

Annual Report 2011



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



Fanie Viljoen
Chairman

Dear Citrus Producers,

I think that you will agree with me that the 2010 season was one that will be remembered for many years to come. It had its highs - an all-time high export figure of 97 million cartons exported and its lows - nearly losing 100 000 tons of Valencias in Europe due to Morpholine, and the strike by Portnet workers in May 2010.

From the CGA side it was a year when we were involved in a wide range of activities. From the mandate that we as CGA Board receive from our producers I would like to highlight the following areas.

Market Access

During the packing season of 2010 we as an industry ran into a situation where the EU put a ban on Morpholine. This ban had an impact on our Citrus in the EU with a value of R800m Rand. The CRI and CGA (Prof Vaughan Hattingh and Mr Paul Hardman) tackled this issue and succeeded in lifting the ban till the end of 2010 which allowed for the last of South African Citrus to be sold.

Attention was also given to tariffs in importing countries. The CEO of CGA has spent time with

DAFF officials to help them understand the impact on the fresh fruit producers, especially Citrus producers. This issue will continue receiving attention until we are on a 0% tariff.

The most concerning on-going issue under Market Access is the EU stance on CBS. A complaint has been lodged with the IPPC but up until the time of this report there has been no movement from the IPPC side. The CGA Board are in constant communication with DAFF over this CBS complaint.

It remains encouraging to see the Ethical Trade Portfolio driven by Colleen Chennells (under Fruit SA) continues to lay a solid foundation for future ethical trade programmes. Harmonization in Ethical Trade standards and the reduction of duplicate audits remains of paramount importance and growers should expect to see how their supply chains can dovetail into these industry initiatives over the next 12 months.

Information

Information only adds value if there is effective communication. We try through the CEO's weekly newsletter, CGA website and the Global Citrus Scan to keep our producers updated. Once a year a Stats booklet is distributed to all growers. This contains information on exports, inspections and crop distribution to the different markets. The tree census information is crucial for compiling this data and we call on our growers to update their tree census annually.

The variety focus groups play a very important role in considering prospects for the crops, adjusting their estimates depending on market conditions, and giving DAFF guidance on



dispensation requests when growers cannot meet the standards set by the industry. They also assist DAFF in setting the standards for the industry at the annual review in September.

CGA continued to participate in focus group meetings of the EDiN project under the custodianship of PPECB. The development of the edi system is in progress with pilot testing at identified pack-houses planned for end July 2011.

The CMF (Citrus Marketing Forum) also met three times in the year giving the industry valuable feedback and advice on overseas markets and updating the estimates of the various citrus groups.

Logistiek

Die identifikasie van knelpunte is 'n aan-eenlopende taak wat deurentuit aandag geniet. Punte wat reeds geïdentifiseer is sluit in spoor vervoer met die uitdaging van toerusting tekorte, Maputo hawe ontwikkeling en toegang daartoe, behouering en die koste daarvan.

Die staking van Portnet hawe werkers in 2010 het die vraag laat ontstaan of die sektor nie as essensiele dien geproklameer moet word nie. Die aansoek is egter afgewys met die rede dat mense lewens nie ingevaar is as die sektor nie operasioneel is nie.

Die instelling van 'n logistieke fokusgroep is afgehandel wat vir Mitchell Brooke, bestuurder logistiek by die CGA behulpsaam gaan wees.

Transformation

Citrus Growers Development Chamber

In the year under review, transformation in the citrus industry took a vibrant new direction, with emerging growers taking control of their own destinies through the formation of the Citrus Growers Development Chamber (CGDC).

The Transformation Manager has established close contact with local and provincial bodies to ensure that every emerging citrus grower has a voice.

Grower Development Fund

Flowing from the cooperation between the CGA and the ADA in the social facilitation arena, the CGA received funding from the ADA to support two emerging citrus enterprises in the Nkweleni Valley in KwaZulu-Natal. A steering committee, consisting of representatives of the growers, ADA, CGA, Citrus Academy and mentors was formed, and all expenditure was approved by the committee. The CGA would like to expand this funding model to other provinces in 2011.

Skills Development and Capacity Building

The Citrus Academy is responsible for skills development in the citrus industry. The Transformation Manager of the CGA coordinates with the Citrus Academy regarding the skills development needs of emerging growers.

Toyota New Harvest Farmer of the Year Competition

Lawrence Mgadle from the Eastern Cape was chosen as one of the finalists for the prestigious Toyota New Harvest Farmer of the Year award. This award recognises the achievements of emerging farmers and is always hotly contested. The CGA is very proud of this recognition for Lawrence's hard work and congratulates him on getting to the finals.

Navorsing

Die CRI is die navorsing instansie wat alle navorsing vir die CGA koördineer. Daar was gedurende Augustus 2010 'n baie geslaagde navorsing simposium aangebied. Hierdie simposium word elke twee jaar aangebied en is waarlik 'n presigte byeenkoms.

Daar word jaarliks in die sitrus produseerend gebiede navorsings prioriteite bepaal deur die groeier gemeenskappe. Hierdie doelwitte word geprioritiseer en deur gegee aan CRI. Alle navorsing voorstelle met 'n prioriteit van 3 word gedoen al is dit slegs een area wat dit deurgee.

Finansies

Dit gaan goed met die CGA se finansies. Die mikpunt van een jaar se koste in reserve is bereik. Die reserve is daar gestel dat indien die industrie 'n ernstige terugslag beleef die werksaamhede kan voortgaan. Die invordering van die heffings verloop vlot. 2009 en vroeër is afgehandel. 2010 se invordering is 98% voltooi. Vandat die invorderings punt verskuif is na pakhuis vlak is die proses

baie vergemaklik. Die invordering met die Pomelo Bemerkings heffing is daar nog 'n paar knel punt wat aandag geniet.

Gedurende die afgelope jaar is die konsep van 'n suurlemoen sap en olie projek op die tafel geplaas. Die beginsel bly dat die groeiers ingelig word en dat die finale besluit oor die projek deur die groeiers geneem sal word. Om al die kwel vrae te kan beantwoord betreffende die projek is goedkeuring verleen dat 'n lewensvatbaarheid studie geloots word. Dit beteken nie dat die projek goedgekeur is nie. Sodra die inligting uit die lewensvatbaarheids studie bekend is sal ons na u toe kom en u stem sal tel.

Ek wil hiermee ook my mede direkteure en personeel van die CGA hartlik bedank vir u insette en harde werk. Ek is oortuig dat die industrie gesond is en dat daar 'n voorspoedige 2011 seisoen voor die deur lê.

Met dank aan u almal.

Fanie Viljoen





Justin Chadwick
Chief Executive Officer

2010 is a year that will have significance for South Africa for years to come. The successful hosting of the Soccer World Cup, the outpouring of national pride, the slick working of public service and the beautiful stadia will remind us of a job well done. 2010 was also a significant year for the southern African citrus industry as a record volume of citrus was exported with reasonable to good returns back on the farm – the final tally was just one million shy of one hundred million cartons. Almost 1.5 million tons of citrus was grown, harvested, packed, transported, warehoused and shipped out of South Africa – resulting in significant employment (in many of the poorest regions of South Africa) and over R6 billion in foreign exchange earnings.

But everything was not rosy – the protracted Transnet strike at South African ports left a wake of reputational damage, additional costs and no clear winner. And to top it all shipping lines slapped a congestion surcharge onto the innocent party – cargo owners. Fortunately for the citrus industry some of these costs could be dodged by switching to bulk reefer shipping. These unfortunate events at South African ports also

made Maputo in Mozambique an attractive option.

A highlight of the year is the formation of the Citrus Grower Development Chamber (CGDC) representing all emerging growers in the citrus sector. The Chamber has met on two occasions and has taken ownership of grower development in the citrus sector. Engagement with national and provincial government is starting to make progress; with mentorship, extension, social facilitation and institutional development being prioritised. The LEMONEX project in Badplaas promises to be the leader in the transformation field should it be deemed feasible and desirable.

Grapefruit growers made a bold decision in launching market development campaigns in the UK and Japan. This is the first time since deregulation that citrus growers have funded a country of origin campaign. These campaigns are scheduled for two years, after which growers will once again take a decision on future funding. 2010 was an “off season” for grapefruit, and therefore the campaign was not really tested; 2011 is looking like it will be more challenging.

