water availability and cold weather during the flowering period.

Over the last five years, many new orchards have been established and export volumes are impacted positively as these young orchards come into bearing this season – this counters the impact of the drought and other climatic conditions. Although a tough season lies ahead, I remain optimistic. Due to the indus-

try having a well-organised structure in Hortgro, and the excellent cooperation between growers and exporters - the South African stone fruit industry remains a very reliable source of supply and will be able to service its marketing commitments as far as possible.

It is a pleasure to serve as chairman and I would also like to use this opportunity to thank my fellow board members, stone fruit producers and all industry stakeholders for their contribution and support at the various levels required to ensure that Hortgro Stone can effectively serve its constituents and continue to create a stable and sustainable environment for the industry to thrive in.







2.3 DROËVRUGTE TEGNIIESE DIENSTE



DAPPIE SMIT

Algemene Bestuurder

“

**Climate change
increased
the need for
dedicated
research.**

Droëvrugte Tegniiese Dienste (DTD) het die ondersoek na sy funksies en bediening van produsente afgehandel. Die alternatiewe moontlikhede is met produsente op 'n reeks streeksvergaderings bespreek en die keuses is op grondvlak gemaak.

Al die aksies wat rosyne raak, sal voorts deur die DTD se kantoor in Upington met Ferdie Botha as die hoofbestuurder, hanteer word. Die verandering het bepaalde wysiging aan die maatskappy se aktes en bevoegdhede teweeg gebring en derhalwe sal die rosynproduksie-areas voortaan vanuit Upington bestuur word.

Gedroogde boomvrugte sal volledig onder Hortgro se kern- en steenvrugte-afdelings infaseer word. Hierdie herstrukturering sal boomvrugteprodusente laat deel word van die hele sagtevrugtegroepering en diensfunksies binne Hortgro.

Die vinnige toename in produksie van veral rosyne het daartoe gelei dat Suid-Afrika se GAP-voedselveiligheidsoudits van alle droogfasiliteite onder regulasie R707 drasties versnel moes word om voortgesette uitvoere te verseker.

Food safety demands and the pressure to minimise the use of chemicals on all food-stuff are forcing the industry to research alternative methods to control pests and diseases. Climate change and financial pressure together with the need for more environmentally friendly production methods are increasing the need for dedicated research. Mechanical handling and harvesting of raisins are big drives towards producing cleaner, healthier raisins and new, innovative methods are being investigated.

Various countries have tightened their phytosanitary demands to protect them-

selves against invasive pests and diseases. Although processed fruit such as dried fruit are less prone to such trade restrictions, it will have to be taken into account for future trade. As was seen with the recent listeriosis outbreak, industries with no exposure or risk relating to pathogens can indirectly be negatively impacted on.

The Dried Fruit Industry is completing its first five year cycle of its Jobs Fund project and remains part of the larger fruit industry's approach to empowerment and restructuring of the industry. The fund was created to support new entrants to cover production cost until their new plantings come into bearing. At the same time training programmes help new growers to implement best practices and produce high quality dried fruit. The empowerment company which was born from this project is running well and delivering valuable services to the new producers.

'n Databasis van beginnerboere is opgestel en by die bestaande databasis geïntegreer om die bemagtigingstatus van die bedryf te bepaal en nuwe toetreders aktief te ondersteun.

Die DTD se "Saamboermodel" behels nie net grondhervorming nie, maar sluit ook opleiding, ekonomiese ontwikkeling, sosiale ontwikkeling, tegniiese ondersteuning en navorsing in.

Evaluation of business plans and training programs have already been expanded to the bursary scheme and support to students to acquire much-needed agricultural scientific skills. Training and social development is mainly funded from other sources.

Die bedryf se navorsing is gefokus op die dringendste behoeftes van produsente

om volhoubaar te kan produseer in 'n mark waar kompetisie al strawwer word. Dit behels die meganisasie en die teling en evaluasie van nuwe kultivars. Nuwe kultivars moet goed aangepas en meer weerstandbiedend teen peste en plaes wees of unieke karaktereienskappe hê om verskillende markte te bedien.

New cultivars introduced to the dried fruit industry already make a huge contribution to the profitability of local producers and help to utilise the available resources optimally. No new cultivar is perfect and therefore each new release gives rise to technical investigations and research to find the ideal practices for each. Spreading of harvesting times for each crop is a priority to utilise other production inputs optimally and to handle bigger volumes. Due to unique local climatic conditions there is a specific focus on cultivars with lower chilling requirement. This makes local breeding and evaluation programmes very important for the industry.

Met die fokus op nuwe kultivars is dit belangrik om te verseker aanplantings word met die beste moontlike plantmateriaal gemaak. Dit het ook aanleiding gegee tot die bedryf se belegging in SAPO Trust wat tans alle aspekte van plantverbetering namens die bedryf bestuur. SAPO is tans die enigste plaaslike plantverbeterings organisasie wat alle funksies wat vir gesertifiseerde sagtevrugteplantmateriaal vereis word, onder die Plantverbeteringswet lewer. Fasiliteite is ook uitgebrei om massa invoere om invitro onderstammateriaal te hanteer. Tans word ondersoek ingestel na die ontwikkeling van 'n invitro-fasiliteit vir die bedryf om plante van baie hoër fitosanitêre status vinniger te kan vermeerder.





CHAPTER

SERVICES

- 3.1 Management and administration _____ p.26
 - 3.2 Communications _____ p.30
 - 3.3 Research and technology _____ p.34
 - 3.4 Trade and markets _____ p.38
 - 3.5 Information and logistics _____ p.44
 - 3.6 Jobs Fund _____ p.46
 - 3.7 Deciduous Fruit Development Chamber _____ p.48
 - 3.8 Corporate social investment and training _____ p.50
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3.1 MANAGEMENT SERVICES



LOUIS VAN ZYL
General Manager

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The number of entities that Hortgro services has grown to 34 legal entities.

Since its inception in 2005, Hortgro has been providing sound financial and administrative services to a number of horticultural industry structures. The number of entities that Hortgro services has since grown to 34 legal entities of which Hortgro Pome, Hortgro Stone, FruitFly Africa, Dried Fruit Technical Services, SA Plant Improvement Organisation, Deciduous Fruit Producer's Trust, Fruit Workers Development Trust, SA Fruit Journal, Deciduous Fruit Industry Development Trust count as its principal clients. Hortgro has also been contracted to provide these services to a range of alternative crops such as berries, cape flora, cherries, figs, honey bush tea, olives, pecan nuts and pomegranates and focused groups such as SA Pink Lady, Greenstar Kanzi, Forelle Association, SA Fruit and Vegetable Cannery Association and Sustainable Initiative of SA (SIZA).

Hortgro implements the statutory measures as provided by the Agricultural Products Marketing Act and collects statutory levies on behalf of the following organisations: Hortgro Pome, Hortgro Stone, Dried Fruit Technical Services, FruitFly Africa, SA Olive, Cape Flora SA, Pomegranate Association of SA and SA Pecan Producers' Association. Such levies is ring-fenced within dedicated accounts for every entity. In addition, Hortgro also invoices and collects payment for the various user pay industry services.

Hortgro is also contracted to implement various programmes in conjunction with other role-players:

- The Treasury's Jobs Fund project in conjunction with contributions from the industry, the Western Cape Department of Agriculture (WCDA), and the Deciduous

Fruit Development Chamber for the economic development of 21 BEE farms in Western and Eastern Cape

- The US Department of Agriculture's Agriculture, Plant Health Inspection Services (USDA APHIS) for the pre-clearance programmes for citrus and deciduous fruit
- The WCDA for the Comprehensive Agricultural Support Programme (CASP) to support emerging producers and the Alternative Crop Fund supporting emerging industries
- SIZA - for the SIZA electronic platform.

Hortgro se fokusareas is:

- Doeltreffende kommunikasie met alle teikengroepe;
- Bedryfsinligting en statistiek;
- Markontwikkeling en verbruikersopvoeding;
- Navorsing, tegniese oordrag, plantverbetering en sertifisering;
- Handels- en marktoegang/fitosanitêre beskerming van die bedryf;
- Transformasie wat opvoeding, sosiale en ekonomiese ontwikkeling, asook grondhervorming insluit.

Die administratiewe funksies wat Hortgro aan die bedryf verskaf, sluit onder meer die volgende in:

1.

Tree op as 'n veranderingsagent vir grondhervorming, opleiding en ander sosio-ekonomiese dimensies wat die landbousektor affekteer;

4.

Die gunstige posisionering van tuinbouprodukte onder teikengehore deur die insetkoste te verlaag, die verbetering van doeltreffendheid in die uitvoer-waardeketting gebaseer op langtermyn strategiese verhoudings;

2.

Koördineer die inligtingvloei tussen verskillende regsentiteite en alternatiewe gewasse, provinsiale en nasionale regering en ander belangegroepes;

5.

Die beskerming en uitbreiding van die markaandeel gebaseer op tegniese ondersteuning en kommunikasie;

3.

Verbeter die langtermyn ekonomiese lewensvatbaarheid en volhoubaarheid van die bedryf om sodoende die bedingingsposisie van produsente te verhoog;

6.

Verskaf inligting en perspektiewe oor alle aspekte van die tuinboubedryf, spesifiek gemik op die vrugtebedryf.



HUMAN RESOURCES

One of the responsibilities of the human resources division is to utilise knowledge, skills and abilities to maximise growth and development for both the organisation and the individual.

We focus on harmonising processes and integrating departments in order to define and drive our culture – a culture of giving, caring and transforming Hortgro and the deciduous fruit industry as a whole.

Human resource functions include:

Hiring, motivating and maintaining our workforce;	Compliance with statutory requirements including submission of employment equity;	Reports, annual skills report and workplace skills plans;
Employee wellness;	Skills development and training;	Creating a positive work environment.

HORTGRO STAATMAKERS

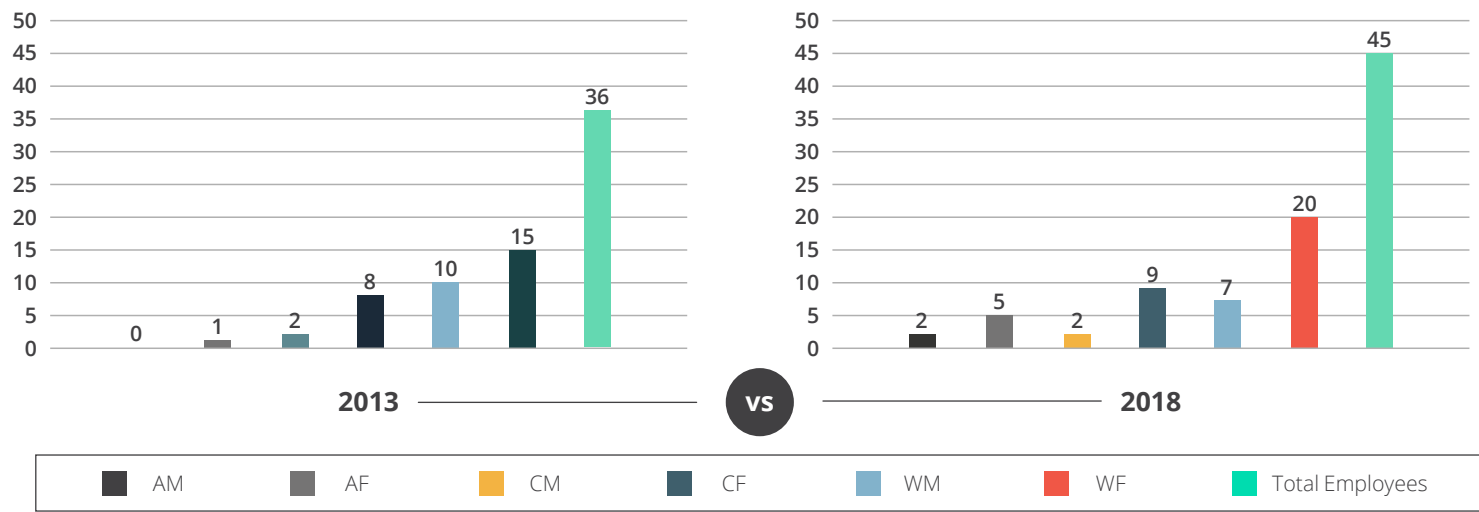
Die nege staatmakers is van links, Anton Rabe, Cathy Cairns, Richard Hurndall, Louis van Zyl, Matthew Addison, Hugh Campbell, Elouise van Zyl en Lindi Benic. Mari Viviers was afwesig. Almal met meer as 15 jaar diens.



