



The Grain and Oilseed Industry  
of South Africa

**A JOURNEY THROUGH TIME**



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# CONTENTS

## Preface

Mr Louw Steytler.....	2
-----------------------	---

## Introduction

Mr Jannie de Villiers.....	4
----------------------------	---

## Author's notes

Mr David Theron.....	6
----------------------	---

## Chapter 1

Production of grain and oilseeds in South Africa.....	8
---	---

## Chapter 2

The previous marketing dispensation.....	80
--	----

## Chapter 3

Deregulation of agricultural marketing and the establishment of trusts.....	116
---	-----

## Chapter 4

Role and function of producer organisations.....	134
--	-----

## Chapter 5

The founding and establishment of Grain SA.....	186
---	-----

## Chapter 6

Grain SA's NAMPO Harvest Day.....	218
-----------------------------------	-----

## Chapter 7

Dawning of an era of food security.....	244
---	-----

## Chapter 8

The birth and progress of Farmer Development in the grain and oilseed industry.....	252
---	-----

## Chapter 9

Top producers and role-players honoured.....	274
--	-----

## Addendum

.....	286
-------	-----

Grain industry timeline (1902 - 2016).....	292
--	-----

Sources.....	298
--------------	-----



# Louw Steytler

## PREFACE

To understand the future it is necessary to understand the past. For humanity seems to continually repeat the mistakes made throughout history and the calamitous effect that these historical facts have had on the psyche and the actions of all the peoples of South Africa.

The tragedy of the Anglo Boer War, the first holocaust of the 20th century, in which so many Afrikaner men, women and children and indigenous African men, women and children, paid the ultimate price and the subsequent rise of Afrikaner nationalism had significant consequences for all South Africans. The exploitation of this deeply ingrained injustice primarily driven by the greed of the British Empire and the subsequent grossly irresponsible exploitation of these sentiments by Afrikaner leaders in their endeavour for self-determination, at the exclusion of the indigenous peoples, led to the confrontation of the two greatest South African nationalisms, on the one hand Afrikaner nationalism and on the other, African nationalism.

The abuse of political power and the exclusion of the majority led to great confrontation. The subsequent political compromise brought about by two prominent South Africans, namely President Nelson Mandela and President FW de Klerk and the adoption of the Constitution of South Africa in which the right of the individual is enshrined lay the foundations of an inclusive, democratic approach. Founded on human dignity, advancement of human rights, freedom of speech, religion, association and a free press, supremacy of the Constitution and Rule of Law, universal adult suffrage, national common voters roll, regular elections and a multi-party system, democratic government to ensure accountability, responsiveness and openness.

The tragedy of South Africa is that society has not heeded the example set to all South Africans by President Nelson Mandela. We need, as a nation, to return to the ideal of co-operation across civil society, amongst all men and women, if we are serious about growing the country's economy and in so doing address the issues of our time. As a nation we cannot afford the levels of corruption, nepotism and state capture by so few that have dominated society – past and present. Our Constitutional court has stood as a beacon of hope to all South Africans who demand a functional, transparent, democratic and caring society.

Despite the political challenges that have faced us all, we must recognise the agricultural sector's ability to produce the cheapest quality food in the world. However, we recognise that many of the most vulnerable people in society are unable to purchase enough food, daily. Herein lies one of our greatest challenges to address the grinding poverty experienced by so many South Africans. The greatest privilege enjoyed by all South Africans is the food security enjoyed by its citizenry. This privilege is only possible when there is a mutually beneficial collaboration across the entire value chain. That beacon of hope is the Constitution and the Constitutional Court.

Transformation is a necessity that has thus far been bedevilled by gross incompetence and unacceptable levels of corruption. Had we co-operated and had there been inclusive levels of co-operation within this very value chain and government, we would have progressed far more successfully in the sustainable transformation of the agricultural sector. Any actions must both be constitutionally and economically sound, for the maintenance of property values serve as the cornerstone for





sustainable food security. It must be said that the free market has served the consumers of agricultural commodities well. No sector of society is more committed to the future of South Africa than the agricultural sector. For these resilient men and women, across the colour line, who for generations have worked the land, under the most challenging circumstances, both financially and climatically, must be afforded fair and unbiased comment as to their achievement in producing the sustenance of our nation.

At this year's 50th Grain SA NAMPO Harvest Day, we celebrated these achievements and our history and afforded our gratitude to all men and women that have made this possible by their dedication and commitment to our industry and to South Africa. May their contribution serve as a reminder to both the current and future leadership as to the critical importance of the contribution by so few for so many, who have served in the structures of what must be termed as the greatest commodity organisation in South Africa.

God bless South Africa. God seën Suid-Afrika. Nkosi Sikelel'iAfrika.

**LOUW STEYTLER**

**Chairperson of Grain SA 2012 - 2016**





# Jannie de Villiers

## INTRODUCTION

The Afrikaans writer Langenhoven once said that if you want to look ahead, you first have to look back at where you came from. This research and recording of Grain SA's history is aimed not only at remembering the history and giving recognition to the leaders of the previous generation, but also to look back as organisation to help us find the path to the future.

As a young man I greatly admired all the old *ooms* in the industry who always sounded as if they knew everything and could say exactly what would happen in the future. Considerably later in my career I realised that agriculture had an inherent inability to convert by itself from the controlled system to a free market. People and events from the outside eventually contributed to the metaphorical plug of the controlled system finally being pulled in 1997. The 1937 Marketing Act was revoked and was replaced by a new act. This led to major changes in the grain industry. Not only individual grain producers had to adjust, but organised agriculture had to make dramatic adjustments as well.

During this transition many meetings were held. Preparation for these meetings was extremely important. Many of the meetings assumed a character of 'bravado': 'We are going to this and that them', or 'we will never allow them to...' was heard everywhere, until reality kicked in and many compromises had to be made to give the grain industry – and ultimately food security – a firm footing in South Africa.

There were three main parties around the tables: The producers, the buyers and the new government. Each topic had its unique partnerships. Sometimes the producers were alone, with their backs against the wall and sometimes it was the government and producers against the buyers. You never knew exactly with whom you were going to negotiate about what.

After the new policy framework had been settled, the adjustments for role-players and organisations started. Producer organisations had to find their new role and vision, agribusinesses virtually all adopted a new company appearance and producers had to learn the very hard way in the new environment – particularly with respect to marketing. However, what is crystal clear is that everybody adjusted extremely well to the new circumstances. It happened by fits and starts, but the new environment was soon defined and adjustments were made.

New structures were created, like the different grain and oilseeds trusts, the South African Grain Information Service (SAGIS), the Southern African Grain Laboratory (SAGL) and the South African Futures Exchange (Safex) and adjustments were made to the Crop Estimates Committee to continue the services provided by the boards in the free-market environment. These organisations and institutions all had their own teething problems, but the leaders of those transition years ensured that world-class institutions were established. This is not a subjective opinion – each is highly regarded internationally in its own field.

In the process, the different industry organisations also found their own role in the new environment. Producers' needs suddenly changed and the services rendered to them had to be adjusted. The culture in the organisations also had to change. It



was no longer a case of the one shouting the loudest or being the most dominant at the negotiating table emerging the winner. New styles and expertise had to be established. It was not an easy time for the leadership of the organisations. It was truly a privilege to be allowed to grow up in the boardrooms in those times, and gain exposure to such an enormous transformation in an economic sector.


Grain SA went through its own quota of adjustments and ultimately made the decision to amalgamate all the grain and oilseeds organisations. The finer details of this story can be found in the latter part of this book. Although even those who were intensely involved in the amalgamation hoped that it would not be required again, a new phase in Grain SA's history started once more in 2011 with the leadership's decision to renew the organisation by moving to Pretoria. History has shown us that it will very probably not be the last time either. Ongoing change and renewal are a sign of growth and vigour. The agricultural sector knows the cycles of the season and knows that pruning is followed by new fruit. We are not afraid of change, but it remains difficult and never occurs without pain.

As the biggest producer organisation in South Africa, Grain SA has to take the lead in many fields in organised agriculture – not only in the field of grain. This makes the relevance of our members top priority. Food security is and remains one of the major focus areas of any government and this ensures that Grain SA will always remain politically relevant. Our ability and willingness to adjust and provide top quality leadership determine the food security in our country and ultimately our political stability. Stagnation leads to death, and that is why we honour the leaders of the previous and current generation who had the courage to make adjustments to ensure that the grain and oilseed producers of today are still sustainable on their farms, and to keep them there to the benefit of everybody in South Africa.

**JANNIE DE VILLIERS**  
**CEO of Grain SA since 2011**







# Author's NOTES

The historical development of agriculture and specifically of the grain industry in South Africa has been affected by so many factors, events, circumstances, influences and people that it would be an impossible task to integrate everything into one document, and to try and explain each of these factors individually. Consequently it was decided to restrict the scope of this book and to focus only on certain themes and events.

## POINT OF DEPARTURE AND BACKGROUND

There are an infinite number of research works, articles, dissertations, opinions, investigations, studies and other materials – not to mention anecdotes – focusing on and clarifying various individual aspects of the different factors. For this reason the approach in this book is not to render technical facts or the chronological course of events for academic purposes, but rather to tell the story of grain production in South Africa, with specific reference to the story of Grain SA.

In the process care was taken to render the facts and events as correctly as possible. Sources used for this include personal interviews with people who were closely involved in the story, historical agricultural publications, official reports, research results, websites, magazines, minutes and annual reports. A list of sources is provided at the end of the book.

The premise was also not to record all Grain SA's activities, but to rather present the history and background as a story and to emphasise only a few highlights, mainly from the period up to the end of December 2015.

## INTRODUCTION

Although grain production in South Africa already started shortly after Jan van Riebeeck settled at the Cape, this publication refers almost exclusively to the conditions and developments in grain production and marketing in South Africa since the end of the Second Boer War in May 1902.

The establishment of Grain SA in 1999 was not an event that can be viewed in isolation. It was preceded by almost a century of development in the grain industry and organised agriculture in South Africa and in order to provide a proper understanding of the establishment of Grain SA and its role in the grain industry, the first four chapters of the book contain information on the conditions and events preceding this event.

These developments also had an effect on the development of the structures of organised agriculture and the eventual establishment of Grain SA.

Overall, the history of South African agriculture in general over the past century or so can be divided into two distinct eras, with a short period between the two that can be viewed as a transitional period.

During the first period, from the beginning of the twentieth century, the trend for greater control over agricultural marketing in particular gradually increased, first



with the establishment of co-operatives to try and promote mutual co-operation, and ultimately with full-scale statutory control from the 1930s.

The various agricultural industries were controlled by statutory control boards without decision-making powers that reported to the Minister of Agriculture, which meant that the government actually exercised total control over the agricultural environment. True, the producers had the majority vote on the control boards, but ultimately these boards could not make binding decisions and could only make recommendations to the Minister of Agriculture.

During the second period, from 1996, a completely opposite dispensation applied, with a free market without a control system or marketing schemes and a Marketing Act that has specific prescriptions with which the government has to comply if it wants to introduce any control measures with respect to agricultural marketing.

The 'transition period' lasted from roughly 1987 to 1996. This book makes several references to the events during the transition period that exerted pressure on the controlled system, and that ultimately led to the Marketing Act of 1996 and the deregulation of agricultural marketing. This transition period coincided with the changes in the political environment in South Africa, which also led to a totally new political dispensation in the country after the 1994 elections. This drastically changed the entire social and business landscape of South Africa.

## INDIVIDUAL YEARS

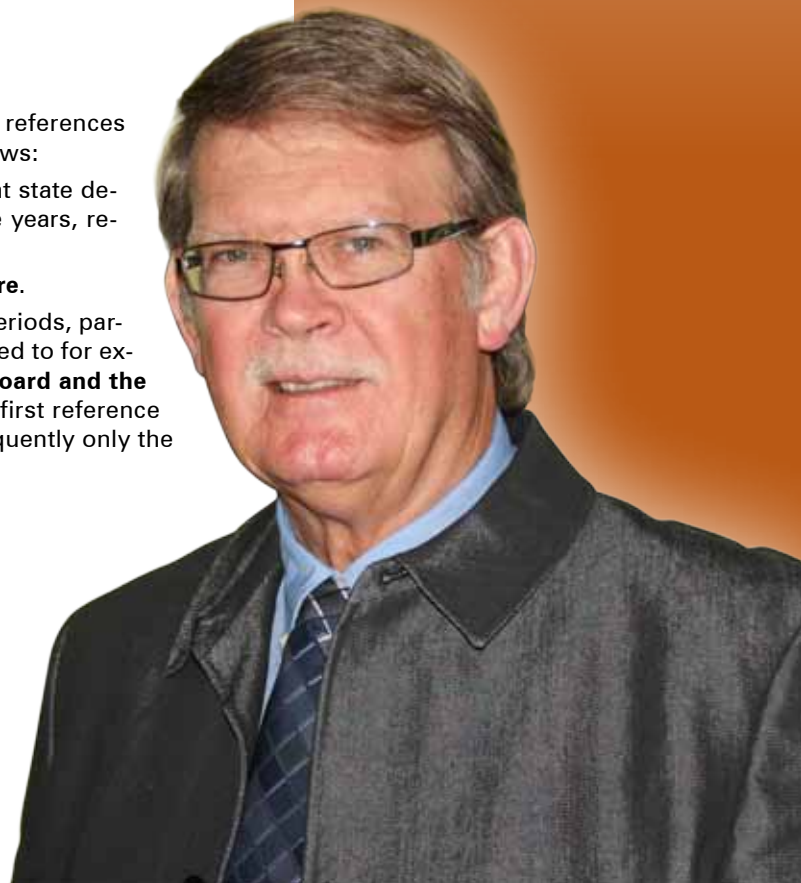
Agricultural conditions change from one season to the next (whether with respect to climate, rainfall, yield, prices, global markets, supply and demand, to mention a few), and each season has its own characteristics, challenges and results. The history in this book is recorded against that background and general knowledge. Consequently, specific problems experienced in each year are not discussed in detail, but an attempt is made to rather render the general, broad course of history, except for a number of really exceptional conditions or events, like the record maize crop of 1981 and the devastating drought barely three seasons later, or the drought of 1992, which served as backdrop for the introduction of various measures and directional changes.

## TECHNICAL ASPECTS

In order to try and eliminate confusion and unnecessary detail, references to some names and concepts have been standardised as follows:

- **Department of Agriculture** is used to refer to all the relevant state departments that were responsible for agriculture through the years, regardless of the actual names as amended from time to time.
- The same applies to references to the **Minister of Agriculture**.
- In some cases the control boards also differed in specific periods, particularly in the initial years. Their names are also standardised to for example the **Maize Board, the Wheat Board, the Oil Seeds Board and the Sorghum Board**. For the sake of technical correctness, the first reference to such a board will use its full name at the time, but subsequently only the generic or abridged name will be used.

DAVID THERON  
Author

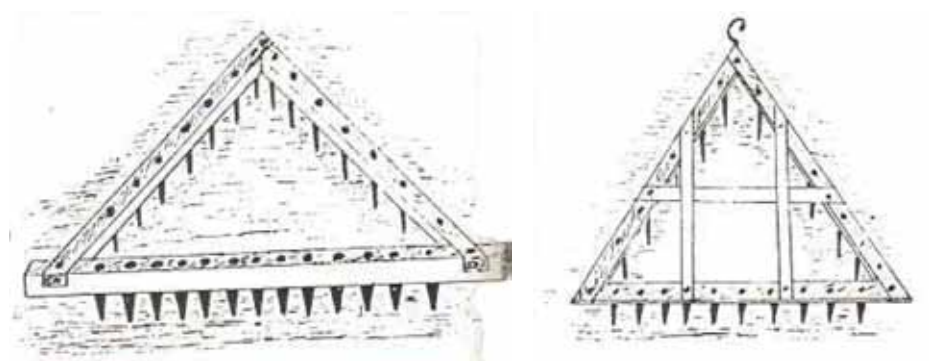


# 1 Production of grain and oilseeds IN SOUTH AFRICA

Each of the different grains and oilseeds in South Africa has a unique production course in history, but they were nevertheless often affected in a comparable manner by the same conditions and developments, whether these were mechanical and technological development, climatic conditions, global events or political and social events and developments in South Africa.

## INTRODUCTION

The most important influence on the industries probably came from the introduction of control over the marketing of agricultural products in terms of the first Marketing Act of 1937, and again about 50 years later by the Marketing of Agricultural Products Act of 1996, which abolished control.



Examples of the ploughs and harrows in the time of the Voortrekkers and just after that period.



Video: In order to get ahead one has to be familiar with the history – Mr Crawford von Abo.



Soil cultivation in the early 1900s.



Both the introduction and the abolishment of control were preceded by clear changing trends and had a material effect on the broader agricultural industry, but also on the grain and oilseeds industries in particular. Control over the production and marketing of agricultural products was not unique to South Africa and it is even probable that its introduction was in fact influenced by international trends.

In the run-up to the eventual deregulation of agriculture in South Africa the system of controlled marketing was often criticised, and the allegation was made that it had not achieved its aim. Regardless of these opinions there can be no doubt that the controlled environment created opportunities for the South African grain and oilseeds industries to develop into a commodity sector and to grow, thereby enabling it to make a material contribution to development in South Africa. Not only did it make a significant contribution to the country's gross domestic product, but it was also an important and material area of job creation, particularly for unskilled labourers.

This chapter places the history of the production of maize, winter cereals (wheat, oats and barley), oilseeds (groundnuts, sunflower seed, soybeans and canola) and sorghum in South Africa in perspective, with reference to a few outstanding events that influenced it over time. The mere scope of the information on this topic makes it impossible to expose even the tip of the iceberg. Consequently this publication refers only to a few major events, highs and lows, key role-players and light moments in the industry that were recorded in sources or are remembered by the role-players at the time.



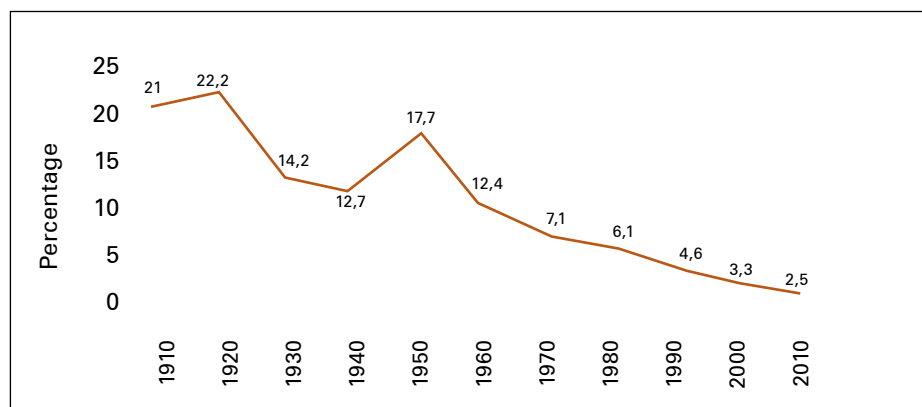
**Shipping of maize around 1908.**



**Maize was stacked into little piles before it was threshed.**



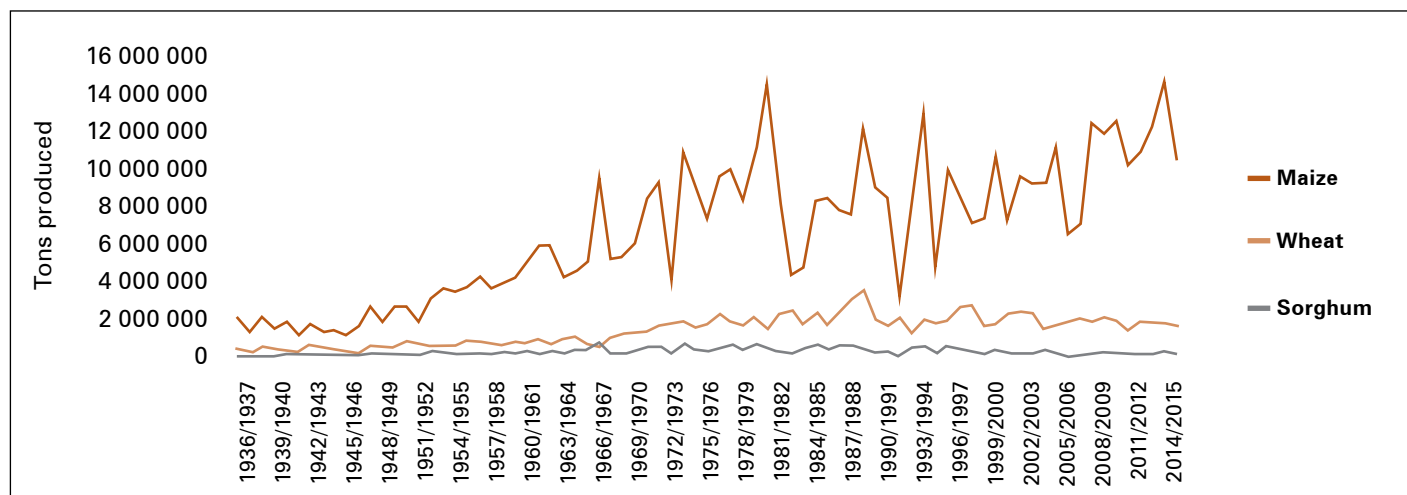
**Maize being threshed.**



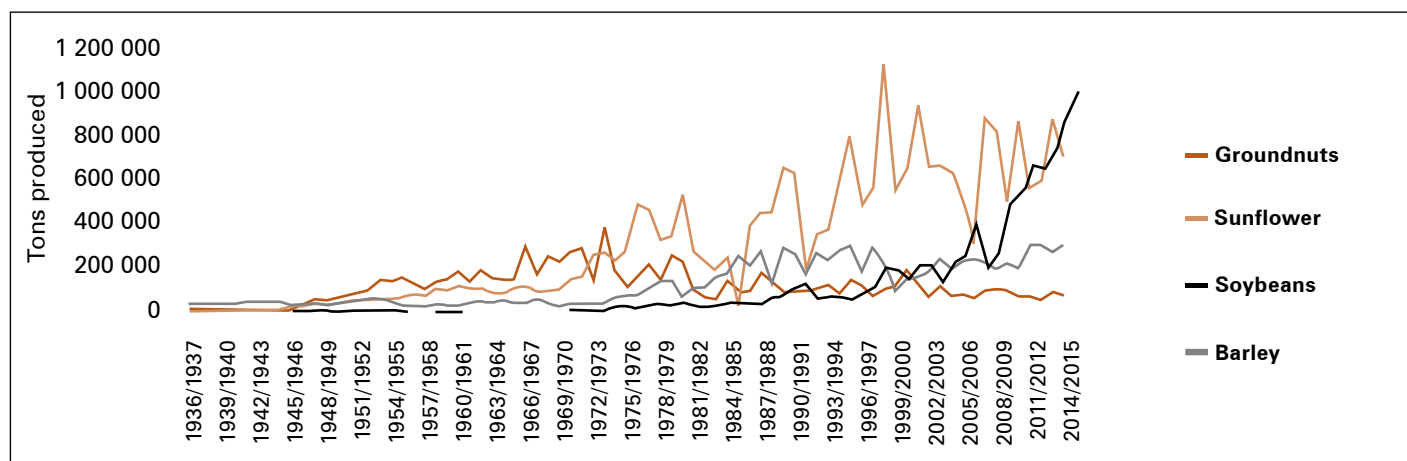
**Graph 1: Agriculture's contribution to the GDP**

The relative contribution that each of the products made in terms of volume produced is clear from Graphs 2 and 3.

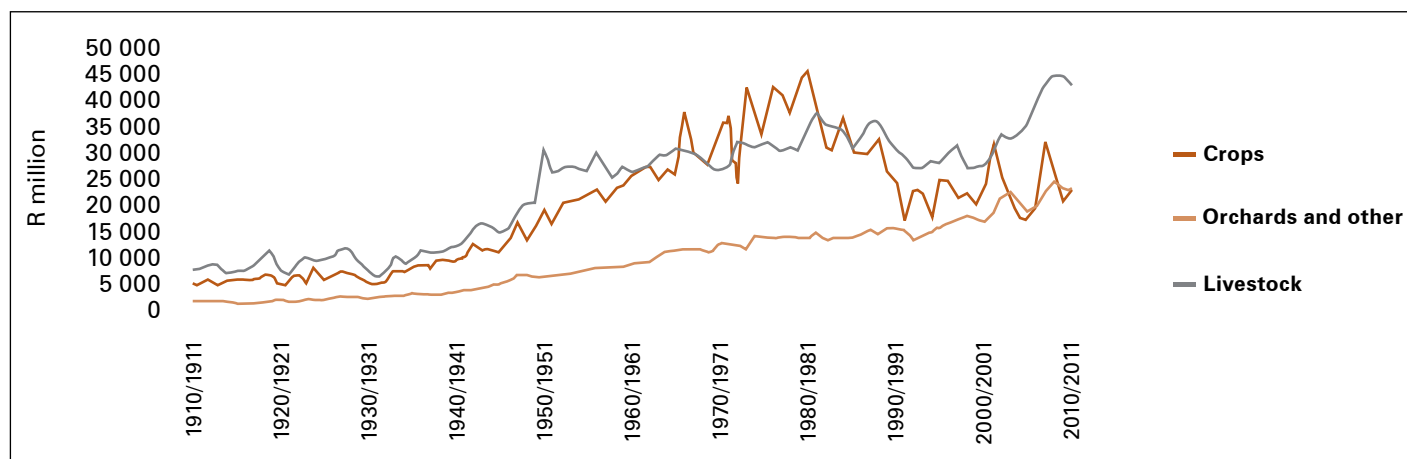
The area on which maize is cultivated has traditionally varied considerably because maize is mainly cultivated on dryland. This area has decreased significantly since the drought of the middle 1990s. Statistics show that the area cultivated under maize decreased by roughly 40% over just more than three decades (from 1980 to 2013) – from about five million hectares to about three million hectares.



Graph 2: Grain production – volumes (maize, wheat, sorghum)



Graph 3: Grain production – volumes (groundnuts, sunflower, soybeans, barley)



Graph 4: Gross value of agricultural production – historical



The area under wheat similarly shrank considerably over the same period – from about two million hectares to even less than one million hectares. The enormous decrease in the middle nineties can probably be regarded as a structural change because it never rose to previous levels again after that.

In contrast, soybean plantings increased from 22 000 ha in 1975/1976 to more than 500 000 ha in 2013. However, this was still not enough to compensate for the decrease in the total area of maize and wheat plantings.

In 1970 a total of 181 000 ha of sunflower were planted. Although this varied from one season to the next, sunflower plantings showed a rising trend over time, and in 2013/2014 sunflower plantings covered 598 950 ha, with the biggest planting of 828 000 ha in 1998.

Groundnut plantings constantly increased after the Second World War, and peaked at almost 400 000 ha around 1970, after which it started to decline gradually. However, from 1995 it started to decline markedly, and by 2013 the average annual plantings was less than 50 000 ha.

The planting of sorghum peaked in the 1960s, with a record of 640 000 ha in 1966. However, it decreased drastically over time and in the ten seasons preceding the 2014/2015 season the average was only 71 000 ha/year.

The grain industry is one of the biggest agricultural industries in South Africa and by 2010 it contributed about 30% to the total gross agricultural production.

### Production areas

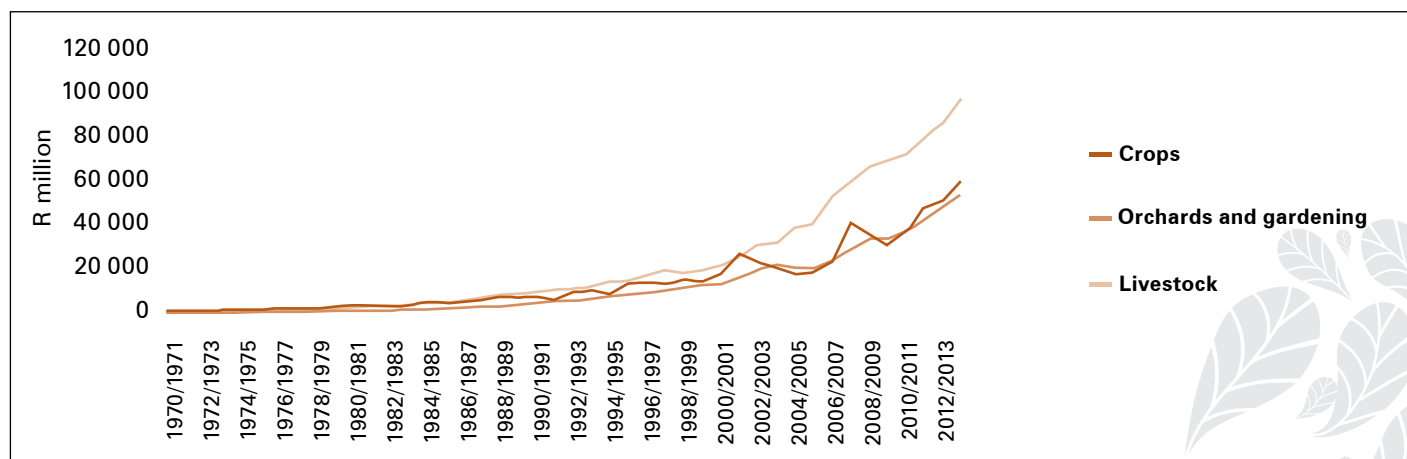
Maize, which is the biggest locally produced grain crop and is planted on the biggest area, is the main source of carbohydrates in the southern African region. South Africa is also the biggest producer of maize in the Southern African Development Community (SADC). Maize is produced mainly in North West, the Free State, the Mpumalanga Highveld and the KwaZulu-Natal Midlands.

Wheat is planted on the second biggest area, mainly in the winter rainfall areas of the Western and Southern Cape and in the eastern areas of the Free State.

South Africa is not a significant role player in the international sunflower market, as it contributes only a small percentage to the world's production of and trade in sunflower seed. Sunflower is cultivated mainly in the same areas as maize in South Africa.

Soybeans are cultivated mainly in the Free State, Mpumalanga and KwaZulu-Natal, with small plantings in Limpopo, Gauteng and North West.

Groundnuts were initially planted in the current Limpopo. Later it was expanded to the western parts of the country, and by 2015 it was concentrated primarily in the western and north-western parts of the Free State, North West and the Northern Cape.



Graph 5: Gross value of agricultural production since 1970





Sorghum is produced mainly in the drier summer rainfall areas of Mpumalanga, Limpopo, the Free State, North West and Gauteng.

## GOVERNMENT INVOLVEMENT

In the years before deregulation the South African government was not only involved in the marketing of agriculture through the control boards and schemes that were instituted in terms of the Marketing Act, but also intervened in other areas in order to assist producers in the country in times of crisis and address bottlenecks in the agricultural industry.

Each such event that concerned agriculture in general is mentioned below. Those that were more industry specific are included later in the perspective on the industry concerned.

### 1973 Drought aid

Because of the severe drought from October 1972 to February 1973, many producers could not plant summer crops, feed or cash crops that season. The crops of many of the producers who did manage to plant were seriously damaged by the drought.

SAMPI realised the effect of the drought on the producers and held a mass meeting at Wolmaransstad on 9 January 1973, at which the Minister of Agriculture, Mr Hendrik Schoeman, was also present. The critical position of the producers was clear from the fact that about 1 300 producers attended the meeting.

At the meeting SAMPI submitted five proposals to the minister to help to alleviate the financial position of the producers. This included that the funds in the Stabilisation Fund (see Chapter 2) be paid out to the producers as a final payment, that specific actions with respect to the selling price of maize and the export of maize be made, and that producers receive a reprieve for the repayment of their production debt from co-operatives.

Not long afterwards Minister Schoeman announced an aid programme for producers in the drought-ravaged areas. This contained various components, but probably the most important one for the grain producers was that co-operatives were allowed to postpone certain producers' payment of production debt by spreading it over a period of four years. Qualifying producers could also apply for production credit to establish crops in the subsequent season.


### Jacobs Committee

In October 1978 the government appointed the so-called Jacobs Committee to investigate the economic position of grain producers and agricultural financing in general, and make recommendations in this regard. The committee was tasked with specifically referring to the ever-increasing production costs, the growing debt position of grain producers, return on capital, the extent to which existing sources of financing provided in producers' short, medium and long-term financing needs, and the role of agricultural co-operatives in the provision of financing to producers.

In its report the committee supported the principle that production patterns had to be determined by actual production costs and ruling producer prices, but was not in favour of subsidies to producers to counteract rising production costs. They were of the opinion that the agricultural sector not only had to produce enough to provide South Africa's growing population with food, but should also produce for the export market.

The committee maintained that there were sufficient reasons to rethink measures that could improve producers' financial position in order to reinstate agriculture on a sound and viable footing. They also recommended that the strategic importance of agriculture to attain the objective of self-sufficiency in particular had to receive greater priority and that the government's objectives in this regard had to be spelled out clearly.

Among other things the committee concluded that the agricultural price policy had to be reformulated, and that adjustments to the Land Bank's policy on the



financing of producers and agricultural co-operatives were the right action. They also pointed out that there was a great need for co-ordination between agricultural co-operatives and government institutions with respect to technical and economic counselling to producers.

Most of the Jacobs Committee's recommendations were accepted in principle by the Ministers of Agriculture and Finance, particularly those that applied to the pricing policy, in order to adjust producers' profit margins. The committee's report eventually led to a decision by parliament to subsidise producers' interest rates.

### **Financial support by the government and the Burger Commission**

The declining profitability in many parts of the agricultural sector would have led to material decreases in farming income if it had not been for the government aid to producers. Despite the government's considerable financial assistance to producers, arrears on loans increased constantly as the financial crisis on farms deepened.

In 1979 the government introduced a drought aid scheme to the summer sowing areas, similar to a scheme that was introduced in the Swartland shortly before. The aim of the scheme was to grant special aid to stock and grain producers who experienced financial problems because of drought. It was limited to producers who were still creditworthy and who could prove that their losses were caused by the drought.

In terms of the scheme, the repayment of production credit that producers could not settle because of the drought was postponed. This applied only to production credit granted for the 1979/1980 production season and offered producers an opportunity to repay that production debt over a maximum period of four years. The interest on the relevant debt was subsidised by 3,5% by the government. The scheme also made provision for special credit to creditworthy producers to purchase animal feed in areas declared to be emergency grazing areas.

However, the government's financial aid over several years did not succeed in halting the structural deterioration in the profitability of farming and the debt load constantly increased.

A material component of the producers' short-term debt, which was mainly owed to co-operatives, consisted of transfer schemes for production credit guaranteed by the government. The state guarantee with respect to the producers' carry-over debt was originally introduced after the severe drought of 1982/1983. Producers of the time recount that it was a complicated system in terms of which the maize-producing areas were divided into regions according to the type of soil. On the basis of the classification of his soil a producer could apply for a certain part of his debt to be carried over to the next year, which was then guaranteed by the government. The production debt was eventually repaid by the producers at the subsidised interest rate.

In 1992 it was estimated that the total benefit from the government's interest-rate subsidy to producers from 1983 to 1992 amounted to about R1,31 billion.

The government guarantee on carry-over debt in effect became a permanent measure after 1983 and the value of this guarantee increased over time from R800 in 1983 to R2,4 billion in 1992. The drought of 1991/1992 had a major effect on this debt.

In 1992 the state announced 13 aid schemes to agriculture on the basis of the report of the Burger Commission. This included a drought aid package of R2,8 billion that was allocated to assist agriculture in the drought-ravaged summer sowing areas. Some sources refer to an amount of R3,4 billion, but this was not the final amount that was ultimately agreed on with the government.

The drought aid package consisted of a subsidy calculated at R375/ha, which was paid to co-operatives and comprised the following:

- A carry-over debt subsidy of R175/ha to every qualifying producer, based on the average proven area under cash crop production for the 1989/1990, 1990/1991



and 1990/1991 production seasons. This amount was paid to each qualifying producer, regardless of the extent of their debt to co-operatives or ability to recover. It was therefore also paid to producers who did not have carry-over debt.

- A sliding scale crop-damage subsidy of R100/ha to producers who had had crop damage during the 1991/1992 production season. This was based on the proven area of cash crops that had been planted during this production season and/or was being planned, taking the proven crop produced during the season into account.
- A carry-over debt subsidy of R640 million in total that was paid to qualifying co-operatives. The division of the amount between the co-operatives was done pro rata according to the ratio in which each co-operative's outstanding production debt stood at the end of the 1991/1992 production season, i.e. on 31 August 1992, to the total unpaid production debt of that season at all qualifying co-operatives on that date. The calculation was done after the employment of the carry-over debt subsidy of R175/ha and the crop damage subsidy of R100/ha had been taken into account.

The implementation of this aid package also meant the end of the government guarantee.

The 1994/1995 production season was once again one ravaged by drought. The impact of this was that the main agricultural crops demonstrated a decrease in production of about 52% compared to the previous season, and in certain parts of the country producers experienced total crop failures. Because of this many grain producers experienced major problems in obtaining product financing for the next season, while perennial crop producers did not have the financing to re-establish orchards that had died off because of the shortage of irrigation water.

Because of the effect of the drought, the cabinet allocated an amount of R199,5 million to agriculture in October/November 1995 for financing aid to small-scale irrigation farmers, an animal feeding scheme and assistance with the re-establishment of perennial crops, or input financing of dryland crops.

Since then assistance from the government to agriculture has been limited to a few cases where actual disaster conditions were experienced, and agricultural producers essentially bore the risk of unfavourable economic and climatic conditions themselves.

## **Storage and silo building programme**

In the early 1900s grain was harvested in sacks and transported by ox wagon to railway stations or co-operatives, where it was graded and stored on behalf of the

**IT SEEMS THAT THE  
FIRST GRAIN SILO  
IN SOUTH AFRICA IN  
WHICH 7 040 TONS  
OF MAIZE COULD  
BE STORED WAS  
ERECTED FOR A MILL  
IN VEREENIGING.**

### **IN 1925 CJ BOSMAN REPORTED AS FOLLOWS IN SUID-AFRIKAANSE GESAAIDES:**

**'The government constructed grain elevators in Durban and Cape Town and about thirty places in the main maize regions in the Union. Now there are great savings in the handling of the crop; sacks are largely being eliminated; wastage has been reduced to a minimum; the industry has been given a great boost; the farmer is expected to receive a greater part of the profits; buying and selling are easier; the export trade can be regulated better and the industry has been placed on a better footing.'**





producers until it was delivered or dispatched to buyers. Because storage in the open (often on the platform of the railway station) caused material problems with contamination and quality, large corrugated iron stores were constructed in which the bags of grain were stored.

The increase in production during the early 1920s and the requirements regarding the weighing, cleaning, grading and storage brought about by increased exports emphasised the storage problem. At that stage Canada and the USA were already using silo storage and a delegation was sent there to investigate this method. On the basis of this investigation, as well as the report by the Clark Committee, South African Railways and Harbours (SAR&H), which was part of the government administration, built two silos – one at the Durban harbour with a capacity of 42 000 tons, and one of 30 000 tons at the Cape Town harbour.

The SAR&H also started constructing silos along railway routes and by 1924 the following silos (later commonly known as the Railways silos and then as the B silos), with a total storage capacity of 101 850 tons, had already been constructed in the interior:

Station	Capacity (tons)	Station	Capacity (tons)
Frankfort	5 800	Ficksburg	2 600
Heilbron	5 800	Middelburg	2 600
Klerksdorp	5 800	Makokskraal	2 600
Reitz	5 800	Moorreesburg	2 600
Bethal	4 800	Potchefstroom	2 600
Bethlehem	4 800	Leslie	2 600
Kroonstad	4 800	Pienaarsrivier	2 200
Bothaville	4 800	Ventersburg	1 800
Kinross	4 800	Kaallaagte	1 800
Senekal	4 800	Koster	1 800
Rendezvous	4 800	Leeudoringstad	1 800
Lindley	4 800	Makwassie	1 800
Balfour	3 000	Val	1 800
Clocolan	3 000	Westminster	1 800
Ventersdorp	3 000	Davel	1 800
Vermaas	3 000	Standerton	1 800
Vrede	3 000	Settlers	1 750
Coligny	2 600		

These silos received, graded, weighed, cleaned and stored only grain, and did not trade in grain themselves.

Initially, grain was delivered at the silos mainly in sacks, but also to an extent in bulk. The way in which the grain in silos was managed had several benefits, including certainty with respect to grade and mass, the possibility of guarantees by way of grain vouchers and a reduced risk of losses during the loading process.

Storage at silos initially encountered considerable problems and the safe and effective storage of maize was a source of concern for the Maize Board and the government from the earliest days. The problems experienced led to the government ordering an investigation into the storage of maize in 1945. As a result of this the Maize Board sent a delegation overseas in 1949 to investigate methods of bulk handling in Australia.

In 1951 the Maize Board allocated an amount of R300 000 for the construction of a grain silo at Lichtenburg. The bulk store that was constructed was commissioned in 1953 and was the forerunner of the movement to construct bulk handling facilities for maize in South Africa.



In February 1952 the Minister of Agriculture announced a long-term loan scheme to the value of R10 million for constructing grain silos, to be financed by the Land Bank. This only really gained momentum in the early 1960s, when the agricultural co-operatives at the time, being agents of the control boards, started to construct grain silos under the supervision of a Grain Silo Committee.

The Grain Silo Committee was constituted from representatives of the Department of Agricultural Economics, the Maize Board, Wheat Board, Oilseeds Board and Sorghum Board and had the final say with respect to the location, capacity and design of the silos. The Land Bank considered applications for financing for the building of silos only if they were backed by a certificate from the Grain Silo Committee.

The construction of bulk facilities for storing grain started getting momentum from 1961. Various methods were used in the construction of grain silos in the course of time, for example the so-called concrete chute construction method. Later vertical concrete structures were constructed that could take in and offload grain at a quicker rate, with the additional advantage of more effective fumigation.

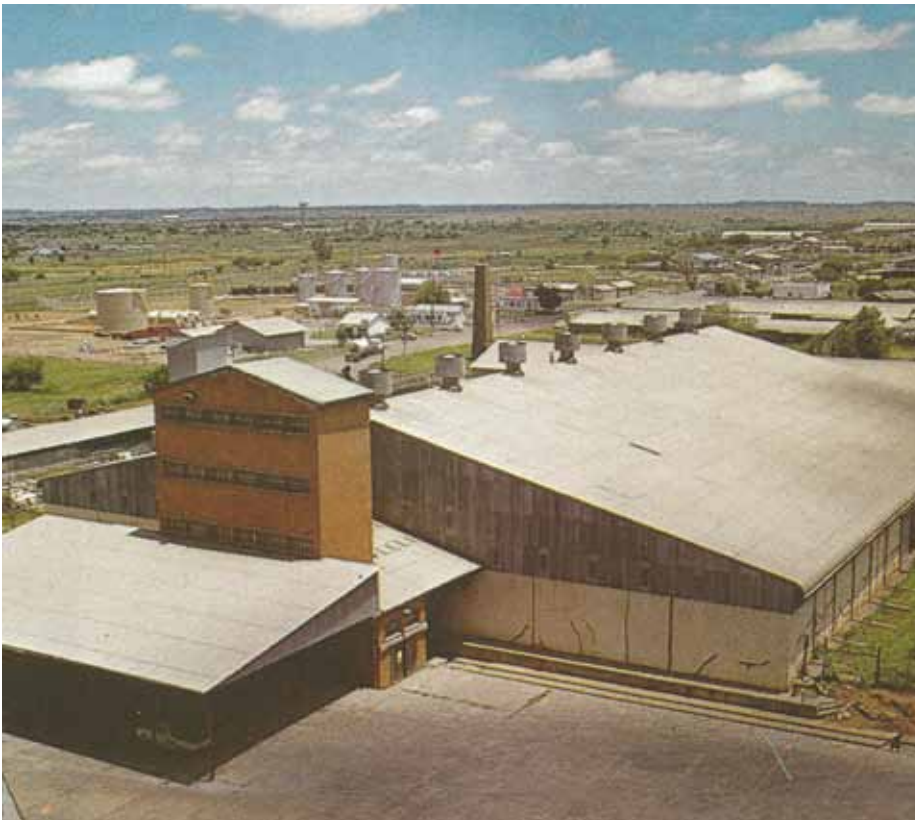
The agricultural co-operatives at the time constructed a total silo capacity equal to 15 465 432 tons of maize, of which 14 492 576 tons was constructed at 220 depots in the north of the country, and 972 856 tons at 46 depots in the south (Western Cape).

The regulated silo building programme was suspended in 1984. At the beginning of 1990 the Minister of Agriculture, Dr Kraai van Niekerk, disbanded the Grain Silo Committee, and state loans for the construction of grain silos were abolished. This brought an end to the control and restrictions on the construction of grain silos.

Silo owners earned a good income for storage compensation, particularly in the period from 1986 up to the deregulation of the markets in 1996. As agents of the control boards they received a guaranteed set capacity compensation, regardless of the quantity of grain stored in the silos, as well as a handling fee that was based on the quantity of grain received at and dispatched from the silos.

After deregulation and the abolishing of the control boards, this guaranteed compensation ceased. In addition any person or institution could receive, store, buy

**THE AGRICULTURAL  
WAREHOUSE ACT  
PROMULGATED IN 1930  
CREATED A LEGAL  
FRAMEWORK FOR  
TRADING GRAIN BY WAY  
OF GRAIN RECEIPTS OR  
SILO CERTIFICATES. IT WAS  
REVOKED IN 1975.**



**Mass storage facility in Lichtenburg.**





**NOORDWES KOÖPERASIE (NWK) TOOK CHARGE OF ITS FIRST GRAIN ELEVATOR, CONSTRUCTED AT LICHTENBURG, IN 1959.**

**THE FIRST SILO FOR SENTRAALWES KOÖPERASIE (SENWES) WAS BUILT AT BULTFONTEIN AND COMMISSIONED IN 1964.**

and sell grain after deregulation. This paved the way for alternative and cheaper storage methods, like bulk silo sacks (which were introduced from Argentina as a new storage solution to producers), grain dams and private storage facilities on farms.

Because producers could market their grain directly, private storage and the sale of grain directly from the field (the process known as land load) gradually increased, which placed great pressure on the profitability of traditional silo structures.

Farm storage had the benefit for producers that harvesting was shortened because the trailers of trucks had a shorter turnaround time and the vehicles did not have to drive on public roads. The shortened harvest also meant that producers could start preparing their fields for the next season more quickly. Producers could store grain for own use much more cheaply, without the expense of transporting it back from the traditional silos when required. This naturally also entailed certain demands, like capital investment and constant managing of the grain in storage, which was handled by the co-operative silo owners with established expertise.

The flexibility of the deregulated market environment made it possible for producers who had their own storage facilities to market their grain more effectively by better utilising opportunities offered by the market. Analysts and academics also think that the deregulated environment promoted the profitability of maize production for the producers in the first decade after deregulation. This could place producers in a better financial position to implement structural changes in the running of their farms, like constructing their own storage facilities.

All these factors, together with the tax benefits of building silos on farms, considerably stimulated the creation of alternative storage facilities away from the traditional structures of the agribusinesses and co-operatives.

Commodity traders who did not, like the co-operatives, have their own storage facilities, also started to establish alternative storage facilities like grain bunkers in areas close to the mills they supplied with a view to reduce storage and handling costs.

However, at the same time, grain started trading on Safex with the requirement that contracts could be traded only by Safex-approved silos. This limited the use of the new alternative facilities for trading on Safex, except in the case of localities that had been approved for this purpose by Safex.

## **Transport**

The way in which grain was transported to markets changed constantly since the beginning of the twentieth century as transport methods and storage facilities changed. For the greatest part of the period up to the middle of the 1990s the majority of grain was transported by rail.

During the regulated era the control boards were essentially the only entities that transported grain on a large scale in South Africa. They mainly used rail transport, which was provided only by the government's Railways and Harbour Administration (later Spoornet). It was therefore easier to co-ordinate transport needs to the interior as well as to and from the harbours, and effective methods and practices were developed in time to make this possible.

The control boards were informed about expected crop sizes and their distribution across the country and could therefore ensure timeously that effective transport



**Ready to sail.**

arrangements were made. However, the deregulation of the grain industry changed the playing field completely. Suddenly there were many more role-players in the grain industry who each focused on his own needs without taking the total position with respect to the supply and demand of transport into consideration and without any co-ordination. Likewise, the import and export of grain was no longer co-ordinated, and the entry of material foreign role-players like Cargill and Louis Dreyfus led to even greater complexity.

These factors, together with other logistical challenges with respect to storage capacity and the handling of many more unique consignments, promoted a major diversified, unpredictable and unstable need for transport. This, together with needs like shorter turnaround time, quick reaction and adaptability that are unique to the free market, created the opportunity for alternative transport. The transport of grain by road increased rapidly, to the extent that in 2015 about 85% of all grain in South Africa was estimated to be transported in this way, compared to 15% in 1990.

## **Agricultural research and technology**

On 1 April 1992 the Agricultural Research Council (ARC) was established as a relatively autonomous institution as a result of the restructuring of the Department of Agricultural Development, which involved the deregulation and privatisation of certain divisions of the department.

Initially, the ARC comprised twelve research institutes that were transferred from the Department of Agricultural Development to the ARC. Up to that stage the Department of Agricultural Development was responsible for the major portion of agricultural research in South Africa. The department was assisted with this by the agricultural faculties of universities, the marketing councils that made important inputs, agricultural co-operatives, private undertakings and the Department of Development Aid from the government. The Department of Agricultural Development had the biggest manpower component for agricultural research, with about 5 600 staff members, which included 950 researchers, 58 agricultural economists and 46 agricultural engineers.

The Department of Agricultural Development also had well-equipped laboratories with a total floor area of about 14 000 square metres, in addition to 74 experimental farms, spread across most of the climatic regions and cultivation areas in South Africa. The experimental farms carried out field trials under controlled conditions and



**Maize imports.**





played an important role in research, expansion and training, in addition to practical demonstrations of farming practices, systems and the development of new cultivars.

The ARC's main aim is to provide effective technology to all the participants in agriculture and related industries in order to ensure dynamic and environmentally friendly industries that are competent to produce adequate agricultural products of acceptable quality for consumers to produce. This includes providing information and research results as well as developing human capital.

With the transfer of the twelve research institutes to the ARC, the Department of Agricultural Development retained certain regional organisations and directorates, including the Directorates of Agricultural Engineering and Agricultural Economics. The changes went hand in hand with the closure of certain departments and a gradual shift in the focus to include the developing agricultural sector too.

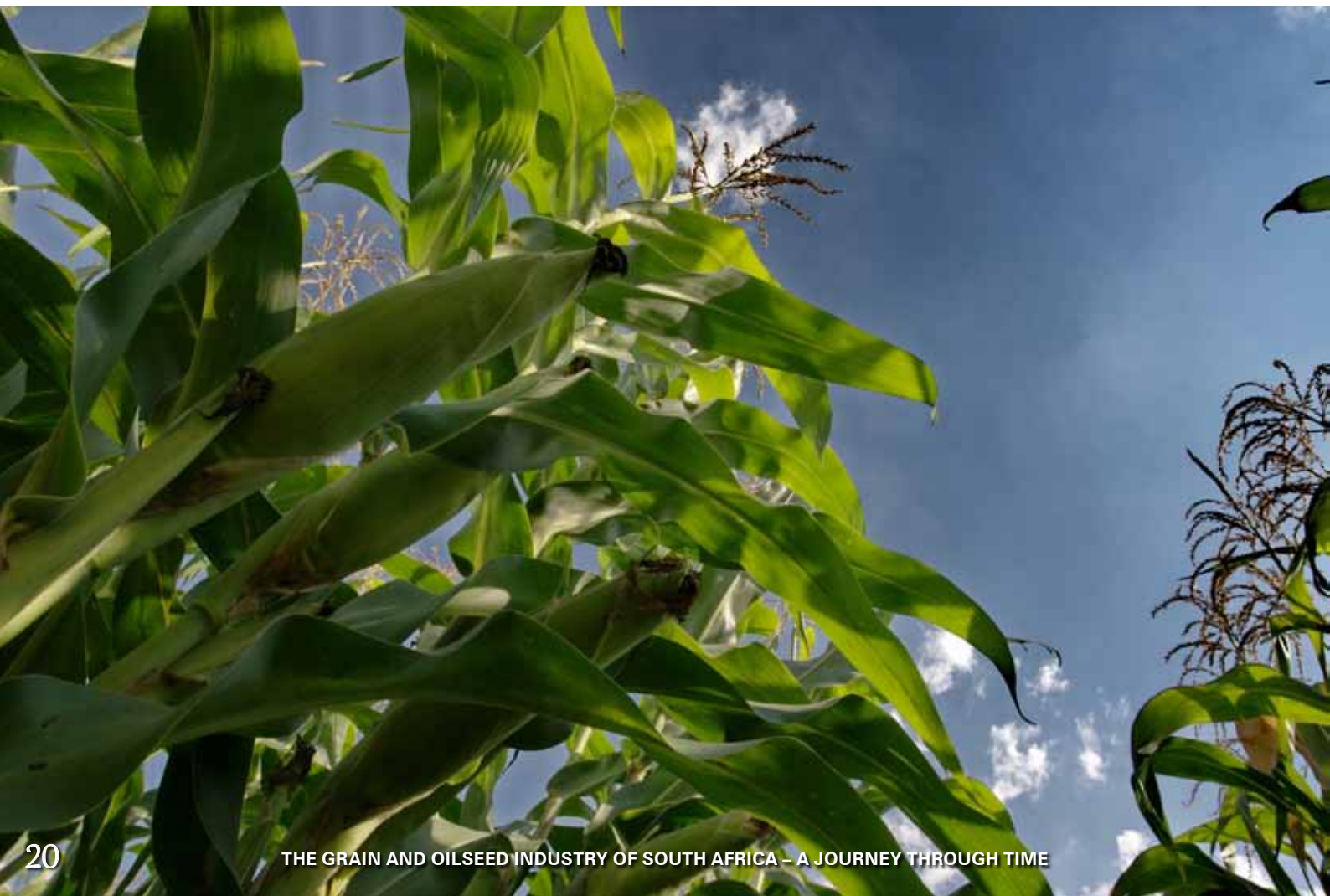
In time, undertakings in the agricultural industry like the fertiliser companies and former co-operatives built their own research facilities and laboratories to fill gaps in certain research needs that developed after deregulation.

Grain SA also fills an important function to co-ordinate agricultural research with respect to grains and oilseeds, eliminate duplication, guide research priorities and establish synergies between various local and even international research disciplines. Since 2012 Grain SA carried out pioneering work in this regard and the industry is still benefiting from it. Chapter 7 refers in more detail to the role of Grain SA with respect to research initiatives in support of food security.

## **MAIZE PERSPECTIVE**

### **Introduction**

Maize is undoubtedly the biggest field crop in South Africa, and the staple food of the majority of not only the local population, but also of the biggest part of the

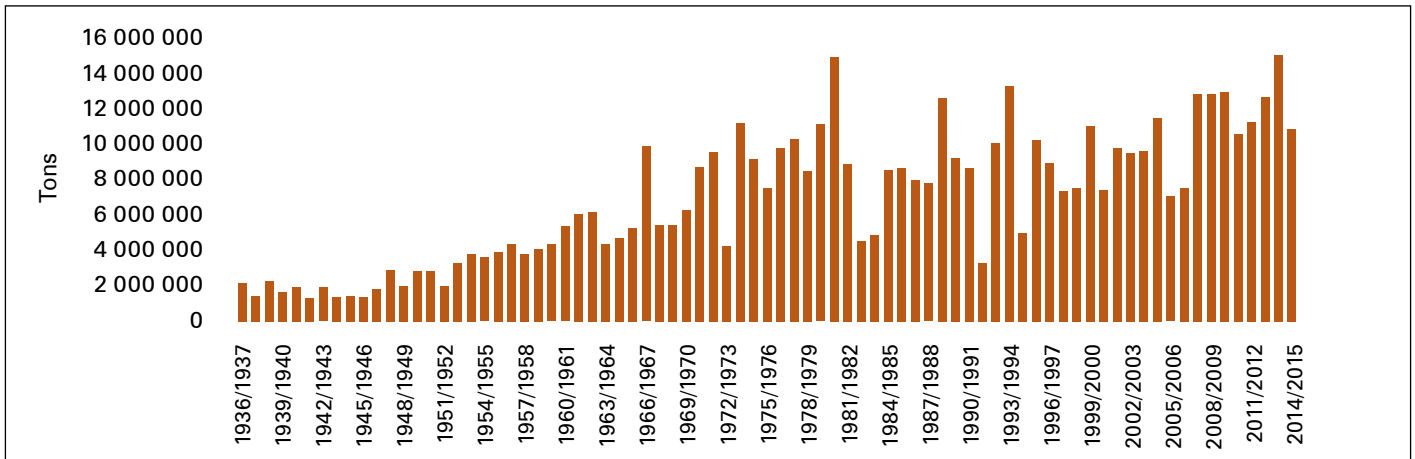




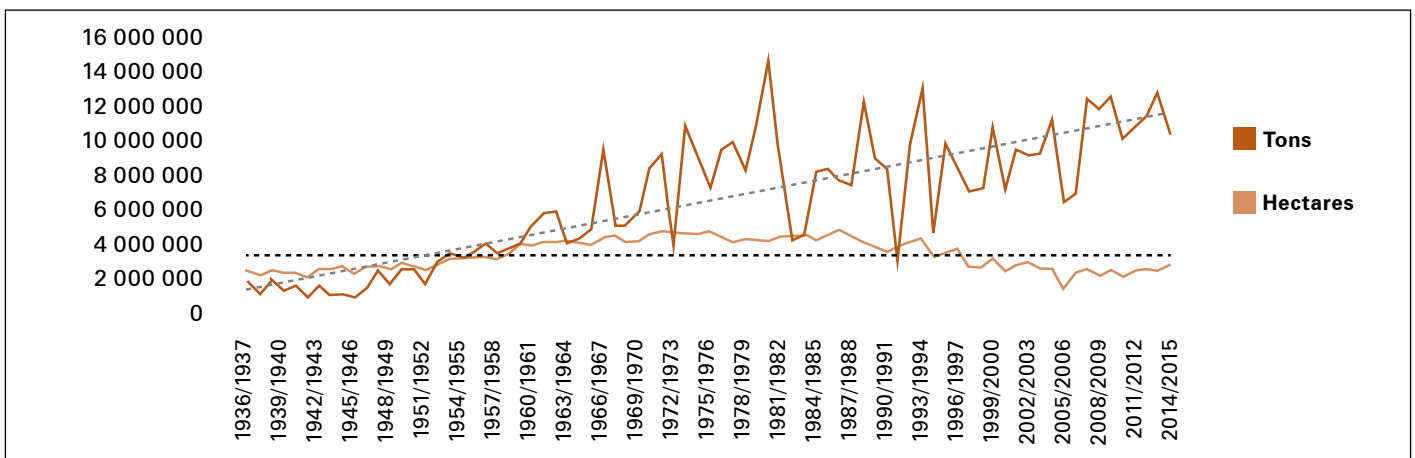
Southern African population. Graph 7 provides an overview of the history of maize cultivation in South Africa since the 1936/1937 season in terms of the number of hectares cultivated and the total yield/year.

As shown in Graphs 8 and 9, from 1970/1971 the production of maize was distributed between the provinces of South Africa.

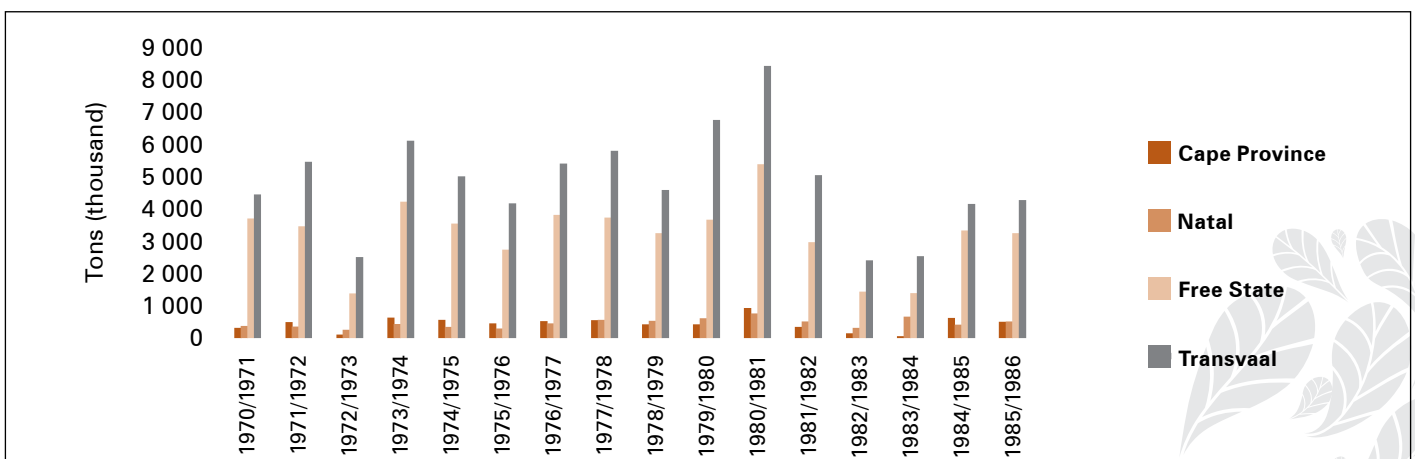
Approximately 50% of South Africa's domestic consumption of maize is for human needs, as is demonstrated by the above statistics (see Graph 10).



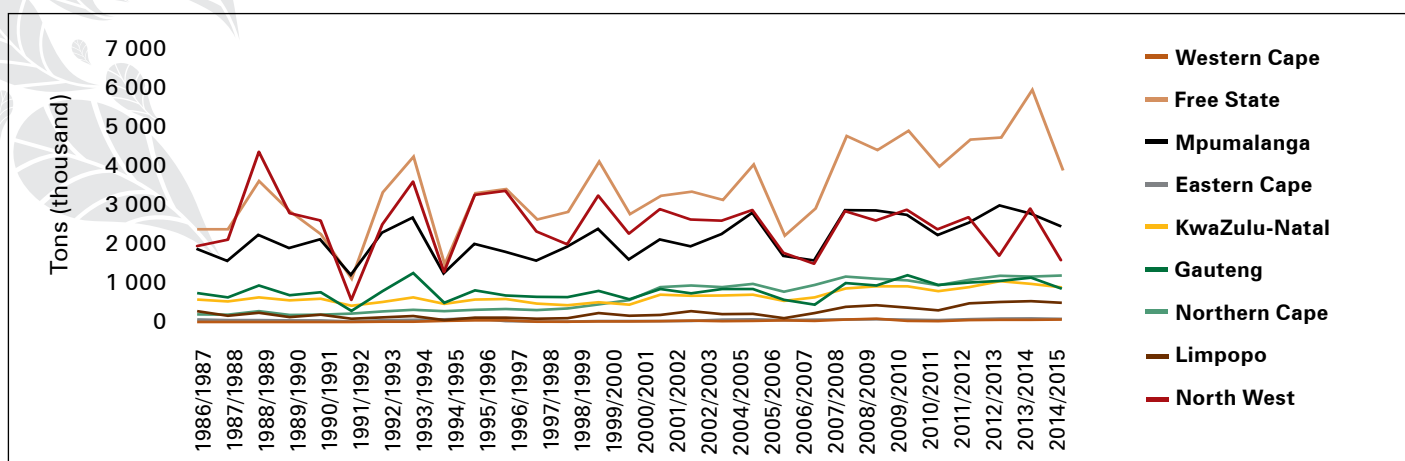
Graph 6: Maize production in South Africa



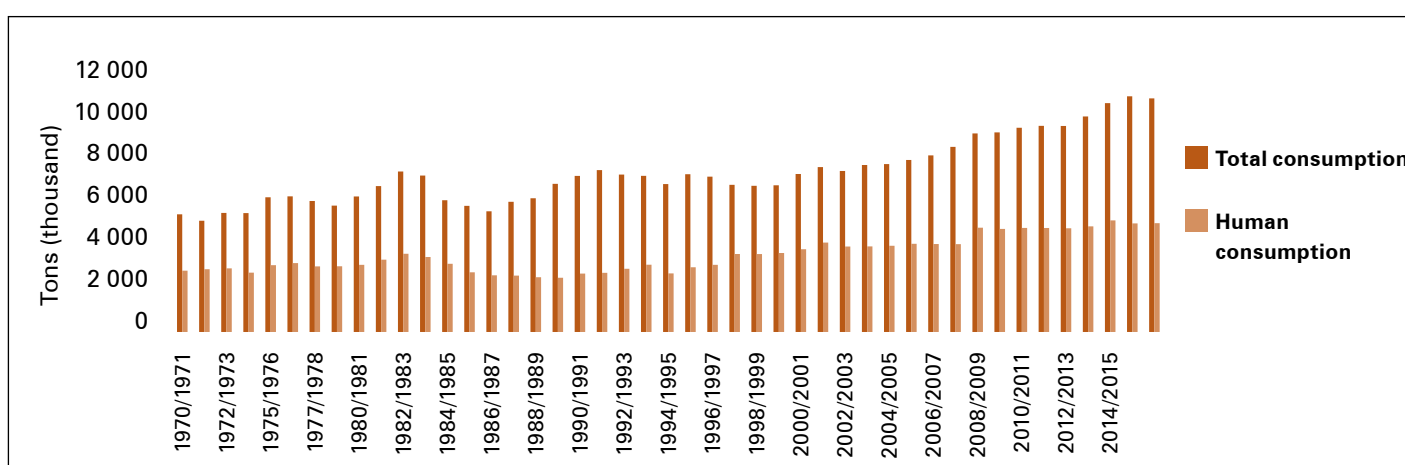
Graph 7: Maize production in South Africa – maize plantings and yield



Graph 8: Maize production per province



Graph 9: Maize production per province



Graph 10: Maize: Annual domestic consumption

## Production

It seems that maize originated in Mexico and Central America, and from there spread across the globe, to the extent that it was regarded as the third biggest staple food in the world by 2010.

Although maize was already cultivated by the indigenous population when the Dutch settlement was established at the Cape, the first maize seed for commercial planting was received at the Cape on 25 November 1655. However, according to the diary of Jan van Riebeeck, the first seed was planted on his recommendation only in July 1658. Naturally, it could not be cultivated successfully in the winter rainfall region of the Western Cape, and maize cultivation was only really established with the settlement of the 1820 Settlers in the Eastern Cape, and gained momentum as the Great Trek progressed further northwards from 1838.

Maize production in South Africa only really became relevant after the discovery of diamonds in Kimberley in the 1870s and gold on the Witwatersrand in 1886. Until that stage the cultivation of maize was mainly done on the basis of subsistence farming. The discovery of diamonds and gold, which was accompanied by accelerated growth in transport and communication systems as well as other technological development, led to a concentration of people in certain areas and promoted a considerable increase in the demand for maize and other agricultural products. Maize production was given a further boost when cylinder-type threshers became available in 1902. Before that it was a major problem getting the maize kernels from the stalk.

At the turn of the century, around 1900, the production of maize was stimulated further by the start of maize exports. The first recorded maize exports were by a

**IN 1907 ABOUT 490 378 HA OF FIELDS WERE PLANTED IN THE TRANSVAAL, 274 574 HA OF WHICH WERE UNDER MAIZE.**

INITIALLY, GRAIN PRODUCTION FOCUSED MAINLY ON LAND THAT COULD BE IRRIGATED IN SOME WAY. PRODUCERS PLOUGHED WITH OXEN AND PLANTED AND HARVESTED BY HAND. DISC PLOUGHS WERE REGARDED MORE AS MODERN IMPLEMENTS. NEVERTHELESS, PRODUCTION GRADUALLY INCREASED AND AS AGRICULTURE GREW, PETROL AND PARAFFIN-POWERED TRACTORS AND MECHANISED PLANTERS WERE IMPORTED. IN ADDITION THE FACT THAT THE PLANTERS COULD PLANT CONSIDERABLY LARGER AREAS IN THE SAME TIME, THEY HELD THE BENEFIT OF MORE EVEN DISTRIBUTION OF SEED AND THEREFORE MORE OPTIMUM USE.



firm called King and Sons, who exported a small quantity of maize to the United Kingdom (Britain) in 1893. In the decade after that it increased, and the trend indicated that South Africa could possibly become a regular maize export country.

The Natal producers, who focused more on agronomy than the producers in the republics in the interior, also experimented with exports. In 1907 a newspaper at the time reported that the Transvaal government was impressed with the success of the Natal exports to the extent that they decided to establish a large maize-producing industry in the Transvaal and allocated a specific amount for this.

Maize exports by the Transvaal from about 1908 helped to stabilise prices, as the local supply had already started to exceed the domestic demand. However, it was already clear that the exporting of maize had to be approached in a more scientific manner. The governments of the different colonial regions in South Africa consequently appealed to traders to provide support with the selling of grain – not just locally, but also on overseas markets. The quantity of maize consumed in England and the different employment opportunities for this in Europe created good market opportunities for South African maize.

The government played an active role in the exports by facilitating the logistical arrangements and even offered special rail and shipping freight tariffs for exports. Copies of weekly maize market reports from England were provided at railway stations and producers were strongly encouraged to plant more maize.

By 1910 maize was already being exported to 16 countries from South Africa, including to Canada, Australia, Britain and India.

In 1914, Joseph Burt Davy wrote in his book, *Maize – Its history, Cultivation, Handling and Uses* that the considerable growth of the South African maize industry up to that stage would not have been possible if it had not been for the export market, because the domestic use would not have been able to absorb the production.

From 1918 to 1939 South Africa was primarily a net exporter of maize. During this period maize was imported only once, namely 272 tons during the 1933/1934 season. In the 1920s maize exports were reasonably profitable on a constant basis, but in the 1930s it varied sharply.

As nitrogen was not available in the earliest years, producers mainly used phosphate and kraal manure as fertilisers. In 1903 phosphate was manufactured by the fertiliser factory SAFCO, which was based in Durban. Later, by about 1919/1920, companies like Kynoch and Cape Explosives manufactured large quantities of phosphate as a by-product of explosives.



**BETWEEN 1924 AND 1940 AN AVERAGE OF 312 094 TONS OF GRAIN PER YEAR WERE EXPORTED THROUGH THE SOUTH AFRICAN HARBOURS AND AN AVERAGE OF 900 000 TONS PER YEAR OVERLAND TO NEIGHBOURING COUNTRIES.**



In 1907 research into dryland cultivation of maize started, and in 1911 the first Congress was held on the topic. At that stage about 863 000 tons of maize had already been produced in the Transvaal. The research was mainly on moisture preservation and breeding better seed. The Hickory King cultivar, an early-ripening maize seed that was suitable for dryland cultivation on the Highveld, was released in 1912. In the Free State and Western Transvaal good results were also obtained with the Sahara Yellow cultivar.

### ***Increase in production and consumption***

In the period from 1918 to approximately 1930 there was no significant growth in the areas planted under maize. Maize products did systematically start increasing after the end of the First World War in 1919, but prices were unstable, marketing was disorganised and because of the Depression a major shortage of funding was experienced.

From about 1930, however, maize production started showing a rising trend. Prevailing climatic conditions had the biggest influence on the size of the area planted under maize, but more modern farming methods and increasing mechanisation raised yields/unit. In spite of a considerable increase in the use of fertiliser, tractors and mechanised implements, the average dryland yield for maize before 1939/1940 was less than 1 ton/ha, with the highest, namely 0,94 ton/ha, occurring in the 1939/1940 season.

The domestic consumption of maize increased from 683 000 tons in 1911/1912 to 1 430 000 tons in 1939/1940. The ongoing drought in the early 1940s, together with the growing demand for maize because of the outbreak of the Second World War, ultimately led to major maize shortages in South Africa that could not be resolved only by control measures in terms of the Marketing Act. Consequently the government appealed to the London Food Council and the Combined Food Board for larger grain allocations to South Africa. This was not very successful, as all the producing countries first wanted to meet their own needs. The government was therefore forced to investigate other sources and succeeded in 1945 in entering into an exchange arrangement with Argentina in terms of which South Africa delivered coal to Argentina in exchange for maize. The agreement was later renewed for 1946 and 1947.

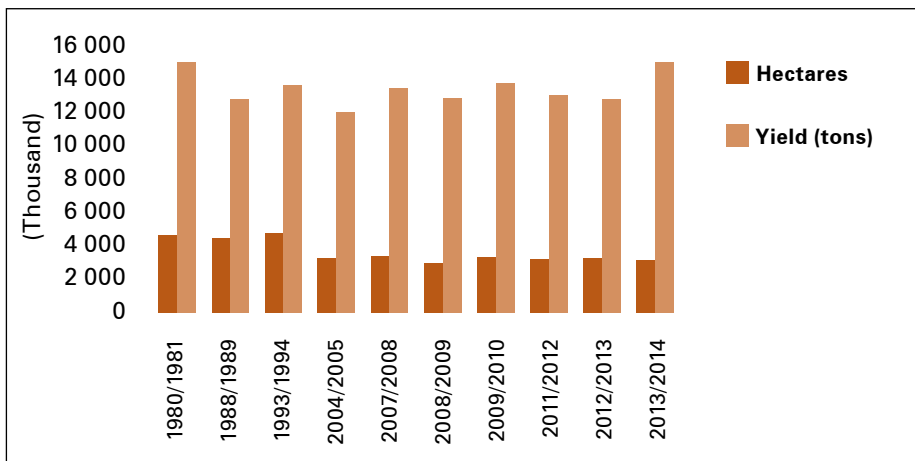
The Maize Board's first official maize export contract was concluded in 1973 with Taiwan for exporting 1,2 million tons of maize over a period of three years. This not only paved the way for other trade between South Africa and Taiwan, but was followed by export contracts in 1975 (for 1,35 million tons), 1979 (for 1,8 million tons) and 1982 (for 1,8 million tons).

### ***1981 record crop***

The maize crop of 1981 was the biggest produced in South Africa until 2015. In that year, almost 14,87 million tons of maize were produced, of which 13,6 million tons were delivered to the market by producers – approximately seven million tons more than the domestic demand at that stage. Consequently the industry was confronted



**The signing of the first long-term maize export contract between the Maize Board and the Republic of China in Pretoria on 24 January 1973.**



**Graph 11: Ten biggest maize crops versus hectares planted since 1980**

by an enormous surplus of maize in 1982. In addition, the export prices in that year were very low, and because of political sanctions against the country South Africa could not readily export maize, despite the location advantage with respect to quite a number of the large world markets. Exports were further hampered by inadequate and uneconomic shipping facilities in South Africa. In many cases it was also not possible to compete with countries like the USA on the basis of lower prices, as the latter country sold its maize to potential South African markets on a subsidised basis.

### ***Exchange transaction with Romania***

Luckily the Maize Board could succeed in securing an exchange transaction for urea with Romania, on the grounds that 204 880 tons of yellow maize were exchanged for 208 000 tons of urea. The Romanians enquired from the Chairperson of the Maize Board, Mr Crawford von Abo, about the possibility that the Maize Board could supply them with maize. Up to that stage Romania's maize had been supplied by the USA, but that ceased and the Romanians had to find alternative sources to feed their approximately one million pigs.

The Romanians could not pay the Maize Board for the maize, but they were willing to engage in an exchange transaction – be it for weapons, oil or fertiliser. The proposals were discussed with the government and it was decided that it would be urea, especially because nitrogen prices were sky rocketing at that stage. Even though the government – more specifically the Minister of Trade and Industry, Mr Dawie de Villiers – was strongly opposed to the idea, he later agreed that the transaction could proceed on the condition that it be channelled by the Fertilizer Society.

The final negotiations regarding the transaction, where the Maize Board was represented by Von Abo as well as Messrs Boetie Viljoen (Vice-chairperson of the Maize Board) and Hendrik Nel and two lawyers, took place in Murten, Switzerland. It continued for a week before agreement was reached. One aspect that received a lot of

**BY 1923 THERE WERE  
ALREADY 20 DIFFERENT  
MAIZE CULTIVARS  
AVAILABLE IN  
SOUTH AFRICA.**

Mr Crawford von Abo, who, as Chairperson, handled the negotiations on behalf of the Maize Board, recounted that he was not prepared to concede that the transaction be carried out by the Fertilizer Society because he wanted to retain the benefit of this for the maize producers. When the government did not want to give in, he threatened to 'take them on in politics'. A report then appeared in a Sunday paper implying that the producers were doing business with the communists.

These events occurred at the time the South African defence force was involved in a war in Angola and the Romanians fought for the enemy against South Africa. The newspaper article therefore also caused considerable embarrassment, but eventually the Maize Board was given the green light and finalised the transaction.

## EXCHANGING MAIZE FOR UREA

MR CRAWFORD VON ABO



People from Romania came to see me and asked whether the Maize Board was interested in doing business with them. Mr Hendrik Nel, manager of the Maize Board, felt that the government would never permit us, as the RSA was involved in a war in Angola. I told him that I was not involved in any war. If it was in the interest of the producers for us to do business with Romania, then we would do it. Hendrik and I then went to Bucharest at their expense.

The Romanians had done business with America in the past, but they did not want to supply them with maize for their pig farming operations of about a million pigs any longer. They were unable to pay us, but they could provide anything in exchange: From oil or fertiliser to weapons...we could choose. I asked him to give me time, because I first had to discuss it with the government.

As nitrogen prices had shot up in this period, it made sense to exchange urea for maize. Minister Dawie de Villiers – whom I went to see in the Cape – then wanted the transaction to be done by the Fertilizer Society, but I refused. I wanted the benefit to be for the maize industry. They did not want to do this at all, until I threatened to take them on in public about it.

