CANNING FRUIT
PRODUCERS' ASSOCIATION

PRESS STATEMENT | CANNING FRUIT PRODUCERS' ASSOCIATION

PREMIER'S PUBLIC REASSURANCES CONCEAL THE COST TO FRUIT GROWERS

Farmers face losing their buyer, their income and the protection of long-term supply agreements.

Fruit growers who invested in orchards to supply the Tulbagh cannery now face losing the buyer around whom they built their businesses.

Growers were assured that the merger would change nothing. Premier then announced that it would take no canning fruit for the coming season. Next, it offered arrangements that required growers to end their supply agreements and give up claims against the company. It set a deadline that forced them to decide their future as harvest approached. The Canning Fruit Producers' Association condemns Premier's conduct as commercially oppressive. Premier presents these arrangements as support for farmers but does not explain the rights they must surrender. That gives the public an incomplete picture.

These farmers committed years of work and substantial capital to a long-term supply relationship. Their court evidence records that RFG encouraged new planting, asked for five-year production plans and assured growers that the merger would change nothing. One grower spent about R3.15 million expanding its orchards by 10.5 hectares. Investments of that kind need a dependable market for many years. Reassurance for a single harvest does not protect them.

A farmer cannot replace an industrial buyer overnight. Nor can a farmer pull out productive trees, plant another crop and immediately replace the lost income. Orchards take years to establish. Loans, wages and farm expenses fall due throughout that period. Once fruit ripens, growers have only days to harvest and deliver it before it spoils. Premier's own evidence acknowledges that growers struggle to find other buyers and reasonably fear loss. Premier therefore knows the financial pressure under which growers must consider its proposals.

Every option in Premier's proposal required growers to end their supply agreements and release claims against the company, including claims they might not yet know they have. Premier's payments therefore buy it something valuable: freedom from future supply obligations and potential claims. A fair public account must explain both sides of that bargain. The amount Premier offers tells only half the story.

Premier increased the pressure by insisting that growers choose by 17:00 on Sunday 8 November, immediately before the scheduled High Court hearing. It refused the CFPA's request for five more days. Growers had to weigh the immediate survival of their businesses against rights that could protect future seasons before the Court could consider the applicants' position. Premier chose that deadline knowing the growers' predicament

This week, Premier reported strong results for the six months to September, with revenue up about 39% to R14.3 billion and net profit up more than 62% to R1.2 billion. Premier is entitled to its success. Those results, however, cover the same months in which it closed the Tulbagh cannery, stopped buying growers' canning fruit and asked them to give up their supply agreements. A business performing that well has ample room to treat its growers fairly.

Premier has shown that it can separate this harvest from the wider dispute. In the court proceedings, it offered to receive, grade, transport and pay for the five applicants' contracted fruit. It did not require them to surrender their future supply rights, although it demanded a separate promise to cover its potential losses. The CFPA asked Premier to make the same arrangement available to other growers, so that this season would be protected and the wider dispute left for later. Premier did not agree. Its broader proposals still require growers to give up those rights.

Premier and the growers disagree about whether Premier can stop buying fruit without giving the notice that growers say their contracts require. The process agreed in the contracts must decide that question. Meanwhile, the CFPA respects every farmer's decision about how best to protect a business under pressure. A farmer who accepts a payment to keep a business afloat under severe financial pressure, however, gives Premier little cause to congratulate itself on a fair outcome.

Premier should make workable arrangements for this harvest without demanding that farmers abandon their future rights. Growers deserve fair terms and time to make informed decisions.

The public deserves the whole story about what Premier requires in return.

Issued by the Canning Fruit Producers' Association