



Annual Report **2012**





Citrus Growers' Association
of Southern Africa

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Supporting citrus growers to be globally competitive

Our Mission

The Citrus Growers' Association will maximise the longterm profitability of its members

Strategic Objectives

- Administer, fund and resource the CGA Group
- Gain, retain and optimise market access
- Fund, control and implement research and development
- Provide product and quality assurance
- Engage with government stakeholders
- Assist grower profitability and sustainability
- Drive industry transformation
- Facilitate efficient logistics

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Chairman's Report

Pieter Nortje Chairman

Ons kyk terug na die jaar vanaf 1 April 2011 tot 31 Maart 2012. Ons dank aan die uittrede voorsitter, Mnr. Fanie Viljoen, wat in November 2011 die leisels oorgegee het. Dankie Fanie vir jou sterk leierskap en tyd wat aan die CGA gegee het. Jou uitstekende bydrae sal gemis word.

Before we look at certain events, allow me a few observations about our beloved citrus industry:

1. Citrus might be a commodity, but it's a basket of some very unique and different varieties. Therefore I could not trace a season where all varieties experienced a very poor or very good season in one single year! Lesson: Let's make sure we have a diverse basket and that the composition thereof satisfies the changing demands of consumer trends.
2. Compared to other fruit types, we as a South African citrus industry have the most diverse marketplace. This has proved to be much more of a lifeline than anticipated 10 years ago. Imagine the catastrophe if we still only had Europe to receive 70% of our crop!
3. Sitrus is die grootste en een van die belangrikste rolspelers in die Suid Afrikaanse Landboukonteks. Ons is 'n massiewe verskaffer van werksgeleenthede - meestal met geen tot min kwalifikasies - en is 'n baie verantwoordelike werksverskaffer daarby. Deur ons konstante strewe om in

alle aspekte hiervan te verbeter, behoort die sitrusbedryf 'n onmisbare rolspeler wat lei deur voorbeeld vir ander, in hierdie land te word. Daarom wil ek graag vir wyle Dr. A. Rupert aanhaal: "Geen goeie daad sal ongestraf bly nie"!

Jare soos 2011 kan vir al die verkeerde redes onthou word:

- Die Europese finansiële krisis het sy grootste inpak gehad in 2011,
- Noordelike Halfronde vrugte is opgeberg en gerek tot diep in ons bemarkingseisoen. Dit het die ewewig van vraag en aanbod eers in Rusland versteur en soos 'n brander na ander markte versprei. Pomelo's en Nawels is erg hierdeur getref.
- Die implementering van die "NAVIS" sisteem in Durban hawe het 'n vertraging van alle verskepinge teweeg gebring wat gelei het tot te lang periodes vanaf boord tot mark met meer bederfverliese.

Market Access

- During 2011 negotiations for entry into Thailand and expanded entry into South Korea, for grapefruit and lemons, were at an advanced stage.
- With USA domestic regulations changing as far as Citrus Black Spot is concerned, new opportunities may arise. The immediate

task in the US is to get officials to accept the technically justified treatment period - after renegeing on previous agreements.

- Optimizing access to China, Japan and the EU are all in progress. These market access activities have the tendency to frustrate those involved as they take years to conclude - perseverance and patience are needed to see them through.
- Ons grootste bedreiging in nuwe markte is fitosanitêre plae soos VKM. Elke produsent behoort geweldig sterk aandag aan alle moontlike beheermaatreëls te gee. Die XSIT program word uitgebrei na meer streke en tesame met bestaande beheer-ryglyne, blyk dit 'n groot sukses te wees.

While it is important to ensure we meet our obligations in terms of trade and risk of exporting pests and disease (as required by the International Plant Protection Convention, IPPC), it is equally important to protect SA from introduction of an invasive fruit fly (*Bactrocera Invadens*) into the northern regions. This has triggered the B.I. Action Plan developed by DAFF and the fruit industries. The fly has been eradicated in these areas, but the industry will need to remain vigilant. DAFF and CGA are also working together in restricting the spread of African Greening, and implementing early warning systems to monitor for other pests and diseases not currently found in the region (such

Chairman's Report

as Asian Greening). After a recent visit to Florida it was evident that these diseases can totally destroy an industry.

Meeting customer requirements and expectations remains a priority in retaining the status of preferred supplier. This is not a static environment as customers' requirements change, often resulting in new compliance criterion. This compliance is often associated with inspections and certifications. The emergence of a plethora of certificates and accreditations is both time consuming and costly. Harmonization of standards remains a priority for the Association. The Ethical Trade Initiative, driven by Fruit South Africa, is a step in a new direction as the South African fruit industries proactively work on ensuring labour law compliance and continuous improvement in working conditions on fruit farms. This platform could form the basis for harmonization of other requirements in the future.

Sekere nuwe markte bv. Indië en Suid-Korea, se volle potensiaal kan nog nie bereik word a.g.v invoertariewe - tot so hoog as 40%. Dit geld ook vir bestaande markte soos EU. Ons kompetisie uit Suid Amerika en Australië se regerings was instrumenteel om hul tariewe verlaag te kry en dus 'n groot voordeel bo ons vrugte te gee. Ons as sitrusprodusente in SA het tot dusvêr baie min sulke bystand van Regeringstrukture ontvang. Daarom is dit ons doelwit om in 2012 'n strategie in plek te kry om nader aan hierdie prosesse met die Regering te kom, hul te bemagtig met die regte inligting en implikasies. Gesien dat die sitrusbedryf kritieke Regeringsdoelwitte soos werkskepping, buitelandse valuta en nuwe toetreders se ontwikkeling aan

Continued

voldoen, is dit uiters krities dat die Regering hierdie potensiaal help ontsluit in nuwe markte en ons sal moet help dat almal dit besef.

Grower sustainability is seriously threatened by ever increasing input costs coupled with static market returns. On farm costs have been cut to the bone, with little room for increased efficiency or productivity. The relatively new focus area of the CGA on logistics has meant a better informed grower group and more emphasis on transport and infrastructural improvements. The grower agenda is now being heard by all role-players in the value chain - it is in this space that most cost cutting can be achieved through increased efficiency, better planning and coordination and reduced monopoly control and exploitation. The first example is the rebate by TNPA (TRANSNET) for shipping costs in 2012. As an Industry we want to thank TNPA for this initiative.

Ten slotte

My doelwit en uitdaging aan die CGA, hul strukture en die Bestuur vir 2012 en vorentoe is om dividende te lewer op die heffing wat betaal word. Ek kan getuig dat daar 'n groot energie en wysheid te bespeur is by die Bestuur om nuwe markte oop te maak, bestaande markte te beskerm en kostes in die ketting te verlaag.

Our thanks to the CEO, Justin Chadwick, and his whole team for their hard work and energy with which they look after us in terms of Industry matters. We look forward to a fruitful 2012!

Pieter Nortje





CEO's Report

Justin Chadwick
Chief Executive Officer

CGA is a member driven Association – structures and processes are put in place to ensure that “he who pays - says”. It was therefore pleasing to get the feedback at 2011/12 Grower Road Shows that the Association was meeting grower expectations. The work that the Association is doing is aligned with what growers expect us to do - although there is always the pressure to do more, do it better and do it faster.

A milestone for the CGA in 2011 was the formation of the CGA Cultivar Company (CGACC). The request for the formation of this company came from ALL regions, and the news that it was “up and running” was appreciated by all who attended the Road Shows. Now it is up to the General Manager and newly elected Board to “make it happen”. There is much that can be done in the field of rootstock improvement and new cultivar introduction – new product development is the way to ensure continued growth of the industry.

Over the years the CGA has built up relationships with many organisations both locally and abroad. These relationships assist in meeting the expectations of the industry, and growers in particular. Internationally the CGA has continued to play a role in the Southern Hemisphere Association of Fresh Fruit Exporters (SHAFFE), an important platform for addressing common southern hemisphere

issues, while also providing information sharing opportunities. Associate membership of CLAM (Mediterranean Citrus Industries Association) has also provided a window into that region's citrus industries, and also provided for the exchange of information and experiences.

Locally CGA has continued to work closely with the other fruit industries (Hortgro, SUBTROP and SATI) and the Fresh Produce Exporters Forum (FPEF) under the umbrella organisation Fruit South Africa. Common issues have been addressed and a shared responsibility has been developed. Through Fruit South Africa membership of important international bodies such as International Federation of Product Standards (IFPS) and Freshfel have been established.

CGA has developed strong relationships with government agencies such as the Perishable Products Export Control Board (PPECB), National Agricultural Marketing Council (NAMC) and Agricultural Research Council (ARC). These bodies can all play a positive role in ensuring competitiveness of the South African citrus industry – the CGA's role is one of encouraging efficiency and effectiveness of these bodies in achieving shared objectives.

A positive relationship with government is key to the future of the industry. Building trust and understanding a shared vision will mean growth

and prosperity of the citrus industry – leading to job preservation and job creation, rural poverty alleviation, increased foreign exchange earnings and economic growth.

Communication remains THE most important function in ensuring that the Association remains relevant, understands member requirements and reports back on what has been achieved. This communication must be two ways – FROM grower members to the Association so that ALL growers are part of the Association's activities; and TO growers so that the activities, successes and challenges of the Association are known and understood by the growers. To this end written communication through weekly newsletters, bi-monthly SA Fruit Journal articles and articles in the popular press; and oral communication through the yearly Road Shows, Variety Focus Groups and industry events (such as Citrus Marketing Forum, Packhouse Workshops and Citrus Symposium) are efforts to achieve this two way communication.



Administration

Gloria Weare
Executive Assistant to CEO



Governance

The Citrus Growers Association of Southern Africa (CGA) has a board of 21 Directors, 18 of whom represent citrus growing regions across South Africa, Swaziland and Zimbabwe; two representing emerging citrus farmers in the north and south and the Chairman of the Audit Committee, who provides expertise in financial governance and serves on the Board. The National Agricultural Marketing Council (NAMC) has observer status on the CGA Board.

During the year under review there were the following changes to the Board of Directors:

| Previous Director | Present Director | Region |
|--------------------------|-------------------------|-------------------|
| Tini Engelbrecht | Charles Rossouw | Senwes |
| Kobus van Zyl | Jannie Spangenberg | Oranje Rivier, NC |
| Fanie Viljoen | Ben Vorster | Letsitele |

Executive Committee

Fanie Viljoen (Chairman) up to November 2011
Pieter Nortje (Chairman) from November 2011
Hoppie Nel (vice Chairman) up to November 2011
Piet Smit (vice Chairman) from November 2011
Hoppie Nel
George Hall
Graham Piner



Meetings

CGA Board of Directors

30th August 2011

Beach Hotel, Summerstrand, Port Elizabeth
Apologies: J van Zyl

24th November 2011

Intercontinental Hotel, O R Tambo, Jhb
Apologies: J van Zyl, M I Nemaorani, P Smit (Audit Comm Chairman)

13th March 2012

Intercontinental Hotel, O R Tambo, Jhb
Apologies: R A Rouillard, S Dellis, J Spangenberg, J Hobbs

CGA Executive Committee

11th May 2011 *Apologies: Hoppie Nel*

15th July 2011 *Apologies: Piet Smit*

9th November 2011 *No apologies*

26th January 2012 *No apologies*

23rd March 2012 *No apologies*



Representation

The CGA has representation on various Boards and Committees:

Citrus Research International (CRI):

Kobus de Kok, Louis von Broembsen, Hoppie Nel, Piet Smit (Letsitele), Fanie Meyer, Deon Joubert

Citrus Academy: Shane Dellis, Mike

Woodburn, Graham Piner

River Bioscience: Jock Danckwerts,

George Hall

XSIT: Piet Smit (Citrusdal)

Citrus Industry Trust (CIT): Mark Fry

Agri SA: Antoine Rouillard, Hannes Nel

Citrus Improvement Scheme:

Jock Danckwerts

Citrus Marketing Forum (CMF):

Hoppie Nel, Peter Nicholson, Gabrie van Eeden

Fruit South Africa: Justin Chadwick

Southern Hemisphere Association of

Fresh Fruit Exporters (SHAFFE):

Justin Chadwick

Agricultural Trade Forum (ATF):

Justin Chadwick

Market Access Committee: Elma Carstens

SPS/CLAM: Vaughan Hattingh, Paul Hardman (secundus)

Carbon Footprint Steering Committee:

Paul Hardman, Vaughan Hattingh (secundus)

MRL/SHAFFE/MRL Work Group/Food

Safety Forum/IPFS/FSA Harmonisation:

Paul Hardman

BI (Bactrocera Invadens) Steering

Committee: Vaughan Hattingh, Justin Chadwick (secundus)

PPECB: Tini Engelbrecht, Mzo Makhanya

Fruit South Africa Logistics Committee:

Mitchell Brooke

EDI Task Group: John Edmonds

Variety Focus Groups

The variety focus groups met regularly during the 2011/12 season, with the main business being updating crop predictions, dealing with dispensation requests (referred to them by DAFF), determining standards, discussing market conditions and monitoring packed and shipped information. The CGA Information Manager is tasked with convening the meetings and acting as secretariat. The Chairmen of the variety focus groups serve as the CGA Information Committee, and also attend the Citrus Marketing Forum meetings.

