



PROGRESS REPORT

Grain SA's growth strategy to 2013

As at 28 February 2013



Grain SA has made the following progress with the strategic focus areas set for 2013:

1. Information

- ▶ A **supply and demand committee** was established to provide more accurate and transparent market information. Timely information on grain exports is very important for market information that is transparent.
- ▶ **Communication:** Newsletters, newflashes, market information, our webpage, radio, television, *SA Graan/Grain* magazine, regional meetings, farmers union meetings, special meetings, progress reports, circulars and the printed media, amongst other, are used to inform members effectively.
- ▶ Market information is made available to members on a daily basis and will in future be made available on a faster and more understandable basis, and also in **Sotho**.
- ▶ Major inputs were made to bring the **Financial Services Board** up to date with the way in which speculation on the JSE impacts food prices in the country.
- ▶ Grain SA provided **National Intelligence** with information and training to enable them as a government partner to carry out specific actions that added value. Grain producers will benefit from these actions, such as the upgrading of infrastructure.
- ▶ The percentage of **grain that is transported by rail** currently stands at 19% and this sets a level against which Transnet's progress can be measured. The physical work that has already been done to the rail infrastructure, such as the upgrading of the railway line between Orkney and Vierfontein in the North West Province, is positive.
- ▶ Grain SA brought the upgrading of the **East London harbour** and improvements to the **Eastern Cape road infrastructure** to the attention of the presidential infrastructure committee.



2. *Import substitution*

Good progress was made in this strategic focus area:

- ▶ An application for an **increased wheat tariff** was submitted to the International Trade Administration Commission (ITAC) on 24 April 2012.
 - ✓ The conceptual principle of moving closer to self-sufficiency is supported by the government. We are, however awaiting the final result.
 - ✓ The purpose of the wheat tariff is to put in place a price level base in order to protect wheat growers.
- ▶ Grain SA is optimistic about the government's announcement of the **biofuel policy**, which will regulate the compulsory blending of ethanol in future.
 - ✓ In anticipation of the blending percentage and the implementation date that the government still has to announce, the Industrial Development Corporation (IDC) has already commenced with construction work on the processing plants. Grain SA is involved in a preparatory process through the execution of trials, cultivar identification, producer training, the mobilising of funds and land identification. This will promote the production of grain sorghum with reduced maize hectares as a potential result.
- ▶ Grain SA has granted its support in public to the anti-dumping regulation application of the **poultry industry** in order to protect local job opportunities and local maize consumption.
- ▶ Active awareness was created in the media regarding the opportunities that exist in the **soybean industry**. Soybean production will have to double to approximately 1,6m tonne per year to meet the demand of the planned processing plants.
- ▶ Grain SA's involvement was instrumental in the very successful international soya congress this year.
- ▶ The results of the first **soybean harvest quality survey** were recently published by the SAGL. The quality of soybeans in South Africa compares well internationally. The benefit of the survey is that information on the quality of soybeans in South Africa will in future be made available annually. This will promote the export of the product. Potential international buyers will find the soybean harvest quality survey very useful.

3. Trade environment

- Very little progress was made in the international trade environment the past year. Grain SA still maintains its position that agricultural subsidies must be abolished world-wide.

4. Production productivity

- A support desk was established at a legal firm to advise Grain SA members on the **diesel rebate process**. After discussions and negotiations together with AgriSA at SARS (South African Revenue Service), positive news regarding the 2010/2011 fiscal year was received. Alternative methods for the proof of diesel consumption can be offered for claims in this period. Grain producers are however strongly encouraged to diligently keep log books in the future. Grain SA will also take part in workshops that will be organised by SARS in March/April, to eliminate some gray areas that may exist around the diesel rebate.
- Good partnership relationships with the **Registrar of Act 36** have been developed, which ensures that grain producers have access to the latest technology in agricultural chemicals. A total of 40 new chemicals have been registered in the past six months.