It was then leaked to a Sunday paper that the maize producers wanted to do business with the communists. I was never in my life reprimanded like that Monday! In addition, the Romanians phoned me

from London – they were just as embarrassed, because they were also involved in the war and here the story leaked that they were going to do business with us. I told them that if they wanted to wreck the transaction for ever, they had to give these people what they wanted; they had to give me a chance to see this thing through. I then flew to the Cape and saw Minister Gerrit Viljoen's secretary (whom I knew well), and asked her who had leaked the story to the newspapers. By the end of the week she called me and told me the Security Police were on her trail. Then I told her to rather leave it.

Approval was obtained at last, and we did the exchange transaction with the Romanians, withdrew the quantity of maize from the market and brought down fertiliser prices. The mistake we made was to concede to De Villiers' request that we would phase in the urea over three years and that it would be stored at the Fertilizer Society's facilities in Umbogintwini.

Someone let me know that I had to go and check what they had done with our urea. When I got there, I found the urea packed flat over a 100 m-wide strip and leached to such an extent that the grass for about 300 m had died. During an appointment with Minister De Villiers in Pretoria I told him that the urea was theirs and not ours, and that the Maize Board would not pay for the damage. Mr Andries Beyers (Chairperson of Uniegraan at the time), immediately agreed that the urea could be stored securely in Uniegraan's sack stores.





## NEGOTIATIONS ABOUT TRACTORS AND OIL DURING SANCTION YEARS

MR JAPIE GROBLER

In the days of political sanctions against South Africa I was privileged to be involved in the importing of tractors from the former Eastern Bloc countries. In England and Poland (therefore behind the so-called 'Iron Curtain') research was conducted on the rebuilding and upgrading of old, worn-out tractors. In Poland no-one could speak English and it was a nightmare just getting through the airport and immigration. No taxi could help you and people on the street were oppressed and pathetic and even afraid to be seen with a stranger.

On another occasion in the eighties I was part of negotiations with Iran – this was on a Sunday – to exchange the major part of South Africa's exportable surplus maize for oil through two intermediaries, and then ultimately in the final phase on behalf of the South African government, which could not get any oil in those years. Naturally this was highly confidential and could never be talked about. The agreements were sealed with a handshake and nothing could be reduced to writing. The sheiks who exchanged the oil never showed their faces, and every time somebody new came in to negotiate, you were unsure whether it was the same person as the one who had left the room. Today I can admit that I was petrified and not sure about my own and my partners' safety.

With acknowledgement to the centenary publication of Senwes: "Tyd kweek wenners – Senwes, 'n Eeu van landbou".

**IT IS IRONIC THAT THE ROMANIANS FED THE MAIZE OBTAINED FROM SOUTH AFRICA TO THEIR PIGS, AND THEN EXPORTED THE PIGS TO THE USA, WHICH HAD INTRODUCED STRONG SANCTIONS AGAINST SOUTH AFRICA.**

attention was the quality of the urea. The party in Switzerland was in constant contact with Dr Piet Gous, General Manager of NAMPO, to ensure that the product met all the required standards. Only after they had been assured of this fact, the transaction could be finalised. Both parties performed according to the agreement, and the urea was received in the Durban harbour later in 1982.

At the insistence of Minister De Villiers and the Fertilizer Society, the urea was stored by the latter at their plant at Umbogintwini in KwaZulu-Natal. However, the Maize Board was not satisfied with the way in which this was done and later moved it to other covered storage facilities of their choice.

The fertiliser was sold by the then co-operatives. Noordwes Koöperasie (NWK) of Lichtenburg in North West, under management of Mr Andries Beyers, played a very important role in this.

The Maize Board was satisfied with the overall transaction, as it was of great benefit to the maize producers, because it simultaneously brought higher producer prices for maize and lower fertiliser costs. The financial benefit for the maize industry amounted to several millions of rands.

### ***1982 – disaster drought and imports***

During the 1982/1983 production season, the maize producing areas again experienced a disaster drought. By the end of January 1983 the situation had worsened to the point where Viljoen (the Vice-chairperson of the Maize Board at that stage) in the absence of the Chairperson, Von Abo, announced that no more maize was to be exported. This step, together with action from the Maize Board in buying back maize already sold for export, succeeded in the end and the Maize Board could carry over approximately 1,2 million tons of maize to the next season. In spite of this, due to the lengthy drought and consecutive bad crops it was still necessary to import large quantities of maize during the following year.

The reality was, however, that there was no white maize available in the world and that mostly yellow maize was imported from the Gulf of Mexico. It was third grade yellow maize and especially at the beginning of the import programme a lot of the maize was contaminated with aflatoxin, which forced the Maize Board to destroy it.

The first imported maize arrived in Cape Town harbour on board the ship Sea Grand Ace on 19 June 1983. A total of 157 shiploads of maize with a total mass of 4,4 million tons and a value of approximately R800 million were ultimately imported during this period. The last of the imported maize arrived in Cape Town on board the ship Nosira Sharon on 18 March 1985. At the beginning of the import programme it was estimated that only about 225 000 tons of maize/month could be imported due to capacity restrictions. However, during some months as much as 335 000 tons were offloaded, thanks to excellent co-operation between the different role-players: The South African Transport Services, inspectors and clearing agents for the Maize Board and the dock workers.

### **MAIZE EXCHANGED FOR CRUDE OIL**

In the period around 1985 South Africa was severely affected by international sanctions and the country could not get crude oil for fuel. Negotiations were started with Iran to exchange the biggest part of South Africa's exportable surplus maize for crude oil. The transaction was negotiated by representatives of the Maize Board and the South African government during a secret meeting in London. The international political environment and attitude towards South Africa at that stage, together with the sanctions against the country, demanded extreme secrecy. No contracts were signed and the transaction was sealed only with a handshake. Again, both parties performed duly in terms of the agreement.

The following persons were among those who attended the negotiations: Messrs Japie Grobler, Vic Mouton, Jeff Wayland, Pieter Meyer and Leon du Plessis of the Maize Board and Dr Kit le Clus of NAMPO.

The Department of Trade and Industry elicited a lot of criticism by protecting agriculture-related industries at the expense of producers.



Even then producers suffered as a result of rising input costs.



IN THE 1983/1984 SEASON THE POSITION WAS SO CRITICAL THAT A SCHEME WAS INTRODUCED IN TERMS OF WHICH YELLOW MAIZE WAS MIXED WITH WHITE MAIZE TO OFFSET THE SHORTAGE OF WHITE MAIZE IN THE COUNTRY. THE SCHEME WAS CONTINUED IN THE NEXT SEASON. FROM 1 APRIL 1984 THE MIX RATIO COMPRISED 75% YELLOW MAIZE AND 25% WHITE MAIZE. BECAUSE OF A DECREASE IN THE EXPECTED CONSUMPTION OF WHITE-MAIZE PRODUCTS AND THE

FACT THAT MORE WHITE MAIZE WAS DELIVERED BY PRODUCERS THAN THE ORIGINAL ESTIMATE, THE WHITE MAIZE SUPPLY IMPROVED SO MUCH DURING THE SEASON THAT THE MIXING REGULATIONS COULD BE RELAXED. FROM 1 JANUARY 1985 THE PERCENTAGE OF WHITE MAIZE IN THE MIXTURE WAS INCREASED FROM 25% TO 40%, AND FROM 11 MARCH 1985 THE PROHIBITION ON THE SALE OF PURE WHITE MAIZE AND WHITE-MAIZE PRODUCTS WAS REVOKED COMPLETELY.



In order to alleviate the shortage of maize supplies after the droughts of the preceding years, it was decided – with approval from the Minister of Agriculture, Mr Greyling Wentzel – that a premium would be paid for early maize delivery in the 1984/1985 season. However, the premium was limited to the first 300 000 tons delivered.

### ***Land conversion scheme***

At a special Congress of NAMPO held on 27 August 1987 in Potchefstroom, Minister Wentzel announced measures to make gradual structural adjustments to the utilisation of land in the summer sowing areas possible. This applied not only to land on which maize was planted, but also to other summer cereal crops. The most important component here was a special land conversion scheme that was introduced to convert marginal land into planted pasture.

The land conversion scheme was an exclusive NAMPO initiative, led by Mr Cerneels Claassen, who is discussed in more detail in Chapter 4. This was a project that would be phased in over about five years and was aimed at limiting maize production in particular to approximately the levels of domestic demand by converting about one million hectares of arable land into pasture. It went hand in hand with assistance from the government to limit losses with maize exports during the conversion period.

### ***Expansion of controlled areas***

In 1988 the controlled areas in terms of the single-channel system for maize were expanded to place all magisterial districts, where more than 5 000 tons of maize/year were produced, under control. The problem was partly caused by the fact that the South African producer price for maize was higher than the international price, which was very low at that stage because of an oversupply of maize on international markets. The Maize Board was of the opinion that an ‘artificial’ international market situation had been created by the fact that foreign governments subsidised their maize producers heavily, and that this market situation would lead to producers in the non-controlled areas benefiting at the expense of those in the controlled areas.

### ***Brand Committee (1988)***

At that stage the maize industry was in a transition phase and the Maize Board had pointed out that the adjustments that were being considered could only succeed if all the maize producers were involved.

In addition to various other marketing alternatives that were considered, the Committee of Enquiry into Alternative Marketing Arrangements (the so-called Brand Committee) was, for example, investigating the possibility of establishing a grain exchange. The gap between the producer price and the consumer price of maize was problematic and one of the components contributing to this price gap was in fact the high marketing expenses of the Maize Board. This included the cost of storage, handling and fumigation, as well as the Maize Board’s administrative expenses and interest expense. Any alternative would have to try and address this problem too, and accomplish a structural reduction in these costs.

The Brand Committee, whose report was handed to Minister Wentzel (Agriculture) on 14 November 1988, ultimately recommended that a single-channel marketing system for maize be retained, because, in the opinion of the committee, it would best meet the criteria that had been set for a maize marketing system in South Africa. The committee also recommended that the management and running of such a marketing system in time had to adapt to changing circumstances. In this regard it was recommended that a more market-oriented single-channel system for maize be implemented over time (by allowing producers to sell maize directly to buyers under certain conditions), in order to develop a pricing mechanism in due course.

The committee pointed out that a free-market system did have certain advantages and expressed the opinion that the best solution probably lay in a combination of regulated pricing and a free-market system, with a proper distribution of functions.



The committee's recommendations further included that the Minister of Agriculture's decision to make the single-channel system applicable to maize marketing countrywide should suffice, but accepted that different marketing arrangements could apply in different areas because of different conditions. A reclassification of the maize areas with differentiated marketing arrangements was proposed.

Other important recommendations by the Brand Committee were that the government should provide producers with support under disaster conditions, and that the government should commit itself to funding a strategic grain inventory or to funding export losses associated with predetermined strategic production volumes. Likewise, the committee maintained that support to certain consumer groups would be justified, subject to it occurring in such a way that it did not create the wrong market signals.

### ***1988/1989 surplus***

The 1988/1989 season produced a large surplus of maize. Because of this, South Africa had to export about 4,2 million tons of maize, which made enormous demands on the handling and transport infrastructure. It is almost ironic that South Africa had to import maize again only a year later because of another drought, and because of the major shortage of white maize, had to mix yellow and white maize in producing maize meal.







## THE STRIKE IN 1985

### MR VIC MOUTON

SAMPI's Executive decided that the fixed maize price was too low. However, the Minister of Agriculture, Mr Hendrik Schoeman, would not listen to any argument. You could fill the Lichtenburg town hall within a day, with easily 300 chairs having to be set outside, with the farmers coming to listen – all in a fighting mood. But Minister Schoeman just said that's the price, and that's it.

So, we decided not to deliver any maize. A SAMPI Executive member called Jan de Bruyn – he farmed next to Sarel Haasbroek along the Carletonville road – and Wilhelm Els from the Leeudoringstad area, were two instigators in that strike. De Bruyn parked his truck in the gate of the silo grounds in Carletonville so that the guys could not get in. And if a lorry came to unload maize, he just chased them away...jerked people from the lorries and so on.

The strike ultimately could not be sustained. The government made certain arrangements with us to end it, but the maize price remained exactly the same.

### 1992 disaster drought and later

In 1992 a disaster drought in the maize producing areas led to a major shortage of maize in South Africa. About 4,3 million tons of maize had to be imported – the biggest maize imports until then. The government imported the maize from America, but it was administered and distributed by the Maize Board in collaboration with the Railways. The maize was of a very poor quality, mouldy, seriously contaminated with aflatoxin and full of chaff. Large quantities were not suitable for human or animal use and were dumped in the sea.

In the 1993/1994 season a large surplus of maize was once again produced. In its edition of November 1993 the magazine *Mielies/Maize* quoted the Chairperson of the Maize Board at the time, Mr Jan Schabert, as follows: 'Producers should not produce for export. This year we are losing a lot of money because of the particularly large harvest. If we produce only for the domestic market, the future of the industry should be positive. But then every farmer must do his bit and scale down plantings.'

Dagse Neef.

En toe kom die reënt! Soos manna uit die hemel het die wolke oopgemaak. Wat 'n wonderlike gesig was dit nie om te sien hoe die mielietjies en die weidings op hierdie genade van Bo reageer nie. Neef, net 'n man wat alles voor hom sien verskroei het, kan werklik verduidelik hoe dit gevoel het toe dit beginne reënt het. 7 Januarie, na kerk, seg jou oom nog vir die tante dat die weidings nou gedaan is en dat die koeie nie meer kos had nie — ons sal maar moet verkoop teen watter prys ons kan kry. Man, en toe beginne dit reënt. Strome van segen soos die teks dit het.

Lanklaaste het oom gesien dat die trekkers so laat in Januarie nog planters trek. Nou bid ons maar dat die res van die seisoen ook gesênd sal wees. Ongelukkig het party van die boere ook weer verspoelings beleef en moes hulle toekyk hoe lat 'n land wat eens deur droogte en wind vernietig is nou deur 'n wolkbreuk weggespoel word. Ja neef, dit gebeur ook alles in een seisoen — maar klie klie onse boere nie. Maar julle stadsmense kan dit mos nie aldag verstaan nie.

Vannie stadsjapies gepraat — jou oom en tante het toe maar besigheid in Petoorsdorp gemaak daai Dinsdagoggend toe die manne die trekkers en lories gaan staan maak het in die strate. Lanklaas het jou oom so 'n spul gesien — lories, trekkers en bakies net waar jy kyk! Nie geweet daar is soveel boere meer oor nie. Net jammer die manne vannie koerante en die TV kannie tel nie! En was hulle nie giftig nie — amper net so erg as destyds toe NAMPO se manne mielielewerings gestaak het. Dis maar soos

## Jou oom betoog toe sêlf in Petoorsdorp

die manne met die strepiespake hul beheer van die Afrikaanse pers en media gebruik neef.

Jou oom het selwers tussen die Petoorsdorpers in die strate rondgegaan en hulle was voorre toe die boere goedgesind. So hier en daar was daar wel die enkele brompot maar hulle was min. Hoe't dit nie 'n knop in die keel gebring as die ouer mense die boere bedank het vir die geskenke van groente en vleis nie — veral die ou tante wat die stukkie vleis gekry het — seg sy dat sy net een keer per week vleis kan bekostig. Met die twee tjoppe wat sy gekry het, het sy nou genôg vir 14 dae. As jy hoor die pryse wat hierdie mense vir 'n bietjie kos en vleis moet betaal rys jou hare. Laat ek jou sê neef — tussen die boere en die verbruiker, maak iemand 'n helse lot geld! Miskien moet onse boere en onse eindverbruikers meer dikwels saam gesels oor wie wat kry en wie hoeveel betaal. Al neef, as ons net selwers onse produkte direk aan die publiek kon bemark!

Maar ou neef, een ding is seker, na dese weet almal dat onse boere swaar kry en keelvol daarvoor is! Nou moet die manne van georganiseerde landbou net die bol vat en hardloop.

Seg my spaais vir my lat neef Jakob Viljee, geen familie nie ou neef, die NAMPO kongres gaan bywoon om self te hoor wat die boere sê oor sake soos grondbesit, vrye mark, eenkanaalbe-marking, grondslag vir prysbepaling, en nog meer. Jou oom gaan selwers daar inloer — somer so as waanmer. Hoer ek ook by my spaais lat neef

Crawford weer mielies plant en lat hy ook as afgevaardigde by kongres gaan wees. Lyken vir my dit kan 'n baie interessante kongres wêre.

Sêg my spaais verder dat hierdie neef Jakob glo vir die NAMPO-manne gesê het dat voedselselfversorgendheid — dis nou in plein Afrikaans lat onse boere die stapelvoedsel vannie land self moet produseer — nie meer 'n prioriteit is nie. As ons te duur wêre dan voor hulle somer mielies en koring in. Wônnier jou oom net waarmee hy gaan betaal. Sêlle trant praat neef Bêrend Plessis oor onse produksiesektore wat meer produktief moet wêre en kompeteer teen wêreldpryse van goedere. Intussen gaat hy en die goewermint voort om, in die woorde van ene professor Nieuwenhuizen, die landbou te verwaarloos en 'n makro-klimaat net soos die natuur te skep — hard en onsimpatiek.

Maar wag neef, laat ek gaan. Ek hoor die tante aankom. Vandat ons in Petoorsdorp gewes het, het sy net een ding in die kop. Praat aannekaar van onse boere se plig om die publiek selwers in te lig oor die ware toedrag van sake in die landbou. Wil glo 'n fonds stig om advertensies en pamflette en sulke goeters te versprei oor die boere en onse probleme. Sêg dat sy nou glad nie meer 'n Afrikaanse koerant of die TV kan glo nie. Praat van goindoktrineerde propagandamasjiene en sulke snaakse goeters. Wil selfs jou oom se voorraad wittetjies verkoop om geld vir die fonds in te samel. Ek sal moet gaan keer neef.

Groetnis. Laat hy val waar hy wil.

Oom Lang Hans Viljee from *Mielies/Maize* talks about the strike in Pretoria.



**IN 1991, WHEN 'POLITICS HAD ALREADY STARTED TO CHANGE', AS MR VIC MOUTON, ONE OF THE CHAIRPERSONS OF THE MAIZE BOARD, CALLED IT, PRODUCERS IN PRETORIA ARRANGED A STRIKE. IT WAS NOT CLEAR EXACTLY WHAT THE MOTIVE BEHIND IT WAS OR WHO ORGANISED IT, BUT THE RELATIVELY COMMON VIEW WAS THAT IT WAS MORE OF A POLITICAL NATURE. A DAILY NEWSPAPER AT THE TIME REPORTED THAT ABOUT 1 000 VEHICLES (MOST OF**

**WHICH WERE TRACTORS AND TRUCKS) WERE PARKED IN THE STREETS IN THE CITY CENTRE OF PRETORIA, WHICH TOTALLY PARALYSED THE TRAFFIC IN THE CITY. THE CITY CENTRE WAS DECLARED AN UNREST AREA AND ACCORDING TO THE ARTICLE ABOUT 120 OF THE 5 000 PRODUCERS PARTICIPATING WERE ARRESTED. THE STRIKE WAS ENDED AFTER A SUPREME COURT ORDER WAS OBTAINED, ORDERING THE PRODUCERS TO REMOVE THEIR VEHICLES.**

In 1995 the Maize Board entered into an agreement with the Institute for Land, Climate and Water of the ARC to conduct research on the use of satellite technology to demarcate and number cultivated maize fields in the maize producing areas. The total area that had to be measured covered about 69 million hectares. The technology would also be used to make a more accurate crop estimate and collect other important agricultural information. At the time it was described as one of the biggest agricultural events of the time.

During October 1996 producers were advised not to plant maize on their poorer fields, as the Maize Advisory Committee (MAC) pointed out in October 1996 that there was a surplus of white maize in South Africa and no marketing scheme for the next season existed yet. In addition, international maize prices showed a declining trend and there was a risk that the surplus production would have to be sold at a loss or exported.

Shortly afterwards, in November 1996, the Minister of Agriculture, Mr Derek Hanekom, announced that no floor-price system would apply in the coming season, which also implied that there would be no stabilisation levy. The result was that the producers had no protection against falling prices.



**Sound bite: The import of maize from America in 1992 – Mr Vic Mouton.**





**THE MAC WAS APPOINTED IN 1995 IN TERMS OF THE PROVISIONS OF SECTION 15 OF THE MAIZE MARKETING SCHEME TO PROVIDE THE MAIZE BOARD WITH ADVICE ABOUT SPECIFIC MATTERS. THE MAC ACTED ONLY IN AN ADVISORY CAPACITY AND THE FINAL DECISION ON HANDLING MATTERS THAT HAD BEEN REFERRED TO THE MAC RESTED WITH THE MAIZE BOARD. THE MAC CONSISTED OF 24 MEMBERS, AND THE CHAIRPERSON WAS MR ATTIE SWART OF THE DEPARTMENT OF AGRICULTURE.**

### ***1998/1999 surplus – first year after deregulation***

With the start of the 1998/1999 marketing season South Africa had about 2,61 million tons of carry-over stock from the previous year, which consisted of 1,37 million tons of white maize and 1,26 million tons of yellow maize. At that stage the crop estimates pointed to a crop of about 7,19 million tons of maize that could be expected in that season, which meant that a total of about 9,8 million tons of maize would be available in the interior. South Africa's domestic consumption was estimated at 7 million tons at the most in that season.

There was therefore an expected oversupply of about 2,8 million tons of maize in the country, which would undoubtedly harm the producer price. As the Maize Board did not exist anymore, the producers had to depend on themselves to rectify the situation. NAMPO, together with the agriculture companies and co-operatives, made a huge effort to export the maize. For this purpose, the producers were requested to render 15% of their white and yellow maize crop to an export pool, to be exported and as such help to restore the domestic supply and demand balance and support the producer price.

Producers' involvement in this export effort varied from area to area, but eventually less than 60% of the goal was reached. The surplus problem was therefore not solved by the export effort. However, it was clear that the reality of the effects of the overproduction and unregulated market environment, encouraged the maize producers to plant less maize the following season. This contributed to the limiting of the total maize yield.

### ***2004/2005 surplus***

The 2004/2005 production season again delivered a very good maize crop: approximately 11,7 million tons. It was already clear from the earliest crop estimates that, given the carry-over stock from the previous years and the expected size of that season's crop, it would result in a large surplus on top of the domestic demand. Consequently, the maize prices plummeted, which in turn forced the maize industry into an enormous crisis and led to the recommendation of Grain SA in September 2004 to drastically limit the planting of maize in the coming season.

The crisis with the surplus led to Grain SA having two mass meetings early in 2005 – one in Centurion and one in Bellville. The meetings were attended by an estimated 6 500 people. The purpose of this was, among other things, to find solutions for the crisis on the grain industry and to cultivate a better feeling of fellowship among the producers. During these meetings, the producers' inputs were obtained and were afterwards considered during the further process conducted by Grain SA.



**Hundreds of producers and role-players in the grain industry flocked to SuperSport Park in Centurion.**

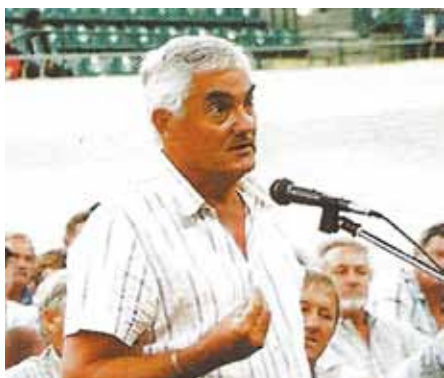


**The Wolmaransstad study group looked forward to attending the meeting.**





**Producers at the meeting in Bellville. Almost 1 500 stakeholders gathered at the Velodrome in Bellville.**



**Mr Johan Kriel (ACDP, Western Cape) speaking in Bellville.**



**Dr Kraai van Niekerk.**



**Mr Bully Botma (Chairperson of Grain SA) delivering his speech.**



**Mr Johan Hoffman (producer from Botha-ville).**



**The attendance at the mass meeting in Centurion was estimated to have been at least 5 000.**

By July 2005, it was estimated that the carry-over stock on 30 April 2006 could amount to approximately 5,9 tons, which represented 72% of the normal annual domestic consumption.

A study conducted by Grain SA showed that with the ruling producer prices at the time it would not be economically viable to produce maize. Producers were again urged during the 2005/2006 production season to plant less maize and to rather investigate alternative possibilities like buying forward contracts (so-called paper maize) or to not sell their maize during the 2005/2006 marketing season, but to transfer it to the next year. This obviously influenced costs in terms of interest and storage.

It was clear that, no matter which alternative the producers chose to address the prevailing crisis, it could only be effective if production was substantially limited during the next season. According to Grain SA's final calculations of production for the 2005/2006 season, producers were urged to restrict white maize plantings to approximately 363 000 ha (nearly 80% less than the previous season) and yellow maize to approximately 450 000 (a downscaling of approximately 58%).

Even though maize plantings were not limited to the exact extent Grain SA recommended, only 2 032 million hectares were planted in the 2005/2006 production season, resulting in 1 191 million tons, or 37%, less than the previous year. Combined with other efforts made by producers, this meant that the goals could be reached and it led to a reasonable recovery in the price of maize.

### **2013/2014 season**

During the 2013/2014 season, approximately 14,3 million tons of maize were produced. Up to 2016 this represented the second largest maize harvest ever in South Africa. Until then the most maize cultivated in the country was during the 1981/1982 production season, namely 14,87 million tons. The 2013/2014 harvest is even more incredible because of the fact that it was produced on 2,6 million hectares, with an average yield of 5,5 tons/ha, as opposed to 4,3 million hectares with an average yield of 3,4 tons/ha during 1981/1982.

Both record-breaking years were blessed with good rains at the right time and analysts are of the opinion that comparisons could be made between the two years. The improvement in average yield/hectare undoubtedly shows a significant improvement in efficiency in the maize industry during the twenty years after 1982. This improvement can be attributed to various factors such as the improvement in the quality of inputs, the conversion of the marginal fields into planted pasture in terms of the land conversion scheme, increased effectiveness in general and huge technological developments. The latter occurred not only in the area of machinery, equipment and information systems, but also with respect to the genetic development of seed, new active ingredients for pesticides and herbicides, as well as new fertiliser products.





## Price formation

### ***Single-channel system***

After the introduction of the single-channel marketing system in 1944/1945, the maize producers were in a position where the price as well as the market was guaranteed for their products. According to this system, the producer price for maize was based on the average production costs as determined by the Department of Agriculture. The Maize Board submitted a proposed price to the National Marketing Council, who in turn made a recommendation to the Minister of Agriculture. The minister then decided what the price should be and presented it to the Cabinet for approval, after which he announced it.

The way the producer price was calculated and the fact that the price was guaranteed, including more availability of financing and subsidies on the costs of financing and other forms of government support such as subsidies and rebates, encouraged producers to expand maize production. In time this gave way to surplus production, which added to the pressure on the producer price.

The basis on which the producer price was calculated in the mid-1970s actually led to prices that were unacceptably high according to the authorities, especially due to the effect of the rapidly accelerating inflation rate. Therefore the government decided in 1981 to move away from the above-mentioned price formula and no increase in the producer price for maize was permitted that year. This decision led to great unhappiness among the producers, as it placed them in a very bad financial position in a year in which it was hoped that the record maize harvest would contribute to the financial recovery of many maize producers. Furthermore, various measures were introduced at the same time by the Department of Trade and Industry to protect and/or promote other agriculture-related industries at the expense of the maize producers.

### ***1982 NAMPO Congress***

At an extraordinary NAMPO Congress on 23 June 1982 the maize producers decided unanimously to accept a market-related economic system for the maize industry – within the ambit of the prevailing single-channel marketing system. In terms thereof, the Maize Board would still be the only buyer and seller of locally produced maize, but any person could freely import maize. Furthermore, all restraints and levies on the importing of farming input resources and raw materials needed for it would be lifted.

Since then the initial pricing formula was never fully implemented again and until 1987 the maize prices were established annually on an ad hoc basis. This caused







maize producers to have to absorb the cost-increasing effect of inflation themselves to a greater extent. The government also started phasing out the subsidy on storage costs that was in place from the mid-1950s, which placed a further financial burden on the maize producers.

During the early to mid-1980s it became clear that the government's policy gradually started moving in the direction of an economy controlled by market forces with less interference from the state, in other words a free-market system. The Prime Minister at the time, Mr PW Botha, did in fact say that the government would continue to move away from direct economic control, such as price and wage control, exchange control and bank credit ceilings. For agriculture this meant less dependence on government support and that the general thought patterns in agriculture would have to adapt to a more balanced position with less interference.

Even in the ranks of NAMPO and organised agriculture the movement to greater participation in the free market emerged. The change in the broader philosophy of the government in the mid-eighties concerning greater exposure to market forces coincided with recommendations by NAMPO that producers should be aware of the negative effect of surplus maize production and the necessity for investigating alternatives.

### ***Jacobs Committee and the dual market system***

After a meeting between a NAMPO delegation and Mr Greyling Wentzel, the Minister of Agriculture, in May 1983 the minister instructed the Jacobs Committee to investigate the problems in the maize industry and formulate solutions for it. The committee ultimately recommended a dual market system in terms of which producers' access to the local market would be controlled by a quota system for deliveries, while any producer would be entitled to deliver indefinite quantities of maize to an export pool. The prices of the maize for the local market and for the export pool would be determined separately from each other by the net result of the respective pools.

The proposed dual market system was accepted in principle by both Minister Wentzel and NAMPO in September 1983. For the next two years a major attempt was made to convert the concept into an acceptable system. It was constantly discussed in appropriate forums and at NAMPO's annual Congress in 1985 it was decided to give active attention to the introduction of the system. However, on 13 September 1985 Minister Wentzel rejected the proposed scheme on the recommendation of the Marketing Council before it could be implemented, and thus the concept disappeared.

At the same time Minister Wentzel announced that he was not satisfied with the existing single-channel fixed-price scheme and requested the Marketing Council to submit proposals for an alternative marketing system to him. Shortly afterwards rumours started circulating that a single-channel pooled system could be introduced, which eventually realised in 1987.

### ***1984/1985 producer price***

In the meantime, the Maize Board followed the approach of using the cost of imported maize as basis for determining the producer price for the 1984/1985 season. The reasoning was that if the South African producer price was set at a lower price, it would amount to the local producers subsidising the consumer. Given the straitened financial position of the maize producers due to the prolonged drought from 1983 this was not acceptable to the producers. In the end it was decided to base the producer price on the landed costs of imported maize. In the Maize Board's 1985 annual report it was reported that the consumer organisations with whom the Maize Board had held talks since February 1984 had agreed with this approach.

During these historical meetings with the consumer organisations it was also agreed that the selling prices of imported and locally produced maize should be the same. As the import price at that stage was higher than the local producer price, this approach would necessarily lead to higher consumer prices for maize products.

**DURING 1985 THE MINISTER OF AGRICULTURE, MR GREYLING WENTZEL, ON VARIOUS OCCASIONS MADE IT CLEAR THAT THE CONSUMER SUBSIDY THAT THE GOVERNMENT PAID TO THE MAIZE BOARD WOULD BE PHASED OUT. THIS MEANT THAT CONSUMERS WOULD HAVE TO ABSORB A PART OF THE MAIZE BOARD'S COSTS, LIKE STORAGE, HANDLING AND FINANCE COSTS.**

Consequently the Maize Board and the consumer organisations agreed to negotiate jointly for the biggest possible government subsidy with a view to try and limit the increase in the consumer price for maize products to the inflation rate. The government was requested to subsidise the industry with R275 million, which was equal to the bread subsidy, but this was not acceptable to the government. The government eventually agreed to a subsidy of between R160 million and R170 million, which was sufficient to finance the Maize Board's margin, administrative costs and about 50% of the costs of its publicity campaign.

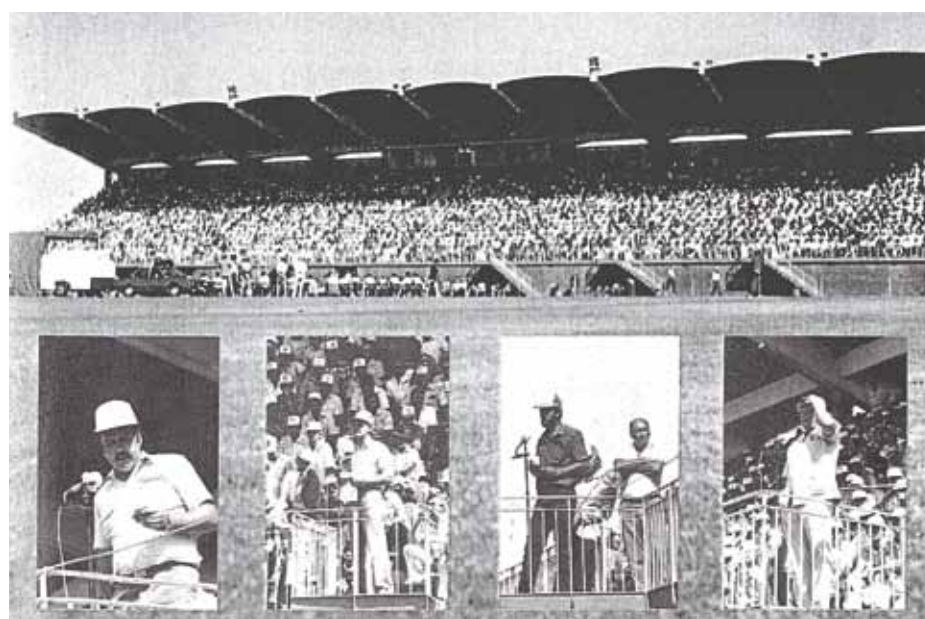
Minister Wentzel's announcement on 25 April 1985 that the maize price would not be increased from the previous year's levels (because of which the NAMPO members resigned from the Maize Board) caused great dissatisfaction among producers too, and led to a number of actions by them, discussed more fully in Chapter 2.

### ***1987: NAMPO members on the Maize Board again***

In 1987, two years after the NAMPO members had resigned from the Maize Board in protest against the Maize Board, Minister Wentzel (Agriculture) announced that the two parties were negotiating again to try and resolve the situation. It was subsequently agreed that the producer members of the Maize Board would be appointed from NAMPO nominees again. It was also agreed with the Minister of Agriculture that the Maize Board would subsequently set the producer price of maize annually on the basis and assumption that it had to be to the long-term benefit of the producers, that price signals had to be released before the planting season, and that maize would not be exported at a loss again. This also included that the Maize Board was not entitled to borrow money in order to pay producers higher prices that could be earned from the market. The agreement involved the establishment of a single-channel pooled system for the marketing of maize, in terms of which the producer price was merely the result of a pooling of the Maize Board's net income from sales – locally as well as from imports.

The changed system meant that the Maize Board would make a projection of the market over the next twelve months and calculate what result the total maize crop in that season could be. The calculations included a margin for unforeseen events. On the basis of this, an advance price was calculated and paid to the producers.

This changed the maize industry drastically. Producers came under more pressure to increase productivity, which they did by reducing, among other things, inputs like fertiliser and labour and converting marginal fields to pasture. The result was a considerable increase in average yield, with fewer inputs. It also led to the produc-



**The maize producers held a mass meeting at the Markotter Stadium in Klerksdorp to discuss the situation. It was held the day after the appointment with Mr PW Botha at Tuynhuys and the delegates reported about the meeting.**



tion of maize dropping in the western areas with lower rainfall, and being concentrated in the higher rainfall areas to a greater extent.

### **1993 maize price**

In 1993 the fixing of the producer price for maize once more led to heavy debates because the producers as well as the consumers were actually fighting for survival under very difficult circumstances. Producers were in a position where input inflation had increased considerably under conditions where the previous season's drought had caused a drop of between 30% and 40% in maize producers' income, while at the same time consumer prices in general had risen enormously. The positive result of these debates was that agreement was reached on the need for maize prices to be market related and not politically motivated in future.

### **Summer Grain Scheme terminated**

In the 1994/1995 marketing year the Summer Grain Scheme was terminated, and from 1 May 1995 the single-channel fixed-price marketing scheme was abolished and quantitative restrictions on maize imports terminated. Maize prices were subsequently set without statutory intervention in the market place, and Safex became the platform for setting prices. In future, producers' decisions on price and risk management would be guided by market instruments and factors.

### **Grading**

Initially the grading regulations for maize were based on overseas standards.

On the recommendation of a standing committee of the Maize Board a set of grading regulations specifically for South African conditions was developed. They came into effect on 1 May 1949 when the Agricultural Product Standards Act came into force, and although they were amended from time to time, they still constituted the basis of the grading regulations for maize in South Africa in 2016.

### **Fighting insects**

Although insect infestation led to enormous grain losses in earlier years, South Africa's maize industry never experienced major problems in this regard. However, with the increase in production after the Second World War, it became necessary to store maize for longer periods. This became an ideal nutritional source for insects and insect infestation became a real threat.

In 1957 the Maize Board therefore approved fumigation experiments with a view to implementing insect control in maize and grain sorghum. An insect control scheme

**FROM 1937 TO 1996 ALL ASPECTS OF MAIZE MARKETING IN SOUTH AFRICA WERE CONTROLLED BY THE MAIZE BOARD. THE WAY IN WHICH PRICES WERE DETERMINED WAS REGULATED BY THE MARKETING SCHEMES THAT EXISTED FROM TIME TO TIME. THE ABOLITION OF THE MAIZE BOARD LED TO SIGNIFICANT CHANGES. PRODUCERS COULD NO LONGER DEPEND ON A PRE-SEASON OR ADVANCE PRICE FOR SETTING PRICES OR FOR PRICE RISK MANAGEMENT.**

**IN FACT, THE ADVENT OF THE FREE-MARKET SYSTEM CHANGED THE MAIZE INDUSTRY AS WELL AS THE OTHER GRAIN INDUSTRIES DRASTICALLY. PRODUCERS CAME UNDER PRESSURE TO INCREASE PRODUCTIVITY BY, AMONG OTHER THINGS, INCREASED USE OF MACHINERY, FERTILISER, LABOUR, THE OPTIMISATION OF GENERAL PRODUCTION PRACTICES AND WITHDRAWAL OF MARGINAL LAND FROM GRAIN PRODUCTION.**







**Maize grading is done by an inspector of the Board.**



**Insect control intensifies.**



**Research plays a major role in the quality of our grain products.**

was subsequently introduced from 1 May 1958 and it was decided at the same time to pay Maize Board agents a separate compensation for fumigation.

Compulsory insect control by all the interest groups like agents, millers and malt manufacturers was introduced by the Maize Board in 1964. The constant focus on insect control because of this contributed to the maize industry in South Africa incurring very few losses as a result of insect infestation in the long term.

## **Research**

In 1948 the Maize Board, in collaboration with the Department of Agriculture, started developing hybrid maize seed. The Maize Board invested large amounts to encourage the propagation of the seed and was directly involved in this from 1947 until 1971.

In 1951 the Maize Board also launched an experimental-farm scheme with a view to improving the productivity of farming operations. In collaboration with the Department of Agriculture, trials were conducted on the following four experimental farms: Ashley (Standerton district), Braklaagte (Bothaville district), Goosens (Senekal district) and Holfontein (Lichtenburg district). In 1971 it was decided to retain only Holfontein and sell the other farms, probably because the project did not enjoy the degree of success that was initially envisaged. Holfontein was then used until 1978 for a joint project between the Maize Board, the Meat Board and Vleissentraal to encourage the use of maize as animal feed. However, this was stopped at the insistence of the Department of Agriculture.

The Maize Board was thoroughly aware of the importance of research for agricultural production and donated an amount of R3,9 million from the Stabilisation Fund to the Department of Agriculture in 1979 to construct research facilities at the Summer Grain Research Centre in Potchefstroom.

## **Biofuel**

The manufacture of biofuel from maize started in the USA, driven by the USA objective of reducing dependence on crude oil and stimulating their rural economy. In addition, the process produces a reasonable volume of a by-product with a very high protein content that is excellent for animal feed. These objectives and benefits also apply in the South African context, and in 1990 the Maize Board appointed experts at a cost of R6 million to investigate the possibility of manufacturing ethanol in South Africa.

The investigation found that South Africa had the right quality and sufficient maize as well as the necessary infrastructure to successfully manufacture ethanol from maize. The possibility of crop failures and the effect this could have on the profitability of such an industry were identified as the biggest obstacles.

At a mass meeting of grain producers held in the Centurion cricket stadium in 2005 the possibility of constructing a biofuel plant at Bothaville in the Free State was in fact discussed. However, this did not get off the ground because of the government's policy that maize may not be used for the manufacture of ethanol because it is an important staple food in South Africa.

By 2014 there was still no commercial biofuel plant in South Africa. In the meantime, the government did decide to develop a biofuel plant at Cradock in the Eastern Cape in order to manufacture ethanol for compulsory blending into fossil fuel. However, ethanol will be manufactured from grain sorghum and not from maize, as sorghum is not regarded as a source of staple food.

## **WINTER CEREAL PERSPECTIVE**

### **Wheat**

#### **Production**

Wheat cultivation with a view to baking bread is one of the oldest branches of agriculture in South Africa, and wheat milling is one of the oldest industries.



Wheat production commenced in the winter rainfall region of the Western Cape in the 17th century, shortly after Jan van Riebeeck settled in the Cape in 1652.

Initially the wheat industry experienced very difficult times, particularly because the local market was restricted and it was difficult to export wheat. In the 19th century the expansion of wheat production and the wheat industry accelerated as the population increased. This was further facilitated by the advent of more advanced equipment, as well as the introduction of import levies on wheat and meal in 1826 to ensure sustained local provision.

As in the case of other crops, particularly maize, the discovery of diamonds and gold in South Africa in the latter part of the 19th century suddenly led to a sudden increase in the number of consumers of wheat as towns and rural centres developed. This was promoted by the development of the railways and other transport systems, which made the transport of wheat and wheat products to the new markets cheaper and more effective, and stimulated the expansion of wheat production to the former Orange Free State.

After the Union of South Africa came into being in 1910, wheat production received more focus, and several reports saw the light, emphasising the necessity for cheap, reliable food supply and the concurrent promotion of local economic development. The reports included recommendations that the import tariff on wheat be doubled and local production be expanded to ensure a reliable bread supply.

With the start of the First World War in 1914 South Africa produced only about 50% of the local wheat consumption. The rest had to be imported. After the war broke out, a shortage of tonnage limited imports and increased the shortage of wheat in South Africa. Because of this, domestic prices increased, which made local wheat cultivation more profitable and promoted increased production.

After an investigation into wheat supply in 1917 it was recommended that wheat cultivation be encouraged by providing seed at cost and introducing measures to make greater quantities of fertiliser and manure available. It was also found that wheat cultivation in the Western Cape was unproductive and recommended that adjustments be made. The argument was that the poor yields that were initially obtained on large sections of poorer fields were balanced by low land prices and adequate availability of cheap labour, but that the situation changed as the availability of labour dropped and the productivity of the poorer soils in particular decreased because of a lack of crop rotation.

The main changes that were proposed were the establishment of a larger animal husbandry component and more counselling and guidance to producers. According to the reports it was impossible for South African wheat producers to compete against the leaders among the world's wheat-producing countries like Canada, Australia and Argentina without the protection of import levies and preferential tariffs for rail transport.

However, despite expansions and developments, local wheat production was still unable to meet the local demand, and until 1920 about 50% of the country's wheat consumption was imported. Import tariffs on wheat were relatively low, as was the price of the imported wheat, which had a negative effect on local production. Voices started to be raised for the introduction of greater protection for South African wheat producers and millers.

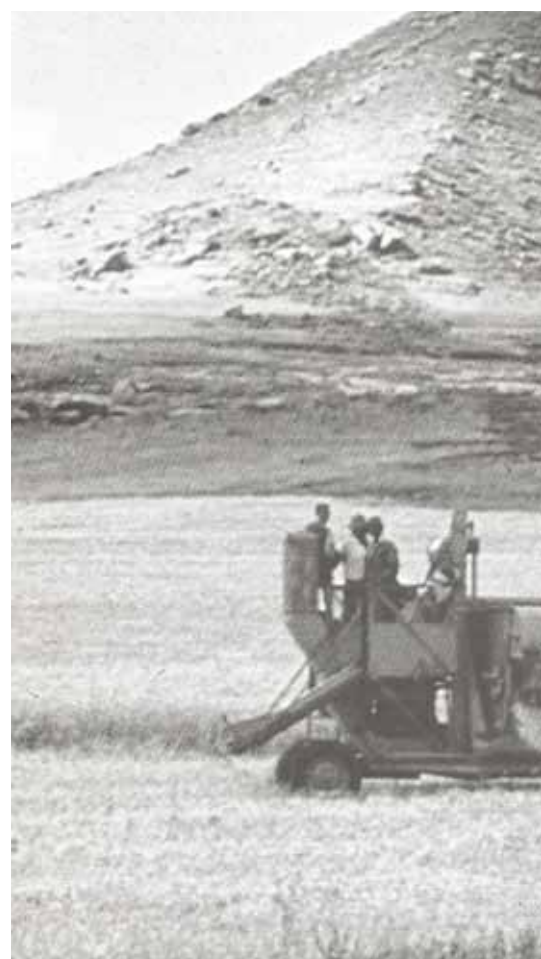
The import levy on wheat was temporarily suspended from February 1920 until June 1921 because of crop failure in South Africa and high prevailing international prices. Together with this, the preferential rail transport tariff for South African wheat was abolished, which exposed the South African wheat producers even more to international competition and led to agitation for higher protective levies.

Between 1921 and 1926 a dumping levy was introduced on Australian wheat, which was replaced by a tariff increase in 1926. South African wheat prices were consequently maintained at levels that made local wheat cultivation profitable.

In 1930 and 1931 global prices of wheat dropped further, while South African prices dropped to below import parity at the beginning of the season. This led to an increase in the import levy and the introduction of a permit system for importing



**A wheat cutter at work.**



**Wheat was threshed this way in the olden days.**



wheat and wheat meal. A special import duty was introduced on a sliding scale to increase the minimum import price of wheat, maize meal and wheat meal.

In the 1935/1936 season considerably more wheat was produced than was required for domestic consumption. This caused logistical problems for the Wheat Board and placed enormous pressure on the production prices for wheat. However, the Wheat Board still succeeded in paying producers a fair price, mainly by making provision for the cost of storage for the wheat. Part of the surplus for that season was transferred to the next season, which produced a smaller wheat crop.

As a surplus of wheat was still available, similar measures were applied in the 1936/1937 season, with similar relative success. The harvest in the 1937/1938 season was even smaller than in the previous year – to such an extent that the wheat surplus was wiped out, and since that season South Africa has been a net importer of wheat almost all the time.

During the Second World War the local supply of wheat was inadequate for meeting domestic demand, partially because of a lack of fertiliser, while logistical and other problems due to the war hampered the import of wheat. This led to significant shortages in South Africa during the war and serious savings measures had to be introduced, as are described further on.

In the first year after the end of the Second World War, namely the 1945/1946 season, the position was even worse than during the war because of a worldwide shortage of grain (including wheat), and the local wheat crop that was the poorest in years due to climatic conditions. The result was that further drastic savings measures had to be introduced.

As can be deduced from the statistics below, the production and use of wheat until 1950 did not increase structurally. However, it then started to increase to the extent that South Africa was self-sufficient in various years during the period 1964 to 1989. The first domestic wheat crop of a million tons was produced in 1964.

At the beginning of the 1970s the Wheat Board paid particular attention to the needs of certain smaller industries that used meal and flour, including the pasta industry, which could not manufacture a satisfactory product from bread wheat. This industry required flour that was made from durum wheat. Durum wheat was not easily available in South Africa and had to be imported. However, this was during a period in which South Africa produced a large surplus of wheat that had to be exported at a loss, and that made it difficult to justify the import of durum wheat.

Consequently attempts were made in the 1971/1972 season to breed a suitable durum cultivar for South Africa. In the same year the Wheat Board also paid particular attention to the development of a so-called soft wheat cultivar to meet the needs of biscuit manufacturers.

Increasing mechanisation, higher yields and larger, more effective farms all contributed to increased production from the 1960s. In addition, the industry was supported by the Wheat Board's guaranteed stable prices that were often set at higher levels than global prices, as well as by assistance from the government, such as relatively cheap loans granted to producers by the Land Bank.

At the same time economies of scale, concentration of power and monopolies in the wheat value chain increased. As agents of the Wheat Board, co-operatives, which were owned and controlled by producers, were virtually the only storage facilities for wheat and owned the major portion of the storage capacity in the country. Wheat was dumped in the co-operatives' silos, where it was graded and stored, and from where it was eventually dispatched to buyers from the Wheat Board.

As in the maize industry, the wheat industry started changing in 1987 and wheat producers were also forced to increase their productivity by reducing inputs and converting marginal land to pastures. In the case of wheat the production in the Western Cape also shifted away from the drier parts and closer to Cape Town. However, the biggest change in the wheat industry occurred later than in the maize industry because domestic wheat prices dropped to global price levels only by 1997.





Wheat is currently cut and threshed with one machine.

### VAN RIEBEECK HEARS FIRST COMPLAINTS FROM FARMERS

Wheat was of 'political' significance right from the start, and Jan van Riebeeck was the first civil servant who had to face a delegation of wheat producers who demanded increased wheat prices.

According to Van Riebeeck's diary, producers demanded that the price of wheat be increased from five guilder/bushel to ten guilder/bushel. In the end they were given an increase to seven guilder per bushel.

Since 1989/1990 South Africa has not produced sufficient wheat to meet the needs of the domestic market. The diagram below shows the ratio between domestic wheat consumption and domestic production from that season until 2013/2014.

During 1995/1996 South Africa imported one million tons of wheat. This was mainly due to dry climatic conditions in the western parts of the Free State and excessive rain and hail during the harvest season in the Eastern Free State.

In the period from 2000 to 2004 imports tended to rise constantly. In 2004 1,2 million tons of wheat were imported – roughly 60% more than the previous year – because of unfavourable production conditions that prevailed in South Africa during that period. Wheat imports then continued to rise – as can be seen from the diagram above.

Overall, the area under wheat cultivation in South Africa has decreased in the past 40 years before 2013/2014 – from a record 2 025 000 ha to about 500 000 ha. This has led to South Africa being a net importer of wheat for about the latter half of that period.

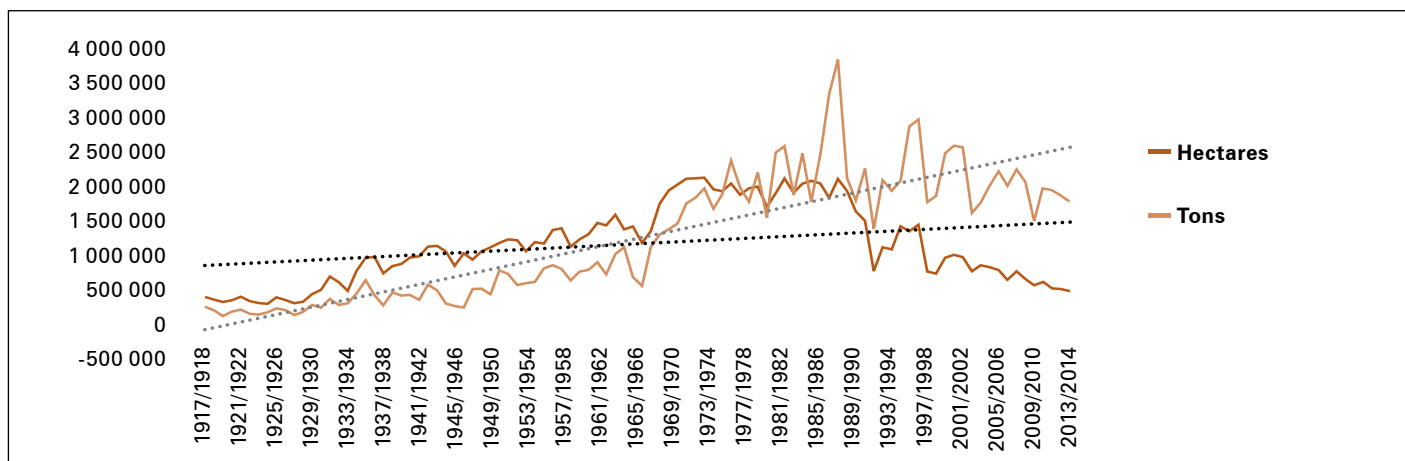
Because of the above changes in the industry, South Africa has constantly produced less than 60% of the wheat required for domestic consumption since 2010.

### **Co-operation**

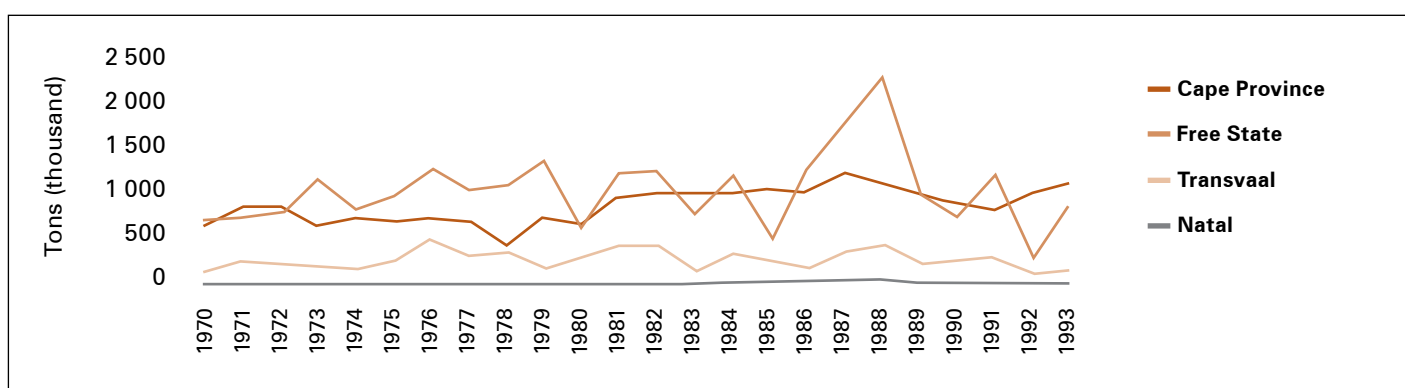
During the first part of the 20th century the South African government was in general prepared to protect local agriculture and encourage self-sufficiency. The government regarded the protection of agriculture as a 'necessary evil' to give producers and millers the opportunity to act in a protected environment. This was accompanied by the movement to encourage co-operative collaboration among producers to promote development.

Wheat producers in particular had good reasons for closer collaboration, such as regular poor harvests because of droughts, which led to enormous price fluctuations from one year to the next. For this reason wheat producers in the Swartland, who cultivated about 80% of South Africa's wheat at that stage, established a co-operative (the Westelike Graan Boeren Koöperatiewe Vereniging, known as Wesgraan) as far

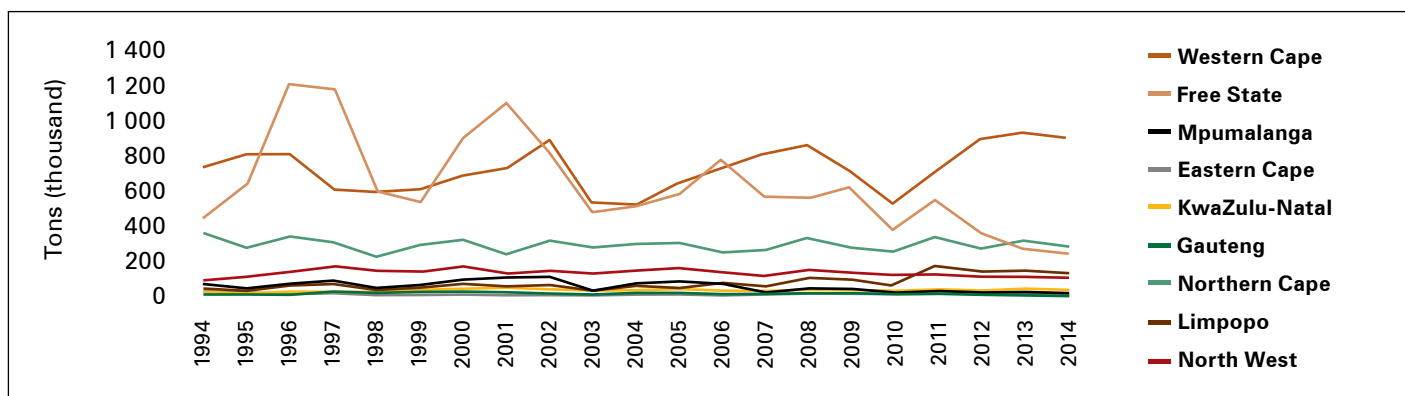




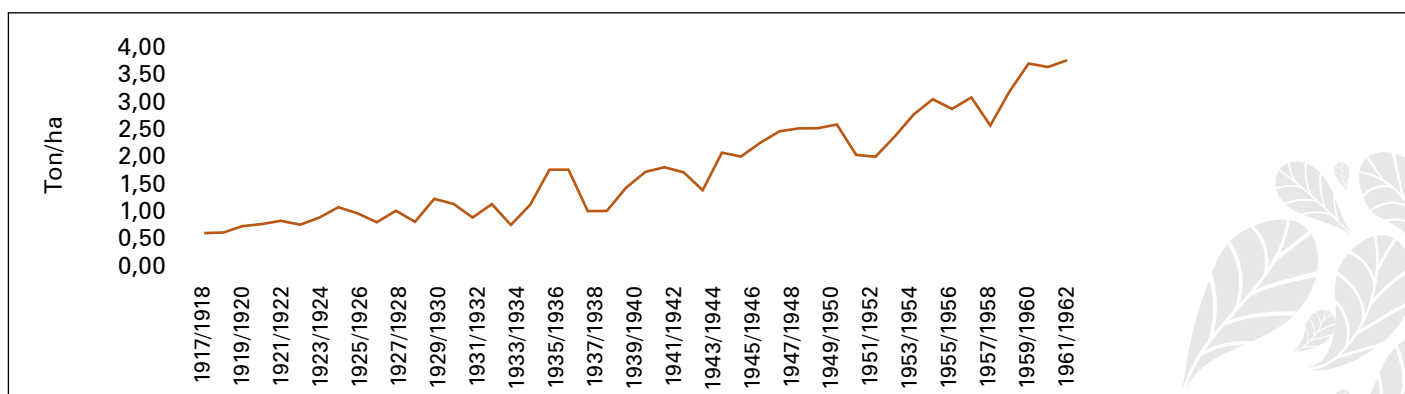
Graph 12: Wheat production in South Africa



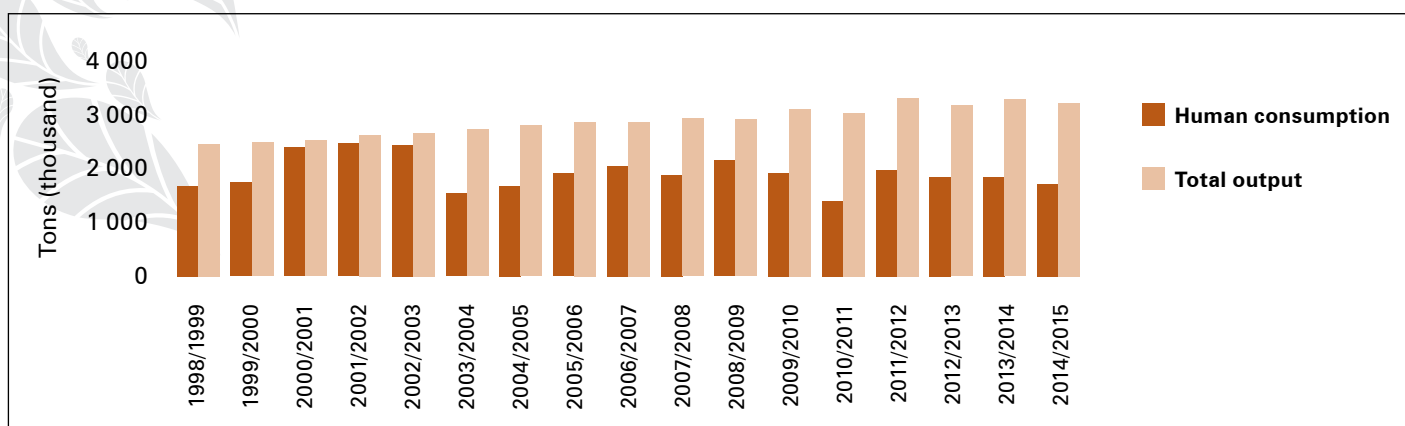
Graph 13: Wheat production per province



Graph 14: Wheat production per province since 1994



Graph 15: Average wheat yield per hectare since 1917



**Graph 16: Human wheat consumption versus total output**

back as 1912 in an attempt to pool resources, obtain equipment and use it collectively and promote sales.

In 1920 the Swartland producers also established a milling company, Bokomo, to mill the members' wheat and give them a degree of control over the products and the price of the wheat after it had left the farm.

At the end of 1930 the producers who were involved with Wesgraan and Bokomo started a central marketing co-operative, Sasko, which would attempt to sell wheat throughout South Africa, stabilise its price and consolidate production. Unfortunately, because of fluctuating import prices and unpredictable local production volumes, Sasko was unable to really stabilise the price of wheat.

Wheat producers continued to exert pressure for more government support, particularly in the light of the severe drought and declining prices of the early 1930s. This eventually led to the establishment of the Wheat Board and the control mechanisms for the wheat industry, described in Chapter 2.

## Regulation

The legislation promulgated in 1930 and 1931 to restrict the import of wheat and wheat meal contributed to encouraging local wheat cultivation. From 1920 until the first part of the 1930s wheat production more than doubled from 200 000 tons to 373 996 tons in 1931/1932 and 446 580 tons in 1934/1935.

At the beginning of the 1930s the relatively general view was that the wheat-to-bread chain was ineffective and wasteful because of poor co-ordination and damaging competition, and that the unstable prices were the result of speculation by traders in the unregulated market environment. The view was that the Wheat Board would be able to solve the problem by rationalising the chain and applying effective price control. The desperate and virtually critical financial position of a major part of the country's population at that stage and the accompanying overall concern about national wealth played a significant role in the sentiment in favour of government control.

Although control over the import of wheat and high protective import tariffs played a role in maintaining the domestic wheat price at a reasonable level, the prices at the beginning of each delivery season were under severe downwards pressure because of the oversupply on the market. Co-operatives tried to regulate the supply to the market and transfer surplus stock to subsequent marketing years. However, the cost and risk associated with this policy was borne only by producers who were members of the co-operatives and not by all the wheat producers. It was therefore not a sustainable plan.

The Wheat Industry Control Board (the Wheat Board) that was established in 1935 was authorised to pay storage compensation to co-operatives and producers who stored wheat. This made it possible for the Wheat Board to control the flow of wheat to the market.



**THE PAYMENT OF  
SUBSIDIES TO WHEAT  
PRODUCERS CONTINUED  
UNTIL THE END OF THE  
1956/1957 SEASON.  
FROM THE NEXT SEASON  
SUBSIDIES WERE PAID  
ONLY FOR BREAD FLOUR,  
AND FROM MAY 1977  
THE GOVERNMENT PAID  
SUBSIDIES TO BAKERS  
ONLY ON FLOUR USED  
FOR BAKING STANDARD  
BREAD TO KEEP THE PRICE  
CONSUMERS PAID FOR  
THIS BREAD AS LOW  
AS POSSIBLE.**

During the first two years of its existence the Wheat Board was faced by surplus production and the consequent domestic surpluses, which forced the price of wheat even further downwards. However, by employing income from the levy on wheat milled in the interior and with the assistance of the government, the Wheat Board managed to prevent a total collapse in the wheat price.

Under the control of the Wheat Board the wheat industry was subject to strict control measures. Wheat was marketed in a single-channel system and producers received a set price for their wheat, while millers also paid a set levy and were subject to strict oversight by the Wheat Board with respect to the quality and price of the bread. The Wheat Board regarded the protection of the producers as well as the millers, bakers and consumers as its main task.

In 1939 the Wheat Board fixed the prices of wheat, meal and bread for the first time in terms of the Wheat Arrangement Scheme, after which those products could be sold only at the announced prices. In order to maintain the price of bread at pre-war levels, producers were paid a subsidy on A grade wheat to compensate them for increased production costs after the outbreak of the Second World War. During the 1940/1941 season the government also paid a subsidy to the wheat producers, 50% of which was contributed by the Wheat Board. The official rationale for this subsidy was to support local agriculture, ensure a low-cost staple food and alleviate inflationary pressure.

In addition to the production of bread, other subtle changes started to creep in retroactively in the wheat-to-bread chain as the implementation of the Marketing Act gained momentum in the 1940s. At the beginning of each season the Wheat Board announced a guaranteed price for wheat on a cost-plus basis. This eliminated the price risk for producers and left them only with the production risk. In addition, they did not have to be concerned about the marketing of the crop, as they simply delivered it to the Wheat Board's agents (mainly co-operatives) and were paid for it at the prevailing producer price.

Critics of the Wheat Board maintained that the practices and decisions of this board ultimately led to a number of large firms establishing a monopoly in the industry. Among other things the Wheat Board decided to implement certain restrictive practices such as closing down smaller mills and concentrating the milling industry around the bigger urban centres. These practices were also expanded to the baking industry, where the Wheat Board preferred to establish only a few larger bakeries instead of a larger number of smaller ones.

### ***Deregulation***

In 1995 quantitative control was abolished and replaced by tariff control. Buyers were then entitled to import wheat freely on payment of the levy, and the Wheat Board was no longer the only seller of wheat in South Africa.

Although the producer price of wheat was still set by the Wheat Board until 1996, anyone could mill wheat, bake bread and set the price of their bread from 1995. The only form of government involvement in the bread price was the VAT levied on white bread, while brown bread was VAT exempt.


On 1 January 1997 the Marketing of Agricultural Products Act of 1996 came into effect, which meant the end of controlled marketing for wheat and other grain products. Wheat producers suddenly had to compete in the international market with less government support than in almost every other industrial agricultural country in the world. This caused great uncertainty in the wheat industry and some leaders even felt that this could signal the end of the local wheat industry.

As in the case of maize, domestic wheat prices have been determined on Safex since price control was abolished.

### ***Rationing***

After the outbreak of the Second World War the government started to ration the consumption of bread to prevent potential shortages, and on 5 May 1941 the production of white bread stopped completely. White bread was replaced by what was known as 'war bread'. The flour used to bake it was made at a very high





extraction rate (at least 90%), which meant that more loaves could be baked from a given amount of wheat. It was coarser and darker than the traditional brown and whole-wheat bread, and for the next seven years it was the only bread available in South Africa.

Many South Africans were extremely dissatisfied with this state of affairs, particularly those who opposed South Africa's involvement in the Second World War. To make matters worse, after the end of the war the South African government, on the recommendation of the British Ministry of Food, introduced further restrictions on the consumption of bread and other wheat products because of enormous shortages of wheat, like other types of grain, worldwide.

The production of flour used for baking biscuits and cake was totally prohibited, even in private households. Hotels were forbidden to serve toast and the daily individual purchase of bread and wheat meal was restricted to eight ounces (0,226 kg) of bread and six ounces (0,170 kg) of wheat meal/individual per day.

Consumers were encouraged in the press, on the radio and in films to reduce the consumption of bread, and by the end of 1946 the sale of bread was prohibited on Wednesdays and between 15:00 and 16:00 on other days. Wheat consumption consequently stayed low in this period and only started increasing again after the National Party came into power in 1948. History teaches us that the National Party's pre-election promise that they would ensure that bread, particularly white bread, would be supplied at affordable prices played quite an important role in the party's victory in the 1948 elections.

Since the 1920s various investigations into malnutrition had been launched in South Africa, and by 1948 reasonable concern existed about this, particularly among poor whites and increasing numbers of urban blacks. Apart from the humanitarian aspect, it was believed to contribute to diseases like tuberculosis.

The Minister of Health at the time, Dr Karl Bremer, was serious about trying to find solutions to combat malnutrition. As part of his attempts to address the problem he introduced a national bread enrichment scheme, which involved certain nutrients (groundnut meal, powdered buttermilk, powdered skim milk and calcium carbonate) being mixed into brown-bread flour at the government's expense to increase its nutritional value.

The bread was known as the Bremer loaf and was subsidised by the government so that it could be sold at a lower price than ordinary brown bread.

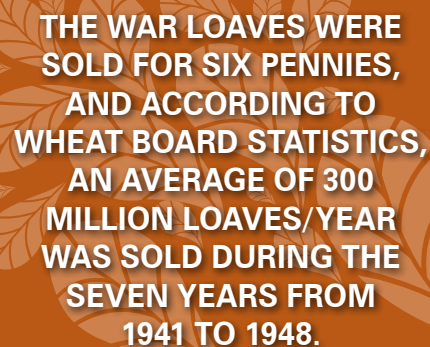
All restrictions on the sale of bread and other wheat products were lifted on 1 November 1948. This led to an enormous increase in the demand for those products, and in 1948/1949 about 600 000 tons of wheat were consumed, compared to the average use of 400 000 tons/annum over the previous twelve years.

### ***Baking and milling industries***

The baking industry was also subject to control measures that were introduced to ensure stability, promote efficiency through economies of scale and optimum capacity utilisation, and keep the price of bread affordable. This followed a recommendation by the Trade and Industries Board in 1939 that the Wheat Board implement restrictive registration for millers and bakers.

This policy on registration was continually adjusted in accordance with changing circumstances in subsequent years. One of the consequences was that a concentration of power developed in the baking industry. The number of registered bakers decreased from 200 in 1941 to only 104 in 1971. By 1985 six bakery groups jointly baked about 90% of South Africa's bread.

This concentration of power probably contributed to a commission of enquiry into the Marketing Act (the Wentzel Commission) that was appointed in 1976. Although the commission's report supported the continuation of the Marketing Act, it did mention the concerning side effects of the Marketing Act on the wheat industry, and on the Wheat Board's power to limit the number of bakers and millers.



**THE WAR LOAVES WERE SOLD FOR SIX PENNIES, AND ACCORDING TO WHEAT BOARD STATISTICS, AN AVERAGE OF 300 MILLION LOAVES/YEAR WAS SOLD DURING THE SEVEN YEARS FROM 1941 TO 1948.**



## 'TANNIES' WHO CAN KNEAD

### MR ANDRIES BEYERS

**I**t is a fact that you cannot bake bread with any flour. At that stage the grading requirements for wheat meal were 9 protein and 70 bushels – otherwise it was feed grade.

One day a few ladies from the Western Cape arrived at my office. They placed these nicely baked loaves in front of me and said: 'These loaves were baked with flour with a bushel of between 60 and 70.' So I asked: 'For how long did you knead them?' (Because if you knead and work dough for long enough you will eventually be able to bake bread.) 'No, for a long time,' they said, 'but we just want to show you that it can be done. Go and show this to the millers.'

However, the millers' and bakers' process leaves about three minutes for proving a loaf of bread – you cannot take it out, knead it and take it out and knead it again. With this explanation they left quite satisfied after a cup of tea or two.

The commission recommended that the Wheat Board should retain the power to control access to the baking industry and replace the system of registration for bakers with formal registration.

During the 1980s the pressure on the authorities to make the baking industry more accessible to new entrants increased and led to the allocation of more licences for the baking of the subsidised standard bread. The number of bakeries that were licensed by the Wheat Board to bake this bread increased from 338 in October 1985 to 370 in February 1991.

In 1985 the Davin Commission was appointed to investigate the justification of the payment of government subsidies on bread and whether to continue them. The commission recommended that the Wheat Board continue determining producer prices for wheat, but that price control, the payment of subsidies and restrictive registration of millers and bakers of standard bread be stopped. Only the recommendation regarding the registration of millers was implemented at that stage.

In 1985 the Competition Board made the following recommendations on the basis of an investigation into economic competition in the milling and baking industry in South Africa, carried out at the direction of the Minister of Trade and Industry:

- The restrictive system of registration for millers and bakers had to be abolished and replaced by a system of formal registration.
- Price control on milling and baking products had to be abolished.
- In order to prevent the concentration of economic power in the wheat industry from increasing, the Competition Board had to be informed of all future business acquisitions in the industry.

The Competition Board also maintained that the bread subsidy should not be continued in its existing format and supported the recommendations of the Davin Commission in this regard.

In 1986 the National Marketing Council (NMC) investigated the application of the Winter Cereals Scheme at the request of Minister Wentzel (Agriculture), together with other schemes that were introduced in terms of the Marketing Act. Among other things the NMC recommended that certain adjustments to the system of restrictive registrations with respect to millers and bakers in terms of the Winter Cereals Scheme be made by replacing the system with one of formal registration.

From 1990 the Wheat Board's role began to change drastically and the regulatory measures with respect to the wheat industry were in fact adjusted to allow the market to function according to free-market principles to a greater extent.

In 1991 the compulsory registration of millers and bakers was abolished by the Wheat Board and price control on all wheat products was terminated, after which the price of bread increased rapidly. The price of white bread rose by 26,1% in one year, and that of brown bread by 27%. Consumers also started to complain about the low quality of the bread after control was abolished.

The bread subsidy, which had existed since the 1940s, was scaled down over time and from 1947 differentiated subsidies were paid on white and brown bread, with a higher subsidy on brown bread. The subsidy on white bread was abolished from February 1984, and in 1988 the cabinet decided in principle to phase out the bread subsidy over a period of three years. The Blignaut Committee was appointed to work out the final strategy in this regard, and on 1 March 1991 the payment of government subsidies on all standard bread was abolished.

A large-scale concentration of power occurred in the milling industry too. The number of wheat mills in the country was reduced from 120 in 1951 to only 66 in 1974. However, the Commission of Enquiry into the Marketing Act that was appointed in 1979 recommended that the Wheat Board retain the power to register millers. By 1985 there were only 50 registered wheat mills in South Africa, of which 31 were owned by six milling groups with a joint market share of 98%.

In addition to their milling activities, the larger mills also expanded their control to the baking industry during the 1970s and 1980s. By the time the registration restrictions were lifted, the few groups that sold the biggest quantity of bread



flour in South Africa also baked most of the bread. In spite of the fact that literally thousands of small bakeries were opened, by 1990 more than 80% of the bread production was still in the hands of only six groups.

Although the abolition of price control on bread flour and the restrictions on registration in 1991 paved the way for new entrants to the wheat milling industry, it did not have a significant impact during the 1990s. Despite the fact that 90 new wheat mills were constructed in South Africa between 1991 and 1999, about 97% of South Africa's wheat meal was produced by only 33 of the large mills at that stage.

### ***Levies***

#### ***Import tariff***

The South African wheat industry is subject to the payment of tariffs on wheat that is imported. This was introduced mainly to protect local producers against low subsidised global prices, which could lead to the domestic prices dropping to levels that could place the sustainability of the wheat industry in South Africa at risk. The tariff is based on the fixed global price in USA dollars. If the global prices of wheat drop below the set level that is calculated according to a fixed formula, the tariff comes into effect.

During 2005 the International Trade Administration Commission (ITAC) of South Africa undertook a study to determine whether the prevailing tariff dispensation on imports was effective. The wheat industry believed the system to be ineffective because the basis for calculating the tariffs took only the USA dollar price of wheat into account, without factoring in the exchange rate fluctuations between the USA dollar and the SA rand. It also did not take the differences between the various countries of origin of the wheat into account.

Consequently, the grain industry proposed an alternative dispensation for determining the tariff that would take those aspects, among other things, into account. However, the ITAC found that there was no justification for a tariff hike, as the milling industry in particular did not experience significant competition from imports.

#### ***Statutory levy***

The objectives and aims of the statutory levy that is applied to wheat, barley and oats in terms of the Marketing of Agricultural Products Act, 1996, are to provide financial support to winter cereal research, information and development functions that are regarded as essential to the winter cereal industry and have been identified as in the interest of the industry. The winter cereal industry and directly affected parties regard the maintenance of macro industry information as essential for strategic planning purposes.

The provision of generic market information to all role-players on an ongoing basis is critical to allow the market to operate effectively. The winter cereal industry supports the principle that generic market information must be obtained through statutory

**BY THE YEAR 2000 FOUR GROUPS, NAMELY PIONEER FOODS, TIGER BRANDS, PREMIER FOOD AND FOODCORP, MILLED 80% OF THE COUNTRY'S WHEAT AND BAKED MORE THAN 65% OF THE BREAD IN THE COUNTRY.**



measures and that SAGIS is the official vehicle for achieving this. A statutory levy is required to ensure that the winter cereal industry also shares in the gathering and dissemination of information.

The premise is that proper and accurate information on the winter cereal market that is available constantly and timeously not only improves market access for all market participants, but also promotes the effectiveness of the marketing of winter cereals and winter cereal products and therefore also the viability of the winter cereal industry and the agricultural sector in general. Market information furthermore promotes food security because the market can function better, as information on national stock levels of winter cereal is available.

Financing is also required for research on new technology to understand and manage the complex interaction between the changed behaviour patterns of crops and the external factors affecting them, like pests and diseases. It is also essential for the industry to maintain the specific infrastructure established over time to conduct research on consumer preferences.

Furthermore, in order to optimise proceeds from exports, it is essential for South African products to comply with international quality standards, which creates a need for researchers and breeders to ensure that locally produced winter cereals are and remain competitive on international markets. The levy is needed for the funding of research projects in order to address these needs.

The levies are administered by the Winter Cereal Trust in a separate account. A part of the levies is also used for small-scale producers and the emergent winter cereal industry.

The levies apply in the geographic area of the Republic of South Africa and apply to all winter cereals:

- (a) that are sold by or on behalf of the producer thereof;
- (b) that are imported into the Republic of South Africa;
- (c) that are processed or converted to a winter cereal product, if the winter cereal product is destined to be sold;
- (d) that are exported from the Republic of South Africa if the levy has not been paid in terms of any of the above; and
- (e) with respect to which a silo receipt is issued if the levy has not been paid in terms of any of the above.