EMPLOYMENT EQUITY

Employment Equity is one of our main focus areas. Although it is not growing rapidly, we strive to fill available positions with individuals from previously disadvantaged groups. Our employee turnover is very low and we are mostly relying on new positions to improve our figures.

HORTGRO: EQUITY FIGURES 2013 vs 2018



3.2 COMMUNICATIONS



ELISE-MARIE STEENKAMP

Group Manager
Communications

“

**In this era,
fence-sitting
is no longer an
option. Being
ethical - and
visibly and
unashamedly so
- is mandatory.**

In this era, fence-sitting is no longer an option. Being ethical – and visibly and unashamedly so – is mandatory. Therefore, the Hortgro Communications Department (HCD) chose Reputation Management (RM) as backdrop for implementing its strategic objectives over the past year.

Due to the challenges brought about by relentless technological developments and the impact of social media, it is no longer good enough to just declare values and mission statements – companies also have to take a vocal stand on those values. RM is a comprehensive approach to the communication needs of a company, both internally and externally.

Hortgro therefore did not shy away from difficult topics such as mental health, food safety, drought management, land reform, pests and diseases. In terms of creating an interface with diverse stakeholders these topics were addressed on several platforms. High-reach media metrics were achieved for popular themes addressed.

In terms of internal communications, HCD took its lead from “Mandela Year”. We organised a staff pancake marathon with the pancakes being donated to a local old-age home. Hortgro staff also donated household goods and clothes to a shelter for abused women and children in Paarl.

Met betrekking tot alle sosiale media-platforms het ons ons volgelinge die afgelope jaar amper verdubbel. Elke maand besoek 7 500 mense gemiddeld die Hortgro-webwerf. Ons geleenthede word goed bygewoon en in evalueringsvorme ontvang ons konsekwent “hoër as gemiddeld” of “uitsonderlike” terugvoering. Mediablootstelling van Agri's Got Talent en die Sagtevrugtebedryf Gala-aand is van

onskatbare waarde, nie net vir Hortgro nie, maar ook vir landbou in die breek. Persvry-stellings word goed ontvang en volgens media-analises word teikengetreë bereik. 'n Geïntegreerde kommunikasie-strategie word gevolg, wat beteken dat dieselfde inligting op verskillende platforms gedeel word. Daarom kan geen produsent sê dat “hulle nie geweet het nie”. Produsente het ook 'n verantwoordelikheid om van kommunikasiekanale gebruik te maak en te verseker dat Hortgro hulle korrekte kontakbesonderhede het. Kommunikasie is in wese 'n tweerigtingaksie.

HCD also regularly meets/supports/advise/provides material for a number of related industry structures and sister-organisations. Over the past year HCD was involved with Fruit SA, the Western Cape Drought Crisis Communication forum and the Stronger Together Steering Committee. HCD also liaised with research groups wanting to do research in our industry.

HCD does not have an aggressive advertising campaign, but strategically engage when necessary. However, the Sunday Times Food Basket advertorial about transformation, featuring Greyton producer Errol April in Oct 2017 had huge international media spin-offs. A big “thank you” to Mr April who so willingly and patiently represented the industry and answered media questions. On that note also a big “thanks” to all our producers, pack houses and other industry stakeholders who have an open-door policy and are always willing to help showcase the industry to our guests and the media. Lastly, in order to improve our footprint in specific regions, regional offices were created in the Langkloof, Ceres, EGVV and Free State to ease the information flow to these regions.

Die hoogtepunt op die afgelope jaar se kommunikasie-agenda was ongetwyfeld die viering van "twintig jaar sedert die deregulering van die landboubedryf". Hortgro het 'n feesdinee by die Katedraalkelder in die Paarl aan 'n groep van 200 uitgelese gaste aangebied. Op die aand is 'n boek wat deur Jean du Preez geskryf is: *Twenty Years of Fruit Freedom*, ook bekend gestel. Video-onderhoude wat met belangrike rolspelers van die tyd gevoer is, soos prof. Eckart Kassier, dr. Kraai van Niekerk, Derek Hanekom, Bongiwe Njobe, dr. Paul Cluver, Josias Beukes en Peter Dall, is ook gespeel. Dit was 'n aand waarop die vrugtebevryding met swier gevier is en daar is teruggekyk na al die mylpale wat in 'n relatief kort tydjie bereik is.



STRATEGIESE DOELWITTE

1.

Verseker 'n ingeligte produsentekorps oor aktiwiteite, ontwikkelings en navorsing in en om die bedryf. Verseker ingeligte eksterne belanghebbendes oor relevante kwessies.

2.

Verbeter en projekteer die beeld van die bedryf as 'n verantwoordelike en etiese entiteit. Verseker verteenwoordiging en deelname aan internasionale en nasionale verwante liggame.

3.

Ontwikkel en benut plaaslike kapasiteite en strukture om inligtingvloei na en van die produsentekorps te optimaliseer om die Hortgro handelsmerk te vestig as die "gesig" van die bedryf.

TOP THEMES FOR 2018

**Drought | Listeriosis | Water donation |
Black farmers receiving aid | Wittewijn first
apple picked | Invasive fruit fly | FCM**

SAFJ

96

Number of articles over the
past year.



WEBSITES

1. Hortgro
2. Hortgro Science
3. Agri's Got Talent
4. Jobs Fund Initiatives.

PUBLICATIONS

Twenty Years of Fruit Freedom –
A Review

Hortgro Annual Review

Hortgro Science Annual Report

Fresh Quarterly

NEWSLETTERS

3

1. Hortgro News
2. Timely Hints
3. Fresh Notes





EVENTS - 15 IN TOTAL

Five-day symposium | Three-day Research Showcase
Talent competition | Industry banquet

Altogether hosting more than 2 800 guests for which the HCD did all the marketing, PR, social media management and communication activities (photographs, web content, press releases, videos and newsletters).

PRESS RELEASES

23



SOCIAL MEDIA:

TWITTER

1 469 followers

INSTAGRAM

382 followers

HORTGRO FACEBOOK

3 016 followers

AGT FACEBOOK

2 005 followers

YOUTUBE

225 videos

PAMPHLETS/ INFOGRAPHICS:

TOP 3

1. Hortgro Corporate
2. False Codling Moth
3. BD

3.3 HORTGRO SCIENCE



HUGH CAMPBELL
General Manager



Richard Hurndall received the "Chairman's Award" from Nicholas Dicey for 35 years of service to the deciduous fruit industry.

The primary objective of Hortgro Science remains to keep South African pome and stone fruit growers internationally competitive and economically sustainable. Our focus is to generate new knowledge, technologies or practices that are required to mitigate, avoid or overcome threats and risks and to exploit opportunities. For a more detailed report of the research outputs please read the Hortgro Science Annual Report 2017/18.

Die Hortgro Science-adviesraad onder die bekwame en dinamiese voorsitterskap van Stephen Rabe voorsien Hortgro Science van strategiese leiding. Die strategiese fokusareas is: toekomsvisie, langtermynnavorsing, kommunikasie, befondsing en operasionele uitnemendheid. Die strategiese doelwitte word onderverdeel in operasionele planne met kwartaallikse oorsig deur die Hortgro Science-adviesraad.

Die bedryf speel 'n al meer aktiewe rol in die ontwikkeling van menslike kapasiteit en die skep van sleutel wetenskaplike- en akademiese kundigheid vir die bedryf. Dit is om te verseker dat daar 'n kontinue stroom graduandi is wat by die bedryf aansluit en ook om te sorg dat daar navorsers in plek is om ons navorsingsbehoeftes aan te spreek. Tans word 18% van die navorsingsbegroting aan navorsingsposte toegedeel ten einde sommige van die strategiese kapasiteitstekorte te dek. In 2017/18 is 59 nagraadse studente befonds tot 'n waarde van R3,4 miljoen. Dit is bemoedigend dat 36% van hierdie studente besig is met Ph.D.-studies en dat 46% van die studente swart is.

The funding of research remains the determinant of how much research can

be conducted for an industry. Hortgro Science, through the levies, leveraged additional funding on a 1:1 basis. During the 2017/18 year less funding was leveraged from alternative sources. The Post-Harvest Innovation (PHI) Fund which was funded through the Department of Science and Technology (DST) reached the end of its cycle. We are however pleased to hear that a new cycle will be initiated in 2019. Funding through the Technology and Human Resources for Industry Programme (THRIP) has reduced dramatically. Other funding is raised through the Western Cape Department of Agriculture for the Confronting Climate Change Project and a number of projects have been co-funded by other local industries.

Ten opsigte van kommunikasie aan ons produsente is ons baie opgewonde oor ons nuwe inisiatief – die Fresh Quarterly. Die Fresh Quarterly is gebore uit die behoefte om 'n geskikte voertuig te vind om met kern- en steenvrugprodusente te kommunikeer. Dit is gemik daarop om ons lesers en sleutelkliënte in te lig oor huidige en vorige bedryfsnavorsing. Die inhoud fokus op waarom die navorsing gedoen is, lesse geleer, en die waarde daarvan vir die bedryf. Hierdie publikasie teiken en dien die kern uitkomst van boerdery in terme van aanbevelings en implementering.

A second new initiative was the introduction of the Hortgro Science Research Showcase. Here the objective was to give an overview of all the research that is currently being conducted in the form of five minute presentations. The showcase took place over three days – each day focusing on a research programme (crop production, crop

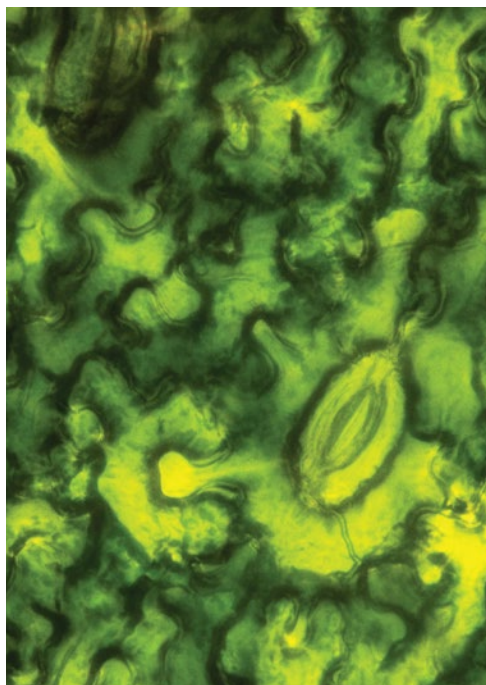
protection, postharvest). We got excellent feedback and we will look to introduce this showcase every alternate year. In addition, our communications team in conjunction with our programme managers and the relevant researchers published 48 popular articles during the 2017/18 year. A total of eight events were organised which were attended by 2 123 people cumulatively.

There is great appreciation for the 200 individuals, made up of technical advisors, growers, researchers, industry experts and retired academics who sit on one of our 30 focus workgroups, peer work groups and technical advisory committees. A special note of thanks goes to Richard Hurndall who has served the industry for 35 years and retires at the end of 2018. It is difficult to measure a lifetime of facilitation, networking and implementation, often behind the scenes without much fuss – just getting on with it. It has been a delight to have worked with Richard for close on 20 years as a colleague and a tremendous source of knowledge and wisdom.

The Hortgro Science Annual Report for 2017/18 is available on the HORTGRO Science website:

www.hortgro-science.co.za

There are a number of shifts that have taken place in respect of where research project funding has been allocated:



STONE FRUIT

For stone fruit, 57 projects were funded. Breeding remains important at 32% while post-harvest dominates the spending at 38%. Crop protection (including market access) absorbed 17%. Crop production remains low at 17% and focuses mostly on rootstock evaluation.

POME FRUIT

Pome fruit, which have a larger budget to work with, funded 75 projects. The shift that has taken place over the past period has been away from breeding which now represent 8% of the project budget. Post-harvest is the largest spend at 39% with crop protection (including market access projects) at 28% and crop production at 25%.