Members of the variety focus groups as elected in February/March 2011 were as follows:

| Region | Valencia | Navel | Lemon | Grapefruit | Soft Citrus |
|-----------------|----------------|---------------|-----------------|-----------------|-----------------|
| Boland | | | R. Allen | | S. Bruwer |
| Western Cape | S. Engelbrecht | G. van Eeden* | R. Groenewald* | | G. vd Merwe jnr |
| Patensie | T. Meyer | P. Dempsey | P. Dempsey | | M. Odendaal* |
| Sundays River | D. Joubert** | P.Nortje** | H. Joubert** | | J Ferreira |
| E.Cape Midlands | | L. Robert | D. de Villiers | | J. Danckwerts** |
| Hartswater | | D. Mathewson | | | |
| KZN Midlands | L. Claassens | L. Claassens | P. Button | | |
| Pongola | A. Barnard | | A. Rouillard | A. Rouillard | |
| Nkwalini | S. Dellis | | | T. Wafer** | |
| Onderberg | C. vd Merwe | | | C. van Veyeren* | |
| Nelspruit | A. Muller | G. Piner | G. Turner | | A.J. Esser |
| Swaziland | G. Brown | | | S. Geldenhuys | |
| Letsitele | B. Vorster | B. Vorster | J. Nel | P. Smit | A.Cooper |
| Hoedspruit | F. Meyer | | G. Bezuidenhout | K. van Staden | |
| Orange River | K. van Zyl | | | J. Spangenberg | |
| Limpopo River | P. Nicholson* | | P. Nicholson | D. Erasmus | |
| Senwes | M. vd Heever | K. Schoeman | H. Schoeman | | I. Upton |

*** Chairman * Vice Chairman*

The following changes were made in March 2012:

| Region | Variety | Outgoing | Incoming |
|-----------------------|-------------|--------------|---------------|
| KZN Midlands | Navels | L. Claassens | A. Austin |
| KZN Midlands | Valencia | L. Claassens | A. Austin |
| Sunday's River Valley | Soft citrus | J. Ferreira | C. Tibshreany |
| Senwes | Navels | K. Schoeman | H. Schoeman |
| Senwes | Lemons | H. Schoeman | P. Pullinger |
| Nkwalini | Grapefruit | T. Wafer | M. Wafer |
| Sunday's River Valley | Grapefruit | P. Nortje | F. Joubert |

During 2011/12 the following meetings were held by the VFG's

| Month | Grapefruit | Valencia | Navel | Lemon | Soft Citrus | Total |
|--------------|------------|----------|----------|----------|-------------|-----------|
| April | 1 | | 1 | | 2 | 4 |
| May | 1 | 1 | 1 | 1 | 2 | 6 |
| June | 1 | 1 | 1 | 1 | | 4 |
| July | 1 | 1 | 1 | 1 | 1 | 5 |
| August | 1 | 2 | | 1 | 1 | 5 |
| September | 2 | 1 | 1 | | | 4 |
| October | 1 | | | | | 1 |
| Mar | 1 | 1 | 1 | 1 | 1 | 4 |
| Total | 6 | 9 | 6 | 6 | 7 | 34 |

During 2011/12 the CGA continued to reach as many growers as possible, keeping them up to date on information relevant to the citrus industry. Even with most growers having access to the internet, it is not easy to ensure that everyone is kept informed. If you have changed your email address, contact numbers or postal address please advise info@cga.co.za so that your records can be updated.

Roadshows

Once again the CGA staff embarked on two weeks of roadshows in February 2012. Justin Chadwick and Paul Hardman each headed a team comprising staff from CGA, CA, CRI, RB and the new Cultivar Company to visit each of the eighteen regions where citrus is produced in South Africa, Swaziland and Zimbabwe. This year's roadshows were particularly important as the growers were made aware of the advent of the new citrus levy period which is due for renewal once the present four year period expires in December 2012.

In order to adequately address an increased research requirement and enhance CRI services, the levy proposal includes additional resources. Growers were made aware of the requirements and advised that a referendum would be undertaken to ensure that all growers had an opportunity to vote. This would be finalised in the 2012/13 financial year.

Weekly Newsletter

From the Desk of the CEO continues to be a firm favourite amongst growers, export agents and stakeholders as Justin Chadwick's weekly

one-pager keeps one up to date with current issues and important dates coming up on the citrus calendar. The Newsletter is available in both English and Afrikaans and anyone wishing to receive either can request an electronic version by contacting info@cga.co.za. The Newsletters are also posted on the homepage of the CGA website.

Global Citrus Scan and Logistics Reports

John Edmonds, CGA's Information Manager sends out a Global Citrus Scan on a weekly basis throughout the year, and Mitchell Brooke, CGA's Logistics Development Manager sends out a Logistics Report during the season. Both of these are available on the CGA website.

CGA Next

Paul Hardman, Industry Affairs Manager embarked on a means of getting the younger generation of citrus growers together and to have a forum for learning what their needs are and bringing new ideas into the citrus industry. CGA Next Newsletters are posted on the website and Facebook.

For any further information you can contact Paul on ph@cga.co.za

S A Fruit Journal

This popular publication is produced every second month and incorporates information from the various fruit sectors who have a partnership in its existence. The citrus section has informative articles prepared by the relevant CGA staff members on subjects such as

transformation, food safety, logistics, estimates, new appointments, as well as regional articles from each director. Citrus Academy (CA) publish their information on bursary students and skills training and Citrus Research International(CRI) put forward papers on relevant research matters.

CGA Website www.cga.co.za

The CGA website continues to be a user-friendly tool for accessing information relevant to the citrus industry. The weekly reports as mentioned previously are available for all to read on the home page, as are other articles of interest and importance to stakeholders as well as growers.

There is however a section which is password protected as there is some information relevant to growers and exporters which is deemed to be sensitive and confidential. This section is under the Member Login section Citrus Marketing Forum (CMF).

All growers of export citrus who are automatically members of the CGA, as well as all members of the Fresh Produce Exporters Forum (FPEF) are entitled to a password to allow entry to this section. This membership also entitles them to any CMF news as well as entry to the CMF meetings which are held at the beginning, middle and end of the citrus season.

Any South African stakeholders who would like access to the website and the meetings can apply for CMF membership by emailing info@cga.co.za. This membership has an annual fee and approval is given by the Chairman of the CMF.



Finance

Robert Miller

Business Administrator

Levy Collection

CGA Levy

Each year the Citrus Growers Association invoices for and collects the statutory levy due on all citrus exported. This levy is used for research, market access, consumer assurance, information, logistics, transformation, market development and administration.

The levy for the 2011 season was 40 cents per 15 kg carton and the CGA has collected over R37 million from this levy. This represents over 99% of the total levy due for the year. The small remaining amount will be collected in the 2012/2013 financial year.

The statutory CGA levy for 2012, which is the final year of the current approved levy collection period, is 41 cents per 15kg carton

Grapefruit Levy

During the 2011/2012 financial year, the CGA also invoiced for and collected the additional statutory levy due on grapefruit exported. The grapefruit levy was used to fund market development and consumer education in the United Kingdom and Japan.

This was the second year of this two year statutory levy and R5.3 million was collected from this levy.

Audit Committee

The members of the CGA Audit Committee for the 2011/2012 financial year were Flip Smit (Chairman & CGA Finance Director), Antoine Rouillard (CGA Director Pongola) and Graham Piner (CGA Director Nelspruit).

The main function of the CGA Audit Committee is to identify any risks to the CGA group of companies and to assist the various boards with the management of these risks. The CGA Audit Committee also assists with the financial management and internal controls of the CGA group and ensures compliance with various legal and regulatory requirements.

The Audit Committee held two meetings during the financial year on the 30 June 2011 and the 27 January 2012.



Flip Smit Audit Committee Chairman

John Edmonds
Information Manager



The Citrus Growers' Association (CGA) and Fresh Produce Exporters' Forum (FPEF) jointly fund the citrus information supplied in terms of an agreement with the Perishable Products Export Control Board (PPECB). This information is supplied on a regular basis during the export season to all members of the Citrus Marketing Forum (CMF).

Tree Census

The CGA relies on growers to update their orchard information on a web page designed for this purpose. The CGA would like to thank the growers who took the trouble to update their data on the site. The results of this tree census are included in the annual Citrus Statistics booklet.

Citrus Statistics Booklet

The statistics booklet contains information on exports, inspections, crop distribution to the markets supplied by PPECB, local market and processing data and trends in revenue supplied by DAFF as well as information gleaned from the annual tree census data provided by growers. The 2011 citrus statistics booklet was published and sent to all grower members of the CGA.

Variety Focus Groups

The variety focus groups with representatives from the important growing areas of each of the main commodities met regularly during the season to consider the prospects for and progress of the year's crop; discuss markets and give DAFF guidance on dispensation requests

when growers could not meet the standards set by DAFF. Over the past number of years the variety focus groups, with other industry role players have annually reviewed the industry quality standards at the annual Citrus Technical Workshops which are usually held in September in order to make recommendations to guide DAFF in making any amendments at the subsequent grading meeting. The sign of a maturing process was evident in that there were no requests for any significant changes to quality standards from growers or exporters in 2011. Consequently the initial meetings were cancelled and subsequently the grading meeting also cancelled by DAFF for the same reason. Variety focus group members did however participate in a workshop in September 2011 in Stellenbosch on quality related problems being experienced with Satsuma, navels and lemons. The CGA would like to express its thanks to Graham Barry for leading a constructive workshop on these topics. The contributions of Paul Cronje, Johan Joubert, Keith Lesar, Hannes Bester, Richard Fenwick and Elma Carstens (all of CRI), Paul Hardman (CGA), Arend Venter and Steve Turner as well as the participation of growers and exporters in this constructive engagement was also greatly appreciated.

PPECB and DAFF representatives attended the United Nations Economic Commission for Europe (UNECE) and Organisation for Economic Co-operation and Development (OECD)

meetings to represent the interests of the South African citrus industry. The variety focus groups also benefitted from Dr. Graham Barry's participation in the activities of the variety focus groups during the year.

The citrus variety focus group interactions comprise an initial face to face meeting, typically followed by monthly teleconference during the course of the season. The various groups had thirty-four such meetings in 2011/12. The crop projections were reviewed at each meeting and this information passed on to the industry via the CGA CEO's weekly newsletter. This regular update of the prevailing production environment and expected crop volume keeps interested parties abreast of the development of the season and gives the earliest signal of what may transpire later in the season. The table opposite shows the original 2010 estimates, the actual volumes achieved, and the estimates for the 2011 season. All figures are in 15 kilogram equivalents. The variety focus groups aim to estimate within 10% of final volumes inspected and passed for export by PPECB inspectors. This was achieved overall with the actual being 3% above the estimate but the average proved flattering. The Grapefruit, Lemon and Navel Focus Groups all overshot the mark by about 10% whilst the Soft Citrus Focus Group was 13% under. The Valencia Focus Group was very accurate with its original estimate being 1% more than what was realised.

| Type | 2011 Estimate (CGA) | 2011 Actual | Difference (Actual vs. Estimate) |
|--------------|---------------------------|-------------------|--|
| Valencia | 44 759 263 | 44 169 935 | -1% |
| Navels | 19 397 027 | 21 158 307 | 9% |
| Grapefruit | 14 692 134 | 16 202 873 | 10% |
| Lemons | 9 767 040 | 10 782 427 | 10% |
| Soft Citrus | 7 926 093 | 6 907 855 | -13% |
| Total | 96 541 558 | 99 221 398 | 3% |

Packed Figures

Information on volumes packed was supplied by PPECB on a weekly basis. These figures were placed on the CGA website, www.cga.co.za. The packed figures reflected the actual volumes packed to date, previous year's packed figures and the estimated packed figures for the current season. These figures were presented on a weekly and cumulative basis.