5. Laws and regulations

- Grain SA is constantly involved in actions by the government with respect to new legislation and amendments to existing legislation and regulations. An example of this is the report on the impact of mining, on the amount of land that can be lost by agriculture and the impact of mining on food security.



6. Leadership

With a focus on leadership development and the development of our producers, various actions were launched:

- In order to improve leadership training for **young leaders** in the organisation, the second Young Leader's Lab was presented with the aid of a sponsorship from Santam Agri.
- Grain SA also started to invest in **skills training** during our Executive meetings.
- A **Grain Academy** was established by Syngenta in cooperation with Grain SA at the University of the Free State. This offers producers the opportunity to refresh them at tertiary educational level with regard to agriculture, and to expand the skills pool in the industry.
- Functional unity in agriculture was achieved at the end of last year, when the leaders of the various agricultural unions and agricultural business organisations signed a **joint statement of intention**. This should contribute to a greater joint influence on agricultural policy. Grain SA worked actively behind the scenes to accomplish this. This organisation for unity in agriculture is known as ASUF (Agri Sector Unity Forum).





7. Research

Grain SA is continually involved in the assessment of research projects by various research institutions, as well as with the identification of new research projects:

- ▶ The **Maize Trust** obtained an additional R2,5 million from the Department of Science and Technology (DST) to employ specific mycotoxin research projects.
- ▶ The **Sasol Nitro Research Trust** was established and the trustees have been appointed.
- ▶ A **conservation farming division** was established with the aim of coordinating conservation farming activities in the grain industry and ensuring that all the relevant information reaches the producers.
- ▶ The SAGL is currently awaiting funds to determine which **sorghum varieties** have the best **fermentable starch content** for the production of bio-ethanol.
- ▶ An **ARC Soybean Information Guide** was released in 2012 to promote the production of soybeans.

8. Promoting exports

- ▶ As part of the promotion of exports, Grain SA communicated in Spanish with the **Mexican buyers** to involve this country as an export destination once more. Consequently, a large quantity of grain was exported to **Mexico**. Some of the Mexican buyers will also visit the NAMPO Harvest Day in 2013.
- ▶ Grain SA wants to market the quality of local grain internationally and is busy with a strategy to obtain **a quality premium on maize and soybeans**.



9. Transformation

Grain SA had a major year as far as transformation is concerned:

- ▶ The **training programme** for developing producers continued and the training of farm workers as tractor drivers and on how to handle chemicals safely commenced this year.
- ▶ Grain SA also received **funding from the ARC** to train government agricultural extension officers.
- ▶ A **provincial office** was opened in the Western Cape to promote development in that area.
- ▶ The **schools programme**, which creates awareness among learners on the invaluable role of sustainable food production in the country, received additional funding from the AgriSeta.
- ▶ Great success has been achieved with government's **recapitalisation programme**, which empowers and develops producer.
 - ✓ **R36 million** was allocated to the Free State last year and 16 farmers formed part of this programme. This programme has now been expanded by 125 producers in North West and Mpumalanga.
- ▶ Regarding the transformation focus area, permission was given that the Maize Trust could transfer R30 million to the **Grain Farmers Development Association** (GFADA) for the development of black famers.
 - ✓ More than **R7 million** was already channelled through GFADA to increase the production of developing producers. This is in addition to the approximately **R15 million** per annum that is made available by the grain trusts in support of Grain SA's development programmes.
- ▶ Grain SA has progressed well with its inclusion of persons of colour in the **personnel team**.
- ▶ A **translation service** has been provided at all major meetings of Grain SA to provide everybody in the meeting equal access to the structures and information.



10. Structures within Grain SA

- ▶ Grain SA made a few decisions on internal structures, with proportional representation being the most important decision. **Proportional representation** is based on the payment ability of a region. The principle of “the majority shareholder in a company has the most authority” should also apply to Grain SA. The best levy payers have the most votes as delegates at Congress.
- ▶ In support of **transformation** within the organisation, the Executive co-opted Mr. Victor Mongoato (Chairman of the Farmer Development Working Group) to the Management Committee.



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