3.4.1 TRADE AND MARKETS



JACQUES DU PREEZ

General Manager:
Trade and Markets

“

**Balance is what
it's all about.**

Balance is what it's all about. Balancing retention of the “old” bread and butter markets and exploiting the opportunities that lay within chasing after the “new” markets. Never before did we as an industry have to jump through so many hoops just to be able to have offset points for our products.

Balance between new cultivars and the proven and trusted, trying to stay ahead of consumer trends. Balance in complying with the magnitude of requirements – chemical, ethical and environmental. Balance in managing pests and disease but still complying with the above mentioned pressure on the responsible use of agro chemicals. Sometimes, it feels like the pendulum is swinging too far...

The last year was an extremely challenging one in terms of market access – just referring to maintenance of existing markets. There were issues in almost all the markets we serve. From the USA, Continental Europe, the UK, India, Taiwan and many African countries to name a few. Rules in the “new” markets (Africa and the East) are not the same as what we have been used to and can change virtually overnight without any warning.

We have to be more clever, mean and lean. But luckily that is what we are. We have emerged from the drought a more streamlined and efficient industry and we will prevail over the long term. We are currently in a consolidation phase, mainly as a result of the drought, with decreases in areas planted for virtually all the fruit types except plums. Volumes are however expected to still pick up as the recently planted orchards start bearing higher yielding, higher pack-out and productive cultivars. We will probably go through a slight dip for a year or two but

will hopefully then see a small renewal of orchards boom as things return to normal (whatever the new “normal” is).

The value of the mostly unnoticed, seldom praised engine room of scientist and researcher has proved its value the past couple of years, specifically 2017/18 where we faced numerous market access challenges ranging from Grain Chinch Bug, Codling Moth, False Codling Moth to Bactrocera Dorsalis. We therefore are investing in human capital to strengthen the reserves and depth on the entomology and plant pathology fields.

With the help of these experts employed by industry and DAFF we were able to regain access to Taiwan this past year, which was a feat in its own.

Implementation of the PhytClean risk management system was a totally new mountain to climb but we emerged victorious. Not a single False Codling Moth interception on peaches or nectarines in the EU was logged for 2017/18.

Maar wat soos 'n paal bo water staan is dat die druk op marktoegang nie gaan afneem nie en die kompetisie van buite ook gaan toeneem.

Agri-Hub het homself ook nou goed gevestig as die bron van tydige verskepingsinligting en is ook tans besig om uit te brei na lugvrugdata, asook die diensverskaffer vir boomsensus-inligting.

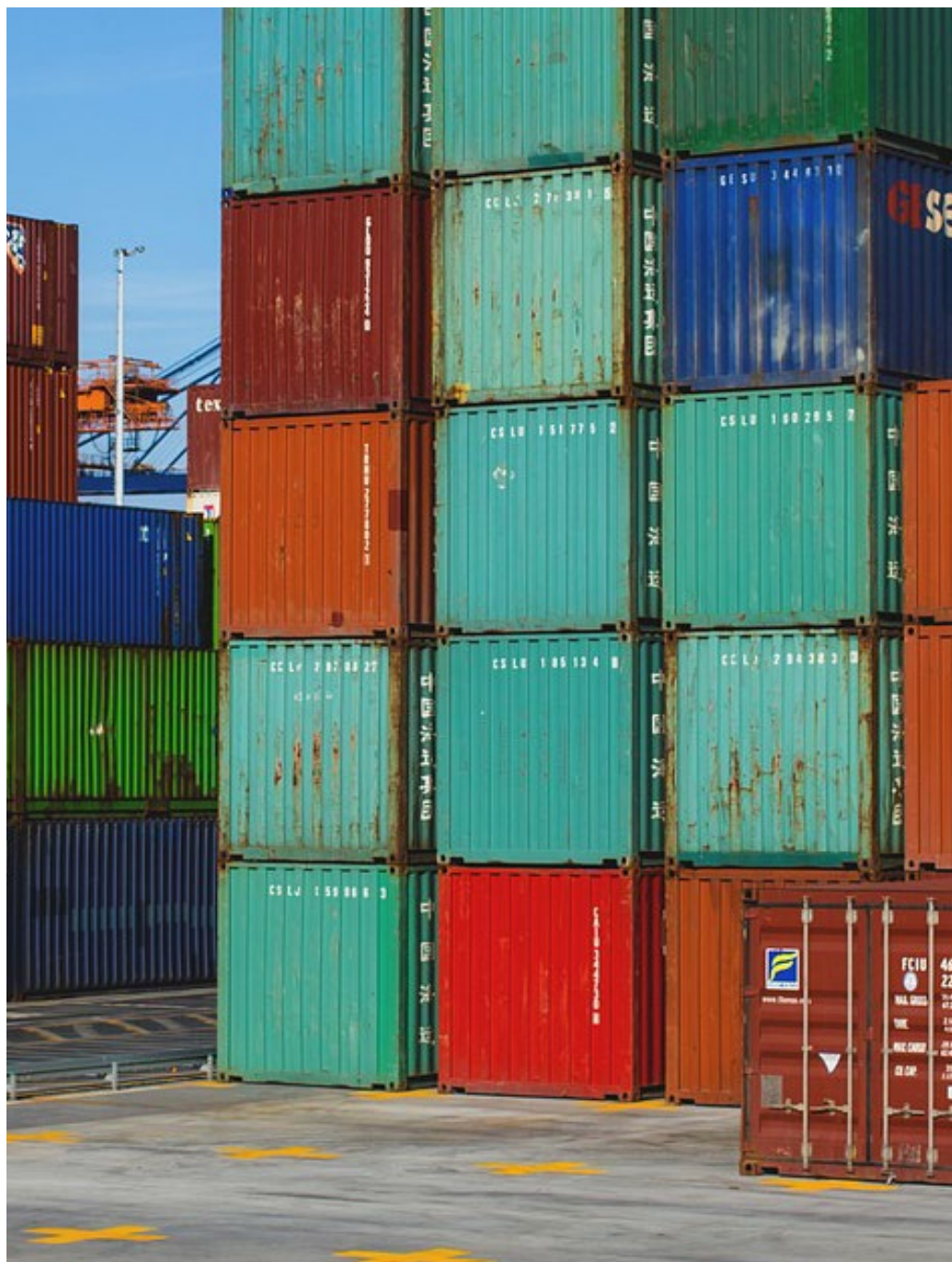
Coordination between other fruit industries at FruitSA level as well as building relationships with Government is also gaining traction with various work groups amongst the different departments and industries bearing fruit.

As requested by the industry, a market development focus shift for pome fruit towards above the line, trade related activities and also redirecting funds towards market access related functions are taking effect. Thus, the rebranding of the “Market Development” activities to “Trade Development and Consumer Education, Awareness”.

Die steenvrugbedryf het ook strategies besluit om “nuwe” markte binne die EU te ontgin. Een van hierdie is Frankryk wat jare gelede ‘n noemenswaardige mark vir SA-steenvrugte was, maar intussen amper weggekwyn het. Aksies soortgelyk aan die wat in Duitsland plaasgevind het oor die laaste paar jaar word beplan, met ‘n loodsprogram vir die 2018/19 seisoen. Spanje is volgende in die visier. Daar is groot potensiaal in dié lande wat nog ontsluit kan word. ‘n Gefokusde strategie vir appels in Afrika is ook deel van die beplanning vir 2019. Die programme in die VK, Duitsland en Midde-Ooste gaan terselfdertyd voort en bou op die momentum van die afgelope tien jaar se aktiwiteite.

Op die plaaslike mark is daar egter nog werk om te doen en die sukses hiervan sal grootliks afhang van die bedryf self - eetkwaliteit gaan bepaal of die plaaslike mark sy potensiaal gaan verwesenlik of nie.

It feels like we are on the verge of cracking access to one or two of these previously inaccessible markets, so watch this space – hopefully there will be good news coming our way soon.



3.4.2 TRADE AND MARKET ACCESS



LINDI BENIĆ

Market Access Manager

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Ongoing actions are required to ensure current market access is either maintained or improved.

Technical trade and market access compliance requirements, including sanitary/phytosanitary (SPS) regulatory requirements drive the market access agenda. Ongoing actions are required to ensure current market access is either maintained or improved. Specific issues include:

SA pear access to China

In February 2018 a response was received on the pest risk analysis for the export of pears (*Pyrus* spp.) from South Africa into China. Again information was requested relating prevention and control measures on four pests (as previously confirmed) that do not occur on South African pears. Related information was previously provided confirming that while the four pests have been recorded to occur on *Pyrus* spp. elsewhere in the world, no records have been found indicating that these pests are associated with *Pyrus communis* in SA. As agreed, a DAFF response letter was sent to China AQSIQ in March 2018, requesting a Pest Risk Analysis (PRA) report since an agreement cannot be reached on some of the pests of concern. No further response has been received to date.

SA apple exports to Taiwan

In October 2017, following the detection of a live codling moth larva on apple exports from SA into Taiwan, the market was suspended for seven months until May 2018 - when it was finally re-opened.

Whereafter Taiwan BAPHIQ dispatched two technical experts to conduct an on-site verification and investigation visit

on the implicated production unit and pack house. Following reopening of the market, inspection sampling was increased from 2% to 4%, with a self-regulatory risk management system and a strike system for non-compliances implemented, to avoid a similar situation in future.

Extension of the Recognition of SA's Food Safety Control System by Indonesia

On 30 January 2018, the Minister of Agriculture of the Republic of Indonesia approved the extension of the food safety recognition status with a period of three years, from 11 April-10 April 2021, with respect to 14 commodities (apples, grapes, pears, nectarines, peaches, plums, prunes, citrus fruit, pomelos, lemons, oranges, apricots, grapefruit and cherries). DAFF will continue to provide the Indonesian Authority with the annual national food safety monitoring programme report, as required. In February 2018 the above DAFF communique was received, noting that SA was one of only eight countries globally whose food safety control systems for Fresh Produce of Plant Origin, is recognized by Indonesia.

SA pome fruit exports to Mexico

Following the successful resumption of apple exports to Mexico for the first time in over 10 years during 2017, a meeting was scheduled in late November 2017 to discuss and plan for the 2018 programme. The proposal document highlighted key decisions and recommendations sent to DAFF by Hortgro. A letter of invitation was communicated by DAFF in December 2017, for the Mexican inspector to visit

SA to conduct inspection for exports to Mexico for the 2018 season, with Mexico Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) accepting the proposed dates for the visit. The on-site inspection visit was initiated from 7 May to 30 June 2018. A meeting co-ordinated between DAFF, industry representatives and the Mexican inspector provided opportunity to collectively review the protocol - towards DAFF providing proposed amendments to SAGARPA, since it was agreed there was a need to review the protocol before the next season.

SA Peach and Nectarine exports to the EU

EU Commission Implementing Directive 2017/1279 of 14 July 2017 amending Annexes I to V to Council Directive 2000/29/EC was published on 15 July 2017 and applied from 1st of January 2018, with *Thaumatotibia leucotreta* (false codling moth/FCM), becoming a regulated pest within the EU (including UK). With the new regulation coming into effect during the 2017/2018 stone fruit season, compulsory online special market phytosanitary registration for peach and nectarine exports to the EU was required to be completed from 2017/18. The peach and nectarine FCM management system, Hortgro peach and nectarine FCM control guidelines, and online phytclean risk management system were implemented from the start of the 2017/18 season, in October 2017 and remain ongoing requirements. As required, DAFF notified the EU Commission in December 2018, regarding the peach and nectarine FMS to be applied for exports to the EU,

officially effective from 1st of January 2018. Following ongoing monitoring of EU EUROPHYT interception data, no FCM interceptions were notified on peach and nectarine exports for the 2017/18 season.

Export/import consolidated industry responses were provided to DAFF's Pest Risk Assessment Programme (PRA)

Regarding imports, ongoing responses were provided on draft work plans for importation of apples from Portugal and Netherlands, with both work plans finalized regarding future imports.



