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Maluma  
dag 2017

PRINCIPLES AND PRACTICES FOR MODERN  
FARMING AND THE SA INDUSTRY

AA Ernst

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To fully grasp where you are, you first need to gain a **full understanding** of the **context** and environment you find yourself in...



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One of the most common comments farmers make...



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“...can't believe they are expanding at such a rate, they are going to flood the market!”

- Flooded markets grow demand.
- Growing market size
- Improves profitability in the long term
- Competition is good!!
- When is a market really saturated??
- How much can avocados really grow?

Peru is growing...and no slower rate than ever before...  
Colombia the next global avocado giant??  
ZZ2 is planting at a rate unknown to the SA industry  
The Eastern Cape is planting  
Western Cape is planting..  
Citrus farmers are going crazy for avo farms  
...the list is endless

What does this leave the current SA avocado farmers to do??



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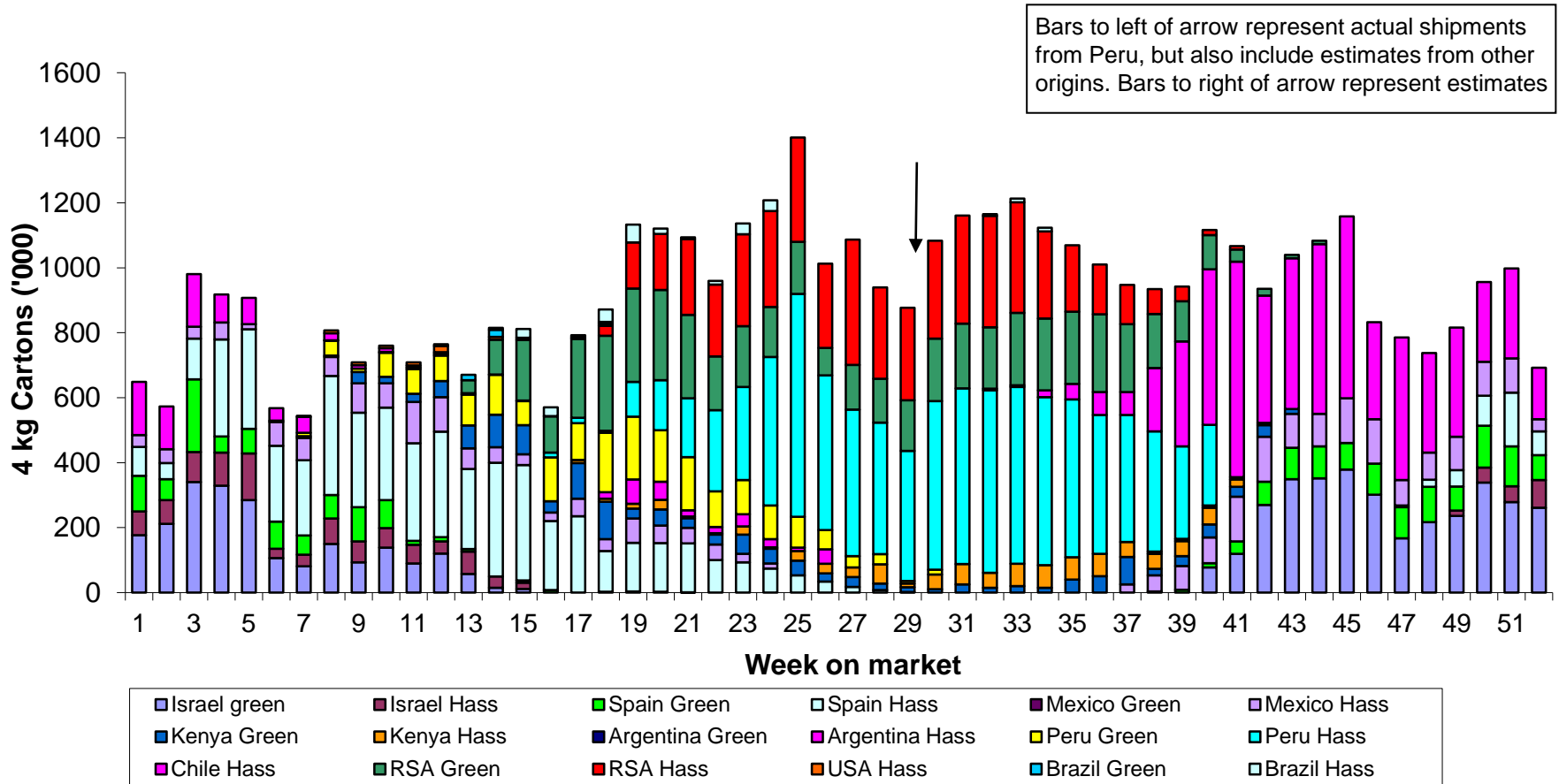
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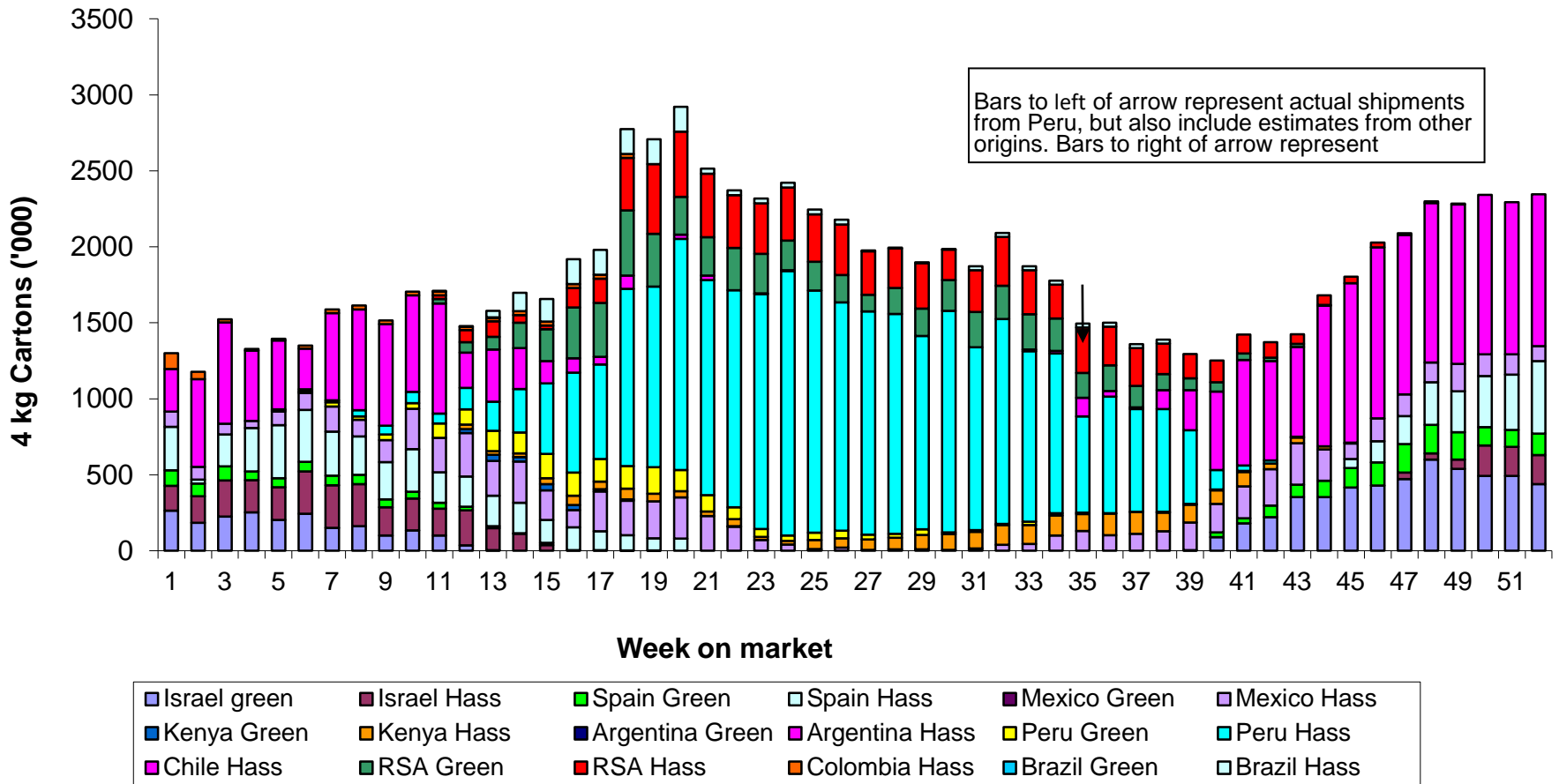
# European Market Growth