The amount of the levy is adjusted from time to time. The following levies applied from 1 October 2014 to 30 September 2016 (VAT excluded):

- Wheat R17,00/metric ton
- Barley R16,00/metric ton
- Oats R13,00/metric ton.

The levy is payable by the buyer, importer or processor on the basis as determined in the regulations, but under certain conditions it can be deducted from the purchase price paid to the producer or the importer. In the case of a silo receipt the levy is payable by the issuer of the receipt, but it can also be recovered from the person to whom the silo receipt is issued.

The levy must be paid to the Winter Cereal Trust by the last day of the month following the month in which the winter cereal is purchased, converted, processed or exported or a silo receipt is issued.

The statutory levies must be implemented as follows: 70% for research and information, 20% for transformation (development of black producers) and no more than 10% for administration.

## **Research**

The necessity for research into the wheat industry led to the Wheat Board donating an amount of £620 to the Stellenbosch-Elsenburg College of Agriculture as far back as 1936 to purchase a Farinograph-Fermentograph, which is used to test the baking quality of wheat. About two years later, in April 1938, the Wheat Board donated a





further amount of £934 to the same college to purchase further equipment to be used for research into wheat.

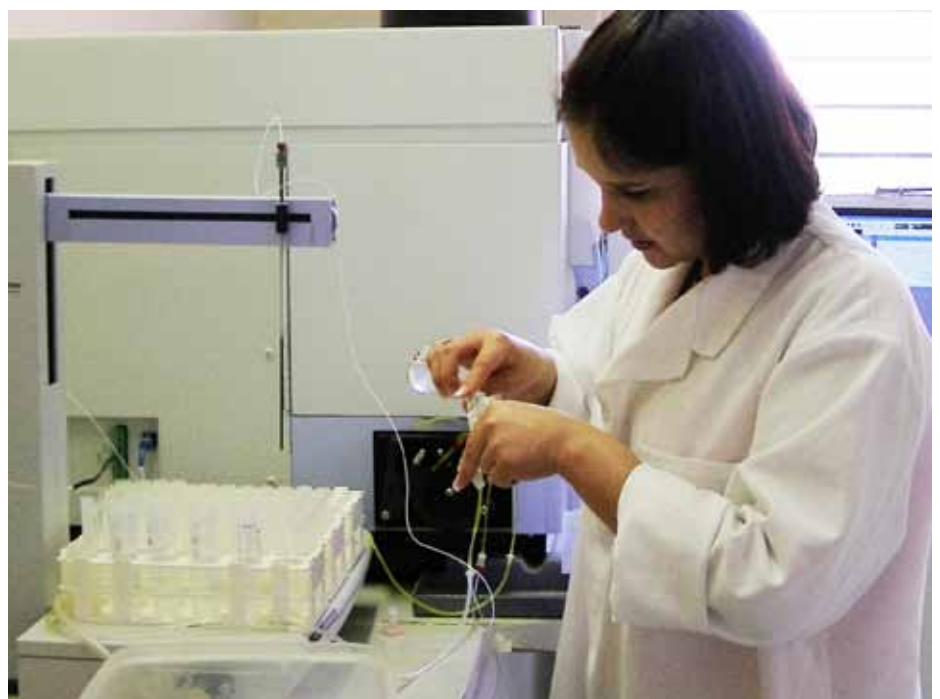
The Wheat Board subsequently on several occasions made further donations to the college of agriculture to appoint staff and purchase equipment required for advanced research. Among other things, this equipment included ovens and apparatus required to determine the ash content of bread and to provide an incubator used in research on wheat diseases.

In time certain members of the Wheat Board became dissatisfied with the repeated donations to the Elsenburg College of Agriculture while the universities, colleges and research centres in the northern parts of the country also experienced the same need. The matter was discussed by organised agriculture at provincial and national level and the Wheat Board was requested to introduce a levy on wheat, oats, barley and rye to generate funds for research. The Wheat Board supported this and established the Winter Cereals Research Fund in 1952. From the 1953/1954 season a special levy was introduced on winter cereals, which was deducted from the producer price. The levies that were collected with respect to the different grains were employed specifically for research into each type of grain.

As wheat farming increased in the former Orange Free State and Transvaal, the need for research and research facilities in those parts increased, and in 1953 the Wheat Board made donations for this purpose to the Potchefstroom University and the Small Grain Centre at Bethlehem. Later amounts were also donated to the Roodeplaat research centre to construct a laboratory and other facilities. However, this did not last long, as it was decided to concentrate all wheat research activities in the northern regions at the Small Grain Centre at Bethlehem.

In addition to the above actions, the Wheat Board sponsored research at various universities. The University of Pretoria, for example, conducted research on root diseases and the causes of crater disease on the Springbokvlakte, while the University of Cape Town conducted research on viruses in wheat and their transferability, among other things by the Russian wheat aphid.

The University of the Free State was involved in research on the drought resistance of wheat, combating wild oats and the biology and ecology of the Russian wheat aphid. Research at the Stellenbosch University concentrated on wheat quality, barley, lupine development and fertiliser. At the University of the Witwatersrand the effective absorption of inorganic nitrogen in the wheat plant during the growth and development stages was researched.



**The Small Grain Institute does extensive research on winter grains.**



The laboratory of the Small Grain Institute.

The main objectives with the research were to develop wheat and other winter cereal cultivars that would provide the maximum yield in the different climatic regions of South Africa, as well as to develop cultivars that would produce high-quality grain, particularly with a view to the baking industry.

Since the establishment of the Agricultural Research Council (ARC) in 1990 this body has conducted considerable research with respect to wheat, including the development of varieties producing a high yield and with good milling and baking properties, as well as varieties with resistance to diseases like Russian wheat aphid and wheat stem rust.

The need for suitable wheat seed led to the Wheat Board starting as far back as 1947 to establish a certified seed scheme in which classified cultivars of winter cereals were included. Suitable seed breeders were identified who reproduced and cleaned small quantities of seed under the supervision of the Wheat Board before distributing the seed. This certified seed was supplied to the agents of the Wheat Board and to producers to enable them to reproduce their own seed.

The agents of the Wheat Board, which were mainly agricultural co-operatives, started reproducing seed on a larger scale and building their own seed schemes. Later Sensako started to reproduce seed on a large scale from mother seed obtained from the Department of Agriculture's Technical Services.

### Barley and oats

Before deregulation in 1997 the marketing of barley and oats was, like that of wheat, controlled by the Wheat Board in a single-channel system in terms of the Winter Cereals Scheme. Under this scheme the Wheat Board was the only buyer and seller of barley and oats at set prices. As in the case of wheat, barley and oats could only be imported on the basis of a permit issued by the Wheat Board.



Next to wheat, barley is probably the most important small grain in South Africa. Production of malting barley under dryland conditions requires high rainfall that is distributed very well across the production period. In South Africa this is limited to a specific region in the Southern Cape that stretches from Botrivier in the west to Heidelberg in the east. However, barley is produced under irrigation in various areas in the country, like in the cooler irrigation areas of the Northern Cape and on a smaller scale in places in North West and Limpopo.

The processing of barley into malt is concentrated mainly in Caledon in the Western Cape, although it is done on a smaller scale in Alrode near Johannesburg as well.

The market for malting barley in South Africa in effect consists of only one major buyer, namely South African Breweries Maltings (SABM), which supplies its majority shareholder, South African Breweries Limited (SAB), with malting barley.

Barley producers are assured of a market for their product, as the former SAB Group has given a written undertaking to purchase barley only locally by way of fixed-price forward contracts.

Research with respect to barley is conducted by the Small Grains Institute at Bethlehem in the Free State and the South African Barley Breeders' Institute (Sabb) near Caledon, and is funded by way of statutory levies on barley sales.

## SORGHUM PERSPECTIVE

### Introduction

Sorghum is a tropical grain grass that is indigenous to Africa, and according to some sources it has been produced in southern Africa for more than 3 000 years. Currently it is produced worldwide in warmer regions and in terms of volume it is regarded as one of the most important grain types in the world. It is increasingly used as the basis for successful food and beverages industries and is an important source of food security, particularly in Africa, because it offers excellent nutritional value.

In South Africa sorghum is, in terms of volume, the third biggest grain after maize and wheat. Sorghum production in South Africa can be divided between commercial and smallholder or subsistence farms. The small farmers usually use their own production, which makes it difficult to determine exactly how much sorghum is actually produced in South Africa. It is estimated that on average about 13% of the total annual sorghum production in South Africa from 2009 to 2013 was employed for own consumption by producers, particularly by non-commercial producers.

One of the outstanding properties of sorghum is that it is highly effective in converting solar energy into food. It is well adapted to drought conditions and is produced mainly in the drier summer rainfall areas of Mpumalanga, Limpopo, the Free State, North West and Gauteng.

It is interesting that several of the sorghum varieties cultivated in the USA probably came from 16 different varieties that were exported there from the former Natal in 1857.

In spite of South African sorghum production representing only a small percentage compared to maize, the sorghum industry is well established and leads the way in many areas in a global context. Agronomic research, as well as research into milling and malting quality, has been conducted by internationally recognised scientific institutions for decades.

### Production

Although South Africa produces the third biggest grain crop in South Africa, it contributes only a small percentage of the total domestic grain crop. From 2004/2005 until 2014/2015 about 189 522 tons of sorghum on average were produced annually in South Africa, which represents only about 1,64% and 10,17% of the average annual maize and wheat crops respectively over that period.

The Free State is the biggest producer of sorghum in South Africa and from 2004/2005 until 2013/2014 it annually produced on average 54% of the sorghum



A close-up view of sorghum kernels.



crop, with Mpumalanga the second biggest producer (26%), followed by Limpopo (10%), North West (7%) and Gauteng (2%).

In the period from 2000/2001 until 2014/2015 the total South African sorghum crop varied between 96 000 tons (in 2005/2006) and 373 000 tons (in 2003/2004), with an average of 203 360 tons/year.

Graph 18 depicts the yield/hectare of sorghum planted from 1990/1991 until 2015/2016.

Although South Africa is a net exporter of sorghum, trade in this commodity with other African countries remained relatively low compared to other grains, probably because some of the other African countries produce even more sorghum than South Africa. However, exports in 2004 and 2005 were mainly to African countries, particularly Botswana. Because of quality requirements in Botswana it is vital for the product to comply with certain minimum standards.

## Marketing and prices

From the 1944/1945 to the 1948/1949 season sorghum marketing was handled by the Maize Board, but from 1949 to 1957 there was no formal control over this marketing. From the 1957/1958 season onwards sorghum was again marketed by the Maize Board as part of the Summer Grain Scheme until the Sorghum Board was established on 31 January 1986. This board then took control of sorghum marketing until the Marketing of Agricultural Products Act of 1996 came into effect on 1 January 1997. After that sorghum, like the other grains in South Africa, was traded without restriction on the free market.

Sorghum prices fluctuate considerably. When local sorghum production exceeds the domestic consumption needs for food and beverages, the sorghum price is determined by the lowest price of competing grain (yellow maize). In years in which the domestic demand for sorghum is greater than the local production, the price depends on the import parity and the premium paid for malt quality.

During 2005 and at the beginning of 2006 sorghum producers experienced enormous cost-price pressure. Producer prices of sorghum dropped drastically, mainly because of overproduction and a stronger currency rate, while input costs of imported inputs like fuel, chemicals and fertiliser increased rapidly. This raised doubts about the prospects of cultivating sorghum sustainably and profitably in South Africa and led to producers being forced to scale down plantings.

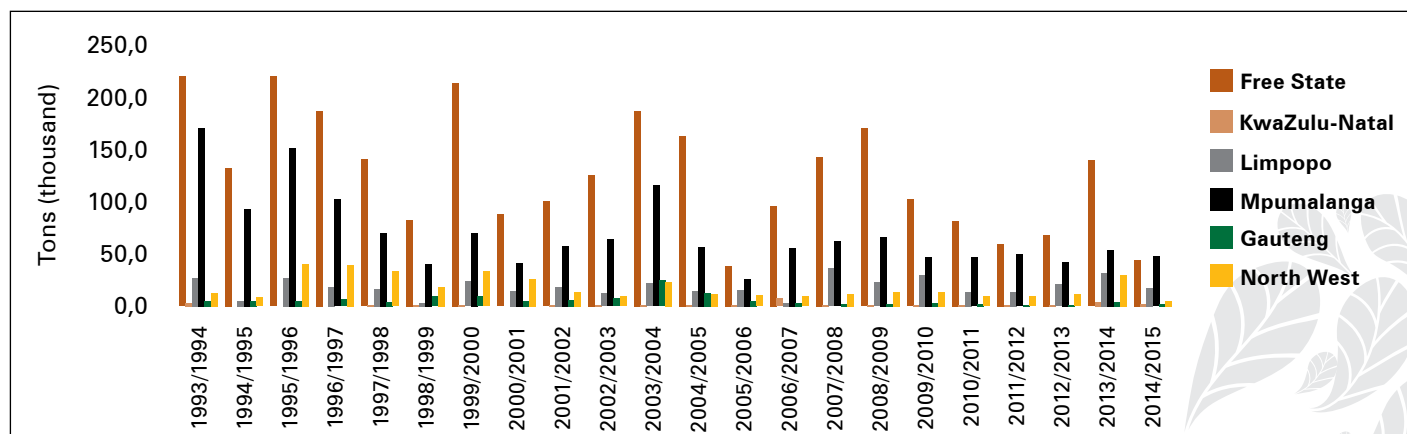
## Levies

Statutory levies on sorghum that are collected in terms of the Marketing of Agricultural Products Act of 1996 are revised from time to time and the income from these is employed for research purposes by the Sorghum Trust.

The current levies on sorghum apply until 28 February 2018.



The fumigation of grain against insects.



Graph 17: Sorghum production per province



## Processing and consumption

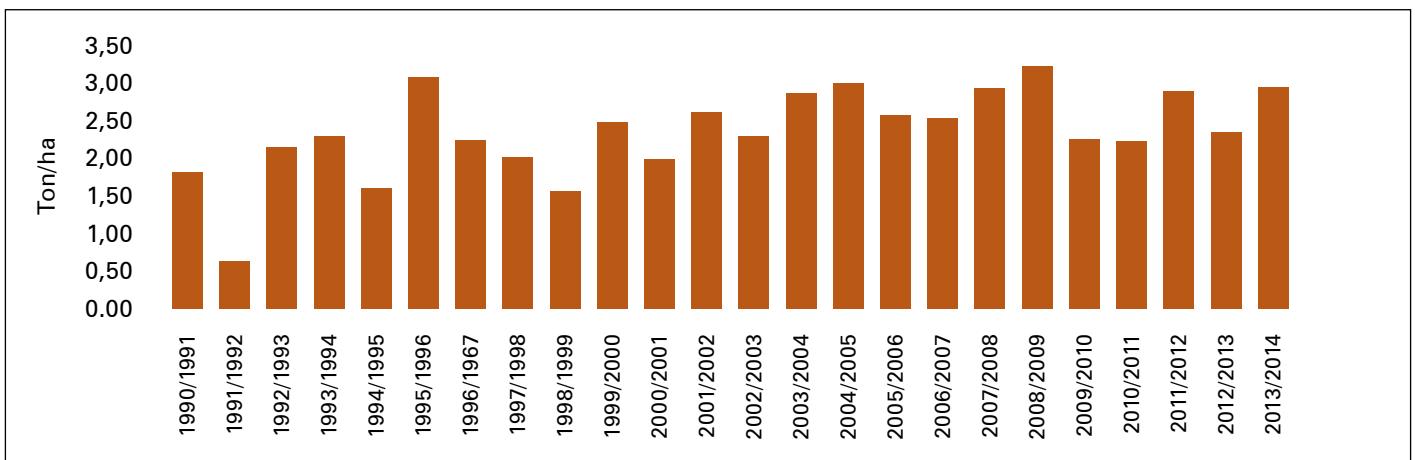
About 90% of sorghum planted in South Africa is used for manufacturing food and beverages for people. In the food market it is used to manufacture malt, meal, couscous and other types of food like rice and crushed maize, while malt is mostly used to manufacture sorghum beer (a traditional African beer). Sorghum meal, also known as 'mabele', competes directly with the other grains as a breakfast porridge.

Manufacturers of sorghum products operate in a very competitive environment in which consumers can very easily switch to substitutes like maize meal, rice and lager beer.

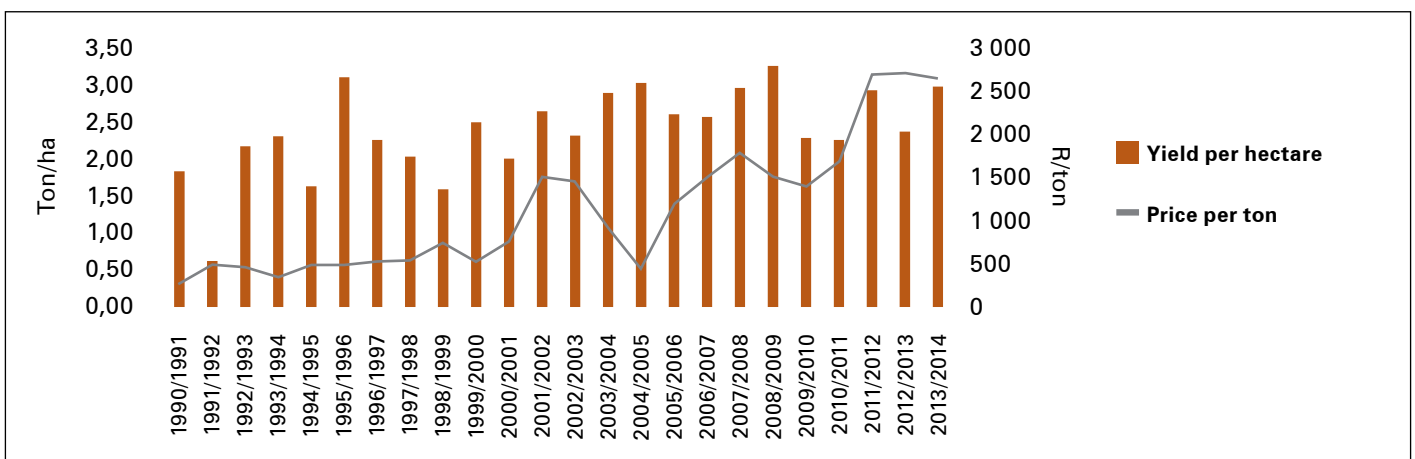
The economic climate and the influence of Western culture definitely have an effect on the demand for sorghum products. The impact of these factors can be seen in the declining trend in the consumption of sorghum from 2003/2004 until 2013/2014, as is demonstrated in this diagram below.

From 2004/2005 until 2013/2014 an average of about 178 660 tons of sorghum was processed for the consumer market, with an average of about 8 300 tons used for animal feed.

The biggest use of sorghum in South Africa is for the production of sorghum beer. In the 1930s the government prohibited the production of sorghum beer by private institutions and individuals, and sorghum beer breweries that did not belong to the government were declared illegal. The right to brew sorghum beer was awarded to local authorities, provided that the income earned from it is used for the development of black residential areas. Later the local authorities transferred this responsibility to the Industrial Development Corporation.



Graph 18: Average sorghum yields per hectare



Graph 19: Average sorghum yields per hectare and producer price per ton



The use of sorghum as animal feed was in time researched well and documented. In that market it was used mainly for processed food for pets, poultry and livestock. However, it is not a stable market and apparently price is the determining factor in the decision of whether to use maize or sorghum in animal feed.

For ruminants a combination of sorghum and other grains provides a product with a nutritional value comparable to that of maize. However, food manufacturers sometimes hesitate to use sorghum instead of maize because of the negative effect that locality and the course of the season can have on the nutritional value of sorghum, and because it may contain tannins. This, together with problems with respect to availability of the right quality, storage space and other practical problems, places sorghum in a considerably weaker position than maize.

About 55% of the sorghum meal and malt manufacturers are concentrated in Gauteng and North West, followed by Limpopo, the north-eastern Free State and the northern parts of KwaZulu-Natal. Because the bigger industries manufacture sorghum malt as well as sorghum meal and other sorghum products, all these products are normally distributed through the same distribution channels. The distribution network stretches much wider than only the areas where sorghum is cultivated and processed. There are also a number of areas in South Africa where the distribution networks are not yet properly established, which creates a potential for market expansion for sorghum products.

## Quality and grading

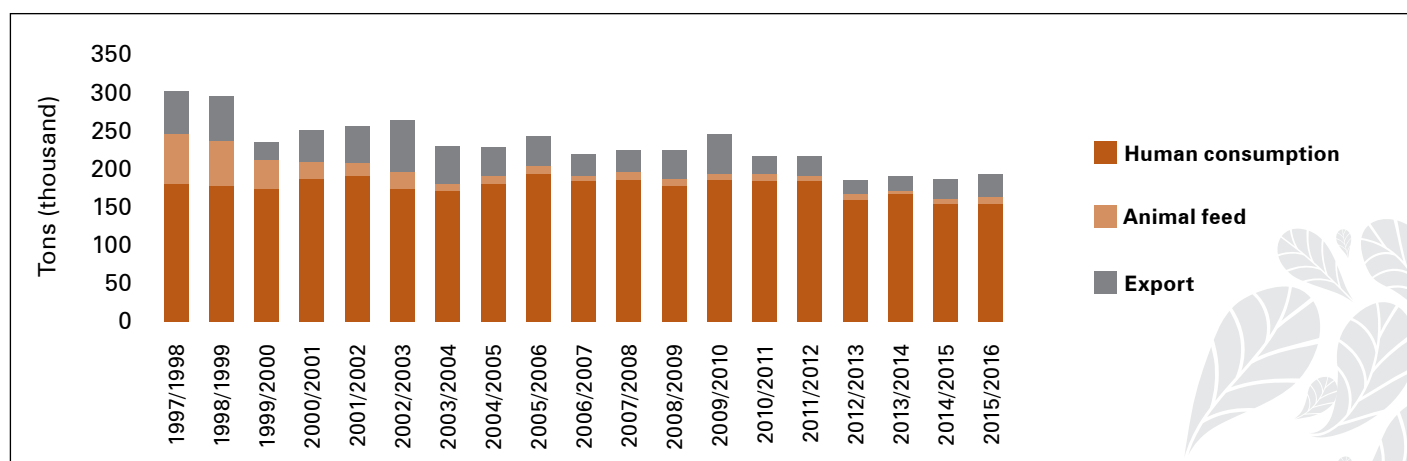
Sorghum is graded according to strict quality standards as GM (GM1, GM2 and GM3), GH (GH1 and GH2) and Other, and the marketing of sorghum is strictly controlled by regulations announced in terms of the Agricultural Product Standards Act of 1990. The regulations also make provision for the way in which sorghum has to be packaged and labelled and prohibits the sale of sorghum that contains any ingredient that would make it unfit for human or animal consumption.

The Agricultural Product Standards Act of 1990 and the Foodstuffs, Cosmetics and Disinfectants Act of 1972 also contain specific prescriptions about food hygiene and safety standards of sorghum products destined for export.

## Storage

Sorghum is primarily stored at a market-related cost in commercial grain silos, where it is cleaned and graded. Usually any practical quantity of grain sorghum is received and handled, provided the requirements of the Department of Health are met. Like with other grain, the quality and quantity of the stored sorghum are usually guaranteed by the storage facility and the owner can obtain a silo certificate that can be used in the trading of sorghum.

Only a limited quantity of sorghum flows directly to the various market sectors, as only a few processors have sufficient bulk facilities to store it.



Graph 20: Utilisation/consumption of sorghum



## Research

Sorghum is one of the crops researched by the ARC's Grain Crops Institute in Potchefstroom. Research projects on sorghum were initially funded jointly by the government and external sources like the Sorghum Trust. However, over time the funding of research projects became increasingly problematic as the government started to scale down its contributions for this purpose and it became more difficult to generate funds for research from the sorghum industry itself.

The Sorghum Trust makes contributions for research to institutions like the ARC, Grain SA, universities and non-governmental organisations. The Sorghum Forum annually invites all relevant research institutions to submit research proposals to the forum. The forum's research project committee assesses and prioritises the proposed projects according to norms and criteria established by the forum. Researchers are offered an opportunity to explain the proposed projects, after which the committee submits its recommendations to the forum.

Projects approved by the forum are then submitted to the Sorghum Trust for the allocation of funding. The trust considers the applications in terms of the trust deed and the applicable regulations, as well as the availability of funds. If insufficient funds are available for financing all the approved projects, the projects are funded in order of priority up to the amount of funds available.

## Biofuel

The possible manufacture of renewable fuel like bio-ethanol has been on the table for quite some time, and can hold major benefits for the sorghum industry. Sorghum is the only grain crop in South Africa that is available for the manufacturing of bio-ethanol, as maize is regarded as a staple food in South Africa and may not be used for this purpose. Sweet sorghum is particularly suitable for manufacturing bio-ethanol because of its high sugar content.

Initially it was thought that the use of grain for manufacturing biofuel would be able to stabilise the grain industry, promote the admission of new participants to the industry and stimulate rural development. It could perhaps in the long term also provide a solution to problems with surplus production and create a market for increased production of grains like maize, sorghum and oilseeds.

However, a number of issues had to be addressed before large-scale production of biofuel from those grains could continue, namely:

- The impact on food security and prices;
- The acceptability of by-products for the feed industry; and
- Government involvement and legislation.

Sorghum is a key crop in helping to establish the bio-ethanol industry in South Africa, particularly in drier western areas where the cultivation of sugar cane is not possible. This will support considerable expansion in local sorghum production and significantly increase the importance of sorghum in the South African economy.

On 30 September 2013 a notice was published in the Government Gazette that bio-fuel had to make up at least 5% in volume of diesel and 2% to 10% of petrol from 1 October 2015.

According to Grain SA this would mean that about 620 000 tons of additional sorghum per year would have to be produced in South Africa to achieve those targets, which would require new varieties that can produce higher yields to be developed – all factors that would benefit the sorghum industry greatly.

Despite extensive inputs by Grain SA on the viability and the possible benefits of this for the sorghum industry, the industry was, at the beginning of 2016, still waiting for the government to announce the final regulatory environment for finalising the biofuel industry.





## OILSEED PERSPECTIVE: GROUNDNUTS, SUNFLOWER, SOYBEANS AND CANOLA

### Groundnuts

#### *Utilisation*

Groundnuts are mainly cultivated for human consumption. They are primarily used in the production of sweets and breakfast cereal, or in unprocessed form. Statistics show that approximately 26% of the groundnuts produced in South Africa from the 1990/1991 until the 2001/2002 season were consumed in their unprocessed form (shelled and unshelled).

The crushing of groundnuts for oil renders approximately equal quantities of oil and oilcake. The oilcake is mostly used in the manufacturing of products like peanut butter and animal feed.

#### *Production*

The groundnut originally came from South America (Bolivia and adjacent countries), but is currently cultivated in tropical and warm climatic regions across the world. In the USA, groundnuts were cultivated in gardens up to approximately 1870, and planted as grazing for pigs up to approximately 1930.

Initially groundnuts were imported from India and other countries in the Middle East for crushing in South Africa, while the South African producers focused on the eating market. During the 1920s, the government encouraged the creation and expansion of oil crushing capacity. Initially growth was slow and it only really took off during the 1930s.

According to the first report of the Oilseeds Control Board, released in 1952, groundnuts were first cultivated for commercial purposes in South Africa during the First World War. During that period, the price of groundnuts increased significantly amidst inflationary circumstances, which made the cultivation of it very attractive.

The best prices were achieved in the eating market, which motivated producers to mostly plant the Virginia Bunch cultivar. A promising export market for these groundnuts developed in the international eating market, which contributed a lot to the strengthening of the domestic producer price. This in turn contributed positively to the increasing of production and the improvement of the general quality of South African groundnuts.

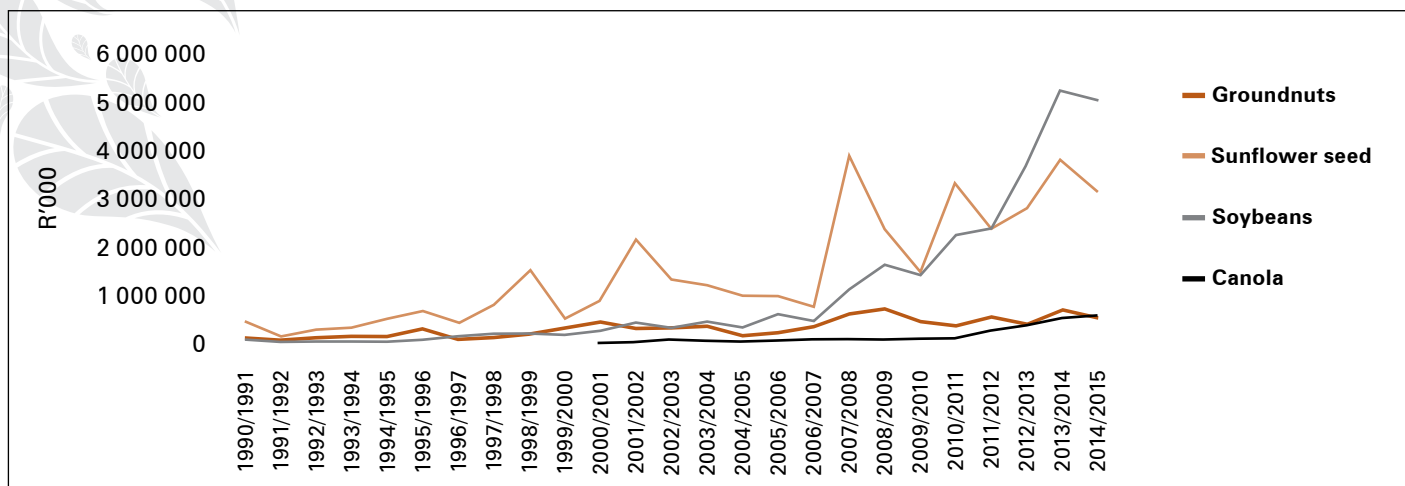
During the Second World War (1939 - 1945) and the period shortly after that, the local production of groundnuts was further stimulated by a shortage that arose from limited imports – firstly due to a lack of space on board ship for imports and then due to developments in the international markets, particularly in Asia and Europe. It became clear that the domestic production of groundnuts would have to be increased to meet the demand, specifically for the crushing industry.

In order to address this need the government started a campaign, at the insistence of the crushers, to increase the production of groundnuts in South Africa significantly. The seed of the Natal Common type of groundnut, which offered a higher yield/hectare, is less susceptible to drought conditions and more suited for oil crushing, was made available. A guaranteed producer price for shelled groundnuts as well as other guidelines aimed at supporting the industry was announced before the start of the production season.

Subsequently the production of groundnuts increased quite quickly from 8 000 tons of shelled groundnuts in 1946 to 79 000 tons in 1952.

In the ten-year period from 1970/1971 to 1979/1980 an average of 280 000 ha/year was planted with groundnuts. The largest planting was 373 000 ha in 1970/1971, and the smallest was in 1976/1977, when only 185 000 ha were planted. During the next ten years the average annual groundnuts plantings decreased to 221 000 ha, and in the period from 1990/1991 to 1997/1998 it decreased further to an average of 161 000 ha/year.





Graph 21: Value of oilseed production since 1990

However, in the period from 1997 up to approximately 2009 the average yield/hectare showed a rising trend. Upon closer examination it seems this can probably be attributed to the fact that the cultivation of groundnuts on dryland decreased, while there was an increase in the use of irrigation.

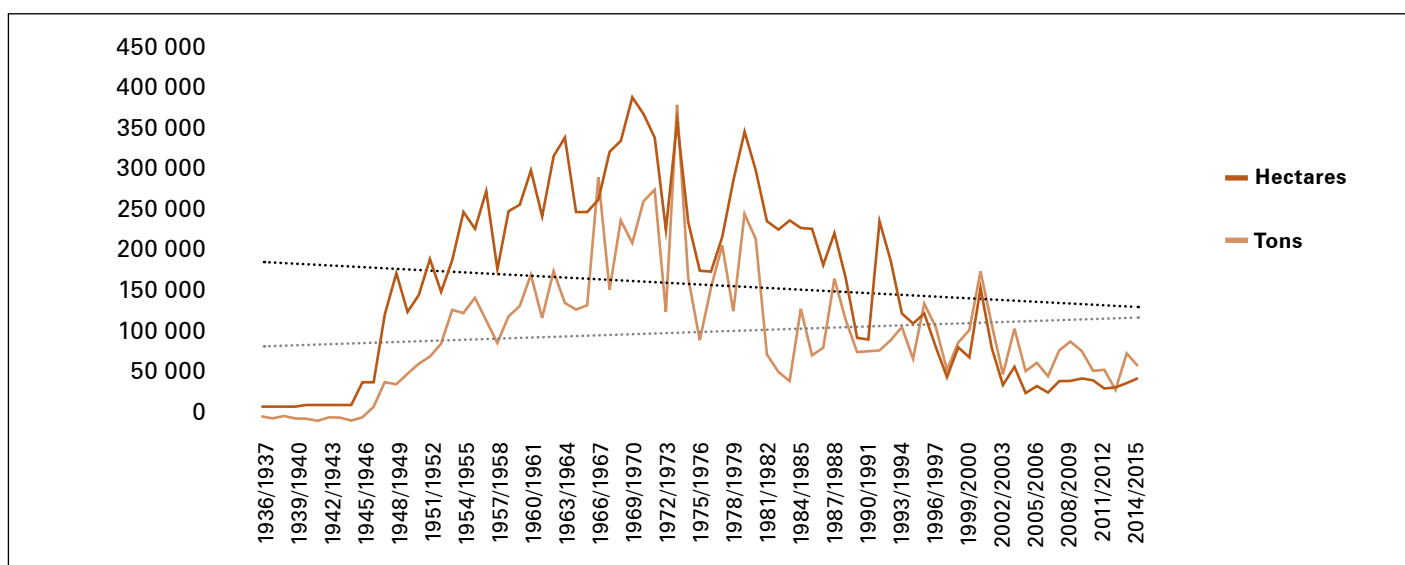
Groundnuts are very sensitive to unfavourable climatic conditions, which explains why there is not a big correlation between the total area on which groundnuts are planted and the total yield produced – as the graph above indicates.

### Harvesting process

Traditionally the harvesting process of groundnuts used a lot of manual labour. The groundnut plants were pulled from the soil by hand and piled up until the correct moisture content was reached, after which the pods were harvested and put into sacks. This meant that the harvest was delivered to buyers in sacks.

Therefore, groundnut production was a very labour-intensive process. It was believed that the decrease in production since approximately 2002 could largely be attributed to labour problems on the back of labour legislation applicable in South Africa after 1994, as well as the increasing labour costs that made it more viable for producers to plant other crops that were not so sensitive to unfavourable climatic conditions.

During the late 1990s the idea developed that the production of groundnuts will only be expanded on a larger scale in South Africa if the process could be mechanised to a greater extent. Calculations done in 1999 indicated that it was cheaper



Graph 22: Production statistics of groundnuts 1936/1937 to 2014/2015 – hectares and tons produced

at that stage to harvest groundnuts in the traditional way than with the available mechanic solutions. Consequently, a lot of producers left the industry.

Since the early 2000s mechanical harvesting processes were imported, which made it possible to deliver groundnuts in bulk and save on labour costs. The mechanical harvesting process also increased the average grading of the producers, with more choice and miscellaneous grade than was delivered by the traditional process.

However, the mechanisation equipment needed was very expensive and could rarely be afforded by smaller producers. The process also requires different infrastructure than the traditional method. This includes facilities for the bulk receipt and handling of groundnuts, as well as dryers able to dry the groundnuts harvested mechanically to the required moisture content.

### ***Production areas***

In certain areas of South Africa, specifically the northern and eastern areas, groundnuts are quite often planted by small farmers for personal use, because it is an important source of nutrition in those areas. For commercial use, groundnuts are mostly cultivated in the western summer rainfall areas of the country, both under irrigation and dryland. During the period from 2008 to 2013, approximately 36% of South Africa's groundnuts were produced in the western and north western parts of the Free State, with approximately 30% in North West and 28% in the Northern Cape.

Graph 23 shows the distribution of groundnut production in the different provinces of South Africa for the period from 1993/1994 to 2013/2014.

### ***Aflatoxin***

High aflatoxin levels in groundnuts are one of the biggest risks of the groundnut industry. Aflatoxin is a fungus that spreads quickly, particularly in groundnuts with a high moisture content, if it is not managed properly. Internationally the tolerance levels for aflatoxin contamination are very strict in order to manage the risks for human consumption. This increases the risk with the exporting of groundnuts. The contamination of the groundnuts can be countered by blanching, but this is associated with high costs.

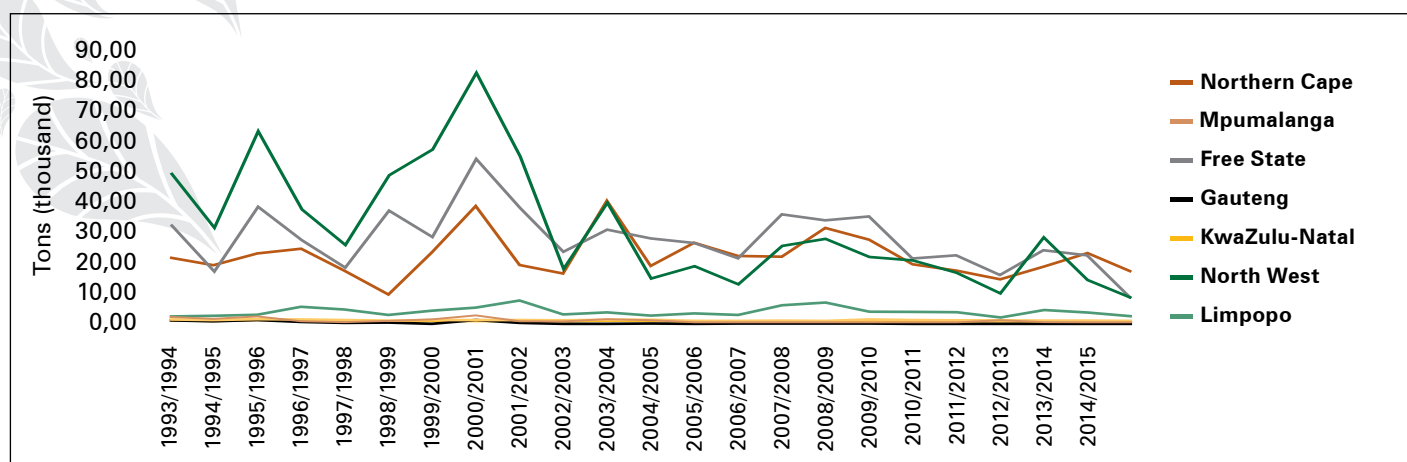
In order to restrict the spreading of aflatoxin, all processing infrastructures in South Africa have to adhere to stringent requirements from the Department of



**Cultivation of groundnuts.**







Graph 23: Distribution of groundnut production per province since 1993/1994

Health. Physical tests are done on samples and samples of all batches before they may be sold.

### Cultivars

South Africa almost exclusively produces the Spanish type of groundnut, and even though research regarding the development of groundnut cultivars is a priority, only the following approved cultivars were available in South Africa in 2013:

Registered cultivars 2013			
Akwa (254)	Harts (254)	Kwarts (254)	Phb 96B01 R (411)
Anel (254)	JL 24 (959)	Rambo (254)	Phb 95Y41 R (411)
Billy (254)	Kangwane Red (254)	Sellie	Phb 95Y40 R (411)
Robbie	PAN 9212	Tufa (254)	Phb 95Y20 R (411)
Mwenje (1137)	SA Juweel (254)	Inkanyezi (959)	Phb 95B53 R (411)
Nyanda (1173)			

In the light of the growing demand for groundnut varieties that deliver higher yields, the ARC conducted research about this during 2011 and 2012 in various large groundnut producing countries. The ARC concluded that the best alternative would probably be for South Africa to import seed for reproduction from Senegal.

In 2012 it was also established that certain larger role-players in the industry had imported new breeds/varieties independent of the ARC in an attempt to increase production yields. They were dissatisfied with the ARC's breeding programme regarding varieties that could deliver better yields.

### Marketing

Under the control of the Oilseeds Board, groundnuts were marketed according to a single-channel system with prices determined by the Oilseeds Control Scheme. After control was abolished in 1997, the price of groundnuts was established in the market place, driven by demand, supply and quality.

Graph 24 (on page 58) shows the annual change in groundnut prices compared to tons produced from 1990/1991 to 2013/2014. It shows a clear correlation between the total tons produced and the producer price, but indexed price comparisons show that the producer price has been structurally higher than the historical price since 2006/2007.

A study conducted by the Bureau for Food and Agricultural Policy (BFAP) in 2012 concluded that a lack of mutual trust in the groundnut industry's value chain hampered initiatives for growth and recovering economies of scale to ensure an ongoing supply of high quality groundnuts to the market. The opinion was that a total turnaround strategy in the industry in South Africa was necessary and it should be





initiated by the big role-players, a process in which the Groundnut Forum can play an important coordinating role.

It was also found that great uncertainty regarding pricing prevailed in the groundnut industry, specifically regarding pre-season contracts. This plays an important role in the producers' decision to plant groundnuts or not. The recommendation was that a specific price strategy was necessary to enforce a transparent pricing mechanism and that the possibility of introducing a price-hedging mechanism for groundnuts should be examined.

Groundnuts cultivated in South Africa are traditionally an export product, and despite the problems in the industry, South Africa is still a net exporter of groundnuts, because in most years the domestic production exceeds the domestic consumption. Domestic prices are therefore largely determined by export parity.

The export market makes high demands regarding the quality of the groundnuts, especially for the presence of aflatoxin. Groundnut exports experienced enormous problems in 1999 and many consignments were returned to South Africa from overseas destinations because the quality was not acceptable. In addition to unacceptably high levels of aflatoxin contamination, mixing of cultivars occurred, and this was also not acceptable to the international buyers, particularly because they were used to the high quality of South African groundnuts and they often traded at quite a premium.

By 2013, groundnuts were mainly exported to the Netherlands, Germany, Japan and Mexico.

## **Sunflower**

### ***Utilisation***

In South Africa sunflower seeds are almost exclusively used for manufacturing oil and oilcake – approximately 95%. The rest is mainly used for human consumption and in pet food. Sunflower oil is used mainly for human consumption, be it in unprocessed or processed form. However, in South Africa oilcake is exclusively sold for manufacturing animal feed.

Unlike in the case of soybean oilcake, the production of which has grown substantially since 2005/2006, the production of sunflower oilcake has stayed almost at the same level and the predictions are that in the future it will vary between 700 000 and 800 000 tons/year.

### ***Production***

Sunflower performs better than most other grain crops under unfavourable, dry climatic conditions, which could possibly explain why it is a popular crop to grow in the more marginal production areas of South Africa.

Sunflower is a good crop-rotation crop with maize and there is a fair correlation between the surfaces on which maize and sunflower can respectively be planted, because producers can easily switch over to sunflower when the optimum planting date for maize has passed. It also explains in part why sunflower production varies quite a lot from year to year, as is seen in Graph 26 (on page 60).

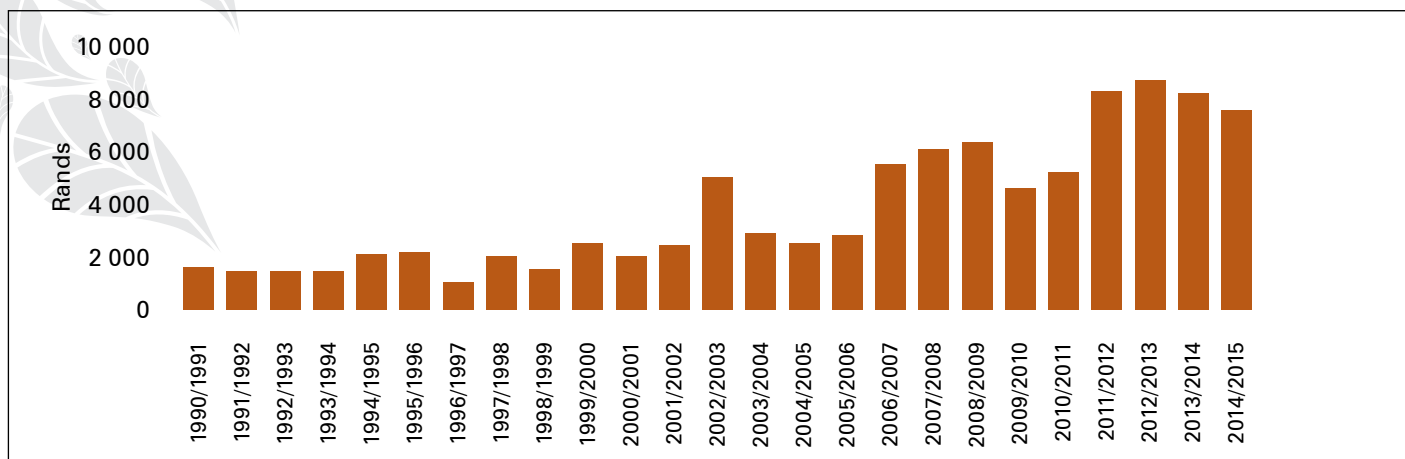
In 2008 South Africa was the world's tenth biggest producer of sunflower seeds, produced mainly in the Free State, North West and Limpopo and on the Highveld of Mpumalanga.

### ***Import and export***

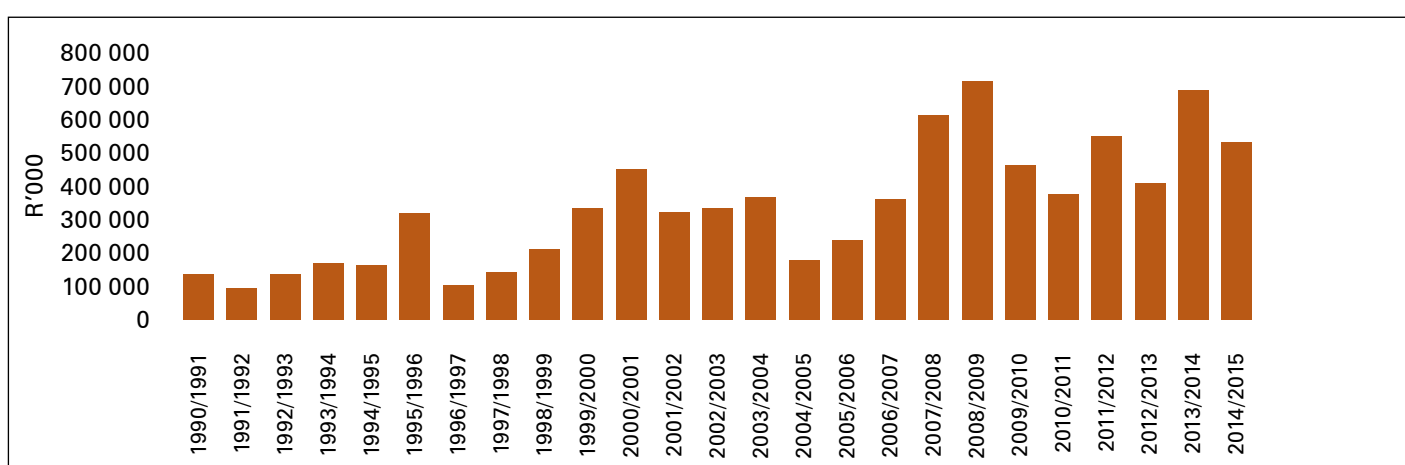
Traditionally sunflower seeds are exported on a very limited scale by South Africa, especially because their export was viewed as uneconomical as a result of the mass-volume ratio. Sunflower seeds may only be exported if they satisfy the prescribed phytosanitary requirements and are certified by PPECB as suitable for export.

During the first half of 1996 a sharp decline in the rand/dollar exchange rate and a strong demand for plant-based oil and oilcake in Europe and Britain created a good





Graph 24: Comparing producers' prices with total yield per annum from 1990/1991 to 2014/2015



Graph 25: Groundnuts – gross yield

opportunity for the profitable export of sunflower seeds, after which 100 000 tons were exported. This was the first export of sunflower seeds by South Africa in more than a decade.

South Africa is a net importer of sunflower oil, which in theory provides the opportunity for the expansion of local sunflower production. However, the fact is that oilcake obtained from sunflower seeds is not of the same high quality as that of, for example, soybeans. Because of its limited use in animal feed formulas as a result of the high fibre content, the market for sunflower oilcake is also limited. These facts limit the motivation to expand the production of sunflower.

### Marketing and prices

During the regulated period the Oilseeds Board controlled most of the aspects of the oilseeds industry and therefore also controlled sunflower in a single-channel system. Producer prices of sunflower seeds were determined by local supply and demand, as well as the prices of the export pools of the Oilseeds Board, and did not fluctuate during the season. However, this situation changed drastically in the last years before the commencement of the Marketing of Agricultural Products Act in 1997 and the accompanying abolition of the control boards.

At a NOPO Congress held on 10 March 1994 it was decided to recommend to the Minister of Agriculture, Dr Kraai van Niekerk, that the single-channel pooled system for sunflower seeds as well as soybeans had to be retained, but that it had to be reviewed annually. It was also recommended that producers should be allowed to deliver sunflower seeds and soybeans directly to registered processors during the 1994/1995 season. These recommendations were accepted by the minister and on 22 April 1994 the Oilseeds Scheme was amended accordingly.

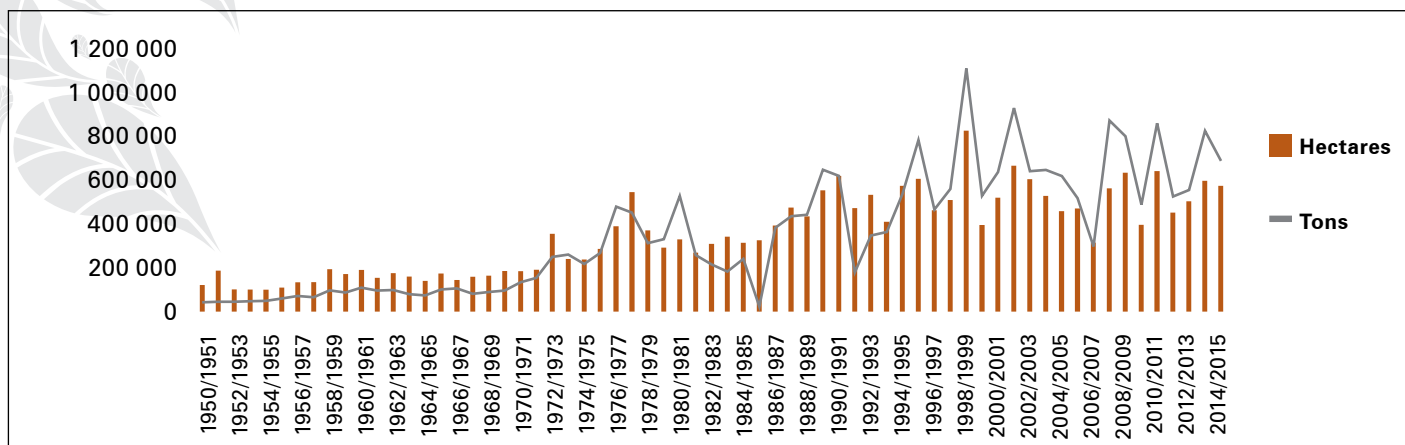




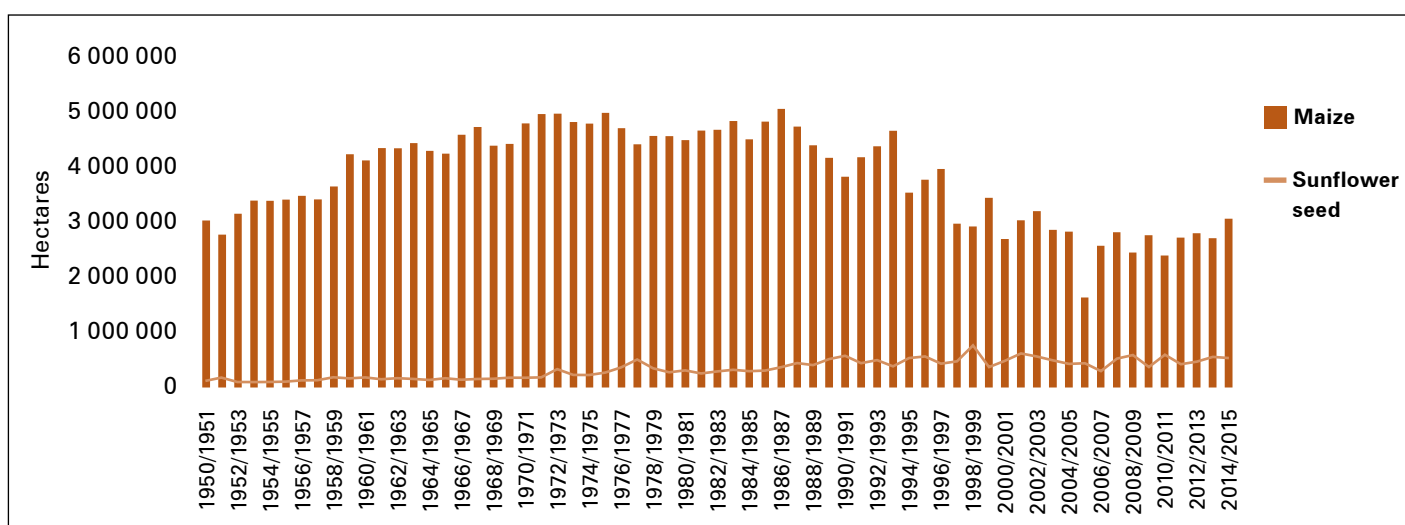
At the NOPO Congress in 1995 recommendations for changes to the Oilseeds Scheme from the 1996/1997 season were accepted, paving the road for full deregulation of the oilseeds industry. These recommendations included that prices for sunflower seeds and soybeans had to be determined in the market environment in future so that the products could be traded freely between producers and buyers, that international competitiveness had to be pursued, and that a realistic rate-fixing policy for oilseeds and oilseed products be maintained. It was also recommended that the Oilseeds Board had to be retained to fulfil certain functions, among other things to administer a surplus removal system for groundnuts and sunflower seeds.

The free-market principles that were thus introduced required producers to take careful note of the supply and demand position in South Africa and adapt their production accordingly, as there was no longer only one guaranteed buyer. Failure

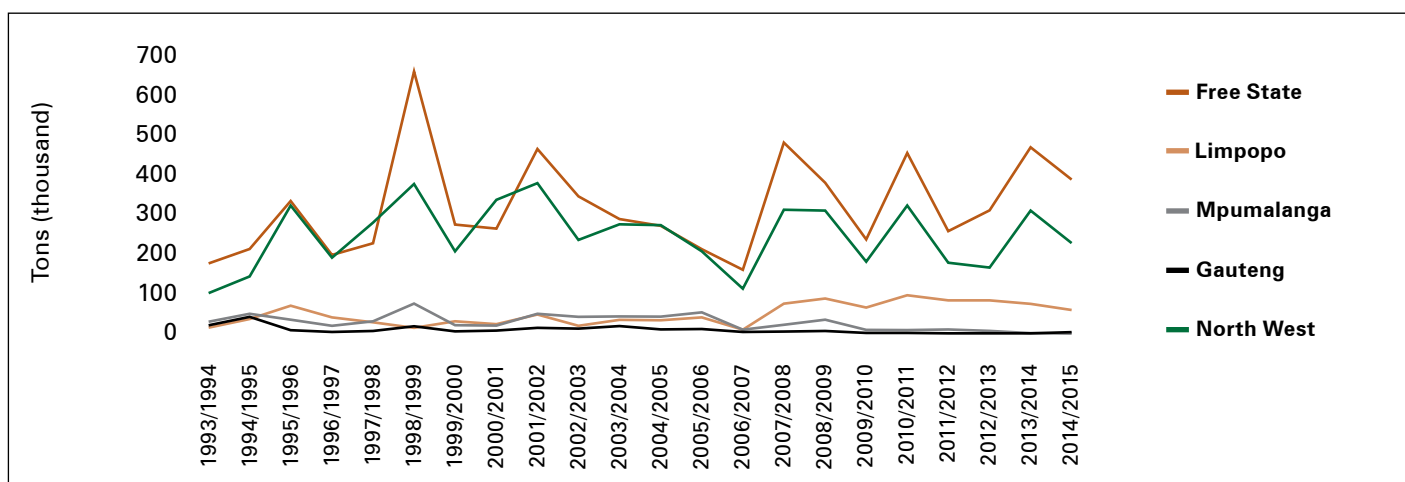




Graph 26: Sunflower production from 1950/1951 to 2014/2015 – the effect of the 1992 drought that also harmed sunflower production



Graph 27: Maize production versus sunflower production – hectares per annum since 1950/1951



Graph 28: Sunflower production per province from 1993/1994 to 2014/2015

to do this led to an oversupply of sunflower seeds in 1996, for example, because producers did not heed information that the Oilseeds Board published in January and February of that year. The Board namely announced that the initial contracts for the local sunflower crop was nearly fully subscribed, but still nearly 90 000 ha of sunflower were planted. This eventually led to an oversupply of 75 000 tons of sunflower seeds in the local market, which had to be sold for unfavourable and unprofitable prices.

Deregulation inevitably led to differentiated prices for oilseed products, depending on the distance from the most important markets and the time of the delivery of the products. This discouraged production in areas far away from the markets. In the deregulated environment contracting took place directly between producers and buyers, but with an increased risk for producers. In addition, the availability of quality market information posed a real risk for producers.

As a result of the Uruguay round of the GATT, quantitative import control with respect to oilseeds was replaced by tariff control. An inescapable result of this was that any person could import oilseed products by paying the tariff, subject to phytosanitary requirements, which meant that South African products were exposed to international competition to a greater extent. The international prices therefore became a more important factor in establishing the local producer price.

Since sunflower seeds started to trade on Safex in February 1999 this was the forum where the price was determined. The price levels of sunflower seeds are indeed influenced by the local supply and demand, but the supply of and demand for sunflower oil in domestic as well as international markets also play a role.

It seems that the international price of sunflower oil serves as a guideline for the South African price of sunflower seeds as well as sunflower oil. The Argentinian sunflower oil price is especially relevant as the marketing seasons of these two countries correspond. The fact that South Africa is a net importer of sunflower oil, which is imported as crude oil, means that the local sunflower price trades at close to import parity.

In the run-up to greater deregulation of the agricultural industry, and specifically with the change from the single-channel marketing system for sunflower seeds to a surplus removal scheme, Minister Hanekom (Agriculture and Land Affairs) consented in January 1996 that an amount of R34,26 million could be paid to sunflower producers who sold sunflower seeds to the Oilseeds Board from 1988/1989 to 1994/1995. The amount was paid from funds that had accumulated in the sunflower reserve and that exceeded the Oilseeds Board's need for reserves for the new surplus removal scheme.

### ***Research and information***

Research with regard to sunflower, soybeans and groundnuts is funded among other things from the income of the Oilseeds Trust and Protein Research Foundation (PRF).

In the period before the establishment of Grain SA, NOPO introduced and successfully operated an information service by auto fax. The information function about the sunflower industry is currently run by SAGIS, while Grain SA plays an important role in promoting the industry as a whole.

## **Soybeans**

### ***Origin***

From the Cedara Memoirs it seems that soybeans were introduced to South Africa in 1903.

The seed was imported from China, but producers had very little or no knowledge about soybeans and experienced many problems with the cultivation, especially because there was very little information available. Soybean production therefore did not really become established in South Africa immediately.

However, the former Department of Agriculture was determined to reduce the production problems by developing progressive production methods. The department also launched various initiatives to enhance understanding of the opportunities that soybean production offered in South Africa and to promote the production of the crop.

## COMPENSATE ON OIL CONTENT, ASKS PRODUCERS

During the NOPO Congress in February 1997 the request was made that producers be compensated according to the oil content of sunflower seeds. The reaction of the processors was that they would be willing to compensate producers in this way, provided that sunflower seeds could be provided to them on the basis of the oil content. However, talks with the silo industry revealed that it would not be logistically possible to store sunflower seeds in silos according to the different oil-content levels and the request could not be accommodated on a large scale.

However, one of the large agribusinesses in South Africa, Senwes, decided to buy sunflower on the basis of oil content during the 1998 season. The producer price would be calculated on an oil content of 42%, with a sliding scale that became effective when the oil content was higher or lower than 42%.

In 1942 a Feed Committee was appointed to specifically investigate matters regarding animal feed and its improvement. That committee, together with the Department of Agriculture, the Oil Expressers Association and the Animal Feed Manufacturers Association (AFMA), probably played the most important role after that to stimulate the production of soybeans in South Africa.

### ***Production***

South Africa is traditionally an importer of soybeans.

During the 1940s approximately 75% of South Africa's need for oil and protein seeds, which included soybeans, was imported from Europe and the USA, as the local production could not satisfy the demand. Concern about the availability of cargo space to import oilseeds apparently motivated the Oil Expressers Association to finance the establishment of the Animal Feed Manufacturers Association (AFMA) with the aim of facilitating the import and distribution of animal feed with a high protein content in South Africa.

Research into the production of soybeans that was done in Potchefstroom led to the introduction in 1950 of the first soybean cultivar that was cultivated specifically for South African conditions. The cultivar was known as Geduld.

Despite ongoing efforts and research to increase the production of soybeans in South Africa, it was only in the late 1990s that a fair momentum was achieved, but even after 2010 soybeans still made up only a small though important and growing component of the South African grain economy.

Increasing proceeds, supported by a favourable agricultural policy environment that supported commercialisation and the use of agricultural technology, as well as its utilisation as crop-rotation crop for maize, made it possible for commercial producers to easily convert from the production of traditional grains to soybeans.

Graph 29 shows the changes in the extent of the production of oilseeds in South Africa from 1970/1971. The growth in the production of soybeans relative to the other oilseeds crops is clearly seen.

### ***Imports***

Local production provides only in a relatively small part of the South African demand for soybeans, as is seen in the table about production and consumption numbers. A large part of the domestic demand for soybeans is therefore still imported.

Soy meal is mainly imported from Argentina, while soybean oil is mainly imported from Argentina and Brazil.

Soybean seed is imported from various countries, including the USA, New Zealand, Japan, Australia and a number of European countries. However, South Africa also





produces soybean seed, which is regulated by the Plant Improvement Act of 1976. A part of that is exported, mainly to neighbouring countries, but a smaller part also to countries in Asia, South America and Europe.

### Producer prices

South African soybean prices are mainly influenced by the size of the crop in South America, international supply and demand trends, shipping tariffs and the rand/dollar exchange rate.

### Development

The changing strategic importance of soybeans, initially as an important source of protein in the manufacturing of animal feed and later as a key component of food for humans and animals, in time led to a greater acceptance of soybeans in the South African agricultural environment and it has started to earn a place in policy matters. The policy initiatives raised the status of soybeans as cash and as food crop, which also encouraged seed companies to develop improved seed varieties.

The Department of Trade and Industry initiated extended processes since around 2010 with a view to developing new soy-processing plants and improvements to existing facilities.

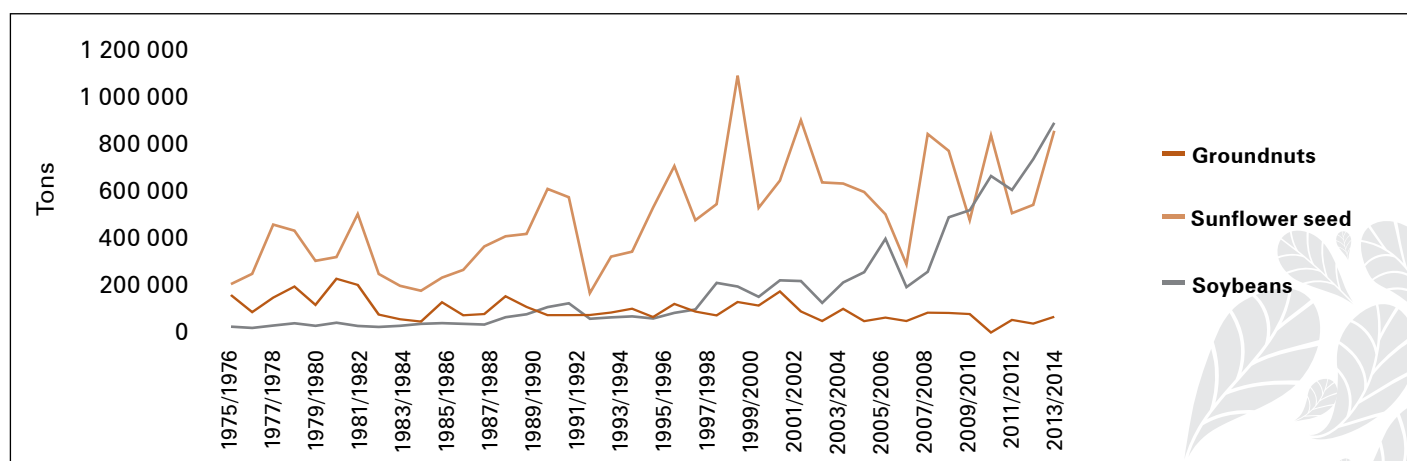
In addition, the high nutritional value of soybeans and the increased industrial demand promoted the cultivation of soybeans from around 2010. The attractiveness of soybean production and the value of the industry were further enhanced by good crop yields in especially the top soybean-producing areas, linked to favourable market prices that increased the yield/hectare for producers appreciably. Market conditions also changed to such an extent that the processing of soybeans became more attractive, and in fact improved, increasing the demand for soybeans even further.

Especially since the Genetically Modified Organisms Act came into effect in 1997, after which new GMO cultivars were released in the RSA, the area on which soybeans were cultivated, as well as the total production, increased substantially. Between 1997 and 2014 the area of 87 000 ha increased to 502 900 ha, and the production of 120 000 tons to 867 700 tons, as can be seen on the diagram above. The BFAP predicts that it can increase to up to as much as 605 000 ha by 2020, and that the yield/hectare can improve appreciably in that time, which will serve as a great incentive for producers to further expand soybean production. The BFAP also predicts that the local demand for soy meal could double from 2012 to 2020.

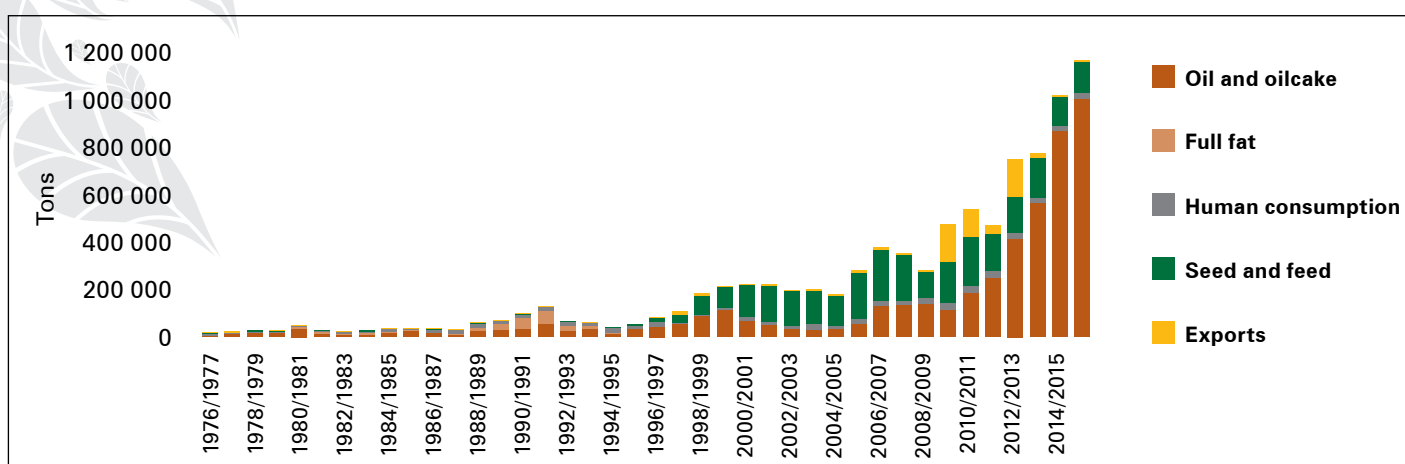
These factors and expected developments, together with the value of soybeans as a rotation crop as a result of the improved nitrogen levels in the soil, indicate good prospects for South African soybean production.

THE CEDARA MEMOIRS  
ON SOUTH AFRICAN  
AGRICULTURE WERE  
WRITTEN BY ER SAWER  
IN COLLABORATION WITH  
THE DEPARTMENT OF  
AGRICULTURE OF NATAL  
AND PUBLISHED IN 1909.

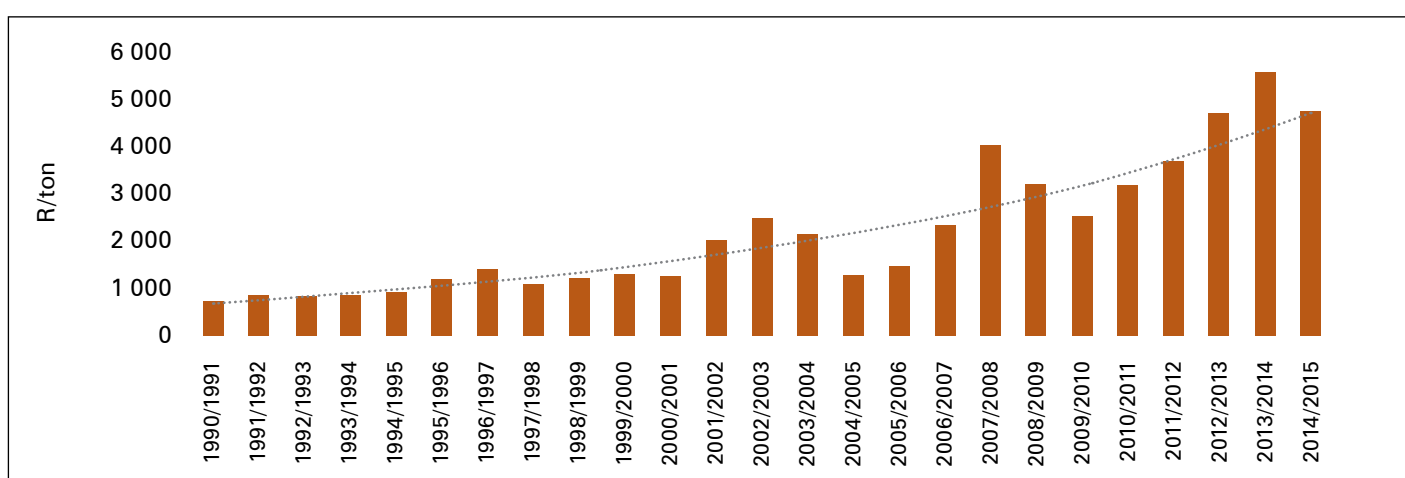
THEY DEALT WITH  
DIFFERENT BRANCHES  
OF THE SOUTH AFRICAN  
AGRICULTURAL INDUSTRY,  
INCLUDING GRAIN,  
LIVESTOCK AND TOBACCO.



Graph 29: Changes in tonnage production of oilseeds in South Africa from 1975/1976 to 2013/2014



Graph 30: Soybean production and consumption from 1976/1977 to 2014/2015



Graph 31: Soybean prices from 1990/1991 to 2014/2015

### Production areas

Not all the provinces in South Africa are equally suitable for the production of soybeans. For example, during the 2013 season it was reported that soybeans were mainly cultivated in the Free State (42%), Mpumalanga (40%) and KwaZulu-Natal (6%). However, small crops were found in Limpopo, Gauteng and North West.

## Canola

### Production

Canola is a winter crop that needs relatively cool, moist conditions for the best results, especially in the flowering, pod-forming and seed-setting stages. In South Africa canola can be cultivated in all areas where wheat is grown, but it does not produce the same good results everywhere. Currently (2016) commercial canola cultivation takes place mainly in the Western and Southern Cape.

In South Africa only canola *brassica napus* is cultivated commercially.

As in the case of wheat, canola cultivars are mainly classified according to their need for cold. It is divided into winter types, intermediary types and spring types. These names have little to do with the time of year when it is planted, but more with the cultivars' need for cold. The spring type is the most suitable for South African conditions.

Canola is very suitable for a rotation system with wheat, as it contributes very well to the quality of the soil and facilitates weed control in the field. Changing from wheat to canola production does not necessarily require a big additional capital investment, as many of the implements used are the same as those for wheat pro-



duction. However, adaptation regarding transport is needed, as the seeds are very small and can easily be lost from normal bulk loads.

Canola/rape seed crops are some of the biggest among oilseeds in the world and contributed nearly 14% of the world's total oilseed production in 2009/2010. In that year the total canola/rape seed production in the world was nearly 55 million tons.

Declining profit margins from the production of traditional winter grain crops due to low producer prices and ever-rising input costs during the late 1980s created a need for alternative cash crops that could be cultivated in the Swartland and the Southern Cape. This led to the import of seeds of four crop plants for trials, namely canola, linseed, sunflower and safflower. Trials with the four crop plants in various places in the Swartland and Southern Cape over a period of three years from 1990 to 1992 indicated that canola that came from Australia showed the best potential for the area. It was therefore decided that this was the way to go.

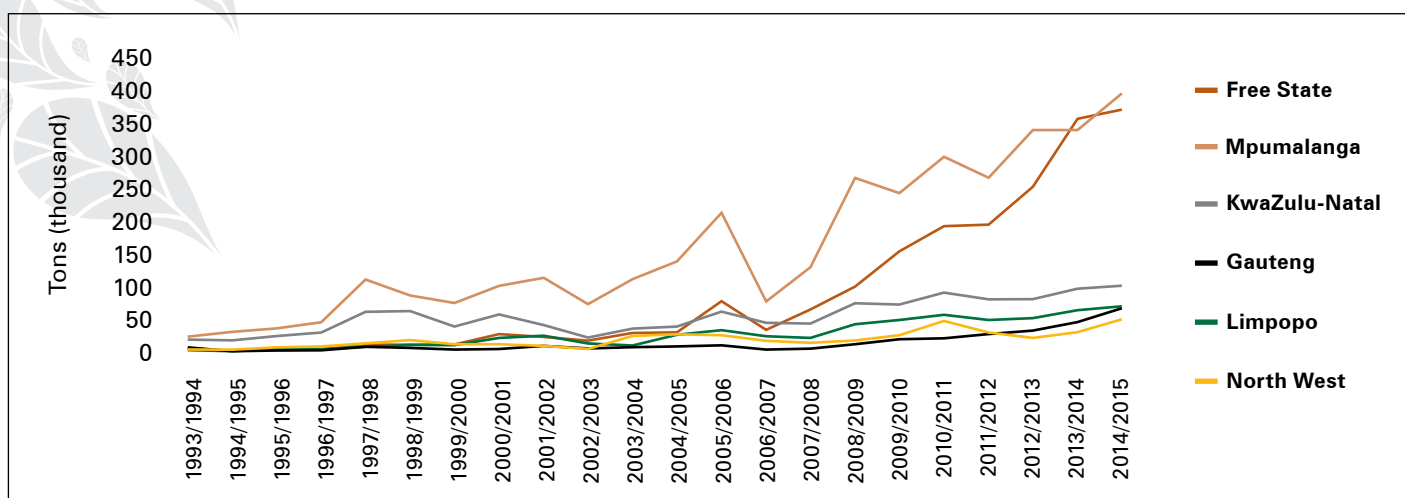
Canola was produced in South Africa for the first time in 1992, when 13 kg seed were distributed among 30 producers to cultivate the first canola in the country on a commercial basis. The crop, cultivated on approximately 400 ha, yielded about 500 tons of canola.

From these humble beginnings the canola industry in especially the Southern Cape grew rapidly, and by 1996 15 000 ha canola had already been planted in this area. Production of canola in the Southern Cape was further promoted by the establishment of the company Southern Oil Ltd (SOILL) in 1996, which constructed an oil press in Swellendam.

Although production in the Swartland did not grow as rapidly as in the more southern parts of the Western Cape, the construction of an oil press in Moorreesburg during







Graph 32: The comparative production of soybeans per province from 1993/1994 to 2014/2015

THE NAME CANOLA WAS REGISTERED BY THE WESTERN CANADIAN OILSEED CRUSHERS ASSOCIATION.

THE NAME WAS COMPILED AS FOLLOWS:

"CAN" FROM CANADA,

"O" FROM OIL AND

"LA" FROM "LOW ACID".

1998/1999 also promoted the production of canola in that area. This press was later closed down and canola from the area is now sent to Swellendam.

During the years 1998/1999 until 2003/2004 the areas on which canola was cultivated increased from 21 000 ha to more than 44 000 ha, but then decreased to between 32 000 ha and 34 000 ha for the years 2006/2007 to 2008/2009. This stagnation and even decline in production can be attributed to various factors, of which low and uncertain proceeds were some of the main reasons. During that time canola producers in the Southern Cape also experienced problems with snails and aphids that damaged the crops to such an extent that it was often necessary to sow all over again.

South Africa's canola production contributes only a very small part to global production. In 2008/2009 it was about 30 000 tons of a global production of 57,97 million tons. By 2013/2014 it had increased to around 139 500 tons, compared to the global production of about 71 million tons.

Still, it is estimated that the potential for the cultivation of canola in the Swartland and Southern Cape is around 150 000 ha, with the most important area for expansion in terms of hectares being in the Swartland.