Shipped Figures

Information on volumes shipped was also supplied by PPECB and posted on the website on a weekly basis. These figures showed per variety, per week what had been shipped into the different markets. The estimated crop and previous year's shipping was also reflected. Whilst the packed data proved reliable, ongoing concern with the accuracy of shipped information and frustration with the slow implementation of the electronic data interchange (EDI) resulted in negotiations later in the year between information service providers and the major fruit commodity industries to create an information hub to bridge this gap.

Citrus Marketing Forum (CMF)

The CMF is a joint forum between growers, export agents and other role-players. It provides a platform for the sharing of information, initiating research and investigations, and making

recommendations on a wide range of industry issues. The CGA and FPEF jointly employ the services of the PPECB to provide shipping and inspection information which is supplied weekly to exporters and growers via e-mail and publication on the members' section of the CGA web site. In the 2011/12 year the CMF met three times; on 22 June 2011, 3 November 2011 and 15 March 2012. The input to the CMF from the variety focus groups with respect to estimates, projections and growers' feedback was facilitated by the CGA.

International Information Exchange

Mediterranean Citrus Industry

The CLAM organization represents interests of citrus industries in the Mediterranean region - the largest citrus trading block in the world - representing about sixty-six percent of the world trade in fresh citrus fruit. CGA is a member of CLAM, and was represented at meetings held during 2011/12. CLAM supplies CGA with information pertaining to production and exports from their members. CGA reciprocates by sending similar information to CLAM.

Southern Hemisphere Association of Fresh Fruit Exporters (SHAFFE)

The major southern hemisphere fresh citrus exporting countries participate in a joint initiative whereby members supply information of shipped by volume and destination to the SHAFFE secretariat that collates and supplies this information to the participating SHAFFE members. This continued during the 2011/12 year with this weekly information published on the CGA website.

Global Citrus Meetings

The CGA participated in Global Citrus Teleconferences held on 27 July, 30 September

and 15 December of 2011. The teleconferences are convened by Freshfel (European Fresh Produce Association) and SHAFFE and typically includes representatives from Spain, Italy, Israel, Turkey, USA, Morocco, Greece, Cyprus, Australia, Argentina, Uruguay and South Africa. The full minutes and press release from the meeting were published on the CGA website. CGA was also represented at a joint meeting between Freshfel and SHAFFE in February during the Fruitlogistica in Berlin where the emphasis was on the transition from the northern Hemisphere citrus season to the southern Hemisphere export season as well as world citrus consumption trends. Another meeting of this grouping with CGA represented was also held on 22 February 2012 with specific emphasis on access to Asia.

International Cooperation on Russia Information

The negative experience in the Russian market early in the 2011 campaign as a result of civil unrest causing delayed supplies from Egypt and precipitating an extended overlap of northern hemisphere and southern hemisphere supplies, led to a resolve locally and internationally to get better information on the Russian market.

During the course of the Fruitlogistica conference in February 2012 in Berlin, five of the leading exporter countries of citrus to Russia met to discuss the problem. They agreed to a Russian publication, Fruitnews' website, www.fruitnews.ru/citrus, as a platform to exchange information on volumes supplied to Russia. Data will be provided weekly by the market participants and the collated information displayed on the web-site. During the course of the year regular insights into the Russian citrus market were provided by commentator, Mikhail Fateev and this information disseminated to relevant growers and exporters.

Mitchell Brooke

Logistics Development Manager



Citrus Integrated Transport Management System

The CGA has been working on the implementation of this project since 2010, the purpose of which is to create a management structure centred on the routing of citrus trucks into Durban.

The problem of trucking into Durban has been an industry bug bear since around 2007 when there was a major shift from rail to road. At the same time a significant increase in citrus produced up north and being sent to Durban result in what now equates to roughly 32,000 trucks being sent to Durban annually. Truck delays in the Durban port are estimated to cost the growers R72m a year in standby charges incurred. Without a centralized booking, routing and truck stop that is managed on behalf of the Durban citrus depots to enhance the communication flow regarding truck arrivals, the issue of truck delays in Durban will more than likely not be resolved. This project proposes to integrate the truck bookings between the packhouses and Durban depots, to capture all truck routing times into a central system and to facilitate a truck stop to stage trucks a short distance from Durban from where they can be routed sequentially and more efficiently into the port facilities. .

An application was made to the Post Harvest

Innovation fund to provide funds for the development of this system; unfortunately the application was turned down.

The CGA will pursue this project in a different arena whereby funds to develop the software and manage the truck stop can be recuperated from the Durban depots. Another important aspect of this system will be to record all truck throughput times and allow consignors to negotiate a tiered transport rate with transporters determined by throughput times of trucks routed through Durban.

Maputo Port

On the 6th April 2011, the CGA hosted a Maputo Port Development & Citrus Planning Workshop at the CRI premises in Nelspruit. 100 participants from the logistics chain, growers and packhouse managers attended the workshop. The basis of this workshop was to discuss with industry role players the developments taking place in Maputo and to discuss some of the critical points that negate citrus from being routed to Maputo instead of Durban. The most critical points raised were cost and operational problems. Although Maputo is geographically 450km closer to citrus production areas in the north, transport and port costs do not subsidize the routing of citrus through the port. Container shipping through Maputo is also a difficult task as most containers

are required to be washed and pre-tripped in Durban and then transferred to Maputo for loading. The lack of facilities to handle containers in Maputo ought to be addressed during the 2012 citrus season. Shipping lines are considering Maputo as a port of call on main string lines to Middle East and Far East. For the time being the VSA break-bulk Europe and UK service is still the most viable option to route citrus through Maputo. In fact the Swaziland region diverted a major part of the Grapefruit crop into Maputo this year for this service. There is still much opportunity for vessels loading citrus for Russia to be loaded ex Maputo where growers can save on transport costs - there should be a stronger emphasis on this option.

Citrus Rail Transportation

2011 saw a drastic decrease in citrus bulk rail transportation sent from the Limpopo region. The cause of this is mainly due to the disparity between the road and rail transport rates and the extensive delays of rail wagons routed to Durban. In July 2011, the Limpopo MEC for Roads and Transport signed a MOU with Transnet Freight Rail determining a common strategy to focus on rail developments in the province. In order to direct the attention to citrus rail from the province, the CGA hosted the MEC along with senior staff from her department, the Department of Economic



Development and District Municipalities at Groep 91 Uitvoer farm on the 22nd September 2011. The purpose of this meeting was to highlight with the MEC the importance of rail from the province and where the development areas need to be made. Since that meeting there has been no further engagement between CGA and the MEC or Transnet Freight Rail. Letters were sent to the MEC and to the GE of Transnet Freight Rail requesting the formation of a rail working group for Limpopo, but no response was received.

The future outlook for citrus bulk rail operations does not look promising, but we believe the future of citrus rail transport lies firmly with the railing of Reefer containers from the province.

The CGA compiled a brochure named Southern African Citrus Rail Status 2011; this brochure highlights some critical aspects for the development of rail in Limpopo.

Citrus Logistics Forum (CLF)

Extensive communication was received in 2011 from various stakeholders in the citrus supply chain regarding logistics problems being faced by the industry. In determining the most appropriate platform for industry stakeholders to engage as one voice, consultation was made along with the Fresh Produce Exporters Forum (FPEF) regarding the formation of the CLF.

Industry responded positively for this platform and in so doing the CGA and FPEF proposed the CLF be convened by both organisations. The first CLF meeting was held in Stellenbosch on the 13th March 2012. Over 140 representatives from 70 companies attended the inaugural CLF.

The aim of the CLF is to create a platform for industry stakeholders and role-players to present, discuss and debate supply chain challenges and to lead necessary developments set out to obtain best practice, increase efficiency, promote effectiveness, achieve optimization and reduce supply chain costs for the exporting of Southern African citrus. This is achieved through specific sub committees that are formed to lead initiatives as directed by the forum. In addition to this, to communicate with members seasonal logistics challenges and developments to ensure all logistics role-players are kept abreast of such challenges and developments.

Logistics Communication

Various mediums were used as platforms to present logistics initiatives to the citrus industry. This was done at the CRI Packhouse Workshops, the PPECB pre-season meetings, The AllFresh Conference, and the Cool Logistics Conference in Europe. Logistics reports are communicated to the industry on a weekly basis to identify volume flows through the main ports.



Market Access

Justin Chadwick
Chief Executive Officer



Thailand

Finalising the Thai protocol remains an elusive goal, but one that seems to be in sight. At the beginning of the year under review a response to the draft Thai protocol was prepared and lodged with the Thai authorities.

During July 2011 Department International Relations and Cooperation (DIRCO) had become involved, primarily to assist in the impasse reached with regard to table grapes and deciduous fruit. Through the South African Ambassador to Thailand (Douglas Gibson) and the offices of the Department Agriculture, Forestry and Fishery (DAFF) additional pressure was brought on Thailand to conclude the citrus protocol. CGA and the Fresh Produce Exporters Forum (FPEF) funded research on the Thai market for citrus, which assisted in the application process.

In March 2012 CGA funded a visit by Thai authorities to inspect the industry, and to check compliance with requirements of the protocol. The CGA would like to thank staff of DAFF, Fresh Produce Terminals (FPT), Citrus Research International (CRI), CGA, PPECB, FPEF, growers and packhouse personnel who assisted in the Thai visit.

Finalisation of this process is expected in early 2012.

United States of America

The South African citrus industry continues to be frustrated by USDA APHIS's lack of understanding in continuing to apply the unjustified cold treatment to citrus fruit. Efforts by industry to get some idea of a way forward have been met by a steadfast refusal to accept technically justified and previously agreed treatments. In an effort to get some movement CGA, through their representative in Washington, has employed an expert to examine inspection statistics and make a proposal that could break this impasse.

In the meantime, changes to the domestic regulations governing the movement of fruit from Citrus Black Spot (CBS) infested areas in the US could open the door to regions previously disallowed US access. This option is being explored by many countries where CBS is found. In South Africa, the access application for pest free places of production in areas with low pest prevalence continues.

European Union

It seems that the World Trade Organisation (WTO), and particularly those responsible for the International Plant Protection Convention (IPPC) have failed in their promise to enhance trade. Despite repeated appeals at the highest level to get independent evaluation of the CBS pest risk assessment (prepared by South Africa

in 2000), nothing has been done. In the meantime South African citrus farmers have to continue with costly control measures which CBS experts deem unnecessary. Pleading capacity constraints, the IPPC secretariat has now failed to progress this issue for over two years.

To add insult to injury, the Food and Veterinary Office of the EU visited South Africa in 2011 to inspect the citrus industry. As in previous visits, the FVO officials found South Africa to be effective in managing the unnecessary CBS requirements imposed on South Africa. CGA assisted DAFF in setting the itinerary and visiting industry role-players. The CGA would like to thank staff of DAFF, Fresh Produce Terminals (FPT), Citrus Research International (CRI), CGA, PPECB, FPEF, growers and packhouse personnel who assisted in the FVO visit.

Japan

Exporters to Japan must be commended for reacting to Japanese requirements. Since the coordination initiative started some six years ago, the requirement on sizing and red: white grapefruit split has been widely communicated and monitored. In 2011 the market requirements were met in regard to these criterion. Increased exports by container made it difficult to predict and report accurately on shipped volumes. The Southern African grapefruit growers continued to invest in the coordination initiative.



Tariffs

In many markets high tariffs make it uneconomic to import citrus. Competing countries have in many cases negotiated Free Trade Agreements or other favourable agreements that make their product more attractive. South Africa is at a disadvantage as all agreements have to be negotiated as a block within SADEC. As a result no meaningful agreements have been negotiated, and it is unlikely that progress will be made in the near future. CGA will continue to engage government, through direct contact and platforms such as the Agricultural Trade Forum (ATF), to improve access conditions with respect to tariffs.

