

High labour costs take their toll

Canning fruit producers are struggling to survive due to production costs rising faster than inflation.

This is especially true for apricot production, resulting in many farmers replacing apricot orchards with crops with better earning potential, according to Anthony Dicey, chairperson of the Canning Fruit Producers' Association (CPA).

'YOU HAVE TO FIND WAYS TO MANAGE LABOUR COSTS'

He told *Farmer's Weekly* that farmers earned about R2 500/t for canned apricots, and this price had remained relatively stable over the past three years. It was estimated that the apricot harvest would be significantly lower than last year, at about 31 700t, in comparison with 42 603t in 2013/2014 and 46 408t in 2012/2013.

Even so, prices would remain under pressure, owing to consumer resistance. "With inflation at around 0% to 1% in

Europe, canned fruit suppliers are unable to put prices up by even 2%," said Dicey.

This had resulted in the area under Bulida apricots shrinking from 2 039ha in 2007 to 1 814ha in 2011, despite South Africa being the largest exporter of canned apricots.

The situation was not unique to SA. In Greece, producers were down-scaling apricot production due to high production costs, and in the USA, producers were replacing peach orchards with nuts because they required less water and labour than peach production.

Rihan Saayman, agricultural consultant at Optimal Agricultural Business Systems, said that production costs had been rising faster than producer earnings over the past few years. "Farming has become like gambling, where you also need luck to get somewhere," he said.

Speaking at the CPA's general meeting held in Worcester recently, Saayman identified labour as the biggest contributor



ABOVE: Rihan Saayman, agricultural consultant at Optimal Agricultural Business Systems, identified labour as one of the key reasons for production costs rising above inflation, with regards to canned fruit production. GLENNEIS KRIEL

to rising input and orchard establishment costs.

"Labour costs used to rise between 5% and 10% per year over the past decade. But they've risen by 51% between 2012 and 2013, and by another 6,5% between 2013 and 2014. Labour's share of total costs have also increased from about 7,6% to about 10,5% between 2013 and 2014, depending on the location of the farm, farming practices and other variables," he said.

His advice to canning fruit producers was to improve labour efficiencies and cut costs as far as possible.

"You have to find ways to manage labour costs. This is especially applicable to planning and establishing new orchards – it has to improve work efficiency," he said.

Other costs that had increased were fumigation and tree prices. Saayman said that fumigation costs had increased from R30 000 to R34 000 over the past two to three years.

He said that prices for apricot, peaches and pear trees had increased by between R2 000/ha and R8 000/ha over the past year.

Speaking at the same event, Wiehahn Victor, CEO of the CPA, said that farm earnings had increased above inflation. But growth, he added, had been off a low base and prices were supported by the weak rand against other major export currencies. Prices, however, had remained relatively constant over the past few years, especially due to slow economic growth in major import countries. – *Glennis Kriel*

Growing pains for new cultivars

At the Canning Fruit Producers' Association's (CPA) annual general meeting held in Worcester recently, Robertson farmer Karel du Toit voiced his concern about "the vast amount of new canning fruit cultivars raining down on producers".

He said that new cultivar production had become a money-making business, with some cultivars being released before

sufficient testing. At the meeting, concerns ranged from poor yield and trees yielding commercial-sized harvests a year later than existing cultivars, to bursting fruit.

Du Toit referred to one of Culdevco's cultivars, the Rustic apricot.

Farmer's Weekly spoke to Dr Leon von Mollendorf, general manager of Culdevco, about these complaints.

He acknowledged that there were problems with Rustic, but said he had recently met with growers.

"The main problem with Rustic was poor fruit set. We have now recommended that farmers plant cross-pollinators with this cultivar," he said.

He denied that South African breeding organisations were pushing cultivars into the industry.

"At Culdevco, there are times when we don't release a new cultivar for two to three years. When they're released, growers can be assured they've been thoroughly tested, from production in the orchard to the storage of the fruit, not only by us but by third parties," he said. "The fruit isn't released unless Culdevco and the industry committees agree that the cultivar shows promise."

Von Mollendorf said that there were often growing pains in new cultivars produced on a commercial scale, but Culdevco did not withdraw from the process after releasing a cultivar.

"We want the cultivars to be successful, to stay committed to farmers to find ways to unlock the full potential of these cultivars," he said. – *Glennis Kriel*