Market access remains the top priority of the CGA – with GRO being the goal: Gain, Retain and Optimise. Towards the end of the year under review a draft protocol had been received from Thailand which will ultimately open the doors to export citrus to that destination. Expanded access into the USA from regions in the north of the country took a step forward with a positive US pathologists report while technical exchanges took place in the endeavour to change the cold treatment to Japan. The present European Union requirements with respect to Citrus Black Spot have now been



challenged
at International
Plant Protection

Convention level, with some concerns about the slow progress of South Africa's submission.

Unfortunately the US officials reneged on an arrangement to reverse the treatment period even though South Africa had met all the requirements set by these officials. Attempts to get the unjustified treatment period reversed are continuing. A highlight in retaining market access was the first successful eradication of an invasive fruit fly in northern regions of South Africa. This was a true public-private partnership with all stakeholders working in a synchronised and focused manner.

Significant work has been done in the field of consumer assurance. With our partners at Fruit South Africa, an ethical trading champion has been appointed to drive awareness and compliance in the field of labour practices. In addition FSA continued its partnership with the wine industry in the confronting climate change project. The responsible use of plant protection products continues to be a focus, with the past year throwing up some challenges in terms of usage of waxes and haphazard decisions from EU authorities.

Efficient administration of the statutory levy remains the key to future funding of Association activities. With levy collection at almost 100% ALL growers are funding their Association's activities.

Administration

By Gloria Weare

Governance

The Citrus Growers Association of Southern Africa (CGA) is governed by a twenty-member Board of Directors who represent eighteen citrus growing regions across South Africa, Swaziland and Zimbabwe. Two of these represent emerging growers in the north and south. Providing expertise in financial governance is the Chairman of the Audit Committee. The National Agricultural Marketing Council (NAMC) have observer status on the CGA Board.



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

<i>Region</i>	<i>Outgoing Director</i>	<i>New Director</i>
Zimbabwe	Chris Maggs	Paul Bristow
Vaalharts	Jannie Smit	Danie Mathewson
Sundays River	Phillip du Plessis	Pieter Nortje
Senwes	Tini Engelbrecht	Charles Rossouw



The **CGA Board of Directors** - 2010/2011

Meetings

Meetings of the CGA Board

- 17th August 2010** *Apologies:* Jock Danckwerts, Antoine Rouillard, Per Noddeboe
25th November 2010 *Apologies:* Tini Engelbrecht, Kobus van Zyl, Jannie Smit, Phillip Dempsey, Michael Woodburn
22nd March 2011 *Apologies:* Hannes Hobbs, Charles Rossouw

Executive Committee

Fanie Viljoen (Chairman); Hoppie Nel (Vice Chairman); George Hall, Graham Piner, Tini Engelbrecht (April to November 2010, Piet Smit (November 2010 to date)

Executive Meetings

- 25th May, 28th July 2010** *No apologies*
6th October 2010 *Apologies:* Hoppie Nel
9th March 2011 *No apologies*



The **CGA Staff** - 2010/2011

Representation

The CGA is represented on various Boards and Committees:

Citrus Research International (CRI):

Jock Danckwerts, Hoppie Nel, Louis von Broembsen, Mark Fry, Kobus de Kok, Piet Smit (Letsitele). Also Flip Smit, Audit Committee Chairman

Citrus Academy: Shane Dellis, Mike Woodburn, Graham Piner, Israel Nemaorani

River Bioscience: George Hall, Flip Smit

XSIT: Fanie Viljoen, Piet Smit (Citrusdal)

Citrus Industry Trust (CIT): Mark Fry

Agri SA: Antoine Rouillard, Hannes Nel

Citrus Improvement Scheme Steering Committee: Fanie Meyer

Citrus Marketing Forum (CMF): Peter Nicholson, Hoppie Nel, Gabriele van Eeden

Fruit South Africa: Justin Chadwick

Fruit South Africa Logistics Committee: Mitchell Brooke

Southern Hemisphere Association of Fresh Fruit Exporters (SHAFFE): Justin Chadwick

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Agricultural Trade Forum: Justin Chadwick

Market Access Committee: Elma Carstens, Justin Chadwick (secondus)

SPS/CLAM/Confronting Climate Change: Vaughan Hattingh, Paul Hardman (secondus)

MRL/SHAFFE Technical Workgroup/IFPS/ Food Safety Forum/FS Harmonisation: P Hardman

BI (Bactrocera Invadens) Steering Committee: Vaughan Hattingh, Justin Chadwick

EDI Task Group: John Edmonds

PPECB: Tini Engelbrecht, Mzo Makhanya

Communication

There are several ways in which the CGA strives to keep their grower members and stakeholders aware of improvements, changes and important information pertinent to the citrus industry.

As citrus growers are so widely spread, CGA has found the following are the most successful.

Roadshows

Prior to the season each year, Justin Chadwick and Paul Hardman each head up a team made up of various CGA, CRI and Citrus Academy staff and between them visit all regions, this past year including Zimbabwe for the first time. This is an ideal opportunity for growers to ask questions, make suggestions and to be kept up to date with what the CGA has achieved in the past year and what it intends in the season ahead.

Weekly Newsletter

From the Desk of the CEO is prepared by Justin Chadwick every Friday of the year, and is a source of up to date pertinent information to those in the industry. Anyone wanting to receive the weekly electronic version can contact the CGA office. It is also on the homepage of the CGA website in English and Afrikaans (thanks to Elma Carstens).

Global Citrus Scan & Logistics Updates

Global Citrus Scan (John Edmonds) and Logistics Updates (Mitchell Brooke) are sent out in a similar fashion and are also on the CGA website.

By Gloria Weare

CGA Website

The CGA website www.cga.co.za is user friendly and topical. We also assist DAFF (Department of Agriculture, Forestry and Fisheries) by providing a link to information of importance to citrus growers on their website. A password protected section is for the exclusive use of CGA and CMF members. South African Stakeholders wishing to access this section can do so on registering with the CMF and paying an annual membership fee. All FPEF and CGA members are members of the CMF.

S A Fruit Journal

This is a bi-monthly publication shared with other fruit industries and distributed to all growers on our mailing list. CGA staff submit articles of interest, particularly in the fields of transformation, food safety and logistics, and the Citrus Academy and CRI complete the section from the citrus industry.



Speakers at the
Global Citrus Conference 2010
with S Symington and J Chadwick



Global Citrus Conference

Over 250 speakers and delegates attended the first Global Citrus Conference (GCC) hosted at the Bay Hotel in Camps Bay, Cape Town.

The conference, themed *Cultivating New Ideas: Growing Together*, was a rousing success, with delegates praising the quality and relevance of the presentations, seamless organisation and outstanding venue.

Conference organiser Elize Noel says, "As one of the top two citrus producers in the world, South Africa was the ideal location to host the first Global Citrus Conference. The event proved to be a wonderful opportunity for the global citrus family to get together for business and networking."

The conference exceeded our expectations and objectives – which were to hold a citrus-specific conference, with new speakers and topics offering useful and original insights."

The presentations by both local and international speakers highlighted many of the most pressing issues facing the industry today, from transport and logistical challenges, to ethical fruit production and the impact of foreign producers on South Africa's exports.





By Robert Miller

Finance

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 2010 season was 39 cents per 15 kg carton and the CGA has collected over R38 million from this levy. This represents over 99% of the total levy due for the year. The small remaining amount will be collected early in the 2011/2012 financial year.

The statutory CGA levy for the remainder of the approved levy collection period is as follows:

2011 – 40 cents per 15kg carton

2012 – 41 cents per 15kg carton

Grapefruit Levy

During the 2010/2011 financial year, a new statutory levy was approved by the Minister for Agriculture, Forestry and Fisheries. This levy, which is in addition to the normal CGA levy, is due on grapefruit exported and will be used to fund market development and consumer education in the United Kingdom and Japan for a two year period.

The statutory Grapefruit levy due for the two year period is as follows:

First Year (2010) – 60 cents per 15kg carton

Second year (2011) – 65 cents per 15kg carton

During the 2010/2011 financial year, the CGA collected R4.7 million from this levy.

Audit Committee

The members of the CGA Audit Committee for the 2010 / 2011 financial year were Flip Smit (Chairman & CGA Finance Director), Antoine Rouillard (CGA Director Pongola) and Graham Piner (CGA Director Nelspruit).