China

The systems approach option has been formulated by Citrus Research International (CRI), approved by DAFF and lodged with the Chinese authorities. This new approach would mean that cold sterilisation treatment would be replaced by new requirements in terms of registration of orchards and packhouses, orchard practices, packhouse practices, inspections etc.

Biosecurity

Bactrocera Invadens (BI), eradicated from northern regions of South Africa and southern regions of Zimbabwe in 2010, was found again in that region in 2011. Once again the Action

Plan developed by DAFF and industry was triggered, and successful eradication achieved in 2011. Extensive surveillance continues. In addition, all growers have been advised to implement trapping for BI throughout the country, coupled with the keeping of trap records. This will assist in proving the pest free status of these regions.

The CGA/CRI continue to work with DAFF in reducing the spread of African greening, and in monitoring for the introduction of new pests through the early warning system.

Representatives Abroad

The CGA has retained the services of representatives in Washington, Brussels and Moscow. These representatives address specific issues in these markets, have a watching brief regarding phytosanitary and sanitary issues that may affect southern African citrus exports, and provide market feedback.



Market Development

Justin Chadwick
Chief Executive Officer

Grapefruit Promotions

2011 was the second and final year of the grapefruit promotion campaigns in both Japan and the UK. These campaigns were funded through a statutory levy, and contributions from Department Trade and Industry.

Japan Grapefruit Promotions

Once again Market Makers were contracted to manage the grapefruit promotion campaign in Japan. During May 2011 importers were invited to a meeting to discuss the forthcoming season, and debate how best to implement the campaign. In June a launch event was staged – which included representatives from the Grapefruit Focus Group. At the event, a popular fashion model and fruit master was introduced as the brand ambassador for South African Grapefruit – as a means to attract younger buyers to the category. The campaign included gifts with grapefruit purchases (peelers and spoons), a dedicated website and banners on on-line shopping websites, in store demonstration competitions, point of sale material, in store tastings, TV sponsorship of Fresh Campus Contest, and cooking demonstrations and recipes.

The devastating earthquake in March 2011 had a negative effect on fresh produce sales in Japan. During the ten week period before the launch of the South African campaign sales



dropped by 20.5% in 2011 compared to the same time in 2010. During the South African season while the campaign was in place (weeks 25 to 42), sales in 2011 increased by 3.1% compared to the same period in 2010.

South African exporters donated grapefruit to those affected by the earthquake.

CGA contracted Promar to do an evaluation of the Japan Grapefruit Promotion Initiative. They produced a comprehensive report (available on request) – with the following conclusion;

- In a very challenging market environment, SA grapefruit sales increased in 2011 – even if only by a relatively small amount
- CGA needs to leverage every possible tactic to retain its business in Japan - the promotional activity is all part of this.

UK Grapefruit Promotions

The UK campaign was once again managed by RED Communications. The campaign was guided by dedicated grapefruit consumer research prior to the campaign launch. This campaign included in store activities (holiday offer competition, Coupons at till, shelf talkers, tear off recipe cards, in store radio and in store sampling), public relations (press trip to South Africa, the grapefruit challenge, gift boxes, ethical fruit film and press coverage) and campaign support (a dedicated website, product photography and campaign DVD).

In 2011 the total grapefruit market in the UK was down by 14.1%. South African grapefruit sales were down by 0.01%.

Russia

2011 proved to be a very difficult year for South African citrus in Russia. Late and significant stocks of Egyptian citrus resulted in a glut in the market on arrival of the first South African citrus. As a result prices plummeted and returns were poor. To show commitment to this market the CGA took up space at the annual World Food Moscow trade fair – a significant event in the Russian fresh produce calendar. This presence was used as a platform to engage with high ranking Russian and South African politicians in Moscow, and to engage with the Russian trade.





CGA in the News



7 Billionth Person in the World, born in Russia - presented with Citrus from South African Farmers

South Africa's Citrus Growers Association has granted a gift certificate of a ton of South African oranges to the mother of newborn Pyotr Nikolayev from Kaliningrad, the first baby born on October 31, 2011, who is being recognised as the seven-billionth person on earth.

The association's representative in Russia, Irina Merkel, arrived at Kaliningrad's maternity centre and handed Pyotr's mother, 36-year-old Yelena Nikolayeva, the certificate, along with flowers and token baskets of oranges.



Paul Hardman
Industry Affairs Manager

Sustainability Initiative of South Africa (SIZA)

The launch of the Sustainability Initiative of South Africa (SIZA) on the 4th October 2011 was significant because it provided a view of the future regarding how SA citrus producers could provide global consumers with appropriate assurances going forward. SIZA houses the ethical trade initiative of Fruit South Africa. Essentially this locally-driven ethical trade programme focuses on four main pillars: 1) adopting a Code that is benchmarked to international labour standards and aligned to the SA labour laws; 2) adopting an audit methodology that is internationally recognized; 3) building a framework around the programme to support growers as much as possible; and 4) promoting and communicating continuous improvement in the ethical trade environment. Both the Code and audit methodology have been submitted to the Global Social Compliance Programme (GSCP) for benchmarking, with their equivalence status report expected early in the next financial year. The advantage of using GSCP is that almost all retailers have endorsed GSCP. SIZA will help eliminate duplicate audits but does require growers to be committed to a high level of compliance and to the process of continuous improvement. In addition to the creation of the Programme website a key resource



developed in the last year was the *Fruit South Africa Ethical Trade Handbook*. This has helped growers achieve compliance to the Code and successfully go through an audit process. Colleen Chennells has been working diligently for Fruit South Africa to coordinate the ethical trade programme and development of SIZA. We thank her for all the hard work and gritty commitment. CGA would also like to thank all the other stakeholders who have invested in the future here by offering time and effort to making sure we build a long-term sustainable ethical trade programme.

Harmonization and Good Agricultural Practice (GAP)

Lack of harmonization remains a key concern and focus area for CGA. Hence the continued participation in global initiative seeking to reduce duplication of GAP schemes and audits. For instance, Paul Hardman represents Fruit South Africa at the International Federation of Produce Standard (IFPS) and the IFPS Food Safety Committee, GlobalGAP National Technical Workgroup, SHAFTE Technical Workgroup and DAFF Food Safety Forum.

One significant challenge facing producers presently is the disposal of used pesticide containers. Previously it was not prohibited to dispose of used agrochemical packaging by incineration on farms. The requirement to now

have this waste disposed at approved sites increases the costs and risk of managing this waste significantly. Collectively agrochemical distributors (under AVCASA) have submitted an action plan to the Department of Environmental Affairs which would address this problem. Approval is awaited from government before the action plan is rolled out.

Plant Protection Product (PPP): Registrations, Withdrawals and Residues

The measures being applied in some European countries for PPP residues (both the number and quantum) that deviate from the legally acceptable Maximum Residue Levels continue to cause well documented problems (i.e. resistance problems, counter-productive to IPM, etc). CGA have tried to address these interventions for some time now as they represent significant trade barriers and undermine the sustainability of the citrus industry. At the October 2011 meeting of the Citrus Marketing Forum a proposal was put forward to have a steering committee formed that would guide CGA initiatives to engage with key retailers, which is recognition that both exporters and producers are finding these residue restrictions trade-prohibiting. CGA is also engaging other trade partners to address this matter, and position papers updated by

the SHAFFE technical working group in May 2011 should be something each producer and exporter has on hand when discussing residue concerns with their buyer. This focus on residues is also creating tremendous pressure on analytical capacity, which is being used increasingly as a management rather than monitoring tool. Applying Good Agricultural Practices is the most important way of achieving the correct residue level. This raises the question of whether it is necessary to conduct copious residue tests when such high proportions demonstrate MRL compliance because residue testing is extremely expensive and almost always paid for by the grower.

As part of DAFF's obligations to international chemical conventions (e.g. Rotterdam Convention of Prior Informed Consent) and as an attempt to move away from more hazardous substances DAFF announced during this period that two active substances (Endosulfan and Aldicarb) would have their registrations withdrawn. At the same time MRLs were established for citrus in a number of export markets to facilitate trade.

Climate Change

Phase I of the *Confronting Climate Change: A Fruit and Wine Initiative* drew to a close on 31st October 2011. Phase I drew producers' and supply-chain stakeholders' attention to their impact on the environment, but more importantly provided them with the tools to start measuring and reducing this impact. Despite this high quality online tool, abundant learning resources and the support around the carbon-calculator, relatively few producers made use of the tool in Phase I. For this reason,



and believing producers impact on climate change matters, CGA decided to continue its participation in the Initiative for a further two years. The clear objective is to increase participation by citrus producers in Phase II.

Technical Barriers to Trade

The increased use of technical barriers to trade (sanitary requirements), particularly among South East Asia countries, is being watched closely by CGA. Both Vietnam and Indonesia enhanced their food import legislation and now require SA citrus exporters to take additional steps prior to the export of citrus. Other countries must also follow similar steps. CGA worked closely with DAFF to reduce the impact of these policies, refining the Standing Operating Procedures for both Vietnam and Indonesia in the last 12 months. Furthermore Vietnam temporarily prohibited the import of products of plant origin from South Africa. DAFF, and particularly the Directorate Food Safety and Quality Assurance, and the Department of International Cooperation are thanked for helping to regain access to the Vietnamese markets in time for the 2012 citrus export season. Problems with declarations of plant protection products on the carton emerged from both Japan (again) and the EU during the

2011 export season. CGA has maintained that a standards declaration on the carton remains the most effective way to adhere to the labelling requirements of these importing countries while eliminating the opportunity for labelling to be used as a "food safety" competitive tool. More information is available on these standard declarations from the CGA office.

South African Pesticide Initiative Programme 2 (SA PIP 2)

Following the very successful SA PIP programme that ended in 2008, SA PIP 2 launched in 2010 and ended 31st March 2012. SA PIP 2 provided financial support of approximately R1.1 m to CGA and CRI for adaptive research and residue breakdown studies. Support for food safety and safe use of pesticides training for emerging growers was also received via the SA PIP 2 regional representatives. All SA PIP 2 funds were derived from European Support to South Africa and were channelled via the Job Creation Fund. Although the link between primary research and job creation is not always clear, the results from the various funded studies do help in building a sustainable citrus industry that can offer reasonable employment for a large number of South Africans.

Research & Technical

Vaughan Hattingh

CEO, Citrus Research International

Processes, procedures and funding mechanisms

CRI's primary source of funding remained the levy on fresh citrus exports as administered by the CGA. Valuable additional funding was accessed through the CRI Group model in the form of Government funding support to the research projects conducted at Universities. Additional Government funding was accessed in the form of grant funds through the Pesticide Initiative Programme 2 and the Post Harvest Innovation Programme 2. Some additional funds were also accessed through international research collaboration. Various forms of sales, services and royalties made up the remainder of the income pooled for use in pursuit of CRI's mission: "To maximise the long term global competitiveness of the southern Africa citrus growers through the development, support, co-ordination and provision of Research and Technical services, by combining the strengths of all CRI Group partners".

CRI continued to operate the CRI Group Alliance model whereby CRI's own in-house resources and capacity is augmented through cooperation with CRI's network of alliance partner research organisations. A Memorandum of Understanding between CRI and ARC was concluded, bringing to a close a long negotiation process. Whereas there has been ongoing



cooperation between CRI and the ARC in various forms over the years, concluding this MOU opens the doors to resumption of more formal and structured collaboration.

With regard to the CRI Board of Directors, Jock Danckwerts resigned in November 2011. Jock was a driving force behind the formation of CRI in 2001, was a founding member of CRI's Board of Directors, served as Chairman of the Board since CRI's inception and served on, as well as chaired, many of CRI's committees over the years. Mark Fry also resigned from the Board at the same time, after having being a grower nominee on the Board from shortly after inception of CRI, and having carried a heavy load of responsibilities in serving on many CRI committees and additionally having chaired some of these structures. The two resulting grower-nominee vacancies were filled by Fanie Meyer and Deon Joubert.

The ARC's nominee on the CRI Board also changed with Vuyisile Phehane replacing Org van Rensburg, bringing to an end another long service on the Board with Org being another of the CRI founding members of the Board.