3.4.3 TECHNICAL SERVICES



RICHARD HURNDALL
Manager:
Research and Technology

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**Industry
funded (R2,5m)
Controlled
Atmosphere
research facility
placed at SU.**

Stone/Pome Technical and Joint Marketing Forums

- Representative for research and technical aspects, including SAPLA and other cultivar focus groups

Export/Local standards/dispensations

Co-ordination of local and export standards and dispensations for pome and stone fruit. Facilitated review of standards to be updated and gazetted.

Represent Industry on visits to fresh produce markets. Act as communication link for markets.

Represent Fruit SA on Project Rebirth for fresh produce markets. Certain markets have been targeted for rehabilitation and a code of best practice is being instituted across markets. There is a move to foster privatisation of non-rehabilitate markets.

Forelleprodusentvereniging (FPV)

- Verteenwoordiger van FPA en bestuur Forelle navorsingsprogram;
- Bestuur Forelle vrystelling- en verskeepingsdatums;
- Fasiliteer Forelle SmartFresh (FEMA) protokolle.

Packhouse Action Group

Activities in 2018 included:

- Continue packhouse productivity benchmarking project;
- Industry funded (R2,5 m) Controlled

Atmosphere research facilities placed at Stellenbosch University;

- Hold feedback sessions for packhouses;
- Facilitate packhouse insurance workshop for various role-players;
- Fresh Notes to packhouses summarising meetings.

CA Storage and Post-Harvest Group

- Hou jaarlikse Beheerde-atmosfeervergadering in November.
- Publiseer voorlegging op internetskakel.

Weerdata

- Uitkontraakteer weerdatadiens aan Hortec
- Verskaf maandelikse hitte/koue-eenhede, temperatuur- en reënvaldata aan produsente en navorsers.

Hortec

- Contract Hortec for maturity indexing monitoring, fruit dry matter content database and Forelle monitoring services.

DPA-werkgroep

- Kyk na alternatiewe navorsingstrategieë vir oppervlakkige brandvlekbeheer.
- Fasiliteer ringtoets tussen laboratoriums.

AfricaBio

- Representative to keep abreast of Biotech activities.



3.5 INFORMATION, LOGISTICS AND TRANSFORMATION SUPPORT



MARIETTE KOTZÉ
Group Operations
Manager

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By Hortgro bly ons innoverend in ons benadering tot inligtinghantering.

Data of meer spesifiek intelligente data speel 'n belangrike rol in vandag se snelveranderende besigheidsomgewing. Om aan die voorpunt te bly is soms makliker gesê as gedaan. Inligting is 'n sleutelfaktor wanneer dit by besluitneming kom in die besigheidswêreld en die uitdaging is om jou vinger op die pols te hou.

By Hortgro bly ons innoverend in ons benadering tot inligtingshantering. Ons inligtingsdatabasis en die toeganklikheid daarvan is van so 'n aard dat dit kommersiële en nuwe produsente ondersteun om winsgewend, mededingend en volhoubaar te wees. Ons streef daarna om waarde toe te voeg vir die hele spektrum van kliënte - van voetsoolvlak dwarsdeur die hele waardeketting.

From the information services rendered Hortgro can highlight the following:

- The development and maintenance of a detailed database of all growers and key stakeholders in the supply chain to ensure that we are able to organise and communicate to our constituents on a regular basis;
- The continuous development and maintenance of the database of all fruit plantings, per producer, per farm, per region, including the year planted cultivars and tree densities. This information is updated on an annual basis. Hortgro has already introduced an online platform for growers to update

their individual records and to access these records as and when required. This information is vital for long-term and strategic planning from production, infrastructure requirements and logistics including the supply to the markets.

- Additional to the tree census database, the crops that fall under the Hortgro alternative crop's umbrella, is also captured and data is presented as and when needed at the various annual general meetings.
- The ever-popular key deciduous fruit statistics publication remains an important and consolidated source of information. It is regarded as a credible and reliable source of information on the pome and stone fruit industries by producers and other stakeholders. This publication provides aggregated information on production costs, production regions, fruit kind trends, employment trends and a global perspective on exports and production.
- Via the Hortgro website, producers and exporters can easily access weekly local and export market information. The local market includes municipal market sales volumes with the inclusion of additional markets. Export information forms part of the Agri-Hub database. Real-time shipment data can be downloaded on a daily basis and summary reports are also available on the Hortgro website. Having access to information on a day-to-day basis helps with the decision making process.

- On-going support is provided to the Joint Marketing Forums (pome and stone) where market issues are discussed and industry role-players have the opportunity to exchange talking points.
- An export crop forecast with an accuracy of 95% is generated for both pome and stone fruit. Detailed monthly surveys on pome stock volumes also proved invaluable. During the stone fruit season, regular updates on the crop estimate are done in order to keep all role-players informed.
- More efficient information exchange with Southern Hemisphere and Northern Hemisphere counterparts results in added value for our constituents.

The industry continues to add value to our existing services and to be the desk that handles and facilitates industry inquiries and provides assistance to growers in terms of feasibility studies, and investment decisions. A stable environment has been created where growers can remain competitive and sustainable.

Bedryfsbenadering

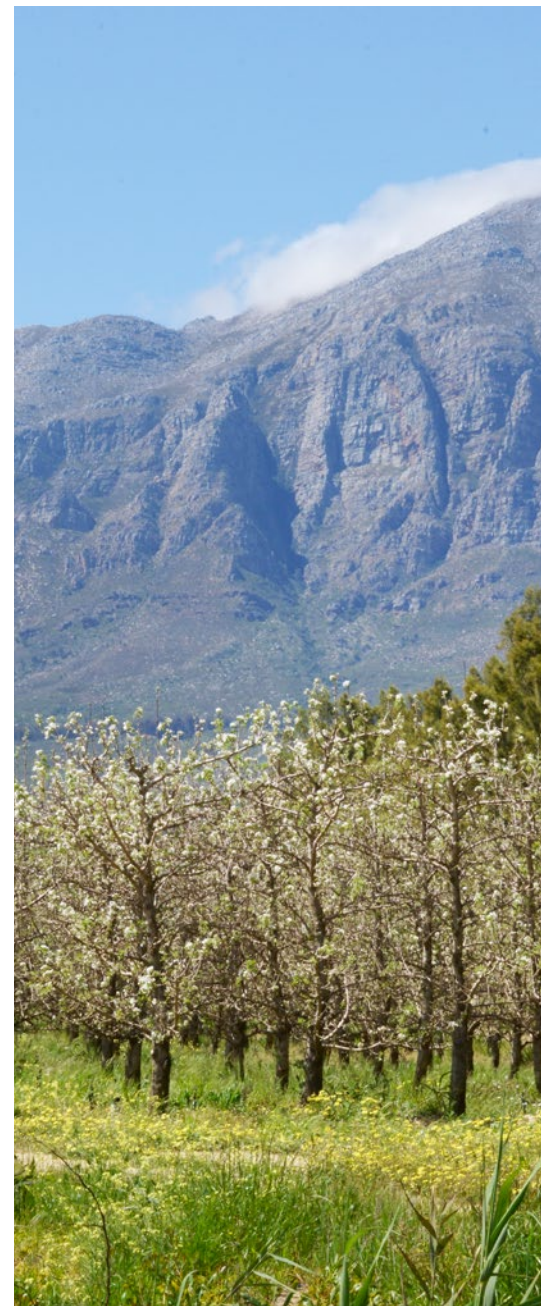
Die fokus op grondhervorming en besigheidsontwikkelingsondersteuning vir kleinboere is voortgesit. Die hoofokus is op ondersteuning en dit skakel in met die administrasie en implementering van die Omvattende Landbou-ondersteuningsprogram (CASP) befondsing in die Wes-Kaap deur die kommoditeitsprojek-toekenningskomitees

(CPAC). Die verhouding met die Departement is uitgebrei om ondersteuningsdienste by die Sitrus-CPAC en die alternatiewe gewasse in te sluit.

Hortfin – Value Chain Financing Programme

Hortgro in collaboration with the Land Bank and National Treasury recently launched Hortfin. Hortfin is an R600 million ring-fenced debt facility, aimed at providing innovative and comprehensive financing and support systems in a manner that will promote job creation, transformation and sustainability throughout the value chain in the fruit and wine industry.

The concept started, however, quite some time ago with a partnership between like-minded individuals and entities with a “can do” and “have to do differently” attitude. The history of Hortfin can be traced back to the successes achieved with the deciduous fruit boomplie planting project that started in 2009. This project between the Western Cape Department of Agriculture and Hortgro and the subsequent second phase - Jobs Fund Initiatives - have to date established more than 800 new hectares with a production value in excess of R7 billion over the lifespan of these orchards. This would not have been possible without the out-of-the-box thinking of Western Cape Department of Agriculture Head of Department, Joyene Isaacs, and her senior management in alliance with Hortgro management.



3.6 THE JOBS FUND PROJECT



CHRISMAÏNE ABRAHAMS
Project Manager



We still believe that full commercialisation of all our Jobs Fund beneficiaries is achievable given new funding initiatives such as the recently launched Hortfin framework!

By now, the DFDC Commercialisation Programme, an initiative funded through the National Treasury's Jobs Fund, is well-known within the deciduous fruit industry. The project started in 2016 with the aim to elevate a group of smallholder farmers within the deciduous fruit industry to commercial status. It is a four-year project which will end in 2020. The programme is in its third year of implementation, and will have established 212 hectares by the end of 2018. The project aims to establish 312 hectares of stone and pome fruit across deciduous fruit producing areas (Ceres, EGW and Langkloof). Apart from the commercialisation of smallholder farmers, the project also focusses on job creation. The project's aim is to create 354 permanent jobs, 149 seasonal jobs and 32 short-term jobs during its duration. To date, it has exceeded both targets for seasonal and short-term job creation.

In 2015 het die Jobs Fund aansoeke vir hul vyfde ronde vir die bevordering van werkskepping geopen—hierdie keer spesifiek gemik op die landbousektor. Die sagtevrugtebedryf het dié geleentheid werig aangegryp.

Die grootste uitdaging wat die bedryf tóe wou aanspreek was die beperktheid van, en aansienlik klein aantal produksiegebiede onder die bestuur van swart boere. Dié uitdaging het opsigself 'n domino-effek gehad deurdat swart boere hieronder beperkte toegang tot markte en uitvoerkapasiteit ervaar het, en ook moes worstel met die kwaliteit van hul produkte. Die hoop, en doel, was dat hierdie kommersialiseringsprogram al die bogenoemde uitdagings sou aanspreek en langtermyn volhoubaarheid waarborg.

Aanvanklik het die program 24 entiteite, wat 100% in die besit van voorheen benadeelde individue was, identifiseer. Daar was egter besluit om met slegs 21 entiteite, waarvan 18 in die Wes-Kaap en drie in die Oos-Kaap is, voort te ploeg. Dié entiteite word ondersteun met fondse vir die uitbreiding en aanplanting van nuwe hektare, die opgradering van bestaande boorde, produksie-infrastruktuur, meganisasie en produksie-insette. Die totale projekkkoste van R120 miljoen sluit ook toegang tot mentorskap, opleiding, tegniese ondersteuning en die versekering van toegang tot die formele markte in.

In terms of project progress, we can confirm that we are behind on our planting schedule. This is mostly due to the drought which impacted on water and rootstock availability. Our goal was to have 272 hectares established by the end of 2018 with the remaining balance to be established in 2019. As showed earlier on, we will only have 212 hectares established by the end of 2018. We plan on planting an additional 100 hectares for establishment in 2019.

Overall, the young orchards are looking and performing well, with only a few farms experiencing minor setbacks. Less than 1% of tree mortality was experienced on the total hectares established to date. In these cases, either the nursery replaced trees that have died, or the replacement cost was funded by the project beneficiary if a management issue was determined.

It is common knowledge that every project experiences challenges, and unfortunately the DFDC Commercialisation Programme is no exception. Major implications on

cash flow management followed given the intensive expansion and refurbishment of orchards to ensure commercialisation within a four-year period. Unfortunately, most smallholder farmers have limited or no access to commercial finance, and depend on grant funding. Although the project makes provision for production inputs, there are other costs (e.g. labour cost) that the project beneficiaries need to cover from their own funds. It should also be noted that the project only provides input costs for the first three years—thereafter, maintenance of young orchards becomes the farmers' responsibility. So while these young orchards generate no income during its initial three to four years, there are still expenses that remain to be covered by the farmer. At least 70% of our DFDC Commercialisation Programme beneficiaries will require further assistance should the project end in 2020.