The main functions of the CGA Audit Committee are to identify any risks to the CGA and its subsidiaries and to assist the various boards with the management of these risks, to advise on and assist with the financial management and internal controls of the CGA and its subsidiaries and to ensure compliance with various legal and regulatory requirements.

The Audit Committee held three meetings during the financial year on the 19 July 2010, 9 November 2010 and the 7 March 2011.



Tree Census

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

Citrus Statistics Booklet

The statistics booklet contains information on exports, inspections, crop distribution to the markets and trends in revenue generated by exports as well as information gleaned from the tree census. The 2010 citrus statistics booklet was published and sent to all grower members of 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 years' crop; discuss markets and give DAFF guidance on dispensation requests when growers could not meet the standards set by the industry.

At the Citrus Technical Workshops held in Stellenbosch on 26 October 2010 the variety focus groups with other industry role players reviewed the industry quality standards and made recommendations to guide DAFF in setting the standards for the industry at the grading meeting in November. The contribution from PPECB with respect to standards, dispensations and participation in variety focus group activities was 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 benefited from Dr. Graham Barry's participation in the activities of the variety focus groups during the year.

The variety focus groups had twenty-eight meetings in 2010/11. At every meeting the relevant variety focus group's crop projection was reviewed and this information communicated to the industry via the weekly "From the Desk of the CEO" newsletter. This regular update of expected crop volume and quality facilitates an understanding of the prevailing production conditions which in turn

helped build trust with

receivers in

markets. The

table below 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 just achieved overall with the actual being 6% above the estimate. The grapefruit and soft citrus variety focus groups were dead accurate whilst lemon and navels both estimated 7% less than the final figure. The Valencia Focus Group was a little pessimistic with its original estimate being thirteen less than what was realized.

Type	2010 Estimate (CGA)	2010 Actual	Difference (Actual vs. Estimate)
Valencia	41 338 341	46 739 760	13%
Navels	21 514 810	22 943 816	7%
Grapefruit	12 601 244	12 470 420	-1%
Lemons	8 990 033	9 655 291	7%
Soft Citrus	7 506 565	7 535 584	0%
Total	91 950 994	97 527 424	6%

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 years 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 years shipping was also reflected. There is concern that the lag in capturing the shipped data volume as compared to the volume inspected and passed for export creates a false impression of the stock levels. Visits were undertaken by CGA and PPECB staff to pack-houses to investigate the flow of data and seek ways to close the gap.

Electronic Data Interchange

CGA continued to participate in focus group meetings of the EDiN project together with information service providers, export companies, logistical service providers, Hortgrow, CGA, SATGI and FPEF under the custodianship of PPECB. In 2010 standardized codes were implemented and a service provider appointed after a public tender process to assist PPECB in the implementation of the system. The contract was awarded to CX Solutions. Concern with the perceived slow progress of implementation was raised by the industry during the course of the year. The development of the edi system is in progress with pilot testing at identified pack-houses planned for end July 2011.

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 by Vaughan Hattingh and Justin Chadwick at meetings held during 2010/11. 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)

During 2010/11 SHAFFE members supplied information of shipped by volume and destination to the SHAFFE secretariat, who in turn supplied this information to SHAFFE members. All southern hemisphere countries except Brazil participate in this initiative. This weekly information is published on the CGA website.

Citrus Marketing Forum (CMF)

The Citrus Growers' Association and Fresh Produce Exporters' Forum jointly fund the citrus information supplied in terms of an agreement with PPECB. This information is supplied on a regular basis during the export season to all members of the 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. During the year under review the CMF met three times on 17 May 2010, 27 October 2010 and 24 March 2011. The input to the CMF from the variety focus group with respect to estimates, projections and growers' feedback was facilitated by the CGA.



1-Citrus: Transportation and Port Harmonization Project

During the 2010 CGA Roadshows and CRI Packhouse Workgroup sessions, the topic of the Durban port congestion and truck bottlenecking was repeatedly raised. Growers and stakeholders reflected on the frustrations and added costs that were caused by ongoing delays in the Durban port. The CGA consulted with a supply chain specialist Crickmay who have implemented information technology solutions to other agricultural sectors. The project named 1-Citrus was thereafter developed and a steering committee elected consisting of Durban port cold store managers and the respective regional packhouse study group chairman.

The aim of the project's first phase of development is to have a systematic truck booking, routing and information mechanism to allow port cold stores to establish truck arrivals to the port. The system will also allow better management of transport through the citrus chain and reports can be sent upstream to transporters and packhouses detailing transport timeframes through the chain.



Maputo Port

Transportation charges for the northern citrus regions are considerably higher than regions located closer to ports. Geographically the Maputo port is located far closer to the citrus areas of Northern Swaziland, Malelane, Karino, Nelspruit, White River, Hoedspruit and Letsitele as opposed to travelling an extra 450kms to the Durban port. It has been calculated that on average an additional R3.00 per carton is spent to transport citrus to Durban rather than shipping though Maputo. To reduce the cost of transportation, the Maputo port should be prioritised by the industry. The main constraint at this time continues to be the lack of direct container shipping opportunities to the key citrus markets.

Another issue is the lack of backhaul cargo from Maputo to the hinterland; this creates an imbalance in transport charges between these two ports. An estimated 500,000tons of citrus is produced in the aforementioned regions (Maputo port citrus hinterland) of which only 65,000tons is exported through Maputo.

Development in Maputo is happening at a good pace and it should only be a matter of time before container shipping lines adjust schedules to add direct calls to Maputo. Once the Maputo port creates opportunity for a balance of import and export transit cargo, this should assist to reduce the high cost of transportation.

Citrus Rail Transportation

Rail transportation requires a high volume of homogenous types of cargo moved over far distances to compete with road transportation on pricing and efficiency. This

principle applies for citrus transportation and therefore areas that produce high volumes of citrus and are located far from ports are considered rail viable. When considering break-bulk transportation, the area of Letsitele is the most viable area for rail transportation in terms of volume of production and distance from the Durban port.

The average volume of production is 240,000 tons which is moved roughly 900kms to the Durban port, this equates to 216m ton kilometres of travel annually. So in essence as far as the railing of citrus to ports is concerned, the immediate opportunity lies in the Letsitele area.

Two primary issues as far as rail goes is the shortage of rolling stock available to transport citrus and the high cost of rail transport against the cost of road transport. During the year the CGA has met with senior members within Transnet Freight Rail to emphasise the strategic importance of rail to the area and to propose rail pricing strategies to attract more citrus to be transported by rail.

The CGA also met with the Limpopo provincial department of transport to reiterate the same sentiments emphasised with Transnet Freight Rail. The Limpopo government is working closely with Transnet on various agricultural logistics initiatives. A recommendation to growers and stakeholders producing citrus in the Letsitele area is to prioritise the transportation of citrus packed for the Russian market by rail to the Durban FPT terminal where 95% of citrus is loaded to this market.

Another strategic development as far as rail transportation goes is the container rail initiatives



Four key projects that have been identified as potential opportunities for the citrus growers of Mpumalanga, Limpopo and Zimbabwe are the Reefer container rail hubs earmarked for Nelspruit (Consolidation for Malelane, Karino, Nelspruit, White River and Hoedspruit), Letsitele, Polokwane (consolidation for Letsitele, the northern Limpopo region and Zimbabwe) and Pretoria (consolidation for Marble Hall and Groblersdal). These hubs allow citrus to be consolidated from multiple producers and then packed into Reefer containers which are then transported by rail to the port container terminals. This practice reduces the landside cost by omitting port transport, handling and storage costs. Trials conducted have suggested that Reefer Containers offer better cold chain integrity than transporting to a port cold store and packing a container.

Citrus High Cube Pallet Transportation

Citrus High Cube pallet transportation has become the norm in recent years. High cube refers to a pallet that has an extra tier of carton loaded above the standard height pallet; normally in the case of the 15kg carton a standard pallet would be stacked with 7 tiers of 10 cartons per tier. The high cube pallet is stacked with 8 tiers of 10 cartons per tier. The conventional standard height pallet would weight on average 1,120kgs while the high cube pallet would weight 1,280kgs per pallet. The conventional practice of loading the pallets on a truck to transport to port would normally be loaded up against the headboard of the rear trailer preventing the load from shifting forwards in the event of sudden deceleration or braking. Because of the additional weight, when loading high cube pallets they have to be placed about 1,5m from the front headboard towards the

centre of the trailer. This is done to allow the truck to be loaded and remain within the axle weight regulation of 18tons per axle group. In doing so there is no solid structure to secure the load in the event of sudden deceleration or hard braking, the result is an increased amount of citrus arriving in ports damaged due to load shifting and even collapse. This is more prolific in the case of open top cartons and when citrus is loaded on Tautliner truck trailers (trailers with side curtains). The consequence resulting from the high amount of damages has placed an enormous amount of risk on to the transporter.