2008 Total EU Avocado Supply (updated 27/6/2008)



# European Market Growth

2016 Total EU Avocado Supply (updated 12/08/2016)



# European Market Growth

2016 – 2,7mil cartons per week

2008 – 1,6mil cartons per week

2,7mil-1,6mil = 1,1mil carton growth

1,1mil/1,6mil – **68% growth** over 8 years

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# Pome Fruit (Apples / Pears)

Source: Hortgro

- 706 farmers
- Per Capita – 4,12kg & 0,96kg
- 13+ Cultivars (10 + Pears)
- 1,4 ha/ labourer
- 920 000 ton – (ave production – 40t/ha)
- 23 000 ha in production (32 ha ave Producer)
- 700ha growth (2014-15)

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# Pome Fruit (Apples / Pears)

Source: Hortgro

## APPLES: AREA PLANTED PER CULTIVAR (HECTARES)

CULTIVAR	2010	2011	2012	2013	2014	2015
GOLDEN DELICIOUS	5 368	5 379	5 433	5 569	5 634	5 723
GRANNY SMITH	4 782	4 687	4 475	4 217	4 218	4 201
ROYAL GALA / GALA	3 159	3 289	3 431	3 576	3 681	3 854
TOPRED / STARKING	3 077	3 047	3 061	2 927	2 950	2 940
CRIPP'S PINK / PINK LADY / ROSY GLOW	1 925	2 043	2 080	2 210	2 245	2 339
FUJI	1 364	1 547	1 694	1 852	1 913	2 015
BRAEBURN	441	427	427	519	616	756
CRIPP'S RED / JOYA*	752	749	734	736	721	747
OREGON SPUR	21	60	113	165	197	252
KANZI	253	246	245	238	238	238
OTHER	411	447	475	490	513	560
TOTAL	21 554	21 920	22 167	22 501	22 925	23 625
% CHANGE (YEAR-ON-YEAR)		2%	1%	2%	2%	3%

SOURCE: HORTGRO TREE CENSUS, 2015

# Table Grapes

Source: SATI

- 6 Variety groups!! 30+ cultivars
- 260 000 ton / 260 M kg
- 18 000 ha
- Average production – 14t/ha
- -2% growth rate – Planted Ha

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# Table Grapes

ATI

## 2015 PRODUCTION COST FOR TABLE GRAPES (R/HA)

COST STRUCTURE	2015	2014	2013	2012
<b>DIRECT PRODUCTION COST</b>				
Fertiliser & Organic Material	R 8 543.00	R 7 374.00	R 6 099.00	R 6 034.00
Pesticide & Herbicide	R 19 384.00	R 14 682.00	R 10 630.00	R 10 930.00
Supervision, Permanent, Seasonal & Contract Labour	R 118 072.00	R 117 918.00	R 96 242.00	R 91 932.00
Fuel, Oil, Repairs, Parts & Maintenance	R 20 940.00	R 20 040.00	R 17 628.00	R 17 828.00
Licences & Insurance	R 701.00	R 253.00	R 1 411.00	R 1 723.00
Hired Transport	R 1 079.00	R 479.00	R 566.00	R 629.00
Electricity	R 8 253.00	R 7 343.00	R 7 465.00	R 6 491.00
Water	R 1 137.00	R 1 061.00	R 1 167.00	R 1 008.00
Land -, Property -, Municipal Taxes, Administration and Miscellaneous	R 6 344.00	R 5 502.00	R 3 906.00	R 3 622.00
<b>TOTAL CASH EXPENDITURE</b>	<b>R 184 453.00</b>	<b>R 174 652.00</b>	<b>R 145 114.00</b>	<b>R 140 197.00</b>
<b>DEPRECIATION</b>	<b>R 25 221.00</b>	<b>R 23 943.00</b>	<b>R 22 596.00</b>	<b>R 21 539.00</b>
<b>TOTAL EXPENDITURE</b>	<b>R 209 674.00</b>	<b>R 198 595.00</b>	<b>R 167 710.00</b>	<b>R 161 736.00</b>