This being said, we still believe that commercialisation of all our Jobs Fund beneficiaries is achievable given new funding initiatives such as the recently launched Hortfin framework!



3.7 DECIDUOUS FRUIT DEVELOPMENT CHAMBER



THEMBI XABA
Chief Executive Officer

“

**Transforming
the deciduous
fruit economy
value chain.**

The Deciduous Fruit Development Chamber (DFDC-SA) has over the past year focused on its strategic vision of “doubling the deciduous fruit industry by 2050”. This has been actioned by driving the expansion strategy, with the targeted provinces being Mpumalanga, Limpopo and the Free State. The immediate province of expansion is Mpumalanga, and the planned summit launch in Mpumalanga is intended to realise tangible gains in terms of increasing hectares planted and leveraging capital investment.

The DFDC-SA believes that black producers need to be commercially viable. It is against this background that “transforming the deciduous fruit economy” has been the theme as we continue to work with government and private sector. There is a strong push towards transforming the value chain segment and that has been evident in funding proposals we have made to government and the private sector.

We have continued to play an advocacy role to influence policy and leverage funding opportunities, through Hortgro and Hortfin – a R600 million blended finance scheme for black farmers supported by the Jobs Fund, the Land Bank and the industry. The DFDC-SA’s strategic goals are as follows:



- Ensuring equity to be 100% with an exit strategy;
- Partnerships throughout the deciduous fruit industry based on sound business principles;
- Representation of black entrepreneurs throughout the deciduous fruit value chain;
- Black stakeholders are partners in owning the economy.

The above indicators are not exhaustive, the DFDC-SA appreciates that transformation is a “process” and the transformation agenda continues to be the justification for the work that the DFDC-SA is currently doing.



3.8 TRAINING AND CORPORATE SOCIAL INVESTMENT 2018



ASTRID ARENDSE

Human Resources Officer
& CSI Manager



**Since 2012
138 students
received bursaries
to the value of
R6m.**

Bursary Programme

The Hortgro undergraduate programme currently has 31 students studying towards a degree in Agriculture, Agricultural Economics, Business Management, Plant and Soil Science and Horticulture enrolled at various institutions including Stellenbosch University, University of Pretoria, University of Free State, University of Limpopo, Cape Town University of Technology and Elsenburg Agricultural Training Institution.

An amount of R 1 576 000 was spent in 2018 which is funded by Hortgro (stone & pome industries), AgriSETA and the Deciduous Fruit Industry Development Trust.

Over the last six years, 138 students received funding support from the Hortgro Undergraduate Bursary Programme to the value of R6 m. Between 2013 and 2018 a further 248 students received financial aid from the HORTGRO Postgraduate Bursary Programme to the value of R 15 m.

One of our bursary holders was chosen to attend the PMA Fresh Summit Convention and Expo in Orlando, Florida, USA. This was an incredible opportunity for this young man. This experience increased his passion and broadened his knowledge about the deciduous fruit industry and agriculture as a whole.

Our annual bursary function was held at Lanzerac in Stellenbosch during October 2018 providing our bursary holders with the opportunity to meet and network with industry role-players.

Health And Safety Training

There is still a great need for first aid and health and safety training on our farms. Hortgro, in collaboration with AgriSETA, focussed on First Aid Level 1, Health and Safety Representatives and Health and Safety Committee Training Programmes. Farms in various production areas including Ceres, EGVV, Grabouw, Vyeboom, Robertson and Langkloof benefited from the training.

Over the past five years, 2 682 learners received training at a cost of R 1 885 800 of which 698 learners with a cost of R 500 000 received training in 2018. (see picture at the top of p.51)

Landboudagtoere

Hortgro het die afgelope jaar 'n skooltoer vir 60 leerders uit die Ceres / Wolseley-omgewing gereël. Hierdie leerders het FruitFly Africa, SAPO Trust, CPUT Wellingtonkampus en Elsenburg Landbou-opleidingskollege besoek.

'n Groep landbouwerkers (toesighouers en junior produksiebestuurders) wat besig was met hul NKR 4-opleiding by die Koue Bokkeveld Opleidingsentrum in die Witzenberg-gebied, het ook 'n geleentheid gehad om 'n dagtoer te doen. Hulle het ondermeer SAPO Trust, FruitFly Africa, Stellenbosch Universiteit en Elsenburg besoek.

Ons Landbou-dagtoere is daarop gemik om skoolleerders en studente aan die verskillende loopbaanopsies in landbou bloot te stel. Dit brei hul begrip van die sagtevrugte se landbouwaardeketting uit en gee hulle insig oor die proses van saad

tot bord. (See picture at the bottom of this page)

Agri's Got Talent Singing Competition

Agri's Got Talent has been running for the past five years with great success. It provides talented agricultural workers the opportunity to showcase their singing talent. It is a joint venture between Hortgro, the Vinpro Foundation, and the Western Cape Department of Agriculture. SATI sponsors the aftercare programme.

But AGT is more than just a singing contest. The Top 10 participate in a weeklong training and development programme building up to the gala evening.

Training included voice and stage training, media training, stress management and personal development. Each contestant received a full make-over, including clothing, hair, nails and make-up in preparation for the gala event. The excitement of choosing outfits and deciding on hairstyles provided some fun in slightly stressful moments.

A social worker and voice coach along with the AGT planning team were available to assist the finalists during the course of the week.

In 2018 we had our first ever female winner Mariska Jaars from LHB Boerdery outside Worcester. In addition to a cash prize, she also has the opportunity to perform at various agricultural events.

The Top Ten will take part in an aftercare programme which will provide further support, life skills and personal development over the next few months.





CHAPTER

INDUSTRY SERVICE ENTITIES

4.1 Sapo Trust _____	p.54
4.2 Culdevco _____	p.56
4.3 FruitFly Africa _____	p.58
4.4 Fruit Workers' Development Trust _____	p.60
4.5 Deciduous Fruit Industry Development Trust _____	p.61



4.1 SOUTH AFRICAN PLANT IMPROVEMENT ORGANISATION (SAPO TRUST)



SHAWN COETZEE
Chief Executive Officer

“

**Seeing the forest
beyond the trees.**

Reflecting back on the 2018 period, the plant improvement (PI) industry, like many sectors in the South African (SA) economy, were faced with an array of challenges amid the severe drought conditions in the Western and Eastern Cape. SAPO Trust, with its can-do attitude and renewed emphasis on “seeing the forest beyond the trees”, have again weathered the storm during a tough year, ensuing stable financial results, a clean audit report, and new varieties added to its product commercialisation basket.

STRATEGIC HIGHLIGHTS

Concerning the high degree of specialisation and expertise required in the PI sector, human capital is regarded as a strategic asset within the SAPO fraternity. In this regard, several additions have been made to the SAPO leadership team during the reporting year. These include:

- Shawn Coetzee appointed as Chief Executive Officer from May 2018;
- Leander Gagliano as Business Unit Manager: Nursery Services from October 2017; and
- Roleen Carstens, the current President of the SA Society for Enology and Viticulture Association (SASEV), who joined SAPO as Senior Plant Pathologist from November 2017.

In addition, SAPO excelled in the international arena with its ambassador on varietal innovation and plant breeders’

(PB) rights, Burgert van Dyk, appointed as the Head Technical Expert of CIOFORA, a globally accepted international association of breeders focussing on PB’s Rights and Intellectual Property Protection for reproduced ornamental and fruit plant varieties.

SAPO recently added two Fuji varieties to their list of managed clones, namely Fuji Royal and Shorty. The full bright Fuji Royal’s exceptional red colouring offers the best colour of the all current Fuji selections available in SA with little or no russetting. The fruit has excellent eating quality, is sweet with a crunchy texture. The variety owners are RJF Boerdery and Tru-Cape. Shorty is a precocious spur-type variety, bearing very heavy crops. The potential of this spur-type Fuji lies in high density plantings and possibly eliminating alternate bearing– a common occurrence with Fuji. The variety owner of Shorty is Tru-Cape.

OPERASIONELE HOOGTEPUNTE Plantmateriaal

- Die aanvraag na wingerdplantmateriaal was steeds hoog alhoewel die totale plantmateriaalhoeveelhede gelewer aan dié sektor 6% laer was in vergelyking met die vorige jaar. Die aanvraag na die droogdruifkultivars Selma Pete, Sugrathirtynine and Merbein Seedless bly hoog.
- Die kwekery-aanvraag na perske en

appelkoossaad het die afgelope jaar met 20% toegeneem in vergelyke met die vorige plantseisoen.

- Weens tekorte aan plantmateriaal deur die jaar was die aanvraag na klonale steenvrugonderstamme, ondermeer GF677, Viking en Atlas hoog.
- Die beskikbaarheid van kersie, perske en appel in vitro onderstamme het ook gedurende die 2017 plantseisoen toegeneem weens spesiale goedkeuring op invoerregulasies wat deur die Departement van Landbou, Bosbou en Visserij (DLBV/DAFF) toegestaan is.
- Die beskikbaarheid van steenvrugplantmateriaal gedurende herfs, winter en somer van 2017 het met 24% afgeneem hoofsaaklik weens 'n vermindering van die aanvraag na inmaakperskes en appelkose. Hoewel die aanvraag na pruime ook met 28% gedaal het, is hoë volumes enthou steeds aan kwekerie verkoop.
- Kernvrugplantmateriaal het met 45% toegeneem (appels +64% en pere +21%). Big Bucks het die hoogste aanvraag gehad, gevolg deur Royal Beaut, Granny Smith en African Red. Die gewildste peervariëteite was Packham's Triumph, Cape Rose (Cheeky™), Forelle en Early Bon Chretien. Die nuwe Rosemarie seleksie met beter kleur, was ook hoog in aanvraag.

Virus testing and elimination

During the review period, the SAPO Pathology laboratory conducted a total of 60 000 ELISA tests mainly for viruses as prescribed by the SA Plant Improvement Act. Moreover, the laboratory managed to maintain its ISO 17025 accreditation with a successful SANAS audit during the latter part of 2018.

Kwekerydienste

In 'n strewe om werkloosheid in die samelewing aan te spreek en om sy bedrywighede te verbeter, het SAPO in die oorsigtydperk 17 tydelike poste na permanente aanstellings omskep.

Daarby is kern- en steenvrug- grondvesonderstamblokke die afgelope jaar by die Tygerhoek-Kwekery, Riversonderend, gevestig, om aan die bedryf se behoeftes te voldoen. Dit komplementeer die verskaffing van materiaal deur SAPO-gekontrakteerde kwekerie en word in nuwe skakeling met Hortgro gedoen. Ten einde beste praktyke na te streef, is al SAPO se hanteringsprotokolle die afgelope jaar hersien en aangepas.

LOOKING AHEAD

A few exciting projects await SAPO in the ensuing year. These include amongst others:

- an investigation into the establishment of a Plant Tissue Culture laboratory to increase the supply of high-quality virus free clonal rootstocks;

- an increased focus on plant material quality; and

- to enhance internal practices to cater for a greater number of promising varieties to directly benefit the SA industry.

In conclusion, I would like to personally thank all the stalwarts of the SAPO organisation - all employees, the SAPO Board of Trustees and the broad range of clients and associates, who have contributed towards SAPO's successes in a challenging year. We are looking forward to build on these achievements as a growing institution celebrating 45 years within the plant improvement business during 2019.



4.2 CULDEVCO (PTY) LIMITED



**DR LEON
VON MOLLENDORFF**
Manager

“

During the 2018/19 season Culdevco will release another unique red plum from the ARC's world-class plum collection.

In March 2006 Culdevco signed an exclusive licensing agreement with the Agricultural Research Council (ARC). After 12 years it was necessary to revisit this agreement between the parties, because the environment within which deciduous fruit cultivars are being managed and commercialized globally has changed substantially over the last few years. An agreement had to be negotiated and drawn up that would create a win-win for both parties. After lengthy negotiations, a new agreement was signed between Culdevco¹ and the ARC for a further 10 year period beginning in March 2018. This can be described as “a best-practice step to commercialise home-grown cultivars” locally and internationally. According to this agreement, Culdevco will continue to exclusively manage a list of ARC selections and cultivars that were under its management prior to the signing of the latest agreement, whilst new cultivars will be added to this list over time.