CRI undertook a restructuring of its Cultivar Development Division. As a consequence CRI terminated its involvement in the acquisition of commercialisation rights and cultivar management. This enables CRI to more

effectively focus on the industry-wide cultivar evaluation project that aims to provide growers with objective, impartial, comparative assessment of cultivars, regardless of their ownership or management status. This restructuring also strengthens CRI's impartiality in relation to its management of the Citrus Improvement Scheme. Cultivar Evaluation was merged with the Crop and Fruit Quality Management research programme, now renamed the Horticulture research programme.

CRI again conducted a review of the industry's Research and Technical priorities across the industry value chain. As usual this process was undertaken by CRI Extension by obtaining inputs from growers (using the 37 regional Technology Transfer Groups), the exporters (using the Exporters Technical Panel within CRI Citrus Cold Chain Forum) and packhouses (using the five Regional Packhouse Working Groups within the CRI Citrus Cold Chain Forum). These priorities provided the platform for the compilation of the research portfolio and budget for the 2012-2013 year. CRI continued operating various subject specialist committees, each providing recommendations on the portfolio composition and funding. The committees were chaired by CRI Directors as follows: Integrated Pest Management research programme - Kobus de Kock, Disease Management research programme - Chris Kellerman, Crop &

Fruit Quality Management research programme - Piet Smit, Cultivar Evaluation - Mark Fry, Citrus Improvement Scheme Advisory Committee - Mark Fry. CRI's 2012-13 budget was approved by the CRI Board of Directors on 23 November 2011 and ratified at the CGA Board of Directors meeting on 24 November 2011.

Programmes

An overarching focus on Sanitary and Phytosanitary Market Access was retained across CRI activities with the CRI CEO being personally responsible for co-ordination of the requisite market access and biosecurity technical inputs. These programmes require very long term strategies and ongoing maintenance. Progress is reported in more detail in CRI's Annual Research Report, but the following more prominent developments are highlighted here.

There was the successful detection, containment and eradication of isolated incursions of the invasive fruit fly *Bactrocera invadens* in some northern parts of South Africa. Country-wide surveillance is maintained in collaboration with other industries and DAFF to enable early detection, containment and eradication of future incursions. The distribution of greening disease and Citrus Black Spot was detailed through exhaustive field surveys, thereby enabling the amendment of regulations

pertaining to the movement of citrus propagation material to protect unaffected areas.

Within the Integrated Pest Management (IPM) research programme resources were primarily focussed on False Codling Moth (FCM) and Fruit Flies. Application of the Sterile Insect Technique (SIT) for control of FCM was expanded from the Western Cape into the Eastern Cape. The efficacy of the technique was also demonstrated through trials conducted in the Limpopo Province. A wide range of new FCM control options progressed through various stages from initial feasibility testing, through to optimising of practical application, includes both microbial and chemical strategies and is focussed on both the pre- and post-harvest environment. The potential use of irradiation as a post-harvest phytosanitary treatment made encouraging progress. A conceptual systems approach to combining various incomplete control measures in a structured programme, thereby providing a cumulative level of control that can satisfy phytosanitary trade regulations was developed and aspects thereof included in field evaluation.

Research within the Disease Management programme spans a very wide range. Citrus Black Spot research focussed on optimising field control strategies, global population genetics, climate suitability modelling and

quantitative risk assessment modelling. Soil-borne pathology is breaking new ground in studies on soil health effects on tree vitality and the development of alternatives to conventional nematicides. A new post-harvest pathology researcher was appointed. Fruit and foliar disease research focussed on optimising practical disease control strategies.

A great deal of support was again provided to the CIS through the Graft Transmissible Disease project and Citrus Viroid IV was recorded for the first time in South Africa. The Diagnostic Centre underwent successive staff changes, which was disruptive to operations, but the situation was successfully stabilised prior to the end of this report period.

In the Horticulture research programme a long term investment was made in the research direction taken with the Rind Condition project. A few years ago it was decided to focus attention on the more fundamental scientific components of the field. This strategy has started showing successes by now progressing to the development of applied handling and treatment procedures to better manage some rind disorders, such as chilling injury, rind breakdown and peteca spot. CRI unfortunately lost the services of its Crop and Fruit Quality project coordinator and this post remains vacant.

Research in the field of nutrition is starting to progress to the point of producing first answers to some long standing questions such as the role of silicon and clarification of the role of humic acid soil applications is under investigation. The optimisation of cooling within shipping containers progressed with research on manipulating airflow within containers, with considerable potential energy savings. The cultivar evaluation project developed strongly





with many older trials progressing to the production of fact sheets on a large bulk of the currently available cultivars and many new cultivars having been included in a greatly expanded evaluation system.

Citrus Improvement Scheme

The CIS continued to be operated by CRI with guidance from the CIS Advisory Committee. An action plan to give effect to the recommendations from an international panel of reviewers was implemented. This included structural personnel changes, provision for expertise succession planning, enhancement of technical support and upgrading of facilities. These improvements will ensure that the SA CIS retains its current reputation of being one of the best schemes in the world. With the adoption of improved molecular diagnostic techniques, a huge exercise was undertaken to screen all the mother trees at the CFB for viroids.

Conclusion of this process provides a platform for greater future assurance of the disease free status of propagation material supplied within the scheme.

Extension

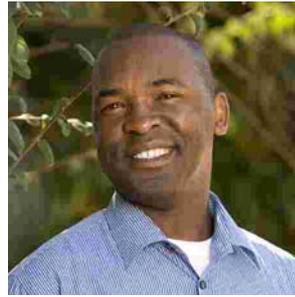
CRI continued operating the Citrus Cold Chain Forum (CCCCF) within the CRI Extension Division. The CCCCf was greatly strengthened by CRI's

appointment of Dawid Groenewald as overall CCCCf coordinator as well as Chairman of the CCCCf's Packaging Working Group and the contracting of Keith Lesar to provide post-harvest extension services. The five Regional Packhouse Working Group meetings, convened annually by CRI as part of the CCCCf, have become hugely popular, with 650 attendees at the 2012 meetings.

CRI Extension is to be congratulated in making such a success of this Forum that has already made a very big contribution towards enhancing the industry's global competitiveness.

CRI Extension again utilised the 37 Technology Transfer Groups to revise the research priorities in 2011, thereby providing every grower with an opportunity to make inputs into how CRI resources are directed at research and technical support services.

The following communication channels were again made good use of to communicate technical information to the industry: the 2011 CRI Group Annual Research Report, the SA Fruit Journal, the Cutting Edge, the CRI Net, the CRI website, the CRI Production Guidelines, various specialist technical publications, Citrus Academy Learning Material, grower meetings and various scientific journals.



Transformation

Lukhanyo Nkombisa
Transformation Manager

Fruits of Success Publication and Citrus Growers' Development Chamber

Following on from the citrus industry's publication 'Our Citrus Transforms' back in 2005, which illustrated the various transformation and empowerment projects that were taking place within the South African citrus industry at the time, during 2011 the transformation desk of the Citrus Growers Association was tasked to take a fresh look at the current status of transformation within the citrus industry. The Transformation Manager and extension officers travelled around the country with journalist photographer Louise Brodie to revisit some of the lasting success stories as well as investigating new projects and those that have made strides despite previous challenges.

This latest publication, *Fruits of Success*, was launched in January 2012 and it was honoured by the presence of the Director General from the Department of Agriculture Forestry and Fisheries as guest speaker. The Citrus Growers' Development Chamber (CGDC) were also present to launch the new book. *Fruits of Success* has very successfully shown a comprehensive snapshot of the status of transformation within the citrus industry by the testimony of people directly involved at ground level. The CGDC was also introduced to the growers explaining their mandate and the work that the Chamber has done so far.

Citrus Growers Development Chamber Meetings

At the first meeting of the chamber, it was agreed that quarterly meetings should be held which would allow up to date feedback on the planned activities since the last meeting. This made the Transformation Manager's task of information transfer to emerging growers far easier even though some have no access to computers and internet. Most importantly now every grower in every region is aware of what is taking place within CGA through their representative on the CGDC and the growers at large are participating in these meetings and contributing toward decision making. In the meetings the chamber acts as an advisor to the transformation desk on the direction to take in coordinating transformation initiatives and the best approach in lobbying support from other stakeholders.

The latest representative on the CGDC from the empowerment projects in the Western Cape is Willem September from ALG Citrus Project in Citrusdal.

Government and Stakeholders engagements

Meeting of the Department of Rural Development and Land Reform with one of CGA's mentors on recapitalization

The National Department of Rural Development and Land Reform invited mentors of different

commodity groups to attend a meeting on Recapitalisation where the CGA was represented. The purpose of the meeting was to explain the programme to the mentors and the criteria that the department is using to fund the projects through this programme. The outcome of the meeting was that the mentors need to assist the developing growers in developing their business plans and also commit to mentor the growers.

Interaction and Engagement with Provincial Department of Agriculture

CGA/CRI only has two extension personnel who provide the extension service for the land reform citrus projects in the country. This situation led to CGA engaging in a MoU with the Department of Agriculture Limpopo. The purpose of the MoU was for the department to provide government extension personnel to assist the two extension officers from CRI and to provide technical support to citrus projects in their absence. The MoU was to allow the department to assist in identifying these extension personnel and to allow them to work with CRI's extension officers to receive training on Citrus Production.

The MoU with Limpopo was amended recently to include the component on mentorship and has since been reviewed and approved for another period as it is seen to be making progress. The focus of the coming year is to be around training of the government extension

personnel by the department and CGA/CRI/CA to provide guidance and information of the relevant modules for training. CGA transformation continues to engage with other provinces but without any success at this stage.

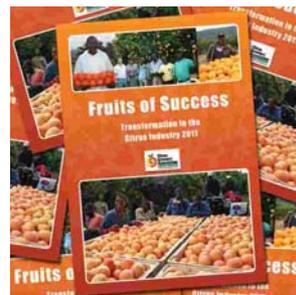
Extension Service

As part of the Transformation Desk's role in the extension service provided by the CRI extension personnel for the developing growers, it continues to support the field days that the extension personnel arrange for the growers in the north and south region. The growers and government extension officers are also encouraged to form part of the study groups that have been developed in the regions. The Transformation Desk has visited citrus land reform projects in Mpumalanga to encourage them to form their own study group. The growers agreed to this initiative as it will help them understand technical issues better when it comes to citrus production.

Mentorship Programme

In 2009 the mentorship programme was deferred to the provinces to implement by national DAFF offices. Since then the CGA Transformation Desk has been engaging with the provinces to access funding for citrus projects. CGA, through the Citrus Academy then managed to secure funding from AgriSETA and these funds were channeled through Citrus Academy in order to ensure that the programme continued.

In 2011 the Eastern Cape province, after numerous meetings, agreed to fund the programme for the year under review. The projects that benefited from the programme were mentored by Riverside and other projects were under Shaun Brown from Eden. The Eastern Cape projects that benefitted from the programme are:



Project

Letta farm
 Batllesdan-Huduza
 Lidell
 Torties
 Lovers Retreat
 Oakdene
 Gatyana
 Topkat
 Riplemead
 Gonzana

Mentor

Riverside
 Riverside
 Riverside
 Riverside
 Riverside
 Riverside
 Riverside
 Shaun Brown
 Shaun Brown

Projects from other provinces also benefited from the mentorship programme as AgriSETA funded programmes in Mpumalanga: Sibonelo Seedless Lemon Project, Champagne Citrus Estate and Sobabili, and in Limpopo: Easy Farm - all mentored by Bruce Andrews; and in KZN: Thulwane Citrus, mentored by Vernon Tocknell.

Every year since CGA has been implementing the programme the CGA transformation desk has carried out a quarterly assessment of the programme and visited all the projects to assess if progress is being made. The outcome of the assessment is that some of the projects are making progress and are gaining and learning from the programme. In some areas there are still some challenges, this being mostly around lack of finance to assist the project. Limpopo has indicated that they will be supporting CGA

for the next three years in the implementation of the programme after the amendment of the MoU between CGA and the Limpopo Department of Agriculture.