Now faced with higher insurance premiums or not being offered cover to transport citrus, transporters are reluctant to load citrus and opt to transport alternatives. The damages occur with higher frequency when transported from the northern regions where travel conditions are harsh and the likelihood of load collapse is high. Currently there is a shortage in supply of trucks in peak season creating a higher demand for trucks with the consequence that growers are facing difficulty in moving citrus or they are forced to pay premium rates. The high level of high cube pallet damage is exacerbating the transport supply issue. There is strong recommendation to abide by the carton specifications and packing guide lines as provided by the Citrus Cold Chain Forum.

A further recommendation is to load citrus high cube pallets on flat bed truck trailers which are secured by tarpaulins and netting offering more stability to the load than when loading in Tautliner type truck trailers that offer limited amount of support to the load.

All prioritised logistics projects and studies undertaken are outlined in the Logistics section on the CGA website for further reference.

Market access was the reason for the formation of the CGA in 1997, and remains the key focus area of the Association. The mantra for market access is GRO – Gain, Retain and Optimise. Although gaining access is the exciting and headline catching activity, retaining and optimising usually takes up most resources.

Thailand

On the first of February 2011 a draft protocol to allow the importation of South African citrus was received from the authorities in Thailand. South Africa has been in this position twice before, only to have regime change in Thailand bring a stop to proceedings. The Department of Agriculture (DAFF), Citrus Research International (CRI) and CGA have workshopped the protocol and are in the process of sending a response. Hopefully it will be third time lucky.

United States of America

After agreeing that the cold treatment would be returned to the previous, technically justified time period once a standard operating procedure (SOP) had been implemented at all packhouses packing for the USA, USDA APHIS reneged on the agreement. The treatment period was only reversed after 15 July 2010, and there was no indication if this would be a permanent change. This “moving of the goalposts”, and total disregard for agreements has infuriated growers delivering to the US market. Ongoing attempts are being made to bring some sense into the arrangements.

The application to have pest free production units in low prevalence areas took a step forward following a positive report from the US pathologist who visited the Northern Limpopo area.

European Union

The risk management system for citrus black spot passed the test as only a handful of infected consignments were intercepted for exports to the EU. South Africa has acted responsibly in acceding to EU requests with regard to CBS, this despite leading CBS scientists conclusion that EU measures are unnecessarily harsh. The South African plant protection organisation (DAFF) has formally requested the International Plant Protection Convention (IPPC) secretariat to set up a panel to consider all scientific evidence pertaining to the EU risk for CBS. Despite repeated requests the IPPC have yet to convene this panel. It is hoped that 2011 will bring some finality to the debate.

Tariffs

South Africa's admission to BRIC (Brazil, Russia, India and China) may result in accelerating present bilateral talks with India. The South African citrus industry is particularly eager to have the present high tariffs reduced. All citrus types have been included in the list sent to India requesting lower tariffs. Initial steps have been taken to get an extension of the zero tariff period in Iran.

Japan

This remains the most important destination for southern African grapefruit. CGA continued with the shipping coordination initiative so as to deliver rateably into the market, and to monitor the fruit being delivered in terms of type and colour. Weekly bulletins were distributed to stakeholders in South Africa, and translated and distributed in Japan.

After an extremely lengthy engagement with Japan, including several official requests and

raising the matter in WTO SPS side bar discussions, Japan-MAFF finally formalised acceptance of Cara-Cara navels from SA.

The empty deck testing of vessels destined for Japan was scrapped in 2010, leading to faster turnaround time for vessels. In addition the Japanese inspector initiated the program, and then returned to Japan (as opposed to previous years when the inspectors remained in the country for the entire season).

Exchange of information with Japan authorities with respect to South Africa's request for a change in the cold treatment conditions continues.

China

A meeting was held between CGA, CRI and DAFF in February to discuss and formulate alternative options (system approach) for the 22-24 day mandatory cold treatment for FCM. CRI is in the process of formulating alternative options. A request to export citrus to China through bulk reefers was again forwarded to DAFF.

Biosecurity

In May and July 2010 *Bactrocera Invadens* (BI), an invasive fruit fly, was found in two regions bordering the Limpopo River in northern South Africa. The Action Plan developed by DAFF and industry was initiated and eradication measures implemented. Eradication was successful in both regions (the first time BI has been eradicated anywhere in the world). Surveillance continues throughout South Africa.



Grapefruit Promotions

At the request of grapefruit growers an application was made for the implementation of a statutory levy for the promotion of grapefruit in the UK and Japan. This application was granted with a reduced period of two years (as opposed to the requested four years). Department Trade and Industry (DTI) pledged R2 million towards the campaign.

Japan Grapefruit Promotions

Market Makers were contracted to carry out the campaign in Japan. Emphasis was put on point of sale material (retail posters, hanging POS material, information booklets and in store premium giveaways) and in store tasting. In addition the campaign included advertisements in consumer and retail magazines, and development of a website.

The stores where sampling was held showed strong sales increase, at some stores daily sales increased by 140-185% (Mycal), weekly sales increased by 300-350% (Fressay) and monthly sales increased by 110-140% (Aeon).

Figures from the Ministry of Agriculture in Japan showed that the price per kilogram for grapefruit in 2010 was lower than in 2009 at the start of the season, yet the price increased at the later part (August to September) of the South African grapefruit season.

Planning for the 2011 campaign is well advanced.

UK Grapefruit Promotions

RED Communications were contracted to carry out the campaign in the UK. The UK campaign formed part of a wider South African fruit market development in initiative under the “beautiful country, beautiful fruit” banner. As a result the grapefruit initiative could leverage off the other

initiatives. The campaign included a launch event, development of campaign imagery and photography, information booklets and recipe cards, signing up a celebrity chef and TV travel celebrity, a breakfast audit used as the basis for radio interviews, a win a holiday to South Africa offer, on line media, development of a website, a world cup wall chart and a campaign mascot. Four major retailers in the UK carried out different promotions in their stores – these included in store radio, many in store sampling opportunities, retailer web sites, staff knowledge cards and staff posters, and retailer magazines.

Results: Volume

During the 12 week period, mid June to mid August, total grapefruit volume was up +1.9%, a performance which was hindered by a volume decline in the discounter retailers.

In the major multiple retailers, where the focus of the promotional activity took place, volume was up +6.5% (compared to a decline of -41.2% in discounters).

The top 4 retailers (Asda, Morrisons, Tesco, and Sainsbury's) all saw particularly strong volume growth for grapefruit during the peak South African season and at a time when the promotional activity was taking place.

Across the whole of the citrus category, grapefruit has performed well against other fruits such as oranges, satsumas, and mandarins who all saw a decline in volume during the same 12 week period.

Results: Value

During the 12 week period, mid June to mid August, total grapefruit value was up +7.4%, a performance which was hindered by a value decline in the discounter retailers.

There was a strong value growth in the major multiples of +12.7% (compared to a decline of -46.7% in discounters).

Again, the top 4 retailers (Asda, Morrisons, Tesco, and Sainsbury's) all saw particularly strong value growth for grapefruit during the peak South African season and at a time when the promotional activity was taking place.

Grapefruit has performed well against the other citrus fruits, with value growth for the period on a par with easy peelers and ahead of satsumas and mandarins who saw a decline.

Fruit Logistica

In February, 2011 CGA was allocated a room at the South African pavilion at Fruit Logistica in Berlin, funded by DTI. The room was fully utilised during show hours, and provided an excellent venue for exporters to meet with their clients. Once again the South African stand was a buzz of activity, with excellent construction and artwork.

Asiafruit Logistica

In September, 2010 the South African stand was significantly bigger than previous years, and drew a lot of attention and interest from show delegates. This show is becoming in the east what Fruit Logistica is in the west.