Die voortgesette droogte gedurende die 2017/18-seisoen het 'n groot negatiewe effek op die hele sagtevrugtebedryf uitgeoefen. Wat Culdevco betref, het die bestellings vir LNR geteelde kultivars betekenisvol afgeneem, wat ook 'n beduidende impak op die inkomste van Culdevco tot gevolg gehad het. Gelukkig het die Wes-Kaap goeie winterreëns gedurende 2018 gekry wat groot verligting en gemoedsrus in die streek vir sagtevrugteprodusente gebring het. Gevolglik word daar uitgesien na 'n goeie 2018/19-vrugteseisoen. Erge

droogtetoestande word wel nog in die Klein-Karoo ervaar waar die situasie vir veral die steenvrugteprodusente uiters kritiek is.

Cultivar development

Under the new Culdevco and ARC agreement, Culdevco will continue to manage 160 commercialised cultivars, which include cultivars of apples, pears, plums, peaches, nectarines, apricots and table grapes for the fresh, dried and canning deciduous fruit industries. A further 17 apple, 31 pear, 10 apricot, 25 nectarine, 52 peach, 29 plum, 32 table grape and six stone fruit rootstock selections are in an evaluation and development stage. Culdevco makes use of experienced independent evaluators, technical advisors, producers and exporters/marketers to further assist in identifying new cultivars that will keep all our clients ahead of our competition. Culdevco's royalties are also set at conservative levels to ensure that producers get real value from their investment in these cultivars.

During the 2018/19 season Culdevco will release another unique red plum from the ARC's world-class plum collection. Flavour Star provides an exceptional and distinct eating experience and sets a new benchmark for flavoursome plums. Flavour Star ripens a week after Laetitia and when fully ripe, has a red flesh. Flavour Star has undergone third party assessments across the Western Cape in

various climates. It has a medium chilling requirement and it is recommend to apply a rest breaking chemical in lower chilling regions such as Robertson. The initial semi-commercial feedback received from major United Kingdom supermarkets is that Flavour Star is one of the best tasting plums they ever received in their stores. Plant material of Flavour Star will be widely available as from October 2018. Culdevco plans to commercialise this variety in all of the deciduous fruit producing counties of the world within the next three years, but will ensure that the domestic industry is protected in key markets.

Daar is ook ander belowende nuwe kultivar-ontwikkelings binne Culdevco wat tans hoë prioriteit in die finale stadium van evaluasie geniet. Die seleksies sluit onder meer die volgende in:

- 'n Baie vroeë blosppeer wat teen einde Desember ryp word;
- 'n Rooi/pienk pitlose, ferm tafeldruif wat saam met Flame ryp word;
- 'n Plaasvervanger vir Kakamas-inmaakperske sowel as 'n lae koue-behoefte-inmaakperske wat 'n week na Kakamas ryp word;
- 'n Helderrooi, gestreepte laer koue-behoefte-appel met 'n besondere eetkwaliteit;
- 'n Pruim soortgelyk in eetkwaliteit as Flavour Star wat twee tot drie weke voor

Flavour Star ryp word;

- 'n Vroeë wit, pitlose muskaatdruif met 'n bogemiddelde produksie vir die rosynebedryf.

Bemarking in buiteland

Gedurende die afgelope jaar het verteenwoordigers van Culdevco besoeke aan Chili, Spanje, Frankryk en Italië gebring om Culdevco se gelisensieerde tafeldruiwe, pruime, pere en laer-koue-appels te bemark. As gevolg van dié en vorige besoeke word Ruby Star-, African Rose-, African Delight- en Sun Kiss-pruime in meeste van die lande kommersieel aangeplant. Gegewe die noord-suid-ligging van die lande, word nie-kompeterende buiteseisoen produksie van kultivars as 'n groot pluspunt vir die Suid-Afrikaanse mark gesien.

The management of Culdevco wishes to thank its board members for their valuable input on strategic matters as well as their loyal support over the last years. Last, but not least, Culdevco also wish to sincerely thank all stone and pome fruit as well as table and raisin grape growers for their continued support in planting Culdevco-licensed varieties over recent years.

¹Culdevco (Pty) Ltd is the commercialisation entity for the five industry associations in the deciduous fruit industry, i.e. Hortgro Pome and Stone Fruit sectors, SA Table Grapes Industry (SATI), Dried



4.3 FRUITFLY AFRICA



NANDO BAARD
Manager

“

The quality control parameters of these flies did not only achieve production targets, but also exceeded international standards for the production of sterile insects.

FruitFly Africa's (FFA) mandate is to promote and support production, food security, job creation and market access through:

- The cost effective implementing of area-wide fruit fly management programs;
- Following international best practice of area-wide control;
- Suppressing fruit fly populations to internationally acceptable levels;
- Implementing and managing a multi-insect early warning system within fruit producing regions.

It would seem that the deciduous fruit industry's investment into area wide integrated pest management (AWIPM) programs, for the control of fruit flies, is paying dividends. In all areas where the Sterile Insect Technique (SIT) is being used as part of the program, the population levels (measured in Flies per Trap per Day) for the 2017/18 season, were the lowest on record. The success of the season is further compounded by the fact that these low population levels form part of a downward population trend in these areas. (Figure 1, Figure 2, Figure 3,)

Gedurende die afgelope seisoen het ±31 000 hektaar onder die gebiedwye moniteringsprogram geval. Dit sluit 2 670 Medvlieg-, 1 363 Bactrocera dorsalis- en 2 736 FCM lokvalle in. Binne die lugpatprogram is daar 170 000 hektaar in

tien verskillende gebiede gespat. Gebiede het tussen twee en tien lugspatte ontvang, afhangende van bevolkingsdruk en die ander komponente wat in die gebiedwye program gevolg word. Soos in die onlangse seisoen, is daar weer weekliks ±40 miljoen steriele Medvliegmannetjies oor 'n gebied van ±39 000 hektaar uit die lug losgelaat. Die gebiede waar lugloslating geskied is die Warm Bokkeveld, Wolseley, die Hexrivier Vallei, De Wet, Brandwacht, en Elgin/Grabouw. Grondloslating van steriele vlieë het ook op 'n weeklike basis in Tulbagh, Vyeboom en die Hemel-en-Aarde Vallei plaasgevind. Die lugloslating-getalle sal na 56 miljoen steriele mannetjies vir die 2018/19-seisoen styg.

Production of good quality sterile male Medflies forms an integral part of the AWIPM programme in most regions serviced by FFA. For the most part, the quality control parameters of these flies did not only achieve production targets, but also exceeded international standards for the production of sterile insects. Of the quality control parameters probably the most important for successful mating, is flight ability and irradiated male sterility. Flight ability during the season averaged at 86.5%. The internal target is set at 80% whilst the international norm is 75%. Sterility was maintained at +98% whilst the international norm is 95%.

Nie net verseker die gebiedwye-geïntegreerde plaagbeheerprogramme vir Medvlieg dat die fitosanitêre risiko's wat met die pes gepaard gaan, pro-aktief

bestuur word nie, maar bied ook 'n vermoë om vinnig op die voorkoms van ander indringerplae te reageer. 'n Voorbeeld hiervan is die uitrol van aksieplanne vir *Bactrocera dorsalis* gedurende die afgelope seisoen. In gebiede waar FFA betrokke is, word daar vir hierdie plaag gemoniteer om só voorkomende stappe vir die vestiging van die pes te neem. Sodoende verseker FFA nie net dat die beste moontlike praktyke vir die voorkoming van vestiging in 'n gebied nagekom word nie, maar ook dat daar nie onderbrekings in die vermoë om vrugte na die pakstoor toe te skuif en vir bemerking is nie. Dit word tans oorweeg om hierdie voorkomende monitoring na ander produksiegebiede waar FFA nog nie aktief is nie, uit te brei.

FFA bedank graag die meerderheid van produsente in die betrokke gebiede vir hulle voortgesette ondersteuning en samewerking met FFA. Hierdie programme is deur die bedryf in plek gestel om die markrisiko's wat vrugtevlieë teweeg bring, te bestuur. Die sukses daarvan hang grootliks van die samewerking van alle produsente af. Sonder hierdie toewyding en gewilligheid om insette te lewer ten bate van die bedryf as geheel, sou die suksesse wat tot dusver behaal is, nie moontlik wees nie.

TRENDS IN THE THREE WESTERN CAPE SIT REGIONS

Figure 1: Warm Bokkeveld FTD Comparison

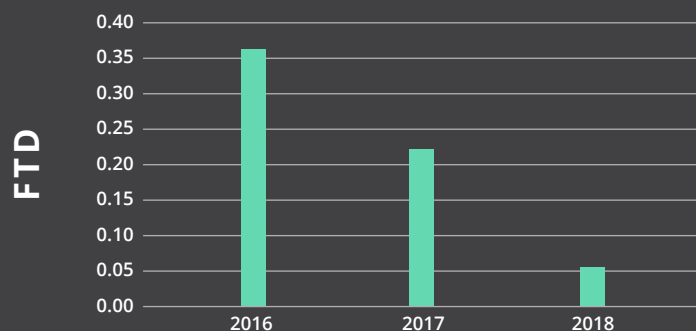


Figure 2: Hex FTD Comparison

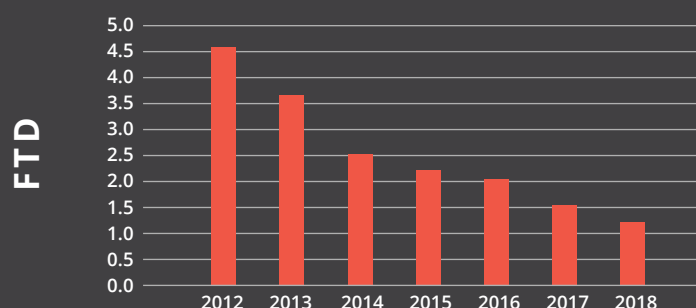
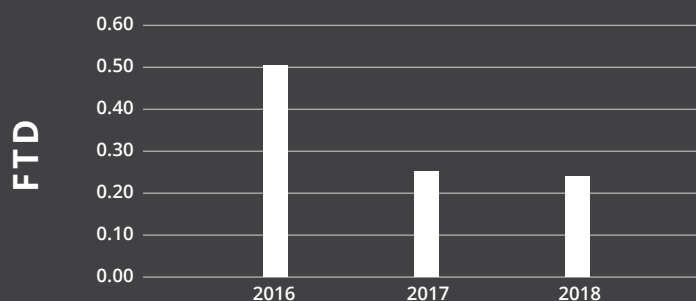


Figure 3: Elgin/Grabouw FTD Comparison



FTD: Flies per trap per day



WIMPIE PAULSE
Chairperson

“

**The Trust
is gaining
momentum, and is
financially solid.**

4.4 FRUIT WORKERS' DEVELOPMENT TRUST

2018 has been a good year for the Deciduous Fruit Workers Trust. More and more beneficiaries joined the Trust and reaped the benefits of belonging to it. The Trust is gaining momentum, and is financially solid. The Trust has also gained visibility on the farms, resulting in more people wanting to join. The challenge remains to use the funds in such a manner as to maximise benefits for the beneficiaries.

Die afgelope jaar was die Trust in so 'n gunstige posisie dat 'n kontantvoordeel aan begunstigdes uitbetaal is en 1 500 begunstigdes sal finansiële hieruit voordeel trek.

Die Trust wil ook graag vir Stephen Hobson bedank vir sy volgehoue ondersteuning en die wyse waarop hy die 'vinger op die pols van beleggings hou'. Die Trust wil ook vir Hortgro vir hulle administrasie bedank, asook vir Philani en ProCare se uitnemende diens. Laastens dank en waardering aan die Trustees.