### ***Yield***

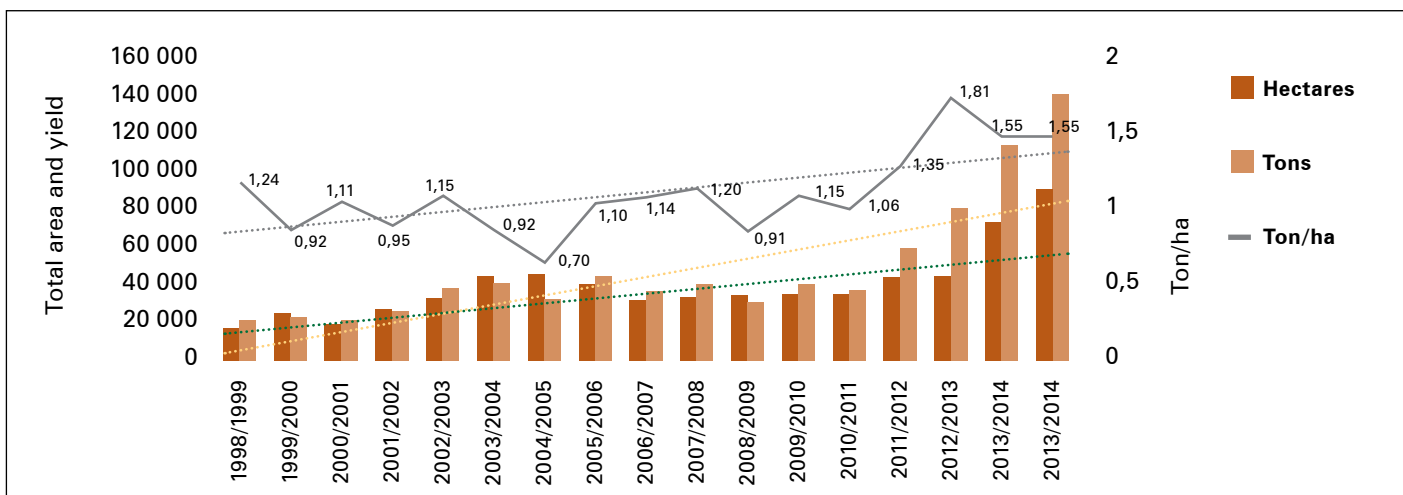
In the Swartland and Southern Cape the yields on dryland vary from 1,0 tons/ha to 1,8 tons/ha, but yields of up to 2,5 tons/ha have been obtained by producers. Under irrigation conditions yields of more than 4 tons/ha have been achieved in trials.

### ***Crop rotation***

Canola is an excellent rotation crop with other grain and pasture crops. Especially the types that are resistant to herbicides make it possible for canola to be included in large areas in a crop-rotation system with wheat. In the Swartland canola is not cultivated on the same field more than once in a four-year cycle, and in the Southern Cape not more than once or twice in a ten-year cycle.

In crop-rotation systems like this canola usually results in an increase in the yield of the subsequent grain crops. Compared to a wheat monoculture system over a five-year period on the Langgewens experimental farm, the wheat yields increased by 20% in the first year after canola had been cultivated on the same field. Further benefits of canola in a crop-rotation system is the reduction of diseases, more effective weed control, improved root systems as a result of a biological ploughing action, more effective utilisation of planters and harvesters, and the better distribution of financial risk.

Canola is mainly used for manufacturing canola oil and oilcake and in the South African market competes with other oilseeds like sunflower and soybeans.



Graph 33: Canola production



The oil content of canola varies between 36% and 50% of oil and 20% to 25% of oilcake, with a protein content of almost 37%. Unprocessed canola and canola oilcake are high-quality products and very good feed for animals.

As a large part of the South African demand for vegetable oils has to be imported, the international price of oilseeds plays a major role in the pricing of the local oilseeds and therefore also of oilcake. The domestic price for canola is in turn based on the domestic price of sunflower and soybean products.

Internationally the production of canola has increased since the middle 1970s from the sixth largest oilseed crop to the second largest in 2013. The increase in South Africa is seen in the diagram above.

The process for the cultivation of canola seed is very technical. Male and female plants are planted separately and pollination takes place exclusively through honey bees. Co-operation between canola producers and honey farmers is therefore of the utmost importance.

In countries like Canada and Australia the propagation of canola seeds is a major industry, but in South Africa no canola seed had yet been produced by 2015.

## CONSERVATION AGRICULTURE

### Introduction

The concept and practice of conservation agriculture is based on the understanding of the absolute necessity for land for the production of food for a world population that is increasing at an immense rate, apart from many other very important functions that it fulfils.

The point of departure of the conservation agriculture concept is that conservation and the improvement of the quality and health of the soil is vital for sustainable agriculture, the environment and therefore also for plants, people and animals. Soil health in this context is seen as the ability of the soil, as a living ecosystem, to perform according to its potential. However, this ability is something that is declining over time as the result of incorrect usage and the influence of the natural elements on the soil.

Soil is not an inexhaustible source. According to estimates, around 12 million hectares of arable land, on which 20 million tons of grain could have been produced, annually goes to waste worldwide on account of soil degradation, and approximately 30% of the earth's food-producing soil has become unproductive since around 1960 as a result of erosion.

If these trends are not turned around quickly and soil conservation and improvement do not become a reality, it can become impossible to produce enough food



for the world's growing population. Experts in this field believe that conservation agriculture could make a major contribution to soil health and conservation.

In South Africa continuous intensive soil cultivation has led to excessive soil degradation in the grain-producing areas. In a study that the ARC carried out during 2008 it was found that the average loss of soil on account of grain production in the country was about 13 tons/ha/year, which is much higher than the rate at which natural soil formation takes place. The conclusion was that agricultural production and management models will have to change to ensure economically viable agricultural production in the long term.

## Origin

The concept of conservation agriculture started in the 1930s during the so-called 'Dust Bowl' in the USA. This referred to the terrible soil degradation due to water and wind erosion that American producers experienced as a result of intensive tillage practices and accompanying soil disturbance. Driven by the realisation that they really had to do something about that, the producers started experimenting with conservation agriculture practices and principles. After the American government and technical experts became involved, the approach started to spread with producers always driving the efforts.

In the next few decades this approach spilled over to countries like Canada, South America and Australia, and in the late 1960s also to South Africa, where it became established especially in KwaZulu-Natal. The KwaZulu-Natal No Till Club was formed, making an important contribution to implement this approach in local conditions. In the 1980s and 1990s much research was conducted about conservation agriculture in collaboration with the KwaZulu-Natal No Till Club and its members.

The application of conservation agriculture practices was therefore relatively well accepted in KwaZulu-Natal. This also spread to the Western Cape in the 1990s, where entry into conservation agriculture was driven by economic realities in particular. The producers in those areas were compelled to make changes to their farming practices in order to be more sustainable and economically viable.

By the end of 2014 it was estimated that about 70% to 80% of the producers in the Western Cape accepted conservation agriculture, and about 60% in KwaZulu-Natal, but in the rest of South Africa there were very few.

It is estimated that worldwide around 100 million hectares of field crops are cultivated under conservation agriculture. In countries like Argentina, Brazil, the USA and Australia the acceptance level among producers for conservation agriculture is more than 70%.

## Conservation agriculture farmer innovation programme

In South Africa, during the second half of the 2000s, the Maize Trust decided to place a greater focus on conservation agriculture, and the Trust in fact made funds available for conservation agriculture projects. A few years later the Maize Trust and Grain SA together decided to create a position for an expert who could focus permanently on the promotion of conservation agriculture among all grain farmers in South Africa. The position, which was filled during January 2013, is located in Grain SA's structures, but is funded by the Maize Trust, with a smaller contribution from the Winter Cereal Trust.

The programme is established in Grain SA as the Conservation Agriculture Farmer Innovation Programme, with the following strategic goals:

- To create more awareness for conservation agriculture;
- To improve access to information for all those involved;
- To achieve better training for key role-players in conservation agriculture;
- To do more research on farms with producers as participants.

It is deemed important for the success of the programme to acknowledge producers and use them as primary, unique innovators, because success depends in the first place on the acceptance and innovation by producers. Research is done on the farm in collaboration with different role-players with the producer in the











**The Dust Bowl of the 1930's.**

central role, ensuring that the accompanying experience and awareness, which are the key elements of the programme, are duly emphasised. When this has been achieved, technical and scientific support can make the management of the process successful.

The purpose of the programme is to empower producers in order for them to become innovative and implement and apply sustainable agricultural practices.

The process being followed is firstly to identify well-organised and dedicated producer structures, like study groups, stokvels among small farmers, and No Till Clubs that are prepared to support the programme, also known as producer-innovation platforms. In collaboration with those groups of producers projects are designed where priorities, activities and gaps are identified. In order to address the gaps, other role-players, like researchers, extension officers, input providers and manufacturers are involved in designing and implementing complete work kits. The project therefore mainly consists of producers, but also includes technical and other experts and support.

In 2013 Grain SA started with purposeful conservation agriculture projects among commercial producers, the first of which was with the Ottosdal No Till Club in North West. The objective in 2014 was to obtain additional funds from the Maize Trust and channel the money to more producer innovation platforms of this nature, especially in areas where conservation agriculture is not yet fully accepted, or has not yet become established. The Eastern Free State is one such an area where specific study groups have already been identified, which Grain SA will use to create and pilot projects about conservation agriculture.

The intention is to conduct more similar projects among emerging farmers. For that purpose the approach in the existing two study areas among emerging farmers – one in the Bergville district in KwaZulu-Natal and the other in the Matatiele district in the Eastern Cape – will be used to assist producers with the cultivation of maize and legumes.

Co-operation with Grain SA's Farmer Development Programme has already been achieved to implement conservation agriculture in their study groups. The emphasis of the programme will therefore move to conservation agriculture to a greater extent, because the practice has so many benefits for emerging farmers as well.

### **The system**

Conservation agriculture is seen as the ideal system for sustainable and environment-friendly intensification in agriculture, through which producers can achieve higher productivity levels and profitability, and at the same time improve soil

health and the environment. The system involves three principles that have to be preferably implemented as one whole system:

- Reduced mechanical disturbance of the soil.
- Crop diversification, including rotation and the use of cover crops. The belief is that the more crops that are used in a rotation system, the better the results are.
- Permanent organic ground cover.

When a producer applies those principles simultaneously and properly it influences the health of the soil in particular, promoting stability with regard to production (by opposing the negative effect of adverse climatic conditions), income and profitability, labour practices, etc.

An important benefit of conservation agriculture is that it stops the soil degradation process and contributes to the rehabilitation of the fertility of the soil. This enables producers to apply fertiliser more optimally, and reduce the use of chemicals like pesticides and herbicides in general, while crop yields stabilise and can even increase over the long term.

Experts explain that if the agri-ecological system improves with regard to grain cultivation, it results in more positive microorganisms being formed in the soil, counteracting the negative microorganisms that cause diseases. Biodiversity is improved aboveground as well as in the subsoil so that the balance in both instances is repaired by the repeated application of the above-mentioned three principles.

Conservation agriculture also has other benefits that can contribute to the long-term sustainability of farming units. For example, it usually goes hand in hand with good general farm management like time planning, soil and moisture management, the use of quality seed, and co-ordinated management of diseases, pests, weeds and fertiliser. Integration of an animal factor also plays an important role in the improvement of soil health.

## Track traffic

The application of conservation agriculture differs according to the type of soil in question. It is appreciably easier to implement in soil with a higher clay content and in higher rainfall areas, and much more difficult in dry circumstances and sandy soil, as is found typically in especially the North West Free State and parts of North West where deep water table sandy soils are found.







If there is really a lot of sand and the area is very dry, the soil has to be built up biologically first before conservation agriculture can be applied with success. The degree of soil degradation and the compaction in the subsoil of those areas currently make it necessary to use a track traffic system. It is the practice to counteract soil compaction by using rippers and then planting in the ripped row without disturbing any other part of the soil. This is currently generally regarded as the best practice in the deep sandy soils in the drier areas of South Africa's grain cultivation area.

A project with regard to the sandy soils is also being conducted to determine whether these practices can be improved and a more biological approach followed to improve the sandy soils biologically by the strict application of conservation agriculture principles.

## Information

Various awareness opportunities are regularly presented under the banner of the conservation agriculture innovation programme or by supporting it, for example the KwaZulu-Natal No Till conference in 2013, the conservation agriculture congresses that were presented since March 2014 in North West in collaboration with the Ottosdal No Till Club, and various farmers' days among small and emerging farmers.

Information about conservation agriculture is available on the internet, but practical examples of conservation agriculture are also published in magazines like *SA Graan/Grain*, *Landbouweekblad* and *Farmer's Weekly*. Grain SA identifies producers in specific areas who apply good conservation agriculture practices and then describes those systems very well before it is published. In that way the information is made available to producers in the areas involved who are interested in applying these practices.

Grain SA also tries to bring the issue of conservation agriculture to the attention of universities to a greater extent and to create opportunities where these institutions can collaborate with producers in this field. In this way they try to make the students more aware of and expose them to conservation agriculture practices.

## Aim

The objective of Grain SA is to establish as many innovation platforms as possible in these agri-ecological regions where there is no or very little acceptance of conservation agriculture. In the process, a conservation agriculture working group was established in Grain SA, playing a major role in the co-ordination and management of the programme. The working group developed a specific method to identify and assess new projects and to identify a panel of experts who can assist them. The working group also collaborates with other important role-players like the government departments about issues concerning the creation of policies and development of accredited training curriculums.

Work is currently being done to integrate conservation agriculture into the so-called 'LandCare' programme of the Department of Agriculture, Forestry and Fisheries. This is a community-based natural resource conservation programme.





# 2 The previous MARKETING DISPENSATION

Commercial grain cultivation in South Africa only gained momentum since the latter part of the nineteenth century, after the discovery of gold and diamonds in the country. Initially a total free-market system applied, but from the early to middle 1930s the marketing of most grain products in South Africa was for roughly 60 years subject to statutory control measures, with control boards, schemes, pools and other interventions by the government.

Even before the promulgation of the first legislation in this regard in 1938, violent debates raged about and criticism was levelled against the introduction of these measures. The debate never really ended, and eventually led to the repeal in 1996 of the statutory control measures and the return to the free-market system.

## DEVELOPMENT OF CONTROLLED MARKETING

The period immediately after the end of the three-year-long Second Anglo-Boer War between Britain and the Boer republics was characterised by almost desperate conditions in the farming communities of the former Transvaal and Free State in particular: Farms had been abandoned, the major part of South Africa's agricultural land had been laid waste and largely destroyed, producers' family life had been substantially disrupted and great poverty prevailed among the farming communities. In most cases producers had to start from scratch, with extremely limited means and very primitive technology and farming methods.

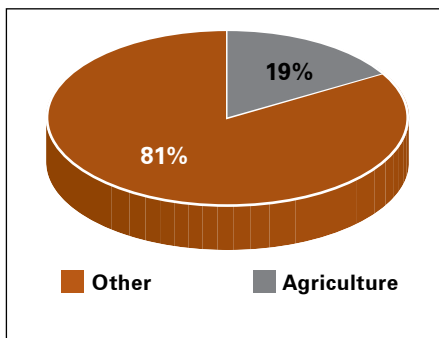
### Co-operative movement

These conditions were probably the main motive for the establishment of co-operative associations from approximately 1908. At that stage maize production in particular grew relatively rapidly, but producers had to market their crops themselves. They generally did not have much business experience and were exploited by skilled traders. In due course this led to an awareness of the necessity for co-operative negotiations, and in 1908 the former Transvaal passed the Co-operative Societies Act, No. 17 of 1908, to make provision for the establishment and regulation of co-operatives. In 1910 a similar act was passed in the Orange Free State, and in 1922 the first co-operatives law of the Union of South Africa was promulgated, namely the Co-operative Societies Act, No. 28 of 1922.

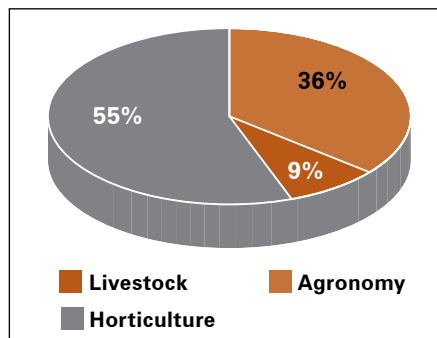
This legislation on co-operatives actually constituted the first steps towards establishing controlled marketing. The main aim of these co-operatives, of which only producers could be members, was to support producers in terms of the marketing of their products and the provision of input resources, counselling and later also financing. Although the government was instrumental in establishing co-operatives by promulgating the first co-operatives act, the co-operative societies were, from the earliest days, actually producer organisations: Their members and directors were all bona fide farmers.



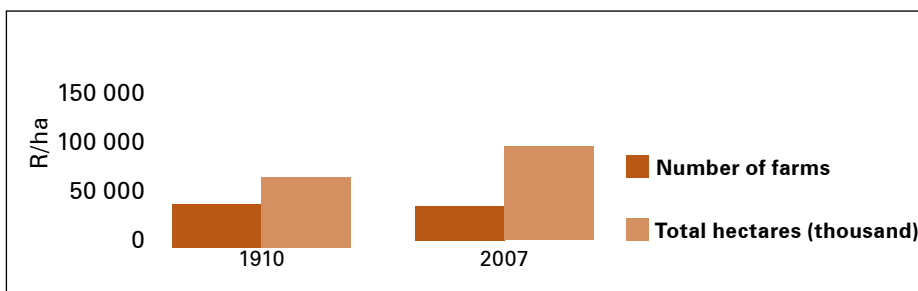
**MORE THAN A CENTURY  
LATER GRAIN SA, THE  
MAIN BODY PROMOTING  
THE INTERESTS OF GRAIN  
AND OILSEED PRODUCERS  
IN SOUTH AFRICA AT THE  
BEGINNING OF THE 21ST  
CENTURY, IS STILL AN  
ORGANISATION WITH THE  
INTERESTS OF PRODUCERS  
AS ITS MAIN FOCUS.**



**Graph 1: 1910 – Agriculture's contribution to total GDP for South Africa**



**Graph 2: 1910 – Percentage contribution to agriculture GDP in South Africa**



**Graph 3: Farms in South Africa, 1910 and 2007**

For about 25 years after the establishment of co-operatives gained momentum, producers' grain was marketed mainly by the co-operatives. In the historical records of some of the co-operatives of that time one reads of problems because of droughts, failed crops, unstable prices, problems caused by the importing of grain products and the sale of grain outside the co-operatives, and other practical problems that the grain industry experienced.

The government hoped that the co-operative movement would contribute to the stabilising of the grain market through the organised marketing of its members' products. However, for various reasons – some of which reappeared again a few decades later in the free market – this did not happen. Producers received production credit from the co-operatives, for example, but then did not deliver the crop to the co-operatives to repay the debt.

In normal times the system did work relatively well, but during the Great Depression of the early 1930s it came under serious pressure. Prices dropped, and in the case of maize co-operatives they were forced to purchase more maize themselves – so much so that co-operatives were handling roughly 60% of the maize that was marketed in 1933. In times of surplus this led to an increase in the domestic price of maize, as surpluses had to be exported at a loss and the domestic price had to help support the export losses.

These and other problems probably led to the establishment of the *Centraal Agentschap* (Central Agency) with a view to, among other things, reducing competition among the co-operatives, particularly with respect to the marketing of grain. Not much information is available on that organisation, but it was probably a type of central co-operative and was liquidated in 1935, which indicates that it was not very successful in solving the problems at that time.

Even before the *Centraal Agentschap* was liquidated, certain of the co-operatives decided to request the establishment of a statutory single-channel marketing system for grain. On the basis of this request a Commission of Inquiry into Co-operation and Agricultural Credit was appointed in 1934 with Dr PR Viljoen, the Secretary of Agriculture, as Chairperson. The aim of the Commission was, among other things, to determine the role of co-operatives in the marketing of agricultural products.

The Commission took a strong stand against the establishment of any form of statutory single-channel marketing, as this would inevitably lead to setting prices at higher levels than market factors would justify. The Commission maintained that



**Bag stacking.**



**An old threshing machine.**



setting prices without taking all the factors determining supply and demand into account could promote surplus production. The Commission further believed that the existing problems in the industry had to be solved through trade, and recommended that an advisory council be appointed to advise the Minister of Agriculture on matters pertaining to the maize industry.

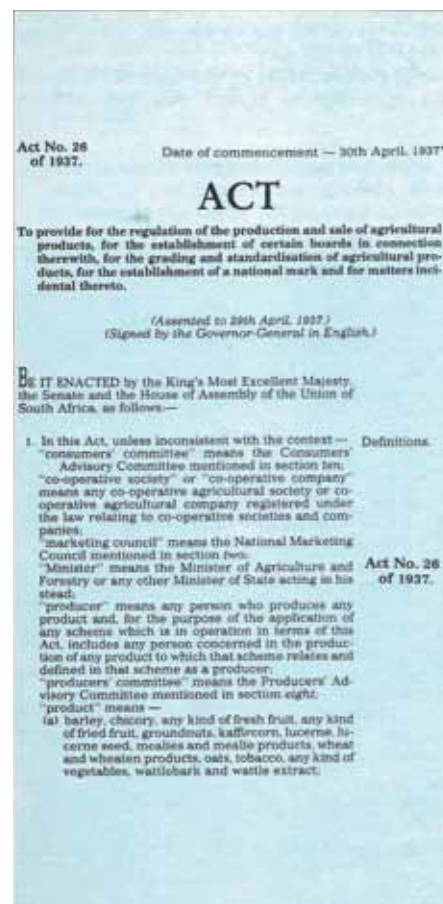
## Statutory control introduced

Despite the strong stance that the Commission took against interference in the free-market system, the Minister of Agriculture in due course maintained that it would be wise to establish permanent and specialised control boards with greater powers so that they could play a stabilising role with respect to prices and the management of supplies. In addition to increasing pressure for control from the ranks of producers, factors like the desperate financial position of producers, sharp price fluctuations and the stabilising effect that limited government involvement had in the marketing of butter, cheese, tobacco and wine apparently influenced the Minister of Agriculture's view. In addition, leaders started to accept that South African producers had the first right to the domestic market and were entitled to stable, lucrative prices.

It does not seem as if all the co-operatives at the time supported the idea of controlled marketing, and some economists maintained that the financial resources required in agriculture could be used more profitably by other sectors like the mining industry. Others believed that agriculture had to be developed in order to contribute to the long-term sustainability of the South African economy.

The government started subsidising the exporting of grain products from the end of 1931, and essentially this was the start of grain price control in South Africa. Various other developments in the maize and wheat industry also pointed to this, as will become clear later in this chapter.

In spite of the criticism and opposition, and also in emulation of measures introduced by other countries to neutralise the consequences of the great drought in the USA, Australia and Africa and the worldwide depression of 1932/1933, Parliament eventually passed a Marketing Act, Act 26 of 1937, which paved the way for single-channel marketing. This was an enabling act that made provision for the introduction of a National Marketing Council and for the creation of schemes to control the production and marketing of agricultural products and functioning under the protection of the Act. It affected virtually all the branches of agriculture in South Africa to a greater or lesser extent.



The act that established single channel marketing.



Grading of maize.

**BY 1976 THERE WERE 23 MARKETING BOARDS, WHICH CONTROLLED MORE THAN 90% OF SOUTH AFRICA'S AGRICULTURAL OUTPUTS, INCLUDING THE RED-MEAT INDUSTRY. THE MARKETING ACT WAS AT ONE STAGE CALLED THE MAGNA CARTA OF AGRICULTURE IN SOUTH AFRICA.**



The main objectives of this Act, as well as of the act that later replaced it, were to promote steadiness in the price of agricultural products, increase productivity in the farming industry and improve the effectiveness of the marketing, processing and distribution of agricultural products.

Different control boards were introduced for the different agricultural products. The individual control boards developed schemes for the products under their control and submitted these to the National Marketing Council. The National Marketing Council then considered the scheme, or proposals for amending existing schemes, and submitted recommendations to the Minister of Agriculture, who made the final decisions in this regard.

The first Marketing Act was replaced by a new Marketing Act (Act 59 of 1968) in 1968, and it mainly represented a consolidation of various amendments made to the 1937 Act in the course of time. The 1968 Act remained in effect until it was revoked on 1 January 1997 by the Marketing of Agricultural Products Act, Act 47 of 1996. This was the end of controlled marketing and the beginning of the free-market system for agricultural products.

### **Role and functions of control boards**

The control boards operated price schemes that varied from single-channel fixed-price schemes and single-channel pooled schemes to surplus-removal schemes. The majority of the members of the marketing councils were producers, but they also included representatives of other interest groups like consumers and processors.

In the opinion of the government, the main aims of the Marketing Act were to establish a more streamlined and orderly agricultural environment, thus promoting greater stability in the prices of agricultural products and reducing the gap between the producer price and the consumer price by way of rationalisation. The intention was to increase the productivity of the agricultural industry and the effectiveness of the associated industries through marketing schemes that were developed according to the specific needs of the different products. In this dispensation the functions of price fixing and price risk management were carried out by a panel of experts who used the information and powers at their disposal to fix prices with a view to promoting the objective of ensuring greater stability in agriculture.

However, producers complained from the start that prices were not fixed high enough to ensure the survival of the poorer producers, and that only large producers who were able to increase their production benefited from them. Using their political influence, the producers managed to acquire greater control of the marketing system than envisaged by the officials who had supported the establishment of control boards. In contrast, economists and opponents of controlled marketing felt that producer prices were generally set much higher than market value, which led to ineffectiveness and unproductive practices.

Despite the resistance and criticism, control boards for the agricultural industry in South Africa continued to exist for some 60 years.

### **THE CONTROL BOARDS IN THE GRAIN INDUSTRY**

The first control boards that functioned under the Act were the Maize Board and the Wheat Board. The role and functions of the control boards were essentially the same for the different products placed under their control. The main role was probably the setting of and control over prices. However, the Boards did not set the prices themselves. They submitted proposals to the National Marketing Council, which then made a recommendation to the Minister of Agriculture.

The National Marketing Council was composed of civil servants, and according to the report of the Kassier Committee they were not always neutral. This would mean that prices could not always be justified in economic terms. In the end, the Minister decided on the prices, which on various occasions led to great dissatisfaction among maize producers in particular, as the Minister refused to accept the producer prices as proposed by the Maize Board.



## MAIZE

*The following table contains a summary of the most important moments in the history of the control over and gradual deregulation of the maize industry in South Africa:*

1931	Mealie Control Act – export quotas
1935	Mealie Control Amendment Act, Maize Advisory Board appointed, control of maize exports
1937	Marketing Act
1938	First Maize Control Scheme established under the Marketing Act, amended from 1 May 1939
1944/1945	Start of single-channel marketing system for maize
1953	Establishment of Stabilisation Fund for Maize Board
1979	Summer Grain Scheme
1987	Summer Grain Scheme becomes single-channel pooled scheme
1994/1995	Deregulation commences with the implementation of a surplus-removal scheme, price floor and export control
1995/1996	Partial exemption from export prohibition to trade – the Maize Board manages export pools
1996/1997	Maize marketing totally deregulated
1997	Maize Board abolished

The government's involvement with the maize industry was initially aimed at solving problems resulting from climate factors. The first of these solutions was implemented in 1916 in the form of loans to purchase supplies, seed, implements and fertiliser, and later also for animal feed and transport costs for livestock.

In the 1920s producers generally obtained very good prices for their maize, despite a reasonably large supply due to good harvests. However, by 1930 and 1931, during the Great Depression, maize prices dropped dramatically globally. This, combined with good harvests in the 1931/1932 season, exercised tremendous downwards pressure on the local maize price. Exporters were not directly involved in the production of maize and had no incentive to export the surplus when foreign prices dropped. The position was so critical that only two options actually remained – government assistance or increased joint marketing.



The west wing of the Union Buildings, where the first meeting of the Maize Trust was held.





### **1931 Congress**

On 10 June 1931 the *Landbouweekblad* reported about a Congress where delegates from more than a hundred farmers' associations from the maize-producing regions of the former Transvaal and Orange Free State met to reflect on measures for improving the serious condition in which the maize industry found itself. The Chairperson of the meeting explained that it had been convened to try and find a solution to save the maize industry from ruin. However, at that stage maize was not yet a recognised agricultural product and an urgent appeal was made to the government to recognise maize as such, while producers were encouraged to join co-operatives in order to increase the bargaining power of the co-operatives with the government.

At this Congress the acting Secretary for Agriculture at the time announced that the government was considering measures to support the maize industry. This would include removing the surplus maize from the fields, dividing the export losses between traders and co-operative associations, and stabilising the domestic market.

### **1931 – Maize Control Act**

The first steps taken by the government to support the domestic maize prices (which were at that stage determined by the export price less transport costs) included the introduction of export quotas under the Mealie Control Act of 1931.

The quota system forced domestic buyers to purchase a portion of the exportable surplus maize and export it, sometimes even at a loss, which was subsidised by the government. This was an attempt at creating an artificial shortage domestically in order to ensure better maize prices for local producers in the short term, and freeing domestic price levels from international price levels, which had dropped by up to 50% as a result of the Great Depression.

However, in practice these measures created several problems. Firstly, the quotas had to be determined on the basis of early crop estimates. Secondly, for practical reasons the quotas had to be negotiable, which led to a large speculative market, and because the government guaranteed the purchase price of the quotas, the government incurred material losses in some years. It also became clear that even compulsory co-operative marketing – in terms of which producers had since 1931 been permitted to sell their maize only to licenced traders – could not support the maize price, as co-operatives competed with one another. The domestic price consequently dropped to export parity.

### **1935 – Maize Control Amendment Act**

As a result of the problems mentioned above the measures introduced under the Mealie Control Act of 1931 were adjusted from 3 May 1935, when the Mealie

IN 1931, THE YEAR IN WHICH THE MEALIE CONTROL ACT CAME INTO EFFECT, 1,36 MILLION TONS OF MAIZE WERE PRODUCED IN SOUTH AFRICA. WHEN THE MAIZE BOARD WAS ESTABLISHED IN 1935, PRODUCTION AMOUNTED TO 2,557 MILLION TONS.



Control Amendment Act (Act 59 of 1935) was promulgated. This Act made provision for the establishment of the Mealie Industry Control Board, the precursor to the Maize Board. Initially this Board was appointed as an advisory board on the recommendation of the Commission of Inquiry into Co-operation and Agricultural Credit, which had strongly advised against the introduction of single-channel marketing for maize.

Since the commencement of the Marketing Act of 1937 the Maize Board functioned under that Act, and its status changed from an advisory board to a full control board.

The problems experienced with the quota system led to an amendment of the legislation in this regard in 1937, and resulted in the Maize Board, among other things, becoming a clearing house for quota certificates at fixed prices. This eliminated speculation with the quotas and accomplished better control over the exporting of maize.

At the same time the Board was given 'authority to determine the maize price and export and store maize'. The main aim of the Board was to introduce stability into the maize industry by eliminating excessive price fluctuations, promoting production efficiency, retaining soil fertility and creating a balanced relationship between the interests of the producers and other role-players in the market.

The decision to authorise the Maize Board to enforce single-channel marketing for maize was preceded by a long drawn-out and difficult process. When the Mealie Industry Control Board convened for its first meeting on 12 July 1935 under the chairmanship of Dr PR Viljoen, the Secretary of Agriculture, a subcommittee was appointed at the request of producers to investigate the possibility of single-channel marketing. Although the first ideas about this were nipped in the bud, it did not disappear from the scene and was tabled repeatedly. Time and again various arguments in favour of as well as against the introduction of single-channel marketing system were heard.

While the debate on single-channel marketing continued, maize supplies varied enormously from year to year. In some years, for instance in the 1938/1939 season, large surpluses were produced, while material shortages were experienced in other years. This led to drastic measures by the government in the form of an 'interim' Maize Control Scheme that gave the Maize Board the following powers:

- Control of exports through a permit system;
- the introduction of a levy to ensure that domestic prices remained higher than import parity and the provision of funds for paying export subsidies;
- the right to purchase maize for own account; and
- the right to oblige any person dealing in maize or maize products to report monthly to the Maize Board on transactions completed.

During 1941/1942 the consumption of maize in South Africa started to increase, which led to traders withholding supplies in anticipation of price increases resulting from the greater demand. This led to the Maize Board being authorised by the Minister to fix the selling prices of maize and maize products from November 1941. In January 1942 the Board was also authorised in terms of War Measure 20 of 1942 to claim maize from persons who had stored more maize than required to meet their immediate needs. At the same time the Maize Board was authorised to appoint agents to receive and distribute maize on their behalf – all steps in the direction of greater control.

In 1942 the maize crop for the next season was expected to be very poor and a fixed producer price for maize was announced – the first in the history of South Africa. The government also announced measures with respect to the sale, distribution and consumption of maize. This included a permit system and a restriction on the manufacturing of maize products. In March of that year a food control organisation was established and the different control boards that were already functioning in terms of the Marketing Act at that stage joined it at the request of the Minister of Agriculture.

### ***Single-channel marketing***

Everything therefore pointed to the government trying to exercise greater control over the marketing of agricultural products. This view was strengthened by a



**Maize is weighed on a platform scale.**



**A typical scene of maize being shipped at a South African port.**



critical supply position at the beginning of the 1943/1944 season and problems that were experienced with the storage and handling of maize. This led to the Maize Board deciding in 1944 to implement a single-channel marketing system for maize for the 1943/1944 season. In terms of this system the Maize Board became the only marketing body for maize in the so-called controlled areas.

Maize producers and off-takers were then no longer entitled to enter into direct maize transactions with each other. They were also prohibited from storing greater quantities of maize than those required for their own needs.

Initially, the single-channel marketing system was introduced for a trial period of one year in the 1944/45 season, but eventually it continued until the 1995/1996 season, with minor amendments from time to time.

The basic principles of the single-channel marketing system was (i) that the Minister of Agriculture fixed the maize price every year (in May of every year) after considering the recommendations of the Maize Board, the National Marketing Council and the Minister's other advisers, (ii) that all consumers of maize had to contribute to the cost of handling and storing grain, and (iii) that consumers had to be assured of adequate grain supplies at predetermined prices.

Under the single-channel marketing system the Maize Board was the only buyer and seller of maize in the main production areas. For that purpose three production areas were identified where different measures with respect to the marketing of maize applied:

- Area A included the present (2014) North West, Free State, Gauteng and Limpopo, as well as the north and north-western areas of KwaZulu-Natal and a small part of the Northern Cape in the Hopetown area. This area produced about 95% of South Africa's maize and the producers in the area were forced to sell their maize only to the Maize Board or its agents, at the fixed price. This meant that the Maize Board in effect had full control over the maize produced in the country.
- Area B comprised various small areas spread around the central, southern and south-western areas of the country. In that area producers were permitted to sell their maize only to the Maize Board or traders registered with the Maize Board at prices that were not allowed to be lower than the prices applying in Area A. These traders had to submit monthly returns to the Maize Board on the maize they had purchased and pay a levy on the maize that they purchased.
- Area C covered the rest of the country. In that area no control applied, except that a levy had to be paid to the Maize Board on all maize from that area that was sold in the other two areas.

With the introduction of the single-channel system the Maize Board appointed the existing organisations involved with the handling and storage of grain, namely the co-operative associations, millers and trader agents, as its agents. The Maize Board did not undertake the functions of handling, storing, financing and distributing maize itself, but handled these through its agents.

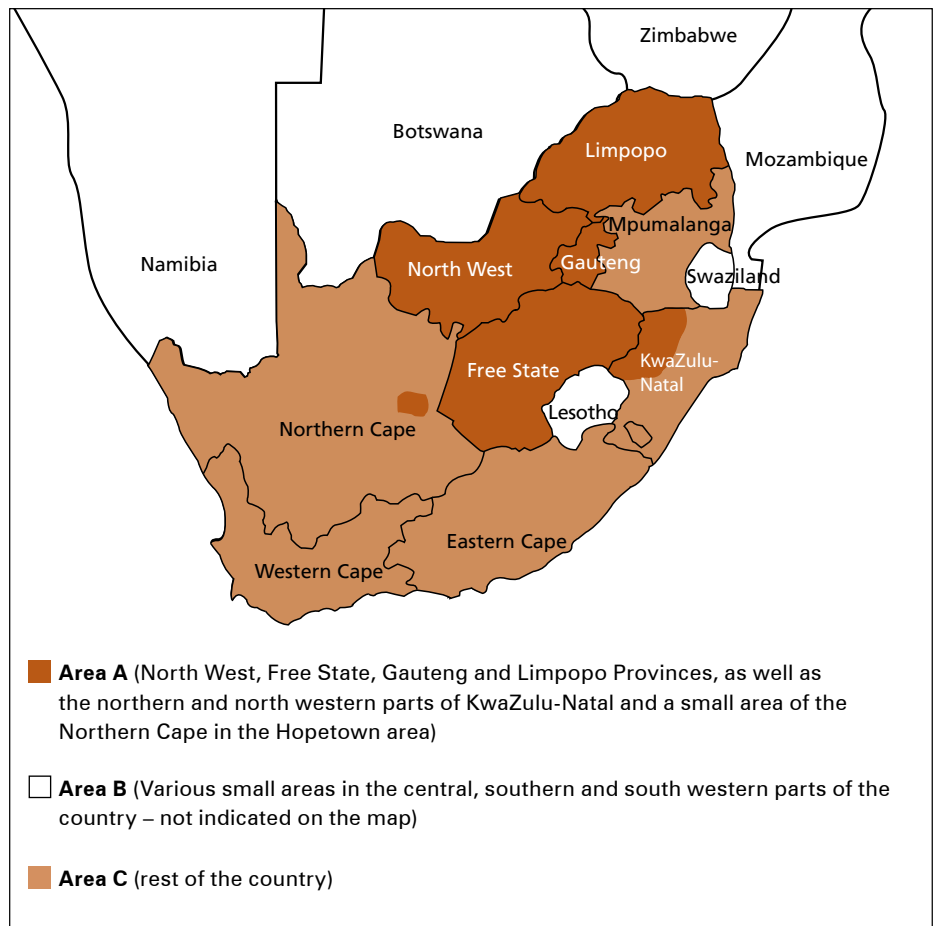
In time it was also possible for the Board to make bulk storage facilities available through these agents. In addition to delivery to the agents, producers could also deposit their maize directly in grain elevators of the Railway Administration. In this way the Maize Board controlled roughly 90% of the country's maize by the beginning of the 1950s.

The Maize Board was therefore in effect in a position where it could retain total control of maize supplies. The Board therefore knew exactly how much maize was available in the country, which enabled it to provide the Minister with proper advice on the exporting or importing of maize and controlling of carry-out supplies. This also contributed to better planning with respect to distribution and the elimination of needless cross consignments, which were unco-ordinated and extremely ineffective in the era before the introduction of the Maize Board.

### **1957 – Joseph's Policy**

The need for adequate carry-over supplies became a regular discussion point in the Maize Board as far back as the early 1940s. This matter came to a head in 1957 when maize had to be imported to supplement the deficit in domestic production.





**The three production areas of the Maize Trust.**

Because of this, the Maize Board decided to set an annual carry-over supply of 630 000 tons of maize. The required carry-over supply was adjusted from time to time and in 1985 it stood at 900 000 tons.

This policy of the Maize Board to make provision in good years for possible deficits in the future was known as the Joseph's Policy, borrowed from the Bible story of Joseph who had advised the Pharaoh to store grain in the seven good years with a view to the seven lean years that had been predicted.

The Joseph's Policy was one part of the Maize Board's carry-over supply policy. Provision was also made for bridging supplies in order to ensure that sufficient maize would be available until producers started delivering their crops and the Maize Board was in a position to make decisions about their distribution. Before the time of technology like fax machines and the internet (which came into being only in the last years of the Maize Board's existence in any case) information on grain delivery was sent to the Maize Board via magnetic tape, and it was received on average only after ten working days. Only then could arrangements for the distribution of the supplies be made, which necessitated keeping bridging supplies so that the demand by buyers and processors could constantly be met.

### ***Price fixing***

The Maize Board's annual report of 1951 reported that in terms of the Maize Control Scheme the maize price was determined annually by the Maize Board with the approval of the Minister of Agriculture. The Maize Board determined a proposed price, after which organised agriculture could make inputs before this price was submitted to the National Marketing Council, who had to submit a report on the proposed price to the Minister.

The Maize Board calculated the proposed price on the basis of the following factors:

- The average production costs of maize determined in that year with reference

## 1957 – JOSEPH'S POLICY ACCEPTED

We all know how Joseph in Biblical times advised the Pharaoh to store grain from the seven good years for the seven lean years. This was why the Board gave the name of “Joseph’s Policy” to its decision to carry over a maize reserve every year as a safeguard against a possible poor crop the next year.

The need for adequate carry-over stocks was a regular point of discussion for the Board from the early 1940s onwards. Matters came to a head in 1957 when it became necessary to import maize to supplement a shortage in domestic production. It was then decided in March 1957 to set the carry-over stock level at 636 000 tons. This figure had been adjusted from time to time to its eventual 900 000 tons. The cost of carrying this stock was borne by the Government in the past.

Maize Board 1935 - 1985



The offices of the Maize Trust in 1969.

to the average production costs in the Transvaal Highveld Region and the north-western Free State region.

- An allowance for contingencies like unforeseen price increases and interest on operating capital.
- Entrepreneurs’ remuneration for the producers, which was calculated with a specific formula.
- Additional considerations like supply and demand trends and the relationship between the maize price and the prices of other agricultural products.

The advance price set by the Maize Board meant that producers could do their planning for plantings at a fixed lowest-price scenario. Prices did stabilise, but often at higher levels than the world markets.

However, even in 1951 differences arose between the government and the Maize Board about the producer price for maize, a battle that still led to major dissatisfaction and disagreement for decades afterwards. The Cabinet was not satisfied with the price calculations, but eventually accepted the price recommended by the Maize Board because it feared that not enough maize would be produced in the country if a lower price was set.

The maize price was the same for the whole country, regardless of where the product was harvested or delivered, which meant that producers who were located closer to the market subsidised the transport costs of the producers further away from the market. This probably contributed to production in the marginal areas being expanded, and later scaled down again after controlled maize marketing was abolished in 1996 and a transport differential came into effect. The result was that producer prices no longer made the production of maize in those areas profitable.

The fixing of the maize price led to robust debates and dissatisfaction from producers on several occasions – to such an extent that the producer members of the Maize Board by common consent and with the full support of the National Maize Producers’ Organisation (NAMPO) resigned from the Maize Board.

The background to this was that in the previous year (1984) the Minister of Agriculture, Mr Greyling Wentzel, had concluded an agreement with the Chairperson of the Maize Board, Mr Crawford von Abo, in which the Minister had undertaken to accept the maize price the Maize Board proposed if that price had been unanimously accepted by the members of the Maize Board, including the consumers. This in fact happened, and the Minister of Agriculture was forced to accept and announce the proposed price, even though it was considerably higher than the previous year’s price (R100/ton higher) and he did not really agree with it.

However, it led to great dissatisfaction from, among others, the State President, and the realisation developed that the ongoing tension between the producers and the Minister about the maize price was extremely dissatisfying and had to be addressed at the highest level. The Maize Board decided to negotiate with the government regarding the appointment of a ministerial committee that could



Urea arrives at the Durban harbour. The Maize Trust exchanged urea for maize after the price of nitrogen skyrocketed.



Video: A personal account of producer members’ then resignation from the Maize Trust – Mr Crawford von Abo.





investigate structural solutions for the problem with the fixing of an acceptable maize price. This was particularly important in view of the role that maize played as the staple food of a large part of South Africa's population.

The request was received well by the government, which agreed that such a committee should be appointed. The discussions in this regard took place in September 1984, but by March 1985 the committee had – according to Von Abo – not done anything yet. When the maize price was announced in April 1985 it was effectively at the same level as that of the previous year despite the presentation made by the Maize Board based on calculations by the Department of Agriculture.

The producer members of the Maize Board refused to accept the price that was announced (it was rejected by twelve votes to one) and on 25 April 1985 eight of them resigned from the Board.

Because of the untenable situation the Minister of Agriculture was requested to arrange a meeting with Mr PW Botha, the State President, for a delegation from the maize producers. The Minister agreed to try and arrange this, but warned that the representatives of the producers were bearding the lion in its den. He managed to arrange the meeting, at which Messrs Hennie de Jager and Boetie Viljoen of NAMPO, together with Mr Kobus Jooste of the South African Agricultural Union, represented the producers.

The meeting was held in Tuynhuys in Cape Town and was also attended by Messrs Greyling Wentzel, Barend du Plessis (Minister of Finance) and the State President's personal secretary. The State President did not take much heed of the delegation's proposals. He pointed out to them that the price of maize had risen by considerably more than the prices of other agricultural products in the previous year. Counter-arguments fell on deaf ears.

When it transpired that the discussion of the maize price would not bear any results, Mr Jooste used the opportunity to talk to the State President about a loan of R100 million that had been intended for the SAAU. Mr Botha had already lost his temper and said that after the previous discussion he felt like cancelling the loan. During the discussion he also threatened to reconsider the interest subsidy that producers enjoyed at the time and that was an extremely important aid to many producers. The delegation returned empty handed and reported back accordingly to the maize producers at a mass meeting in the Markotter Stadium in Klerksdorp the next day.

In the meantime, the dissatisfaction about the maize price and the continued refusal by the Minister of Agriculture to adjust the price led to many producers deciding not to deliver any maize. In some cases the supporters of the action even tried to physically prevent producers who were not in favour of the action from delivering their maize to the silos of the co-operatives. Access to silo premises was barred by long queues of trailers with maize parked at the entrance, but not delivered.



**Sound bite: Mr Boetie Viljoen's recount of the meeting in Tuynhuys with the former State President, Mr PW Botha.**



**Mr Boetie Viljoen**



**Mr Hennie de Jager**

**AT THE TIME WHEN MINISTER GREYLING WENTZEL WANTED TO ANNOUNCE THE MAIZE PRICE, THE CHAIRPERSON, MR CRAWFORD VON ABO AND OTHER SENIOR OFFICE BEARERS OF THE MAIZE BOARD WERE ON A MISSION TO THAILAND. WHEN THEY**

**LEARNED THAT THE MINISTER INTENDED ANNOUNCING THE MAIZE PRICE THEY RETURNED TO SOUTH AFRICA IMMEDIATELY TO ATTEND THE MEETING, WHERE THE EVENTS EXPLAINED ALONGSIDE TOOK PLACE.**

**THE PERSONS WHO RESIGNED AS MEMBERS OF THE MAIZE BOARD AT THE MEETING WERE MESSRS CRAWFORD VON ABO, BOETIE VILJOEN, HENNIE DELPORT, GERRIT GREEN, CERNEELS CLAASSEN, CORNELIS LEONARD, MOF VISSER AND WILLIE VAN DER RYST.**





The non-delivery action was initially supported well, but it was not sustainable. The State President's threat about the possible reconsideration of the subsidy on interest rates may have played a role in the producers' decision to end the strike. At that stage South Africa was experiencing an enormous increase in interest rates and the scrapping or downscaling of the interest rate subsidy would have broken many producers financially.

Apparently the State President had also threatened at one stage to call in the assistance of the Defence Force to make sure that the crops were indeed harvested and delivered.

The resignation of the NAMPO members from the Maize Board in 1985 created a major problem for the Minister of Agriculture, as the remaining members of the Maize Board no longer formed a quorum. The Minister was forced to address the problem, as the Marketing Act required the existence of a functioning Maize Board. The dilemma was that since 1980 the eight producer members of the Maize Board had to be appointed by NAMPO, but NAMPO had walked out.

The Minister then appointed producer members to the Board at his discretion, some of whom were in fact NAMPO members, but they had not been nominated by NAMPO. The persons who were members of NAMPO were expelled from NAMPO after they had been appointed to the Maize Board by the Minister, as they had violated the organisation's constitution, which provided that only executive members of NAMPO were permitted to serve on the Maize Board. However, the Maize Board continued functioning on this basis until discussions between the Minister of Agriculture and NAMPO led to the Minister agreeing in 1987 to appoint members of NAMPO as producer members to the Board again.

From the 1981/1982 up to the 1986/1987 marketing years there was a systematic switch from using production costs as basis for determining the producer price for maize to a system where the price was fixed by the Minister after negotiations with the Maize Board, where the majority was producer representatives and NAMPO members.

The Chairperson at the time, Mr Hennie de Jager, remarked that he had noted a shift away from a controlling body to a marketing body, although he believed that the Maize Board would always remain an integrated part of the industry and would play a key role in resolving marketing problems. This finally realised after the reappointment of the NAMPO members to the Maize Board in 1987, when an agreement was reached with the Minister in terms of which the basis for fixing the producer price was changed.

This essentially changed the Maize Board from a control board to a marketing council with market-oriented prices, risk hedging, product promotion and market research as point of departure. The marketing of maize was changed to a single-channel pooled system, in terms of which domestic prices were determined by the

**WHEN THE DELEGATION TO THE STATE PRESIDENT ASSUMED AT ONE STAGE THAT THE DISCUSSION WAS OVER, MR DE JAGER GOT UP. MR BOTHA ASKED HIM WHERE HE WAS GOING AND HE SAID THAT HE WANTED TO GO TO THE TOILET, UPON WHICH MR BOTHA ORDERED: 'SIT DOWN. I'LL TELL YOU WHEN YOU CAN GO.'**

MINISTER GREYLING WENTZEL'S AGREEMENT TO APPOINT NAMPO MEMBERS TO THE MAIZE BOARD AGAIN DEVELOPED INTO A CAT-AND-MOUSE GAME, AS NAMPO HAD TO NOMINATE TWO PERSONS FOR EACH POSITION AND THE MINISTER THEN DECIDED WHICH ONE OF THE TWO HE WOULD APPOINT. NAMPO NOMINATED THE PERSONS WHO HAD PREVIOUSLY RESIGNED FROM THE BOARD AS THEIR FIRST CHOICE, BUT THE MINISTER APPOINTED THE OTHER PERSONS (WHO WERE LIGHTLY REFERRED TO AS THE TACKIE TEAM IN NAMPO RANKS).

AT THE NEXT NOMINATION PROCESS THE SAME THING ALMOST HAPPENED AGAIN. THIS PLACED ONE OF THE MEMBERS, MR HENNIE DE JAGER, IN A DIFFICULT POSITION, AS HE WAS AT THE SAME TIME CHAIRPERSON OF THE MAIZE BOARD AND OF NAMPO. TO RESOLVE THIS THEY ARRANGE FOR MR DE JAGER TO SERVE AS CHAIRPERSON OF THE MAIZE BOARD AND VICE-CHAIRPERSON OF NAMPO, WHILE MR BOETIE VILJOEN WOULD SERVE AS CHAIRPERSON OF NAMPO AND VICE-CHAIRPERSON OF THE MAIZE BOARD.



**Sound bite:** There was always time for a bit of humour. The young men had to see to the fixing of the latest maize price while the ringleaders were on an overseas study tour – Mr Vic Mouton.

difference between the Maize Board's operating costs and the proceeds on sales. This was probably the first clear policy change on the road to deregulation, which would become reality with the commencement of the Marketing of Agricultural Products Act of 1996.

When the producer price was determined in the new dispensation the Maize Board had to take the expected domestic demand and supply into account, together with the costs and proceeds of maize exports. The producer price was obtained by dividing the net proceeds of the crop by the expected supply. All the maize was pooled and producers received an initial (advance) price. If any surpluses realised, they were paid out to the producers by way of intermediate and final payments.

All interest groups (like the millers, feed processors and other consumer groups) were involved in the pricing process. The price that was set after the meetings was submitted to the Agricultural Marketing Council, which made a recommendation to the Minister of Agriculture, who approved and announced the final price.







## ***Resistance***

In due course the gap between the producer price and the consumer price of maize increased because of marketing factors like a weakening currency (ZAR), a decrease in the global price of maize and an increase in the maize supplies available that had to be exported at low prices because of surplus production. These factors, together with the abolition of the government's subsidy on the export costs of maize in the early 1980s, led to the special levy having to be increased, which triggered greater resistance to the single-channel marketing system for maize.

In 1994, in protest against the high levies, a number of the biggest maize buyers (the Concerned Buyers Group) applied to the court to declare certain of the provisions of the Summer Grain Scheme to be unconstitutional, and also submitted an application for an interdict that would prohibited the Maize Board from collecting levies on certain maize transactions. The application did not succeed.

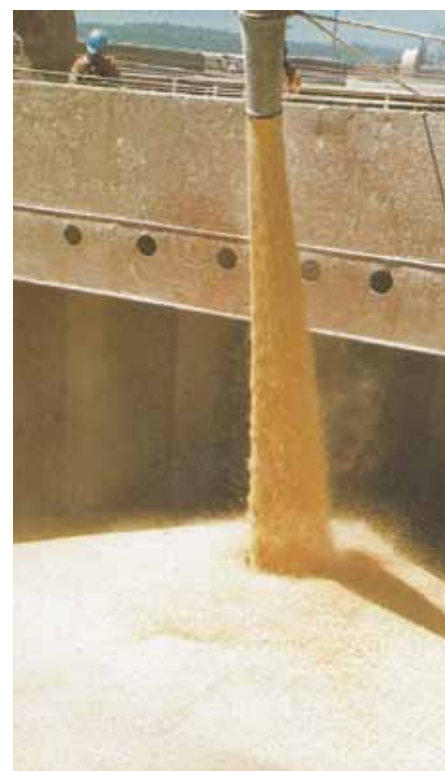
However, the opposition to the scheme did not abate and certain parties in the maize industry tried to circumvent the payment of the levies in various ways, for example by entering into partnerships, contracts of employment, lease contracts and production contracts, and establishing different legal entities in very complicated transactions that made it difficult to pinpoint the evasion of the levy obligation.

Because of the circumvention of the system the maize industry started destabilising, the gap between the producer and consumer price increased and the Maize Board could not always budget properly for exports. The Maize Board's domestic sales declined, with a consequent larger export surplus. The fact that the Maize Board was unable to collect the levies on the total crop had material financial implications.

## ***1994/1995 Marketing season***

As no agreement on the producer price for maize that was acceptable to all the role-players in the maize industry could be reached in the 1994/1995 marketing season, it was agreed that the Summer Grain Scheme would be terminated on 30 April 1995 and replaced by a new maize marketing scheme. The core properties of the replacement scheme were as follows:

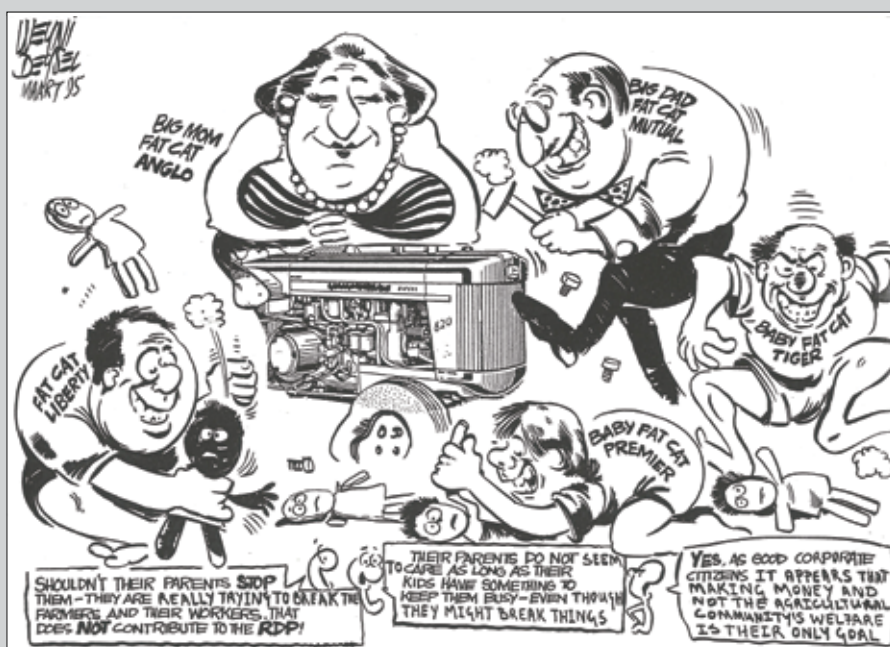
- Maize prices would be determined without statutory intervention in the market place.
- The functions of the Maize Board were amended and mainly comprised the following: Running a single-channel export pool, administering a stabilisation levy on purchases from producers as well as a producer levy, providing market information and registering producers and buyers with a view to managing levies and gathering information.
- The Maize Board could make maize from the export pool available for domestic sale, provided that the landing price with the buyer would not be less than import parity plus R20/ton.



**Exporting maize per ship.**

## MAIZE TRUST/CBG COURT CASE

In protest against the high levies a number of the biggest maize buyers (the Concerned Buyers Group – also called the Fat Cats [see cartoon alongside]) initiated a court application in 1994 to have certain of the conditions of the Summer Grain scheme declared unconstitutional, as well as an application for an interdict to prevent the Maize Board to collect levies on certain maize transactions. The application was unsuccessful. This way the 'country's biggest maize buyers were prepared to disrupt the total agricultural industry for their own personal gain (from *Mielies/Maize*, January 1995).



- All maize producers and buyers had to be registered with the Maize Board.
- No control would be exercised over grain silo owners with respect to the storage of maize, and remuneration rates for storage would be determined by agreement between the parties.
- Producers could sell their maize directly to buyers and prices were determined by agreement between buyers and sellers.
- There was no restriction on the buying and selling or even importing of maize, provided the imported maize complied with certain sanitary and phytosanitary standards.
- Producers who supplied maize in the export pool received an advance/ton on delivery, and after the final completion of the pool the surplus was divided among them by way of a final payment on the basis of tons delivered.

In the next marketing season these arrangements were amended further to permit the free exporting of maize too, subject to the acquisition of an export permit from the Maize Board and the payment of an export levy. In that season the Maize Board marketed only maize that was delivered in the export pools.



## Stabilisation fund

After the very good profits the Maize Board had made with exporting maize in 1950 and 1951, the idea developed to start a stabilisation fund. Two schools of thought existed about this: On the one hand there were persons who believed that the government was responsible for stabilising maize prices and that the profits and losses with respect to exports should be for the government's account. On the other hand there were those who maintained that the profits that were realised with exports should go to the producers.

Eventually the Stabilisation Fund was established in 1953/1954 when the Maize Board decided to pay the profits that had been made with maize exports in previous years, together with the contributions of consumers and the government, into a fund that could be used to cover possible future export losses and contribute towards the stabilisation of the producer price for maize. At the same time the Maize Board decided that the Stabilisation Fund would in future be supplemented by contributions by producers as well as consumers and the government.

Analysts from the maize industry are of the opinion that the price policy followed by the Maize Board contained an incentive that was big enough to stimulate increased maize production, which ultimately led to overproduction. This resulted in several years of the Maize Board having to export the surplus maize at a loss because the domestic producer price was higher than the ruling prices globally.

The Stabilisation Fund made valuable contributions towards recouping export losses and stabilising the industry in various other respects, often by subsidising the producer price for maize.

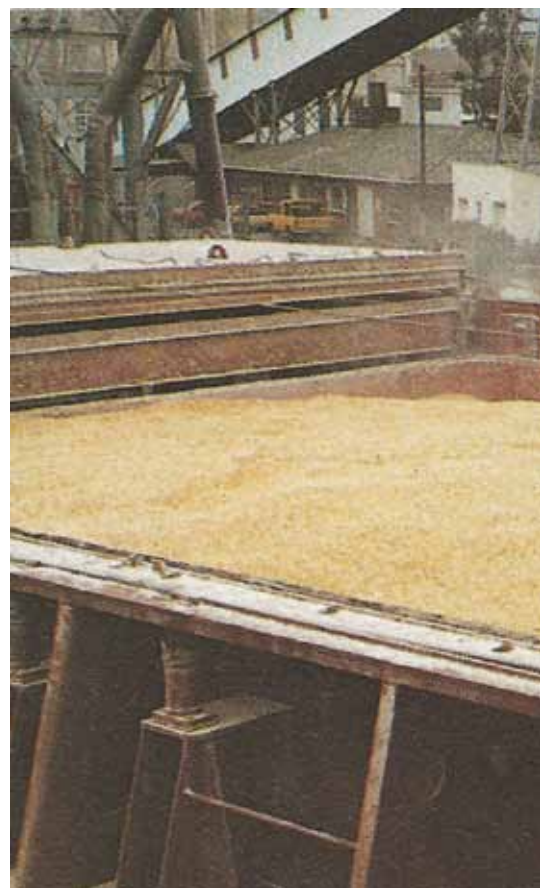
At times the Stabilisation Fund was very strong, but because of losses with the exporting of maize in the period since the 1977/1978 season, interest that had accrued on the accumulated debt and deficits that had arisen from an exchange transaction with Romania, the Stabilisation Fund was eventually exhausted.

On 1 May 1980 the Stabilisation Fund still had a positive balance of R5,2 million. However, from the 1981/1982 marketing year the practice of using production costs as the basis for determining the producer price for maize was gradually replaced by a system in which the producer price was set by the Minister after negotiations with the Maize Board. The levels at which the producer price was fixed in this period were often higher than the international price, so that surplus maize was exported at a loss. These losses were borne by the Stabilisation Fund and eventually contributed to the deficit that developed in the fund.

In 1982 the deficit in the Stabilisation Fund was roughly R53,7 million, but by April 1983 it had already grown to R213 million. The position worsened further and on 30 April 1987 the deficit in the fund amounted to approximately R481 million.



Representatives of the Maize Board sign an export contract with the Republic of China in 1986.





NAMPO's view was always that the government had to accept responsibility for the deficit in the Stabilisation Fund, given the circumstances under and way in which it arose. After many negotiations the government finally undertook in 1989 to take over the deficit, which had been recorded as a loss in the Maize Board's books. Although the government accepted responsibility for the Stabilisation Fund, they did not want to pass it on to the Treasury. The loss was therefore still recorded in the Maize Board's books, and interest was calculated on it annually, which meant that it was included in the Maize Board's budget.

The National Party-controlled government never settled that debt. After the election in 1994 that brought the ANC-controlled government into power, a new Minister of Agriculture was appointed. A delegation from the Maize Board led by the Chairperson convinced the Minister that the government was responsible for paying the deficit in the Stabilisation Fund, and it was at last settled by the new government.

### ***Levies***

The maize industry was subject to three levies that had been introduced in terms of the Marketing Act and/or the Summer Grain Scheme.

The first of these was a general levy introduced by the Minister in terms of the Marketing Act. It was collected by the Maize Board, but paid over to the Department of Agriculture to fund the South African Agricultural Union.

The second was an ordinary levy that the Maize Board charged in terms of the Summer Grain Scheme to fund the Board's administrative expenses like the cost of advertising, administration, research, market information and distribution.

The Maize Board was also authorised, in terms of the Summer Grain Scheme, to collect special levies on maize. The special levy was used to pay the marketing costs the Board had to incur to market maize. This included the transport costs to ports, finance costs, losses on exports, storage costs and handling costs.

When maize was sold to or through the Maize Board to a person who was not registered for trading in maize in the ordinary course of business, the levy had to be paid by the seller (the producer). If maize was sold to a person who was registered to trade in maize, the levy was payable by the buyer. However, no levy was payable on maize that was employed for personal use by the producer.

### ***Powers, duties and functions of the Maize Board***

In addition to the ordinary powers required to carry out administrative functions, the Maize Board possessed the following authority:

- To buy and sell maize and maize products;
- with the approval of the Minister of Agriculture, to prohibit the sale of maize and maize products to any party other than the Maize Board or its agents or registered maize traders, and charge a levy on maize that was processed or bought from producers;
- to grant financial and other assistance with respect to research;
- to establish an information service in order to inform producers about marketing conditions;
- to encourage the domestic consumption of maize and maize products and promote the development of the maize industry in South Africa; and
- to advise the Minister of Agriculture on general matters like the grading requirements for maize, arrangements with respect to the import and export of maize and maize products and, in general, the marketing and/or processing of maize and maize products.

In addition to the functions of the Maize Board with respect to the marketing of maize and other types of grain, it served as a material link in the maize industry in various respects and various fields:

- The Board and its agents were responsible for the acceptance, grading, storage and distribution of the country's maize supplies. In this regard the agricultural co-operatives played the main role, but the Board also appointed millers and





traders as agents. The ultimate right to and responsibility for the distribution of maize always rested with the Maize Board, however.

From July 1977 all maize, sorghum and buckwheat transported from the interior to ports were transported in bulk consignments by rail. By approximately 1985 maize was the third most important commodity after coal and iron ore that was handled by the railways, and roughly 85% of the maize crop was transported by rail. However, by 2014 this had dropped to only about 15% due to a large-scale increase in road transport.

- The Maize Board played a pivotal role in ensuring that financing was available so that producers could be paid immediately on delivery of their grain and the Board's agents could be remunerated for their services. In times where losses on exports accrued, the Maize Board obtained loans against state guarantees from the Land Bank or the Reserve Bank to finance the losses.
- The Maize Board also played an important role in identifying research needs in the maize and buckwheat industries and in supporting research projects, although the Maize Board itself was not a research institution. All new maize cultivars were tested first before they were released, particularly with respect to hardness and milling quality.
- The Maize Board served as a link in the communication between different role-players in the industry, as well as in negotiations with other economic sectors and the government.
- As the only exporter of maize and buckwheat, the Maize Board played a vital role in developing export markets. This was handled by the Export Committee of the Board, which determined how much maize was available for export, compiled an export programme according to which it was managed, managed the logistics and financing for this, and handled hedging on the Chicago Board of Trade when global markets were favourable.
- From approximately 1974 the Maize Board assisted the former independent states (Transkei, Bophuthatswana, Ciskei and Venda, as well as the self-governing area of Lebowa) with the development of their agricultural marketing systems.
- In 1963 the Maize Board established a publicity committee to manage the promotion of the market and the Board's public relations programme. Right from the start this committee made a definite contribution to the systematic advertising and marketing actions for the maize industry.

The Maize Board launched various advertising campaigns with a view to promoting the maize industry. The Wally Hayward Marathon in Pretoria as well as soccer games were sponsored, for example, and from 1972 to 1983 the Board sponsored the Dalrymple Cup athletics competition. The Board had a box at the FNB stadium, where selected guests were entertained.

The Maize Board also launched a Putu Competition for black housewives for which they could enter if they bought a sack of meal. At the end of each month a draw was held and prizes were awarded.



**Advertising.**



**Sport promotion.**

At the Maize Board's 50th anniversary celebrations in 1985 it was described as an indispensable link between producers and consumers. It was described as follows: 'If it closes its doors tomorrow, South Africa would go hungry within a few days'.

However, it was clear even at that stage that the Maize Board would have to follow an adaptable approach and be open to change in order to provide a more market-oriented system for maize marketing. Some of the challenges for the Maize Board were to make sufficient information available in such a market environment that producers could align their production with market needs and reduce the cost of handling, storing and distributing maize. In addition, it had to plan for the future expected demand for maize, given South Africa's changeable weather patterns and rainfall, the expected increase in population numbers, diversification on maize farms, an increase in productivity and other factors that could affect the production of maize.

During April 1997 all the maize transactions in which the Maize Board was involved were concluded, and on 30 April 1997 the Board ceased all its operating activities. The Board continued until 2007 to manage outstanding matters, mainly involving court cases, the selling of its assets and settling of pools.

With the final settlement of the export pool for the 1996/1997 season an amount of R88,036 million was paid out on 14 August 1997 to maize producers who had delivered maize to the export pool. This was the final payment by the Maize Board to producers and that also concluded the Board's commodity affairs.

## Other products

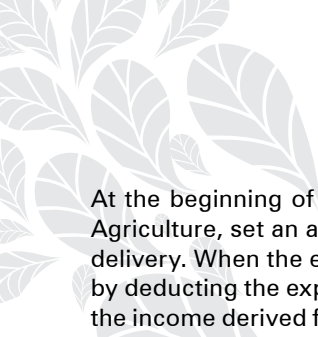
In the course of time the Maize Board also provided assistance with respect to the marketing of other agricultural products like sorghum (until 1986), potatoes and dry beans (until January 1986), and buckwheat.

Buckwheat was administered in a single-channel pooled system from 1969 at the request of the former Eastern Transvaal Co-operative. As in the case of maize, the system applied to buckwheat that was produced in certain defined areas, although virtually no buckwheat was produced outside those areas in any case. The single-channel pooled system offered buckwheat producers the benefit of exporting their crop over a longer period. This offered the opportunity to manage the marketing so that favourable market prices could be utilised. Virtually the total buckwheat production, except the seed portion, was exported, mainly to Japan and France. The Maize Board marketed buckwheat on this basis until it was dissolved, but potatoes and dry beans were marketed only until January 1986.



**The transport of maize, buckwheat and sorghum.**





At the beginning of each season the Board, with the approval of the Minister of Agriculture, set an advance price for buckwheat, which was paid to producers on delivery. When the entire crop had been marketed, the final price was determined by deducting the expenditure and costs involved in the marketing of the crop from the income derived from it. The net proceeds were then paid to the producers who had delivered buckwheat to the pool, pro rata according to the mass delivered by each one. In some years an intermediate payment was made as the marketing of the crop progressed.

Buckwheat for domestic use was graded according to the prescriptions of the Maize Board, as no grading regulations had been published under the Marketing Act. However, buckwheat destined for export was graded by inspectors of the Directorate for Agricultural Product Standards according to prescriptions published by the Department of Agricultural Economics and Marketing.

### ***Composition***

The first fully fledged Marketing Act was established with the commencement of the first Marketing Act (Act 26 of 1937) in 1938. From 1968 the Maize Board functioned under the Marketing Act of 1968 (Act 59 of 1968) until it was eventually abolished under the Marketing of Agricultural Products Act of 1996.

From 1979 the Maize Board was also subject to the Summer Grain Scheme, as announced by Proclamation R45 of 1979, in carrying out its functions.

Since its establishment the Maize Board was constituted from representatives from all the groups of role-players in the industry, as well as designated government officials. However, the principle of producer majority in the control boards also applied in the Maize Board from the beginning. In the initial years the government was very involved in the Maize Board – to such an extent that the first two Chairpersons were government officials. However, since 1938 the Chairperson was always elected from the ranks of the producer members.

The first Maize Board (1935) comprised 15 members, namely four representatives from maize producers who were members of co-operatives; four representatives from producers who were not members of co-operatives; one representative each for the maize trade, maize brokers, maize millers, maize exporters, animal feed producers and consumers, as well as an official from the Department of Agriculture.

In terms of the Maize Control Scheme of 1939 the number of members of the Maize Board was increased to 19 by increasing the number of producer members to twelve. At the same time, the representation of maize brokers and exporters was abolished, but the consumers and maize trade each received two representatives on the Board.

In the course of time the composition of the Maize Board and its membership changed several times, but always retained the principle that the majority of its members had to comprise representatives from the maize producers.

The Maize Control Scheme made provision for the appointment of advisers to assist the Maize Board. The Minister of Agriculture could appoint one or more officials from the former South African Railways Administration and one or more officials from the Civil Service as advisers to the Board. The Maize Board itself was also entitled to co-opt no more than two persons as advisers to the Board. In addition, the Maize Board was assisted by committees who were tasked with investigating certain matters with respect to the Board and submitting recommendations in this regard to the Board.

Since the establishment of NAMPO in 1980 NAMPO nominated the producer members, who constituted the majority on the Board, to the Maize Board, and the Minister of Agriculture appointed those nominees.

The agreement reached with the Minister in 1987 implemented the important change with respect to the composition of the Maize Board that it would return to the arrangement that had applied until 1985, namely that the producer members on the Maize Board would once more be appointed by the Minister from the ranks of NAMPO nominees. The NAMPO members were elected from the 24 NAMPO regions, which also meant that they were responsible to their electoral colleges. The regions were divided into groups of three, which each appointed a representative.





## Wheat and other winter cereals

1930	Wheat Importation Restriction Act – importing of wheat restricted
1931	Flour and Meal Importation Restriction Act – restriction of importing of flour and meal
1935	Wheat Industry Control Act (Act 58 of 1935)
1935	Wheat Industry Control Board – active control of the importing of wheat and wheat meal
1937	Marketing Act
1938	Wheat Control Scheme
1950	Winter Grain Scheme
1973/1974	Board's name shortened to Wheat Board
1987	Control over rye production terminated
1995	Quantitative import control replaced by tariff control
1996/1997	Wheat marketing totally deregulated
1997	Wheat board abolished

### ***Early 1900s***

Since the early 1900s wheat producers tried in various ways to achieve greater stability in the wheat industry, but without real success. The details of these attempts are set out in Chapter 1 and varied from improved mutual co-operation to the establishment of organisations like Bokomo and Sasko (today the Pioneer Foods Group).

### ***1930 – Wheat Importation Restriction Act***

The government at last adopted the Wheat Importation Restriction Act in 1930 through which the importing of wheat was restricted. A similar act with respect to meal and flour, the Flour and Meal Importation Restriction Act, was adopted in 1931. These acts determined a minimum price at which imported wheat and wheat meal could be landed in South Africa.

The government also determined the price at which South African producers had to be paid for their wheat. However, these prices did not always materialise, as the biggest part of the crop was usually marketed in a very short time at the beginning of the harvesting season. This led to an oversupply in the period, which had a negative effect on the price.

The opinion started to take root that producers should be able to market their crop systematically so that they could utilise beneficial market conditions. This would mean that wheat had to be stored, but the producers had neither the facilities nor the financial means to do so. Co-operatives did have warehouses that could be used for this purpose, but they could not afford the inevitable implications in terms of interest expense, quality and other losses, insurance costs, et cetera. These costs would therefore have to be borne by their members (the producers), which would place the latter in a weaker position than producers who were not members of co-operatives and could sell their entire crop immediately.

### ***1935 – Wheat Industry Control Act***

Wheat producers consequently sustained the pressure for greater government support to the wheat industry. Their attempts were rewarded with the creation in 1935 of the Wheat Industry Control Board, which was established in terms of the Wheat Industry Control Act, Act 58 of 1935, with a view to actively controlling the importing of wheat and wheat meal in order to protect the interests of the local wheat producers.

According to the Wheat Board's 50 years' commemorative volume the promulgation of the latter Act was promoted by an exceptionally good harvest in the Swartland and Rûens areas at a time when the marketing mechanisms were not geared to handle a large surplus and ensure a fair price for their products to producers. Despite an advance on the price of wheat that the Land Bank paid to co-operatives, the entire



industry could not be assisted, as the many producers who were not yet members of the co-operatives were unable to share in the advance that was paid.

The Wheat Industry Control Board that was established in terms of the 1935 Act struggled with the surplus problem right from the start, and the importing of wheat and meal was strongly questioned. The establishment of a single-channel marketing system was offered as a solution to this problem by wheat producers.

However, the Board introduced other measures with a view to restricting the supply of wheat in the market, which included storing wheat for remuneration. These measures were not very successful and led to the Board deciding to request the government to consider a policy for selling wheat through a single channel on a trial basis for two years. Although this request was not granted, the government agreed to adjust the advance price and grant certain assistance with respect to the storage of wheat. However, it was clear that the powers of this Board, which could be regarded as the first Wheat Board, were inadequate for ensuring the orderly marketing of wheat.

### **Marketing Act 1937 – Wheat Control Scheme**

In preparation for the promulgation of the Marketing Act of 1937 the Wheat Industry Control Board had already started to develop a scheme in terms of that Act according to which the Board would be the only buyer and seller of wheat, would fix wheat prices and take other steps to control the wheat industry. On 5 October 1938 the Wheat Control Scheme that had been developed in the process was announced in accordance with the Marketing Act. This introduced single-channel marketing of wheat and other winter grain products.

The Marketing Act empowered the Board to exercise full control over the wheat-to-bread chain. From 1938 the Board controlled the importing and exporting of wheat and wheat products, prohibited the sale of wheat to any entity other than the Board and its agents, as it did the sale of wheat meal and bread at prices other than those fixed by the Board, and even regulated the size of bakers' ovens. All in all this was the most extensive control of any production chain in the history of the country, and it lasted for roughly 59 years.

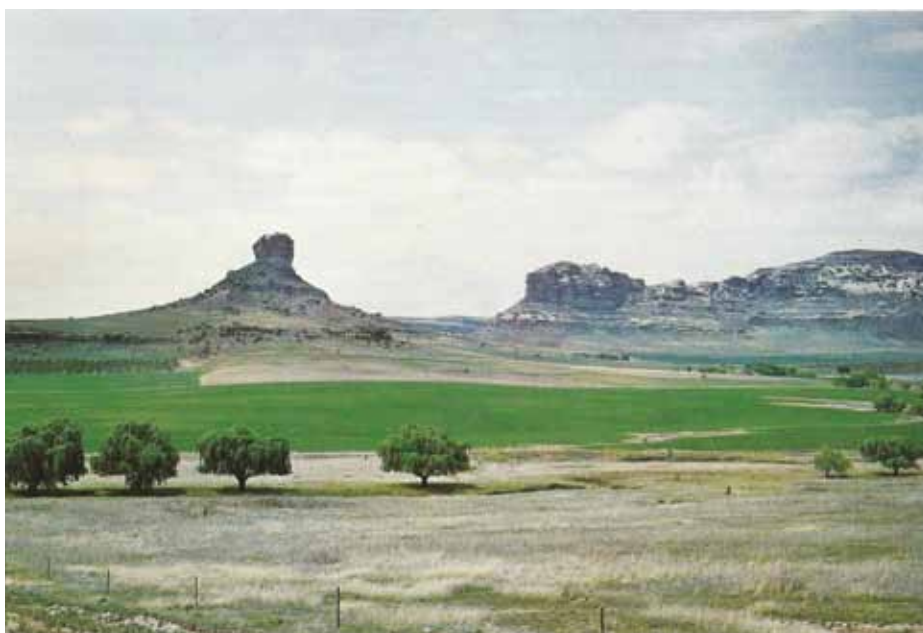
The Wheat Industry Control Board that had been established in terms of the 1938 Act convened for the first time on 24 October 1938. The Board had wider powers and responsibilities than its predecessor. The main tasks were to advise the Minister on grading and packaging requirements, as well as on the conditions under which wheat and wheat products could be sold, imported or exported. Some of the Board's other powers were subject to the approval of the Minister, for example



**The Act on the Control of the Wheat Industry (Act 58 of 1935).**



**Sound bite: Price fixing in the Wheat Marketing Board was serious business although there were lighter moments – Mr Jannie de Villiers.**



**Dry land wheat in the Free State.**



One of the first wheat harvesters.



