
9. ENCOURAGEMENT OF BLACK BUSINESS

Describe what the company is doing to encourage the setting up and expansion of black businesses, e.g., by contributing expertise, counselling and advice, by sub-contracting and by preferential, priority treatment in customer-supplier relations:

Despite difficult business circumstances, Varity and Fedmech continue to make positive contributions to black agriculture and business development. In 1980, Massey-Ferguson Tractors' World Export Office targeted the development of mechanized agriculture in the black farming areas of South Africa.

In 1981, Massey-Ferguson put two contract instructors ("CIs") or trainers from England into the Transkei region. Their objective was to work with local black farmers and agricultural authorities to train them to efficiently operate and repair all makes of tractors.

In 1982, Massey-Ferguson hired a black South African, Sam Sellabelliny. A skilled trainer and fluent in nine South African languages, he was placed in the Transkei/Ciskei region to extend the program. Today, there are five CIs in this region with four others in similar black farming communities.

As the CI program began, Massey-Ferguson and Fedmech persuaded authorities in South Africa to devote more financial resources to support black farmers and independent businessmen who wanted to obtain equipment for their own use or for tractor contract businesses. Because of the tribal land tenure patterns, black farmers and potential local contractors often had little or no traditional collateral with which to finance equipment purchases.

Working with the Development Bank of South Africa and development corporations and financial institutions in Ciskei, Transkei and Bophuthatswana, Fedmech helped devise workable financial schemes. Through the financing schemes, Fedmech dealers became involved with the establishment of local contractors and with the provision of limited credit to those developing black businesses and farms.

Equally important to the development effort in these regions was the establishment of effective services and maintenance support. Following Massey-Ferguson's lead, Fedmech in 1984 appointed the first, and to this point only, black farm machinery dealer in South Africa. Barnabus Titus' dealership in Umtata has flourished and contributed to agricultural development in the area.

Varity has drawn Fedmech deeply into the development of agriculture for black South Africans. Fedmech altered its organization and appointed a General Manager to head up its Agribusiness Development Unit. Most of his time is spent in making proposals to various authorities to enhance the effectiveness of mechanization in black agricultural development.

The year 1986 saw a major step forward for Fedmech in black agricultural development. In cooperation with Massey-Ferguson and Transkei authorities, Fedmech built the Transkei Agricultural Services facility in Bizana, 200 miles from Umtata. This complex consists of a 1,000 square metre workshop, parts store and training centre, and six houses.

Five CIs from England were stationed at the facility and ran the venture as a private business in support of black agriculture in the region. They took on fifteen black apprentices who proceeded through a formal training course over a four-year period. The facility officially opened on August 26, 1986.

Neighbouring Swaziland, Botswana and Lesotho have all expressed interest in this pilot project (there is one CI in Swaziland).