ISMAIL MOTALA
Chairperson

4.5 DECIDUOUS FRUIT INDUSTRY DEVELOPMENT TRUST

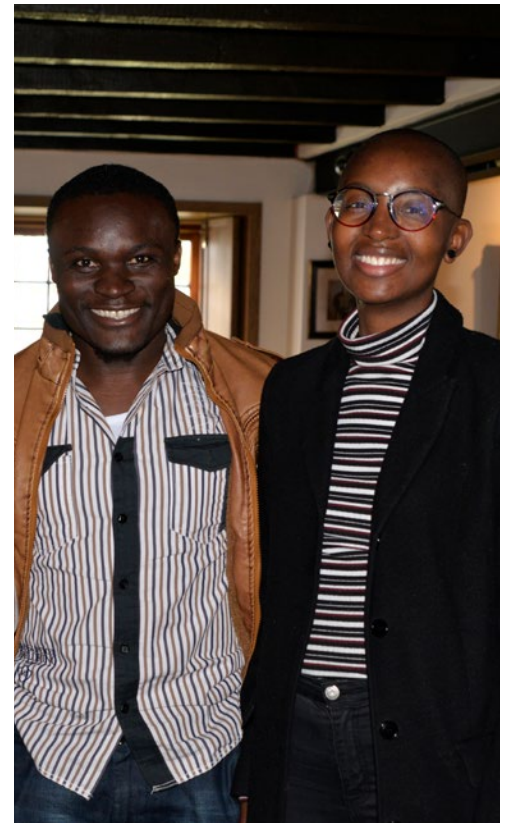
The Deciduous Fruit Industry Development Trust (DFIDT) manages the Deciduous Fruit Board's remaining assets, and is administered by Hortgro.

Trustees may only allocate the return on capital to projects. Due to relatively low interest rates the last few years, a decision was made to invest the funds. Currently the DFIDT has R16 470 307 invested.

The Trust approved that R350 000 of the proceeds of the investment be utilised for bursaries at Stellenbosch University during 2018. Those bursaries were awarded to six previously disadvantaged students. These students are all in the process of obtaining their BSc degrees in Agriculture, Horticulture, Agri Business Management, and Agricultural Economics. These students received between R 50 000 and R 60 000 each towards their studies.



The Trust approved that R350 000 of the proceeds of the investment be utilised for bursaries at Stellenbosch University during 2018.





CHAPTER

ALTERNATIVE CROPS

5.1 Cape Flora South Africa	p.64
5.2 Pomegranate Association of South Africa	p.66
5.3 South African Berry Producers' Association	p.68
5.4 SA Olive	p.70
5.5 South African Pecan Nut Producers' Association	p.72
5.6 South African Fig Producers' Association	p.74



5.1 CAPE FLORA SA



ELZETTE SCHUTTE

Operational Manager:
Cape Flora, SA Berries and
SA Figs

“

Climatic factors such as the ongoing drought was the main challenge for the Cape Flora industry.

Cape Flora SA (CFSA) concluded its fourth year of full operations in its current inclusive form, representing the full value chain.

Climatic factors such as the ongoing drought was the main challenges for the Cape Flora industry during the past year. It is especially the veld harvested portion of the crop that was affected most severely. Yield from intensive production maintained both good volumes and quality whilst the market returns were mostly satisfactory.

Other issues such as the ongoing land reform debate and the resultant policy uncertainty remain a challenge. The potential and positioning of the sector to assist with economic development throughout its value chain are therefore key to further growth and remain a high priority with the Association.

The fynbos industry welcomed Ms Elzette Schutte as Operational Manager, a position which she shares between Cape Flora, SA Berries and SA Figs. Elzette, who commenced her duties on 1 March 2018, has also taken responsibility for the management of the Joint Marketing Forum (JMF) and the IPA (International Protea Association) administration as part of her role in the industry.

Die statutêre heffing wat op alle fynbosprodukte (behalwe varings en Geraldton Wax) – wat binne die koue ketting uitgevoer word – van toepassing

is, bied 'n stabiele befondsingsbasis vir CFSA wat vanjaar veral gefokus het op die transformasiegedeelte van die bedryf deur verskillende projekte aan te pak saam met 'n groeiende groep entoesiastiese opkomende boere. 'n Tweedag-opleidingssessie is gehou waaraan 15 kleinboere deelgeneem het. Dit is opgevolg met 'n sessie rondom entrepreneurskap wat deur 'n verdere 14 produsente bygewoon is. Verdere ondersteuning met bestuursaspekte, toegang tot produksievoorigting en gekoördineerde besoeke deur konsultante, asook bystand met die aankoop van benodigdhede soos skêre en veiligheidsklere, is ook gebied.

CFSA fokus steeds baie sterk op navorsing wat met die aanwending van die heffinginkomste, asook bydraes van die Wes-Kaapse Departement van Landbou se alternatiewe gewassefonds, die Departement van Wetenskap en Kuns se “Post-Harvest Innovation Fund”, die Departement van Handel en Nywerheid en onlangs ook die Wêreld-Natuurfonds (WWF) se Tafelbergfonds, 'n wye reeks produksie- en na-oesverwante kwessies aanspreek.

The availability of funds from the EU and WWF Nedbank Green Trust in conjunction with the Flower Valley Conservation Trust enabled significant progress to be made on the flagship programme for the wild harvesting of fynbos, the Sustainable Harvesting Programme (SHP). This is a support program that works with the fynbos cut flower supply chain and industry

partners to improve sustainable practices in the small scale harvesting businesses. The SHP works in partnership with exporters and distributors and provides a service to support suppliers to meet ethical and sustainable compliance requirements of the trade. The programme further provides small scale harvesters with tools, training and reports on improvement over time. Once harvesters have completed the SHP they would be audit ready which will enhance their marketing opportunities.

The SHP online database provides a web-based system that is secure and allows multiple user registered access to relevant environmental information. In addition, it offers a unique web-based platform on which natural resource management impacts can be captured, stored and analysed to measure environmental changes that informs future land management practices and promotes sustainable use as well as the conservation of fynbos landscapes. SHP is currently being supported by Newcastle University in the UK to develop a mobile app that integrates into the online database.



5.2 POMEGRANATE ASSOCIATION OF SOUTH AFRICA



JACK WITTLES
Chairman

“

With the good rains this winter we are looking forward to the coming pomegranate season!

Die 2018 granaatseisoen het veral produsente in die drooggeteisterde Weskaap uitgedaag. Die ernstige watertekorte op kritiese tye het 'n reuse effek op die volumes en kwaliteit van die granaat gehad.

Hierdie krisis het POMASA genoop om met die finansiële hulp van die Departement van Landbou in die Wes-Kaap 'n navorsingsprojek te begin om besproeiingsriglyne vir granaatbome te bepaal.

The regulation of false codling moth in the European market came into force on 1st of January 2018. A pomegranate FCM management system was developed to guide producers in the effective management of FCM and it proved to be successful.

'n Toetsprojek is geloods om te bepaal wat die effek van verlaagde bergingstemperatuur op die kwaliteit van verskeie granaatkultivars is. Hierdie projek sal uitgebrei word om te bepaal of verlaagde bergingstemperatuur deel kan vorm van die FCM-bestuursplan.

Statutory funds enabled the registration of essential chemical products and this process will continue in the next season with the collaboration of chemical companies.

Die drie hoofvariëteite van granaat wat aangeplant is, is Wonderful (68%), Herskowitz (14%) en Acco (11%). Om te verseker dat die produk van goeie kwaliteit die uitvoermarkte bereik, is daar ook 'n na-oes projek op die drie hoofkultivars aan die gang.

Export volume is approximately 19% lower than in the 2017 season with a total of 1,167,821 cartons (3.8kg equivalent) exported.

Approximately 80% of the fruit delivered for packing was exported and 11% was juiced. The main export markets were the EU (44%), the Middle East (22%), UK (17%) and the Far East and Asia (10%). The Middle East prove to be a growing export market, with volumes drastically increasing since 2012. There is an increased demand for good quality pomegranates in the export markets but the local market remained constant.

With the good rains this winter we are looking forward to the coming pomegranate season!

POMASA
POMEGRANATE ASSOCIATION
OF SOUTH AFRICA



5.3 SOUTH AFRICAN BERRY PRODUCERS' ASSOCIATION

ELZETTE SCHUTTE

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Blueberries are a labour intensive crop, and it is a growing market, thus it has the ability to create 2,96 jobs per hectare.

As the global demand for health foods grows, so the demand for berries increases. And things are happening in the South African berry world, especially our blueberries! Some successes the past year include the conditional registration of three much needed chemicals, Tebuconazole, Thiachlopid and Acetamiprid. We are working very hard to complete the trial work for an exciting and much needed range of new insecticides, fungicides and herbicides which will ensure better crops in the coming years. We hope that we will see these registrations being approved in 2019. Another highlight for our new industry is the completion of our Phytosanitary Information Packet for blue, black and raspberries - a crucial document for our quest to access new and exciting export markets.

Wat uitvoervolumes betref, het die bedryf in die 2017/18-seisoen net onder 6 500 ton uitgevoer. Die geskatte uitvoervolume vir die 2018/19-seisoen is 10 500 ton wat op die voortgesette groei van die bessiebedryf dui.

Blueberries are enjoying a lot of media attention at the moment. Recently the Minister of Economic Opportunities in the Western Cape, Mr Alan Winde said: "This is a growing market, and coupled with the fact that blueberries are a labour intensive crop, with the ability to create 2.96 jobs per hectare, it means that there

is real potential here for the Western Cape to grow our blueberry exports, expand our economy and create new jobs in the agricultural sector."

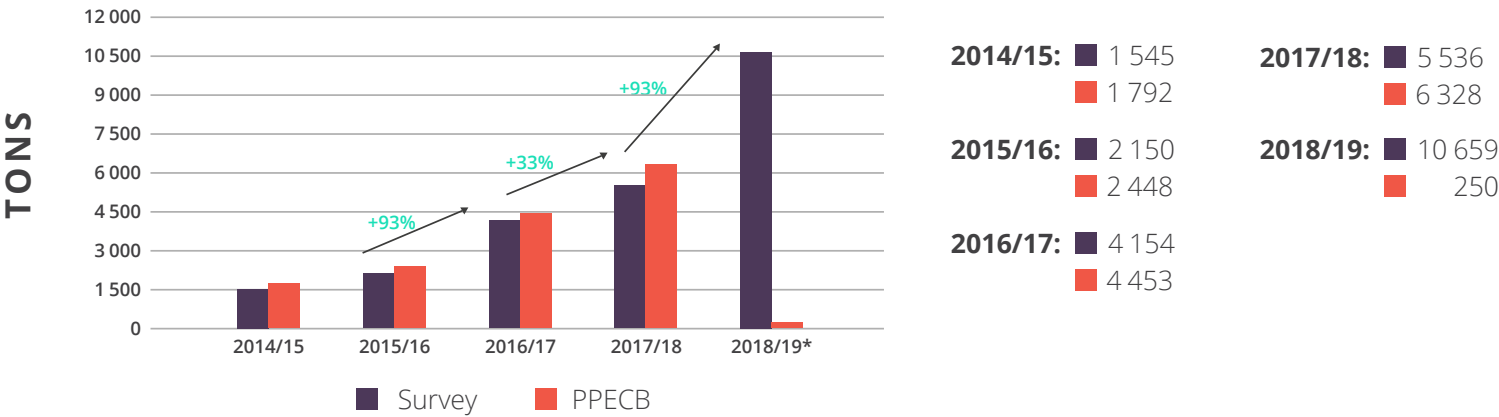
Ongeveer 61% van die land se bloubessies word in die Wes-Kaap geproduseer, maar aanplantings in ander provinsies neem ook toe. Die Verenigde Koninkryk is steeds die grootste mark vir SA bessies met 'n invoerwaarde van R228 miljoen in 2017. Nederland is die tweede grootste mark, gevolg deur die Verre en die Midde Ooste. Die bedryf fokus tans sterk daarop om nuwe markte te ontsluit soos Suid-Korea en China.

Weens die kort rakleef tyd van swartbessies en frambose, is volumes van hierdie bessies baie minder as bloubessies in Suid Afrika. Daar word wel verwag dat uitvoere van beide bessie-tipes sal toeneem in die 2018/19-seisoen.



TRENDS IN THE THREE WESTERN CAPE SIT REGIONS

Figure 4: South African Blueberry Exports



5.3 SA OLIVE



NICK WILKINSON
Chairperson



Die toekomsfokus van die bedryf is die nastrewing van kwaliteitprodukte en die volhoubare groei van die bedryf.