Wheat cutting in the 1900s.



The first motorised wheat combine was introduced in 1953.

charging and collecting levies, fixing prices, registering millers and thresher owners and prohibiting the sale of wheat to any entity other than the Board.

### ***Winter Grain Scheme***

The Wheat Control Scheme was in operation for eleven seasons until it was replaced by the Winter Grain Scheme from 1 November 1950. This new scheme made provision for including barley, oats and rye under the control of the Wheat Industry Control Board.

Because of the small scope of rye production and processing in South Africa, all control measures for rye were revoked from 1 October 1987.

The Board's powers in terms of the Winter Grain Scheme were largely the same as for the Wheat Control Scheme and also included the following:

- Controlling the purchase and distribution of wheat, barley, oats and rye in South Africa and appointing agents for this purpose.
- Creating reserve funds with the approval of the Minister of Agriculture.

The price that the Board paid to producers for wheat was determined by the Minister of Agriculture, after negotiation between the producers, millers, bakers and the Board. A price was agreed upon and submitted to the Minister, but in most cases it was announced by the Minister as he had received it.



The early 1900s. Wheat was first cut then threshed (in many instances by contractors).

THE FIRST MEETING OF THE WHEAT BOARD AFTER THE COMMENCEMENT OF THE WHEAT CONTROL SCHEME LASTED 13 DAYS BECAUSE OF THE LARGE NUMBER OF MATTERS THAT BOARD HAD TO ATTEND TO, FOR EXAMPLE THE DETERMINING OF PRICES AND COMMISSIONS, APPOINTMENT OF AGENTS, CONDITIONS OF SALE, DISTRIBUTION RULES, GRADING AND PRICES OF PRODUCTS, AS WELL AS ADMINISTRATIVE MATTERS THAT REQUIRED ATTENTION.





**FOR MANY YEARS THE WHEAT BOARD WAS THE SOUTH AFRICAN GOVERNMENT'S REPRESENTATIVE ON THE INTERNATIONAL GRAIN COUNCIL (IGC) AND ATTENDED THE MEETINGS OF THIS ORGANISATION EVERY YEAR. BECAUSE SOUTH AFRICA WAS A NET IMPORTER OF WHEAT, THE IGC'S MEETINGS OFFERED A GOOD OPPORTUNITY NOT ONLY TO KEEP UP WITH DEVELOPMENTS IN THE INDUSTRY, BUT ALSO TO BUILD CONTACTS WITH A VIEW TO IMPORTS.**

With the second consolidation of the Winter Grain Scheme during the 1973/1974 season the name of the Wheat Industry Control Board was shortened to the Wheat Board, and an advisory winter grain grading committee was introduced to advise the Wheat Board on matters affecting the grading and classification of winter grain and winter grain products.

Until 1987 winter grain was administered according to a fixed-price single-channel scheme, but from 1987 it was in practice a single-channel pooled scheme.

### ***On the way to deregulation***

One of the recommendations of the Wentzel Commission, which is referred to later, was that the process for pricing controlled agricultural products had to be amended. The commission made the following recommendations with respect to the Winter Grain Scheme and the wheat industry – all of which were implemented in due course:

- That control over imports and exports in the first place rested with the government and that the Minister of Agriculture had to decide about the quantities concerned.
- That the Wheat Board had to retain the power to decide about the registration of mills and that the restrictive registration with respect to bread bakers had to be retained, but that restriction on the registration of other bakers like confectioners and pastry cooks be adjusted.
- That the subsidy on the price of bread be reduced systematically.
- That the Marketing Act be amended so that the Minister had the power to set prices and margins at the recommendation of the marketing councils and after consultation with the National Marketing Council.



**A modern (combination) wheat harvester at work.**

The general drive for a deregulated agricultural market that was found in the maize industry in particular ultimately led to the end of controlled marketing of winter grain crops in South Africa when the Wheat Board was abolished in 1997.

### ***Composition***

The Board that was set up under the 1935 Act consisted of eight members, namely an official from the Department of Agriculture and Forestry, three representatives of members of co-operative producers, one representative for non-co-operative producers, two to represent millers and one for the consumers.

After the announcement of the Wheat Control Scheme in 1938, the Board was increased to 14 members, namely five representatives for co-operative wheat producers, three for non-co-operative wheat producers, three for millers, one for bakers, one for consumers and an official from the Department of Agriculture and Forestry. In 1945 the consumers gained another representative, which increased the Board to 15 members.

In terms of the Winter Grain Scheme of 1950 the members of the Wheat Board were increased to 21, eleven of whom represented the wheat producers, while the other interest groups enjoyed smaller representation – like under the previous dispensations. Later the composition of the Wheat Board was reduced to 13 members, eight of



**The old Wheat Board building.**



**The new Wheat Board building.**



**Sound bite:** What is discussed in a caucus session does not always realise around the negotiating table – Mr Jannie de Villiers.



**Sound bite:** Final issues were settled after the dissolution of the Wheat Board – Mr Andries Beyers.

whom were producer members, two were representatives for the millers and bakers respectively, and one for consumers. Under the Marketing Act the representatives for the producers always had to constitute the majority on the Wheat Board.

In later years wheat producers were represented at provincial level in organised agriculture on the winter grain committees of provincial agricultural unions, of which there were four – one for each of the provinces at the time. The district agricultural unions nominated representatives to the winter grain committees of the various provincial agricultural unions. The National Winter Grain Committee of the South African Agricultural Union was appointed from their ranks on the basis of production, with the result that most of the members came from the Western Cape, with the Free State contributing the second most, followed by the Cape Province and Transvaal.

The district agricultural unions therefore in effect nominated the candidates for appointment as members of the Wheat Board, but the Minister of Agriculture made the final appointments, which were effective for a period of two years. After the establishment of the Winter Grain Producer Organisation (WPO), the latter organisation made the nominations for the Wheat Board.

## Sorghum

Before 1945	No control
1945 - 1948/1949	Maize Board operated single-channel pooled system as temporary measure
1949 - 1957	No control
1957/1958	Maize Board operated single-channel pooled system
1957/1958 - 1985	Maize Board operated floor-price system as part of the Summer Grain Scheme
1986 - 1997	Sorghum Board established – operated surplus-removal scheme
1997	Sorghum Board abolished



## ***Nature and scope of control***

Traditionally, sorghum was produced and consumed in subsistence farming, without having any marketing structures. Even after commercial producers started cultivating it on a larger scale, the marketing of sorghum was not very successful initially.

From 1945 until the 1948/1949 season the Maize Board handled the marketing of sorghum as a temporary measure in order to establish a single-channel marketing system for sorghum and manage the marketing in a more organised manner. From 1949 there was again no formal control over the marketing of sorghum, until it was taken over once more by the Maize Board in the 1957/1958 season.

In that season a pooled system was used to market sorghum, but from the next season a floor-price system was introduced to stabilise the domestic prices. This system was operated by the Maize Board as part of the Summer Grain Scheme until 1985. The floor-price system was a less comprehensive control scheme than the single-channel scheme that applied with respect to maize. Essentially this involved that the Maize Board announced a price at which the Board was willing to buy sorghum from producers who were unable to sell it elsewhere at a higher price.

The price, which varied depending on the class and grade of sorghum, was therefore a minimum limit or floor, below which the producer price could not fall, hence the reference to 'floor price'. The floor price was set at the beginning of the season by the Maize B, with approval by the Minister of Agriculture. Until the 1964/1965 season the floor price remained in effect from 1 May to 31 October of each year, but in the 1965/1966 season the commencement date was moved to 1 April.

When the floor price was announced, the Maize Board also announced the minimum price at which it would sell sorghum that had been purchased at the floor price for domestic use. The latter price was usually a bit higher than the floor price to make provision for the Maize Board's expenses with respect to sorghum and encourage traders to purchase as much as possible of their requirements directly from the producers early in the season.

In terms of the floor-price scheme traders were free to purchase sorghum directly from producers and trade with it, in contrast to the single-channel marketing systems that applied to maize and wheat. There were also no price prescriptions with respect to this trading.

In practice the Maize Board purchased sorghum directly from producers only in the main production areas. These were clearly defined areas and included the former Transvaal and Orange Free State provinces and a few magisterial districts in the Cape Province and Natal. The Maize Board appointed sorghum agents in those areas to handle and store sorghum that had been obtained from producers under the scheme at prescribed tariffs on behalf of the Board, in accordance with the prescriptions of the Board. The storage facilities belonged to the agents, who were mainly agricultural co-operatives.

## ***Appointment and registration***

Initially, until 2 March 1984, sorghum traders were not obliged to register as such with the Maize Board, but processors of sorghum did have to register. All sorghum agents and manufacturers of sorghum products in the Republic had to submit monthly returns of all their transactions in sorghum and sorghum products to the Board. Sorghum traders, on the other hand, were not obliged to submit returns of their transactions in sorghum to the Board, except those who purchased sorghum for their own account in certain identified areas that varied from time to time.

## ***Export***

The Maize Board did not undertake to export sorghum itself. The exportable surplus was offered to exporters per tender at predetermined times, and these exporters were responsible for selling and shipping to overseas buyers themselves. However, the Maize Board ensured that the necessary logistical arrangements were made to deliver the sorghum to the successful tenderer in the port, usually in the grain silo at the Durban Harbour.

**THE FIRST FEMALE  
MEMBER OF THE WHEAT  
BOARD WAS MRS  
AJE NEL, WHO WAS  
APPOINTED ON 1 MARCH  
1945 AS THE CONSUMER  
REPRESENTATIVE.  
SHE CAME FROM  
POTCHEFSTROOM, WHERE  
SHE WAS ALSO THE  
MAYOR OF THE TOWN FOR  
A PERIOD.**



**Sound bite: The Sorghum Board was established after committee members felt neglected in the Maize Board – Mr Piet Skinner.**

Manufacturers of sorghum malt had to pay a special levy to the Board on the malt they sold. The proceeds of the levy were paid into a special levy fund that was mainly used to cover losses with sorghum exports.

### ***Intervention scheme***

The Maize Board's report on the sorghum industry in 1973 mentioned an intervention scheme that was introduced when the export prices of sorghum were lower than those of yellow maize, which usually was the case. If that difference was greater than the difference in the respective values of the two grains as animal feed, the Maize Board made sorghum available at a discount for use in animal feed as an alternative to yellow maize. The discount was based on the difference in the feed values of the individual products.

This meant that larger quantities of yellow maize could be exported for a better net result. The net financial effect of the transaction would then be distributed equally between the between the sorghum and the maize industry.

### ***Self-determination***

A growing need for self-determination in the sorghum industry eventually led to negotiations between the National Sorghum Committee of the South African Agricultural Union, the National Marketing Council and the Minister of Agriculture.

The main argument in favour of the establishment of an independent Sorghum Board was that the industry was so big that it should be given the right to handle its own marketing. The argument was supported by the National Sorghum Committee and recommended by the National Marketing Council, which convinced the Minister to establish a control board for the industry.

The Minister of Agriculture at the time, Mr Greyling Wentzel, announced on 22 November 1985 that an independent marketing council for the sorghum industry would be established. The new Sorghum Scheme that was announced on 31 January 1986 was still a voluntary floor-price scheme that applied to the whole country.

That ended the Maize Board's control over the marketing of sorghum. The Sorghum Board carried out the functions that it took over with respect to the marketing of sorghum until control boards were abolished in 1997.

During this period, sorghum marketing was run with little interference and the Sorghum Board was regarded as a precursor to deregulation. The Board's marketing arrangements, including the proposed floor price, were submitted to the Minister of Agriculture for approval every year.

The agricultural co-operatives continued to act as agents of the Sorghum Board to receive and consign sorghum and for the payments that had to be made to producers.

### ***Mission and objectives***

The main objective of the Sorghum Board was to promote long-term stability and growth in the sorghum industry.

The objectives of the Sorghum Board were:

- To organise the marketing of sorghum and sorghum products, including their export, according to the provisions of the Marketing Act and the Sorghum Scheme.
- To promote or stimulate the demand for sorghum and sorghum products in accordance with the Marketing Act and the Sorghum Scheme, whether inside or outside the RSA.

### ***Functions and powers***

The main functions and powers of the Sorghum Board were:

- To provide market information.
- To buy and sell sorghum or sorghum products at the price or on the basis approved by the Minister.
- To administer the surplus-removal scheme.



**The cultivation of sorghum for seed purposes.**

**ON 30 APRIL 1973 A  
TOTAL OF 20 SORGHUM  
AGENTS HAD BEEN  
APPOINTED.**





- To provide assistance for research work with respect to sorghum or sorghum products.
- To establish a database and information service.
- To undertake market development and stimulate the demand for sorghum and sorghum products.
- To introduce levies on sorghum and sorghum products with a view to obtaining funds.
- To introduce an inspection service in order to check, inter alia, the collection of levies.
- Under certain conditions to place restrictions on the sale of sorghum.

Research conducted by the Sorghum Board was funded by statutory levies.

### ***Agents***

The agricultural co-operatives were the main agents for the Sorghum Board with respect to the receipt and storage of surplus sorghum. Storage facilities belonged to the agents, who were paid by the Sorghum Board for the cost of storage and handling of the sorghum. The co-operatives usually also provided production credit to producers to cultivate sorghum.

### ***Composition***

The Sorghum Board consisted of nine members, being representatives of producers (5), malt manufacturers (1), animal feed manufacturers (11), wholesalers (1) and agents of the Board (1).

The Sorghum Board was also served by various committees, namely a Research Advisory Committee, a Research Expertise Committee, a Marketing Expertise Committee, a Seed Expertise Committee and an Advertising and Promotion Working Group.

### ***Oilseeds***

Before 1934	Co-operative co-operation
1934	Groundnut Producer Advisory Committee
1952	Oilseeds Control Scheme and Oilseeds Control Board – sunflower and groundnuts – single-channel pooled system
1994	Control abolished
30 September 1997	Oilseeds Board abolished

### ***Co-operative co-operation***

Problems that arose in the early stages of commercial groundnut cultivation in South Africa with respect to the surplus production of food-market groundnuts created a need for the organised marketing of groundnuts, which led to the establishment of co-operative organisations. The first of these was in the Northern Transvaal (Limpopo) area, probably because that was the only groundnut-producing area in South Africa at the time.



**LIMITED QUANTITIES OF SORGHUM WERE EXPORTED  
AND AN IMPORT TARIFF WAS CHARGED ON IMPORTS.  
IMPORTS AND EXPORTS OF SORGHUM WERE  
SUBJECT TO QUANTITATIVE CONTROL.**



### ***Groundnuts Producer Advisory Committee***

In time the need for greater co-operation in the groundnuts industry increased, which led to the merging of co-operative enterprises. In 1934 it resulted in the establishment of the Groundnut Producer Advisory Committee by the Waterberg Co-operative Agricultural Association and other role-players in the industry. The Committee, which comprised representatives from the producers as well as crushers, was later replaced by the official Groundnuts Advisory Committee, chaired by the Secretary of Agriculture.

In order to support the groundnuts industry during the years of the Depression in the 1930s, the government increased the import rights on groundnuts and decreed that no permits for importing groundnuts for crushing purposes would be granted, unless proof could be provided that the local surplus production had been taken up by the crushing industry. The price at which the surplus groundnuts in South Africa were made available to the crushing industry was determined every year after consultation between the Groundnuts Advisory Committee and the Departments of Agriculture and Trade and Industry.

In the meantime the co-operative producer organisations established a central co-operative for oilseeds with a view to mutual consultation and discussion of the interests of the oilseeds industry. This central co-operative, together with the Groundnuts Advisory Committee, campaigned for the establishment of a single-channel marketing scheme in terms of the Marketing Act of 1937.

### ***Oilseeds Control Scheme and Oilseeds Control Board***

On 25 February 1952 the Oilseeds Control Scheme was announced in accordance with the Marketing Act of 1937, which started the period of regulation of the oilseeds industry.

The Oilseeds Control Scheme made provision for the establishment of an Oilseeds Control Board (the Oilseeds Board) to which certain powers, authorities and duties with respect to groundnuts and sunflower seeds were delegated. The Oilseeds Board was authorised, in terms of the Oilseeds Control Scheme, to act as the only buyer of the oilseeds, and on 18 April 1952 a proclamation was issued in terms of which the sale of groundnuts and sunflower seed by producers to anybody other than the Oilseeds Board was prohibited. This control was extended to soybeans in 1968.

All the interest groups in the oilseeds industry were represented on the Oilseeds Board, but in accordance with the requirements of the Marketing Act the majority of the Board's members were producers.

In order to make provision for funding for the Oilseeds Board, statutory levies were introduced on sunflower seed and shelled as well as unshelled groundnuts. The first levies were set at 1 shilling/100 lbs (45,36 kg) of shelled groundnuts, 8 pennies/100 lbs of unshelled groundnuts and 7 pennies/100 lbs of sunflower seed.

### ***Functions and powers***

The routine functions of the Oilseeds Board included the purchasing, preparation, grading, transport, export and selling of oilseeds, while it also carried out an information supply function with respect to oilseeds. The need for a reliable information service increased with time because of greater international competition and the accompanying price fluctuations.

The Oilseeds Board was given a variety of powers and duties with the approval of the Minister of Agriculture. These included the following:

- The introduction of a prohibition on the sale of oilseeds to anybody other than the Oilseeds Board.
- The fixing of oilseeds prices, charging of levies and creation of reserve funds.
- The drafting of grading and packaging regulations.
- The investment of funds and acquisition of fixed property.



Like the other control boards, the Oilseeds Board appointed agents to receive, grade, store and consign products for the Board. Producers' remuneration for products they delivered to the Oilseeds Board was also paid to them via the agents. The Oilseeds Board appointed the existing handlers of oilseeds as its agents as far as possible, as they already had the expertise and facilities.

At the end of 1952 the Oilseeds Board appointed inspectors, among other things to carry out audit inspections and other investigations of agents, settle grading disputes, grade and sell undergrade products and carry out inspections on groundnuts intended for the export and food markets.

From 1968 the Oilseeds Board also controlled the marketing of soybeans, in addition to groundnuts and sunflower.

The name of the Board was later changed to the Oilseeds Board.

The Oilseeds Board operated a single-channel pooled system for oilseeds. The controlled marketing of oilseeds had certain benefits for the industry, including stability in the market to the benefit of producers as well as off-takers, increased production, exporting of groundnuts of a very high quality and the correct interpretation of market information.

### ***Control abolished***

However, due to changed circumstances in the South African political dispensation and international trade the marketing scheme with respect to groundnuts was amended to such an extent on 22 April 1994 that groundnuts could be traded freely by producers and they were allowed to operate a surplus-removal system with voluntary pools and a single-channel export system. In terms of the single-channel export system the Oilseeds Board granted institutions that had supplies and access to selection plants exemption to export groundnuts, subject to the payment of prescribed levies.

These amendments meant that only 30% of the groundnuts crop was sold to the Oilseeds Board in 1994. Groundnuts that were delivered to the Board's voluntary pools were selected and traded domestically as well as overseas.

Since July 1995 the Oilseeds Board's role as exporter of groundnuts effectively became redundant. However, the Board was appointed by the Minister of Agriculture to apply quality control on all groundnuts destined for export in order to try and maintain South Africa's standing with respect to quality standards. The Oilseeds Board played an important role in supplying and co-ordinating information and provided an independent service with respect to sampling and grading.

The Marketing of Agricultural Products Act of 1996 required all existing marketing councils to submit a business plan to the Minister of Agriculture and Forestry and the National Agricultural Marketing Council (NAMC) within 30 days after the NAMC that had been appointed in terms of this Act had convened for the first time. It had to include recommendations on the way in which the conclusion of the activities of the council concerned would be managed.

Any requests by the industry for statutory measures had to be motivated fully in the business plan. The core principle was that statutory measures as well as proposals for the restructuring of the functions of the Oilseeds Board had to be supported by unanimous recommendations from the industry, failing which the Minister could decide about measures for deregulation himself.

As the NAMC proposed to meet for the first time on 6 January 1997, this implied that the business plan for the oilseeds industry, like those for the other agricultural industries, had to be submitted to the NAMC by the first week of February 1997.

The business plan for the oilseeds industry was submitted to the Minister of Agriculture after extensive negotiations between all the role-players in the industry. The business plan made provision for the following structures to look after the interests of the industry after the abolition of the Oilseeds Board:

- The **Oil and Protein Seed Development Trust (OPDT)**, which is discussed in Chapter 3.



- The **Oilseeds Advisory Committee (OAC)** which comprises ten representatives of the industry and convened for the first time on 1 December 1997. In terms of the OPDT trust deed the OAC had to be consulted by the trustees before the OPDT made a decision on any request for financial support.

In terms of the trust deed the OAC was responsible for the appointment of trustees to the OPDT, with the exception of the ministerial representative. However, the committee's primary function was to assess information and research projects in the interest of the broad industry and refer them to the OPDT for funding.

- The **Research Priority Committee** was an OAC committee that was tasked with identifying research and other projects in the interest of the industry and submitting recommendations in this regard to the OAC.
- **SAGIS**, which is discussed in Chapter 3.
- **Industry forums**, born of the need of the various commodity sectors to liaise with one another on common commodity matters after the Oilseeds Board had been phased out. Among other things this included grading, health regulations and research needs.

The following forums were established:

- Groundnuts Forum (1996)
- Sunflower and Soybean Forum (1997)

All the role-players in the value chain could attend the meetings of the forums. Decisions were made on a consensus basis. If the representatives could not reach consensus on a matter, the forum concerned appointed a technical committee to investigate the matter further and submit recommendations to the forum.

- The role-players in the industry regarded the continuation of the **technical services function** that the Oilseeds Board had developed over a period of more than 40 years as essential. This included the application of quality standards, delivery of analytical services and training of graders. This function was transferred to the PPECB from 1 September 1997 with the approval of the Minister of Agriculture.

### ***Oilseeds Board abolished***

The deregulation process of the oilseeds industry was completed after the acceptance of the business plan and the Oilseeds Board terminated its activities on 30 September 1997. A liquidation committee was then appointed to deal with the arrangements for completing the Oilseeds Board's outstanding matters.

### **Investigation of deregulation commences**

Serious differences of opinion about single-channel marketing in South Africa existed even with the initial investigations and the acceptance of the system. The Commission of Inquiry into Co-operation and Agricultural Credit (1934) strongly advised against it and the opinion was expressed on various occasions that the system could not work in the long term. The so-called Kassier Report (1992) also advanced reasons as to why it could not continue any longer and mentioned how it linked up with the motivation for the initial opposition to the system.

In spite of all the opposition against controlled marketing, various forums repeatedly pointed out what an enormous role the system had played in the establishment, development and progress of the agricultural industry in South Africa. However, in the end the drive for a free-market system triumphed and the agricultural marketing landscape in South Africa suddenly changed drastically in 1997.

It appears that the factors and conditions that made the biggest contribution to the relaxing of control measures, the ultimate abolition of the single-channel marketing systems and the resulting deregulation of agricultural marketing in South Africa came from the maize industry. The resistance that had built up in the course of time against the Summer Grain Scheme and the measures introduced under it, together with the increasing global move to free trade, played a significant role in the process – more so than any other branch of agriculture.

Changing circumstances as a result of high growth rates in the South African economy in the 1960s and 1970s (5% and 3% respectively), together with a







variety of policy changes in the latter part of that period, indicated that the agricultural sector was ready for change.

In 1976 parliament appointed a commission of enquiry into the Marketing Act – the Wentzel Commission – to report and submit recommendations on the structure of controlled marketing, with specific reference to the composition, powers and functions of the National Marketing Council, the historic development of controlled marketing, certain aspects of the application of the marketing schemes and the functions of the control boards.

The Commission found that a degree of government control over the marketing of agricultural products was in fact necessary. They were of the opinion that the control-board system that had developed over time had made an important contribution to sound and balanced agricultural development in South Africa. The Commission also made various recommendations that, in their opinion, had to receive immediate attention.

The 1980s were characterised by sustained pressure to change the policy direction. In 1983 the Jacobs Committee proposed that the single-channel marketing system be relaxed, but this was rejected by the Minister of Agriculture. In 1984 a White Paper on Agricultural Policy was tabled by the Minister of Agriculture with the aim of ensuring economic, political and social stability by promoting an economically sound agricultural sector, optimising and preserving natural agricultural resources.

In this period political-economic pressure contributed to a more market-oriented approach in the marketing of agricultural products in South Africa. Although the marketing system was initially not totally reformed, the approach with respect to the application of the Marketing Act was amended to be more market oriented in time.

In the maize industry deregulation effectively started in 1987 when the Maize Marketing Scheme changed from a single-channel, fixed-price scheme to a single-channel pooled scheme, and the Maize Board was allowed to decide about the setting of the maize price itself. This was done according to a fixed basis, however, and led to the maize prices fluctuating every year, but government control was relaxed.

The Maize Board also started permitting direct transactions between producers and local consumers and the restrictions in this regard were gradually relaxed over time. Minor price differentiation was permitted between different localities – a sign that deregulation was the order of the day. The enormous deficit that developed in the Stabilisation Fund for maize by the middle to late 1980s led various role-players and policy makers to realise that the system could not continue on the existing basis and further contributed to the pressure for a change in the controlled marketing system.

More generally, pressure at international level increased to abolish quantitative control measures and state subsidies on agricultural products.

In 1991 the yellow-maize processors and consumers proposed a totally deregulated market for yellow maize, and in 1992 a policy working group of the Maize Board proposed that direct maize sales between producers and consumers be expanded, but still with the retention of the single-channel system.

A start was also made to scale down price control on a large number of commodities and a movement developed towards more market-oriented systems, away from pricing, away from the cost-plus-pricing of before.

Producers' increasing dissatisfaction with certain aspects of controlled marketing on agricultural products, as well as the poor performance of the agricultural sector in terms of productivity, put the system under further pressure. The economic environment for agriculture was materially affected by changes to the macro-economic policy, with a stricter monetary policy through interest rate hikes and the weakening exchange rate being the most important. The higher interest rates of the 1980s also caused a change in the Land Bank's approach to subsidies, and fiscal support was reduced by roughly 50% in the period between 1987 and 1993.



The appointment of a Commission of Enquiry into the Marketing Act by the Minister of Agriculture in June 1992 was probably the main event that led to the process of market deregulation from the beginning of 1993. Eight marketing councils were abolished on the basis of the Commission's report.

From 1993 the argument that producers' remuneration be better aligned with the principles of supply and demand became increasingly stronger. The opinion grew that ineffectiveness in the market should be resolved by sound competition and that market mechanisms should be created to make it possible for new participants to enter the market.

These arguments and conditions paved the way for the deregulation of agricultural marketing in South Africa. This was supported by pressure from the negotiation of the General Agreement on Tariffs and Trade (GATT) for the abolition of quantitative control and the introduction of tariffs on agricultural commodities with a view to, among other things, reducing the role of governments and promoting competition.

As a founding member of GATT, South Africa participated in all the negotiations involving GATT from the Uruguay discussions in 1986 until the signing of the Marrakech agreement in December 1993 and the signing of the final agreement of the World Trade Organisation (WTO) in 1994. Some commentators and experts maintained that, in view of South Africa's dependence on international trade, South Africa could not but take thorough cognisance of these agreements.

Agricultural trade in South Africa was traditionally controlled by quantitative control measures in terms of the Marketing Act. Under the Marrakech agreement, this type of control measures had to be replaced by a specific tariff system in order to register the products for export with the WTO. The agreement had the further aim of reducing the tariffs in time.

Although the GATT agreements did not involve only agricultural products, this was the sector on which the tariff reductions arising from them had the biggest impact. Consequently, South Africa submitted counterproposals for the implementation of the agreements. South Africa's proposal that it be classified as a developing country was not accepted, but the USA was prepared to support a proposal that South Africa be regarded as an economy in transition, similar to the former communist states in Eastern Europe.

After 1994 the new South African government introduced a policy to reform commerce, which often exposed businesses in the country to tariffs that were even lower than the fixed tariffs agreed upon in the Uruguay round of GATT.

In the 1994/1995 season the prices, levies and other marketing arrangements with respect to agricultural products were determined by the Minister of Agriculture, and all the role-players were forced to honour them. Because of dissatisfaction from certain role-players in this regard, the Minister instructed a new maize marketing scheme to be developed for the 1994/1995 season, for which purpose the so-called Maize Facilitating Committee (MFC), led by Mr Attie Swart, was appointed in 1994.

The MFC's recommendations were accepted by the Maize Board and the scheme was submitted to the Minister through the National Marketing Council (NMC). However, the Minister did not accept the recommendations, apparently because of the influence of the Chairperson of the NMC. Because of the extreme dissatisfaction of the NAMPO Congress with the Minister's decision, the MFC was requested to reconsider the matter. The MFC's somewhat amended proposal was eventually accepted. The main elements were:

- Selling prices would be formed in the market place without any statutory intervention.
- The Maize Board would operate a surplus export pool and only the Maize Board may export maize.
- A stabilisation levy would be charged on all domestic sales according to a fixed formula to support the producer price of the surplus export pool.



At the direction of the Minister the composition of the Maize Board was left unchanged, as were the controlled areas.

The single-channel export pools were adjusted in 1996 to permit direct exports by international traders.

In the meantime a Maize Advisory Committee was established in 1995 as a policy-making body for the Maize Board. This committee consisted of representatives from all the interest groups in the industry: NAMPO, consumers, processors, buyers and the Department of Agriculture. Although the discussions of the Maize Advisory Committee on occasion led to great disagreement among the different interest groups, the view was that it probably did play a significant role in making producers aware that deregulation was unavoidable and allowing them to prepare for it better.

Even in 1991, when formal talks on South Africa's system of controlled agricultural marketing started between the government, organised agriculture and the business sector, most of the parties believed that controlled marketing was irreconcilable with a free market for agriculture and had to end. This, together with further factors that were mentioned briefly, and the change in the political dispensation in South Africa in 1994, eventually led to the Marketing of Agricultural Products Act being accepted in 1996 and – arising from this – to the abolition of the marketing councils.



**Sound bite:** The Maize Board sent a representative group from the industry on an overseas tour to investigate the marketing systems of countries with grain markets which were already deregulated – Dr Chris Wentzel.



**Sound bite:** The Maize Advisory Committee was a synergy between representatives of NAMPO, grain buyers, the millers and consumers – Mr Cerneels Claassen.



**Sound bite:** At the time communication in the Maize Advisory Committee was structured in an inner and outer circle – Mr Jannie de Villiers.





# 3 Deregulation of **AGRICULTURAL MARKETING** *and the establishment of* **TRUSTS**

Virtually from the time the Union of South Africa came into being in 1910 South African agriculture has been characterised by government intervention through various pieces of legislation. From a marketing point of view the main intervention was probably the Marketing Act of 1937 and the accompanying introduction of control boards for the various agricultural products.

The main aim of the 1937 Act and its successor, the Marketing Act of 1968, was to ensure the orderly marketing of agricultural products. Chapter 1 of this publication describes how the acts functioned and were amended from time to time, often because of dissatisfaction about the lack of order and consensus.

For some five decades the affairs of the grain industry in South Africa were managed by a variety of boards in accordance with marketing schemes in a single-channel marketing system in which the Minister of Agriculture made the final decisions, particularly with respect to prices and marketing.

Since the eighties the pressure on the single-channel marketing system gradually increased. This gained momentum in the 1990s, particularly as a result of prices that were set unilaterally by the Minister. The enormous deficits that accrued in the Stabilisation Fund also contributed to the pressure – to the extent that it could not be neutralised even by NAMPO's direct inputs from its members on the Maize Board.



**Sound bite: Mr Jannie de Villiers' account of the reaction of producers to the Kassier Committee report during a meeting in Bethlehem.**



Over time a huge gap emerged between the producer price and the consumer price of maize, which put further pressure on the single-channel marketing system. Buyers and producers increasingly began to bypass the system and the Maize Board without paying the necessary taxes to the Maize Board.

Internationally, liberal economic systems increasingly came into play in the 1980s. Because of the political situation, South Africa was not really affected by this before 1990, but as the political and economic dispensation in South Africa started to change, this change had an increasing effect and the pressure on the single-channel marketing system grew.

South Africa participated in the negotiations regarding the General Agreement on Tariffs and Trade (GATT) and it was clear that the agricultural marketing scheme in terms of the Marketing Act of 1968, which was in effect then, had to become considerably more transparent, particularly with respect to single-channel marketing schemes.

## THE REPORT BY THE COMMITTEE OF ENQUIRY INTO THE MARKETING ACT (KASSIER REPORT – 1992)

On 25 June 1992 the Minister of Agriculture, Dr Kraai van Niekerk, appointed a Committee of Enquiry into the Marketing Act (the so-called Kassier Committee) with the brief to conduct an in-depth investigation of and report on the marketing of agricultural products in South Africa. The terms of reference were furthermore that the investigation should include the way in which any recommendations by the Committee had to be implemented, as well as their influence on the producer, consumer and food security in South Africa. The Committee's terms of reference included the individual investigation of the various schemes that function under the existing Marketing Act, taking the risks and instability inherent in agricultural production as a result of the South African climate into account.

The Kassier Committee was of the opinion that the Marketing Acts of 1937 and 1968 had not succeeded in accomplishing their basic objective, namely to stabilise the industry in order to make effective production possible, reduce marketing margins and protect the natural resource base, and that the schemes that had been established under the Marketing Act did not serve the best interests of all the role-players in the industry.

The Committee also believed that the changes that had been implemented with respect to deregulation left much to be desired, particularly with respect to the way in which it had been done, and that they had in fact promoted a monopoly for certain individuals and organisations in the wheat industry in particular, without any statutory control to accomplish orderly marketing.

The Kassier Committee also maintained that the agricultural marketing system had to be lodged in a free-market system to a greater extent. In the Committee's report the view was held that a strong, independent, transparent and more centralised and representative power was required to abolish the vested interests of the control boards that functioned under the 1968 Act.

The Committee's main overall recommendations were:

- That an Agricultural Marketing Council (AMC) that complies with the above criteria be established, with equal representation for all the interest groups concerned. The main task of the AMC would initially be to manage the process of the deregulation of the different control boards. It then had to be instructed that certain statutory interventions that already existed in legislation and new measures that were introduced should be implemented through the industry bodies, which would act as part of the AMC.
- That the deregulation of agricultural marketing should be a managed process, rather than a once-off abolition of all control.
- That the AMC only had to act in an advisory capacity for the minister.

Some of the more general recommendations included:

- That the grading standards for maize, wheat and other types of grain be amended to better reflect their nutritional and economic value.



Prof Eckart Kassier (right) received a certificate of recognition at NAMPO's closing Congress from Mr Japie Grobler, Chairperson of NAMPO.

## WHO WAS ECKART KASSIER?

**Prof. Eckart Kassier obtained the degree Dr. Agrar from the University of Hohenheim in Germany and spent most of his professional career as Professor and Head of the Department of Agricultural Economics at the University of Stellenbosch.**

**He was also the first chairman of the National Agricultural Marketing Board under the law on Agricultural Marketing of 1996.**



- That the marketing councils for grain follow a more consumer-friendly approach with respect to pricing.
- That in instances where the marketing councils used a unitary pricing policy, it be abolished immediately and replaced by a pricing system that would better reflect the comparable benefits, including location and quality differences.
- That statutory single-channel and price-supporting marketing schemes be abolished and the existing marketing councils continue as private and voluntary organisations.

At the same time the Kassier Committee warned against the risk that deregulation could lead to a loss in industry information, as the control boards were responsible for this at that stage.

The Committee also believed that the government had to take greater responsibility for ensuring food security in South Africa. This should not be integrated with the agricultural marketing system, but funded from the central budget, with the necessary assurance of transparency.

Early in 1993, shortly after the Kassier Committee's report had been released, Minister Van Niekerk appointed an Agricultural Marketing Policy Evaluation Committee (AMPEC) and, with a view to developing a marketing policy for different agricultural products, instructed it to propose a framework with guidelines for future marketing systems for each agricultural product and, in collaboration with other stakeholders, including the control boards, draft guidelines for an implementation plan.

Although AMPEC consisted of representatives from a widely divergent number of interest groups, it eventually provided the Minister with a consensus report. The report recommended that the *status quo* be retained, but with less regulation and greater transparency.

On 7 March 1995 a draft act to replace the 1968 Act was published. This was largely based on the recommendations of the AMPEC report and elicited severe criticism



**Sound bite:** The beginning of the movement to a free market maize was due to the maize of Mr Attie Swart, previous Deputy Director General in the Department of Agriculture.



**Sound bite:** The free market is an illusion – it is in truth a manipulated market – Mr Crawford von Abo.

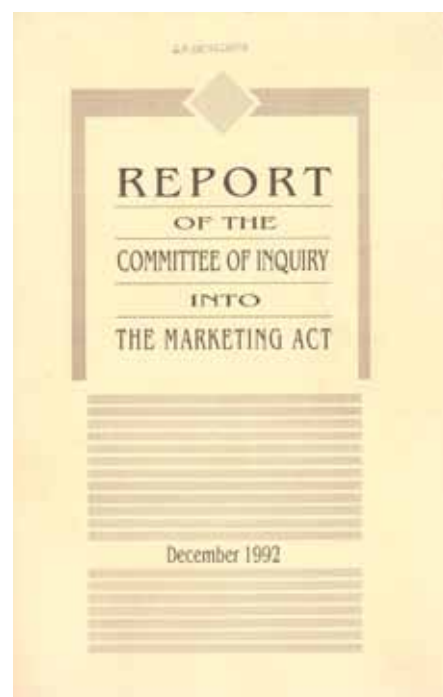
## CRITICISM ON THE KASSIER-COMMITTEE

The composition of the Kassier Committee attracted criticism from various sources, including from NAMPO, particularly with respect to the known prejudices of certain members of the Committee and a lack of in-depth knowledge of the industry.

When the report was released, NAMPO as well as other experts believed that the report was superficial, that several of the Committee's findings and recommendations had been based on conclusions drawn from preconceived views and philosophies rather than practical market expertise, and that it had not taken the influence of different interests properly into consideration, as had been contained in the terms of reference.

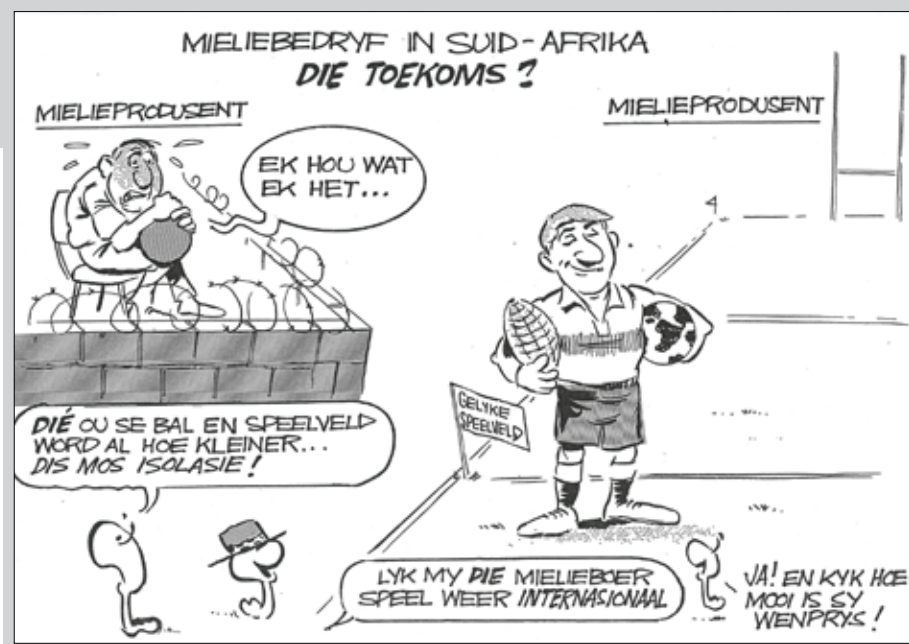
The view was also that the report made certain generalised statements in an unfair manner with respect to marketing councils, and reflected some of the committee members' philosophical views on a free market rather than assessing the needs of the industry. Advocates of controlled agricultural marketing pointed out that a completely free market existed nowhere in the world.

Critics also stated that several in-depth investigations in the decade preceding the committee's report had found that the single-channel marketing systems of agricultural products had to be retained, although it was acknowledged that they had to be adapted to changing circumstances in the course of time. The last of these reports, that of the so-called Brand Committee, on which producers as well as consumer groups had been represented, had been released in the same year that the Kassier Committee was appointed. However, the latter committee did not take the findings of these investigations into account.

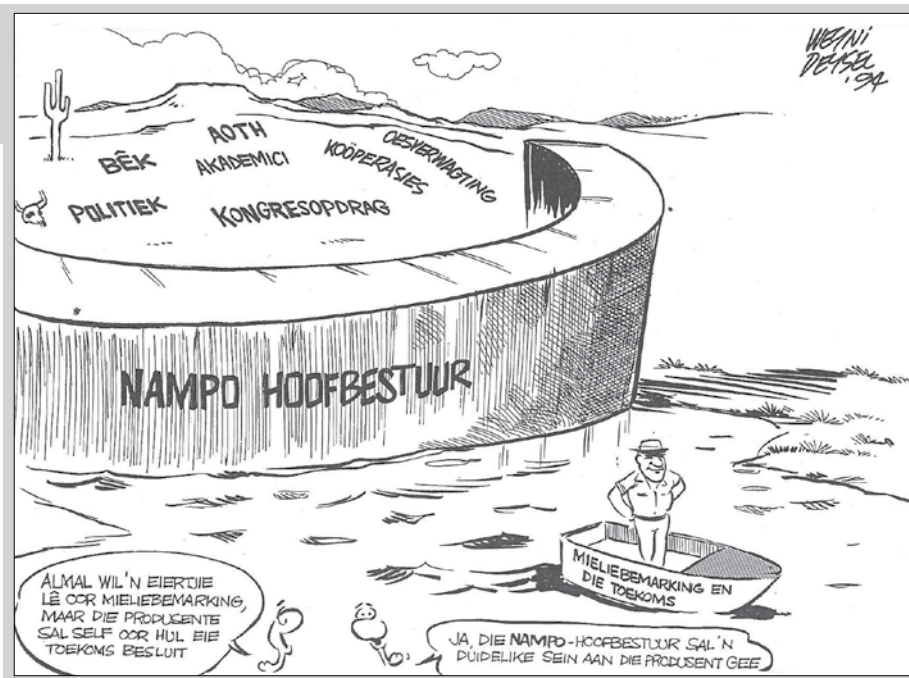


**A copy of the Kassier Committee's findings. This report led to the final change of maize marketing in South Africa.**

On the eve of 1994 one fact was as clear as daylight, namely that nothing would ever be the same again. *Mielies/Maize* 1993.



During an extraordinary Congress on 26 August 1993, NAMPO members realised that changes to the maize marketing system were inevitable.



from certain circles because it retained many of the principles of the 1968 Act and, in the opinion of the critics, was still drafted very much in the producers' favour. It was also thought that the draft Bill would make it possible for parties with vested interests to influence the government's policy, while statutory intervention was still allowed in the market without any criteria according to which such intervention had to be considered having been determined.

In July 1995 Minister Van Niekerk, who was still an appointee of the National Party (NP) in the Government of National Unity, released a White Paper for Agriculture. This was drafted taking the interim Constitution of South Africa and the government's Reconstruction and Development Programme into account. When introducing it the minister pointed out that the changed political and social dispensation in the country and the accompanying objectives, as well as South Africa's entry into international markets, would hold great challenges for agricultural producers too – with respect to the domestic as well as the international market.

The declared objectives of the White Paper were to ensure equal access to agriculture in South Africa for all races and genders, to maintain and expand a sound



Sound bite: Within a few years the establishment of Safex had taken shape – Mr Jannie de Villiers.



commercial farming sector, promote food security and the preservation of natural resources, and ensure free competition in the agricultural sector.

However, the African National Congress (ANC), which was the other party to the Government of National Unity, submitted its own policy document on agriculture that had been largely based on the Kassier Committee's report, with strong preferences in favour of a total free-market system.

## MARKETING OF AGRICULTURAL PRODUCTS ACT, 1996

In 1996 the Marketing of Agricultural Products Act, Act 47 of 1996 ('the 1996 Act') was accepted by parliament. This Act, which revoked the Marketing Act of 1968, came into effect on 1 January 1997.

The Kassier Committee's approach of a managed transition that should lead to the minimum intervention was included in the 1996 Act, in spite of strong views by some role-players that the entire system simply had to be abolished after a limited phasing-out period. However, the Act in some respects went further than the recommendations of the Kassier Committee, for instance by defining the circumstances and conditions under which the government would be allowed to intervene in the marketing of agricultural products, as well as the process that had to be followed to do so.

### Goals

The objects of the 1996 Act are, among other things, to provide and enforce regulatory measures aimed at regulating the marketing of agricultural products, including authorising the introduction of levies on agricultural products, as well as making provision for the establishment of the National Agricultural Marketing Council (NAMC). The NAMC had to monitor the effect of deregulation and conduct investigations about export marketing initiatives and rate fixing. In contrast to the Marketing Act of 1968, the point of departure of the Act was to prevent undesirable interference rather than to authorise it.

### Objectives

The objectives of the 1996 Act were to accomplish the following:

- Increased market access to all the participants in the market.
- Promotion of effective marketing of agricultural products.
- Optimising of earnings from the export of agricultural products.
- Promotion of the viability of the agricultural sector.

The Act expressly provides that statutory measures may be permitted only if the Minister of Agriculture is satisfied that such measures will directly and significantly promote one or more of the Act's objectives without having a material negative effect on food and job security and the maintenance of fair labour practices. Statutory measures can also be implemented only if proof can be provided that such measures enjoy sufficient support from parties who are directly affected.

These measures, together with various other provisions in the 1996 Act, were added in an attempt to make the decision-making process with respect to statutory intervention in the marketing of agricultural products more transparent and inclusive.

### National Agricultural Marketing Council

The 1996 Act makes provision for the establishment of a National Agricultural Marketing Council (NAMC) to advise the Minister of Agriculture in various ways and fields on and assist him with matters pertaining to statutory measures and the agricultural marketing policy.

The composition, powers and functions of the NAMC, which was established on 6 January 1997, differ considerably from those of its predecessor, the National Marketing Council. The NAMC's composition is regulated expressly by the 1996 Act. It comprises ten members who are appointed by the Minister of Agriculture at the recommendation of parliamentary portfolio committees. The appointments









**EVEN WHEN CONTROLLED MARKETING WAS ESTABLISHED AS FAR BACK AS THE 1930S SOME GROUPS AND INDIVIDUALS BELIEVED THAT THE RESTRICTIVE REGISTRATION REQUIREMENTS OF THE WHEAT BOARD WOULD LEAD TO MARKET CONCENTRATION. WITH HINDSIGHT, THESE VIEWS COULD PERHAPS BE JUSTIFIED BY THE CONVICTION IN 2009 OF MILLERS AND BAKERS WITH RESPECT TO UNCOMPETITIVE PRACTICES UNDER THE COMPETITION ACT OF 1998. IN ONE CASE FOUR BAKERS WERE ACCUSED OF PRICE FIXING, WHILE THE COMPETITION TRIBUNAL CONVICTED 17 MILLERS OF PRICE FIXING IN THE OTHER CASE.**

are made in such a manner that the council is representative of a broad spectrum of interest groups, including consumer groups and emerging farmers who were excluded to a great extent in the past.

The members of the NAMC must possess practical knowledge and experience on the agricultural industry, the production of agricultural products, local and international marketing of agricultural products, agricultural economics and/or the production and marketing of agricultural products by small and emerging farmers.

The NAMC was given greater powers than its predecessor, whose main task it was to advise the Minister of Agriculture, which advice he could ignore in any case. The NAMC has its own staff, in contrast to the previous dispensation, where the AMC had to use seconded staff, and its budget is approved by the Minister of Agriculture after consultation with the Minister of Finance.

If the NAMC makes recommendations on statutory measures, whether they be the introduction of new measures or the continuation, amendment or revoking of existing measures, the minister is obliged to publish his reasons for the acceptance, rejection or re-referral in the Government Gazette.

After the 1996 Act was implemented, statutory measures with respect to record-keeping, registration and the submission of returns in various agricultural industries, including maize, wheat, oilseeds and sorghum were introduced. Although various industries completely abolished statutory measures, levies were introduced in a number of industries after the commencement of the Act, including in the wheat and sorghum industries.

When the NP withdrew from the Government of National Unity, the NP's Minister of Agriculture, Dr Kraai van Niekerk, was replaced by Mr Derek Hanekom, a Minister who had been appointed by the new ANC government. The new Minister's view was simply that the marketing schemes should be abolished and the control boards should be dissolved on 1 May 1997. He was not prepared to listen to NAMPO's repeated requests to phase in the transition process to a deregulated market over time.

On 28 November 1996 Minister Hanekom announced that from the beginning of the next season, in other words from 1 May 1997, there would be no floor price for maize and that a free-market system would apply. He was not even prepared to meet delegations from producers about the matter. It appears that his decision could have been influenced by his dissatisfaction with an increase in the domestic price of maize due to a domestic shortage, which he felt had been caused deliberately by exports. Consequently, major changes to the agricultural marketing environment had to be implemented within a very brief period.



**Sound bite: For two years prior to the introduction of the free market, the surplus removal scheme created a floor price in the maize market – Mr Cerneels Claassen.**



**Sound bite: The abolishment of the Wheat Board followed on the phasing out of the one channel system – Mr Andries Beyers.**

## CONSEQUENCES OF DEREGULATION

The deregulation of agricultural marketing not only changed the entire grain marketing landscape in South Africa radically, but also caused large-scale changes in many related fields, including farming methods, production, financing, storage, mechanisation, labour and research and development.

The first indication of changes in producers' decisions about crop production was observed in the maize industry. Although the total area that had been cultivated under maize was reduced in the first years after deregulation, this was mainly with respect to yellow maize. Statistics show that, since deregulation, the sentiment of producers and traders has turned towards white maize.

It will not be an easy task to try and determine the ultimate consequences of deregulation in all its facets, and it does not fall within the scope of this publication, but a few of the immediate consequences do deserve attention.

The biggest change caused by the deregulation of agricultural marketing was that the prices of agricultural commodities were no longer regulated, but were determined by the action of market forces in the free market. This created a totally new agricultural marketing environment from the regulated system that had applied for several decades. The transition was made very rapidly, without a proper phasing-in period, and therefore without proper planning.

Many new players entered the market and a new risk developed because of role-players who did not adhere to their agreements. This led to the development of standard contracts for marketing grain, which created greater certainty and contributed to more order in the market.

In Chapter 4 reference is made to initiatives by NAMPO and later Grain SA to provide training to producers about the operation of the maize markets. A broker service was also established to accomplish transparency in the market.

The abolition of the control boards also meant the end of an era where producers with a guaranteed majority vote on the various control boards could direct industry decisions.

### Pricing: Grain and Oilseeds

During the period of regulation the control boards handled all the marketing of grain in South Africa. Producers had no control or decision-making responsibility



**Sound bite:** Circumvention of the maize marketing system which occurred, placed severe pressure on the one channel marketing system – Mr Cerneels Claassen.

From 1 May 1995 the course of maize marketing was altered when the final move was made from the old one channel marketing system to the new deregulated marketing system for maize.





**SINCE DEREGULATION PRODUCERS COULD NO LONGER RELY ON GOVERNMENT AID AND FIXED PRICES, SO ECONOMIES OF SCALE BECAME INCREASINGLY IMPORTANT. IN THE CASE OF WHEAT PRODUCTION, A CONSIDERABLE INCREASE IN PRODUCTIVITY WAS OBSERVED, BUT AT THE SAME TIME THE AREA IN WHICH WHEAT WAS CULTIVATED WAS REDUCED CONSIDERABLY AND THE QUANTITY OF WHEAT IMPORTED RAPIDLY INCREASED. BY 2007 ONLY ABOUT 632 000 HECTARES IN SOUTH AFRICA WAS UNDER WHEAT, COMPARED TO ABOUT 1 550 000 HA IN 1991.**

with respect to their prices, while the agribusinesses acted only as agents for the boards to receive, store and distribute grain, and pay the purchase price of the grain to producers.

With the deregulation of grain marketing in 1996 the responsibility for marketing shifted to the producers themselves virtually overnight, and as the control boards in the regulated market had dealt with all the marketing activities with respect to grain, agribusinesses and producers had little experience in the marketing of grain. Producers generally did not have the knowledge to make pricing decisions and initially they could not rely on the agribusinesses for this. Considerable uncertainty about price movements therefore reigned initially among those who became involved in the buying and selling of grain in the new market environment.

Since deregulation the prices of grain in South Africa were mainly affected by factors like import and export parity, tariffs, net domestic demand, supply, stock levels, crop estimates, weather conditions and exchange rates. The price stability of the regulated market made way for prices that fluctuated enormously and over which the producers had no control. The market did offer producers the opportunity to hedge their financial risks through the use of market instruments, but a lack of expertise in this field created major challenges.



This commentary about the new marketing system appeared in *Mielies/Maize* of July 1995.

It was not always a simple matter to use market instruments to hedge risks, particularly in the wheat market where market share was vested in a relatively small number of role-players, with roughly four organisations that almost totally dominated the market.

However it appears that producers in general did quite soon start utilising the pricing mechanisms offered by Safex (the South African Futures Exchange), and in the 1998/1999 season about 47,1% of the grain producers were already using them.

## Safex

The development of a futures market for beef commenced in 1994, with the intention being to expand it to grain later when it was functioning successfully. As the Maize Board had already started hedging the exporting of maize in the Chicago Board of Trade (CBOT) against unfavourable price fluctuations in the early 1980s and therefore knew how the futures markets worked, it became actively involved in the development of a futures market for agricultural commodities.

The interest in this increased to such an extent in anticipation of the deregulation of the agricultural sector that the Agricultural Markets Division (AMD) was established as an independent section of Safex in 1995. Safex has functioned in the financial markets since the 1980s, and when the AMD was established it therefore had the necessary knowledge and administrative systems to enable it to trade the first maize contracts as soon as the first quarter of 1996.


At the time the Marketing Act of 1968 was replaced by the 1996 Act, Safex was already established and white and yellow maize, as well as wheat, were traded. It was later expanded to other products like grade 2 maize, sunflower and soybeans. Initially only forward contracts were traded on Safex, but in due course the variety of available contracts and market instruments was expanded and Safex developed into a fully fledged futures market. Safex became the platform on which the prices of listed agricultural products in South Africa were determined and contracts for these were traded, in contrast to the previous dispensation, where the price was determined by the only buyer and seller of wheat.

In 2001 Safex became part of the Johannesburg Stock Exchange (JSE) and was known as the Agricultural Products Division (APD) of the JSE. Its vision was to provide a safe and effective market for the trading of derivatives in South Africa.

**THE FIRST MAIZE  
CONTRACTS WERE TRADED  
ON SAFEX IN THE FIRST  
QUARTER OF 1996 – A  
TOTAL OF 485 CONTRACTS,  
OR 48 500 TONS. IN  
JULY 2015 AN AVERAGE  
OF 1 080 JULY 2015-  
MAIZE CONTRACTS  
(1 080 000 TON) AND  
3 057 DECEMBER 2015  
MAIZE CONTRACTS  
(3 057 000 TON) PER  
DAY TRADED.**

**A maize farmer in South Africa  
today just cannot afford not to  
know what's going on in the  
future(s) !**

With the introduction of maize futures contracts on the South African  
Futures Exchange, South African maize farmers can now benefit from this  
internationally recognised, market related facility to manage the price risk  
associated with maize farming.



For more information on how you can use the futures market to manage your price risk,  
contact John Wixley or Rod Blondin at the Agricultural Markets Division of the Safex.  
Tel: (011) 728 59 60 Fax: (011) 483 25 27

*"Isn't it about time you considered the future(s)?"*

One of the first adverts which appeared to introduce Safex.





On 31 December 2015 the following contracts were traded on Safex:

Contract	Date listed
White maize WM1	March 1996
White maize WM2	July 2000
Yellow maize YM1	March 1996
Yellow maize YM2	July 2000
Wheat	November 1997
Sunflower	February 1999
Soy	April 2002

## Transport differential

The transport differential introduced with the establishment of Safex reflects the transport costs component that is taken into account in pricing. It represents the transport costs for transporting grain from different localities to Randfontein.

Safex used Randfontein as the point of reference for determining the transport differential because of the large volumes of grain that were processed there. The transport differential for each Safex point of delivery was then calculated with the transport component as basis and deducted from the Safex price to determine a basis price at each silo.

Initially the transport differential was calculated mainly with respect to the cost of rail transport, as most of the grain was transported by rail. Rail transport was cheaper than road transport, so that as the volumes of grain transported by road increased, the cost component was increased accordingly. Likewise, the increase in the price of diesel as well as the higher maintenance costs of trucks due to the poor condition of roads in time led to a higher transport differential.

## Infrastructure

After the deregulation of the markets in 1996 and the accompanying changes in production volumes in certain isolated and marginal areas, several of the silos and rail infrastructure established in the period of controlled marketing basically fell into disuse, while a greater concentration of storage developed in other areas.

With deregulation the storage capacity was virtually totally under the control of the former agricultural co-operatives. Allegations were made that the storage facilities abused their dominance with respect to storage capacity to apply uncompetitive practices. One of the biggest storage facilities of maize at the time, Senwes, was in fact accused by the Competition Commission that they had abused their dominant position in the provision of storage capacity. With the introduction of alternative storage facilities after deregulation, e.g. silo bags and grain dams, traders had other options than just the concrete silos of the former co-operatives and the silo owner would probably no longer find it easy to dominate the market for storage.

## Agribusinesses

One of the biggest adjustments for producers shortly after deregulation was the change in their relationship with agribusinesses. Since the start of controlled marketing in South Africa in the 1930s agricultural co-operatives played a very important role in the grain industry. The co-operatives, which were owned and controlled by producers, functioned as agents of the control boards, which were the only legal marketers of grain. Grain producers conducted all their grain business through the agribusinesses (co-operatives). The producers therefore focused on production, while the control boards marketed their products.

However, with the commencement of the 1996 Act the position changed completely and producers had to manage the marketing of their products themselves. The commencement of the 1996 Act and accompanying abolition of the marketing councils also meant that the role of agribusinesses as agents of the marketing

## LOCATION DIFFERENTIAL A MAJOR POINT OF DISCUSSION

The Safex location differential is a major point of discussion amongst grain producers, because there are different opinions on the phasing out or retention thereof. It is therefore no surprise that it was on the agenda of more than one Grain SA Congress and the various Breakaway Sessions during Congress.

Although it was decided during Congress not to phase out the location differential, it became clear at the Congress of 2014 that there was not consensus amongst all producers on the phasing out of the location differential. Following a decision by producers, the Executive was tasked to determine the impact of the location differential on the grain industry and make recommendations thereon to Congress 2015 for consideration.

Despite requests by Grain SA the JSE eventually decided not to phase out the system, because the location differential forms part of Safex's business model. The 2015 Congress took note and recommended that cash markets be developed further and managed more transparently.

Grain SA was also tasked to go on monitoring the fair calculation of the location differential by the JSE and, where necessary, contact the JSE for the recalculation thereof. The organisation takes active part in and gives input on the calculation of the differential for the new marketing season before it is announced by the JSE.

NAMPO openly blew the whistle about the maize buyers and processors, or rather the "fat cats" that were unilaterally favoured by the decision of the Maize Advisory Committee concerning the future of maize marketing.

## Voortsetting van funksies na afsluiting van Mielieraad

Persverklaring deur die Mielieraad

Die Mielieraad se Voorzitter, mnr Vic Mouton het in Pretoria gesê dat die Mielieraad op 31 Januarie 1997 'n besigheidsplan aan die Nasionale Landbouberamingsraad (NLBR) voorgelê het soos in die Wet op die Bemarking van Landbouprodukte vereis.

"Die besigheidsplan is deur die Mielieraad en al die direkte belangegroepes vir mielies, soos in die Mielie-advieskomitee verteenwoordig, goedgekeur en as 'n voorlopige besigheidsplan vir die uitfasering van die Mielieraad ter tafel gelê," sê mnr Mouton. "Namate verdere beplanning in die proses van uitfasering gedoen word, sal dit aanvullend tot die voorlopige besigheidsplan aan die NLBR verstrek word," sê hy.

Sekere belangrike funksies vir die bedryf, wat tot dusver deur die Mielieraad verrig was, sal wel in ander strukture gevestig word, sodat die dienste nog vir die bedryf beskikbaar is. Mnr Mouton sê "van hierdie funksies wat as noodsaaklik vir die

bedryf geag word, is byvoorbeeld markinligting en laboratoriumdienste. Die nodige beplanning vir die skep van nuwe strukture of die oordrag na bestaande strukture om hierdie funksies te verrig, is tans aan die gang en die Raad sal die funksies verrig tot tyd en wyl die nuwe strukture daartoe in staat is."

Mnr Mouton sê "een van die aspekte wat beslis sal voortgaan, is die afhandeling van regsaksies en die invordering van uitstaande heffings. Hy sê die Raad is nie van voornemens om enige saak, waar die feite hulle daartoe leen of waar daar voldoende bewyse vir die verhaling van ver-skuldigde heffings bestaan, te laat vaar of terug te trek nie."

"Die Raad is tans besig om 'n aksieplan vir die afhandeling van alle regsaksies te finaliseer," sê mnr Mouton "en die nodige infrastruktuur sal geskep of in stand gehou word om dit moontlik te maak."

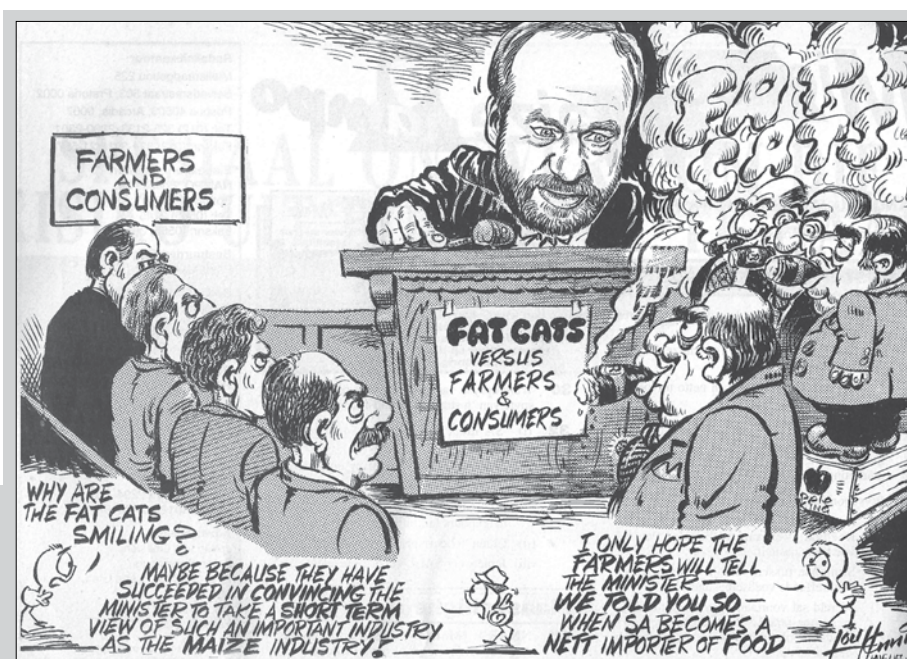
Press release by the Maize Board, March 1997.

councils disappeared. They were therefore forced to change their business approach by becoming more marketing oriented, which had an enormous effect on the relationship between the agricultural co-operatives and the grain producers.

Many of the larger co-operatives in particular were converted into companies, with the producers as shareholders. The position of the producers therefore changed from a member of the co-operative to an investor who was a client at the same time. In an environment where the producers were no longer bound to the co-operatives for the biggest part of their business, they also had to start making decisions on the basis of sound business principles and not pure loyalty.

Likewise, milling companies used the opportunity to consolidate their positions and expand their interests, as the restrictions that had applied during the existence of the control boards were scrapped. The restrictions and control over the registration of bakers in the bread chain were ended, so that the millers entered that industry too on a large scale.

Although some 99 new mills had been erected since the abolition of the control boards until 1999, 33 of them still produced about 97% of the country's wheat meal.







In the baking industry literally thousands of new bakeries were established, but by 1999 roughly 80% of the bread in the country was baked by only six groups. In 2000, 80% of the wheat meal and 65% of the bread in South Africa were produced by only four groups (Pioneer Foods, Tiger Brands, Premier Foods and Foodcorp).

## Exports

In the previous dispensation the control boards had full control over the exporting of agricultural products. However, since the commencement of the 1996 Act there was no export control, except for quality control measures.

## Phasing out of control boards

Under the 1996 Act all the marketing schemes of the 1968 Act had to be phased out by 5 January 1998. However, the control boards had assets and staff as well as industry commitments and obligations that had to be managed out.

The new Act required existing control boards to submit a business plan to the Minister of Agriculture and the NAMC within 30 days of the first meeting of the NAMC, with recommendations on the way in which the control board concerned would manage the termination of operations.

Requests by the industry for statutory measures also had to be motivated fully in the business plan. The core principle was that a statutory measure and proposals for the restructuring of the functions of the control boards had to be supported by the industry with consensus recommendations. In the absence of a consensus recommendation the minister could decide on his own measures for deregulation.

There are different views that prevailed about the way in which the assets of the control boards had to be disposed of. Buyer groupings argued that they belonged to the consumers because they were recovered from them in the prices of products. The producers felt that they belonged to them, because they had been collected from them by way of levies, while the government's view was that they belonged to the government.

Eventually it was agreed to establish industry trusts for the different industries, mainly in order to administer the assets from the different control boards and utilise the funds from these to promote the individual industries focussing on research and information needs.

In time the Trusts funded various developments and initiatives to the benefit of the grain industries. A few are outlined below:

### ***Maize Trust***

The provisional business plan for phasing out the Maize Board was submitted to the NAMC on 31 January 1997 after it had been approved by all the direct interest groups as represented in the Maize Advisory Committee. This included that certain important functions for the industry that had been handled by the Maize Board, for instance market information and laboratory services, would be moved to other structures.

After the commencement of the 1996 Act the Maize Board was reduced to five board members and five persons were contracted to close off the affairs of the Board, for example the sale and transfer of assets and the collection of outstanding levies, which was accompanied by court cases that were completed only a number of years later. Ultimately all the Maize Board's assets, including the Maize Board Building in Pretoria, were liquidated and the funds transferred to the Maize Trust.

With the dissolution of the Maize Board it possessed reserves of about R240 million. In contrast, the Stabilisation Fund, referred to in Chapter 1, had an almost equalised deficit and initially the Minister wanted to set off the two amounts against each other on the basis of the argument that it was an obligation of the National Party government and not of the new government. Eventually it was agreed that the maize industry could keep the reserves, provided that they were kept in the Maize Trust, the objective and provisions of the trust deed of which had to be determined by way of agreement and had to make specific provision for transformation and development.



**Sound bite:** After the Maize Board was closed down, the Maize Trust was founded – Mr Vic Mouton.



The Maize Trust was registered on 31 August 1998 with the aim of making funds available to the benefit of the maize industry in South Africa, specifically with respect to the funding of:

- Market and production-related scientific and/or technical research with respect to maize.
- The acquisition, processing and distribution of market information with respect to maize and the maize industry.
- Market access with respect to South African maize, among other things by providing marketing infrastructure, training and support in rural areas where the need exists.

From 2000 to 2010, with its final dissolution, the Maize Board paid a total amount of R319 million in donations to the Maize Trust. Initially the Maize Trust funded the maize industry with between R30 million and R40 million per year, but in 2014 it already amounted to between R50 million and R60 million.

The board of trustees of the Maize Trust comprises six trustees who are each appointed for a term of two years. Three of the trustees are appointed by specific sectors in the maize industry and the other three by the Minister of Agriculture.

The Maize Trust provides a home to organisations like SAGIS and the SAGL, which provide essential support to the grain industry, in the Grain Building which was developed by the Maize Trust in Pretoria.

### ***Winter Cereal Trust***

The Winter Cereal Trust was established when the Wheat Board was phased out, and owes its existence to the need in the winter cereals industry for certain functions carried out by the Wheat Board that had to be continued after the board had been dissolved. This involved the provision of market information, laboratory services and financing for research projects.

Initially two separate trusts were created for the winter cereals industry, namely the Winter Cereals General Trust and the Winter Cereals Research Trust. However, these were later combined in one trust, the Winter Cereal Trust.

At the request of the Winter Cereal Trust the Minister of Agriculture introduced statutory levies that applied to wheat, barley, oats and durum wheat under the Marketing of Agricultural Products Act of 1996 in order to finance the Trust's functions with respect to research and the acquisition and distribution of market information.



Do you remember the search for 300 000 tons of maize in those days?



The granting of financial support for research projects occurs in consultation with the technical committees in terms of the provisions of the Trust Deed.

The Board of Trustees of the Winter Cereal Trust comprises twelve trustees who represent the different interest groups in the industry, in addition to representatives of the Department of Agriculture, Forestry and Fisheries.

### ***Oil and Protein Seed Development Trust***

The business plan that the Oilseeds Board submitted to the Minister of Agriculture made provision for the establishment of the Oil and Protein Seed Development Trust (OPDT) as one of the structures that would look after the interests of the industry after the dissolution of the Oilseeds Board.

The OPDT was registered on 18 September 1997 with a view to receiving certain investment assets, particularly the assets of the former Oilseeds Board, and administering them to the benefit of the beneficiaries of the Trust. The assets comprised capital of R58,3 million, the Oilseeds Building and movable assets, as well as all outstanding levy money that still had to be collected. Funds in the trust and/or statutory levies would in future be utilised only for activities that are in the interests of the industry as a whole, for instance market information, support services and research projects.

The main aims of the Trust are to promote and develop the oilseeds industry in South Africa through:

- The funding of research projects with respect to the improvement, production, storage, processing and marketing of oilseeds.
- The funding of the provision of information and advisory services with respect to the production and marketing conditions of oilseeds.
- Investment and preservation of the Trust's assets.
- Productive employment of the Trust's assets in such a way that their real value is preserved and grown as far as possible.
- Funding of market access of any other action in the interests of the oilseeds industry, subject to the objectives of the 1996 Act.

According to the information on the OPDT, the Board of Trustees currently comprises seven trustees, six of which are appointed by the Oilseed Advisory Committee, taking into account proposals or nominations by directly affected groups. The other trustee is appointed by the Minister of Agriculture.



The business plan also made provision for the establishment of the following structures:

*(a) Oilseed Advisory Committee*

This Committee comprises ten representatives from the industry and according to the trust deed, it has to be consulted by the trustees before any decisions were made about requests for financial support by the OPDT. In terms of the trust deed the Committee is also responsible for the appointment of trustees for the Oil and Protein Seed Development Trust (excluding the ministerial representative), but its primary function is to assess information and research projects in the interest of the broad oilseeds industry and refer them to the OPDT for funding.

*(b) Research Priority Committee*

This was a Committee of the Oilseed Advisory Committee that was tasked with identifying and assessing research and other projects in the interests of the industry and then making recommendations to the Oilseed Advisory Committee for decision-making.

*(c) Industry forums for sunflower, soybeans and groundnuts*

The following industry forums were established to offer role-players in the different sectors of the oilseeds industry the opportunity to liaise with one another about common commodity matters:

- Groundnuts Forum (1996)
- Sunflower and Soybean Forum (1997)

***Sorghum Trust***

The Sorghum Trust was established after the dissolution of the Sorghum Board. All the assets of this Board were transferred to the Sorghum Trust with the aim of utilising them to the benefit of the sorghum industry as a whole. The Board of Trustees comprises five trustees, being representatives of sorghum traders, processors, emerging sorghum producers, commercial sorghum producers and the Ministry of Agriculture.

The principal aim of the Sorghum Trust is to maximise its income and provide financing for the following to the benefit of the sorghum industry:

- Research and development projects for the sorghum industry.
- Maintenance and improvement of quality standards for sorghum.
- Maintenance of information required by the sorghum industry.
- Projects aimed at promoting the interests of the sorghum industry.

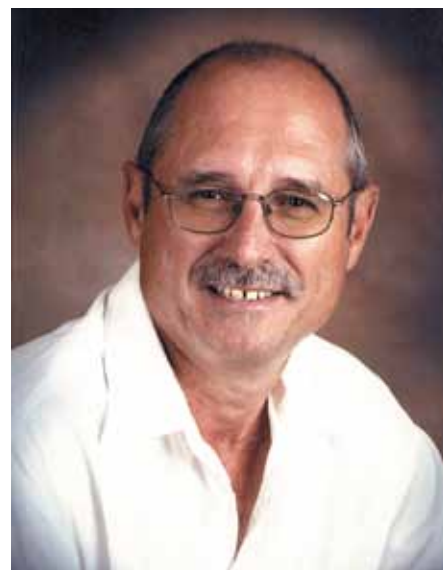
A statutory levy was introduced under the Marketing of Agricultural Products Act in order to fund research, development projects and information functions of the Sorghum Trust. Since its establishment the Trust has also administered the statutory levy applicable to the sorghum industry.

On 30 April 1997 a Sorghum Forum was established by the groups in the sorghum industry who were directly affected to serve as the mouthpiece of the sorghum industry in South Africa and ensure transparent decisions on matters of joint interest in the sorghum industry.

***SAGIS***

After deregulation the South African Grain Information Service (SAGIS) was born from the need of the primary grain industries, namely maize, winter cereals, sorghum and oilseeds, to ensure that essential, quality information on the grain industry would still be available timeously after the abolition of the control boards. SAGIS has to handle the gathering and distribution of macro-economic and industry information, which includes information on imports, exports, local consumption, supplies, manufacturing statistics, et cetera.

Formerly the control boards had complete and total information on whole crops (grain and oilseeds) as well as grain products. They were the only buyers, sellers,



Mr Nico Hawkins, final Manager of the WPO and after integration a senior employee of Grain SA has been the Manager of SAGIS since 2012.







importers and exporters of whole crops and the information on them was therefore mainly in their possession. Some of that information was made available only once a year in annual reports and was therefore not readily available.

Advance prices were announced at the beginning of the harvesting season on the basis of information in the possession of the control boards, which based their information on the crop estimate and other factors that affected prices.

During the first number of years after deregulation there was at times great uncertainty about the size of maize crops and supplies in particular. Suddenly the market participants had to manage their price risks themselves, but prices had become an unknown factor because the information often changed drastically and was unreliable. The availability of reliable information became vital.

On 11 November 1997 SAGIS was registered as a section 21 company by the Registrar of Companies under the Companies Act of South Africa at the time, and it became the official supplier of information on whole crops handled in commercial structures.

The introduction of silo certificates, the role of the financing houses in the free market and the introduction of silo bags for storing grain for commercial purposes on farms and at other storage points made the information function problematic for SAGIS, the suppliers and users of information. However, various role-players collaborated effectively with SAGIS to develop an essential, integrated and reliable information system.

SAGIS is funded pro rata by the Maize Trust, Sorghum Trust, Winter Cereal Trust and OPDT. The respective trusts also nominate the members of the SAGIS board.

On 9 April 1998 statutory measures were implemented to force the parties involved to keep records and submit returns and ensure that timeous, accurate information is available to role-players on an ongoing basis. This information is available on the SAGIS website and is disseminated and made available in various other ways, including:

- Monthly bulletin.
- Weekly bulletin.
- Weekly producer output (supplies).
- Weekly import and export information.
- Import tariffs.

Information is provided regularly by SAGIS contributors. All released information is available on the website [www.sagis.org.za](http://www.sagis.org.za).

## **SAGL**

The Southern African Grain Laboratory (SAGL) is a central grain laboratory that has been incorporated as a non-profit organisation under section 21 of the former Company's Act. It was established at the request of the South African grain industry in 1997 after the dissolution of the control boards and has been supplying the grain industry with grain analyses and related services since 1 November 1997. The grain laboratory services of the Wheat Board and the Maize Board were transferred to the SAGL, while the oilseeds industry decided to use the services of the PPECB.

Initially the intention was for the SAGL to use the Wheat Board's laboratory building, but the Wheat Board sold the property concerned. This meant that an alternative facility had to be found very quickly, and eventually the laboratory was established on the premises of the CSIR.

When it was established, the SAGL was the only private laboratory in South Africa that had its own Buhler laboratory mills. These mills are used to mill wheat with a view to testing the dough and baking quality.

In addition to a very wide variety of tests that can be carried out by the SAGL, including seed tests, it is a reference laboratory for the grain industry.



**The accredited laboratory of the SAGL.**



**At that stage the SAGL was the only laboratory that had Buhler mills at their disposal.**



**The SAGL's maize mill.**



**The baking laboratory as it now stands.**

### ***National Crop Estimates Committee (CEC)***

Accurate crop estimates are extremely important in a free-market environment, as they provide real-time market information that is essential when important decisions on marketing and production have to be made. In order to meet this need the CEC was established as part of the deregulation process.

Crop estimates and projections are deduced from inputs from the different members of the CEC, being the national as well as the provincial departments of agriculture, the Agricultural Research Council and Statistics South Africa, who are all independent of the trade.