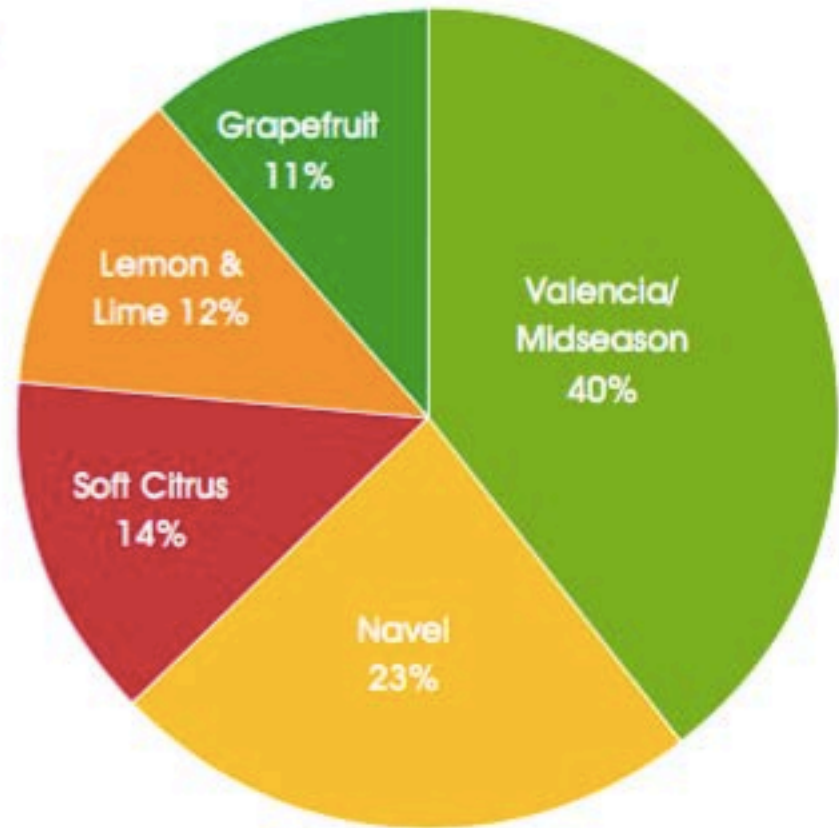
# Citrus

Source: CGA

## Scope of the Industry

### AREA PLANTED PER CITRUS GROUP

Variety Area	(ha)
Valencia/Midseason	27 056
Navel	15 930
Soft Citrus	9 335
Lemon & Lime	8 262
Grapefruit	7 678
Other	11
<b>Grand Total</b>	<b>68 272</b>