World olive oil production for 2017/18 is forecasted at 3.3 million tons which is a 28% increase over the previous year. Overall demand is still forecasted to exceed supply.

Here in South Africa, the drought has put severe pressure on production and our industry has shown great resilience. The hectares planted with olives are growing and oil production currently is estimated at 1.5 million liters per annum.

Die Suid-Afrikaanse olyfoliebedryf toon voortgesette groei wat duidelik blyk uit die aantal inskrywings in die ekstrasuiwer-olyfoliekategorie in die jaarlikse SA Olyftoekenings. In 2018 was daar 93 inskrywings en die kwaliteit van die olies was uitmuntend. Een en twintig goue medaljes is toegeken in die drie kategorieë wat wissel van delikaat, medium tot sterk. Die goue medaljewenners het ook aan die Absa Top 10-kompetisie deelgeneem. SA Olive in samewerking met ABSA gee op dié manier erkenning aan die beste Suid-Afrikaanse olyfolies en verbeter so die bedryfsprofiel.

International appreciation for the quality of South African extra virgin olive oil continues to grow, as is demonstrated by the accolades won by a number of our producers at prestigious international competitions. Special mention needs to be made of the fifth edition of the Sol d'Oro Southern Hemisphere olive oil competition, held in Cape Town during Sept 2018. Sixty-two Southern Hemisphere EVOOs entered the competition and were

blind tasted by an international panel of olive oil experts from Italy, Spain, Chile, Peru, Greece and South Africa. All nine the medals were awarded to South African companies, as well as the newly instated prize for the overall top-performing producer, the 'Giulio Bertrand Special Prize'.

Daar is goeie samewerking tussen die bedryf en die Suid-Afrikaanse regering. Die standaard van Suid-Afrikaanse olyfolies word tans geformaliseer en sal binnekort as 'n regulasie deur die Departement van Landbou, Bosbou en Visserij afgekondig word. As deel van SA Olive se transformasie-agenda is daar 'n mentorskapprogram wat deur die regering ondersteun word. Sodoende maak SA Olive 'n daadwerklike bydrae tot die opheffing van alle Suid-Afrikaners.

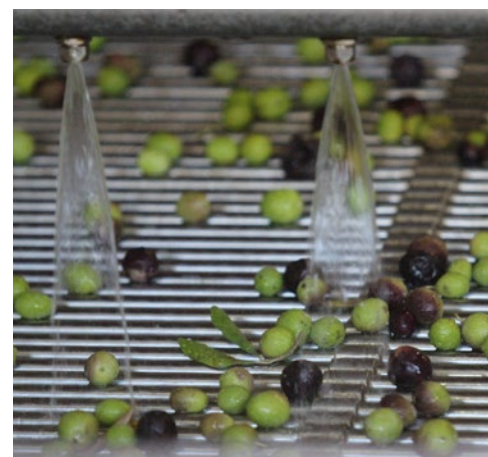
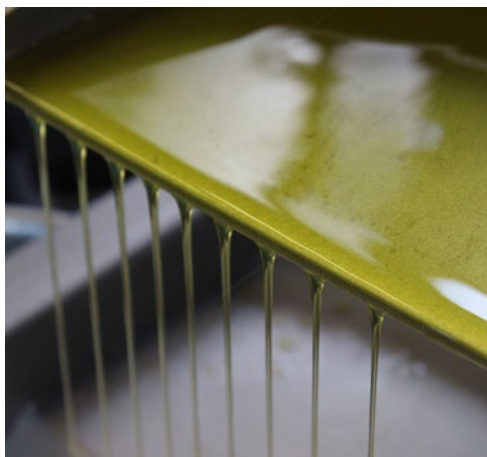
A strategic marketing plan is taking shape and aims to inform the consumer of the health benefits associated with extra virgin olive oil and the consumption of olives. These benefits include: lowering risk of cardiovascular disease; preventing breast, bladder, ovarian and digestive track cancer; reducing risk of cognitive decline and dementia; lowering risk for Type 2 diabetes.

Our voluntary Commitment to Compliance (CTC) certification scheme continued to run effectively thanks to the stellar work of our Organoleptic Tasting Panel. The panel meets on a fortnightly basis to taste and rate olive oil samples, in line with internationally accepted methods.

Two South Africans were invited by the Sol D'Oro Southern Hemisphere EVOO competition to be part of their esteemed judging panel. This shows that our tasters are on par with the best in the world.

Die statutêre heffing bly steeds die reddingsboei van SA Olyf en 'n tweede vierjaarperiode is deur die Minister van Landbou goedgekeur. Die aantal registrasies van nuwe lede het oor die afgelope vier jaar toegeneem veral weens die strenger toepassing van statutêre maatreëls.

Die toekomsfokus van die bedryf is die nastrewing van kwaliteitprodukte en die volhoubare groei van die bedryf.




SAOLIVE
SA OLIVE INDUSTRY ASSOCIATION





ANDRE COETZEE
Manager

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**Die pekan-
bedryf is steeds
een van die
beste land-
boubedrywe om
in te belê.**

5.5 SOUTH AFRICAN PECAN NUT PRODUCERS' ASSOCIATION

Die pekanbedryf is steeds een van die beste landboubedrywe om in te belê. Ten spyte van politieke onsekerheid word daar steeds jaarliks 'n rekord aantal nuwe bome aangeplant.

Our attention was mostly focussed on the five critical success factors that were identified in the Three Year Performance Management Programme. These are: research, communication, training, finances and market access.

Research

- The UFS project – This will be the third season that samples are collected from the different regions. This gives producers the opportunity to meet directly with Dr Gert Marais and his team.
- The ARC Project – A field guide on “Insects associated with pecan tree cultivation in South Africa” by Dr Justin Hatting is the direct result of this research and is available to members.
- Water usage of mature pecan nut trees – This is a joint project between SAPPA and the Water Research Commission (WRC). This five year project started in April 2018 in Vaalharts and will be expand to include measurements from Upington in the second year. The University of Pretoria will do the research and Dr Nicky Taylor is the project leader.

- Polyphagous Shot Hole Borer (PSHB) – After the Forestry and Agricultural Biotechnology Institute at the University of Pretoria identified the PSHB it became clear that it is a potentially serious threat to the South African pecan nut industry. Urgent action was required and we decided to re-allocate funds. An agreement was reached with FABI to ensure that research could start without delay. Prof Wilhelm de Beer will be leading the research team.

Kommunikasie

Een van die grootste uitdagings vir enige organisasie is om effektief te kommunikeer. Daar word baie moeite gedoen om ons databasis op datum te hou.

Die Algemene Jaarvergadering en inligtingsdag, die SA Pekan tydskrif, die SAPPA webtuiste (www.sappa.za.org), streeksvergaderings en nuusbriewe, bly ons belangrikste kommunikasiemiddels. Die webtuiste word deurlopend op datum gehou en is beslis 'n besoek werd. Die elektroniese weergawes van die SA Pekan is sedert 2015 op die webtuiste beskikbaar.

Training

The SAPPA Road Show, with Dr Lenny Wells and Dr Richard Heerema, took place

during April 2018 and was a huge success; detailed reports were published in Volume 80 of the SA Pecan.

Field days and training sessions for the training of young pecan nut trees, remain very popular.

A course for new entrants will be presented during April 2019.

Finansies

Die opbou van reserwefondse is as 'n strategiese doelwit geïdentifiseer aangesien die seisoenale aard van die bedryf en langtermyn navorsingsprojekte dit noodsaaklik maak.

'n Ander strategiese doelwit wat deurgaans bestuur moet word is die transformasieprogram. Tot op datum het ons reeds 50 individue, nege trusts, vier skole en een gesamentlike onderneming gehelp. Meer as 7 000 bome is voorsien en geplant. Die riglyn van 20% van die statutêre heffing word jaarliks aan transformasie spandeer.

Market Access

We have joined forces with the other members of the tree nut grouping to identify, prioritise and register crop protection products.

The standards committee is working on standards for pecan nut kernel.

Te veel bewolkte weer in die oostelike deel van ons land en die buitengewone swak kwaliteit van veral die Choctaw-kultivar in die Vaalhartsarea, het neutkwaliteit nadelig beïnvloed. Dit het daartoe bygedra dat PPECB 'n aantal houers weens kwaliteitverwante redes afgekeur het. Dit is egter positief dat PPECB sy werk doen en dat houers wel afgekeur word wat nie aan die ooreengekome standarde voldoen nie. PPECB doen slegs die inspeksies en ons as bedryf stel die uitvoerstandaarde vas.

The harvest of 2018 was at least 18 000 tons which gives us an increase of more than 10% on the previous year's crop of 16 500 tons.



5.6 SOUTH AFRICA FIG PRODUCERS' ASSOCIATION

ELZETTE SCHUTTE

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The SA fig industry has been developing steadily over the past 14 years.

The South African Fig Producers' Association (SAFPA) was officially registered in September 2017. The SA fig industry is in fact not that new it has been developing steadily over the past 14 years. It is however only now that an official industry association has been established. Hortgro assists SAFPA with the coordination and administration of industry activities. SAFPA currently has 34 producer members.

Issues which need critical attention include water management, registration of chemicals, an FCM strategy and market access.

Fig trends

- SA currently has 213 ha planted to commercial fig production;
- SA exported 380 tons of figs in the 2017/18 season;
- SA contributes 0.12% of the world's fig production;

- Due to the size of our South African figs, produce are mainly exported to the UK and the Far East;
- The SA industry's flagship variety is Parisian/Evita. It has a beautiful purple skin and bright red flesh. The eating-quality is terrific and considered superior to many of the more popular and well-known varieties of the world;
- Exporters and SAFPA are working hard to establish South Africa as a worthy competitor in the world's markets with consistent quality and eating experience as main objectives.

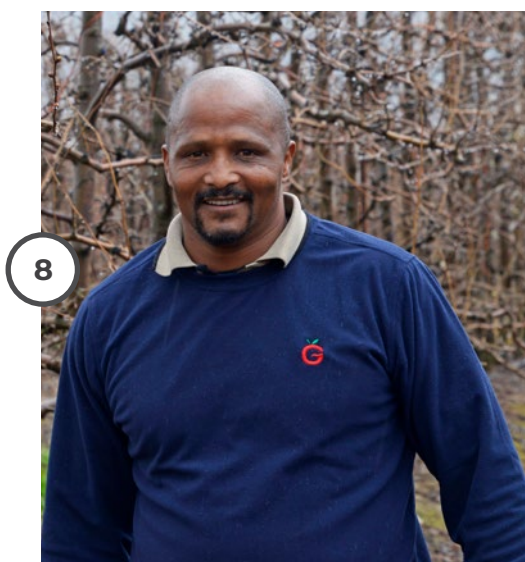




6. HORTGRO IN PICTURES



1. Twintig jaar sedert bedryfsderegulasie word in swier met 'n banket gevier: Minister Derek Hanekom, prof. Eckart Kassier, dr. Kraai van Niekerk, Anton Rabe.
2. Bun Booyens was 'n gasspreker by ons tegniese simposium.
3. Raymond Koopstad van La Vouere se eerste oes!
4. Alternatiewe gewasontwikkeling: André Smit, dr. Ilse Trautmann, Joyene Isaacs (beide van die WK Departement Landbou), Louis van Zyl, Anton Rabe en Arno Marais.
5. DFDC launch in Mpumalanga, from left: Dr Job Mthombeni, MEC detail, Dr Vuyo Mahlathi, Mpumalanga MEC for Agriculture, Mr Vusi Shongwe, Ismail Motala, Thembi Xaba, Mose Mkhabela, Nic Dicey and Pitso Sekhoto.
6. Buks Nel - Innovation Award 2018.
7. Deciduous Fruit Gala Evening winners: At the back Sivuyile Panya, Bongani Gqadu, Jan le Roux. In front: Samantha van den Berg, Hendrik Davids, Willem Booise, Richard Hurndall, Elvis Pieters.
8. Elvis Pieters - Rietfontein.
9. Full bloom.
10. Sivuyile Panya - Kromfontein.





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- Growing Fruit IQ -