The Crop Estimates Liaison Committee, an official Committee of the NAMC, monitors the crop estimate process of the CEC and is an important platform for resolving disputes and problems with respect to crop estimates. It was established in October 1998 with its focus on the establishment of an independent and objective CEC that understands and accepts its role in the industry, namely the compilation of accurate, timeous and credible crop estimates, as well as the finalisation of the production figures per crop at the end of each season and the evaluation of the CEC's performance.

### **RETROSPECT**

In the end, the South African agricultural sector adjusted well to deregulation and South African producers are developing as strong and internationally competitive producers, which creates a good basis for adding value lower down in the value chain, attracting investments, maintaining a focus on exports and expanding into the mainly high-value products.





# 4

## Role and function of **PRODUCER ORGANISATIONS**

Chapter 5 deals with the establishment of Grain SA in detail, and provides an overview of the role it played in South African agriculture from 1999. However, it should be read against the background that the establishment of Grain SA was preceded by different structures and organisations that dealt with the grain producers' affairs.

In fact, the establishment of Grain SA was the result of the merging of a number of those organisations. Each of them has its own interesting history, and this chapter records the highlights of the establishment and aims, as well as a few important events in the history of those organisations.

Each of the organisations produced special leaders who made material contributions in the interests of grain producers in particular, but also of agriculture in general, and helped to place the grain industry in South Africa on the road to success.

### **ORGANISED AGRICULTURE IN SOUTH AFRICA**

The co-operatives that were established in the early 1900s were the first organisations in South Africa to look after the interests of producers. However, this representation was limited to those producers who were members of the co-operatives and was specifically aimed at their direct operational needs. A need therefore arose for an organisation that could handle the general affairs of producers in the country on an organised basis.

To a great extent this was achieved with the founding of the South African Agricultural Union (SAAU) in 1904. Producers were represented in the SAAU through a structure that was based on farmers' associations.

Producers obtained membership of local farmers' associations, and representation in the SAAU ultimately resulted from those farmers' associations. The manage-

### **FOUNDING OF AGRI SA (FORMERLY SAAU)**

The need of the agricultural community to look after its interests by way of joint action within a federal structure was identified as far back as 1896 during the Natal Farmer Conference (now Kwanalu). At a subsequent meeting in Bloemfontein in December 1903 agricultural producers expressed a strong need for greater unity within the agricultural community.

At a conference held in Pretoria from 25 to 29 July 1904 this need led to the following decision by representatives from various colonies: 'That, in the interest of South African agriculture, the time is ripe for establishing a central southern African agricultural union that will be representative of all agricultural organisations in British South Africa, and that a branch union be established in each of the colonies, in other words the Cape Colony, Natal, Transvaal the Orange River Colony and Rhodesia.'





ment of the farmers' associations was elected at grassroots level by their affiliated members. Members of district agricultural unions were elected from the farmers' associations, while the district agricultural unions nominated representatives for the provincial agricultural unions. Ultimately the representatives on the SAAU were then drawn from the provincial agricultural unions. Producers therefore did not have direct membership of the SAAU, as the respective provincial agricultural unions were affiliated with the SAAU. .

The SAAU's structures were funded by membership fees of affiliated members until statutory levies were introduced for that purpose from the late 1970s.

Within the SAAU's structures industry committees existed to represent the different agricultural industries, including the grain industries. Until 1983 the grain industries were handled under one banner, namely the agronomy industry committee. It was then subdivided into separate industry committees for each of the grain crops.

Initially the interests of the different types of grain were handled by SAAU committees. Later producer organisations took over this role. The first of these was the National Maize Producers' Organisation (NAMPO), the producer organisation of the maize industry. This was later followed by the Winter Cereals Producers' Organisation (WPO) for the winter grain industry, the National Oilseeds Producers' Organisation (NOPO) for oilseeds, the Sorghum Producers' Organisation (SPO) for sorghum producers and the Dry Bean Producers' Organisation (DPO), which looked after the interests of dry-bean producers.

### **NATIONAL MAIZE PRODUCERS' ORGANISATION (NAMPO)**

The establishment of NAMPO on 3 October 1980 was preceded by a long and fierce battle between two groups of maize producers in South Africa – a battle that started in the 1960s and that caused division at virtually every level of society in the maize-producing areas of South Africa.

#### **Dissatisfaction among maize producers**

This battle, which was at its fiercest around the time SAMSO was established, was born from a growing dissatisfaction among maize producers with the way in which their interests were handled over a long period.

Although the maize producers agreed with the control function exercised by the government via the Maize Board and felt that the single-channel marketing scheme was the most beneficial system for marketing maize, they were dissatisfied with the way in which the control was exercised. They were also not satisfied with the economic policy that was followed to determine the producer price of maize.

The producer price was set on the basis of production costs plus a vendor fee. The method of calculation included a large number of variables, which meant that it was not possible to use a fixed formula to set prices. This left a gap for the price and therefore also production to be manipulated.

In the 1953/1954 season a large surplus of maize was produced in South Africa. This led to the government applying a new pricing policy that was not based purely on a cost-plus basis in order to discourage surplus production. In addition, the cost calculation method was adjusted from 1953 to use a five-year moving average. In addition to the government's changed price policy, the Maize Board formulated a marketing policy that, right from the start, negatively affected the maize producers' income position to the benefit of consumers.

'A further source of dissatisfaction was the tender system that was used for exporting maize, as it prevented the development of a permanent market for maize and resulted in unsatisfactory producer prices. Criticism was that it benefited the wholesalers and tenderers at the expense of the producers, and that the producers had to bear the export losses.

In addition to these factors, maize producers' dissatisfaction with the Maize Board and the Maize Committee of the SAAU gradually escalated because the producers believed that these bodies did not look after their interests properly. The fact was that all the members of the two organisations were not bona fide maize producers,



but rather consumers of maize in whose interest it would be to keep the maize price at low levels. The basis on which the Maize Board was constituted in practice led to a cherry producer and later a cattle producer becoming Chairperson of the Maize Board – something with which the true maize producers could not make peace.

The final straw for the maize producers was the refusal by the National Maize Committee in 1964 to pay an amount from the surplus in the Stabilisation Fund to producers at the request of the Free State and Transvaal maize Congresses. The request was motivated by the severe drought in the summer rainfall areas in the preceding years that had seriously crippled producers financially.

The resolution by the maize Congresses of the SAAU that year was that the Maize Board would be requested to make a back payment of 25 c/sack of maize to producers to enable them to produce again in the next season. At that stage production loans were not yet available and the commercial banks did not want to advance money for production purposes.

However, the Maize Board refused the request. This led to great dissatisfaction, particularly after the minutes of the Maize Board revealed that the maize producers' own representatives were to be blamed for this decision.

After the maize price for the 1964/1965 season had been announced, a group of producers from Bothaville, among which Messrs Fanie Ferreira, Crawford von Abo and Giep Nel, held a series of meetings in the former North-West Free State and Western Transvaal to emphasise the necessity of a payment from the Stabilisation Fund and plan further action. This led to the election of maize producer committees in the two areas, who launched a large lobbying campaign and held talks on various occasions with the Maize Board, the National Maize Committee and the SAAU, but to no avail.

The dissatisfaction of the maize producers with the way in which they were represented and the way in which their representation in the Maize Board was determined, continued to increase. They spelt out clearly that they were no longer prepared to accept that the maize industry be handled as 'general farming matters' by a coordinating central organisation (SAAU structures). They insisted on a dispensation in terms of which the maize industry would be represented by maize producers and they would therefore gain a greater say in their own interests.

However, the regional dispensation proposed by the maize producers to achieve this was voted down at the Free State Agricultural Union's Congress on 3 March 1966. Because of this, Ferreira walked out of the Congress, followed by about 200 other maize producers.

## Establishment of SAMPI

Directly afterwards, the maize producers convened at the insistence of Messrs Hennie Delport and Von Abo. At the meeting it was decided to establish a maize

**THERE WERE TWO STRONG GROUPS OF PRODUCERS IN PARTICULAR WHO DEMANDED SELF-DETERMINATION AND FAIR PRICES FOR THEIR PRODUCTS. THE ONE GROUP WAS FROM BOTHAVILLE, WITH MESSRS HENNIE DELPORT, HENNIE DE JAGER, CRAWFORD VON ABO, GIEP NEL, JANNEMAN VENTER AND LUDICK SCHLEBUSCH AT THE FOREFRONT. THE OTHER GROUP WAS FROM THE FORMER WESTERN TRANSVAAL (NORTH WEST), WITH MESSRS CALLIE VAN WYK, ANDRE DU PREEZ AND JAN COMBRINK AS THEIR LEADERS.**



**SAMPI'S INSISTENCE ON A SPECIALIST ORGANISATION WITHIN ORGANISED AGRICULTURE WAS NOT A NEW CONCEPT IN SOUTH AFRICAN ORGANISED AGRICULTURE, AS THE KWV AND THE WOOL BOARD WERE ALREADY FUNCTIONING IN THAT CAPACITY BY THEN. HOWEVER, SAMPI SUPPORTERS POINT OUT THAT THE BROEDERBOND HAD PLAYED AN IMPORTANT ROLE IN ESTABLISHING THOSE ORGANISATIONS, WHILE THE AFRIKANER BROEDERBOND OPPOSED THE ESTABLISHMENT OF A SIMILAR ORGANISATION FOR THE MAIZE INDUSTRY.**

association that would represent the interests of all the maize producers in South Africa. It was also decided that, after it had been established, the new association would apply for membership of the SAAU.

An action committee chaired by Delpont, with Ferreira as Vice-chairperson and Nel as secretary, was elected to launch the action. The action committee's activities culminated in a meeting on 22 April 1966 in Klerksdorp, where delegates from 62 districts were present. At that meeting the establishment of the South African Maize Producers' Institute (SAMPI) was approved.

SAMPI was in favour of a maize specialist organisation that had to form part of organised agriculture in South Africa and therefore had to be affiliated with the SAAU. SAMPI's objective was to establish a structure that would ultimately lead to the producer members of the Maize Board comprising bona fide maize producers.

SAMPI was established on the basis of the following four ideals:

- That it would be a fully autonomous specialist organisation
- That it would be a national organisation, without separation along provincial borders
- That representation in Congress would be determined on a production basis
- That it would have its own head office and staff

SAMPI's head office was established in Bothaville in an office that Von Abo made available to the organisation. The office was officially opened on 1 July 1966.

Delpont was elected as the first Chairperson of SAMPI. Initially he did not make himself available for election for personal reasons, but eventually he was persuaded to do so by the other producers who were involved in the launching of SAMPI.

SAMPI's struggle for recognition and the self-determination of maize producers allowed unique leaders to step forward. Mr Giel van Zyl was employed by NAMPO from 1983, was the General Manager of NAMPO from 1992 until the establishment of Grain SA, and then Grain SA's General Manager until he retired in 2001. He recounted that the leaders pursued the objectives of SAMPI and later also of NAMPO with particular purposefulness and in a very disciplined manner. He ascribed a large part of their success to the special feeling of cohesion among the members of the Executive in their attempts to serve the cause of producers.

Dr Willem Kotze was appointed as the first director of SAMPI and was responsible for managing the organisation, subject to the decisions and orders of the management committee, the Executive and Congress.



The first management committee members of SAMPI included (from the left): Messrs Hennie Delpont, Giep Nel, Fanie Ferreira and Crawford von Abo. This photo was taken on 6 June 1987.



SAMPI's first Executive for the year 1966 - 1967.



## MAIZE LEADERSHIP FROM 1966 - 1999

### SAMPI

Chairperson	Vice-chairperson
Mr Hennie Delpport (1966 - 1969)	Mr Fanie Ferreira (1966 - 1969)
Mr Fanie Ferreira (1969 - 1980)	Mr Hennie de Jager (1969 - 1980)

### NAMPO

Chairperson	Vice-chairperson
Mr Fanie Ferreira (1980 - 1982)	Mr Hennie de Jager (1980 - 1982)
Mr Hennie de Jager (1982 - 1986)	Mr Boetie Viljoen (1982 - 1986)
Mr Boetie Viljoen (1986 - 1988)	Mr Hennie de Jager (1986 - 1988)
Mr Kobus Jooste (1988 - 1990)	Mr Jan Schabert (1988 - 1993)
Mr Cerneels Claassen (1990 - 1995)	Mr Japie Grobler (1993 - 1995)
Mr Japie Grobler (1995 - 1999)	Mr Vic Mouton (1995 - 1996)
	Mr Bully Botma (1996 - 1999)

The newly established organisation was totally dependent on membership fees and voluntary contributions from its members for funding. Initially the Executive Members of SAMPI contributed the biggest portion of this. They also received no compensation for their services, expenses and time. In spite of problems that were sometimes experienced with the collection of membership fees, the contributions and sacrifices of its members enabled SAMPI to carry out its tasks.

One of the main reasons for SAMPI's establishment was the objections by the maize producers that the Maize Board did not have their interests at heart or tried to promote them. SAMPI constantly identified events supporting these objections.

An example occurred in December 1968 when SAMPI wanted to avail itself of an opportunity to establish an export market for maize in Taiwan. The prospective buyers were very impressed with the quality of South African maize and requested SAMPI to quote for exporting 40 000 tons of maize to Taiwan. As the Maize Board controlled all maize transactions, SAMPI was forced to purchase the maize from the Maize Board. The board offered it to SAMPI at a price that was considerably higher than the prevailing tender price at that time, and also higher than the price at which the Maize Board offered export maize to tenderers only two days later. This price loading forced SAMPI to withdraw from the transaction.

On another occasion, in 1969, the Maize Board announced differentiated producer prices for different areas, despite the fact that even the National Maize Committee, in other words the SAAU, supported SAMPI's objection to this.

### Mass meeting 1969

On 19 April 1969 a mass meeting of maize producers was held at the Markötter Stadium in Klerksdorp under the auspices of SAMPI. It was attended by more than 5 000 producers. It was described as the biggest congregation of maize producers, and the membership policy of the SAAU and its affiliates, which excluded SAMPI members, was discussed. A decision was made to authorise SAMPI's Executive to appoint a delegation to discuss the maize price policy, differentiated maize prices and the composition of the Maize Board with the Minister of Agriculture.

At the mass meeting a motion of confidence in SAMPI's task and its management was passed unanimously.



Video: Mr Crawford von Abo talks about the events that lead to the establishment of SAMPI.



Mr Hennie Delpport, the first Chairperson of SAMPI.

## Tension between SAMPI and the SAAU

The circumstances that ultimately led to the establishment of SAMPI naturally caused a very tense relationship between SAMPI and the SAAU. However, SAMPI always had a need to be part of organised agriculture in South Africa and regarded it as a priority to ensure reconciliation with the SAAU and affiliate with the latter organisation. Various discussions and meetings were arranged with this in mind. The president of the SAAU even attended a mass meeting of SAMPI at their invitation and was given a turn to speak at SAMPI's founding Congress.

Despite these positive signs it soon transpired that SAMPI would definitely experience great opposition from the SAAU. It started with the Free State Agricultural Union (FSAU), which had a lot to say about SAMPI not being welcome in the ranks of the FSAU. The FSAU's view was that SAMPI had been established in an unconstitutional manner and that the structures of the SAAU were the only recognised bodies that could serve the interests of the producers.

SAMPI was not deterred by this attitude and continued to arrange a meeting with the FSAU's maize committee, where the latter was requested to support SAMPI's application for affiliation with the FSAU. The maize committee was not willing to accede to this, probably because it would threaten its survival. The FSAU even went so far as to request the SAAU to amend its constitution so that SAMPI could not qualify for affiliation.

Despite the opposition, SAMPI decided to promote its case via the existing structures of organised agriculture, specifically the Maize committees, and appealed to the role-players to give the maize producers the opportunity to decide about their industry and to handle it themselves. In 1967 this attitude bore fruit at the Free State Maize Congress when a majority of SAMPI members were elected to the FSAU's Maize Committee.

At that Congress the SAMPI representatives made further attempts to obtain co-operation for the establishment of an 'own maize association'. Although certain decisions were made about this, it ended in a deadlock after many clashes and differences.

In the meantime, the resistance against SAMPI also started building up in the then Transvaal Agricultural Union (TAU). In April 1967 the Chairpersons of the district farmer unions of the Western Transvaal region decided to recommend to the TAU that their members be given a choice between SAMPI and organised agriculture, and that those who supported SAMPI had to resign from the TAU. The decision was condemned by SAMPI, but only a few weeks later the Executive committee of the SAAU did in fact ratify the decision.

At the same time, the SAAU decided to intensify its campaign against SAMPI and appointed a committee with the intention of terminating SAMPI's existence. It was commonly known as the 'war committee', and was chaired by the president of the SAAU. The majority of the committee members were not maize producers. SAMPI pointed out that again it was a case of people with other interests deciding about the cause of the maize producers.

## Resignations from the SAAU

The obdurate refusal by the SAAU to recognise and collaborate with SAMPI eventually led to SAMPI requesting its members to resign as members of SAAU structures and cancelling their contributions to those bodies. The first members of SAMPI's Executive to resign from the SAAU and its affiliations were the Chairperson and Vice-chairperson, Delpont and Ferreira, who were respectively also the Chairpersons of the FSAU's maize committee and oilseeds committee. The rest of SAMPI's Executive Members then also resigned from the SAAU. Many of SAMPI's members followed their example, which was a clear sign of SAMPI's determination to fight for its principles.

In 1973 the strife between SAMPI and the SAAU led to a second district farmers' union being established in Bothaville, namely the Sandveld District Farmers' Union (SDFU), with the Sandveld Farmers' Association as its only member. The



A commemorative certificate to honour the initiation and attachment of SAMPI, was signed on 27 January 1977 by the Executive and members of SAMPI in Klerksdorp.







## SUPREME COURT SUPPORTS SAMPI MAN

Although discrimination by the structures of organised agriculture, and particularly the TAU, against SAMPI was common, an event at the annual meeting of the Leeudoringstad Farmers' Association (which was affiliated with the TAU) on 12 October 1968 caused a great uproar after it ended up in the Supreme Court.

At this annual meeting Mr Boetie Viljoen, at that stage a member of the management of the farmers' association and one of SAMPI's founding members, was nominated as candidate for election as Chairperson of the farmers' association. However, the Chairperson of the meeting, Mr Piet Ernst, refused to accept the nomination because Viljoen was not prepared to first sign a statement to the effect that he was not a member of SAMPI.

In a subsequent court case the Supreme Court found on 20 June 1969 on application by Viljoen that the Chairperson of the meeting had not been competent to refuse Viljoen's nomination as candidate for chairperson on the basis of the fact that he was a SAMPI member.

SDFU affiliated with the FSAU and therefore had a say in organised agriculture. The Bothaville District Farmers' Union, with which the other farmers' associations in the Bothaville district were affiliated, were all SAMPI followers and therefore had no access to structures in organised agriculture.

## Government involvement

The disagreement between the two groups of maize producers in the country was of concern to the government too, and after his appointment as Minister of Agriculture, Mr Hendrik Schoeman decided to address this. At his insistence the SAAU engaged in talks with SAMPI on the basis that SAMPI had to disband and integrate with organised agriculture.

SAMPI declared itself to be willing, provided that the SAAU recognise the principle of specialisation in the maize industry. However, this condition was the core

## FERREIRA TAKES THE REINS

On 4 May 1970 SAMPI's director, Dr Willem Kotze, resigned with one day's notice after a difference arose between him and SAMPI's Executive. It stemmed from a telegramme that Dr Kotze had sent to the Minister of Agriculture and a daily newspaper at the time, *Die Transvaler*, in which he indicated that the maize price announced by the Minister shortly before was fair – without having consulted SAMPI's Chairperson of the management committee in this regard. SAMPI's Executive did not share his opinion.

After Dr Kotze's resignation, Mr Willem Landman, SAMPI's secretary, was appointed as acting director. He was later succeeded by Mr Jas Crous.

A day after Dr Kotze's resignation, Delpont resigned as Chairperson of SAMPI. He pointed out to the SAMPI Executive that he had initially been prepared to act as Chairperson only for a year, but that four years had passed since then because the time was never right for him to resign. He also maintained that his personal circumstances made it impossible for him to serve as SAMPI's Chairperson any longer.

After Delpont's resignation, the Executive appointed Ferreira as Acting Chairperson and De Jager as acting Vice-chairperson.

After the resignations of Delpont and Dr Kotze, an article in the daily newspaper *Beeld* appeared under the heading: *Young Turks now in charge of SAMPI – Farmers' ship is sinking*. This article contained several inaccurate, unfounded and unacceptable statements. SAMPI and the individuals mentioned in the article consequently started a process that culminated in a finding by the Press Council that the objections against the article, as well as against a subsequent article that was printed as a result of the objections, had merit. The Press Council's finding was published in all the daily and Sunday newspapers.

difference between SAMPI and the SAAU that ultimately led to many consultations and attempts by various parties to mediate unity between these two parties amounting to nothing.

Under the guidance of Minister Schoeman intensive negotiations between SAMPI and the SAAU commenced in January 1973. Although major differences often had to be overcome, a reasonable degree of agreement on the process and the future path of co-operation was reached over time, and the constitution of a specialist organisation was even finalised.

Minister Schoeman said the following at the Annual Congress of the Maize Industry Association of the FSAU in 1974: 'I predict that our maize producers will be joined in one of the most vibrant and best organised agricultural associations before the end of the year...I have no doubt that such an organisation will come.' He added: 'Nobody dare thwart this, because our maize producers can no longer afford the strife and fighting of the past eight years.'

At that stage, SAMPI and the SAAU had already agreed on a date for the founding Congress of a new organisation. At SAMPI's Congress in February 1974 Mr Andries Beyers, Chairperson of Uniegraan and one of the negotiators on the side of the SAAU, even said: 'We have found each other and will never let go again.'

Yet, on 27 April 1974 the SAAU indicated that its general council would only meet on 8 and 9 August 1974 to ratify their views on the new organisation. This meant that the entire process would be delayed and the founding Congress could not take place on the agreed date, namely between 1 and 10 October 1974.

At its meeting in August 1974 the SAAU's general council in various respects deviated from matters already agreed upon and set further conditions to be complied with before the founding process could continue. It became clear to SAMPI that the SAAU did not intend supporting an independent organisation – something that was not negotiable to SAMPI.

On 15 October 1975 the SAAU announced at a meeting of the negotiation committee that it was abandoning the attempt to establish a new maize organisation. The SAAU alleged unilaterally that at least 8 000 qualifying members had to register for membership of the new organisation in order for it to be representative of the maize producers.

SAMPI subsequently made several further attempts at salvaging the negotiations, but without success. Consequently SAMPI informed the SAAU on 6 February 1976 that the SAAU's repudiation of the agreement had been accepted and that SAMPI was withdrawing completely from the agreement.

## **Establishment of SAMSO**

Shortly afterwards the SAAU decided to amend its strategy by doing away with the maize committees and establishing a maize specialist organisation known as the South African Maize Specialist Organisation, or SAMSO. It would not be an independent producer organisation, but would function as an integral part of the SAAU. SAMSO was therefore in the same constitutional position as the maize committees, which could effectively be viewed as merely a conversion of the maize committees.

At the SAAU's Annual Congress of 1976 approval for the founding of SAMSO was granted and a planning committee was appointed to manage the transition of the National Maize Committee to SAMSO. The maize-producing region was divided into 18 sub-regions on the basis of average production figures over the previous five years. A pilot committee was appointed for each region and tasked with convening meetings in order to inform producers about SAMSO and recruit members for the organisation.

An interim executive on which the Chairpersons of the planning committee and the pilot committee served, was constituted. At the first executive meeting, held on 2 November 1976 in Pretoria, Mr Ben Wilkens was elected as Chairperson and it was decided that SAMSO's first Congress would be held in Potchefstroom on 8 and 9 March 1977.

**DIE LANDMAN OF FEBRUARY 1974 EVEN CARRIED AN ARTICLE THAT EVERY DELEGATE ATTENDING SAMPI'S ANNUAL CONGRESS ON 6 AND 7 FEBRUARY 1974 WOULD RECEIVE A COMMEMORATIVE MEDALLION BECAUSE IT WOULD PROBABLY BE SAMPI'S LAST ANNUAL CONGRESS IN ITS EXISTING FORMAT.**



SAMSO intended to end the protracted disagreement between maize producers and regarded it as its main task to establish all maize producers under its flag. SAMSO's operating structures consisted of local, district and regional maize industry branches, the Executive council, the management committee and the Annual Congress. The latter was accepted as the highest authority in the structure.

SAMSO's structures made provision for membership for co-operatives that handled maize. It was therefore not just a producer organisation. The co-operatives were entitled to send delegates to the Congress, provided they were members of SAMSO in their own right.

The establishment of SAMSO clearly indicated that the SAAU realised that a need for a specialist organisation for the maize industry existed. The May 1978 edition of SAMSO (the organisation's magazine) reported as follows: 'One should agree with SAMPI that the idea of a specialist organisation was a bright one.'

SAMPI's management was of the opinion that the founding of SAMSO was part of the SAAU's strategy to sink SAMPI. The emphasis of the fight consequently shifted to which of SAMPI and SAMSO had to be supported as specialist organisation.

SAMPI found itself in a really difficult position after the SAAU's strategic SAMSO shift. This was aggravated by an order from Minister Hendrik Schoeman to all government departments and agricultural control boards to ensure that no exchange of letters or interviews would in future be allowed with such organisations by officials of the departments. No publicity was allowed to be given to the activities of these types of groups through departmental publications or *Landbouradio*. SAMPI was named as one of the organisations to which the order applied.

To counter this, SAMPI's leaders among other things obtained approval from its Congress to make a major effort to recruit members for SAMPI. During February and March 1976 33 information meetings were held in the maize area, which were attended in large numbers. SAMPI's members were requested to resign from the farmers' associations of organised agriculture and establish SAMPI branches again.

SAMPI appointed organisers to run the recruitment campaign. They visited the farms to recruit new members. In addition, various other methods and attempts were employed to convince maize producers to join SAMPI.

On 19 August 1976 SAMPI addressed another request for affiliation with the SAAU, among other things on the basis of SAMPI's opinion that it was representative of the majority of maize producers. The application was refused again and ostensibly the chance of co-operation was lost.

## Agreement 1976

However, in November 1976 Minister Schoeman convened a meeting with SAMPI's management committee and SAMSO's management committee to sound them out about the possibility of co-operation. Both organisations reacted very favourably to this, to the extent that SAMPI's management committee and SAMSO's Executive met again nine days later and at the meeting signed an agreement that had to serve as basis for unification.

An action committee was appointed and it was decided that the founding/establishment Congress of the new organisation would take place during March 1977. The date for the election of delegates to the founding Congress would be determined on 31 January 1977.

The process then started in all seriousness to join the two organisations under the flag of the proposed organisation. This included decisions on the establishment of the organisation's office, starting a magazine, designing an emblem, funding, integration of SAMPI members with structures of organised agriculture, et cetera.

*Die Landman* of January 1977 carried a full article on the arrangements regarding the new organisation. The first sentence of the article read: UNITY has been achieved in the South African Maize Industry! Every person who produced maize for marketing would be entitled to vote at the meeting of 31 January 1977 and would vote in the magisterial district in which they lived or where their farming interests were located.



## ACTION COMMITTEE

The action committee consisted of the management committee members of SAMPI and the management committee of SAMSO, namely:

**SAMPI:** Fanie Ferreira, Hennie de Jager, Hannes de Kock and Crawford von Abo.

**SAMSO:** Ben Wilkens, Thys van der Hoven, Faan Basson, Andries Beyers and Japie van Eeden.

Wilkens was appointed as Chairperson and Ferreira as Vice-chairperson of the action committee, with Mr Danie Venter, SAMPI's Director at that stage, as the Secretary.

While SAMPI tried everything to get the Congress to take place, Mr Danie Venter, director of SAMPI, and the other staff members of SAMPI joined the ranks of SAMSO. This was clearly part of SAMSO's strategy, because Venter had first-hand knowledge of SAMPI's strategy, strengths, weaknesses, et cetera. due to his position at SAMPI, and he even handed SAMPI's membership list to SAMSO's leaders. Venter actively started to harm SAMPI in various ways.

SAMPI was forced to get a court order to eject Venter from his office, as he obstinately refused to leave. The court order was obtained, but Venter took SAMPI's membership list and the circulation list for SAMPI's magazine with him and left SAMPI without the information. According to Mr Crawford von Abo, after this conflict SAMPI had only two staff members to provide administrative support.

However, with the election on 31 January 1977 things started to go wrong. The result was that 190 of the delegates were representatives of SAMPI, and only 150 were from SAMSO, which meant that SAMPI would have the majority vote in Congress.



Video: SAMPI launches its own magazine as mouthpiece of the organisation.





This cartoon from *Die Landman* (March 1979) plays on SAMPI winning the 1977 election – leading nowhere, because SAMSO still wanted to be in charge. SAMPI was even willing to have another election on the same conditions.



This seemed to be unacceptable to SAMSO, as the latter then tried to provide the representatives from the co-operatives with a vote at Congress as well. This was now unacceptable to SAMPI, because SAMPI's view from the beginning was that only the maize producers should decide about maize affairs.

Once again these differences led to serious disputes between SAMPI and SAMSO, as SAMPI maintained that according to the agreement between the parties only producers could have a vote at the Congress. SAMSO persisted in its refusal to accept and admit that this had been the terms of the agreement. In the end SAMSO decided unilaterally to suspend all further talks with SAMPI.

SAMPI objected strenuously and made several attempts to save the process. These did not succeed, and SAMPI appealed to Minister Schoeman on two occasions to resolve the matter. However, he was not prepared to become involved again. The unpleasant disagreement between the two organisations therefore continued, even by way of court cases against each other.

### Levy for the SAAU

In the meantime, SAMPI made inputs on the recommendations of the commission of enquiry into the Marketing Act of 1977. SAMPI also submitted recommendations on various matters involving the composition and functions of the Maize Board and financing of the SAAU, but to no avail. Among other things, SAMPI convened a meeting with Minister Schoeman on the introduction of a levy to finance the SAAU. The Minister promised that such a levy would not be introduced before unity had been achieved in the maize industry.

In spite of this, the Marketing Amendment Act of 1977, which was subsequently promulgated, did make provision for introducing a levy on agricultural products, from which funds could be paid over to the SAAU at the direction of the Minister of Agriculture. A levy of five cents/ton was accordingly introduced for maize, which meant that any person who produced maize had to pay the levy, regardless of whether they were a member of organised agriculture.

To SAMPI it meant that its members were obliged to contribute to the funding of the SAAU, and therefore also to that of SAMSO. Naturally this led to enormous dissatisfaction among SAMPI members, as they were statutorily obliged to contribute to the funding of an organisation with which they were engaged in a fierce battle.

Because of this, SAMPI convened meetings with various members of the national assembly to communicate SAMPI's protest to them clearly. The meetings were attended by many producers and the message of dissatisfaction was conveyed unambiguously. SAMPI launched several attacks on the levy, but with no success.



SAMPI's biggest problem was probably that even the government did not recognise SAMPI as the representative of the maize producers, but it recognised the SAAU and therefore also SAMSO.

### Document of unity

In the midst of the ongoing struggle and increasing division between SAMPI and SAMSO Minister Schoeman became involved again in January 1979 by having a document of unity drafted and submitting it to SAMPI and SAMSO for comment. The document made provision for the election of delegates to the founding Congress of a new organisation for unity.

During the election 400 producer delegates had to be appointed at regional production level, as well as 70 co-operative delegates, who also had to be maize producers. All maize producers who produced maize for marketing would be allowed to vote for the selection of delegates. The elected delegates would then meet on a regional basis to elect a regional Chairperson to be the representative for the relevant region on the Executive council. Twenty regions were identified for this purpose.

SAMSO accepted the Minister's proposals unconditionally, but SAMPI expressed its dissatisfaction with quite a number of issues because they would harm SAMPI's members. It was clear that the Minister's proposals had been drafted in collaboration with SAMSO and the SAAU. The Minister subsequently submitted somewhat amended 'final' proposals. However, they did not address all the matters raised by SAMPI, and were therefore not acceptable.

In the end this attempt at achieving unity also failed. Minister Schoeman then appealed to the maize producers to come up with a 'boereplan', as it seemed to be impossible to achieve reconciliation at management level. Arising from this, SAMSO's branch in Middelburg in Mpumalanga proposed a maize parliament comprising 20 members. SAMPI accepted the plan in principle, but it was eventually rejected by SAMSO and the stalemate situation continued.

In the meantime, SAMPI decided to appeal directly to the Prime Minister, Mr PW Botha, to accomplish unity in the maize industry, and on 10 August 1979 a letter in this regard was sent to him. In his reply the Prime Minister said that the attitude among the maize producers did not promote the industry and he strongly appealed to SAMPI to do everything they could to accomplish unity in the industry. This was supported unconditionally by Minister Schoeman.

### Shared vision

At its subsequent Annual Congress in March 1980 SAMPI emphasised that unity in the maize industry was vital, but insisted that it occur through an autonomous specialist organisation.

### TURNAROUND AFTER BROEDERBOND DISCUSSIONS

When it became evident again in 1980 that SAMSO was not prepared to collaborate with SAMPI, SAMPI tried to determine who was behind SAMSO's reluctance. SAMPI knew that the Broederbond opposed the founding of SAMPI and approached a member of the Broederbond who was well disposed towards SAMPI. He succeeded in arranging an appointment for SAMPI representatives with the Broederbond, provided the delegates were all members of the Broederbond. SAMPI set up a team comprising Messrs Piet Earle, Hannes de Kock, Naas Pretorius and Prof Piet Aucamp to meet representatives of the Broederbond.

It is not known exactly what role the Broederbond played, but shortly after this meeting an agreement was reached between SAMPI and SAMSO to collaborate and the process was continued, leading to the meeting of 3 October 1980.





**When SAMPI and SAMSO were dissolved, their leaders said the following:**

Mr Hennie de Jager: 'We have now reached a point where nobody can prevent us from achieving unity. Unity among the maize producers is here to stay. Those who do not want to accompany us, are free to stay behind.'

Mr Faan Basson: 'This day is not SAMSO's funeral, but a milestone, because the decision to dissolve will contribute towards developing the existing order, namely a recognised and well-functioning maize specialist organisation.'

SAMSO also emphasised the idea of unity at its Annual Congress. SAMSO's chairperson, Mr Faan Basson, confirmed that SAMSO was not an anti-SAMPI organisation, and that he had no desire to see the two organisations fighting.

SAMPI then consulted Minister Schoeman again, who expressed himself in favour of a united specialist organisation, provided that it was affiliated with the SAAU. He was not prepared to become directly involved in negotiations between SAMPI and SAMSO again, but did pass on SAMPI's working document to the president of the SAAU, Mr Jaap Wilkens, after which SAMPI and SAMSO negotiated directly with each other.

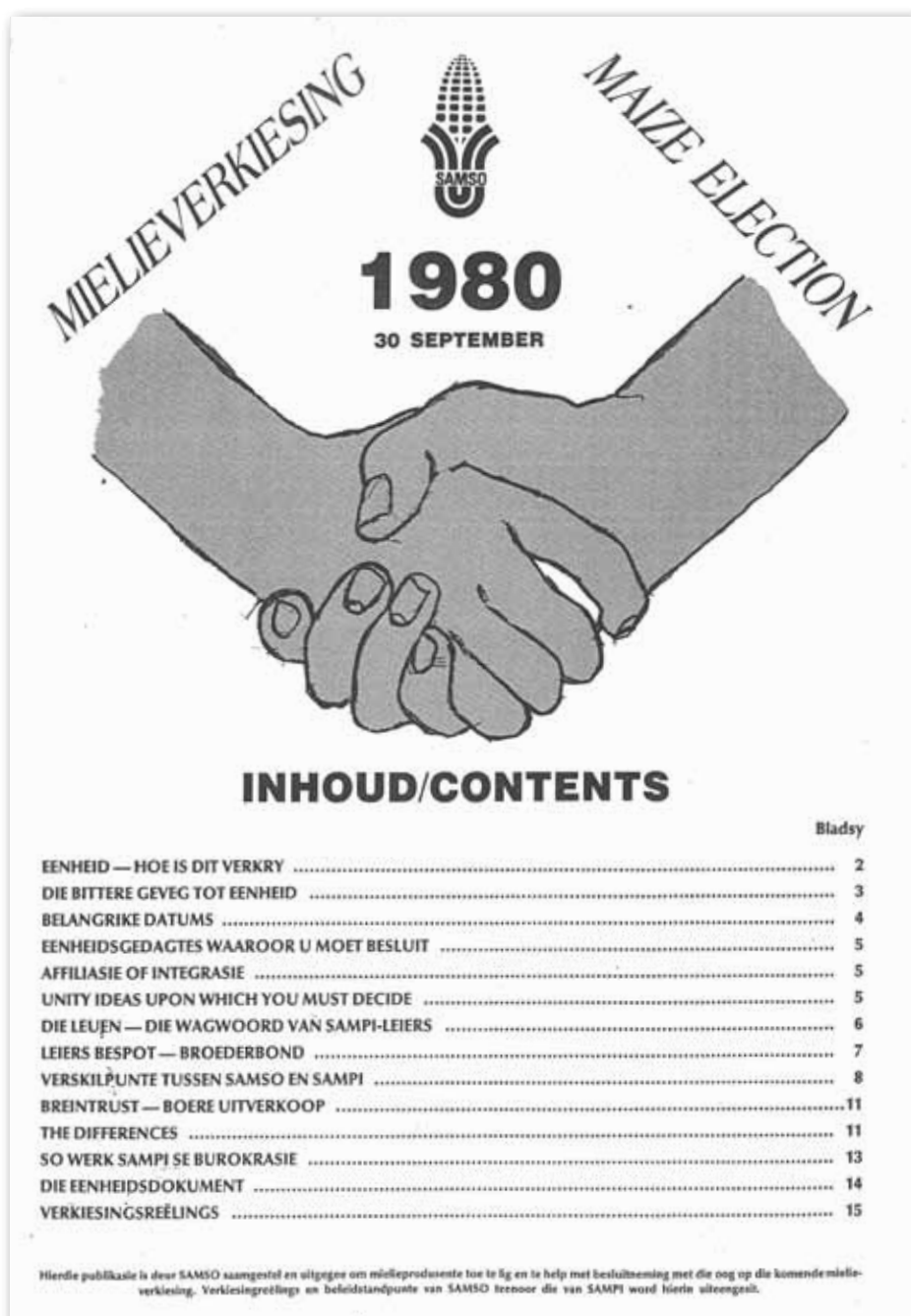
At that stage SAMSO had already achieved its own success as specialist organisation and had the advantage of recognition by the government. Essentially, this was what SAMPI also wanted to achieve. The two organisations therefore pursued the same interests and both had the need to end the dispute.

The negotiations continued in that spirit, and on 7 August 1980 Minister Schoeman announced that SAMPI and the SAAU had reached an agreement on the establishment of a united maize specialist organisation, the status, powers and competencies of which would be determined by the maize producers themselves.

The agreement also made provision for organisational matters to implement this, which included the founding Congress of the new organisation on 3 October 1980, chaired by Mr SW (Billy) van der Merwe, the president of the Transvaal Law Association at the time, assisted by two assessors, namely Prof Piet Aucamp of the PU for CHE for SAMPI and Dr Andries Scholtz, General Manager of NWK, for SAMSO.

The election of 340 delegates to the founding Congress would take place on 30 September 1980. All the delegates had to be maize producers who would be elected by bona fide maize producers. The election would take place according to the same rules as for the 1977 election with respect to district and regional classification, voting procedure and voting stations.

On the basis of the agreement it was decided that SAMPI and SAMSO had to take the necessary steps to ratify the agreement, dissolve the two individual organisations and merge their assets. The assets of the two organisations would be frozen at their dissolution Congresses and taken in trust by the Minister of Agriculture on the day of the election, to be handed over to the new organisation at the founding Congress.



This is what the front page of the 1980 Maize Election ballot looked like.

As far as the status of the new organisation was concerned, namely whether it would affiliate with the SAAU as an autonomous body, and whether it would function as an integral part of the SAAU, the agreement was that it would be left to the founding Congress to decide.

Although both organisations expressed their satisfaction with the agreement that had been reached, the election campaign that followed was not completely peaceful and always in a good spirit. Given the history of previous attempts at unification, it is actually surprising that the process was not derailed again by disagreements, but in the end both SAMPI and SAMSU held their dissolution congresses on 26 September 1980, upon which both ceased to exist.

## Last election

On 30 September 1980 about 6 000 maize producers voted at 83 voting stations for the election of the 340 delegates to the founding congress. The result was 198 delegates for SAMPI and 142 for SAMSU.

THE FIRST NAMPO  
MEMBERS ON THE MAIZE  
BOARD WERE:

MESSRS CL VON ABO  
(CHAIRPERSON)

JH VILJOEN  
(VICE-CHAIRPERSON)

AP VISSER

AS BEYERS

CJ LEONARD

SJ SCHOEMAN

HL DELPORT

DR B STEAD



Video: There was always a strong bond between the SAMPI men – Mr Crawford von Abo.



**THE CONGRESS VENUE  
AT NAMPO PARK  
WAS NAMED AFTER  
FANIE FERREIRA IN  
RECOGNITION OF THE  
SPECIAL LEADERSHIP  
ROLE HE PLAYED IN  
THIS ERA.**



**SAMPI was terminated as proof of co-operation to establish unity in the maize industry. The Executive and members signed a commemorative certificate on 26 September 1980.**



At the founding Congress on 3 October 1980 the Congress decided that the new organisation would function independently in terms of its own constitution, but that it would affiliate with the SAAU.

Ferreira, the last Chairperson of SAMPI, was elected the first Chairperson of the organisation, and De Jager, also from SAMPI, was the first Vice-chairperson. When the Executive was appointed, nine members were elected from each of the dissolved organisations.

The Congress also decided that the eight production members of the Maize Board would be appointed by the Congress from its ranks, based on the regional division used for the election of the Executive. With the exception of Von Abo, who had already gained a seat as producer representative on 1 January 1981, the designated NAMPO members took their seats on the Maize Board on 1 July 1981.

The decisions about the name of the organisation, the location of the head office and the name of the magazine were left to the Executive, on condition that the name of the organisation may not be SAMPI or SAMSO. The Executive consequently made the following decisions on 11 November 1980:

- The name of the organisation: **NAMPO**
- Location of head office: Bothaville
- Magazine: *Mielies/Maize*

At the founding Congress it was decided that the new organisation would provisionally be known as the Maize Specialist Organisation (MSO). Thus NAMPO was established, and the long-awaited ideal that maize producers could decide on their own affairs in a specialist organisation was achieved.

## THE NAMPO ERA BEGINS

### Membership

Members of SAMPI and SAMSO did not have automatic membership of NAMPO after the merger. Any producer who planted maize for commercial purposes could apply for membership of NAMPO. The requirements for membership were that the prospective member had to produce maize for marketing purposes, pay the prescribed membership fees and support NAMPO's objectives.

### NAMPO'S MISSION

To broaden the economic living space of the maize producer.

At one stage it was a requirement for the applicant to produce more than a certain quantity of maize to qualify to be a member of NAMPO. Later provision was made to accept members on another basis than production, however, to make provision for membership for emerging producers too. However, only the members who met the production requirement were allowed to vote in the management structures of NAMPO.

NAMPO did not permit affiliations from other interest groups. They argued that NAMPO would not be able to achieve its specialisation objective if groups with other interests from those of members were admitted, as different interest groups naturally also had different objectives. NAMPO did pursue co-operation with other role-players and interest groups in order to identify common problems and collaborate in this regard.

From the beginning it was one of NAMPO's objectives to accomplish greater co-operation between the different grain producer organisations. Since it was founded, NAMPO pursued this objective actively from time to time by way of mutual engagement between the industries, but without success.

### Funding

Initially, apart from the revenue from the Harvest Day, NAMPO was funded only by contributions from its members. In the period shortly after NAMPO was established,

the revenue from membership fees was reduced considerably because the number of members declined. This gave NAMPO's financial position a serious knock – to the extent that at one stage in 1983 the organisation did not have sufficient funds to pay the staff's salaries and an overdraft facility had to be arranged with the bank to do so.

During the mid-1980s the Director-General of Agriculture paid an amount from a surplus in the levy fund over to NAMPO. These funds were invested and were never employed by NAMPO, as the General Manager felt that the organisation's running costs had to be funded by the industry itself. The intention was to allow the investment to grow to a level where the income from it would be sufficient to maintain the organisation's core functions, regardless of member contributions. By the time Grain SA was established, it had grown to a tidy nest egg.

NAMPO did receive funding for research later, as well as assistance for certain projects and actions. However, one of the biggest restrictions for SAMPI and NAMPO remained limited funds.

## Strategic planning

NAMPO had various strategic objectives. On the one hand was the so-called Development Trust, led by the chief economist, Dr Kit le Clus, which concentrated on business economics research. The results of this division's work were employed in providing members and other stakeholders with accurate information. Such information allowed producers to make better production and marketing decisions. The so-called 'brain trust' was also located in that division. The aim of the brain trust was to provide NAMPO producer members in the Maize Board with information and advice in their preparation for Maize Board meetings, as part of the strategy was for all the producer members to participate actively in Maize Board discussions.

On the administrative side different projects were launched by Van Zyl to improve the image of maize production and maize producers in the broad economy. These projects included the following: image building, media networks, the NAMPO Harvest Day, the *Mielies/Maize* magazine, the Maize Man of the Year awards and public relations.

NAMPO's leadership placed great emphasis on projections to allow strategic adjustments to be made. Experts from the political arena as well as the private sector were involved, including Drs Kobus Neethling, Frederik van Zyl Slabbert and Jan Dreyer, as well as Messrs Clem Sunter and Jac Laubser, in order to expose NAMPO's Executive Members to external views that could support them in shaping their own vision of the future.

Sunter addressed producers on various occasions on future scenarios and his publications were distributed regularly among NAMPO's Executive Members to keep them updated on the current views or future expectations.

## NAMPO projects

During its existence of 20 years NAMPO was an active, progressive organisation that attempted many projects and delivered great inputs to the maize industry in South Africa in particular. It is not possible to even just refer to all those inputs in this publication, let alone provide details. For that reason only a few of the activities and initiatives are mentioned in an attempt at providing a view of the nature of the inputs and contributions made by NAMPO.

### Status of grain producers

At the time NAMPO was established the general view of the grain producer in South Africa was one of a poor farmer with a bedraggled overall on a worn-out tractor – not at all positive. Dr Piet Gous, General Manager, was tasked with changing this view. Under his guidance the focus fell specifically on demonstrating that grain producers could hold their own at the highest levels of the business world and society.

In time the image and position of the grain producer improved to the extent that producers have for quite some time been respected and acknowledged for the major role they play in the business world and in the community.

**DURING THE SAMPI ERA  
THE MEMBERSHIP GREW  
TO 6 700 FULLY PAID-UP  
MEMBERS, BUT BY 1983  
NAMPO HAD ABOUT  
2 200 FULLY PAID-UP  
MEMBERS.**



Video: The huge maize battle is aptly summarised by Mr Giel van Zyl.



Video: Arguments were continuously based on facts and supporting data prepared by expert personnel, Mr Von Abo explains.





## NAMPO INTERVIEWS WITH THE PRESS

In order to ensure that the right image and message of NAMPO are conveyed at all times, a rule was introduced that nobody may talk about a matter if they were not duly primed to do so. At the insistence of Mr Hennie de Jager it was decided later that only the Chairperson of NAMPO was authorised to grant interviews to the press, and only if the Chairperson was not available, was the General Manager allowed to do so.

In the process the co-operation and inputs of various leading businessmen and academics were obtained, and they made great contributions to the development of NAMPO's internal pool of knowledge. One of them was Prof Jan Groenewald, who was the dean of the Faculty of Agricultural Economics at the University of Pretoria. Another was Dr Japie Jacobs, who served on various important and leading commissions of inquiry – some of which are mentioned in this publication. He provided particularly important inputs with respect to projects and solutions tabled by NAMPO.

NAMPO's objectives can be summarised briefly as follows:

- To improve the general image of producers;
- To enable producers to hold their own better in the business environment;
- To support growth in the organisation;
- To develop NAMPO Harvest Day into one of the best agricultural shows in the world; and
- To establish a high-quality magazine.

NAMPO was an organisation of farmers for farmers. In realising the demands that grain production makes of producers, NAMPO attempted at all times to provide its members with assistance, information and practical solutions that could support them in farming sustainably.

### Image-building project

#### Public relations

Even after the merger between SAMPI and SAMSO antagonism towards NAMPO continued, particularly from officials from the Department of Agriculture and the SAAU. This often made co-operation with those organisations very difficult. Various leaders in organised agriculture, including the Maize Board and co-operatives,



Video: NAMPO served its members' requirements in various ways – mr Giel van Zyl.

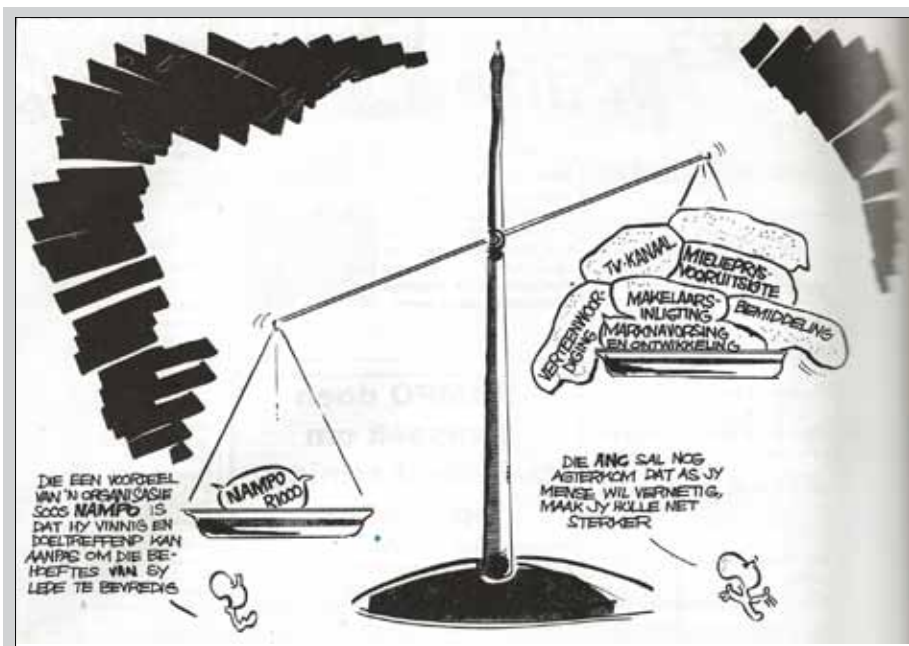


The first Chairperson of NAMPO, Mr Fanie Ferreira.



Mr Japie Grobler, NAMPO's last Chairperson before unification of the grain industry in 1999.

In addition to its normal tasks, a whole new dimension was added to NAMPO's work terrains, namely extended marketing services. A cartoon in the August 1997 edition of *Mielies/Maize* shows the new dynamics.





gave no recognition to NAMPO at all, and were not prepared to collaborate with the organisation.

NAMPO's Executive therefore launched a dedicated public-relations programme as part of NAMPO's image-building project. The dedicated focus in time bore fruit, particularly as other programmes in the image-building project achieved success.

### *Women groups and trade unions*

Given the important role of trade unions and women groups with respect to opinion making in the South African society, NAMPO made a special effort to invite representatives from those groups (on occasion even the top structure of Cosatu and the ANC Women's League) to the NAMPO farm. The objective was to inform them about agriculture and improve their perception of farmers and agriculture in general.

From NAMPO's point of view the project succeeded, except that it did not have quite the impact that NAMPO wanted. The ideal would have been to repeat the programme more regularly, but due to limited funds and manpower this was not possible.

### *Schools programme*

As part of NAMPO's image-building programme a project was launched in collaboration with the agricultural public relations officer, Mr Steyn Lureman, to bring school groups to the NAMPO farm to expose schoolchildren to agriculture and farming in general. This programme, which was initially sponsored by a fertiliser company, Omnia, and later also by Northmec, was aimed at changing children's perceptions of animals and farming through information and exposure to animals, grain products and practical grain cultivation practices.

As part of the programme the children had to write an essay and submit a project on agriculture after their visit to the farm. In this way they could depict in a practical manner what they learnt during their visit to the farm. The projects were entered for a competition that had various prizes.

The programme was a great success, to such an extent that the Deputy Minister of Agriculture, Ms Thoko Didiza, acted as one of the judges at one stage, and the Minister of Education, Prof Sibusu Bengu, delegated a representative of the Department of Education for this purpose.

The Schools Programme was later continued with great success by Grain SA.

In 1996 NAMPO was lauded by the Public Relations Division of the Danish agricultural council for its vision in offering the information programmes to learners.

### *Economic research unit*

Even in the SAMPI era one of the complaints by the industry was that no reliable information was available on the production costs of maize. This contributed to the dissatisfaction with the setting of the maize price in that era. NAMPO also identified it as a gap and tasked Dr Le Clus with developing an economic research unit, the so-called Development Trust. The brain trust started functioning within this environment. The information produced was very complete and well researched. It was provided to producers in various ways as a value-adding service that was not available before.

### *Agricultural research*

At the direction of the Minister of Agriculture agricultural researchers associated with government institutions were prohibited from speaking to any representative of SAMPI in the period before the establishment of NAMPO.

After the founding of NAMPO a project was launched in collaboration with the Department of Agriculture and agricultural research units to determine critical research needs and identify the best way to provide producers with feedback in this regard.

Product and production research was conducted in collaboration with the Grain Crops Institute of the ARC. NAMPO's involvement in research focused particularly





on identifying and prioritising research needs and disseminating research results and appropriate information to the producers. NAMPO played a very important role in this process by publishing research results in the magazine, *Mielies/Maize*, and sharing them with producers at NAMPO branch meetings.

Research planning was done annually and co-ordinated in order to eliminate duplication. The approach was to bring the producers and researchers closer together and make sure that research results were brought to the attention of the producers.

### *Training programmes*

During the early 1980s the Department of Labour made funds available for training. This was done on the basis that an amount per labourer who had to be trained was allocated to the training institution concerned, which meant that producers could have their workers trained for free.

NAMPO already had many good training programmes and facilities that could be used successfully to train even people from towns and equip them with skills, for instance tractor drivers, builders, electricians, et cetera.

As a result of the success NAMPO achieved with the training programmes, the Bloemfontein Training Centre agreed with NAMPO to take over the latter's training programmes. Initially this was very successful and the training programmes were well supported, but the training centre was closed down because of financial problems.

NAMPO did not have the funding to continue with the training on its own. Several attempts were made to obtain funding for the training needs from the government, yet without success. With the introduction of training setas it became even more difficult to obtain funding for NAMPO's training programmes. NAMPO therefore had no other choice but to stop the training.

### *Diversification*

The severe drought that prevailed in the first part of the 1980s made everyone aware that it was essential for producers to diversify and not put all their eggs in one basket. NAMPO realised that the organisation could play a role in advising producers on the benefits of diversification and assist them in identifying opportunities.

Producers were encouraged by NAMPO to optimise their businesses and profit as businessmen, among other things by diversifying their farming operations and investments – including to investments outside agriculture. The point of departure and message were that the producer had to use his land according to its optimum potential, and where necessary he had to change or expand into other types of farming to achieve this.

Underlying this approach was the fact that producers should focus on cultivating maize in good soil and employ the rest of the land for the purpose it was most suited for. This included the addition and/or diversification to stock farming, dairies and vegetables, among other things.

NAMPO decided to assist producers in this by also investigating possibilities and identifying opportunities for producers and illustrating how to convert marginal land used for grain production for other industries.



## *Sheep Project*

One of the projects NAMPO launched was a model for diversification and specialisation, the so-called Sheep Project, which was aimed at illustrating practically how cultivated pastures, specifically blue buffalo grass and dryland lucerne, can be used for sheep farming on marginal land.

NAMPO allocated low-potential land on its existing property outside Bothaville that could not really be used for any other purpose to the Sheep Project and planted dryland lucerne on it. In addition, NAMPO purchased an adjacent piece of land where blue buffalo grass had been established. Although it could actually be regarded as two trials, it was managed as one project.

NAMPO obtained the co-operation of the Mutton Merino, Merino and German Merino Breeders' Associations for the project. The breeders' associations provided ewes for the breeding programme and the rams were provided by producers in the Bothaville area. The ewe lambs from the project were delivered to the breeders' associations, while NAMPO sold the wethers to contribute towards covering the costs of the project.

The main aim of the project was to promote the integration of sheep on dryland pasture and at the same time to illustrate that marginal land could be better utilised than just for maize cultivation. The project was extremely successful and led to several very successful sheep farms subsequently being established on planted pastures.

### *Land conversion scheme*

On the back of the success achieved with the sheep project, negotiations were conducted with the government to make funds available for withdrawing marginal land from grain production and establishing alternative industries.

The main advocate and driver of the concept was Mr Cerneels Claassen, who was an Executive Member of NAMPO at that stage, and later became the Chairperson of NAMPO.

He recounts that the realisation developed that the area on which maize was cultivated was too big and that the large quantity of maize that was produced had a negative effect on the price of maize. At that stage about five million hectares of maize were planted annually. The opinion was that it had to be scaled down by about one million hectares.

At the NAMPO Congress of March 1987 Claassen made a submission on the effect the conversion or withdrawal of one million hectares of maize land from cultivation would have on the producer price of maize.

Congress accepted a proposal by Claassen that a committee be appointed to design a system in terms of which the withdrawal of that amount of land from maize cultivation could be accomplished. The committee consisted of representatives from NAMPO, the Maize Board, the SAAU, Uniegraan, the Department of Agriculture and the National Marketing Council, with Claassen as Chairperson.

At a subsequent meeting of the Maize Board, at which the Minister of Agriculture, Mr Greyling Wentzel, was present, final approval was given for the development of a scheme for land conversion. The scheme involved that the government would provide assistance for guided structural adjustments in the summer grain area – in other words, land conversion. The particulars of the scheme were submitted and explained to Mr Alwyn Schlebusch, the Deputy State President, who gave his support to the scheme. It was then approved by the Cabinet.

The land conversion scheme was announced at a special NAMPO Congress in Potchefstroom in September 1987 by Minister Wentzel. It was ultimately a very successful project and about 750 000 ha of maize fields were withdrawn from maize cultivation and converted to planted pastures. The land conversion project actually provided many producers with a lifeline to get their farming operations on a profitable foot again.

The land conversion project went hand in hand with a larger awareness campaign by NAMPO in collaboration with certain suppliers about the value that an

**THE SHEEP PROJECT  
WAS MANAGED BY MR  
ANDRÉ FERREIRA, SENIOR  
ECONOMIST OF NAMPO,  
WHO FARMED WITH SHEEP  
AND CATTLE IN HIS  
OWN RIGHT.**





improvement in the quality of agricultural products could have for producers. They drew the attention of the producers to the value the upgrading of the quality of their animal herds could add. They were also made aware of the existence of maize seeds that were more drought resistant than others and encouraged to use them to increase their production.

Naturally there were producers who realised the value of a focus on inputs and products of high quality themselves and adjusted their farming practices accordingly. NAMPO's agricultural researchers collaborated with those producers to disseminate their knowledge to other producers and thus increased the general quality and levels of effectiveness. In the process working groups were established and the information that became available from their projects was likewise provided to other producers.

### Broker service

The abolition of controlled marketing and the advent of Safex caused a lot of uncertainty and mistrust among producers. Many of the producers had no knowledge of the marketing of grain or the way Safex worked and information in this regard was very limited. Consequently the producers were often exploited by traders, which was reminiscent of the position before controlled marketing was introduced in the 1930s.

Under the leadership of Dr Le Clus NAMPO offered training with respect to the new market environment to producers. On his initiative NAMPO also decided to establish a broker service that could acquire more knowledge on the operation of the markets and advise producers in this regard. The broker service also had to serve as a frame of reference with respect to prices, the availability of contracts, commissions, costs, et cetera. for producers.

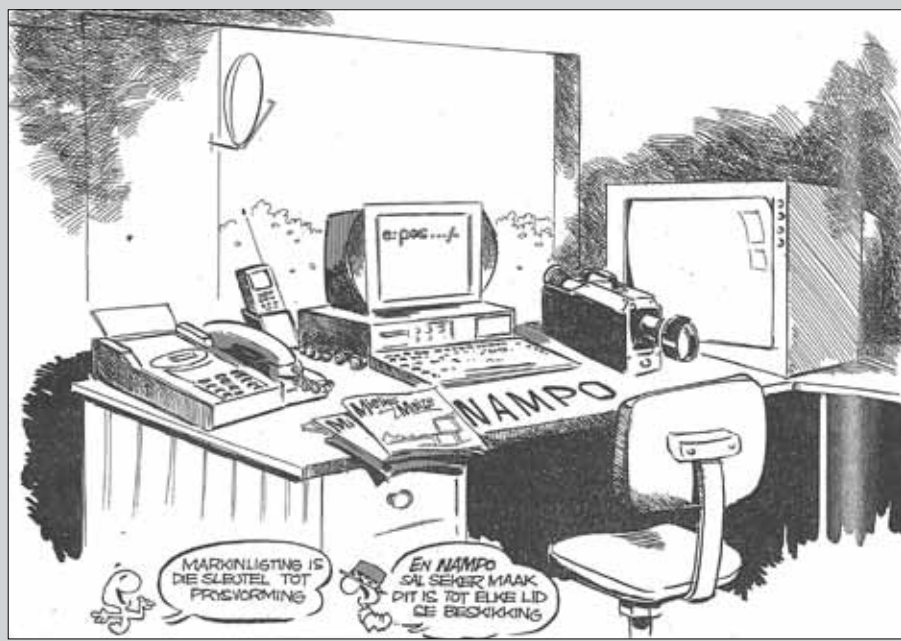
As the general knowledge on the operation of commodity exchanges like Safex was limited, NAMPO decided to arrange a study tour to the USA to acquire more specific knowledge on this subject. Dr Le Clus arranged the tour through a contact

DIE INVLOED VAN DIE OMSKAKELING/ONTREKING VAN 1 MIJOEN HEKTAAR MIELIEGROND UIT VERBOUING								
MNR C J CLAASSEN, Hoofbestuurslid      Streek 16								
Direkte insetkoste by 'n opbrengsmiljpunt van: 2 Ton/ha — R273/ha 2,5 Ton/ha — R300/ha								
Produsentepryse volgens prysseenarios (gemiddeld van wit en geel) soos aangekondig deur Minister in Augustus 1986								
TABEL 1 OESOPBRENGS 2,5 TON/HA								
Aanplantings (m ha)	Oes (ml)	Prys R/t	Bruto ink (R×10 <sup>4</sup> )	Direkte koste (R/ha)	Direkte koste (R×10 <sup>4</sup> )	"WINS" (R×10 <sup>4</sup> )	"WINS" (R/ha)	
4	10	179	1790	300	1200	590	147,50	
2,4 (-40%)	6 (-40%)	246	1476	300	720 (-40%)	756 (+28%)	315 (+113%)	
TABEL 2 OESOPBRENGS 2 TOT 2,5 TON/HA								
Aanplantings (m ha)	Opbrengs (t/ha)	Oes (ml)	Prys (R/ton)	Bruto inkomste (R×10 <sup>4</sup> )	Direkte koste (R/ha)	Direkte koste (R×10 <sup>4</sup> )	"WINS" (R×10 <sup>4</sup> )	"WINS" (R/ha)
3	2	6	246	1476	273	819	657	219
4	2	8	205	1640	273	1092	548	137
4	2,5	10	179	1790	300	1200	590	147,50
TABEL 3 WERKLIKE TOESTANDE 1986/87 PRODUKSIEJAAR								
Aanplantings: 4 m ha. Oesskatting: 8 ml.			Beplande opbrengs: 2,5 Ton/ha. Werklike opbrengs: 2 Ton/ha.			Normale oes: 10 m t.		
Aanplantings (m ha)	Opbrengs (t/ha)	Oes (ml)	Prys (R/ton)	Bruto inkomste (R×10 <sup>4</sup> )	Direkte koste (R/ha)	Direkte koste (R×10 <sup>4</sup> )	"WINS" (R×10 <sup>4</sup> )	"WINS" (R/ha)
Isle 3	2	6	246	1476	300	900	576	192
4 de	2	2	50	100	300	300	(- 200)	(- 200)

The April 1987 edition of *Mielies/Maize* published an article about Mr Cerneels Claassen's neat table and explanation that he presented to Congress. It supported the argument surrounding the proposed land conversion scheme.



From July 1997, NAMPO offered an extended service package to its members at a cost of R1 000 per member per year. It included a broker service and the provision of essential market information. *Mielies/Maize*, July 1997.



person with the main aim of attending a course at the Chicago Board of Trade (CBOT). The tour group consisted of office bearers and staff of NAMPO, as well as producers who undertook it at their own expense. In addition to the course that the tour members attended at the CBOT, they visited agribusinesses involved in grain trading, as well as producers who used the services of those businesses.

In order to get NAMPO's broker service off the ground, two brokers were employed by NAMPO, and they were very successful. As had been initially foreseen, the need for NAMPO's broker service started to disappear as the expertise and systems of the agricultural co-operatives and other grain traders became established and they could provide the service on a more intensive basis.

The broker service was continued after Grain SA was established, although the services that were provided were adjusted over time to meet the demands and needs of Grain SA's members. The service ceased in 2003 after the volumes it handled dropped to uneconomically low volumes because of the large number of private brokers who had entered the market.

### **NAMPO TV**

Shortly after the deregulation of agricultural marketing in 1997 grain producers were suddenly in a position where timeous, accurate and reliable market information was vital.

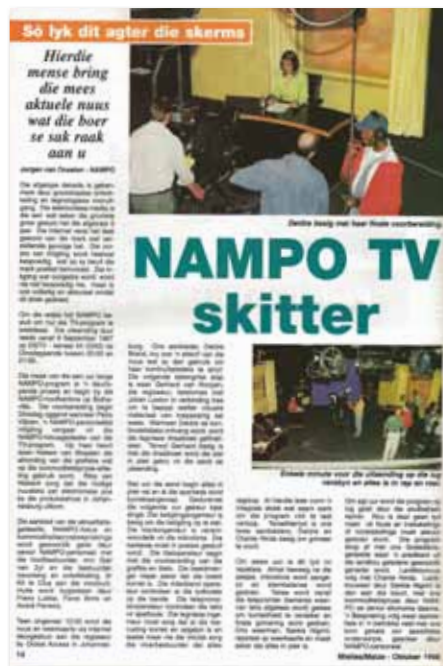
In collaboration with the African Growth Network (AGN) – which formed part of the DSTV satellite dish package – NAMPO came up with a brilliant solution for this challenge: its own TV channel to communicate directly with members and other producers. This enabled producers to remain up to date on changes in the market place, regardless of the geographic location of their farm.

During the first broadcast on 9 September 1997 from a studio of AGN in Johannesburg, Mr Japie Grobler, Chairperson of NAMPO, pointed out that it was extremely important for the most recent and up to date information to be provided regularly to the producers of South Africa. The General Manager, Mr Giel van Zyl, mentioned among other things that it was the best and easiest medium to get essential information to producers quickly and efficiently.

The programme, which was an hour long every week, was broadcast on Tuesday evenings at 20:00 and involved the following:

- Opening with devotions (by a Minister from agricultural circles)
- Agricultural news (prepared by NAMPO staff)
- Weather programme





NAMPO TV's first broadcast was on 9 September 1997.

- Global commodity prices (presented by NAMPO's senior economists)
- Panel discussion (specialists in a specific field as studio guests, anchored by NAMPO staff)
- NAMPO focus (presented by Dr Kit le Clus and Mr Frans Lubbe, with a focus on matters like import and export parity, rand/dollar exchange rate, cash prices and Safex prices)

## NAMPO STAFF COMFORTABLE IN FRONT OF AND BEHIND THE CAMERA

NAMPO's own staff presented the agricultural and technical parts of the TV programme. The current affairs section, NAMPO focus and commodity discussions were normally led by Mr Giel van Zyl and/or Dr Kit le Clus. They were assisted by Messrs Frans Lubbe, Fanie Brink and André Ferreira. Mr Johan Loxton was the co-ordinator of the TV programme.

The staff were assisted by the following individuals:

- A Minister from agricultural ranks handled the opening with devotions
- Mss Chante Hinds and Deidre Brand were the presenters
- Mr Sakkie Nigrini of the SA Weather Service handled the weather programme
- Representatives from sponsors and experts from the industry participated in panel discussions

The attitude that applied at NAMPO at all times, namely if you start something, you do it to succeed, was once again to be seen in the case of the TV programme. Although setting up and successfully running a TV programme was not part of NAMPO's core business, the impact of new grain marketing circumstances on its members forced the organisation to fill the gap.

The programme eventually ended in 2002 when Grain SA decided that sufficient market information was relatively easily available at that stage and that a website for the organisation could take over this function.

## Debt settlements

In NAMPO's striving and vision to supply producers with information and possible solutions to problems in the industry, the organisation also became involved in finding solutions to the debt problem in which many producers found themselves after the severe drought of 1982 to 1984.

This started when a producer approached NAMPO for advice on the enormous interest load dragging him down. Gous requested Mr Tiny van Niekerk, a NAMPO staff member and former auditor, to check the producer's financial statements for possible errors. Van Niekerk found several irregularities in the producer's bank accounts, among other things changes to interest rates, addition of unjustified costs and incorrect and/or unfair rounding off of figures. He was then requested to check a number of other producers' accounts, where he found the same things.

On the basis of this, NAMPO advised the producers to negotiate with the commercial banks with regard to a settlement of their debt. NAMPO assisted a number of the producers by instructing attorneys to institute a claim against one of the commercial banks to recover amounts that had been charged incorrectly against their bank accounts. Although NAMPO was not involved in the matter to the end, it culminated in the commercial bank concerned having to repay the producers a large amount that had been illegally recovered from them.



NAMPO then made the method that had been used to do the calculations available to attorneys and agribusinesses. They used it very successfully to negotiate settlements with the commercial banks for their clients and members and many producers were saved from financial disaster in a very difficult time in this manner.

### ***Training of beginner producers***

As part of its public relations programme NAMPO decided to facilitate training for beginner producers in order to illustrate its commitment to the promotion of the interests of all producers.

Again a lack of funds and a shortage of staff presented a major stumbling block. Mindful of the fact that many white producers had also been established as beginner producers in certain schemes in the period directly after the Second World War and that they had achieved great success, research was conducted into the recipe followed at the time.

It seemed that study groups played an important role in the process. The success achieved with study groups was partially due to the fact that the process was conducted in a disciplined manner. Participants had to become members of the study groups and in order to remain a member of the study group they were, among other things, obliged to share information with other members of the study group and participate in research projects. Members of the study group therefore exchanged valuable information and were assisted with research information and practical assistance from agriculturists, who were a major link in the process.

The project was launched with only a few study groups and was to a certain extent opposed by the unwillingness of some tribal heads to make communal land available for grain cultivation.

The aim of this initiative was mainly to contribute to the establishment of commercial black producers. Several of the projects did not succeed due to a combination of a lack of funds, commitment, interest and/or co-operation, but in other cases success was achieved.

### ***Residential area in Bothaville***

After several exploratory talks and information meetings with Mr Derek Hanekom, Minister of Agriculture, a meeting with him was arranged at NAMPO in Bothaville, among other things to discuss his planning for the establishment of so-called Agri Villages. The meeting was attended by Executive Members of NAMPO.

During the discussions NAMPO's view on the feasibility and practical implementation of the concept in the traditional maize-producing areas was discussed. Several practical problems envisaged were pointed out, after which Hanekom was requested to rather arrange for residential plots in Bothaville to be made available for housing for black farmworkers. The proposal involved that 1 000 plots be made available for development, to be purchased by producers for their workers. It further involved that the plots be registered in the names of the workers, but that the government finance the costs of building houses on them from the Reconstruction and Development Programme.

Hanekom did in fact make available 1 000 plots in the Naledi residential area in Bothaville for this purpose. The plots were all sold within a very short time to producers, who bought them for their farmworkers. NAMPO did the planning for the building of houses, but when the government was requested to provide the funds for the construction, it transpired that there was no budget of any nature available for the provision of housing to farmworkers.

In the end Hanekom provided the funds for building the houses from the budget of the Department of Agriculture. Through this initiative of NAMPO permanent housing was provided in a town for a large group of farmworkers who would otherwise probably have disappeared between the cracks.

The value of this initiative is reflected by the fact that former President Nelson Mandela personally handled the official opening of the residential area.





### ***High school (secondary farm school)***

Although a large number of farm schools existed in the rural areas where farm-workers' children were educated, no single school offered instruction up to matric (Grade 12). NAMPO identified this as a shortcoming and engaged in talks with the government. The result was that approval was obtained to establish a secondary school on the NAMPO farm. An amount of R20 000 was made available to establish the school. This was totally inadequate and the management had to try and make alternative plans.

Various enquiries by Van Zyl, General Manager of NAMPO, eventually led to Eskom, which made a compound building that was no longer in use available to NAMPO. It was an asbestos building in the Amersfoort area and was dismantled by NAMPO and erected again at the training centre on the NAMPO farm as a school building.

The school that was established with this initiative was very successful – to the extent that even children from Bothaville later preferred to attend school there. In 2001 its achievements placed it 11th in the Free State on the basis of its matric pass rate.

The school grew so much that transporting of pupils to and from the school became a problem in time. NAMPO's management succeeded in acquiring a new Mercedes Benz school bus with the assistance of a sponsor, but because pupils had to be transported from all directions, it was decided to exchange the bus for three other buses to meet the demand.

However, the three buses were in a very poor condition and NAMPO was forced to examine other alternatives. The bus company Putco was contacted, and negotiations entered into for them to donate old buses that they intended to scrap to the school. NAMPO converted these buses into trailers drawn by tractors, and they could serve as bus transport for the pupils. The tractors used to draw the converted vehicles and the drivers were supplied by producers in the area.

Several years after the school opened, it was contracted to carry out certain cleaning and other services on the grounds during the NAMPO Harvest Day. For this compensation was paid directly to the school.



## 1989 Congress

NAMPO's Congress of 1989 was characterised by a very unusual incident that led to a major change in the top structures of the organisation.

At the Congress a serious argument developed between the Vice-chairperson, Mr Hennie de Jager, and the General Manager, Dr Piet Gous. The exact nature and details are not known, but it led to Mr Boetie Viljoen, who in his capacity as Chairperson of NAMPO was also the Chairperson of the Congress, declaring himself willing to resign as Chairperson if De Jager would resign as Vice-chairperson. De Jager accepted the challenge and he and Viljoen immediately resigned.

Dr Gous also resigned and the Congress was in a constitutional crisis because there was nobody to chair the Congress. Initially Mr Giel van Zyl, Head of Administration, acted as chair. After objections by a member, Mr Jasper van Zyl, that an official could not act as Chairperson of the Congress, Mr Kobus Jooste, the president of the SAAU, with the approval of the meeting, handled the election of a Chairperson (Mr Cerneels Claassen) and Vice-chairperson (Mr Jan Schabert).

After the Congress Dr Le Clus and Van Zyl for a while jointly handled the responsibilities of the General Manager until Mr Danie Schoeman was appointed as General Manager. In 1992 the latter was replaced by Van Zyl as General Manager.

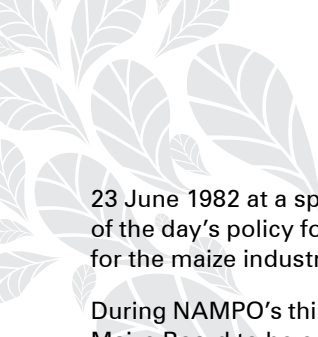
## Maize Board

Since its establishment until the abolition of the Maize Board NAMPO played a significant role in the Maize Board. The producer members of the Maize Board, who constituted the majority on the board, were all members of NAMPO's Executive. The Chairperson and Vice-chairperson of the Maize Board were both NAMPO members too. More details on the founding, composition, activities and important events in the history of the Maize Board are provided in Chapter 2 of this publication. The role of NAMPO and its office bearers in the Maize Board is clear from that chapter.

However, what should be mentioned here is that NAMPO's direct involvement in the Maize Board also introduced a new era in the board, with greater focus on marketing and activities as a marketing council rather than a control board. In fact, on







23 June 1982 at a special Congress NAMPO in principle accepted the government of the day's policy for a freer economy. At that Congress the desire was expressed for the maize industry to actively move to a market-related economic system.

During NAMPO's third Annual Congress in 1983 an appeal was in fact made for the Maize Board to be empowered to act more autonomously as the marketing arm of maize producers.

### **Visit by Mandela and other heads of government**

Since about 1989 Dr Le Clus and Van Zyl were speaking to high-ranking ANC members to try and convince them of the importance of agriculture for South Africa. After Mandela was released from prison, these talks were followed by an invitation for him to visit NAMPO.

Van Zyl addressed the invitation to the ANC via Mr Mosiuoa Lekota, a senior member of the ANC and later the first Premier of the Free State after the election of 1994. The ANC accepted the invitation and made arrangements for Mandela and other senior members of the ANC, including Messrs Trevor Manuel and Mosiuoa Lekota, to meet a few members of the NAMPO management at NAMPO Park outside Bothaville. The visit took place on Sunday, 13 May 1992. The visitors were entertained and NAMPO's representatives used the opportunity to build on the talks by Dr Le Clus and other office bearers from NAMPO with the ANC.

The delegation was informed of the position of the maize industry and the important role it played in the domestic economy and particularly in the provision of staple food to a large portion of the South African population. The producers' fears for the future were shared with Mandela and the issue of land tenure and the protection of property rights were discussed with him. The latter issue was discussed with Mandela on later occasions too.