Meeting with the Chief of Staff Office of the Minister of Rural Development and Land Reform

The CGDC Chairperson and EC provincial chamber members managed to secure a meeting with the office of the Minister of Rural Development and Land Reform to discuss the Recapitalisation programme. The CGDC explained to the Chief of staff the challenges the citrus growers are experiencing, and requested the intervention of the office of the Minister to find solution to this problem. The CGA transformation desk was tasked to compile a comprehensive database of all regions and categorize the growers according to their urgent need of interventions. The Chief of staff was to follow up on the progress province by province. The CGA transformation desk submitted the database and is now awaiting the response of the Minister's office.

AgriSETA Meeting

AgriSETA approached the CGA Transformation desk with regard to two citrus projects in Limpopo for whom they wanted to provide training support. The CGA transformation desk

welcomed this move as it is important that all relevant stakeholders are included from the beginning. CGA advised AgriSETA on what approach to take in providing support to these two projects and now the processes are underway.

NAMC Meeting

The NAMC approached the CGA Transformation desk with regard to farmers support which was also welcomed by the CGA. The NAMC want to develop a supporting model that will look at the whole value chain in terms of support to all these citrus land reform projects. The outcome of that meeting was to invite all other stakeholders to look at the whole value chain and for each stakeholder to find where they fit in and what support they can provide.

AgriSA Transformation Meeting

AgriSA invited affiliates to a Transformation meeting to discuss the proposed green paper on land reform where CGA was represented. A proposal is to be developed that can be submitted to the office of the Minister. Various people were elected to represent the farmers on different commissions so that they can form part of the proceedings.

Visit by Provincial MEC Transport Limpopo: an overview of operations of citrus logistics

The transformation desk and the chamber members in Limpopo were invited by the CGA Logistics Development Manager to accompany him to a meeting with the MEC of Transport in Limpopo on an overview of the operations of citrus logistics from Limpopo to Durban port. The delegation was able to explain to the MEC the challenges growers are facing with regard to transport that is currently used, and to share with the MEC the logistics initiatives that can

respond to those challenges.

Skills Development and Capacity Building

The CGA transformation desk, together with the Citrus Academy continued to ensure that human capital is prioritized in the sector to respond to CGA's strategic objective to support the growers to be globally competitive. Citrus Academy continues to undertake skills assessment and also assess which learning tools the growers need in order to operate effectively. The Citrus Academy have been developing relevant DVD's and learning material that is user friendly for the growers, NQF aligned and approved by AgriSETA. All these learning materials have been made available to the growers.

Phase Two Social Facilitation by CGA/Lima

Phase one of the social facilitation to ten citrus farmers in KZN was finished in May 2010. Phase two was to commence in 2011 with the funding from Agribusiness Development Agency (ADA).

ADA managed to fund five from the ten citrus farms for capacity building around: governance, Business management, Operations and finance. The farms that were targeted for this intervention were: Bhekishowe, Intathakusa, Kwahlaza, Tala Valley and Fakazi.

Legal Contract assistance: During the exercise of capacity building the transformation desk discovered that some of the developing growers struggle to understand the contracts that they sign with business partners. The transformation desk engaged the relevant legal experts in the fruit industry to assist.

Leadership and Industry Exposure initiatives

CGA continued to support and encourage industry exposure tours as they assist the growers especially on issues around market access. Every year the CGA and it's transformation desk identify developing growers to attend the Fruit Logistica Trade show that takes place in Berlin, Germany.

In the year under review CGA and the chamber agreed that the chairperson of the chamber Mzo Makhanya attend Fruit Logistica. Mzo Makhanya, Hannes Hobbs and Celestine Tlolane were chosen to attend the All Fresh Conference which ensures the growers have access to what is happening in the industry and that they can share the information with other growers.

BEE Database

For the transformation desk within CGA to operate properly it is important that we have a comprehensive database for all our existing and new growers in order to give the necessary support and assistance. The transformation desk continued to engage with the RDLR around the new citrus farms that are being transferred so that they can be included in the database and provided with the necessary support.

In the year under review two citrus projects were added to our database, one project in the Eastern Cape and the other in KZN.

Eastern Cape: Sihlangiule - a community of 21 beneficiaries in the Kei District Municipality near East London.

KZN: Mpangisweni - This project has not yet been started but funding has already been allocated and trees ordered for development of 100ha citrus farm. Further details can be supplied by the Transformation desk.

Citrus Academy

Jacomien de Klerk
General Manager, Citrus Academy



Citrus Academy Board of Directors

| <i>Representation</i> | <i>Name</i> | <i>Date of Appointment</i> |
|--------------------------------------|----------------------------------|----------------------------|
| CGA | Shane Dellis (Chairperson) | 2009/04/01 |
| CGA | Mike Woodburn (vice chairperson) | 2009/04/01 |
| CGA | Graham Piner | 2009/04/01 |
| CGA - Emergent farmer representative | Israel Nemaorani | 2007/04/01 |
| Donors (Citrus Industry Trust) | Arend Venter | 2011/11/15 |
| Service providers | Joy van Biljon | 2009/01/26 |
| Skills development specialist | Santa de Jager | 2009/01/26 |

The Chief Executive Officer of the CGA and a representative of the CGA Audit Committee are invited to attend Citrus Academy board meetings as observers.

The following board meetings were held during the year under review:

| | | |
|------------|---------------|---|
| 2011/08/31 | Board Meeting | <i>No apologies</i> |
| 2012/03/14 | Board Meeting | <i>Apologies Israel Nemaorani, Santa de Jager</i> |

The fourth annual general meeting of the Citrus Academy was held at The Beach Hotel, Summerstrand, Port Elizabeth on Tuesday, the 30th of August 2011.

Financial Results

Funding received from the CGA, as approved by the CGA board of directors, is used for overheads, salaries, and funding of on-going projects. Additional funding is secured and appropriated for specific projects.

In the 2011/2012 financial year, the Citrus Academy achieved a surplus of R300,587 in comparison with a surplus of R193,962 in the previous year. In the 2010 financial year a shortfall was recorded, relating to the development cost of the Citrus Postharvest Series. The surplus in the current year goes further towards the recovery of this shortfall. The surplus was achieved mainly through further sales of the Postharvest series and other audio-visual material, income from the AgriSETA for the services rendered by the general manager of the Academy as a member of the governing board of the SETA, and through continuing tight control of overhead expenditure.

Citrus Academy Bursary Fund

The implementation and selection policies for the Citrus Academy Bursary Fund remained the same and were applied consistently. The following allocations were made in the period under review:

| <i>Description</i> | <i>2011</i> | <i>2012</i> |
|-----------------------|-------------|-------------|
| Value of Bursary Fund | R1,353,091 | R1,585,775 |
| Number of Students | 51 | 66 |

The BEE Bursary Support programme was expanded in 2012, with the allocations set out below made in the period under review. Please note that these figures are included in the table above.

| <i>Description</i> | <i>2011</i> | <i>2012</i> |
|------------------------------------|-------------|-------------|
| Value of Support to BEEBS students | R197,344 | R323,195 |
| Number of BEEBS Students | 12 | 23 |

Seventeen students graduated at the end of 2011. Of the graduates, eight continued their studies in 2012 towards further qualifications and six were absorbed into the industry in permanent positions. Two students were unable to complete their studies in 2011. Thirty-one students were carried forward to 2012 and thirty

new students entered the fund at the start of 2012, bringing the total number of students on the Bursary Fund in 2012 to sixty-nine. Most new students belonged to the BEE Bursary Support category.

The Citrus Industry Trust and AgriSETA were once again the major funders of the Bursary Fund. A sincere thank you goes to these organisations for their continued support.

The following numbers of students took part in experiential learning programmes in the year under review.

| Category | 2011 Students | 2012 Students |
|-----------------------------|---------------|---------------|
| Vacation Work | 10 | |
| Internships | 6 | 10 |
| Workplace Experience Grants | 2 | 3 |
| Industry Exposure Programme | 8 | |

We would like to thank the following companies for providing experiential learning opportunities to Citrus Academy Bursary Fund students:

Citrus Growers' Association, Citrus Research International, DFR Engineering, Du Roi Nursery, Farmsecure, Golden Frontiers Citrus, Mouton Boerdery, Neos Estates, Proveg East London, Rhodes University, Riverside Advisory Services, Robertson, Rosle Boerdery, Stellenbosch University, Sundays River Citrus Company, Woodburn Estate.



Learning Programme Development

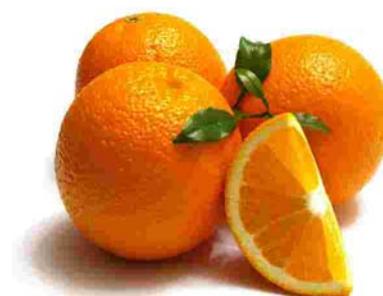
During the year under review, the Academy developed an audio-visual learning programme on Integrated Pest Management in Citrus, which was distributed to all members of the CGA at no cost. In addition, modules from the Citrus Postharvest Series dealing specifically with Harvesting was repackaged and sent to growers at no cost before the start of the 2012 season. Furthermore, a programme framework was developed for a Citrus Secondary Programme, which will be piloted at three high schools in 2012.

Thanks go to the following organisations for providing sponsorships and support for the development and distribution of audio-visual material:

Citrus Growers' Association, Citrus Research International, AgriSETA, Engen, Insect Science, Plaaskem, River Bioscience, Villa Crop

Learning Material

Learning material remains available on the Citrus Academy website to be downloaded at no cost. During the year under review, printed learner guides were distributed to 54 academic institutions, with support from the Citrus Growers' Association.



Industry Promotion

The Citrus Academy participated in the PMA Career and Bursary Fair, held on the 22nd of September 2011 at the University of Pretoria. The purpose of the event was to expose BSC undergraduates to agriculture as a career choice. The Academy's stand was manned by Bursary Fund students, and it was considered a great success. The Academy will participate in more such events in the coming year to promote the citrus industry as a career choice.

Capacity Building Workshops

Two capacity building workshops were arranged in the year under review. A workshop was held in October 2011 at Zebediela Estates for extension officers of the Limpopo Department of Agriculture. The workshop dealt with the Spring Pest Complex and was presented by Dr. Sean Moore of the CRI. In November 2011 a workshop was held in Fort Beaufort, targeting emergent growers in the Kat River Valley. The subject of this workshop was Finance for Non-Financial Managers in the Fruit Industry, and was presented by Peter van Ryneveld of the Johannesburg School of Finance.

Mentorship Funding

The Citrus Academy channelled R210,300 from the AgriSETA to the Citrus Growers' Association for mentorship funding, compared to R346,491 in the previous year.

CGA Cultivar Company

Jonathan Roberts
General Manager
CGA Cultivar Company



In October 2011 the CGA officially formed a new company which growers of citrus in southern Africa had been requesting for many years – the CGA Cultivar Company. At last CGA members owned their own cultivar company.

The objective of this newly formed company is to provide southern African citrus producers with rapid access to new citrus cultivars at reasonable prices and the associated information necessary to enhance global competitiveness.

In order to fulfill the mandate of the CGA, the CGACC is required to deliver a wide-ranging, service involving such activities as:

- Cultivar needs analysis with key stakeholders, growers, post harvest / cold chain and overseas receivers and consumers
- Finding the suitable cultivars that fit these requirements, locally and internationally.
- Negotiating terms with the owners or breeders in an attempt to secure the rights to agency in South Africa.
- Expedite the movement of the cultivar through the Citrus Improvement Programme, quarantine, STG, pre-immunisation, virus indexing and Foundation Block.
- Control movement of plant material through CIS as stipulated by the 'Owners' of the variety.

Thereafter CGACC is to manage all financial management processes and plant movement procedures. It is agreed that Cultivar Development was one of the strategic objectives of the citrus industry to meet the dynamic cultivar requirements of the industry in remaining competitive with Southern Hemisphere countries.

Up until October 2011 cultivar evaluation and management fell under Citrus Research International (CRI). However in an effort to offer an independent, objective evaluation to all companies, the two activities of Cultivar Management and evaluation were separated. The management and administration of proprietary cultivars is now managed by CGA Cultivar Company (Pty) Ltd, while CRI, a research and technical company, will concentrate on the independent research, selection, breeding and objective evaluation of all new and existing cultivars in South Africa.

Jonathan Roberts – formerly General Manager of Riverside Holdings has been appointed to manage the CGA Cultivar Company, and will be assisted by Andrew Lee who was previously the manager of CRI Cultivar Evaluation. This will ensure continuity in the new company.