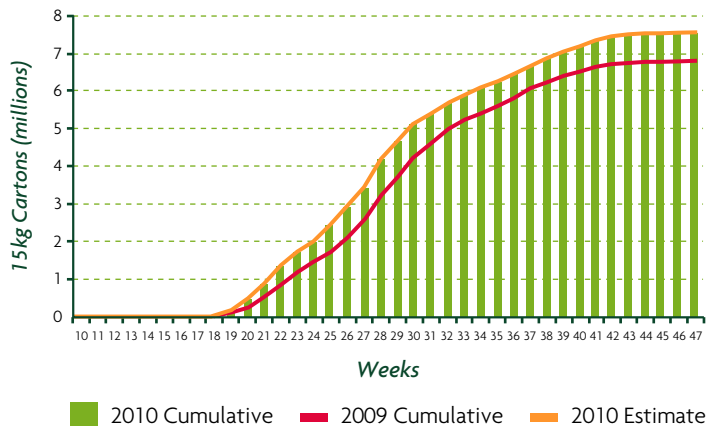
Demand for Summer Citrus in the USA

Together with Chile, Australia and Peru, South Africa funded a study on demand for summer citrus in the USA. The study was conducted under the auspices of SHAFTE. The results were very encouraging; revealing that growth in this sector was possible. Media exposure of the studies major conclusions, and additional activities will be undertaken in 2011.

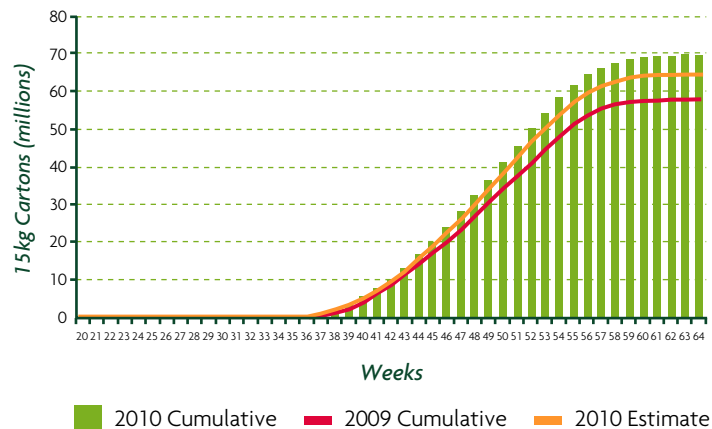
Exports

By John Edmunds

Soft Citrus Passed for Export



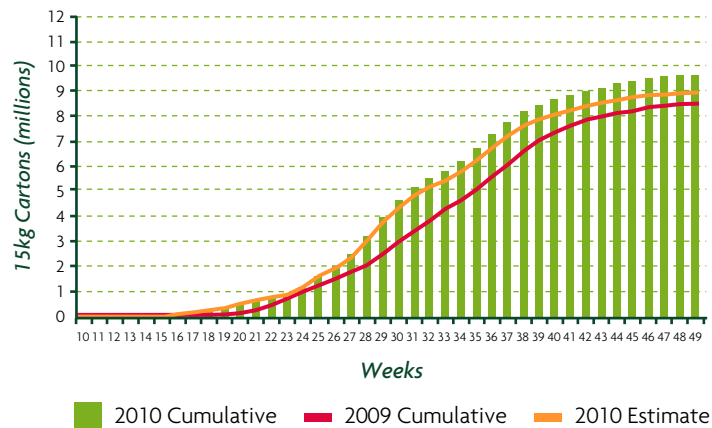
Oranges Passed for Export



Grapefruit Passed for Export



Lemons Passed for Export





By Paul Hardman

Gaining, retaining and optimising access to markets for SA citrus in respect to meeting sanitary requirements and empowering SA citrus producers to reach consumer assurance expectations, remains a key component to the overall work undertaken by CGA. The Morpholine incident that emerged in September 2010 is clear example of where CGA played a pivotal role in delivering continued access to the European market which otherwise might have been forfeited without CGA intervention.

Morpholine Case

Buyers in the UK conveyed to CGA a situation regarding the detection of Morpholine on apples sourced from Chile and raised concern that a similar problem could face SA citrus entering the UK. Morpholine is used in the formulation of some wax coatings for fruit. According to the UK Food Standards Agency (FSA) Morpholine was not listed as a Food Additive under the EU Food Additives legislation and therefore any post-harvest treatments containing Morpholine used on fruit exported to the EU would be deemed illegal. Non-compliant fruit containing Morpholine would need to be returned to the country of production, destroyed, or diverted to another market. Approximately 100 000 tons of citrus fruit (valued at R400m) destined for the EU was implicated in this incident.

Estimated losses of R800m were probably more realistic when considering the entire costs of recalling, diverting (potentially causing a collapse in the price in other markets) or destroying the rejected fruit.

It became apparent FSA and the European

Consumer Assurance

Commission were unlikely to compromise on their classification of Morpholine as a Food Additive despite stating Morpholine was “low risk” from a consumer health perspective. Direct engagement with FSA and the European Commission was made possible due to interaction with EU regulatory bodies over the last number of years. From a very tenable position CGA requested a pragmatic resolution to the impending crisis.

To strengthen the appeal CGA was able to elicit the aid of DAFF (Director General), the South African Ambassador’s office in Brussels, the High Commissioner in the UK, affected retailers in the UK, Freshfel and Fresh Produce Consortium (UK). All these parties are sincerely thanked for their valuable support and contribution to resolve the difficult situation.

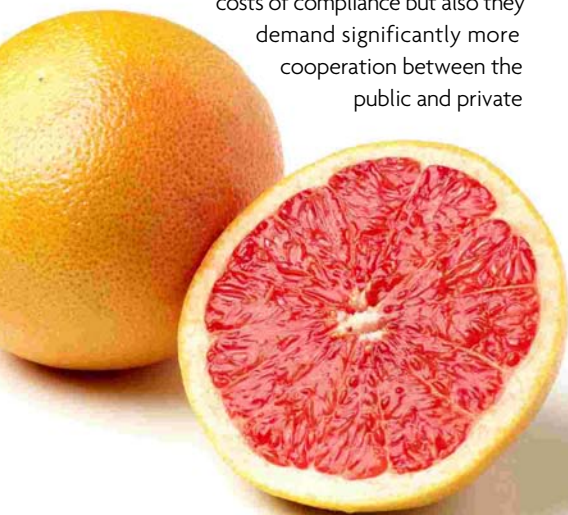
FSA released a communiqué in October 2010 indicating that fruits that are peeled (i.e. citrus) would be treated differently to fruit where the skin is typically consumed and would not be prevented from being sold in the UK. The European Commission further endorsed this position and provided a date (19th November 2010) by which time all affected fruit must be sold out of the entire EU market. In later investigation by CGA there were no reports of any SA citrus being held back from the market on account of Morpholine use in 2010, an exceptionally welcome result given the initial negative indications from the UK.

At the request of growers and exporters at the Citrus Marketing Forum (CMF) in October 2010, CGA worked with wax suppliers to ensure a similar potential disruption to trade does not reoccur.

Wax distributors provided greater assurance that the formulations and ingredients used in citrus waxes for export fruit will not result in rejected fruit in any receiving market via signed undertaking. These letters were posted on the CGA website. Looking forward Morpholine is unlikely to be listed as a Food Additive under EU law given the high costs of generating the appropriate data in order to make such an application.

Changes to Food Safety Requirements

Besides ongoing changes in Maximum Residue Levels (MRL's) for plant protection products by importing citrus markets, which CGA/CRI have communicated throughout the year, the major shifts in governments' approaches to food safety have picked up pace. United States of America, Vietnam and Indonesia notified of new food safety legislation that would require exporting countries having to fulfil very specific exporting compliance steps (e.g. pre-clearance residue testing, prior notification of the arrival of consignments). These new measures have a direct impact on the supply chain in terms of costs of compliance but also they demand significantly more cooperation between the public and private



sector. Lack of capacity at DAFF remains a challenge, a problem that was compounded by the loss of key staff during the year. For this reason CGA have engaged extensively with DAFF: Directorate Food Safety and Quality Control in order to see the finalization of the SA Food Control Plan. This plan will describe the overall Food Safety approach used by DAFF and the fruit export industries and can be provided to trading partners to build their understanding and trust in SA fruit export supply chain. The end goal of achieving recognition by trading partners will lead to the harmonization of official standards rather than duplication, or worse multiplication, as these country requirements now demand.