Mandela spelt out the ANC's policy clearly and extended an open invitation to NAMPO's management to contact him at any time about the affairs of farmers.

During the visit and the meal the conversation sometimes took a more informal turn and a few interesting facts were revealed. Lekota, for example, recounted that many of their followers believed all the silos at NAMPO Park to be filled with gold. It was explained to him that the producers sometimes referred to maize as white gold (for white maize) and yellow gold (for yellow maize), but that they definitely did not store gold there. The NAMPO representatives were also very amused at a question from Manuel, who wanted to know how often maize plants had to be planted.

In the period before the change in South Africa's political dispensation in 1994 several Ministers from the South African government held discussions with representatives from NAMPO and paid visits to NAMPO, particularly the Ministers of Agriculture from time to time. Various other senior political figures and heads of state, in addition to Mandela, visited NAMPO and the NAMPO Harvest Day, including King Mswati III from Swaziland and a number of his Ministers.

After Mr Thabo Mbeki had been elected President of South Africa, Mr Japie Grobler, Chairperson of NAMPO, held regular discussions with him. At the first of these discussions Grobler pointed out to Mbeki that there was no plan for agriculture in South Africa and that it was therefore impossible to do something about the establishment of black commercial producers in the country.

On the basis of this conversation Mbeki instructed Ms Thoko Didiza, Minister of Agriculture in his cabinet, to draft a plan for agriculture. The Agricultural Plan, with profitability, access to agriculture and sustainability as its main elements, was accepted a few months later.

### **NAMPO Harvest Day**

The NAMPO Harvest Day is a major success story that was inherited from SAMPI and has made such an important contribution to the grain industry, SAMPI, NAMPO and Grain SA over a long period that it justifies a chapter on its own. The origin and development of the NAMPO Harvest Day and highlights from its history are contained in Chapter 6.









**Video: Mr Giel van Zyl talks about Mr Mandela's visit to the NAMPO Harvest Day farm.**

## **NATIONAL OIL AND PROTEIN SEEDS PRODUCER ORGANISATION (NOPO)**

### **1994: Requests for servicing of special interests**

Until 31 December 1994 oilseed producers in South Africa were serviced at provincial level by the oilseeds committees of the Northern Cape, Free State, Natal and Transvaal agricultural unions.

The National Oilseeds Committee of the SAAU handled common matters with respect to oilseeds that had been referred by the provincial committees. This committee did include elected producer representatives from the respective provincial oilseeds committees, but representatives from other interest groups also served in the national committee.

However, in time oilseeds producers expressed the need for servicing of special interests by a national industry organisation.

### **NOPO as a national industry organisation**

At a meeting of the National Oilseeds Committee on 7 October 1994 it was decided to establish the National Oilseeds Producer Organisation (NOPO) from 1 January 1995 as a national industry organisation.

The principle was accepted that NOPO would be autonomous with respect to all oilseeds industry affairs, but that general matters like roads and infrastructure would be referred to the SAAU.

Notice was given that the founding Congress of NOPO would take place at the ARC's Grain Crops Institute in Potchefstroom on 16 February 1995.

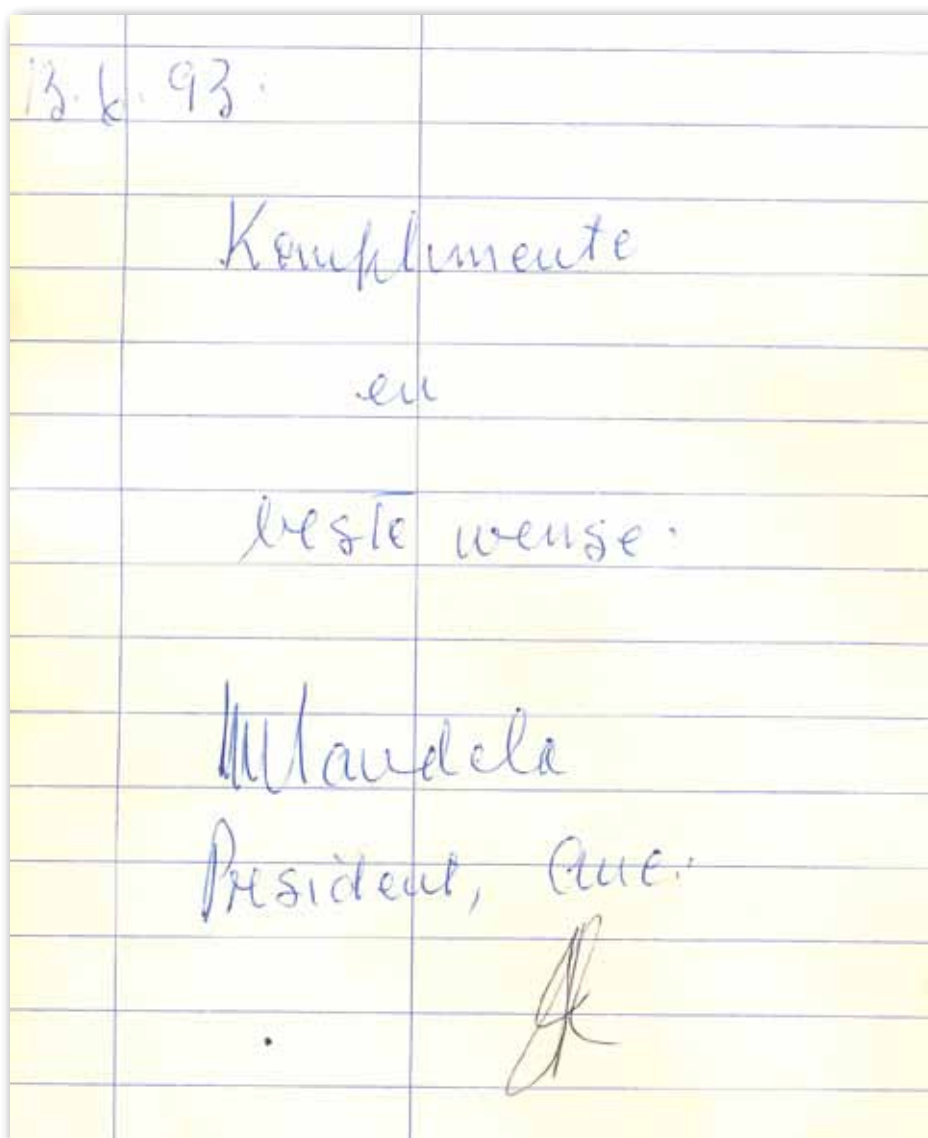
After the founding of the organisation NOPO affiliated with the SAAU.

The National Oilseeds Committee also decided on 7 October 1994 that the principle of production representation would be accepted for the composition of the Executive and Congress.

The newly established NOPO's office was located in Pretoria and Mr Nico Vermaak was appointed as the first manager.



**Photo taken during Mr Nelson Mandela's visit. From the left: Messrs Japie Grobler, Trevor Manuel, the pilot who brought Mr Mandela to NAMPO Park, an unknown person (possibly a bodyguard), Boetie Viljoen (Chairperson of NAMPO at that stage), Johan Hoffman, Nelson Mandela, Cerneels Claassen, Bully Botma, Mosiuoa Lekota, Giel van Zyl and Dr Kit le Clus.**



Mr Mandela's message in the NAMPO Park visitors' book.

BECAUSE THERE WAS UNCERTAINTY ABOUT THE PRODUCERS' REACTION TO THE VISIT BY THE ANC, IT HAD TO TAKE PLACE IN GREAT SECRECY AND SPECIAL ATTENTION WAS PAID TO SECURITY MEASURES. AMONG OTHER THINGS, ACCESS TO THE MEETING VENUE WAS STRICTLY CONTROLLED AND A SECURITY NET WAS DRAWN AROUND THE GROUNDS. ARRANGEMENTS WERE ALSO MADE FOR THE VISITORS' AEROPLANE TO LAND AT 09:00 TO COINCIDE WITH THE TIME OF MOST OF THE CHURCH SERVICES IN BOTHAVILLE SO THAT IT WOULD EXCITE THE LEAST ATTENTION.

In the era in which NOPO was founded, the oilseeds industry was faced by material changes, including:

- A new political dispensation that came into existence after the first democratic election in 1994.
- The first steps in the deregulation of the oilseeds industry had been taken.
- The GATT agreement, which would place international trade and the import of oilseeds to South Africa on a new footing.

The amendment of the existing marketing scheme for sunflower, soybeans and groundnuts would be the central theme for Congress in 1995.

### First management committee meeting


The first management committee meeting took place on 10 January 1995. The following persons attended:

- Gert Pretorius (Chairperson)
- Japie Grobler (Vice-chairperson)
- Jan Theron (Member of management committee for groundnuts)
- Japie Middel (Member of management committee for soybeans)
- Faan Malherbe (Member of management committee for sunflower)



Mr Gert Pretorius, Chairperson of NOPO, 1999.





The primary focus of this management committee meeting was to finalise arrangements for the Congress that would take place in the Alex Holm Hall of the ARC's Grain Crops Institute in Potchefstroom on 16 February 1995.

### **First Congress: 1995**

The first task of the Congress was to approve the charter for NOPO as national industry organisation. Congress could then be constituted and continue with its activities and decision-making. In terms of the charter the Executive comprised 15 members, namely the Chairperson, Vice-chairperson and 13 members, who were elected on a regional basis with respect to production.

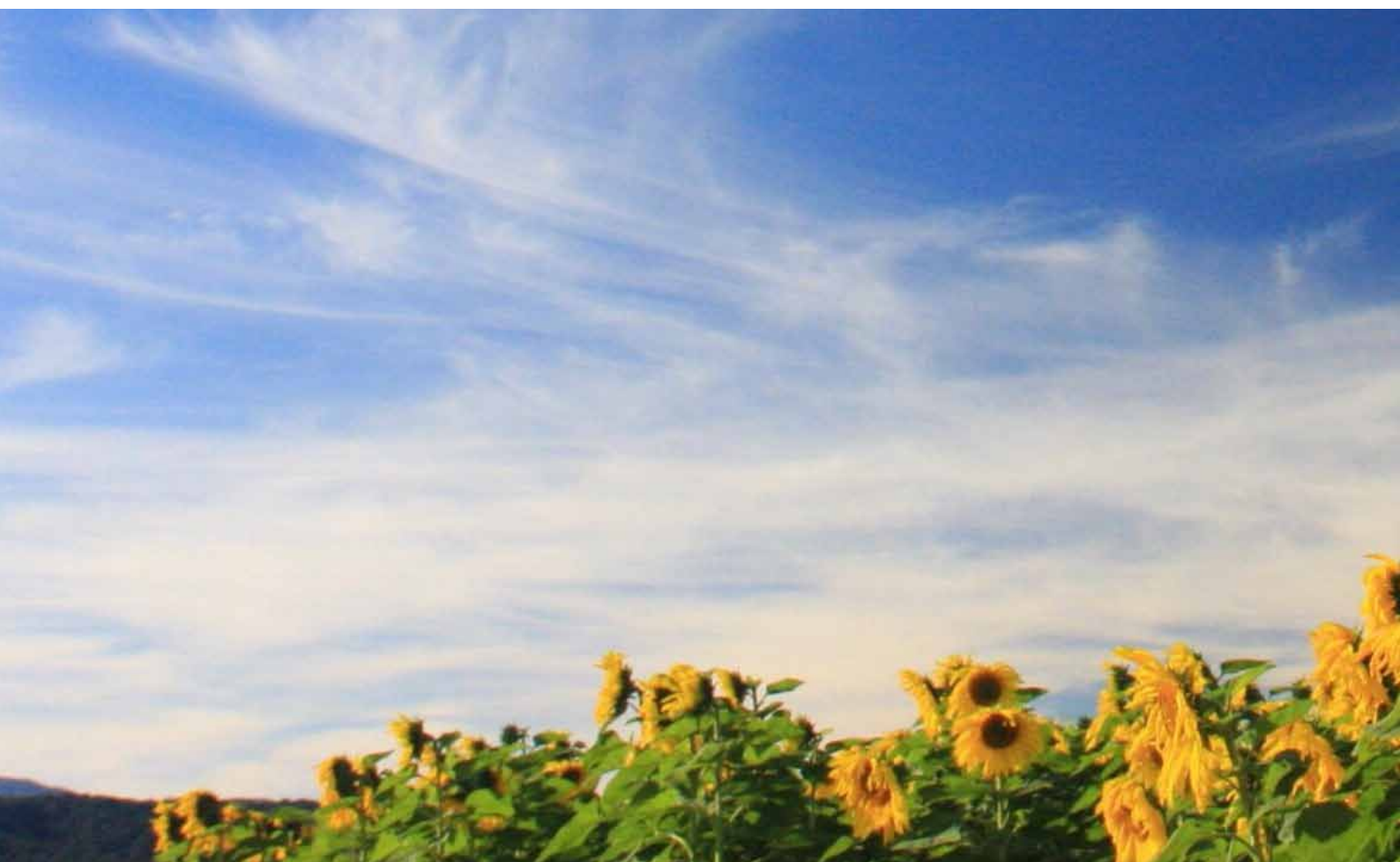
In addition to the discussion of joint industry affairs, the request was made that breakaway groups be offered for soybeans, sunflower and groundnuts to handle industry-specific matters at the Congress. This became customary at subsequent NOPO Congresses.

A positive point was that 146 out of 150 delegates registered for the Congress. This clearly indicated that adequate support for NOPO as organisation existed.

Mr Attie Swart, Chief Director Marketing of the National Department of Agriculture, delivered the opening address at the Congress.

### ***Discussion points***

Among other things the Congress decided that the marketing schemes for soybeans, sunflower and groundnuts had to be amended. It was decided that for sunflower and soybeans a surplus removal scheme would be administered by the Oilseeds Board from the 1996/1997 season. For groundnuts it was decided that a surplus removal system (and voluntary pools) with a single-channel export system should be managed by the board.



The amendment of the groundnuts scheme led to a sharp decrease in the delivery of groundnuts to the Oilseeds Board, as producers developed new market opportunities.

Congress requested the board as authorised representative (Agricultural Product Standards Act) to continue with inspections and the issuing of certificates. The board was also requested to continue to offer analytical laboratory services to the industry.

### ***Membership base***

At the Congress approval was granted for a membership recruitment action to be launched to establish NOPO as a representative producer organisation. A membership fee of R50, to be reviewed annually, was implemented for the first year and it was decided that only members whose subscriptions were paid up would be allowed to attend NOPO's Congresses.

### **New management committee**

During Congress the following persons were elected to the NOPO management committee:

- Mr Gert Pretorius (Chairperson)
- Mr Martiens Prinsloo (Vice-chairperson)
- Mr Jan Theron (Chairperson for the groundnuts industry)
- Mr Japie Middel (Chairperson for the soybeans industry)
- Mr Lourie Bosman (Chairperson for the sunflower industry)

The Chairperson and Vice-chairperson were elected by the Congress, and the industry Chairpersons at the respective breakaway sessions for groundnuts, sunflower and soybeans.





## Strategic focus areas

The newly elected management committee convened at the Congress on 13 and 14 March 1995 to reflect on the strategic focus areas for NOPO.

They agreed on the values, overall objectives and industry focus, which were defined in a strategic plan for the organisation. The point of departure was that NOPO as organisation would strive to expand the economic living space for oilseeds producers.

The mission of NOPO was defined as follows: To promote the interests of producer members as a needs-driven united front. Collective bargaining on behalf of oilseeds producers would be aimed at organisational, production and marketing matters. The aim was to establish NOPO as mouthpiece for the oilseeds producers. The strategic plan and focus areas were accepted unanimously by the Executive on 20 April 1995. At this meeting the Executive also decided to change the name of the organisation to: *National Oil and Protein Seed Producer Organisation of South Africa*. However, the organisation would still be known as NOPO.

The Executive furthermore decided that the following industry committees would be formed to manage the strategic focus areas: Research priorities committee, cultivar evaluation committee, tariffs committee, committee for quality standards and an arrangement committee for information days.

A total of nine production regions were identified and area managements were activated for each region with the co-operation of the various Executive Members. The priority task for the area managements was to recruit members at grassroots level. However, the task was hampered by groundnuts producers in particular trading their product through private buyers and their particulars therefore not being available on the board's database. Membership of NOPO was voluntary, with producers agreeing to membership in writing. Membership fees amounted to R50 and the aim was not primarily to raise funds, but to establish a legitimate membership base. The recruitment action also held a financial benefit for area managements, as a portion of subscriptions from the region was paid back to the relevant area management.

## Liaison with canola producers

In 1995 canola production was limited to the Southern and Western Cape, but various problems were experienced in the production and marketing process. In June 1995 a delegation from NOPO liaised with producers from those areas on the viability of the canola industry in South Africa. NOPO invited canola producers to join NOPO as industry organisation. However, the canola producers decided not to join NOPO formally at that stage.

NOPO then decided to activate a liaison committee with canola producers in the Southern/Western Cape and a seed company that undertook cultivar trials with canola. The first meeting of the liaison committee took place on 23 January 1996 and activities were soon expanded to involve producers, agribusinesses, the animal feed industry, oil pressing plants and the Protein Research Trust.

## Tariffs committee

The tariffs committee convened for the first time on 5 July 1995. The committee consisted of representatives from NOPO, the Oilseeds Board, the Edible Nut Processors Association, SA Peanut Company, Groundnut International, AFMA and the Oil Expressors Association.

The tariff committee reached consensus on tariffs on the import of certain oilseeds and products and submitted an application to the Board on Tariffs and Trade, following which tariffs were approved in November 1995.

International competition was a new reality for producers. Tariffs were an important instrument to protect the local industry, as supply and demand, transport costs and the prices of imported products would have a great impact on domestic prices – in contrast to the period of controlled marketing.







It soon became apparent that although there was a degree of consensus between the role-players on the tariff committee about the method of calculating tariffs, the long interval for the adjustment of a tariff made matters difficult.

### Guidelines for concluding grain contracts

In an increasingly deregulated market environment, many producers were uncertain about the meaning of certain terms in grain contracts. NOPO drew up a set of guidelines on matters that should be kept in mind when grain contracts are concluded.

### Research priority committee

The committee convened for the first time on 12 October 1995. At the meeting, the ARC's Oil and Protein Seed Centre (ARC-OPS) informed the committee about existing and new projects. A complete budget and cost structures for projects were submitted. The NOPO Executive used this opportunity to pass on research needs to the ARC. On the back of this it was decided that feedback on research projects would be presented annually at the Congress to the respective breakaway groups.

### Profile study: Needs of oilseed producers and long-term sustainability of the oilseeds industry

The Executive granted permission for NOPO to undertake a macro-economic study on the long-term sustainability of the oilseeds industry in collaboration with the University of Pretoria's School for Economic and Management Sciences.

The aim of this research was to obtain a statistical profile of the oilseeds industry through the primary and secondary sources of information. The data was used to assess the importance of the industry in the general economy, including liaison effects, and to set off the impact of policy changes on the industry in a strategic vision of the future.

A questionnaire was also distributed to 9 600 producers as a profile study as part of the project. The aim of the questionnaire was to identify the needs and expectations of oilseeds producers in order to support decision-making on strategic focus areas for NOPO.

The first draft report was released on 31 December 1995, after which the results of the investigation were announced at the 1996 Congress.



Take a careful look at the fine print...NOPO gave producers guidelines on how to avoid problems in contracts. NOPO News, 1997.





## Executive planning 1995

A planning session for the NOPO Executive was presented in October 1995. The opportunity was also used to strengthen relationships with role-players in the industry and assess matters that had to be dealt with in the short to medium term. The new Marketing Act was of great interest to producers and they requested more information on the impact of deregulation, the property rights of reserve funds and assets managed by the Oilseeds Board on behalf of the industry, and possible statutory measures.

An exploratory discussion took place between the NOPO management committee and the Executive Committee of the Oilseeds Board on 21 November 1995. At this meeting the principle was tested that reserves and assets of the board be hedged by a trust in order to fund actions in the interest of the oilseeds industry.

The Executive's planning was also used to reflect on trade agreements and a tariff policy to protect local producers against subsidised products. Finally, the focus fell on royalties from research to support research projects.

## NOPO information days

In order to introduce NOPO to oilseeds producers, area management meetings were combined with information days during 1995. Organisational matters as well as the most recent technology, research results and market information were presented to producers. The information days were presented in close co-operation with the research team of the ARC-OPS and the various agribusinesses.

## NOPO logo

The Executive replaced the logo of the National Oilseeds Committee with NOPO's own logo in 1995.

## 1996: Marketing Act and deregulation

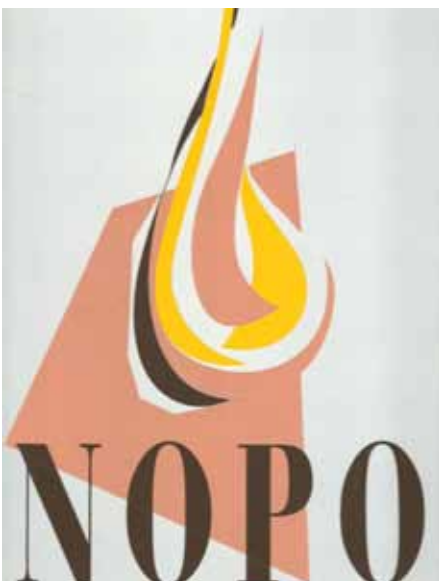
The Marketing of Agricultural Products Act (Act 47 of 1996) was approved by parliament in the second semester of 1996, for commencement on 1 January 1997.

In the run-up to the implementation of the new Marketing Act in 1996 NOPO held discussions with various policymakers in order to inform them first hand of the activities of NOPO. These included talks with the retiring Minister of Agriculture, Dr Kraai van Niekerk, the Chairperson of the Portfolio Committee on Agriculture, Ms Janet Love, the Chairperson of the Senate Committee, Dr Sam Motsonjane, the leader of the PAC, Mr Clarence Makwetu, the spokesperson on agriculture of the National Party, Dr EA Schoeman, and Mr Brendon Bailey of the LAPC (adviser to the new Minister of Agriculture and Land Affairs, Mr Derek Hanekom). Discussions about the deregulation process were also held with AFMA and the Oil Pressers Association.

The new Marketing of Agricultural Products Act (Act 47 of 1996) provided that statutory control boards had to be phased out. It further provided that the industry had to submit a business plan to the Minister and the Marketing Council with recommendations on the way in which the board concerned would manage the conclusion of its activities. Requests for statutory measures also had to be motivated in the business plan. Proposals for the restructuring of the functions of the board had to be supported by consensus restructuring from the industry.

Hanekom, the new Minister of Agriculture and Land Affairs, announced that the new National Marketing Council would meet for the first time on 6 January 1997. This implied that the business plan for the oilseeds industry had to be submitted to the Marketing Council by the first week of February 1997.

This was the end of an era in which producers with a guaranteed majority vote in the various boards could direct industry decisions, as the process of deregulation had to be handled through consensus decisions.



NOPO's own logo, in use since 1995. The oil droplet symbolised the factor (oil), which oilseeds have in common.

## Activation of the Oilseeds Working Group (September 1996)

After it became clear that the Oilseeds Board had to be phased out, NOPO requested an Oilseeds Working Group to be set up for the industry. The aim of the working group was to serve as a forum where role-players could reflect on industry functions and the business plan that had to be prepared for the Minister. The recommendations of the Oilseeds Working Group would eventually serve as basis for the business plan for the deregulation of the industry.

The Oilseeds Working Group convened for the first time on 23 September 1996 and comprised representatives from NOPO, the Oil Pressers Association, AFMA, the Groundnuts Forum (already established by then) and the Oilseeds Board. The discussion was handled within a framework of the practical implications of the Marketing Act for the industry, the identification of functions of the board that could be continued in the industry after deregulation, the timeframes within which the new structures had to be activated and the funding of the new structures. The board was requested to prepare a viability study with recommendations by 30 November 1996, after which the working group had to convene again on 3 December 1996 to discuss the recommendations.

## Preparation for the establishment of the Oilseeds Trust

At the 1996 NOPO Congress the Executive was given a mandate to continue investigating the activation of an Oilseeds Development Trust when the Oilseeds Board was phased out.

Discussions in this regard were held with the Minister of Agriculture, Mr Kraai van Niekerk, who recommended that all the interest groups in the industry be involved in the deregulation process. He also discussed practical guidelines for this with NOPO.

The NOPO legal representatives prepared recommendations for a draft trust deed. These proposals were passed on to the Oilseeds Working Group. These included that a donation of R100 be recorded as part of the initial trust capital.

## Establishment of Groundnuts Forum

The first meeting of the Groundnuts Forum took place on 8 May 1996. The aim of the forum was to handle matters of joint interest within the groundnut value chain.

NOPO recommended that a similar forum be established for sunflower and soybeans.

## Strategic actions to adjust to new policy environment

### *Congress decisions on the marketing schemes: 1996*

Despite the proposed deregulation of the industry the 1996 Congress requested the Oilseeds Board to take steps to handle possible surpluses of oilseeds produced in South Africa. This decision was motivated by the possibility that a sunflower surplus could realise during the 1996/1997 season. The Congress decided further that the single-channel export scheme for groundnuts should be retained.

From these decisions it could be concluded that oilseeds producers had not yet fully accepted the impact of the new Marketing Act and deregulation.

### *Commercial grain producer organisation*

The south-west area management of NOPO recommended that a model for a commercial grain producer organisation be investigated. The aim of such an organisation would be to provide cost-effective support services to oilseeds, maize, sorghum and winter cereal producers by combining the existing industry organisations. Martiens Prinsloo discussed this proposal on behalf of the south-west area management at a NOPO Executive meeting on 28 May 1996. This was the first step for NOPO in a process of closer co-operation between existing industry organisations in the grain industry.







A joint visit to the Minister of Agriculture, Mr Greyling Wentzel, was in fact historical, as it was the first time that the three grain industries spoke from one mouth. Minister Wentzel said it was the most fulfilling day of his life. From the left: Messrs Johan Roux (sorghum), Cerneels Claassen (NAMPO) and Japie Neethling (winter cereal).

### ***Market information in a free-market environment: NOPO market information service***

Given that the new Marketing Act provided that the Oilseeds Board had to be phased out, NOPO's Executive decided that an own capacity had to be developed to interpret market trends and make it available to producers. The results of the questionnaire to producers, which was sent out in collaboration with the University of Pretoria, also confirmed the need for an independent information service.

An agreement was concluded with Agrimark Tendense (Dr Johan Willemse and Ernst Janovsky) to develop a unique and accessible market information service for oilseeds producers. The service included weekly and monthly reports on the sunflower, soybean and groundnut markets, with analyses of international market factors as well as the South African market conditions, crop estimates and other factors that could affect the domestic market.

What made the market information service unique for that time was that it was available 24 hours/day, seven days a week via an automatic fax service as well as an internet link. Producers could therefore also obtain access to an objective and independent market information service after hours.

When the Oilseeds Board was phased out, the NOPO market information service was available as an information service to all role-players in the industry. However, there was not sufficient support from the Oilseeds Working Group to maintain the project as a project in the interest of the broad industry and the service had to be stopped. The Oilseed Advisory Committee did approve a monthly oilseeds market overview be published in *NOPO Nuus* and later in the *SA Graan/Grain* magazine.

NOPO also used the services of Dr Andre Jooste, from the University of Pretoria at the time, for economic analyses on an ad hoc basis.

After the NAMPO and NOPO magazines merged in 1999, Dr Johan Willemse continued to offer a monthly oilseeds review, analysing domestic and international market trends. The Oilseeds Trust approved the monthly article as one of the first projects in the interests of the broad industry.

The market overview article was concluded as a project of the Oilseeds Trust in March 2014, after 15 years. Dr Willemse was the writer from 1999 - 2012 and Dr Dirk Strydom from 2012 - 2014. (Dr Strydom assumed an appointment with Grain SA as Manager: Grain Economics and Marketing from 2016.)





### ***Communication strategy: NOPO Nuus magazine***

At an Executive meeting on 28 May 1996 a communication strategy was approved for NOPO. This included that a new magazine, *NOPO Nuus*, be established. It was initially published every two months.

Mr Johann van Zyl of Randcom was appointed on contract as editor and Ms Jana Greenall as advertising salesperson.

The first edition of NOPO Nuus was published in July 1996 with a print run of 5 900. It was distributed to oilseeds producers, input providers, political opinion formers, training institutions and marketing agencies. The magazine was launched at a special function on Loftus Versveld in Pretoria in August 1996, and the event was attended by more than 140 guests and agricultural writers.

In its first year of existence *NOPO Nuus* grew to a proud product through which oilseeds producers and all other stakeholders in the industry were kept informed on a regular basis about the newest market trends, technology, information days, research results and current events in the industry.

The magazine was managed according to strict business principles in that the advertising income covered the distribution and printing costs. The circulation list of the magazine grew to 7 200 over time.

### ***NOPO fact sheet***

In 1997 the Executive decided to compile a fact sheet on the activities of NOPO, as well as a breakdown of the way in which membership fees could be paid. The fact sheet was distributed as widely as possible to all Executive Members, provincial agricultural unions and co-operatives in order to support NOPO's recruitment of members.

### ***Media liaison***

NOPO also liaised with oilseeds producers via the electronic and print media since 1997. Press statements on market and price trends as well as important events in the industry were provided to the media network on a regular basis. Joel Kotze from the Agricultural Writers Association also arranged a media tour for NOPO.

## **Production and marketing matters: 1996**

### ***Research***

NOPO's view was that without new research and technology South African oilseeds producers would not be able to compete in the rapidly changing international global markets. Consequently it was decided to make the research committee of NOPO's Executive more inclusive for role-players from the industry by involving other role-players in the industry. This created new opportunities for the planning and prioritising of research projects that would benefit the broad industry.

### ***Groundnuts seed scheme***

The Plant Breeders' Rights Act provided seed breeders, traders and producers involved with seed propagation with protection. After the deregulation of the groundnuts industry various problems were identified, including sampling, sales outside approved channels, uncertified seed, withholding of seed and a long interval before seed could be released from breeding programmes.

Various discussions were held with role-players with the request that the integrity of the groundnuts seed scheme in a free market be upheld. However, practice taught that a simple solution was not possible.

### ***Promoting soybean production: PRT***

A Soybeans Working Group was established by the Protein Research Trust (PRT) with a view to promoting soybean production in South Africa. The PRT (later known as the Protein Research Foundation – PRF) launched a Super Soy competition in KwaZulu-Natal, which was expanded to Mpumalanga and North West. The aim of





...to protect producers' interests against international attacks. NOPO News, 1997.

the competition was to bind producers together through study groups and thus launch the newest technology for profitable production.

The Super Soy competition contributed to the yield/hectare and the protein content of soybeans improving drastically.

### ***Tariff policy for imports***

The initial consensus in the industry on the way in which tariffs on imports had to be managed quickly faded. In a free market it was a natural development for producers to attempt to protect the domestic market against imports from subsidised products while buyers and processors wanted to utilise international opportunities.

On 11 March 1996 discussions were held between representatives of the Board on Tariffs and Trade, AFMA, the Oil Pressers Association, the Oilseeds Board and NOPO. At this meeting it was clear that NOPO and the other role-players differed drastically about the tariff policy that should be implemented. NOPO's proposals included that tariffs should be adjusted automatically when international price trends reached certain levels. However, AFMA and the oil pressers requested that an adjustment to existing tariffs be negotiated only when a major change in global markets had occurred. A compromise was reached after the rand-dollar exchange rate weakened drastically and the cost implications for imports changed. The tariffs committee did recommend to the Board on Tariffs and Trade that vegetable oil could be imported at a zero tariff and all oilcake at a tariff of 6,6%.

### ***Code of ethics for a deregulated market***

With the deregulation of the grain industry, buyers and sellers of grain and oilseeds incurred great losses because of breach of contract. Some of the producers joked after the season that they received a good price, they just did not receive their money.

Representatives from the co-operatives, grain traders, transport industry and various financial institutions met on 17 July 1996 to try and find solutions. It was decided that a code of ethics for grain trading should be developed and released. NOPO also published practical guidelines for concluding grain trading contracts for producers in *NOPO Nuus*.

### **NAMPO inputs committee**

NOPO made a decision in principle as far back as 1996 to integrate with NAMPO's inputs committee as inputs had an equal impact on all grain producers. Participation

in NAMPO's inputs committee promoted co-operation between NOPO and NAMPO even at an early stage.

### **Sunflower seed is exported**

The exporting of 100 000 tons of sunflower seed was approved in the first semester of 1996. This was the first opportunity since the early eighties that sunflower was shipped from South Africa. Because of the mass-volume ratio the export of sunflower was regarded as uneconomical, but the sharp drop in the rand/dollar exchange rate and a strong demand in Europe made the export of sunflower profitable.

### **Implementation of the Marketing of Agricultural Products Act: 1997**

During 1996 the National Party withdrew from the Government of National Unity and the Minister of Agriculture, Dr Al van Niekerk, vacated his position. The governing party (ANC) decided to appoint Minister Hanekom as the new Minister of Agriculture and Land Affairs. One of the first priorities of the new Minister was to finalise the Marketing of Agricultural Products Act (Act 47 of 1996).

The deregulation process of the oilseeds industry was completed in 1997 with the phasing out of the Oilseeds Board on 30 September 1997. This was preceded by extensive negotiations between role-players in the industry in preparation for the business plan for the oilseeds industry that had to be submitted for approval to the Minister of Agriculture.

The new legislation not only set new rules for the marketing of agricultural products, but it was also the end of an era in which producers were able to guide policy decisions through their involvement in the various control boards.

In terms of the Act all assets and reserves of the Oilseeds Board had to be transferred to the soon to be established Oilseeds Trust. From a producer perspective the experience was that assets and reserves collected from producers through statutory levies had in effect been alienated from producers by the new Marketing Act. In future producers would be only one of many affected groups when decisions about the employment of funds were made in the industry structures. The Marketing Act thus also brought an end to the ability of industry organisations to fund themselves through statutory levies.





In March 1997 NOPO held exploratory discussions with NAMPO and the DPO (Dry Beans Producer Organisation) about possible co-operation agreements. Ultimately the NOPO leadership decided that they had more in common with NAMPO than with the DPO. Discussions progressed from a debate on co-operation to the merger of NOPO and NAMPO.

## **Restructuring of the oilseeds industry**

In terms of the business plan for the oilseeds industry it was agreed that the Oilseeds Board would conclude all functions on 30 September 1997. The activities of the Oilseeds Board, which had been established in 1952, were therefore terminated after 45 years. The business plan that the Oilseeds Board submitted to the Minister made provision for the following structures to look after the interests of the industry after the abolition of the Oilseeds Board:

- ***The Oil and Protein Seed Development Trust (OPDT)***

The trust was registered on 18 September 1997. The main objective of the trust was to promote the oilseeds industry in South Africa. Trust income and capital would be employed only for research, information and support services in the interests of the industry. The deed made provision for the appointment of seven trustees, one of which would be a representative from the Minister.

- ***Oilseed Advisory Committee (OAC)***

The advisory committee, comprising ten representatives of the industry, convened for the first time on 1 December 1997. In terms of the deed the advisory committee had to be consulted by the trustees before any decisions regarding requests for financial support were made. The advisory committee was also responsible for the appointment of trustees, excluding the Ministerial representative. However, the committee's primary function was to assess information and research projects in the interest of the industry and refer them to the trust for funding.

- ***Research Priority Committee***

The Research Priority Committee (committee of the advisory committee) was tasked with identifying research and other projects in the interest of the industry. After priorities had been determined and the assessment process completed, the priority committee passed recommendations on to the advisory committee for decision-making.

- ***SAGIS: Information to industry***

The maize, oilseeds, winter grain and sorghum industries decided to establish a section 21 company and contribute pro rata to the SAGIS budget. SAGIS was established with the aim of managing generic information services for the grain and oilseeds industries. Where necessary, statutory measures would be introduced to ensure that information was given to SAGIS. The respective trusts would also nominate and appoint the members of the SAGIS board.

- ***Industry forums for sunflower, soybeans and groundnuts***

After the Oilseeds Board had been phased out, the various commodity sectors still had a need to liaise with one another on common commodity matters.

The following forums were established:

- Groundnuts Forum (1996)
- Sunflower and Soybean Forum (1997)

All role-players from the value chain could attend forum meetings (at their own expense) and consensus decisions were made. When consensus was not reached, the forums appointed a technical committee as the next step to investigate the matter further and pass recommendations on to the forum. Common matters that were handed by the forum included grading, health regulations and research needs.





#### • **Technical services**

The involvement of the Oilseeds Board in the provision of technical services developed over more than 40 years. This technical services function involved the application of quality standards, delivery of analytical services and training of graders.

Role-players regarded the continuation of the technical services function as essential. Various alternatives were investigated and it was decided to transfer the function to the PPECB. The Minister of Agriculture approved the transfer from 1 September 1997.

#### • **Liquidation committee of the Oilseeds Board**

A liquidation committee handled the arrangements for the completion of the outstanding matters of the board after 30 September 1997. Mr Gert Pretorius, Chairperson of NOPO and the Vice-chairperson of the Oilseeds Board at the time, served on the liquidation committee.

### **Discussions on co-operation between NOPO and NAMPO**

As far back as March 1997 discussions between NAMPO and NOPO were held at administrative as well as policy level. The aim of these discussions was to develop models for future co-operation. From the beginning it was clear that NAMPO and NOPO had a lot in common, as a shared vision existed to promote the economic living space of maize and oilseeds producers.

The NOPO Executive approved recommendations for co-operation with NAMPO on 14 October 1997. The Chairpersons of NAMPO and NOPO, Gert Pretorius (NOPO) and Japie Grobler (NAMPO), then announced the official co-operation between the two organisations by way of a media release on 24 November 1997. The media statement specifically mentioned that NOPO and NAMPO were still managed separately and that oilseeds and maize producers had to contribute through membership fees to funding the structures.

### **NOPO member recruitment 1997**

In February 1997 the NOPO Congress approved the principle that the organisation had to be funded through a voluntary contribution at the first point of trade in future. The NOPO Congress would annually approve a business plan and budget for services to oilseeds producers. On 14 October 1997 the NOPO Executive approved proposals for collecting a voluntary contribution as membership fees. The collection method made provision for the grain silo industry and private buyers to handle



**NOPO's Management Committee by 1997 (from the left): Messrs Nico Vermaak, Naas Bellingan, Gert Pretorius, Lourie Bosman and Japie Middel.**





the collection, provided that producers sign a written mandate for the deduction. The voluntary levy for the 1998 season was calculated as follows:

- Sunflower at R2,60/ton
- Soybeans at R2,81/ton
- Groundnuts at R5,19/ton

The above were calculated at 0,22% of the estimated turnover and price for the various crops.

The NOPO Executive approved the principle that an amount of R30 be paid out to member recruiters for each completed membership application form, with a sponsorship agreement to support recruitment actions.

The method of a voluntary contribution per ton as membership fees at the first point of trade was a first for agriculture. Producers were used to statutory levies that could be collected without a written mandate. The transition to a system where a mandate had to be signed to confirm voluntary association presented unique challenges. Agreements were concluded with buyers and co-operatives, but the process was hampered by traditional co-operative borders for delivering products having faded in a free-market environment.

However, the process of liaison and communication with agribusinesses and oilseeds producers emphasised the awareness of a system of voluntary levies, which was later implemented successfully by Grain SA. Although the system was accepted within the NOPO structures, the implementation of the system never really got off the ground after it had been announced that NOPO and NAMPO had concluded a co-operation agreement (Media statement, November 1997).

### **Other important commodity matters**

During the NOPO Congress in February 1997 the request was made that producers be compensated according to the oil content of sunflower seeds. After the Congress buyers and processors received several enquiries about compensating producers according to the oil content of sunflower seed. However, feedback from the silo industry was that it would not be logistically possible to store sunflower seed according to oil content levels.

In November 1997 Senwes announced that it had been decided in consultation with buyers to purchase sunflower on an oil basis in the 1998 season. The producer price would be calculated on an oil content of 42%, with a sliding scale for payment if the oil content was higher or lower than the 42%.

### **Groundnuts seed scheme: Code of conduct**

The Groundnuts Forum recommended that a code of conduct for the seed scheme be put in place. The essence of the decision was that self-regulation had to be applied. A working group was requested to investigate methods for implementing the code of conduct. Short-term profit with groundnuts seed often determined outcomes, however, without the long-term impact being taken into account.

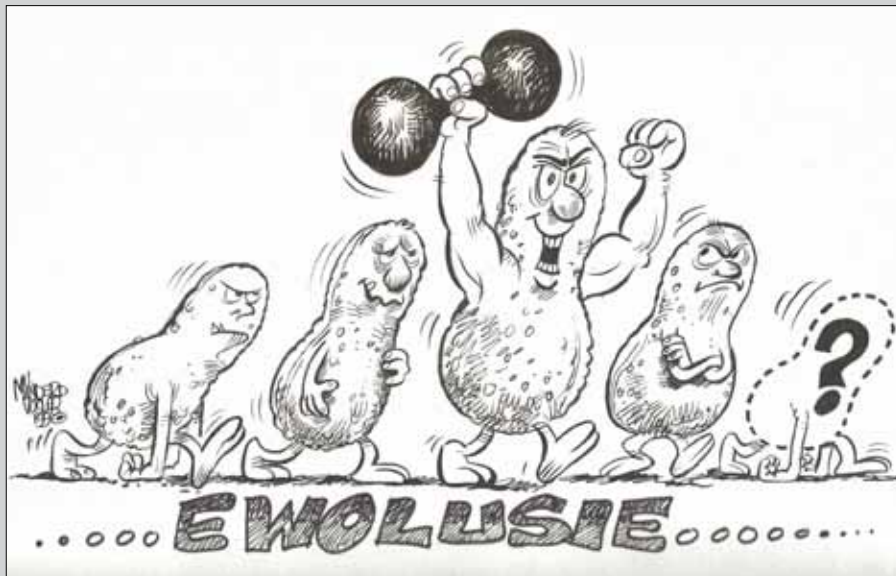
### **1998: Planning, transition and unity in the grain industry**

The year 1998 will be remembered for important decisions by leaders in the grain and oilseeds industries to accomplish unity.

Initially the focus of discussions between NOPO and NAMPO were on co-operation, but the borders of negotiation shifted to unity in the grain industry. The WPO (winter grain) and the SPO (sorghum) in time became involved in these talks and gave their support.

Producers at grassroots level also expressed the need for unity in the grain industry to be established in a single industry organisation. This approach received general support, as many producers farmed with summer and winter grain and oilseeds in a crop rotation system on the same farm.

In the run-up to deregulation and the dissolution of the Oilseeds Board NOPO co-operated at various levels with industry role-players to establish relation-



**NOPO held various talks with role-players as well as with the Groundnut Forum in order to uphold the integrity of the groundnuts seed scheme within a free-market environment. However, the practice taught that a simple solution was not possible. NOPO News, 1997.**

ships with them. The 1998 NOPO Congress programme included an open discussion of the future of the oilseeds industry, with invitations for submissions to the Oil Pressers Association, AFMA, the grain silo industry, Safex and Agri Market trends. NOPO's management committee also decided to invite the Chairperson of NAMPO as keynote speaker to the 1998 NOPO Congress so that a start could be made even at this Congress in February 1998 with establishing a message of unity in the grain industry.

### Visit to Minister Derek Hanekom

On 15 October 1998 a NOPO delegation visited Minister Hanekom. NOPO was represented by Pretorius, Vermaak and Mr Basie Ntsimane. The invitation by the Minister to provide elucidation was received at short notice and the opportunity was used to inform the Minister about the contribution of the oilseeds industry to the local economy, the creation of job opportunities and the supportive role of NOPO in the industry. The opportunity was further used to inform the Minister of the NOPO development programme.

### Decision-making and mandates for unification in the grain industry

At the NOPO Congress in February 1998, the NOPO Executive was granted a unanimous mandate to continue with consultations with NAMPO and other industry organisations in order to establish a single service provision structure for grain producers.

The management committees of NOPO and NAMPO convened at Bothaville on 19 August 1998 to reflect on key elements to ensure the success of the merger. During these discussions it was confirmed that both the NOPO and NAMPO Congresses had given mandates for them to continue with a discussion on unification.

Good attitudes between the leadership of NOPO and NAMPO made positive talks possible. However, NOPO and NAMPO were two totally independent organisations, each with their own culture and focus areas, due to the different crops they served. It remains a compliment to the leadership at the time that they could bridge the differences.

To the NOPO management committee it was essential that the model of co-operation initially and later merging should retain the principle of specialist servicing of the respective grain and oilseeds crops. Within the NAMPO group





the focus was only on white and yellow maize, but in the NOPO frame of reference three industries (sunflower, soybeans and groundnuts) were served.

The NOPO Executive decided that a balanced service to all three oilseeds should be provided and the NOPO Congress established the practice that breakaway groups for sunflower, soybeans and groundnuts be held so that industry-specific matters could be dealt with. NOPO therefore regarded the fact that oilseeds should still be serviced per crop in a new organisation as a core element of the discussions on amalgamation.

The constitution that was ultimately accepted by Grain SA also specifically made provision for specialist working groups within Grain SA, and for expertise to be co-opted to the Executive should there not be sufficient expertise for a commodity sector among the elected Executive Members.

## **1999: Termination of NOPO and founding of the Grain Producer Organisation**

During the first semester of 1999 the focus fell on final arrangements for phasing out NOPO as industry organisation. Many meetings were held to handle the transition and the dissolution in such a way that the interests of oilseeds producers would still be served in the process.

The new industry structures established after the termination of the Oilseeds Board was also active and through its representatives NOPO also made a constructive contribution to the new Oilseeds Trust, Oilseed Advisory Committee, research priorities committee, Sunflower and Soybean Forum and the Groundnuts Forum.

### ***NOPO's Executive says goodbye***

On 17 April 1999 NOPO's Executive said goodbye at a Final Executive meeting. This was a special occasion, as two major objectives had been achieved as:

- The oilseeds industry's structures were in place and functioned actively, namely the trust, the advisory committee, forums and technical committees of the forums.
- The oilseeds industry's structures were in place and functioned actively, namely the trust, the advisory committee, forums and technical committees of the forums.

However, NOPO's Executive wanted to confirm at the Final Executive meeting that the principle of servicing of special interests of the smaller industries would still be possible in the structures of the new Grain Producer Organisation and that not only maize interests would be served in a new structure. Consequently a request was submitted for servicing of special interests for sunflower, soybean and groundnut producers to be entrenched in the constitution of the new organisation and that this mandate be reconfirmed at NOPO's final Congress.

At the farewell dinner the NOPO Executive Members each signed a commemorative certificate. This commemorative certificate was handed to the new Grain Producer Organisation at Bothaville after the dissolution of NOPO, after which it was placed in the boardroom. As designated Executive officer of the new Grain Producer Organisation, Van Zyl also attended the NOPO farewell function.

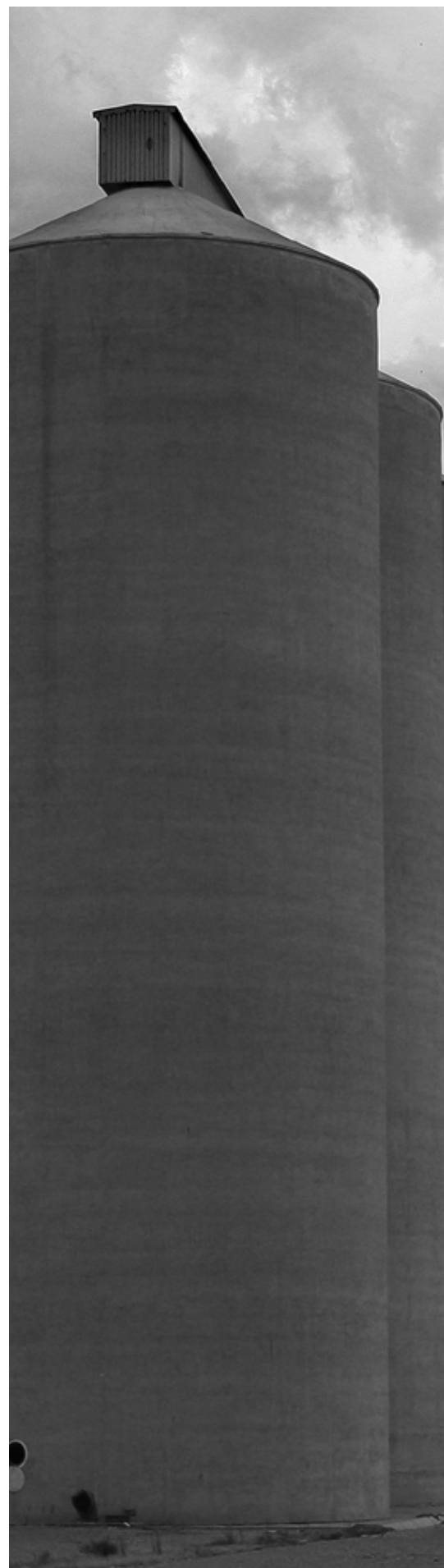
### ***NOPO's final Congress***

NOPO's final Congress took place in the Fanie Ferreira Hall on the NAMPO Harvest Day grounds (later known as NAMPO Park) on 9 June 1999.

The theme of the opening address by Pretorius was: 'NOPO made a difference'. In a media article after the Congress he was quoted as follows:

*'We look back on the activities of NOPO over the past five years with pride, but we also look ahead with confidence, where producers will address challenges with combined abilities, expertise and leadership. This Congress leads to a new era where all grain producers in South Africa will find a home within a single organisation.'*

The Congress requested the Executive of the new Grain Producer Organisation to give specific attention to a number of oilseeds matters, which were defined as Congress





During the NOPO farewell dinner on 17 April 1999, the entire Executive signed this commemorative certificate.



resolutions for this purpose. The sunflower, soybean and groundnuts working groups handled these matters within the structures of Grain SA after unification.

### *Motion for dissolution of NOPO and concluding the Congress*

In terms of the guidelines of the charter a motion for the conclusion of the activities of NOPO was submitted to the Congress. The Congress passed the motion unanimously.

Various votes of thanks were made, after which Congress was concluded with a prayer by Mr Adriaan Ferreira of Hoopstad.

### **Support to developing oilseeds producers from 1996**

During its existence NOPO made important and valuable contributions to the developing agricultural sector, which were continued and expanded in Grain SA after unification.

The NOPO development model via a regional office with involvement with developing producers in a certain area was implemented with great success in other areas too after the founding of Grain SA. NOPO started developing agriculture long before it became a buzz word in agriculture because it was the right thing to do. The action was also driven by leaders in NOPO's Executive to whom it was a passion to act as mentors.

NOPO's involvement in this regarded is discussed in Chapter 8, which focuses on developing agriculture in the grain and oilseeds industries.

### **Involvement in the oilseeds industry**

Before the establishment of Grain SA, NOPO agreed with the industry structures to offer secretarial services to the trust (OPDT), the Oilseed Advisory Committee, the research priority committee and the forums as a transitional measure.

The secretarial services to the forums were in time transferred to other service providers so that the producer representatives could take part in debates without reservations. After the establishment of Grain SA it was decided that continued secretarial services would be provided to the Oilseed Advisory Committee and research priority committee as an interim measure. A full-time administrator (Mr Gerhard Keun) was appointed by the oilseeds industry in 2000 to take over the administration of the trust, advisory committee and research priority committee.

## **WINTER CEREAL PRODUCER ORGANISATION (WPO)**

### **Establishment**

Prior to September 1989, the responsibility of industry services for winter cereal producers fell on organised agriculture. The structures responsible for these services were the National Industry Committee for Wheat and other Winter Cereals of the SAAU (the National Winter Cereal Committee), together with the winter cereal committees of the provincial agricultural unions – namely the Transvaal, Free State, Northern Cape and Western Cape agricultural unions. (TAU, FSAU, NCAU and WCAU).

The winter cereal committees were set up at provincial level by nominating persons from the various district agricultural unions. Representatives on the National Winter Cereal Committee were appointed on the basis of production volumes. The Western Cape, with the largest production volume of winter cereal, therefore had the biggest representation on the National Winter Cereal Committee.

By the late 1980s, the movement to agricultural specialisation started gaining ground. The National Winter Cereal Committee took due note of the changing circumstances. At its meeting on 15 September 1988, the committee in principle accepted that it had become essential to critically evaluate the structures available for the servicing of winter cereal producers.

This led to the recommendation by the National Winter Cereal Committee to establish a national industry organisation for the winter cereal producers with



its own identity, a new name and its own logo. The recommendation further stated that the organisation would still function within the SAAU structures, with retention of the National Committee of the SAAU as the highest authority in the industry.

The recommendations were referred to the SAAU and the Wheat Board for further consideration. It seemed as though the recommendations were favourably considered, as during its meeting on 15 March 1989 the National Winter Cereal Committee decided that a national producer organisation would be established, as had been envisaged. It was resolved that the name would be the Winter Cereal Producer Organisation (WPO). This was also the last meeting of the National Industry Committee for Wheat and other Winter Cereal, which was subsequently dissolved.

Mr J Neethling was elected as the first Chairperson of the WPO, with Mr WE Pienaar as the Vice-chairperson. Mr Nico Hawkins was appointed as the first Manager of the WPO.

The WPO's main function was to serve as producer organisation, and therefore as the mouthpiece for the winter cereal producers. After its establishment the organisation played a key role in the handling of winter cereal producers' interests and the winter cereal industry in general.

Following an Executive decision on 4 April 1991, the function to nominate producer members to the Wheat Board was taken over by the WPO. Pursuant to this decision, the WPO would nominate two members from the FSAU and one member from the WCAU. Furthermore, it was decided that the Wheat Board member who had previously been nominated by Uniegraan, would in future be nominated by the WPO Executive. This meant that from 1993 the WPO structures nominated all producer members for appointment to the Wheat Board.

## First meeting

The WPO's first Executive Meeting was held on 14 September 1989 in Gordons Bay and Mr Eddie Pienaar, the Chairperson of the Wheat Board, attended.

During this meeting reports were presented concerning the consultations between the WPO, NAMPO and the National Grain Sorghum Committee. According to the report, the representatives of the different organisations identified many points and problems in common between the various industries, which in their opinion might be addressed more successfully when looked at collectively. It remains interesting that, even a decade later, this aspect was also one of the key reasons for the establishment of Grain SA.

At this meeting it was noted that the research structure and function of the Department of Agriculture and Water Supply would be transferred to an autonomous research council, the Agricultural Research Council (ARC), which could serve all populations groups and could co-ordinate and support all agricultural research. A proposal with full details regarding the purpose and functions, management, funding and other aspects of the ARC was discussed.

## Durum wheat

A meeting for the representatives from all co-operative areas producing durum wheat was held on 15 February 1990 at Hopetown. During that meeting it was requested that a permanent committee under the auspices of the WPO be created to handle the interests of the durum wheat producers.

This request was approved by the WPO's Executive on 21 March 1990. A sub-committee was established with representatives from the Wheat Board, Fatti's & Moni's, South-Western Transvaal Agricultural Co-operative, Prieska Meat Co-operative, Hopetown Co-operative, Eastern Cape Agricultural Co-operative, Douglas Co-operative and Albert Co-operative.

## New Chairperson

At the WPO's Executive Meeting on 18 September 1991 Mr Chappie Ferreira, representative of the Free State WPO, took over the role of Chairperson from



**Mr Andries Beyers, Chairperson of the WPO, 1999.**



Neethling. The Executive also decided to request the Wheat Board to grant the WPO the opportunity to make an annual price submission to the Wheat Board. Until then, the proposal had been made by one of the members of the Wheat Board. The Wheat Board was also requested to agree to Messrs H Claasen and F du Bois presenting the proposal to them.

### **Commission of enquiry into the Marketing Act**

With the appointment of the Kassier Committee in 1992 to enquire into the Marketing Act, the WPO drafted comments that were presented as supporting documents to the Wheat Board's submission to the Committee. In reaction to the final Kassier report, the Chairperson of the WPO, Mr Andries Beyers, pointed out that experience had shown that the deregulation of agricultural markets did not necessarily lead to cheaper food as had been alleged in the media.

Following the Kassier report, the WPO realised that the government's eventual decision regarding statutory marketing could possibly influence the WPO's future financing and functioning. Consequently, a WPO Chairperson's committee met representatives of the ANC on 10 June 1993 to get up to speed on their views regarding agricultural policy. At the same time the WPO, as the representative of the winter cereal producers, conveyed their view on winter cereal policies to the ANC.

The WPO's Executive was of the opinion that it was vital for the WPO to continue to exist, be it in its current or in a modified form. Consequently, a working group comprising Messrs Beyers, Crawford von Abo, Du Bois and Hawkins was constituted on 15 September 1993 to investigate alternative methods of funding for the WPO that could be implemented should statutory levies be abolished.

In the run-up to the changes to the Marketing Act of 1968, the winter cereal producers were of the opinion that the statutory single-channel marketing system was still the best method of marketing the South African winter cereal crop – specifically wheat and barley. The WPO's management argued that a level playing field in the industry would only be possible if the producers negotiated collectively.

The Wheat Board supported the WPO's views by pointing out to the Kassier Committee that all grain-producing countries in the world offer some form of protection to their producers or exercise a measure of control over their marketing system. The Wheat Board contended that the winter cereal scheme had succeeded in organising the market with respect to winter cereals in an excellent way. However, the Kassier Committee did not agree with this.

### **New Marketing Act**

At the WPO's Executive meeting of 26 March 1996 cognisance was taken of the Marketing of Agricultural Products Bill, which had been published in the Government Gazette. The Bill was also discussed during the meeting of the Chairpersons committee on 25 June 1996 and cognisance was taken that the new Marketing Act would probably come into effect before the end of 1996.

On 2 October 1996 the new Marketing of Agricultural Products Act was indeed announced for implementation on 1 January 1997. This Act, implementing invasive changes to the Marketing Act of 1968, also pressurised the winter cereal industry immensely to adapt according to the new provisions.

The Wheat Board drafted a business plan, as was required in terms of the Marketing Act of 1996. This business plan was discussed in its totality by the WPO's structures and they responded with proper inputs. In addition the WPO's Executive contemplated the future marketing of winter cereal and decided that the WPO as a producer organisation would not get involved in the marketing of winter cereal. It was decided that Unie-graan would be asked to establish a winter cereal industry committee within its structures where coordination regarding the marketing of winter cereal could take place.

The WPO's Executive also decided that the following two requests should be included in the business plan:

- A request for the introduction of a statutory levy for the financing of research; and
- A request that bridging finance should be granted to the WPO for one year.





On the recommendation of the provincial WPO Congresses, it was also decided that the WPO should continue to exist.

In order for the WPO to take care of the interests of the winter cereal producers properly, the organisation applied to the National Agricultural Marketing Council (NAMC) to register as a directly affected group.

In terms of the winter cereal scheme that was in force with the commencement of the new Marketing Act, all producers were prohibited from supplying their products to any other buyer than the Wheat Board. This would mean that during the 1997/1998 season, all wheat had to be sold only to the Wheat Board until the termination of the winter cereal scheme on 30 October 1997. Subsequently it would be freely traded, which meant that a portion of the crop had to be sold in the controlled market environment and a portion could be sold in a free-market environment. In order to address the difficulties that arose, the WPO's Executive requested the Wheat Board to abolish the prohibition from 1 September 1997. This request was approved by the Minister of Agriculture.

## Funding

Initially the WPO was funded through statutory levies, the so-called section 35 levies. However, this was stopped with the abolition of the control boards, after which the national WPO called on the winter cereal producers to finance the WPO through voluntary contributions. The intention was that the National WPO's budget should be allocated provincially on a production-volume basis.

Although the winter cereal producers contributed diligently to the voluntary levy of the WPO, this meant additional costs for them. These additional costs played a role in the eventual consideration of a merger with the producer organisations of the other grain industries – which is discussed in the next chapter.

The WPO's role in and involvement with the initiative to unite the different grain industries' producer organisations in 1999 are discussed in the next chapter. It is sufficient to say here that the WPO definitely contributed to the establishment of Grain SA.

After the establishment of Grain SA, the affairs of the WPO were handled by the specialist working group for winter cereals. Subsequently this working group was responsible for identifying relevant issues in the winter cereal industry, which were then referred to the responsible department or managing body within Grain SA.

## THE SORGHUM PRODUCER ORGANISATION (SPO)

### Establishment

The interests of the sorghum producers in South Africa as a producer group were traditionally handled by the provincial agricultural unions' producer organisations for grain sorghum.

However, this changed on 24 March 1994 with the establishment of the Sorghum Producer Organisation (SPO) in Vanderbijlpark. Even though the SPO was a specialist organisation, it was still affiliated with the SAAU – as was the case with NOPO.

### Structure

The SPO was not divided into provincial structures like in the previous dispensation, but rather into specific areas that could represent sorghum producers across the country. The organisation was organised into ten area managements that all reported to the Executive and national Congress (as highest authorities).

In addition to the Congress and Executive, a management committee was formed and a Secretariat appointed to administer the affairs of the SPO.

### Objectives

The SPO's main goal was to be a representative national organisation for the sorghum industry and to look after the interests of the sorghum producers. The SPO would



On 9 June 1999, during their farewell Congress, the WPO's Executive signed this commemorative certificate in support of the establishment of the GPO.





**Mr Pieter Morkel, Chairperson of the SPO, 1999.**



**Everyone present at the SPO's last Congress on 9 June 1999 signed this commemorative certificate.**

also take the initiative to maintain the best possible dynamic position for the sorghum producers in a co-ordinated manner.

While the Sorghum Board handled the interests of the broader industry (including the producers), the SPO was exclusively a producer organisation and functioned independently as part of the SAAU.

The SPO addressed the following matters, among other things:

- Sorghum as an economically viable crop;
- Market-related production;
- Functional storage; and
- Industry relationships.

Common problems experienced with respect to seed, combatting queleas, grading and the marketing of sorghum were all dealt with by the SPO.

## Funding

The SPO submitted an annual budget to the Sorghum Board, as per the agreement. These costs amounted to R338 563 during the 1995/1996 year, which represented a cost of R1,71/ton – measured against the 1995 sorghum harvest.

### The first Executive of the SPO comprised the following members:

Messrs	JD Tonkin (Chairperson)
	JNS du Plessis (Vice-chairperson)
	JV Roux
	D Hattingh
	SP Wessels
	E van Jaarsveld
	ML van der Westhuizen
	AHJJ Strydom
	HJ Bonnet
	W Wierenga
	WA Kruidenier
	PH Ferreira
	PW Morkel
	APJ du Plessis
	TPJ Swart



#### Other persons who served on the Executive during the existence of the SPO were:

Messrs	EE du Plessis
	J Scott
	JV Roux
	A Herbst
	JJ van Niekerk
	APJ van Zyl
	A Odendaal

Mr Johan Swarts was appointed as the SPO's first Manager.

### Moments and achievements

In 1998, the SPO awarded honorary Vice-chairmanship to Mr JD Tonkin.

Tonkin was a founding member of SAGIS and the Sorghum Forum, and a member of the IGG SGS planning committee. He was a member of the latter committee when it established the marketing company Sorghum SA (Pty) Ltd in 1997 to market sorghum.

Mr Pieter Morkel was appointed by Minister Hanekom (Agriculture) to represent the producers on the liquidation committee of the Sorghum Board.

### Merging and establishment of Grain SA

During 1997 Van Zyl, NAMPO's General Manager, approached Ferreira of the WPO and Morkel of the SPO at an SAAU general board meeting regarding the possibility of merging the various producer organisations. Neither of them was in favour of a merger with NAMPO at that stage, because they were not comfortable with what they saw as NAMPO's confrontational style towards the government and other role-players like buyers. The SPO also feared dominance by NAMPO.

Following the dissolution of the Sorghum Board and the loss of financial support associated with it, the SPO started experiencing financial problems. This, as well as the influence of talks that the SPO had with other specialist organisations, convinced the SPO to become involved as a party to the merger. The first opportunity was in Bothaville in NAMPO's board room on 17 November 1998 during a joint meeting involving the management committees of the SPO, WPO, NOPO and NAMPO.

The SPO's dissolution Congress was held on 9 June 1999 in Standerton. It was attended by enough members to form a quorum in order to pass the resolutions regarding the merger. At that stage, Morkel was the Chairperson of the SPO.

Following the dissolution of the SPO and the establishment of Grain SA, the sorghum producers' interests were taken care of by a specialist working group of Grain SA.









# 5 *The founding and establishment of* **GRAIN SA**

From the beginning, NAMPO developed the establishment of co-operation between all the producer organisations in the grain and oilseed industries in South Africa as one of its objectives. In the course of time it took the initiative in starting discussions in this regard with the other producer organisations.

## **DISCUSSIONS ON THE ESTABLISHMENT OF THE GRAIN PRODUCERS ORGANISATION (GPO) – 1999/2000**

Co-operation was regarded as important in order to address in an organised and co-ordinated manner the needs and challenges brought about by the continuous changes in the industry environment. The movement for co-operation was supported by the fact that the functions of the producer organisations overlapped to a great extent, which caused unnecessary duplication of expenditure. In addition, most agricultural producers cultivated more than one crop, but were represented by different organisations with respect to the different crops.

In general, the change in government in South Africa in 1994 and the accompanying new policy directions made it desirable to form a greater united front to protect the interests of agricultural producers. Changes in industrial requirements and the agricultural environment in general required greater specialisation and not enough experts were available for each industry to appoint its own specialists.

NAMPO realised the necessity for one organisation to be established to represent all commercial grain and oilseeds producers. The leaders in such a dispensation had to come from the ranks of the producer members and had to be empowered to act according to their mandate.

The first purposeful discussions on co-operation between NAMPO and NOPO were positive right from the start. Initially, the discussions with the WPO and the SPO were less positive. However, NAMPO persisted in its efforts and the message was conveyed that the many common factors that were dealt with separately by the different industries could be addressed more effectively jointly.

The discussions between the organisations initially concerned only co-operation, until Mr Andries Beyers, Chairperson of the WPO, expressed the opinion at a meeting in Kroonstad that they should not really be talking about co-operation, but about unification, or amalgamation. This made the role-players realise that unity was more important than mere co-operation. The subsequent approach then shifted from possible co-operation to possible amalgamation.

## **Discussions on co-operation between NAMPO and NOPO**

Formal discussions at administrative as well as policy level between NAMPO and NOPO were held as far back as March 1997 with a view to developing models for future co-operation between the two organisations. From the start it was clear that NAMPO and NOPO had a lot in common, as they shared the vision of promoting the economic place in the sun of maize and oilseed producers.

The NOPO executive approved the co-operation in principle on 14 October 1997, while NAMPO's executive had in the meantime resolved to support the co-operation. The Chairpersons of both organisations, Messrs Gert Pretorius and Japie





A cartoon in SA *Graan/Grain* of December 1997 portraying the co-operation agreement that had just been reached between NAMPO and NOPO.

Grobler, announced the official co-operation between the two organisations by way of a media release on 24 November 1997.

The content of the media release, translated below, best summarises the reasons for and details of the co-operation.

*'The realities of the operating environment in which oilseed and maize producers have to survive made this decision a logical step. Both oilseed and maize producers have to face high input costs, competitive international markets, a free and fluid domestic market and a restrictive political environment in which the legislator is changing legislation, which exercises increasing pressure on the agricultural community's living space and capacity.*

*This decision was further motivated by the fact that maize and oilseeds are often grown by the same producer on the same farm.*

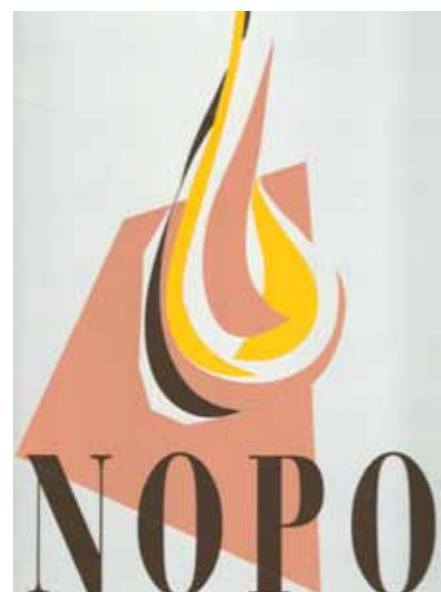
*With the new Marketing Act, which to a great extent deprived the farming community of an effective mechanism to finance industry organisations and the general service sections of agriculture, it has also become essential to optimally utilise limited resources. NAMPO and NOPO have therefore decided to manage expertise, leadership, infrastructure and available finances in a manner that will ensure mutual benefit for maize as well as oilseed producers.*

*With due consideration to the common needs for service delivery and information among maize, soybean, groundnut and sunflower producers, the principle was accepted by the executives of NOPO and NAMPO and the activities of the two industry organisations will, while still maintaining their individual identities, be co-ordinated in the best interests of producers who are served by both organisations.*

*The following functions will be integrated as soon as possible: Production research, input research, market research, general administration, member administration and public relations.*

*However, the NOPO and NAMPO membership base will be managed separately, because maize and oilseed producers will still have to contribute a part of their membership fees towards funding the new service structures. Maize and oilseed producers will therefore contribute through their membership fees to the success of a new NAMPO and NOPO. The co-operation will, however, eliminate the duplication of services and these services will in future be able to focus on the real needs of maize and oilseed producers.*

*It was also decided to continue with the rationalisation of offices, equipment and staff in Pretoria, and that, with a view to using the boardroom facilities in the old*





*Maize Board building, preference will be given to the acquisition of offices in that building. The NOPO head office will therefore still be located in Pretoria.*

*A full business plan, with cost structures, will be submitted for approval to producers at the upcoming congresses of NOPO and NAMPO.'*

Grobler and Pretorius both expressed their satisfaction with the decisions made by the respective executives, and said they were confident that the new dispensation would result in a more efficient and cost-effective service to producers.

## Decision-making and mandates for merging

At the NOPO congress in February 1998, the NOPO executive was granted a mandate to continue with consultations with NAMPO and other industry organisations in order to establish a single service provision structure for grain producers. The management committees of NOPO and NAMPO convened at Bothaville on 19 August 1998 to reflect on key elements to ensure the success of the merger.

The NOPO management committee was represented by:

- Mr Gert Pretorius (Chairperson)
- Mr Lourie Bosman (Vice-chairperson)
- Mr Adriaan Ferreira (Chairperson: Groundnuts)
- Mr Jan Grobler (Chairperson: Sunflower)
- Mr Frans Potgieter (Chairperson: Soybeans)

The NAMPO Chairperson's Committee was represented by:

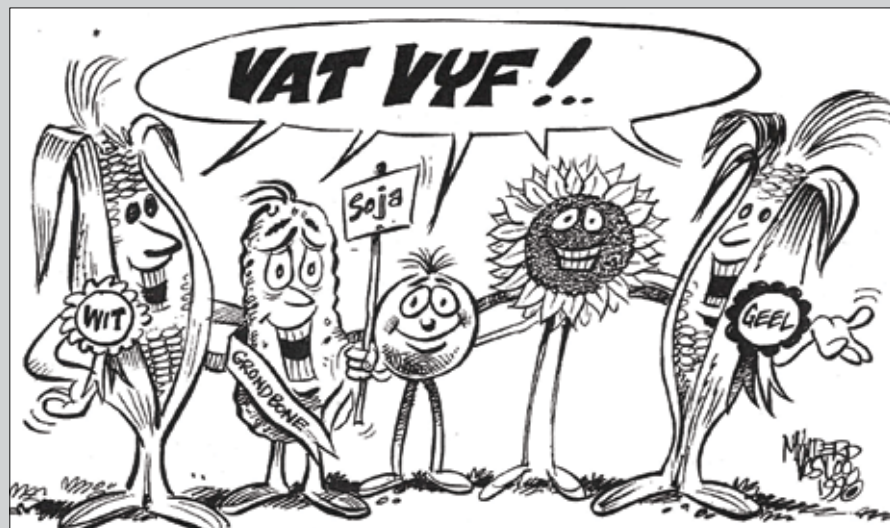
- Mr Japie Grobler (Chairperson: NAMPO)
- Mr Bully Botma (Vice-chairperson: NAMPO)
- Mr Neels Ferreira
- Mr Jub Jubelius
- Mr Kevin Starke
- Mr WH van Zyl
- Mr JA Barnard

It was confirmed that the NOPO and NAMPO congresses had granted a mandate to continue the discussions on merging. One of the first steps in this process of unification was the integration of the NAMPO and NOPO magazines from July 1998. From then onwards only *Mielies/Maize* appeared, with the inputs from *NOPO-nuus* included.



**The NAMPO Chairperson's Committee photographed during the final congress. From the left: Messrs Japie Grobler, Jub Jubelius, Neels Ferreira, Kevin Starke, WH van Zyl, Apie Barnard and Bully Botma.**





Many grains make light work. This cartoon from 1998 depicts unification of the various producer organisations for grains and oilseeds.

## Servicing specialist interests

To the NOPO management committee it was essential that the principle of servicing specialist interests for the various grain crops be maintained within the model of co-operation. In the case of NAMPO, the focus was only on white and yellow maize. However, the NOPO frame of reference serviced three industries, namely sunflower, soybeans and groundnuts.

The NOPO executive decided that a balanced service to all three oilseeds had to be provided. The NOPO congress had also established the practice that separate breakaway groups for sunflower, soybeans and groundnuts be arranged at the annual congresses, so that industry-specific matters could be addressed with particular focus. NOPO therefore regarded the fact that oilseeds should still be serviced per crop as a core element of the discussions on amalgamation.

The constitution that was ultimately accepted by Grain SA also specifically made provision for specialist working groups within Grain SA and for expertise to be co-opted to the Executive should there not be sufficient expertise for a commodity sector among the elected Executive members.

## Appointment of Steering Committee

At a meeting held on 19 August 1998 the management committees of NAMPO and NOPO decided to appoint a Steering Committee to plan and guide the merging of the two organisations and the subsequent establishment of a new grain producer organisation. The Steering Committee consisted of Messrs Japie Grobler, Gert Pretorius, Giel van Zyl and Nico Vermaak.

In addition to the appointment of the Steering Committee, it was decided to complete and announce the process of unification as quickly as possible. It was also decided to continue with the planning to integrate the NAMPO and NOPO business plans and to conduct a thorough investigation into the financing of the unification process.

Van Zyl, NAMPO's General Manager, would be appointed as acting General Manager of the organisation that was to be formed. He was requested to commence talks with the WPO and SPO again about their possible inclusion in the proposed new producer organisation.

## Meeting between NAMPO and WPO

On 21 September 1998 the management committees of NAMPO and the WPO convened in Bothaville in order to discuss the co-operation between the different agricultural producer organisations. At the meeting, consensus was reached





that a process of amalgamation should be followed in order to ultimately establish only one producer organisation for agriculturalists in South Africa. Messrs Andries Beyers and Nico Hawkins were nominated by the WPO to serve on the Steering Committee.

At the meeting the request was also made that talks be started with the SPO with a view to possibly involve them in the process. As a result of the talks Van Zyl subsequently had with the SPO, representatives from that organisation participated in a planning meeting with the management committees on 17 November 1998. The Chairperson of the SPO, Mr Pieter Morkel, confirmed at this meeting that the SPO supported the unification process.

On 17 November 1998 the management committees of NAMPO, NOPO, the WPO and the SPO convened in the NAMPO Boardroom in Bothaville. This was the first opportunity at which the four organisations met jointly on the process of amalgamation.

At the meeting they decided among other things that the Steering Committee should get legal advice to prepare the final draft constitution for the new organisation. The final dates for the dissolution congresses of the respective organisations and the founding congress for the new organisation would be set in January 1999. In the meantime, the integration process for the various magazines had to continue.

Various recommendations for the name of the new organisation were considered, including Grain Producers Organisation of South Africa (GPO), National Grain Producers Organisation (NAGPO) and South African Grain Producers Organisation (SAGPO). However, it was decided to reconsider the name of the new organisation again in January 1999.

Van Zyl, nominated General Manager of the new organisation, was recovering at home after bypass surgery and could not attend the meeting.

### **Steering Committee expanded**

The Steering Committee was expanded to include representatives from all four of the producer organisations, namely NOPO, NAMPO, the SPO and WPO, and met for the first time on 4 December 1998 with the brief to thresh out the details of the process to amalgamate the four organisations. Specific attention had to be given to matters like the name of the new organisation, the finalising of the constitution in collaboration with the attorneys Hofmeyr Herbstein, servicing of special interests, membership and the organising of the closing and founding congresses. It was resolved to hold the various dissolution congresses on 9 June 1999, with the founding congress of the new organisation to be held on 10 June 1999.

Initially it was recommended that the organisation be known as the Grain Producers Organisation of South Africa. The Steering Committee recommended the following names, in order of preference:

- Grain Producers Organisation (GPO)
- Grain SA (GSA).

The principle was accepted that servicing of special interests must be continued for each of the respective industries in the new organisation. This was already established at the first congress of the new organisation with the introduction of breakaway sessions for specialist working groups in order to discuss industry-specific matters.

Recommendations were also made by the Steering Committee about the legal status, objectives, profit objectives, powers and capacities, control structures and location of the offices of the new organisation. The principle was accepted that NAMPO would be the vehicle through which the new organisation would function and that the assets of other organisations would be sold and the proceeds employed in the new organisation.

During the period from January to April 1999 the decision-making structures of the respective organisations granted approval and final mandates in terms of their constitutional requirements that the amalgamation process could continue.

Mr Weyni Deyssel, cartoonist for *Mielies/Maize* for more than 23 years, and later for *SA Graan/Grain*, portrayed the spirit of unification very accurately in this cartoon, which appeared in November 1999. Messrs Pieter Morkel (SPO), Gert Pretorius (NOPO), Andries Beyers (WPO) and Japie Grobler (NAMPO) take hands.