Since its inception the CGACC has transferred existing management agreements with twenty-four owners of natural mutations of hard and soft citrus throughout Southern Africa. There

have been recent successes internationally as well, with CGACC having recently signed an agreement to manage five Californian Late Mandarins, with Eurosemillas, (Master Licencee for the University of California Riverside), two Late Mandarin triploids from GCM Spain, and several rootstocks from both Tucuman and UCR. This is indeed confirmation of these institutions' confidence in our ability to manage these varieties on their behalf.

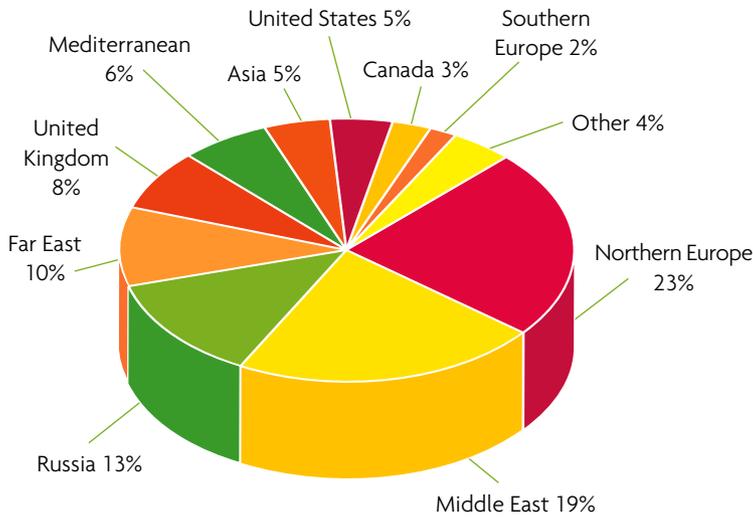
CGACC is currently negotiating with various foreign companies for a further collection of Lemons, Pommelos and rootstocks. Furthermore the CGACC is also currently involved with overseas market reports and feedback of experimental cultivars.

In February the CGACC joined the annual CGA Roadshows introducing themselves to growers throughout southern Africa, and was also invited to participate in the current Western and Eastern Cape and KZN CRI Extension Study Group Workshops.

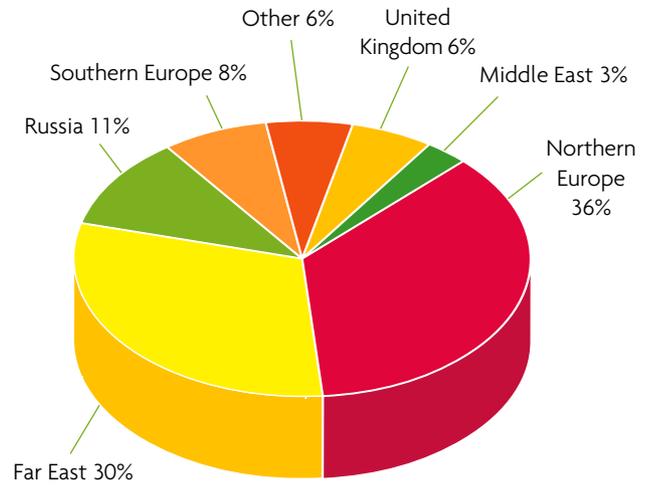
For more information on the CGA Cultivar Company please contact Jon@cgacc.co.za



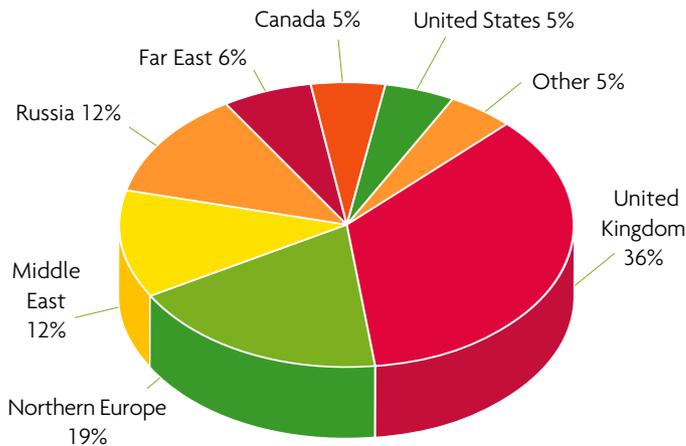
Oranges



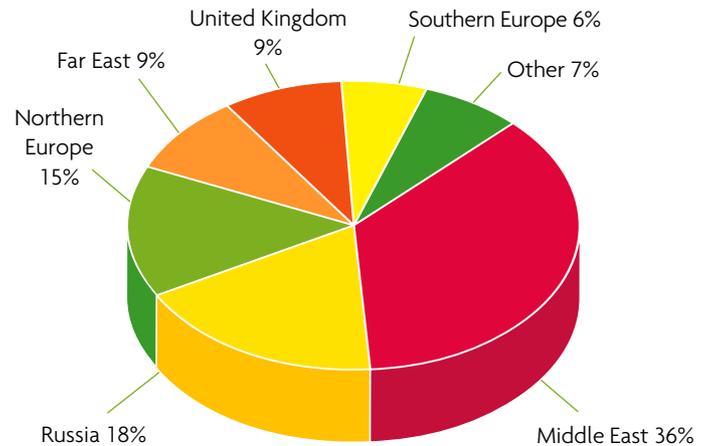
Grapefruit



Soft Citrus



Lemons

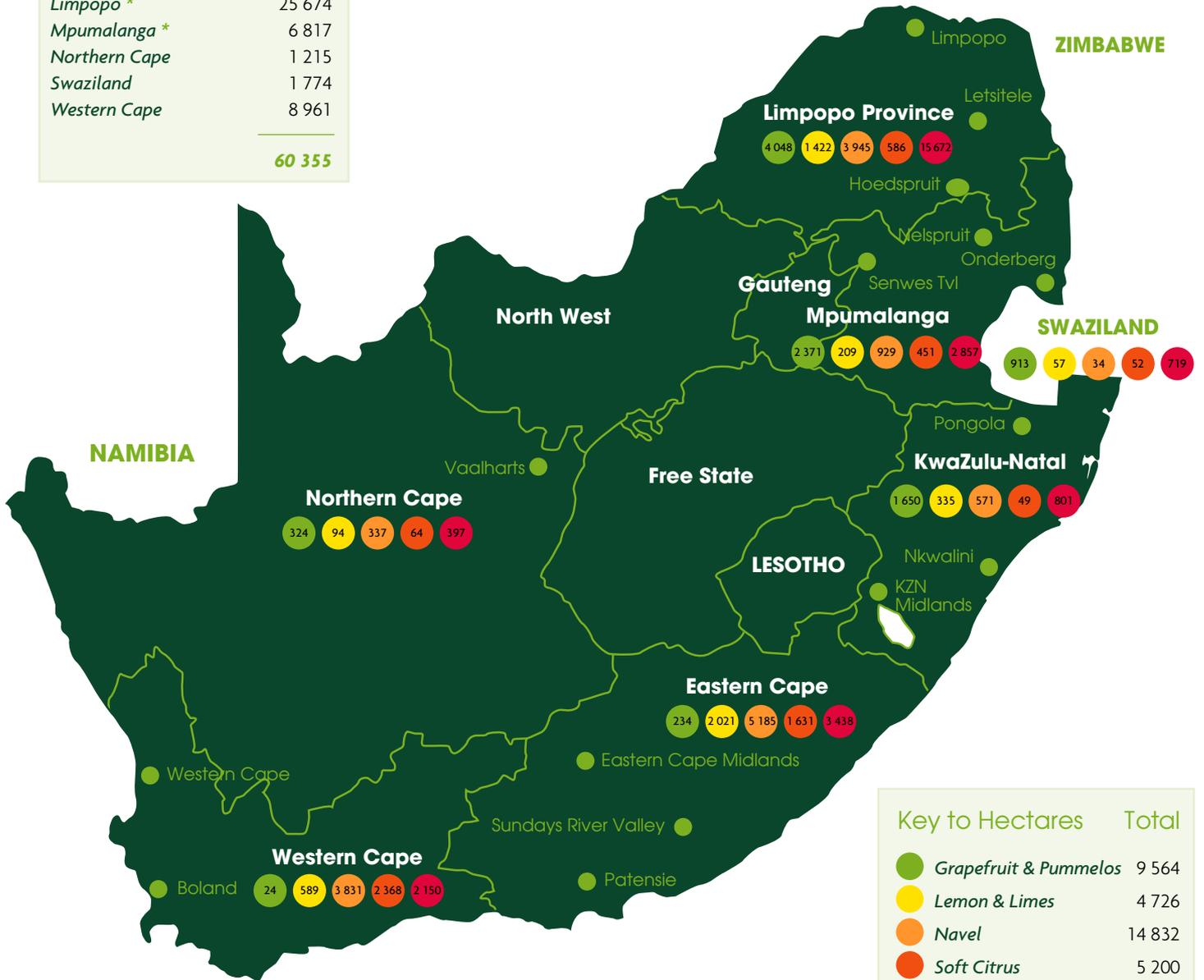


Abridged Financial Statements

| | Actual 2010/11 | Budget 2011/12 | Actual 2011/12 | Budget 2012/13 |
|--|-------------------|-------------------|-------------------|-------------------|
| Income | 47 003 455 | 49 000 000 | 46 206 329 | 44 440 000 |
| RSA Levy | 36 981 291 | 35 200 000 | 36 754 684 | 37 720 000 |
| Swaziland / Zimbabwe Levy | 951 594 | 700 000 | 705 541 | 720 000 |
| Grapefruit Promotion Levy | 6 743 620 | 6 500 000 | 5 761 619 | |
| Draw from Reserves | | 5 300 000 | | 4 200 000 |
| Interest | 1 417 328 | 1 000 000 | 1 595 367 | 1 500 000 |
| Dividends Received - River Bioscience | 300 042 | 300 000 | 300 042 | 300 000 |
| Other Income | 609 580 | | 1 089 076 | |
| Expenditure | 37 730 453 | 48 211 130 | 44 689 140 | 44 411 339 |
| Staff Costs | 3 026 947 | 3 189 400 | 3 303 244 | 3 496 200 |
| Travel & Accomodation | 267 902 | 269 000 | 313 040 | 206 000 |
| Office - Rent & Equipment | 308 854 | 328 220 | 312 181 | 332 000 |
| Office Expenses | 332 993 | 386 000 | 341 518 | 376 000 |
| Board Expenses | 427 040 | 483 250 | 431 977 | 562 750 |
| Services (Accounting & Legal) | 291 533 | 400 000 | 113 656 | 200 000 |
| Suscriptions | 197 223 | 220 000 | 217 928 | 245 000 |
| Communication | 155 526 | 188 000 | 103 684 | 197 000 |
| Market Access | 1 841 790 | 2 568 000 | 2 073 580 | 3 130 000 |
| Reseach Programmes - Citrus Research International | 21 280 838 | 22 440 040 | 22 440 040 | 24 101 012 |
| Reseach Programmes - Citrus Research Trust | | 2 266 000 | | 2 917 817 |
| Transformation | 2 382 551 | 2 238 400 | 3 577 477 | 2 295 560 |
| Transformation - Citrus Academy | 1 681 340 | 1 782 000 | 1 792 000 | 1 925 000 |
| Depreciation | 28 782 | 32 000 | 24 224 | 32 000 |
| Information | 299 493 | 430 000 | 252 620 | 395 000 |
| Provision for doubtful debts / Bad Debts | 1 687 916 | | 364 442 | |
| Leave Pay Provision | (110 968) | | (41 514) | |
| Infrastructure & Logistics | 630 916 | 970 820 | 782 933 | 1 050 000 |
| Market Development | 2 919 549 | 970 000 | 232 167 | 400 000 |
| Grapefruit Promotions | | 6 500 000 | 5 553 943 | |
| Citrus Cultivar Management Company | | 2 500 000 | 2 500 000 | 2 500 000 |
| General | 80 228 | 50 000 | | 50 000 |
| Net Surplus/(Loss) for Year | 9 273 002 | 788 870 | 1 517 189 | 28 661 |

Citrus Producing Regions

| Total Hectares | Total |
|----------------|---------------|
| Eastern Cape | 12 508 |
| KZN | 3 405 |
| Limpopo * | 25 674 |
| Mpumalanga * | 6 817 |
| Northern Cape | 1 215 |
| Swaziland | 1 774 |
| Western Cape | 8 961 |
| | 60 355 |



| Key to Hectares | Total |
|--|---------------|
| ● Grapefruit & Pummelos | 9 564 |
| ● Lemon & Limes | 4 726 |
| ● Navel | 14 832 |
| ● Soft Citrus | 5 200 |
| ● Valencia & Midseasons | 26 034 |
| | 60 355 |

* NOTE: The hectares reflected for Limpopo and Mpumalanga have changed from previous reports due to the redefinition of the provincial boundaries.