Representation and Engagement

CGA has actively participated in a number of forums and working groups in order to give citrus producers a "voice" when decisions are made around food safety and Good Agricultural Practice standards. Involvement in the following organizations continued from 2009/10: CODEX (via Department of Health and DAFF representatives), International Federation of Produce Standards (including the Food Safety Working Group), GLOBALGAP National Technical Workgroup (especially on the revision of Version 4), Food Safety Forum, and the CGA Sustainability Help Desk (which helps to coordinate Tesco Nature's PPPL). IFPS participation provides access to the Global Food Safety Initiative. New initiatives in the last twelve months were the SHAFTE Technical Work Group (Paul Hardman, Chair) and the Fruit South Africa Technical Workgroup. Most notably SHAFTE technical workgroup published a paper outlining key Food Safety and GAP principles to which SHAFTE members subscribe, and can be used when engaging with retailers when non-

official food safety requirements are being negotiated. The over-riding goal of engaging through all these various institutions is to see harmonization of produce standards and that these standards begin to add greater value to growers' businesses. To this end it was pleasing to see South African retailers adopting GLOBALGAP certification scheme in 2010 as their accepted on-farm assurance scheme rather than developing something new SA scheme.

Ethical Trade

The NAMC Section 7 Committee on Ethical Trade in the export fruit sector concluded their work in November 2010 and the final report approved at the NAMC Board Meeting in February 2011. It became apparent from this robust stakeholder engagement process that Fruit SA should continue to drive its own Ethical Trade initiatives (through Colleen Chennells). Recent work includes the development of an Ethical Trade Handbook, development of a dispute resolution mechanism to help employees and employers, and engagement with retailers and buyers to discuss their expectation from a SA Ethical Trade programme. The response to these activities from buyers and retailers in countries where SA citrus is sold has been extremely positive.

Carbon Footprint

Although the online Carbon Calculator, as part of the Confronting Climate Change: A fruit and wine initiative, has been available to citrus producers since 2009 there has been little use of the tool. Growers are encouraged to begin measuring their carbon footprint as this becomes an ever more important issue for global food supply webs, and the fact that energy costs are increasing sharply. In 2011 CGA will be looking to help more growers enter their data online.



By Vaughan Hattingh

Processes

A key component of the industry's technical Research and Development strategy has been ensuring that the priorities are clearly identified and that these reflect the needs and opportunities across the value chain. CRI switched from an annual comprehensive priority review process to a two-yearly cycle, where the detailed review alternates with the two-yearly research symposium. Since there was a symposium in 2010, priority setting was limited to identifying any changes. As with the full priority review process, inputs were obtained from each regional technology transfer group and various working groups of the citrus cold chain forum, namely the packhouse working groups and the citrus exporters technical panel.

CRI continued using the concept of subject specialist committees, with each committee chaired by a grower nominated CRI director, to annually review research proposals and make funding recommendations to the CRI Board of Directors. Such committees operated for each of the research programmes (Integrated Pest Management, Disease Management and Crop & Fruit Quality Management) and Cultivar Evaluation. The 2011-12 CRI budget was approved by the CRI Board on 19 November 2010 and thereafter endorsed by the CGA Board of Directors. Whereas the four year levy business plan caters for a 7% annual increase in budgetary allocation for research, greater than budgeted levy income realised from the 2010 export season enabled approval of a greater increase in the budgeted 2011-12 research expenditure. The CRI Group alliance partnership model was

Research & Technical

retained with strong growth taking place in the utilisation of capacity at Universities.

During the report period Mr Gerhard Scheepers resigned from the CRI Board. Gerhard will be remembered for his strong leadership role as one of the founder CRI Directors who played a key role in the establishment of River Bioscience and Xsit. Mr Piet Smit was appointed as a new CRI Director.

Programmes

The CRI research portfolio remained focused on the overarching priority of Sanitary and Phytosanitary Market Access, with CRI's CEO focusing on the co-ordination of market access and biosecurity technical inputs.

Most noteworthy developments include the successful detection, containment and eradication of two incursions of the invasive fruit fly *Bactrocera invadens*, the avoidance of serious industry losses from concerns surrounding morpholine in post-harvest waxes and progression of access to Thailand to a negotiation of a final protocol.

The Integrated Pest Management (IPM) programme continued to apply most available entomology resources towards addressing the challenges posed by False Codling Moth (FCM) and Fruit Flies. The efficacy of a post-harvest cold treatment protocol for *B. invadens* was successfully validated through trial work executed by CRI in Kenya. The efficacy of the Sterile Insect Technique (SIT) for the control of FCM in the Eastern Cape was demonstrated through successful trial work. Two previous attempts to determine potential efficacy of this



technique in the Limpopo region were inconclusive, but a repeat of these trials was initiated in 2010 in pursuit of a conclusive result.

The Disease Management programme directed considerable resources towards supporting the Citrus Improvement Scheme with upgrading the viroid diagnostic systems and optimising packhouse procedures to enable the industry to better manage post-harvest decay. The Crop and Fruit Quality Management programme made good progress in advancing the understanding of rind disorders and thereby creating the opportunity for the future development of handling procedures that will reduce the risk of consequent losses.

Citrus Improvement Scheme

The CIS continued to be operated by CRI with guidance from the CIS Advisory Committee. Earlier viroid concerns were successfully dealt with and improved virology diagnostic processes and procedures were implemented to provide the industry with improved protection. CRI commissioned a panel of international improvement scheme specialists to review the SA CIS and provide recommendations. It is noteworthy that the reviewers endorsed the SA CIS as being world class. The review panel also identified areas of concern and provided CRI with a list of recommendations on how to further improve the scheme. An action plan to

implement these recommendations was endorsed by the CIS Advisory Committee. A citrus-free protected zone around the Citrus Foundation Block was promulgated into legislation as an important biosecurity measure. Pursuit of a statutory CIS continued, but remained unresolved by year end and will remain a priority. Considerable investment was made into bolstering the CIS infrastructure at the CFB, but further infrastructure development will continue for some time into the future to ensure that the CFB is able to ensure supply of unpredictable fluctuations in budwood demand.

Cultivar development

In accordance with recommendations from the Cultivar Evaluation Committee, CRI proceeded with extensive expansion of the industry cultivar evaluation project, aimed at providing growers with impartial and reliable information on cultivar planting options. In collaboration with the CRI regional technology transfer groups, CRI coordinated a successful series of regional cultivar planning and advisory workshops. Good progress was made by CRI in securing cultivar rights for several new cultivar options from breeding and development programmes around the world and from locally occurring mutations. Likewise, a few irregularities in the awarding or claiming of rights to cultivars by various parties were highlighted in pursuit of protecting the cultivar access rights of citrus growers collectively. A strategic decision was made by both CRI and CGA Boards to effect a structural reorganisation of industry structures' involvement in the areas of cultivar rights acquisition and cultivar rights management. The cultivar rights acquisition and management components of cultivar development will in future be handled by a new, not for profit, CGA Citrus Cultivar Management Company. CRI will hand over these issues to this new entity once established and

CRI will thereafter have no further direct involvement in this aspect of cultivar development. CRI will retain the cultivar evaluation, breeding and development functions as a programme within the research portfolio. This structural change is aimed at better positioning CRI to continue operating the CIS as a statutory scheme.

Extension

CRI extension coordinators, with the aid of some members of the SA Society of Sub-tropical & Citrus Consultants, continued to actively engage the network of 32 regional technology transfer groups. CRI's extension division continued to coordinate the activities of the Citrus Cold Chain Forum (CCCCF). The annual series of meetings of the Packhouse Study Groups, was convened by CRI in February 2011. These events continued to grow impressively in terms of participation, with 2011 attendance collectively equalling participation in the two-yearly citrus research symposium.

Maintenance and further development of the CCCC received a boost with allocation of additional funds by the Citrus Research Trust. The sixth citrus research symposium was presented by CRI in July 2010. Attendance reached a record level of 450 delegates and has become the principal showcase forum for transfer of research findings from scientists to the composite primary technology transfer capacity of the industry.

CRI continued to host CGA's transformation extension initiative through the two regional extensionists. In addition to the forementioned above, the other communication tools that were well utilised to communicate technical information to the industry were the 2010 CRI Group Annual Research Report, the SA Fruit Journal, the Cutting Edge, the CRI Net and various scientific journals.

Citrus Growers Development Chamber

In the year under review, transformation in the citrus industry took a vibrant new direction, with emerging growers taking control of their own destinies through the Citrus Growers Development Chamber (CGDC).