# AMAP INFORMATION SHEET

Berlin, 7 February 2017

	CURRENT OR UPCOMING SEASON INFORMATION				MARKETS				PRODUCTION					PREVIOUS SEASON	
Country	Production Season (Month/Year to Month/Year)	Total Expected Volume (Metric Tons)	% Hass	% Other	% Domestic	% Europe	% US	% Other Markets	Total Surface (Hectares)	% Bearing	% Non- Bearing	% Hass	% Other	Projected Growth (Ha/Year)	Total Volume (Metric Tons)
South Africa	Mar 2017 - Oct 2017	100 000	62%	68%	49%	50%	0%	1%	16 000	97%	3%	45%	55%	500	120 000
California	Feb 2017- Oct 2017	97 550	96%	4%	96%	0%	96%	4%	21 784	96%	4%	95%	5%	0	181 942
Brazil	Feb 2017 - Nov 2017	7 500	100%	0%	20%	80%	0%	0%	2 200	70%	30%	100%	0%	200	4 500
Kenya	Mar 2017 - Oct 2017	20 000	60%	40%	60%	n/a	40%		2 700	80%	20%	60%	40%	250	18 000
Israel	Aug 2016 - July 2017	110 000	43%	57%	45%	55%	0%	0%	8 200	90%	10%	50%	50%	400	70 000
New Zealand	May 2016 - Apr 2017	39 050	100%	0%	25%	0%	0%	75%	3 750	95%	5%	100%	0%	200	22 906
Argentina	May 2017-Nov 2017	2 000	70%	30%	92%	8%	0%	0%	350	90%	10%	80%	20%	20	2 000
Mexico	Jul 2016 - Jun 2017	1 736 381	100%	0%	47%	1%	45%	7%	198 605	95%	5%	100%	0%	11 000	1 624 963
Peru	Mar 2017 - Set 2017	383 048	69%	31%	32%	44%	16%	8%	41 000	90%	10%	61%	39%	1 500	188 262
Spain	Sep 2016 - Apr 2017	50 000	80%	20%	98%	0%	2%		8 000	96%	4%	80%	20%	90	50 000
Australia	Jan 2017 - Dec 2017	65 000	85%	15%	95%	0%	0%	5%	10 580	70%	30%	85%	15%	100	65 000
Morocco															
Dominican Republic															
Chile	Aug 2017 - May 2018	250 000	88%	12%	42%	36%	9%	13%	29885	90%	10%	88%	12%	100	205 000
Colombia	Jan 2017 - Dec 2017	68 000	100%	0%	55%	44%	1%	0%	12 800	65%	35%	100%	0%	1200	62 000
India	Feb End 2017 - April 2017 & Jun 2017 - Nov 2017	2 750	0%	100%	100%	0%	0%	0%	2 600	75%	25%	0%	100%	100	2 500

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# Citrus

Source: CGA – 2014/15

- 20+ cultivars
- 2,5mil ton
- 68 000 ha in production
- +- 40t/ha production
- 1,1 M / Year budwood sales increase!!!!

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# Avocados

In all honesty we have 1 cultivar...We think the world loves it so much that we thought we should piggy back everything else that came after it with the same name... \_\_\_\_\_-HASS

..the largest part of the world is still denying that there might be something better...

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# Avocados – Other Stats

Our industry growth...we claim it is 500ha/year

ANA Nurseries: 250 000 trees/year

Non ANA: 30 – 40 000 trees /year

Total: 280 000trees/ year 2016

30 000 export trees

=@408trees / ha – 612ha /year

=@312 trees/ ha – 800ha/ year

# Avocados – Production/ha

55% Export – 14mil 4kg – 56mil kg

45% Local – 11mil 4kg – 44mil kg

Total estimated production – 100mil kg

Total ha according to Sensus – 17 400 ha

Ave production t/ha = 5,7 t/ha

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# Avocados – Water usage (Excluding 1100mm rainfall)

2 x 40l/hour micros / tree = 80l / hour

@1hour, 3 times per week = 240l / tree / week

@408 trees/ha = 97 920 liter / ha /week

X 16 weeks = 1 566 720 liter / annum

@ 6ton /ha = 261 liter / kg fruit

@ 10ton /ha = 156 liter / kg fruit produced

# Avocados – Labour

No true figure!?

3,5 – 5 ha / labourer

=17 400 ha /4 = **4350 employment??**

Excluding packhouses etc

Excluding seasonal labour - harvesting

# So what should we do!?

- Well firstly, collect and calculate accurate figures?
- Measure to know
- Develop & improve, growth is good!!
- Value adding is crucial
- Produce more efficient than your neighbour, in the tough market you will outlast him – Win Win