Directors



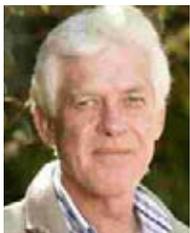
Pieter Nortje
Chairman
Sundays River Valley,
E Cape

PN: Citrus might be a commodity but it's a basket of some very unique and different varieties. I cannot trace a season where all varieties have experienced a very poor or very good season in one single year! Let's learn a lesson from this – have a diverse basket and see that the composition thereof satisfies the changing demands of our consumers.



Piet Smit
Vice-Chairman
Western Cape

PS: Die 2011-seisoen was 'n uitdaging vir suksesvolle bemarking van SA sitrus, met markte wat een na die ander in duie gestort het, en die vraag net nie daar was nie. Wanneer van die groter markte so reageer (lees Rusland en Europa), plaas dit die hele bedryf onder druk. Gelukkig vir die SA produsente het die bedryf na deregulering vinnig gegroei en ontwikkel, en bly dit steeds een van die wêreld se sterkste en mees kompeterende sitrusbedrywe. Die CGA se rol en mandaat is om sy lede so kompetend as moontlik te hou, en die heffing tot voordeel van almal aan te wend. Die voordele van 'n georganiseerde bedryf word juis gesien en gemeet aan 'moeilike' jare soos 2011. My dank aan bestuur en ander wat soveel ekstra tyd en energie, meermale agter die skerms, insit om markte te open en oop te hou, en hul bydrae om ons die geleentheid te gee vir optimale produsering en bemarking van ons produkte. Ek is trots om deel van so 'n dinamiese bedryf te wees en om die Wes-Kaap te verteenwoordig.



Graham Piner
Executive
Nelspruit

GP: Citrus exporting is becoming more and more challenging and profitability is being placed under severe pressure. The successful citrus grower of the future will by necessity be an adaptable farmer and a leaner, meaner businessman with an acute acumen for marketing.



Dr Hoppie Nel
Executive
Onderberg

HN: In the Citrus Industry one should always be prepared to expect the unexpected as was proved during the past year - the current topics favouring impending doom centre on bio-security, the FCM "disaster", enhanced competition in the markets, the international economic trough and the breakdown of services in South Africa. Let's hope that the trend continues whereby the expected does not "happen" whilst the citrus industry remains able to deal with the unexpected. Fortunately the sound structures of the Southern African citrus industry should enable us to adapt to and manage these unexpected threats. I am quite confident that 2012 will be looked back on in future as one of the better citrus years.



George Hall
Executive
Boland

GH: Tariffs remain a challenge in fully realizing some markets' potential. This is particularly true in Eastern markets such as India and South Korea, but is also a problem in established markets such as the EU (where tariffs increase dramatically during certain times of the year.) Competing countries' fruit industries have managed to get their governments to negotiate better tariff access conditions that South Africa have – making their fruit more attractive. Given the importance of the fruit industry in terms of job creation, grower development and foreign exchange earnings, it is essential that our government assist in creating better trading conditions.

Directors

PB: I am honoured to be associated with the CGA and to represent my fellow Zimbabwean Citrus growers. Tough economic times, phytosanitary barriers, exchange rates, market and logistical constraints are all part of the challenge for the Southern African citrus grower. We adapt or perish! I am confident that under the guidance of the CGA and CRI we will triumph. We have the team to do the job!

MW: The past season (2011) produced record export crops for some growers in Southern KZN. Unfortunately the strong Rand resulted in lower prices so the record crops didn't translate into a record bottom line. The challenges faced by Southern KZN citrus growers include adapting to global consumer trends and logistical problems at the Durban Port, in particular truck turnaround times. These logistics problems are being addressed by the CGA. The CGA should also continue its work in opening up new export markets for growers and providing world class research for our industry. In the words of Tim Noakes, our research scientists should "Challenge their Beliefs".

SD: The CGA, through sound governance of the diverse roles and responsibilities of the association, ensures that South African citrus retains its international credibility well into the future. Transformation progression is of particular importance to the Nkwalini region. Through the CGDC and the extension and mentorship programmes, the CGA has ensured that all growers are developed, supported and sustainable and profitable citrus agriculture in the region is promoted. Communication to growers through the media, SA Fruit Journal, Desk of the CEO and other report structures, remains vital for the transfer of information locally and internationally.

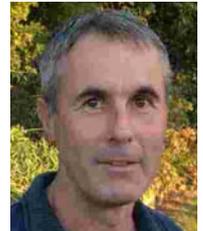
PD: Citrus is a commodity fruit... with poor returns from the 2011 season, oversupplied markets and quality problems on arrival, growers barely covered their costs to survive until the next season. For the Gamtoos valley citrus growers, 2011 was a very dry and worrying period due to small sizes and water shortages. Ample rain during May/June 2011 has assured a better growing forecast for 2012. With increasing costs overall, growers must adapt and change with the new financial environment in which they must operate. The concern is how can the grower differentiate himself within an ever increasing cost environment. Sustainable supply becomes a challenge and market development and productivity within the value chain will be an important factor towards a sustainable citrus industry. Let's be positive and get involved where we can to make a difference in 2012!

DM: Rolspelers in die sitrusbedryf is bewus daarvan dat jy jare soos 2011 kan kry – wat vir al die verkeerde redes onthou word en dit beter is om daarvan te vergeet! Dit blyk dat die krisis van 2008 in Europa sy grootste impak in 2011 gehad het - met baie moeilike handelstoestande in die Euro-sone. Oorblywende vrugte van die noordelike halfrond het vir moeilike handelstoestande in Oos-Europa gesorg wat na die Verre Ooste oorgespoel het. Die pomelo's is veral hierdeur geraak. Die jaar 2011 het die belangrikheid om te kan kies tussen markte beklemtoon - vrugte kon na ander markte, met beter opbrengste, gestuur word. Ons koester hoër verwagtinge vir die 2012-seisoen.

Paul Bristow
Director
Zimbabwe



Michael Woodburn
Director
South KZN



Shane Dellis
Director
Nkwalini, KZN



Phillip Dempsey
Director
Patensie, E Cape



Danie Mathewson
Director
Vaalharts, N Cape



Directors



Fanie Meyer

Director

Hoedspruit

FM: The 2011 season confirmed that the cost to produce, ship and market are known but the returns, coupled with a poor exchange rate, put profitability under severe stress. It is imperative that accurate information on markets is communicated at all times.

The opening of new markets provide opportunities to market the 100 million carton crop annually and credit must go to the CGA for making this happen. Trading conditions for 2012 look promising.



Hannes Nel

Director

Limpopo

HN: Alhoewel dit een van die mees uitdagendste boerdery bedrywe is, word die sitrusbedryf gekenmerk deur jaarlikse toenemende groei. 2011 was egter gekenmerk deur groeiende kostes, wisselvallige markte asook wisselkoerse. Een van ons grootste uitdagings was BI, maar met samewerking van die Departement van Landbou is dit onder beheer gebring. Hopelik met 'n meer bestendige wisselkoers, standvastige marktoegang asook BI, kan die 2012 sitrus seisoen 'n positiewe impak maak op die uitvoerbedryf asook die algehele sitrusbedryf.



Antoine Rouillard

Director

Pongola

AR: The citrus industry is one of the most vibrant in South Africa and the increased exports over the last few years shows grower confidence. Our Citrus Research centre, CRI, is a leading research institution which we as growers are proud of. We can also thank CGA for their efforts in giving us maximum return on our levies. There are however many challenges and although one should try to be positive, the cost of producing citrus is increasing at an alarming rate and returns are not always what they should be. The fact that new markets are opening should encourage growers to place their fruit in more lucrative markets. We are fortunate that we live in a country which produces the best quality citrus in the world and I believe that we will always be a major citrus exporter.



Per Noddeboe

Director

Swaziland

PN: The Citrus Industry in Swaziland, a voluntary member of the Citrus Growers Association of Southern Africa, has steadily been shrinking mainly due to the better profitability and simpler farming involved with sugar cane in particular. We predict that the entire Southern African Citrus industry will see dramatic reductions in export volume unless the returns from citrus farming improve dramatically in the short term.



Charles Rossouw

Director

Senwes

CR: *"Who said that it was going to be easy?"* Mae West

We must not become negative or try to reinvent the wheel, but rather focus on how we are going to address the challenges and threats and make use of the opportunities. If we don't our competitors will definitely take that gap. The citrus industry today places a lot of emphasis on logistics, packaging, cold sterilization, new varieties and market access. Perhaps we could focus more on consumer needs and ensure that we supply these needs. Consistently high quality fruit will increase consumer awareness of the excellent standard of South African citrus and encourage them to want to buy South African.

Directors

JS: Terug blik op 2011 se seisoen. Oorvol mark, swak pryse, swak wisselkoers is vir alle boere negatief. Die Benede Oranje is 'n betreklike nuwe streek met eiesoortige verbouings probleme. Daarom word 'n beroep gedoen dat vaste prys markte nie verander word deur oorvoorsiene 'consignment' mark nie. Die Amerikaanse mark wat ons moes lei na nuw e hoogtes het nie gerialiseer nie as gevolg van onvoldoende hoë koste ketting. 'n Groot dank aan lede van CRI en CGA vir alle navorsing wat huidiglik gedoen word om die Oranje rivier te voorsien van toepaslike kultivars in die citrus industrie en ook onderhandeling namens alle produsente in Suid Afrika.

BV: Met 2011 agter die blad en steeds baie vars in ons gehieu, is almal tans besig met die pluk en pak van 2012 se oes. Hopelik het almal 'n groot les geleer, wat om te doen en wat om nie te doen nie. Persoonlik glo ek die grootste probleem is swak kommunikasie en samewerking tussen alle produsente en uitvoerders, almal is vir homself, ten koste van almal! Wat 2012 betref, wat ook sy eie uitdagings het met vruggrootte in sekere areas, glo ek sal meer positiewe resultate oplewer as in 2011, aangesien dit wil lyk asof die verkoopspryse van sekere varieteite ietwat beter is en die wisselkoers in ons guns tel! My boodskap aan die bedryf is dus: "Goeie samewerking en goeie kwaliteit is tot ons almal se voordeel!" Dis uiters hoekom ons boer, volgende jaar, gaan die beste jaar ooit wees!

IN: The 2011 season was a very tough one from my side, production costs were very high and the prices received were not favourable. The citrus industry is a very competitive one which needs 110% contribution during the production cycle in order to get quality fruit. I am hoping to see an improvement as we move into the next season.

HH: I have been proud to be part of the CGA's transformation body, Citrus Growers Development Chamber during 2011/12. We have interaction now with all our emerging growers in all the regions which is making it easier for their voices to be heard and their individual and combined problems to be dealt with. We are all benefitting from the support structure and skills transfer that is taking place within the citrus industry, thanks to the CGA, CRI extension officers and Citrus Academy skills development DVD's. We can only go from strength to strength during 2012.

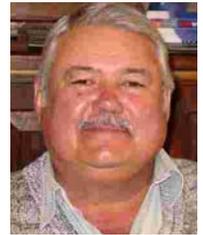
JD: To sum up the comments of the Board,
"Citrus farming is not for sissies!!"



Jannie Spangenberg

Director

Orange River, N Cape



Ben Vorster

Director

Letsitele



Israel Nemaorani

Director

North PDI



Hannes Hobbs

Director

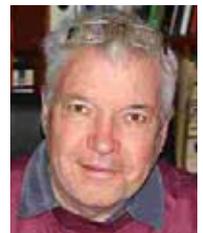
South PDI



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