The CGDC was established at a meeting of emergent growers in May 2010, as an outcome of a 2008 workshop where emerging growers asked to have a more structured voice within the CGA. The CGDC consists of fifteen representatives from magisterial districts where emerging citrus growers are active. A chairperson and vice chairperson were elected from these representatives.

The first meeting of the CGDC was held on the 23rd of March 2011, in Johannesburg. At this meeting, members mapped out the activities that the chamber will be involved in, which coincide with the activities undertaken by the

CGA transformation portfolio. The establishment of the chamber fostered even closer links between the CGA and emerging citrus growers, and shows that the growers are ready to take up the challenge and engage with stakeholders involved in transformation.

Local and provincial structures were also established to make sure that every emergent citrus grower has a voice.

The CGDC also have representation on each of the five variety focus group committees, the CGA Logistics Committee and the Citrus Marketing Forum.

Mentorship

Since 2006, the CGA has had an agreement with the Department of Agriculture, Forestry and Fisheries to undertake a mentorship programme for selected emerging citrus growers. The mentoring programme was expected to ensure real transformation by assisting growers in the

development of their technical, financial and business management skills.

In April 2010, the funding and management of the mentorship programme was transferred to the provincial departments of agriculture and rural development. This transfer did not go smoothly, resulting in funding not immediately becoming available from the provincial departments. Alternative funding was secured from the AgriSETA, channelled through the Citrus Academy.

During the year under review, thirteen enterprises received support through the mentorship programme; one in Limpopo Province, two in Mpumalanga, three in KwaZulu-Natal and seven in the Eastern Cape.

Extension

The CGA funds two CRI extension officers dedicated to working with emerging farmers, split into the northern and southern regions. In addition, the CGA Transformation Manager works with the national and provincial departments of agriculture to improve the quality of their extension services.

Skills Development and Capacity Building

The Citrus Academy is responsible for skills development in the citrus industry. The Transformation Manager of the CGA coordinates with the Citrus Academy regarding the skills development needs of emerging growers. This relates particularly to skills planning, and external and internal capacity building programmes.



The Citrus Growers Development Chamber - 2010/2011

Social Facilitation

In February 2010 the CGA considered a proposal for social, legal and institutional support to emerging citrus growers in KwaZulu-Natal, who acquired land through various land reform programmes. The project had two distinct phases, with phase 1 being project investigation and assessment and phase two being about support and mentorship through participatory processes and detailed business planning. The Agri Business Development Agency (ADA) agreed to fund the second phase of the project, while the CGA funded the first phase.

Phase one was completed in May 2010 and a detailed report submitted to the CGA and the ADA. Planning around phase two are underway, and it is expected that this phase will be implemented by the middle of 2011.

The CGA views this as a workable model for social facilitation and intends to expand this programme to other provinces, provided that local agencies are willing to cooperate on the same basis.

Grower Development Fund

Flowing from the cooperation between the CGA and the ADA in the social facilitation project, the ADA approached the CGA about channeling funding to support two emerging citrus enterprises in the Nkwale Valley in KwaZulu-Natal. The CGA received funding from the ADA for this purpose. A steering committee, consisting of representatives of the growers, ADA, CGA, Citrus Academy and mentors was formed, and all expenditure was approved by the committee. The CGA reported to committee members on the status of the funds to ensure transparency and accountability. The CGA would like to expand this funding model to other provinces in 2011.

Engagements with Government Departments

The CGA takes responsibility of engaging with the provincial and national departments of agriculture on behalf of emerging citrus growers, to address various aspects of their operations.

National Department of Agriculture, Forestry and Fisheries

CGA, CRI and CA approach the National Department of Agriculture, Forestry and Fisheries directorate Education Training and Extension Services, to present their Citrus Extension Learning programme model for provincial extension officers to become citrus specialist. The objectives of the Citrus Extension learning programme are to:

- Provide a tool through which extension officers are able to develop their skills in and knowledge of citrus production, in order to equip and enable them to provide technical support and advice to citrus growers.
- Address the particular challenges that hamper the implementation of existing classroom-based learning programmes, including time constraints, geographical dispersal, differences in provincial extension structures, and varying levels of existing skills, knowledge and experience.



Citrus orchards in **Sundays River Valley**



- Encourage extension officers to make use of learning opportunities and knowledge resources within their working environments.

The group that are targeted by this programme are particularly extension officers that are involved in or are required to be involved in providing technical support and advice to citrus growers and packhouses, in all citrus-growing regions in Southern Africa.

Eastern Cape

Engagement with the Eastern Cape Department of Rural Development and Agrarian Reform centred on the drafting of a memorandum of understanding to govern mentorship funding in the provinces and structure extension services to allow for the development of extension officers that specialise in citrus production. At the end of the period under review, the CGA was awaiting a response from the department.

KwaZulu-Natal

Apart from cooperating with the ADA in the social facilitation and Grower Development Fund projects, the CGA engaged with the provincial Department for Agriculture, Environmental Affairs and Rural Development regarding mentorship funding and extension services.

Limpopo

The CGA and CRI first signed a MoU with the Limpopo Department of Agriculture (LDA) in 2007. As a result of this agreement, the LDA has extension officers dedicated to providing technical support on citrus production. The agreement was renewed in the year under review. Negotiations around mentorship funding are on-going.

Mpumalanga

At the end of the period under review, the CGA has not successfully engaged with the provincial Department of Agriculture, Rural Development and Land Administration, despite numerous efforts.

Emerging Grower Database

In 2008, the CGA, with the assistance of the Citrus Academy, undertook a project to develop a database of emerging citrus farmers in South Africa. The purpose of the initiative was to enable the CGA to identify areas in which BEE enterprises experience specific challenges, to provide general statistics on transformation in the industry to interested parties, and to provide specific information to organisations that are in a position to assist BEE enterprises. The information in the database was updated and expanded in the year under review.

Toyota New Harvest Farmer of the Year Competition

Lawrence Mgadle from the Eastern Cape was chosen as one of the finalists for the prestigious Toyota New Harvest Farmer of the Year award. This award recognises the achievements of emerging farmers and is always hotly contested. The CGA is very proud of this recognition for Lawrence's hard work and congratulate him on getting to the finals.

Portfolio Committee Representation

CGA was invited to Parliament by the portfolio committee on Agriculture to a public hearing on transformation within the Agricultural Sector. The purpose of this public hearing was the portfolio committee wanted to know the initiatives of the commodity organisation, agricultural state own businesses, and government on transformation and also find the reason of making the situation better to ensure proper service delivery in support of all emerging farmers.

The outcome of that was that the portfolio committee will compile a report with all the recommendations that were made to better the situation and ensure that all stakeholders involved are working together to ensure proper support to all emerging farmers in the country.

Citrus Academy Board of Directors

<i>Representation</i>	<i>Name</i>	<i>Date of Appointment</i>
CGA (Chairperson from 2010/8/18)	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)	Mark Fry	2007/04/01
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.

Two board meetings were held during the period under review: **18th August 2010** (Apologies: Joy van Biljon and Santa de Jager), and 22nd March 2011 (Apologies Mark Fry and Santa de Jager). The Annual General Meeting of the Citrus Academy was held on the **17th of August 2010** at the Champagne Sports Resort, Drakensberg.

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 2010/2011 financial year, the Citrus Academy achieved a surplus of R193,962, in comparison with the shortfall of R739,353 of the previous year.

Whereas the previous shortfall was due mostly to the development cost of the Citrus Postharvest Series, the surplus can be ascribed to a partial recovery of this development cost through sales of the series, in addition to a 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>2010</i>	<i>2011</i>
Value of Bursary Fund	R1,258,120	R1,337,851
Number of Students	54	52

The BEE Bursary Support programme was expanded in 2011, 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>2010</i>	<i>2011</i>
Value of Support to BEEBS students	R124,223	R197,344
Number of BEEBS Students	8	12

Twenty students graduated at the end of 2010, of which four continued their studies in 2011 towards further qualifications. Four graduates were absorbed into the industry in permanent positions. Five students were unable to complete their studies in 2010. Thirty-three students were carried forward to 2011 and nineteen new students entered the fund at the start of 2011, bringing the total number of students on the Bursary Fund in 2011 to fifty-two.



As always, our deep appreciation goes to the Citrus Industry Trust and the AgriSETA, whose invaluable support makes the operation Bursary Fund possible.

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

Category	Students: 2010	2011
Vacation Work	23	
Internships	6	4
Workplace Experience Grants	4	2
Industry Exposure Program	33	

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

AA Market Agency, Ashton Extracts, Bavaria Citrus Estate, Citrus Research International, Crocodile Valley Citrus Company, Du Roi IPM, Eden Agri Services, Glen Laboratory, Golden Frontiers Citrus, Mouton Boerdery, Neos Estates, Proveg East London, Rhodes University, Riverside Citrus, SASA, Soleil Citrus, Sundays River Citrus Company, Woodburn Estate

Capacity Building Workshops

No request was received for capacity building workshop during the year under review.

Mentorship Funding

The Citrus Academy channelled R346,491 from the AgriSETA to the Citrus Growers' Association for mentorship funding.

Learning Programme Development

During the year under review, focus was on planning and development of Citrus Extension programme, for which implementation is planned for 2011, depending on the availability of funding. In addition, planning was completed for a Citrus Pest Monitoring programme, to be developed in 2011. The Citrus Academy is also cooperating with the other fruit industries in the development of an Ethical Trading learning programme.

Citrus Postharvest Series

The Citrus Postharvest Series were extended during this year. Eleven modules, including the nine learning modules, were translated into Afrikaans and made available on a separate DVD.

The two modules on rail transport were furthermore produced, concluding the development of the series. Unit standard alignment and implementation documentation that form part of the service provider pack were also finalised.

In our continuing efforts to foster cooperation between the industries, a licensing agreement was signed with SATGI for them to use the series as the basis for their own series on postharvest practices.

Learning Material

Development of learning material was completed. The South African Subtropical Growers' Association (SUBTROP) and the South African Table Grape Industry (SATI) continued with their adaption of the learning material for their commodities. Planning is for production learning material to be adapted once occupational qualifications has been developed.



Citrus Academy Students at the **Global Citrus Conference 2010**

Abridged Financial Statements

	Actual 2009/10	Budget 2010/11	Actual 2010/11	Budget 2011/12
Income	35 649 305	32 840 000	47 003 455	49 000 000
RSA Levy	32 482 223	31 200 000	36 981 291	35 200 000
Swaziland/Zimbabwe Levy	673 259	340 000	951 594	700 000
Grapefruit Promotion Levy			6 743 620	6 500 000
Draw from Reserves				5 300 000
Interest	889 976	1 000 000	1 417 328	1 000 000
Dividends Received - River Bioscience	300 042		300 042	
Other Income	1 303 805	300 000	609 580	300 000
Expenditure	31 014 332	33 129 135	37 730 453	48 211 130
Staff Costs	2 799 384	2 919 533	3 026 947	3 189 400
Travel and Accomodation	228 252	179 000	267 902	269 000
Office - Rent and Equipment	241 574	320 352	308 854	328 220
Office Expenses	315 935	339 000	332 993	386 000
Board Expenses	291 322	483 250	427 040	483 250
Services (Accounting and Legal)	237 872	350 000	291 533	400 000
Suscriptions	56 420	232 000	197 223	220 000
Communication	151 615	167 000	155 526	188 000
Market Access	1 084 822	1 360 000	1 841 790	2 568 000
Research Programmes - Citrus Research International	19 870 000	20 972 000	21 280 838	22 440 040
Research Programmes - Citrus Research Trust				2 266 000
Transformation	2 397 687	2 033 000	2 382 551	2 238 400
Transformation - Citrus Academy	1 441 190	1 620 000	1 681 340	1 782 000
Depreciation	19 022	32 000	28 782	32 000
Information	330 021	302 000	299 493	430 000
Provision for doubtful debts/Bad Debts	(963 783)		1 687 916	
Leave Pay Provision	332 156		(110 968)	
Infrastructure and Logistics	509 211	880 000	630 916	970 820
Market Development	1 359 751	880 000	2 919 549	970 000
Grapefruit Promotions				6 500 000
Citrus Cultivar Management Company				2 500 000
General	211 881	60 000	80 228	50 000
Net Surplus/(Loss) for Year	4 634 973	(289 135)	9 273 002	788 870

Total Hectares

Eastern Cape	12 162
KZN	3 824
Limpopo	18 146
Mpumalanga	12 050
Northern Cape	871
North West	61
Swaziland	1 764
Western Cape	9 224

Total

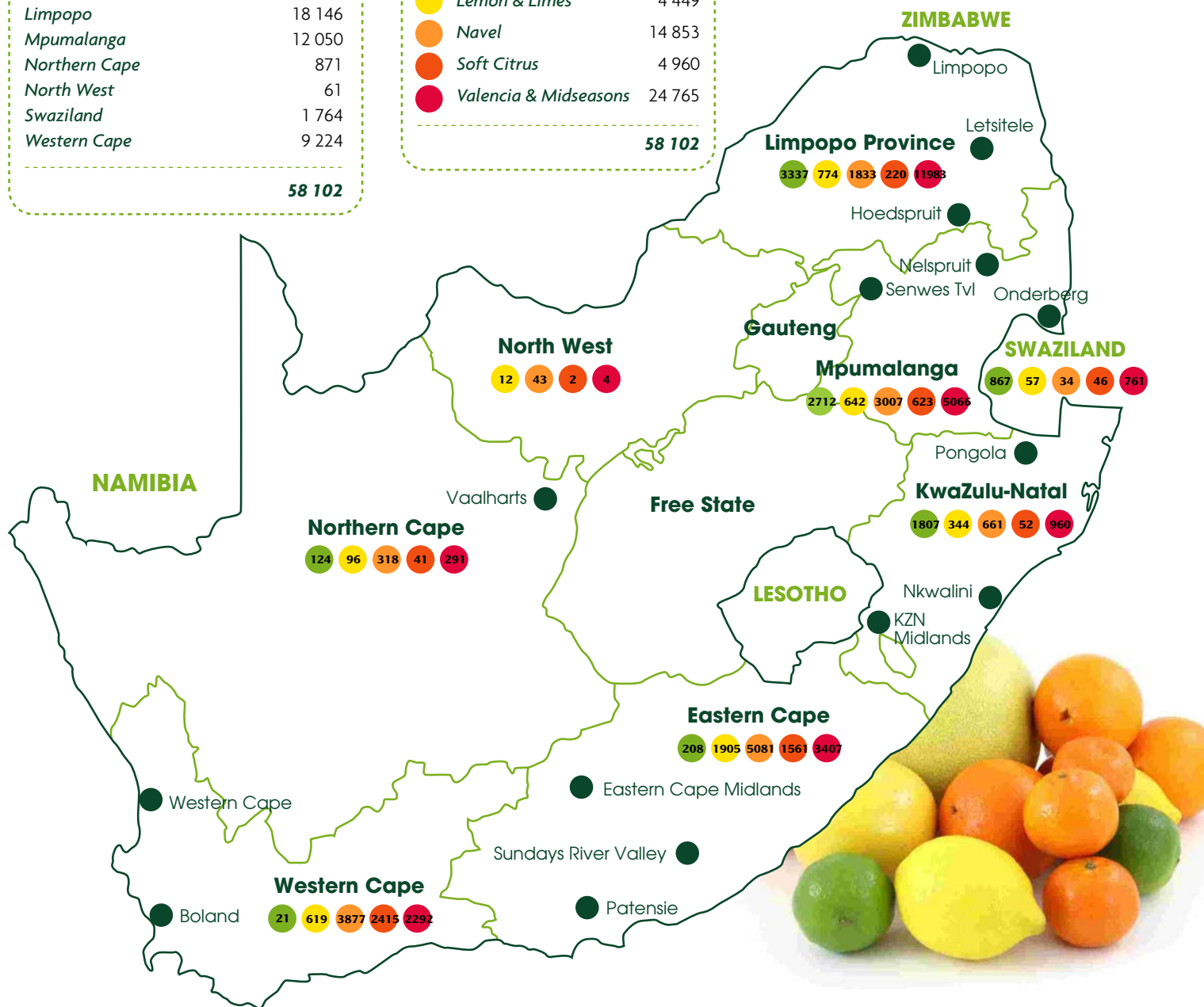
58 102

Key to Hectares Total

● Grapefruit & Pummelos	9 075
● Lemon & Limes	4 449
● Navel	14 853
● Soft Citrus	4 960
● Valencia & Midseasons	24 765

58 102

Citrus Producing Regions



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