## FOUNDING OF GRAIN SA

### Founding Congress

It was decided that the founding congress of the new organisation would be held on 10 June 1999. This would be preceded by the dissolution congresses of NAMPO, NOPO, the WPO and the SPO on 9 June 1999.

Notice of the founding of the new organisation was sent to all the members of NAMPO, NOPO, the SPO and WPO by the end of March 1999. Notices of the final congresses of the four organisations were sent to the respective members of each organisation. NAMPO and NOPO held their final congresses at NAMPO Park near Bothaville, and those of the WPO and SPO were held in Pretoria.

All the delegates to the final congresses of the respective organisations were invited to attend the founding congress of the new organisation on 10 June 1999 as observers. Each of the organisations also had the opportunity to nominate a number of guests of honour and observers who were invited too.

The Congress consisted of delegates nominated on a regional basis on the grounds of the production base of the respective commodities. The principle was also accepted that an independent person would co-ordinate the proceedings during the founding congress on 10 June 1999. Mr Peet van Zyl of the firm of attorneys Hofmeyr Herbststein was then appointed to act as independent Chairperson of the Congress until the Congress had been duly constituted and a Chairperson and Vice-chairpersons for the new organisation had been elected.

As planned, the founding Congress took place at NAMPO Park on 10 June 1999.

The following office bearers were elected at the Congress:

- Mr Japie Grobler (unopposed) – Chairperson
- Mr Bully Botma (after election) – Vice-chairperson

Three nominations had been received for the office of Vice-chairperson, namely:

- Bully Botma (Previously NAMPO)
- Gert Pretorius (Previously NOPO)
- Andries Beyers (Previously WPO)

Botma was elected as Vice-chairperson of the organisation by a majority of votes. The newly elected Chairperson then continued to guide the Congress through the process of decision-making, which included:



Mr Peet van Zyl, who acted as independent Chairperson of the GPO's first congress until it had been duly constituted and new leadership had been elected.



- Confirmation of instructions to the Grain Producers Organisation
- Approval of the constitution
- Restructuring of the regions
- Membership
- Appointment of auditors

## GRAIN BIRTH FULL OF PAIN AND JOY!

*Soos ek dit sien column or "Manie" (Landbouweekblad, 26 June 1999)*

A classic labour: Pain on the one hand, but also joy about the arrival of a stout baby on the other hand. This is more or less how one can describe the birth of the new National Grain Producers Organisation (NGPO) the other day.

Strangely enough, in between the goodbyes and hellos and the old and the new in the grain industry, Manie was thinking about one of Siener van Rensburg's predictions – that one about the black warrior who stands up and whose shadow ultimately falls across the entire country.

One should preferably refrain from predictions, but may this young giant who lifted his head this month on the Harvest Day farm also leave his footprints from north to south, and cast shadows that the South African agricultural industry has not yet seen. Footprints that I hope will stretch deeper into Africa and that can no longer be ignored in the highest boardrooms of the country.

The dissolution congresses of the WPO, NOPO, the SPO and NAMPO were thick with nostalgia and homesickness – particularly that of NAMPO. So thick that Japie Grobler, a man who can usually shoot from the hip with words, had to interrupt his final speech as NAMPO chair every now and then and bite his bottom lip hard to keep his emotions in check.

He summarised it nicely: It's like when your firstborn at the same time achieves something special, comes of age, wants to get married and leave the country – all at once. On the one hand you are bursting with pride as a parent, on the other hand the heartache of farewell is very raw and close to the surface.

The 'old stalwarts' of NAMPO were honoured: The Claassens, the Von Abos, the De Jagers. But the spotlight also shone on the people in the engine room, people like Giel van Zyl, these days apparently *mnr Mielie oom Gielie*, eccentric and cantankerous, in Bully Botma's words, and Kit le Clus, as complicated as can be, but one of a kind.

The guest list was almost a who's who of SA agriculture: Former Minister Greyling Wentzel told the amusing anecdote of the time he was sent to Bothaville by the Big Crocodile to tell the defiant NAMPO to stop their nonsense, only to bite the dust and ultimately walk away from there with NAMPO as his bosom friend. Kassier was there to receive his honours certificate, and virtually every researcher and input provider in the grain industry came and joined the party. Emerging agriculture too was there in their full glory, with a translation service and all for those who did not understand Afrikaans.

Old friends who were unable to come, sent their congratulations to the new bull. The last DG of agriculture, Dr Frans van der Merwe, sent a message from Kleinmond to say that he prayed that this government would come to its senses soon and realise that South Africa is a shining light in dark Africa because it has a wonderful agricultural sector.

The letter from Ernesto Chicucuma, Chairperson of NAMPO's counterpart in Angola, confirmed this: Please tell your congress out loud that we want to be your friends and co-operate with you. Without a healthy agriculture Africa cannot grow.



An outstanding buffet placed the seal on a wonderful event.



Five stars! NAMPO's final congress was concluded with a prestige function when dignitaries, including producers from across the spectrum and input providers, together tucked into the meal.



The leader producers who headed the amalgamation. From the left: Messrs Andries Beyers, Gert Pretorius, Peet le Roux van Zyl (NAMPO's legal adviser), Japie Grobler and Pieter Morkel.



The men who were elected to head the new Grain Producers Organisation of South Africa. From the left: Messrs Giel van Zyl (General Manager), Japie Grobler (Chairperson) and Bully Botma (Vice-chairperson).



The first Chairperson of Grain SA, Mr Japie Grobler, alongside the organisation's approved logo in April 2000.

Yes, that is how far the legend of South African agriculturists has already spread in Africa.

And then the big party of the evening – complete with South Africa's version of Vanessa Maye, a blonde from the City of Gold who stirred up the hand-picked guests in the Fanie Ferreira Hall so cheerfully that Bully Botma later instinctively started playing the piano on the table. Really an outstanding bash.

Now the great challenge lies ahead: To get the different horses to pull this grain wagon together.

While I'm on the topic: Manie knows that from the beginning NAMPO was the amalgamation vehicle for unification and Japie Grobler was the logical choice for Chairperson, but wouldn't it have been advisable to caucus a bit beforehand and make sure that, as a gesture of goodwill, one of the other grain leaders was at least second in command?

Please understand me clearly. It is not about Bully Botma as such at all. Manie has the greatest respect for him as a person and a leader. And he did not elect himself to be Vice-chairperson, after all. It was a democratic decision, and by an absolute majority too. But wouldn't a wheat man in the second position, for example, have sent out a much stronger message of unity and coalition?

In any event, Manie has no doubt that the new management will work their fingers to the bone to give every industry its moment in the sun and allow the team to push ahead in the interests of grain producers.

The expertise, enthusiasm and people material are there. The faith is there – the repeated references to producers' dependence on the Great Sower bear testimony to this.

The leadership to allow the NGPO to reach across southern Africa is there. With the ever positive Japie Grobler at the helm, it is hoped that this baby will walk before it can crawl, shout before it can talk.

All the best, friends! *Landbouweekblad* will join you in this scrum.

By the way, if Manie understands correctly, the name National Grain Producers Organisation (NGPO) will be temporary until the NGPO's first full Congress, after which a name will be discussed again. What about Grain SA – particularly if we want our influence to stretch across the country's borders too in future? Suggestions please!

## ELECTION OF EXECUTIVE

The following persons were elected as members of the Executive by Congress:

- Region 1: KA Starke
- Region 2: JA du Plessis
- Region 3: JA Barnard
- Region 4: FJH Pretorius
- Region 5: DJN Mathews
- Region 6: PJA Meiring
- Region 7: H Otto
- Region 8: VD Mouton
- Region 9: AJ Cronje
- Region 10: GL Roos
- Region 11: CCC Arnoldi
- Region 12: PJ Schoeman
- Region 13: CK Ferreira





**The first elected Executive of the GPO during the founding congress on 10 June 1999 at NAMPO Park.**

- Region 14: JJ Blofield
- Region 15: JF Oosthuizen
- Region 16: DCK Serfontein
- Region 17: PJ Pretorius
- Region 18: H Claasen
- Region 19: PJ Scott
- Region 20: HP Ferreira
- Region 21: WH van Zyl
- Region 22: LL Jubelius
- Region 23: H Venter
- Region 24: AJ Hoffman
- Region 25: L Steytler

A Management Committee was appointed from the Executive, and was tasked with financial and personnel affairs, as well as other tasks as designated to them by the Executive.

### **Specialist service**

The following persons were elected by Congress to serve on the Executive as specialists for a term of two years:

- Groundnuts: JH Theron
- Wheat: A Beyers
- Soybeans: FAS Potgieter
- Sorghum: PW Morkel
- Sunflower: GJ Pretorius
- Western Cape Wheat Producers: WT Myburg
- Southern Emerging Agriculture: Welcome Ngxekana
- Northern Emerging Agriculture: Basie Ntsimane

### **Breakaway sessions**

The Congress also split into breakaway sessions for the various commodities.

On this occasion persons were nominated on a ranking list as experts for the respective industries by the respective breakaway groups. Where necessary, these persons were then co-opted into some of the specialist working groups.



**Mr Jan Theron**



**Mr Andries Beyers**



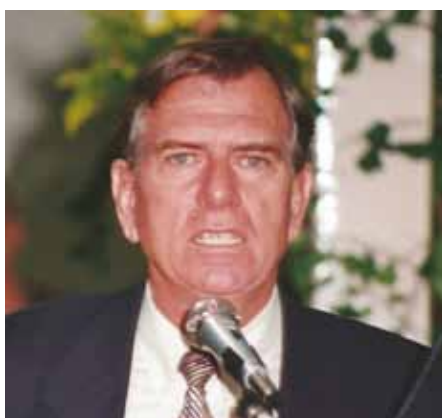
**Mr Frans Potgieter**



**Mr Pieter Morkel**



Mr Gert Pretorius



Mr WT Myburg



Mr Welcome Ngxekana



Mr Basie Nstimane

## Unity

One of the many benefits that the founding of Grain SA held was that all die grain producers in South Africa were then represented by one organisation. This was particularly important in liaison and negotiations with the government, because it created a united front for all the grain and oilseed producers with the government.

Through the amalgamation, expertise that had been built up in the leadership and staff over many years was combined in one organisation, with obvious benefits. Different service structures were combined for the benefit of all the members, for example the magazines, NAMPO Harvest Day, brokerage service and the provision of market information.

At grassroots level amalgamation also contributed to the development of a feeling of unity among producers across the borders of the different grain types.

## Identity

### ***Request for name change by Executive***

At the meeting of the new Executive on 19 August 1999 the name of the 'Grain Producers Organisation' was the subject of debate.

The relevant minutes indicate that Mr Kevin Starke had mentioned that the name GPO 'did not fall easy on the ears'. He requested alternatives to be considered.

At the suggestion of Mr Andries Beyers, seconded by Mr Starke, it was decided to accept the name 'Graan Suid-Afrika/Grain South Africa', with the abbreviation 'GSA', as the new name. The request was made that a proposal in this regard be submitted to Congress in 2000.

At a subsequent meeting of the Executive on 21 October 1999 Van Zyl reported that the name 'Graan Suid-Afrika/Grain South Africa', with the abbreviation 'GSA', was available and could be registered as trademark for the new organisation.

Feedback was also provided that the name 'SA Graan/Grain' had been registered as the name for the magazine and that a new masthead for the magazine was being developed. The new masthead for the magazine was introduced on 1 January 2000.

### ***Congress decision: Acceptance of 'Graan Suid-Afrika/Grain South Africa' as new name***

On 8 March 2000 Congress was informed that the Executive had to make a decision on the name of the organisation.

Ms Milanie Vosloo, Managing Director of Ad-UPPE Advertising, introduced the new corporate identity and logo for 'Graan Suid-Afrika/Grain South Africa' to Congress.

The Congress minutes reveal that Congress decided to ratify the name 'Graan Suid-Afrika/Grain South Africa' and condone the steps already taken by the Executive to acquire trademarks to protect the name.

Congress also approved the corporate identity and logo for Grain SA.

This ended the process of transition and the establishment of the new grain industry organisation known as Grain SA. UPPE Marketing also developed a new logo for the SA Graan/Grain magazine in the early 2000s.

## Administration

NAMPO's existing structures were used by the GPO, and NAMPO's offices in Bothaville served as head office, with an initial satellite office in Pretoria.

Messrs Nico Vermaak (former General Manager of NOPO) and Nico Hawkins (former General Manager of the WPO) were also absorbed into the structure of the GPO and moved to the head office in Bothaville, while Mr Johan Swarts, Manager of the SPO, took up a position in the satellite office in Pretoria.

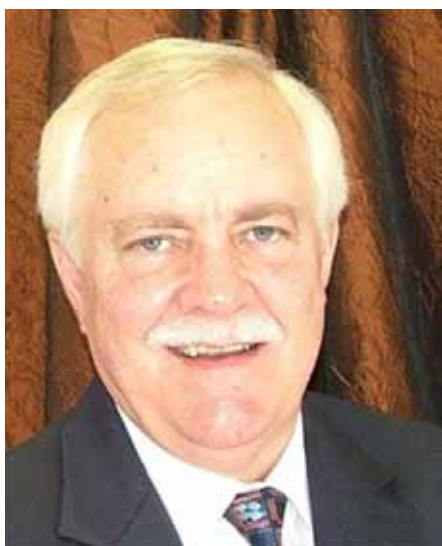




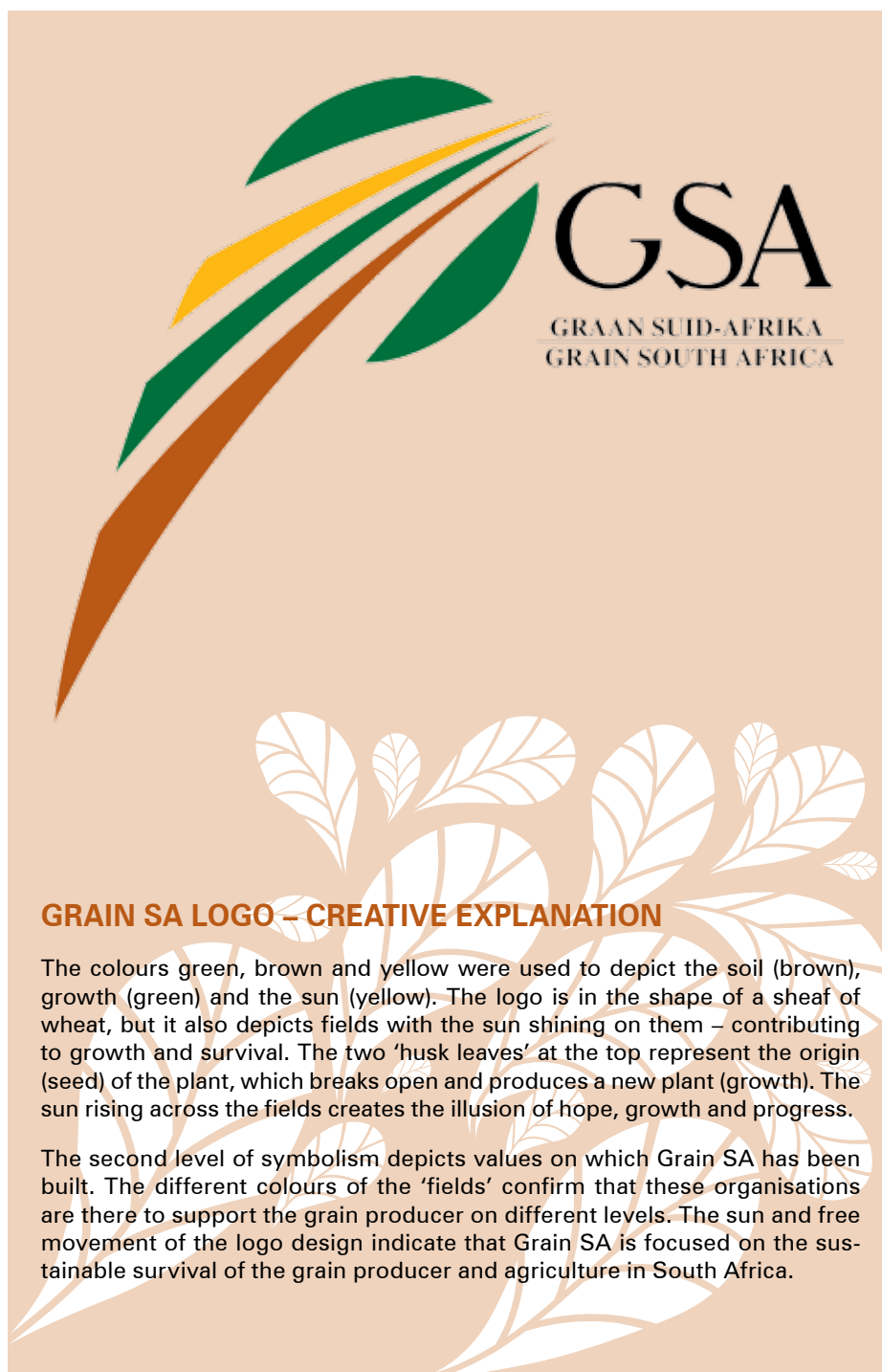
**Mr Giel van Zyl**



**Dr Kit le Clus**



**Mr Fanie Brink**



### GRAIN SA LOGO – CREATIVE EXPLANATION

The colours green, brown and yellow were used to depict the soil (brown), growth (green) and the sun (yellow). The logo is in the shape of a sheaf of wheat, but it also depicts fields with the sun shining on them – contributing to growth and survival. The two ‘husk leaves’ at the top represent the origin (seed) of the plant, which breaks open and produces a new plant (growth). The sun rising across the fields creates the illusion of hope, growth and progress.

The second level of symbolism depicts values on which Grain SA has been built. The different colours of the ‘fields’ confirm that these organisations are there to support the grain producer on different levels. The sun and free movement of the logo design indicate that Grain SA is focused on the sustainable survival of the grain producer and agriculture in South Africa.

Van Zyl was appointed as the first General Manager of the GPO. By April 2000 his management team included the following persons:

- Dr Kit le Clus (Research and Development)
- Mr Fanie Brink (Commodity Services)
- Mr Johan Loxton (Commercial Services)
- Mr Nico Vermaak (Manager Administration)
- Ms Rita de Swardt (Accountant)

By the time he retired on pension in 2001 the new grain industry organisation, Grain SA, was established as an organisation, with sound administrative and financial controls in position and ready to face the challenges of promoting producer interests in an uncertain future.



Mr Johan Loxton

Since 2000 Grain SA's General Manager position has been filled by the following persons:

Mr Steve Shone	2001 - 2005
Dr John Purchase	2005 - 2007
Dr Kobus Laubscher	2008 - 2011
Mr Jannie de Villiers	2011 - 2016

The Executive Management team under De Villiers in July 2016 was as follows:

Management member	Portfolio
Dr Dirk Strydom	Manager: Grain Economics and Marketing
Dr Marinda Visser	Manager: Grain Research and Policy Centre
Mr Nico Vermaak	Manager: Corporate Services
Ms Jane McPherson	Manager: Farmer Development Programme
Ms Christa Herbst	Manager: Financial Services



Mr Nico Vermaak

## FUNDING

Grain SA's income for funding its activities initially came from subscription fees and the proceeds of the NAMPO Harvest Day, with a few other diverse sources, like advertising income from the magazine, *Mielies/Maize* (later *SA Graan/Grain*). The proceeds from an investment made in the time of NAMPO contributed to the total funding pool. The assets and reserves of NOPO, the WPO and SPO were also liquidated and paid over to the new organisation.

Funding for research projects was mainly obtained from the grain trusts that were created after the control boards had been abolished. This made a major contribution to the funding of Grain SA's activities, particularly with respect to farmer development. In time the grain trusts started scaling down the funding, to the extent that Grain SA's remaining income was no longer adequate for the organisation's needs.

The organisation was therefore forced to obtain other sources of financing, so that a voluntary levy on grain deliveries was introduced from October 2002. This involved that producers who were members of Grain SA paid a levy of R2,00/ton to Grain SA on grain delivered by them. This was a voluntary levy that was recovered by collection agents, being the companies where grain is delivered, and paid over to Grain SA. The members could also pay the levy directly to Grain SA, for instance in cases where grain was sold to a party who was not appointed as a collection agent.

From 2015 the standard voluntary levy was replaced by differentiated voluntary levies that vary from R2,50/ton for maize and sorghum to R10,00/ton for groundnuts.

The levy funds collected in this way are mainly used to fund commodity service actions, research and marketing. However, Grain SA is still in the process of attending to sustainable financing and increasing the percentage of levy payers. In the meantime, Grain SA retains its autonomy, as it is a voluntary organisation that funds itself. Currently the levy income ensures about a third of the total income – the rest is obtained from NAMPO Harvest Day, *SA Graan/Grain*, investments and trusts.

The employment of the levy funds is annually approved by the Grain SA Congress. Initially a portion was also allocated to the creation of a legal aid fund with a view to possible legal actions.

Full particulars of Grain SA's income and expenditure and the status of the organisation's financial position can be obtained from the annual reports published on Grain SA's website, [www.grainsa.co.za](http://www.grainsa.co.za).



Ms Rita de Swardt



## GRAIN SA'S COLLECTION AGENTS OF VOLUNTARY LEVIES

Grain SA greatly appreciates the support of its collection agents. By 2015 the agents included the following companies (see opposite page).



**Mr Pietman Lourens, the first Chairperson of Grain SA's Audit Committee after its establishment in 2004.**



**Mr Fanie van Zyl, Grain SA's Audit Committee Chairperson since 2006.**

### STAFF SNIPPETS

- **Ms Rita de Swardt** was employed by SAMPI, NAMPO and Grain SA, and retired as Accountant in 2002 after 28 years of employment as an officer in the grain industry.
- **Dr Kit le Clus** (who passed away in 2013) will be remembered for his diligence and expertise in establishing an agricultural derivatives market in South Africa after the marketing councils were abolished in 1997. In organised agriculture circles he is honoured for his vision that kept South Africa's grain industry afloat through drastic adjustments and helped to make it internationally competitive. After his retirement he continued to make valuable inputs into the grain industry and as lecturer at the University of the Free State he shared his knowledge of and passion for Economics with students.

## CORPORATE GOVERNANCE

Since its inception Grain SA annually received funding from the Maize Trust and the Oil and Protein Seed Development Trust (OPDT) for the funding of specific projects. In terms of the trust deeds, funds from the Maize Trust had to be used only for the maize industry, and the contributions from the other trusts similarly had to be employed for the industry from which the funds came. Grain SA then had to submit certain prescribed reports setting out how the funds had been employed. Interim and annual reports were prepared and submitted to the Maize Trust and OPDT.

The Maize Trust established a practice of visiting the beneficiaries of trust funds in order to obtain first-hand information on progress with the projects. Grain SA was one of the beneficiaries visited in the process. During such a visit in 2005 the Maize Trust insisted on proof of the expenditure that had been included in the reports to the Maize Trust. They were concerned that not all project expenditure had been employed for maize-specific approved projects, and the trust then insisted on a forensic audit. The final forensic audit report was issued on 21 June 2005. Consequently, Grain SA repaid almost R10 million to the Maize Trust with respect to expenditure that had not been employed for maize specifically.

The records with respect to contributions by the OPDT were also examined and Deloitte released the report on 30 March 2006.

The audit report made no mention of fraud, but identified specific shortcomings with respect to reporting on certain financial years. To resolve the dispute, Grain SA recommended that an allocation method be used for the financial years 2002/2003, 2003/2004 and 2004/2005, with an analysis of projects that were in fact carried out in practice. These specific projects were supported with corroborative documentation.

The auditors (Deloitte) dealt with the recommendations in relative detail in their report, but did not make a finding on them. They did make the point in their report that the Grain SA proposal offered a possible solution.

On 12 May 2006 the Oilseed Advisory Committee made an offer of an amount of R500 000 to Grain SA – ex gratia as full and final settlement for services rendered by Grain SA for the financial years concerned. Further discussions between Grain SA and the Oilseed Advisory Committee followed, after which the offer was accepted to finalise the matter.

New projects were then approved by the advisory committee and the OPDT and subsequent reporting complied with the prescribed requirements of the advisory committee and the OPDT.

These events focused the attention in Grain SA on the revision of corporate governance in the organisation. The necessary procedure and policy had to be put in place for the management of Grain SA. PricewaterhouseCoopers supported Grain SA with this process. In compliance with the principles of the King reports on corporate governance, Grain SA appointed an Audit Committee in August 2004. The first Chairperson of the Audit Committee was Mr Pietman Lourens. In August 2006 he was succeeded by Mr Fanie van Zyl, who still occupied the position in 2016.

Steps were taken to establish good corporate governance practices and appropriate policies according to which Grain SA had to be managed. Transparent investment decisions and proper accounting records were established. The appointment process of the auditors was changed at the recommendation of the Audit Committee and different auditors were requested to make submissions to Grain SA. Arising from this, PwC was appointed as Grain SA's auditors from 2007.

# GRAIN SA'S COLLECTION AGENTS FOR VOLUNTARY LEVIES

Amandel  
Graan



**F.S Peanuts**



**Frans Minnaar**





The forensic audit and the corrective steps subsequently instituted by Grain SA also had an important effect in the field of farmer development, as many of Grain SA's farmer development projects were financed by the Maize Trust. Because of the circumstances that led to the forensic audit, the Maize Trust considered stopping the financial assistance to Grain SA. This would have placed Grain SA's farmer development projects at risk.

The Maize Trust eventually decided to offer Grain SA the opportunity to put its house in order. Grain SA accomplished this with distinction, and the measures, programmes and policies that were introduced at that stage still form the basis of Grain SA's management practices.

As organisation Grain SA annually receives an unqualified audit and the factual findings of the Maize Trust and other trusts with respect to funding are in order. The participation of the Farmer Development Division in the government's recapitalisation programme since 2013 has testified to thorough credibility and expertise. This was confirmed by an unqualified audit issued by the Auditor-General with respect to the project.

## RESEARCH

Grain SA regards needs-driven crop research aimed at keeping South African agriculture competitive compared to the rest of the world as of the utmost importance. That is why special attention is given to determining the needs of producers and to ensuring that the programmes of research institutions address these needs.

Grain SA supports the approach that research should be aimed at promoting the long-term sustainability of grain production. This involves all the facets of grain cultivation, from production research and research on inputs like seed, fertiliser, fuel, chemicals and mechanisation, to market research, the provision of grain market information, conservation agriculture and even data science.

Information obtained from research results is processed and made available to producers and other interest groups. This covers all aspects of grain production and the data is co-ordinated by specialist working groups to ensure that producers are duly informed of the most recent developments. Representatives from the Grain SA working groups also serve on the various advisory committees of the Grain and Oilseeds Trusts to support the research needs of producers. The Grain Crops Institute and Small Grain Institute of the Agricultural Research Council (ARC) made a valuable contribution to research for grain producers over the years.

The *SA Graan/Grain* magazine is used as medium to disseminate research results among producers.

Over a long period Grain SA has succeeded in building good relationships with researchers and government departments involved (Agriculture, Forestry and Fisheries; Science and Technology; and Trade and Industry). In this way Grain SA attempts to identify and develop joint research programmes, establish co-operation relationships and promote technology transfer. This approach is followed with respect to all the industries, which means that Grain SA is constantly involved in a large number of research activities. This creates opportunities for distributing and publishing the results and information so that the producer can also benefit.

Grain SA's core aim is to increase producers' productivity and provide objective, real-time information. The decision to take greater responsibility for the direction research is taking and for how research funds are employed links up with this and ensures the relevance of this at farm level. Grain-specific research is therefore diversified in order to integrate it across the spectrum of the industry.

As research expert, Dr Marinda Visser, Manager: Grain Research and Policy Centre of Grain SA, is guiding industry research into a new direction, and is even co-ordinating it at regional level by representing South Africa on the SADC research priority committee. The key points of Grain SA's research and development programme approved in 2016 are:

- Development of joint research programmes as identified.



**Dr Marinda Visser (Manager: Grain Research and Policy Centre, Grain SA)**

- Development of consortiums at various institutions that meet and work together virtually.
- Liaison with various technology-driven initiatives with appropriate technology transfer.

## INVOLVEMENT IN CURRENT AFFAIRS SINCE ESTABLISHMENT

### GMO crops

The Genetically Modified Organisms Act, 1997 (Act 15 of 1997) came into effect on 1 December 1999 and is aimed at ensuring that all activities with respect to genetically modified organisms (GMOs) are carried out in such a way that the possible harmful effects on the environment and human and animal health are limited. The Act makes provision for appointing a registrar and two regulatory bodies, namely an advisory committee and the executive council, as well as inspectors, in order to execute the objectives of the Act.

South Africa has been a party to the *Cartagena Biosafety Protocol*, an international, legally binding set of rules that applies to the transport and handling of live modified organisms, since 2003. The complete *Cartagena Biosafety Protocol* was included as an addendum to the GMO Act in 2006, but unfortunately without clear guidelines on how it should be interpreted in South African law.

In principle, Grain SA supports all technological development that can improve the efficiency and competitiveness of South Africa's grain industry, provided people, animals and the environment are not harmed. The use of GMOs can contribute considerably to a profitable and sustainable agricultural sector in South Africa that is internationally competitive. However, the potential risks that they hold for human as well as animal health should be considered carefully.

That is why the introduction of reliable and effective safety measures is vital to utilise the benefits of modern biotechnology to the maximum, but at the same time to limit the associated risks to the minimum. Grain SA is of the opinion that a statutory control system can only succeed if it can be effectively policed. As Grain SA has qualms about the latter issue, it is in favour of a non-statutory control system that is developed and managed by the industry.

As a matter of fact, the use of GMOs in South Africa is subject to measures in the Act and the regulations made in terms of the Act, by which the responsible development, production, use and employment of GMOs are promoted and regulated. In terms of the legislation, exemption for the use of GMOs must be obtained beforehand, failing which it is not permitted in South Africa.

There are two types of exemption, namely a general exemption and a commodity clearance.

When a general exemption is granted, it means in the grain industry that GMO seed may be imported, that seed companies may market it and that it may be planted. Most of the maize and soybeans grown in South Africa have been genetically modified in some way. Genetically modified crops in South Africa – maize, soybeans and cotton – are either resistant to insects or are tolerant of a wide variety of chemical herbicides, or both.

A commodity clearance, on the other hand, authorises the use of the relevant GMO product, for example as food or feed, but the product may not be planted. It is also the type of exemption that major role-players in overseas markets try to use to obtain approval for the distribution of their GMO products in South Africa. Those role-players have a certain advantage over South Africa in that they obtain access to the most recent technology first.

Grain SA's view is that the importing of GMO products that are not intended for planting in South Africa should be opposed, as this would place South African producers in an uncompetitive position. Consequently the organisation's view is that GMO products should be imported only in terms of the general exemption.

However, this is not always successful, as was proven in a recent case in December 2015 that involved the *Animal Feed Manufacturers Association (AFMA)*. AFMA







applied for commodity clearance in order to import GMO maize of the most recent technology released in America, because of the shortage of maize in South Africa, while they could have imported GMO-free maize from the Ukraine at that stage. AFMA's application for commodity clearance to import the maize from America was approved, despite Grain SA's opposition.

Subsequently, Grain SA again held discussions with the Department of Agriculture, Forestry and Fisheries to establish conditions with which an importer should comply before commodity clearance may be granted. Grain SA also liaised with the Department of Trade and Industry for support, as this Department's policy makes provision for import substitution and also wants to prevent undesirable imports.

The management of a GMO policy is a complex problem that can also have an impact on the management and safety of the environment. In its pursuit of the sustainability of agriculture Grain SA will remain involved in the debate through policy inputs.

### **Negotiating the diesel rebate**

The diesel rebate scheme was originally introduced because most of the diesel is used by the agricultural sector and not on public roads. However, it was abolished in March 1997 because the system was abused, after which several failed attempts were made by organised agriculture to get it reintroduced.

On 19 May 2000 representatives of Agri SA and Grain SA convened with the Department of Finance again to discuss the matter. A memorandum that was discussed at the meeting identified several factors that justified the introduction of a rebate on the diesel for the agricultural sector in South Africa.

The government acknowledged the merits of the petitions and a diesel rebate on 80% of the diesel used by the agricultural sector was introduced from 4 July 2001. A producer must be VAT registered and the purpose for which the diesel is used, must qualify for the rebate. The diesel must be purchased in the name of the producer and the producer must keep proper record of the purchase, storage and use of the diesel, including a logbook per vehicle. The rebate may only be claimed on the quantity of diesel consumed and not on the total purchases.

It was to have been administered as part of the SARS VAT system and specific information was required before claims in this regard would be paid out. When it was announced, the total rebate amounted to 42,1 cents per litre. It meant a total saving of roughly R300 million for agriculture, of which about R80 million was just for grain producers.

In August 2001 Agri SA again petitioned the Minister of Finance to increase the diesel rebate for the agricultural sector. At that stage the rebate applied to only 80% of the diesel used by the agricultural sector. The petitions pointed out that the circumstances that had led to the reintroduction of the rebate had in fact worsened since then. The percentage increase in the price of diesel (100%) was also compared with the increase in producer prices ( $\pm 23\%$ ) from 1995 to 2000.

In his reply to the petitions the Minister pointed out that the previous diesel rebate scheme had been abolished as a result of widespread abuse. He also pointed out that the changes in the administration of the system were being implemented by SARS. In view of this, the Minister decided that the rate of the diesel rebate would not be revised before the 2004 budget. Since then the diesel rebate has been adjusted from time to time.

In time problems with the diesel rebate system relating to audits, administration and fines occurred in the agricultural system. From audits by SARS it transpired that in several cases claimants did not fully comply with the guidelines and requirements of the system and relevant legislation. Among other things the requirement that logbooks should be kept for each vehicle using the so-called 'farm diesel' was not complied with in many cases. Producers were under the impression that they were complying with the requirements if they provided proof of the expenditure and applied the 80:20 principle. However, in terms of the prescriptions they were obliged to keep logbooks.

Grain SA and Agri SA became involved with the authorities with a view to developing a logbook that was practical and would comply with the SARS requirements. The discussions were furthermore aimed at finding an acceptable method for assisting producers who were held liable for non-compliance after SARS audits. Representations were addressed to SARS and the audit teams involved to accept alternative information like industry branch budgets and financial analyses by, for example, agribusinesses as sufficient substitute information for logbooks.

SARS was requested to permit producers during the 2012/2013 tax year to get the relevant administrative practices in place to support audits more effectively in future. SARS was also requested to consider workshops in this regard with the assistance of Agri SA and its affiliates. In order to assist its members with problems and uncertainties regarding the diesel rebate, Grain SA established a support desk with a firm of attorneys in 2011/2012 to answer producers' enquiries in this regard.

The biggest problem centred around the keeping of logbooks and the application of the 80:20 requirement in practice. As no guidelines existed, Grain SA submitted proposals for possible solutions to SARS. These included proposals on the content and composition of a logbook.

Eventually, SARS published guidelines for logbooks that did not accommodate Grain SA's recommendations. In the opinion of Grain SA these were unpractical, and led to unnecessary administration. Grain SA continues to liaise with SARS in this regard.

## Competition in agriculture

### *Fertiliser industry*

Grain SA keeps a record of, processes and interprets national as well as international prices of inputs like seed, fertiliser, chemicals and agricultural machinery on a daily, weekly and monthly basis. This is used to build data on the price, quality and availability of inputs.

The organisation's extensive database on international and domestic price movements makes it possible to compare the prices of production inputs. The information on fertiliser prices that was collected and analysed in the course of time indicated that competition in the fertiliser market was suspicious.

Grain SA consequently approached the Competition Commission on several occasions to investigate the matter and provided the commission with information indicating that local prices did not necessarily reflect international price levels.

Historically, fertiliser constituted about 30% - 35% of a grain and oil producer's running production costs and therefore had a major effect on the profitability of grain production. During 2008 sharp increases in fertiliser prices increased the figure to about 45%. As this increase in costs mainly had to be absorbed by the producers, it was important for Grain SA that the information on uncompetitive practices in the fertiliser market be reported to the Competition Commission.

In 2007 the Competition Commission started investigating various violations of the Competition Act in the fertiliser industry. Grain SA played a role in this by, among other things, providing information and statistics to the competition authorities.

The investigations revealed several violations of the Competition Act, including price fixing, market division and collusive tenders in the provision of a wide range of fertiliser products. Several fertiliser companies were involved in this. Ultimately it led to Sasol concluding a settlement with the competition authorities in terms of which Sasol paid a fine of more than R250 million.

The Chairperson of the Competition Tribunal encouraged affected groups to institute claims for damages against Sasol, given Sasol's admission of uncompetitive conduct. However, producers had a very difficult burden of proof with respect to the extent of the damage. Consequently, Grain SA negotiated with Sasol that a trust, the Sasol Nitro Research Trust, be founded, to which Sasol donated





R30 million over a period of three years, with the intention that the trust funds be employed for projects to the benefit of producers.

In addition to the above transgressions, the Competition Commission investigated a complaint of alleged abuse of their dominant position in the fertiliser industry against Sasol Nitro. With respect to that complaint Sasol Nitro concluded a settlement agreement with the Competition Commission on 5 July 2009, which involved a restructuring of Sasol's fertiliser industry, which eventually contributed to greater competition in the fertiliser industry.

### ***Collusion in the baking and milling industry***

During December 2006 the Competition Commission received information on an alleged bread cartel operating in the Western Cape. After a preliminary investigation the Commission lodged a complaint against Premier Foods (Blue Ribbon brand), Tiger Brands (Albany) and Pioneer Foods (Sasko).

During the subsequent investigation Premier Foods applied for indemnity and declared themselves willing to assist the Commission in its investigation. Premier Foods disclosed that it had in fact operated a bread cartel in the Western Cape together with Tiger Brands and Pioneer Foods by agreeing on the fixing of bread prices and other trading conditions.

Premier Foods further revealed that a bread cartel, of which it had been a member, existed in other parts of South Africa, and that Foodcorp (Sunbake Bakeries) was involved and that the cartel extended to the milling industry. The Competition Commission expanded its investigation to the inland cartel and the practices in the milling industry.

In the case of the complaint in the Western Cape the Competition Tribunal found Premier Foods, Pioneer (Sasko) and Tiger Brands guilty of violating sections 4 (1)(b)(i) and (ii) of the Competition Act. The tribunal found that the three firms had agreed in December 2006 on the implementation of increases in the bread price, both with respect to the price by which it would increase, and the dates on which it would be implemented.

They also agreed that none of them would supply new clients or previous employees with bread. Furthermore, none of the firms would deliver bread to any clients on 25 and 26 December 2006.

In the case of the other complaint (the national/interior complaint), the Competition Tribunal found that Pioneer Foods, Tiger Brands, Premier Foods and Foodcorp had been party to various violations of the Competition Act since 1999. This included agreements on the division of markets, the fixing of prices and the dates on which these prices would come into effect. During 2003 and 2004 they had also agreed not to allow clients to change suppliers during the implementation of price increases and not to steal each other's clients.

The cases against Premier Foods, Tiger Brands and Foodcorp were completed during 2009, but in the case of Pioneer Foods finality was reached only in February 2010.

In terms of its initial indemnity, Premier Foods did not receive any fine. Foodcorp eventually reached an agreement with the Competition Commission in terms of which Foodcorp paid an administrative fine of R45,4 million. Arising from the settlement agreement between Tiger Brands and the Competition Commission, in terms of which Tiger Brands agreed to assist the Commission in its investigation, Tiger Brands paid an administrative fine of R98,7 million.

Pioneer Foods was not prepared to admit its guilt to the violation of the Competition Act and tried to prove its innocence until the end. They did not succeed, however, and eventually the company was given a total fine of R195,7 million by the Competition Tribunal in 2010, of which R46 million was for the transgressions in the Western Cape and R149,7 million for the interior/national transgressions.

Through the extent of the fines and in the judgment the Competition Tribunal addressed a strong warning against uncompetitive practices in agriculture.







An important benefit of the above matters was greater competition in the value chain of the wheat industry. A disadvantage was that all the business statistics were lost in the process, because the competition authorities expressed qualms about them. The result was that the statistics process was scrapped, and since 2007 statistics on the amount of bread sold in South Africa, how much flour and what type of flour is sold and in which province growth is experienced, are no longer readily available.

## **SOCIAL RESPONSIBILITY**

As a responsible corporate organisation Grain SA's strategic objectives are not only aimed at ensuring profitable and sustainable grain production for commercial and developing producers, but also at accomplishing social responsibility. Grain SA carries out this responsibility in various ways, of which the initiatives below are only a few examples.

### **1. Grain data**

Processed supply and demand information for grain is readily available in the world market, but similar processed information for the African and South African market is incomplete. Grain SA provides the only formal source of processed information on the South African grain market. It involves the collection, sustained research and interpretation of information for the local industry. This market information, which is currently provided free by Grain SA, is recognised by local as well as international companies and organisations. The information is updated daily on the Grain SA website.

Objective information is essential for the effective functioning of the free market in South Africa and for producers to make informed business decisions.

The role-players using this data include:

- Financial institutions
- Public stakeholders
- Trade and grain-logistics-related stakeholders
- Production and input-related stakeholders
- Media
- Grain consumers
- Producers
- Consultants
- International stakeholders
- Politicians and political analysts
- Food security-related stakeholders

### **Other initiatives**

#### **2. The Schools Programme**

Grain SA's Schools Programme was established in the NAMPO era and was initially sponsored by input providers (Omnia and Northmec). In time it became part of a partnership with the Maize Trust, the Winter Cereals Trust and the AgriSeta, which each funded the programme in different ways and in different areas.

Through the Schools Programme learners are made aware of the role of agriculture in a modern environment, as well as of the contribution of agriculture as source of food, fibre and energy.

Initially the programme was offered at NAMPO Park and the objective was to involve 50 high schools, 30 primary schools and 20 pre-primary schools/year from all the provinces in South Africa. The programme was a great success right from the start, and in time thousands of school children from a large number of schools were reached through the programme. It has grown to such an extent that a full-time staff member, Mr Heubert McGluwa, was appointed in 2004 to supervise the programme.



From 1 October 2008 the programme was transferred to the Farmer Development Division and it has expanded considerably, as contractors were sent to schools for submissions. Schools' visits to NAMPO Park were thus ended.

The following DVDs for the schools programme are currently available:

- *Food fibre and life* (The story of how agriculture developed.)
- *Dig in – what is agriculture all about?* (You need more than land to farm.)
- *The Economy – what's in it for me?* (How an economy works.)
- *Your lifeline – the story of bread* (The story of bread.)
- *Careers with plants* (This provides many options for all talents and tastes.)
- *Careers with animals* (This provides many options for all talents and tastes.)

The budget for the current schools programme (2015/2016), which reaches 300 schools and 50 000 learners/term, is R1,4 million. It works out at approximately R4 600/school, or R28/learner/year (for all three visits). It is customary for a facilitator to visit ten schools a week, which means that a contribution of R46 000/year allows the ten schools to be visited three times during the year.

The graphs alongside show the progress of this project since 2010. Each school facilitator reports on each visit, with comments from the teachers and learners at each school.

### **3. Maize meal donation to Rustenburg platinum belt**

On 23 January 2014 almost 70 000 platinum workers in the Rustenburg area who were members of the Association of Mineworkers and Construction Union (AMCU) started striking. The strike affected all three South Africa's large platinum mines.

Many companies that were not directly affected by the strike also felt its negative effects. Companies that were suppliers to the mines incurred great losses, and in some cases workers were retrenched and companies even went bankrupt. The strike also had a major impact on the people of Rustenburg. The workers, who were already largely living in poverty, lost about R11 billion in total in salaries, and had to rely on the support of relatives and charity institutions.

Grain SA learnt of this and wanted to do something to alleviate the plight of these people. In July 2014 12 tons of maize meal were donated to the victims of the Rustenburg platinum belt. Grain SA, in collaboration with Pioneer Foods and Loubser Transport, launched a project that delivered and distributed the meal.

### **4. Participation in 67 Minutes Mandela Initiative**

On 18 July 2014 and 2015, on Nelson Mandela's birthday, people across South Africa supported the Nelson Mandela Initiative for change. The aim of the campaign is to illustrate the importance of good deeds in the daily lives of South Africans.

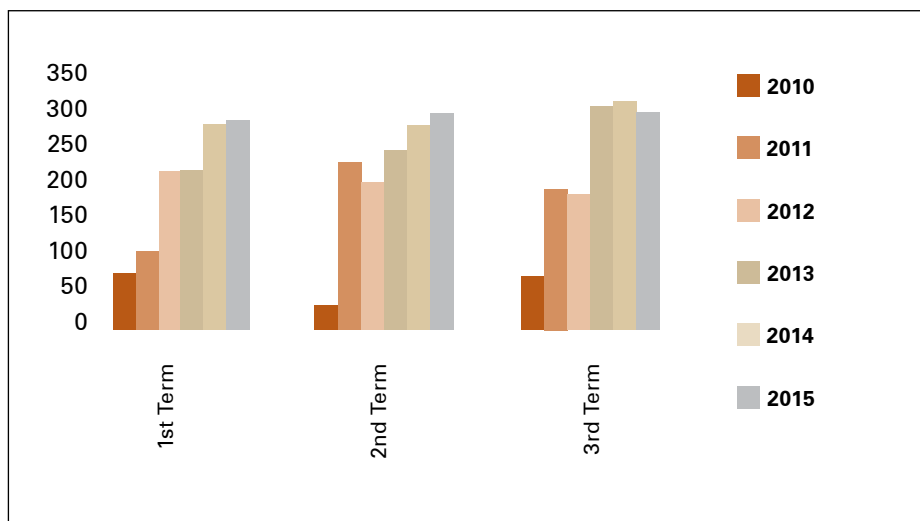
Bramley Children's Home is a residential care facility for traumatised and abused children. It offers a safe haven to 54 children who need care. With only 50% of the expenses being covered by the government and regular donations, the facility is very dependent on support and donations.



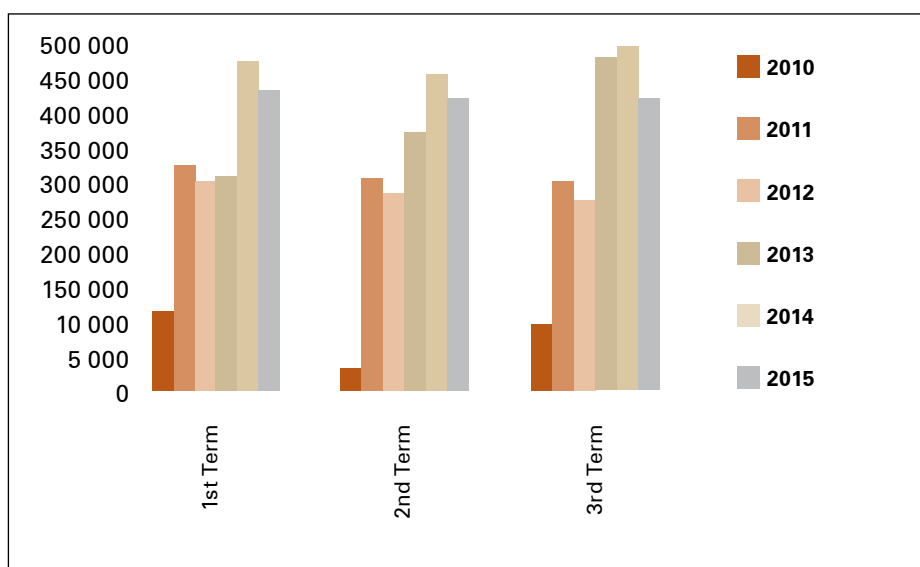
**The Schools Programme currently reaches more than 50 schools and 50 000 learners per term.**

**SINCE THE INTRODUCTION OF THE SCHOOLS PROGRAMME IN 1993 UNTIL 2003, 21 080 LEARNERS AND 1 376 TEACHERS, REPRESENTING 351 SCHOOLS, HAVE TAKEN PART IN GRAIN SA'S SCHOOLS PROGRAMME.**

**SINCE THEN THE PROGRAMME HAS GROWN TO THE EXTENT THAT 145 274 LEARNERS FROM 863 SCHOOLS WERE REACHED JUST IN 2014.**



Schools visited between 2010 and 2015 with the financial support of the Maize Trust, Winter Cereal Trust and AgriSeta.



Learners who attended the Schools Programme between 2010 and 2015, thanks to the Maize Trust, Winter Cereal Trust and AgriSeta.



Awareness raising on agriculture in a modern environment among the school-going youth, as well as the contribution of agriculture as a source of food, fibre and energy, can be seen in action here.





Grain SA, with the aid of charity support services, became involved in the 67 minutes on Mandela Day 2014 to upgrade the facilities at the children's home.

In 2015 16 soccer sets were donated to the children's home with the aid of XCO Sport.

### **5. Grain SA's Momentum product – financial welfare programme**

Profitability and sustainability versus the social upliftment of farmworkers remain important. Grain SA, in collaboration with Momentum, developed a financial welfare programme for members and their farmworkers. This solution supports employers in making provision for the key needs of farmworkers. The product was launched at the 2015 Congress.

## **STRATEGIC PLAN FOR THE GRAIN INDUSTRY**

Early in its existence Grain SA became involved in the development of the state president's strategic plan for agriculture, led by Dr Johann Kirsten. The plan was aimed at offering agriculture its rightful place in the South African economy on the basis of the principles of growth, competition, co-operation and equal participation. The following were identified as the limiting factors in achieving growth in the agricultural industry:

- Low and intermittent rainfall and little arable land
- Poor extension and support services
- Legislation that hampers competition
- High production costs
- Low labour productivity and high cost of unskilled labourers
- Crime
- Deterioration in the research infrastructure and capacity
- Quality requirements for inputs, grain products and imported grain
- High cost of capital
- Poor access to timely, relevant and accurate market information
- Poor infrastructure and logistical limitations
- Difficult access to financing and restrictive legislation with respect to this
- International agricultural policy that distorts grain markets

After the development of the strategic plan it was clear that co-operation at all levels in the value chain was essential. To achieve this, strategic programmes were developed for the following:

- Black economic empowerment in the grain industry.
- International market access and trade policy.
- Information and communication.
- Technological development and transfer of new technology.
- Technical standards.
- Human resources development.

Each of the strategic programmes had an action plan for its implementation by the different role-players in the grain industry. Although the plan was accepted in theory, it was never actually carried out in practice.

Increasing participation by black producers in commercial agriculture since 1994 enjoyed specific attention in Grain SA and the organisation's special contribution to the development of those producers is recorded in Chapter 8. Grain SA accepted it to be part of its responsibilities to promote the integration of the new producers so that the objectives of food security and long-term sustainability of South African agriculture can be achieved.

## **UNITY IN AGRICULTURE (ASUF)**

Producers in South Africa are represented mainly by four different agricultural unions, namely the African Farmers Association of South Africa (AFASA), the Transvaal Agricultural Union of South Africa (TLU SA), Agri SA and the National



**67 Minute Mandela initiative.**





African Farmers Union of South Africa (NAFU SA). Each of these organisations represents a specific group of members.

Grain SA and other role-players in the agricultural sector realised that the existence of the four representative organisations was not in the interests of the country's producers, because they divided their voice and negotiating power. After a request by the Minister of Agriculture, Forestry and Fisheries, Ms Tina Joemat-Pettersson, the realisation developed that something had to be done to get the different representative organisations around one table and to find a base from which they could co-operate in the interests of agriculture.

It was decided to obtain the involvement of Prof Mohammad Karaan, dean of the Faculty of Agriculture at the Stellenbosch University and former Chairperson of the National Agricultural Marketing Council, to facilitate talks between the different organisations. A delegation comprising representatives from Agri SA, Grain SA and the Free State Agricultural Union visited him and obtained his support. Through Karaan's mediation the four organisations started talks, which eventually in November 2012 culminated in the founding of the Agri-sector Unity Forum (ASUF), with AFASA, NAFU SA, TLU SA and Agri SA as its members. This created a forum where white and black producers could work together to address important agricultural issues.

Although Grain SA played an important role in the establishment of ASUF, it is not a member of ASUF. However, Grain SA is affiliated with Agri SA. ASUF's main objective is to obtain consensus among its members and speak with one voice about matters that affect agriculture.

In particular, ASUF focuses on competitiveness in South African agriculture, sustainability of the agricultural sector and the development of markets. ASUF is closely involved in the debate on land reform in South Africa and has formulated proposals and submitted them for consideration to the Minister of Rural Development and Land Reform, Mr Gugile Nkwinti. The fact that the members succeeded in reaching consensus on the submission to Minister Nkwinti on this extremely sensitive topic, despite differences on many of the issues, is very encouraging.

ASUF does not have its own secretariat or staff, and all the members work together to allow it to function. Since the founding of ASUF in 2012, Mr Japie Grobler has served as Vice-chairpersons. He took over the reins as Chairperson of ASUF in



2014 after Ms Ntombi Msimang, who had also been the Chairperson of the National Agricultural Marketing Council, suddenly passed away.

However, according to Grain SA's annual report of 2016, the agricultural sector has not yet succeeded in creating a unified voice for agriculture. Because Grain SA is in favour of one mouthpiece for organised agriculture, secretariat support was offered to ASUF as organisation for agricultural unity during 2015/2016.

## **BOTHAVILLE OFFICE: MOVE TO PRETORIA**

When SAMPI was founded, the head office was established in Bothaville in facilities provided by Mr Crawford von Abo. After SAMPI and SAMSO merged, NAMPO continued to use the head office in Bothaville. Later, NAMPO acquired its own building in Bothaville, which served as the head office until the establishment of Grain SA.

This building was used as head office by Grain SA too for about twelve years. During that period investigations were launched on occasion regarding the possible move of the head office, but the findings were always that Bothaville was the most suitable site for Grain SA's head office.

During 2011 Jannie de Villiers was appointed as the new CEO of Grain SA. The re-establishment of Grain SA's head office in Pretoria in 2012 consequently formed part of a new strategic focus that was approved by the organisation's Executive. Grain SA's leadership accepted the reality that it would be in the best interest of the organisation and its members if the head office was established in Pretoria.

One of the main considerations for the move to Pretoria was liaison with the government and government organisations in the pursuit and execution of Grain SA's objectives. The distance between Bothaville and Pretoria (roughly 600 km there and back, with about 6 hours' travelling time), where most of the interaction with the government and role-players in the grain industry took place, made effective lobbying difficult.

The changed circumstances within which Grain SA functioned, together with objectives for transformation, constantly required new expertise to be established in the personnel corps. It was very difficult to achieve those objectives with the head office in Bothaville because it was not easily possible to attract BEE experts to Bothaville.

The moving of the head office was a challenging process. Not all Grain SA members agreed with the move. However, there was sufficient motivation for the decision and it was done successfully. Looking back it seems that the decision to move Grain SA's head office to Pretoria was the right one. Grain SA achieves positive results with influencing policy. Liaison with interest groups is more effective because it is easier to reach them.

In addition, it is easier to recruit and appoint expert and multilingual staff in an urban environment. The change in the composition of the personnel corps, executive members and office bearers has necessitated English being adopted as the official language of some Grain SA meetings. Grain SA has also progressed well with the transformation of its personnel corps.

The organisation started realising transformation in its leadership with the appointment of Mr Victor Mongoato – Chairperson of Grain SA's Farmer Development Programme Working Group – as Vice-chairpersons of Grain SA in March 2013. Since then Mongoato and Mr Andries Theron have served as Vice-chairpersons of the organisation. Although Ms Preline Swart took over as Vice-chairperson from Mongoato during Grain SA's 2016 Congress, he is still a co-opted member of the organisation's Executive Committee.

Progress with transformation in Grain SA has made a definite contribution to the creation of a relationship of trust with government institutions. Grain SA maintains a good relationship with the government and received both Messrs Thabo Mbeki and Jacob Zuma, the second and third state presidents of South Africa since 1994, at NAMPO Park. Grain SA had considerable interaction with Mbeki in particular when the agricultural plan was drafted. In March 2008 Zuma, at the time only the









elected president of the ANC, addressed the Grain SA Congress.

One of the many positive results of Grain SA's contribution to the community and its relationship with the government was that it managed to obtain considerable amounts for the funding of recapitalisation projects for developing producers from the government.

Co-operation with government institutions has increased because Grain SA can deliver. The Department of Science and Technology has since 2015 started supporting Grain SA as research funding partner for soybean and wheat research. In the meantime, new partnerships have been concluded with the government with respect to research and farmer development.

With the aid of the National Treasury's newly created fund for promoting job creation, the Jobs Fund, the Farmer Development Programme managed to launch a project in 2015 in terms of which 1 577 small producers gained access to inputs and mechanisation to cultivate 1 802 hectares. The opportunities enable Grain SA to make valuable contributions to transformation at farm level too, as will be shown in the following chapters.

## LEADERSHIP DEVELOPMENT

During 2011 Grain SA's Executive accepted leadership development and training of younger producers as well as more established leaders and mentors as a specific strategic focus area.

In order to gain more knowledge on leadership training, Mr Jannie de Villiers, CEO of Grain SA, attended the first phase of the annual Leadership Academy programme of the National Corn Growers Association in the USA. This course focuses on the development of the leadership skills of young producers. He was the first foreigner to attend the course in 26 years.

On his return, De Villiers discussed the possibility of starting a similar programme for young leader producers in South Africa with Mr Antonie Delpont, Managing Director of Syngenta in South Africa. They believed that such a programme could contribute a lot to the empowerment of young producers in South Africa and to the development of a science-based approach to the future of agriculture.

The Syngenta Grain Academy was established in 2012 and a leadership development programme was developed in collaboration with the Business School of the University of the Free State. It comprises three study blocks of three days each that are presented over a period of three months at the university. The Grain Academy's first course, which was offered in 2013, was completed successfully by the following individuals:

- Bernhard Coetzer, Potchefstroom
- Casper Botha, Potchefstroom
- Chris Bender, Clocolan
- Cobus van Zyl, Bloemhof
- Cobus Grobbelaar, Bothaville
- Corné Louw, Grain SA, Pretoria
- Floyd Murray, Eastern Cape
- Frikkie Theron, Moorreesburg
- Gideon Anderson, Middelburg
- Graham Leslie, Harrismith
- Henk Prinsloo, Middelburg
- Herman Fouche, Potchefstroom
- Jean-Pieter Corver, Harrismith
- Joel Allem, Viljoenskroon
- Johan du Toit, Senwes
- Johan van Huyssteen, Virginia
- Ters Pretorius, Heilbron

- Theo Ferreira, Harrismith
- Tony da Costa, Nigel

Male and female candidates from diverse circumstances and cultural backgrounds can attend the course. The content of the programme addresses topical matters like land reform, the use of communal land, empowerment and the development of emerging farmers, labour issues, job security and employee benefits for farm-workers. However, the focus is on the development of the candidates' leadership and business skills.

The aim of the Grain Academy's programme is to develop candidates on a personal and professional level to the extent that they are not just able to make a difference at farm level, but can also add value to the broader agricultural community.

In addition to its contribution to the establishment of the Grain Academy, Grain SA, in collaboration with Santam Agri, established the Young Leaders Laboratory to create a platform where young agricultural leaders from different backgrounds meet under the guidance of experienced mentors. Young leaders from government departments and the private sector, as well as young producers, are invited to the annual event. Candidates are encouraged to network outside the formal sessions to get to know each other better and develop a better understanding of everybody's background and views. Candidates are allowed to communicate their views freely and the discussion leaders encourage open debate.

'The extremely positive feedback from the participants in this conversation emphasises the need of young leaders to build bridges that can take the grain industry into the future,' De Villiers said.



The programme facilitators of the Syngenta Grain Academy in 2013.



The Grain Academy group, facilitators and lecturers of Syngenta 2013.





## IMAGE BUILDING AND COMMUNICATION

The momentum of image building and communication actions that were driven effectively by NAMPO and NOPO in the past, was continued by Grain SA after 1999.

The support of the agricultural companies in the form of sponsorships, taking up advertising space and sustained participation in Grain SA's NAMPO Harvest Day should be mentioned, as they made a material contribution in this regard, and are still doing so. This partnership with sponsors is a major factor that has contributed in creating a platform through which the image of Grain SA as producer organisation – but mainly the cause of the grain producer – can be promoted effectively and timeously.

As far as image building and communication are concerned, it is clearly not just a farmer who can make a plan. The various producer organisations from which Grain SA was constituted had to make creative plans with limited funds for media exposure and mass communication to keep members informed constantly, convey grain market information and trends timeously, put agriculture's case and reach opinion formers and role-players in the government. The same challenges faced Grain SA, but the difference was that technology like the internet, cell phones and satellite TV was already in use by 1999.

Grain SA's public relations and communications function has been handled internally by a public relations manager and/or public relations officer since 1999. After it functioned as a separate division at times and was also part of the Commodity Levy Division, it was incorporated into the newly formed Marketing Division of Grain SA in 2015.

### Personal communication

Communication with our members and producers at farm level is a priority. In addition to the series of regional meetings that are held in the run-up to Congress, special information meetings are held at central points in the grain-producing areas if necessary. Grain SA's Executive members play a major role in two-way communication and efforts are made to provide them with information that can be supplied by Grain SA's 29 regions and the branch structure.

The services of Tony Sanderson (a lobbyist) were obtained in 2013 to open doors for strategic discussions and functional interaction with government role-players. After certain objectives had been achieved, Grain SA decided not to continue this process after 2015.



Grain SA's logo that had been approved by Congress in 2000 was rejuvenated in 2009. The logo's colours and character remained unchanged, but for a more practical application on corporate clothing, for example, the organisation's name was moved to below the icon.

According to media monitoring statistics Grain SA succeeded in increasing the interest of the English press in the grain industry and food security in 2014, while the industry's media profile in the Afrikaans and agricultural media was successfully maintained.





## Media liaison

Liaison with the media enjoys constant focus. Close contact is maintained in order to ensure access to a maximum amount of information and background on matters affecting the grain producer. Grain SA has an established media profile and a strong relationship with the agricultural media – particularly through the members of the Agricultural Writers' Association – as well as the business and daily press and broadcasting media. Independent media monitoring in 2014/2015 indicated that the grain industry's exposure to the English media increased over the past few years. Journalists from the local and even international media are received at Grain SA's media centre during the NAMPO Harvest Day.



Management Committee members of Grain SA are regularly quoted in the media and the expertise of the organisation's technical and economic specialists is highly regarded by the media.

## Digital

After Grain SA's television programme had ended in 2002, the Executive decided that a website should be established to contain most of the information from the programme and should be updated regularly. The website boasted 11 000 visitors a month. The introduction of the first SMS service enabled the organisation to communicate almost instantly with more than 2 000 members by cell phone.



**In addition to a series of regional meetings that are held leading up to Congress, special information meetings are held at central locations in the grain producing regions if necessary.**

Given the rapid rate at which technology develops, the website was upgraded in 2007 to make the information it contained more accessible and user-friendly. The number of website visits increased annually, while May was the most popular month due to the NAMPO Harvest Day.

The advent of interactive website technology and social media led to the website being upgraded again in 2013 to meet the new requirements. During 2014, Phase 2 of the project was completed with the upgrading of the NAMPO Harvest Day website and an extensive data-management system for the Farmer Development Division to support interactive management actions from the various regions. *SA Graan/Grain* was also released in e-book format on the website.

The high volume of daily visits to the market information on the website also indicates that the Grain SA website is user friendly and is managed on a needs-driven basis. By May 2015 the average monthly unique visits stood at 49 044. 2015 live news reports were integrated with the website.





In the 2014 annual that Grain SA's pre- dia platforms Faceb tion mainly to foster and build brand awa

A fortnightly RSG programme is managed by the public relations officer and assistance is provided in arranging interviews by members of the Grain SA Management Committee on various radio stations and broadcasting media. A radio campaign was implemented in 2015, focusing on English-speaking urban stakeholders. During an agricultural awareness campaign broadcasting slots were obtained on 702 Talk Radio.

With a constant focus on the producer members of Grain SA as the primary target audience, the success of *Mielies/Maize* as mouthpiece of the organisation was continued with *SA Graan/Grain*, which is a respected journal in the grain and oilseeds industry. The Farmer Development Programme monthly publishes the *Pula Imvula* newsletter – a publication that is translated into seven languages and is aimed at developing producers. Grain SA also publishes the annual *Grain Guide*, which contains useful contacts and articles on seed, implements, fertilising, integrated pest







control, livestock, money and financial services and – last but not least – information on Grain SA, important contacts and an updated calendar for the coming year.

Grain SA's annual report, which serves before Congress, contains full feedback on the activities of the elected leadership and personnel corps during the year under review and includes the audited financial results. A number of thematic flyers for specific target audiences are produced annually.

In support of Grain SA's public relations actions aimed at government role-players a publication agreement was reached with Cape Media in 2012 for the publication of the bimonthly *Harvest SA*. This contributed to creating a greater awareness of the grain industry and its challenges with the target market, after which the agreement ended in 2015.

## Advertising campaigns

A TV advertising campaign aimed at government role-players was launched in 2013. The message of the campaign involved the role of agriculture in food security, as well as the impact on co-operation over a wide spectrum.



A TV advertising campaign was launched in 2013.



An 'Agriculture gives life' campaign and TV advertisement were launched in 2015.





# 6 Grain SA's NAMPO HARVEST DAY

What started in 1967 as an opportunity for maize producers to compare mechanisation equipment on a non-competitive basis in one place, in fact expanded to a diversified agricultural trade show of an international proportions.

After 50 years Grain SA's NAMPO Harvest Day is in 2016 still considered to be the trendsetting showcase for agriculture in southern Africa, and it involves even more: It is a grid reference of progress in agriculture; a technological score board and an annual institution symbolising a feeling of solidarity among producers.

A former managing director of NAMPO and Grain SA – and a Harvest Day pioneer in his own right – Mr Giel van Zyl, put the sentiments of the agricultural community into words as follows: “The Harvest Day project’s biggest contribution, apart from the fact that it is a shopping place for producers, is the solidarity that it creates among all grain producers, because it is something that they built up, manned and managed. In fact, there are very few things that create so much pride in grain producers like the Harvest Day.” Van Zyl also reckons that the Harvest Day is an extension of the inputs over many years of people in agriculture to promote the best interests of the grain producers as part of the grain industry’s battle for recognition and survival.

## INCEPTION AND ESTABLISHMENT

SAMPI, or rather the South African Maize Producers’ Institute, was established in 1966 by maize producers who were dissatisfied with the fact that those who handled the maize industry were not bona fide maize farmers, as well as with their incorrect handling of the economic affairs of the industry. For SAMPI as a newly established maize producers’ organisation, it was a challenge to try and fight the government-supported maize specialist organisation (SAMSO) and organised agriculture. However, a common pursuit of adequate and democratic representation gave the young SAMPI the courage to boldly start the “big maize battle”.

The Harvest Day owes its inception to the initiative of three producers from Bloemfontein, Messrs Moos Haddad, Hannes van Wyk and George Stegmann – all of them members of the then SAMPI regional management from Bloemfontein.



Messrs Moos Haddad, Hannes van Wyk and George Stegmann were the founder members of the SAMPI Harvest Day Project. The first Harvest Day was held in the Bloemfontein district on 7 and 8 June 1967.

“ I TRUST THAT THE HARVEST DAY WILL BECOME WORLD FAMOUS ONE DAY LIKE THE FLOWER FESTIVAL IN HOLLAND, THE RHINE FESTIVALS IN GERMANY AND THE CARNIVAL IN WINDHOEK. ”

– The former director of SAMPI, Dr Willie Kotze, in 1967 after the very first Harvest Day.



Video: Mr Crawford von Abo tells about the origin of the Harvest Day.



One of the earliest Harvest Days as seen from the air – around 1969.

## MECHANISATION EXHIBITORS DURING THE FIRST HARVEST DAY IN 1967

1. Malcomess
2. Sentraalwes Koöperatiewe Maatskappy
3. International Harvester
4. John Deere
5. John Roderick & Southy
6. Lambons
7. Lifa
8. Mangolds

These three musketeers, whose farms bordered one another north of Bloemfontein, suited the action to the words, and on 7 and 8 June 1967 the first SAMPI Harvest Day was held on Donkerhoek – Van Wyk's farm – near Bloemfontein. A total of eight exhibitors took part and 203 people attended. This modest beginning was the start of a agriculture-focused, needs-driven agricultural trade show that grew steadily, and in 2016 it accommodated 685 exhibitors and 75 116 visitors.

'We started the Harvest Day because we wanted to bring farmers and the manufacturers of implements together. For maize farmers the sixties was a time of transition to large-scale mechanisation and the bulk handling of grains. There was a real need to view tractors and implements on a larger scale than when only one company demonstrated its products on your farm,' Van Wyk told *Mielies/Maize* (the predecessor of *SA Graan/Grain*) in the April 1989 issue. The dream was to create a platform where suppliers of mechanisation implements and producers could meet one another so that informed production and purchasing decisions could be made.

Van Wyk also said that it was really tough going to organise the first Harvest Day. Tractor and implement manufacturers had to be convinced to take part. Eventually eight companies agreed and Lister provided a generator.

## Regional harvest days followed

Haddad's farm, Hopefield, was selected as the base for SAMPI's Harvest Day from 1968. As Hopefield was situated next to the Bloemfontein/Bultfontein tarred road, its better accessibility was probably the reason why the Harvest Day was held there until 1972.

**“ WHEN YOU THINK BACK ABOUT PEOPLE IT IS ALWAYS DIFFICULT TO SINGLE SOMEONE OUT. HOWEVER, IT IS IMPOSSIBLE NOT TO MENTION THE THREE MUSKETEERS FROM BLOEMFONTEIN, MOOS HADDAD, HANNES VAN WYK AND GEORGE STEGMANN, AND THEIR SPOUSES. THEY WERE THE ONES WITH THE GREAT IDEA (OF A HARVEST DAY) IN 1966. ”**

**– Mr Dennis von Abo,  
Harvest Day Director; 1983.**



A framed version of the first Harvest Day's poster hangs in the administrative offices at NAMPO Park.



**THE NAME 'HARVEST DAY' CAME FROM THE FOCUS ON MECHANISATION OF HARVEST EQUIPMENT DURING THE VERY FIRST HARVEST DAY IN 1967. IN THE YEARS THAT FOLLOWED THE IMPLEMENTS THAT WERE DEMONSTRATED ON A NON-COMPETITIVE BASIS UNDER WORKING CONDITIONS WERE EXPANDED TO INCLUDE ALL FACETS OF THE PRODUCTION CYCLE. THE NAME OF HARVEST DAY STOOD THE TEST OF TIME AND IS STILL USED TODAY.**

In July 1969 *Die Landman* reported that about 2 000 producers had been present at Hopefield over the two days in 1969. Transactions to the amount of R50 000 – a substantial amount for those days – were settled over the two days. Dr AJA Roux, Chairperson of the Atomic Energy Board, was the keynote speaker, and Mr Fanus Rautenbach, well-known radio broadcaster, was the announcer.

As far as controlled implement demonstrations were concerned, the normal procedures were followed just like when a producer would cultivate his own crop. Demonstrations included those of stationary threshers, after that self-driven and drawn threshers, followed by the ploughing of the harvested fields. Planters in action were added from 1970.



An archive photo of the second SAMPI Harvest Day. It was taken on Haddad's farm, Hopefield.



In the early years a keynote speaker was part of the Harvest Day programme. Dr AJA Roux, Chairperson of the Atomic Energy Board was 1968's keynote speaker.



Practical demonstrations of agricultural equipment on a non-competitive basis were a core focus for approximately 40 years since the inception of the Harvest Day.



A controlled mechanisation demonstration during the Harvest Day in 1972.



By 1972 the regional harvest days were already established. This is the poster from that year.

The success of the Harvest Day was confirmation that SAMPI had a unique recipe. To demonstrate a variety of tractors and implements under working conditions on a non-competitive basis at one venue addressed an urgent need of maize producers. Although the organising committee had to work resourcefully to convince mechanisation exhibitors to take part, the concept of the Harvest Day was rapidly gaining ground – to the dismay of SAMSO and Co., but to the benefit of a unquenchable spirit of solidarity that was taking root in the ranks of SAMPI.

From 1969 this popularity led to additional harvest days on a regional basis under the banner of SAMPI's Central Harvest Day Committee, namely one on the Eastern Highveld (today Mpumalanga) and one in the Western Transvaal (the current North West). The Harvest Day that was held near Standerton was initially presented on the farm Roodebank of Mr Flip Viljoen. Later it moved to the farm Uitgezocht of Mr Tienie Louw in the Hendrina district. At Ottosdal it was presented on the farm Rietvlei of Ms Annie Lombard. By 1972 the three Harvest Days boasted an attendance of more than 11 000 producers at the various venues.

## First national Harvest Day

By 1972 a Central Harvest Day Committee was formed to oversee the regional harvest days. Mr Janneman Venter, Chairperson of the committee, visited the USA in 1972 to investigate the Field Show model, and in collaboration with the manufacturers he planted the seed for presenting one Harvest Day, but on a larger scale.

It became a goal for SAMPI to make a permanent harvest day venue the annual centre for agricultural mechanisation in South Africa. The suppliers of mechanised equipment and implements also said that one central exhibition and demonstration effort was more affordable and effective than three separate harvest days. A decision by the committee in October 1972 to combine the three harvest days into 'one massive presentation' from 1973 and to present it at one central, permanent venue, led to

## THE NAMES OF VARIOUS OF HALLS AT NAMPO PARK COME FROM THE HISTORY OF THE HARVEST DAY

- **Donkerhoek Hall** (farm of Mr Hannes van Wyk, where the first Harvest Day was held)
- **Hopefield Hall** (Mr Moos Haddad's farm, where the Harvest Days of the Free State were presented)
- **SAMPI Hall** (predecessor of Grain SA)
- **NAMPO Hall** (predecessor of Grain SA)
- **Fanie Ferreira Hall** (last Chairperson of SAMPI and first Chairperson of NAMPO)
- **Roodebank Seed Hall** (Mr Flip Viljoen's farm, where the Eastern Transvaal's Harvest Days were initially presented)

THE HARVEST DAY IS ONE OF THOSE EVENTS THAT ONE SHOULD NOT MISS, BECAUSE THIS IS WHERE EVERYTHING IN THE AREA OF AGRICULTURE IS HAPPENING IN THE SPACE OF THREE DAYS.

– Mnr Japie Grobler,  
Chairperson of NAMPO; 1996.



the first combined Harvest Day, which was held in 1973 at the temporary national Harvest Day grounds in Ottosdal.

When the farm Marthaville in the Bothaville district came on the market, the decision was made to buy the land and develop it for this purpose. The Bothaville/Viljoenskroon district was seen as a locality that was readily accessible to producers from all over the country. Approximately 80% of the maize production area at the time was located within a 160 km radius from Bothaville. Marthaville also borders a tarred road, which optimised accessibility and traffic.

It must be said that the way in which the land came into SAMPI's possession is partly a mystery. Tradition has it that it was donated as a whole to SAMPI, but that is unconfirmed. The harvest day grounds are made up of three title deeds, of which the smallest part (approximately 25 ha) was donated by Mr Louis Luyt, at the time the owner of Triomf Kunsmis, and in later years rugby boss, because he supported SAMPI's cause.



**The first combined Harvest Day was presented in 1973 on a farm near Ottosdal. To accommodate the previous harvest days of the Free State and the Eastern Transvaal there, the grounds were enlarged by approximately 100 morgen.**

The previous owner of Marthaville, Mr Jan Bothma, was apparently not happy to sell directly to SAMPI, as he was a supporter of SAMSO. This challenge was circumvented when Mr Flip Grobler, whose land bordered Marthaville, bought the farm of 171 ha and transferred it to SAMPI immediately. As SAMPI was a relatively young organisation at the time, the twelve Executive Committee members, of whom Grobler was one, had to provide surety for the bond in their personal capacity. A third piece of land was bought by NAMPO in the late eighties to house a sheep project as part of the land conversion scheme.

In 1973 Messrs Hannes van Wyk and Callie van Wyk were delegated by SAMPI to visit a Field Harvest Day in New Zealand to find out how the Kiwis were doing it.

### **The NAMPO era begins**

After intervention by the former Minister of Agriculture, Mr Hendrik Schoeman, unity in the maize industry was eventually achieved. On 3 October 1980 SAMPI and SAMSO were dissolved to make room for the National Maize Producers' Organisation, or NAMPO. The Harvest Day – as a prominent part of SAMPI's dowry – was therefore renamed the NAMPO Harvest Day.

During the nearly 20 years that followed, the NAMPO Harvest Day went from strength to strength. What was initially a maize-focused trade show was diversified and expanded to accommodate the South African agricultural industry as a whole. It developed into one of the best known local agricultural brands and today even boasts a strong presence in Africa and abroad.



**A view from the air of the Harvest Day grounds before the big rush started in 1973.**

**“ I WANT TO GIVE SPECIAL THANKS TO OUR INPUT PROVIDERS AND EXHIBITORS. YEAR AFTER YEAR THEY ARE THE LIFE BLOOD OF THE HARVEST DAY. THEY INCUR BIG EXPENSES TO BRING MILLIONS OF RANDS OF AGRICULTURAL EQUIPMENT AND ANIMALS TO THE HARVEST DAY. ”**

**– Mr Bully Botma, Harvest Day Chairperson, 1996.**



### EXHIBITORS IN 2016 WHO HAVE EXHIBITED AT NAMPO PARK SINCE 1974

1. New Holland SA
2. Argo Industrial
3. John Deere
4. Northmec
5. Barloworld Agriculture
6. Kempston Agri (Claas)
7. Eqstra (Deutz & Same)
8. Shell
9. Syngenta
10. Andrag Agrico
11. Erdvark Implemente
12. Rovic Leers
13. Pannar
14. Senwes
15. