

FROM THE DESK OF THE CEO (16/12)

Justin Chadwick (26th April 2012)

QUOTE OF THE WEEK *"Education is an admirable thing, but it is well to remember from time to time that nothing that is worth knowing can be taught"* Oscar Wilde

GROWERS TO VOTE ON FUTURE FUNDING

This week all South African growers have been sent three documents – a covering letter with regard to an application by CGA to administer a citrus levy for the years 2013 to 2016, an information paper covering what is planned to be funded and a referendum sheet to be completed and returned to CGA indicating support for the proposed levy. These documents have been provided in English and Afrikaans, and sent to ALL citrus growers. It is essential that ALL growers complete the referendum sheet – please advise Robert Miller or John Edmonds (031 765 2514) if you did not get these documents.

Levies raised under the Marketing of Agricultural Products (MAP) Act are normally gazetted for a four year period. The present levy administered by CGA was for the period 2008 to 2012 – ending on 31 December 2012. Growers were informed of the planned levy for 2013 to 2016 by way of a circular sent to all growers in December 2011, while the subject was covered extensively at grower road shows during February 2012. The CGA Board then considered feedback at their meeting held in March 2012 – culminating in the proposal that is now being sent to growers.

In reaching agreement on the final proposal the CGA Board considered both the support levels for enhanced services, and the ability of growers to meet higher costs. As such a phased in approach to the enhanced services has been proposed. This will ensure the continued services that have been available to growers in the past, plus the new services aimed at ensuring the competitiveness of the southern African citrus industry. The proposal is that the present levy of 41 cents per 15 Kg carton is increased to 47 cents in 2013; 50 cents in 2014; 53 cents in 2015 and 56 cents in 2016.

Growers must return their referendum forms by fax to 031 765 8029.

Should sufficient support be obtained through the referendum, CGA will make an application through the NAMC to the Minister of DAFF.

Swaziland and Zimbabwe growers fund their services from the CGA through a voluntary levy. Once the outcome of the levy referendum in South Africa is known, CGA will discuss the future level of these voluntary levies.

COOL LOGISTICS AFRICA

This week logistics stakeholders from around the world met in Cape Town for the first ever Cool Logistics Africa conference – and from all accounts they were pleased with the presentations, networking opportunities and venue. There have been some points that have run as a thread through most of the presentations;

- ☞ We must work together – there is no room for isolated decision making for own benefit; there is far more to be gained by making joint plans and sharing information and experiences AND we must move from consensus to action.
- ☞ The product is not providing enough return for the supply/value chain to be sustainable. With 38 to 40 service providers in the export chain there simply is not enough money to allow everybody to make a profit (with many not even breaking even). With huge losses reported from container lines (the figure of R6 billion in 2011 if I am not mistaken), and growers indicating returns not covering costs; there seem to be two fundamentals that need to change. Consumers will have to realise that the days of cheap food are over, and retailers will have to learn that taking a guaranteed 20 to 30% mark up is not sustainable. The goose that is laying the golden egg, and sustaining the 40 service providers is on its last legs. Without product EVERYBODY is out of business.
- ☞ Africans are innovative, "n boer maak 'n plan", whatever the challenges put in front of us, we WILL find a solution and we WILL make it work. There are huge challenges in the logistics field, but plans are being made and business will continue.
- ☞ People in the fruit industry have a passion for their business which drives the industry through adversity – this week I have been amazed at the high level of knowledge, expertise and passion displayed by those who service fruit logistics in South Africa. And there seems to be a genuine interest in how their decisions impact on the primary producer.
- ☞ Transnet is investing R300 billion in infrastructural developments over the next seven years. Initial investments will be to secure present infrastructural capability, with future developments aimed at ensuring that infrastructure keeps up with economic growth. Good news for export industries that depend on ports in delivering top quality product to the market.
- ☞ Africa is an interesting place – although there are opportunities to do business in Africa, there are huge logistics constraints BUT things are being done to improve the situation.

The Chief Executive, Transnet National Ports Authority was the keynote speaker at the conference. When asked whether there is any chance of strike action in May/June 2012, and the associated risk of a 2010 debacle – he emphatically stated that he guarantees that there would not be any problems – good news indeed for the cargo owners who suffered losses of R100 million plus in 2010.

**GROWER FUNDED ACTIVITIES OF THE CGA, CRI AND CITRUS ACADEMY
ENSURE A GLOBALLY COMPETITIVE SOUTHERN AFRICAN CITRUS INDUSTRY**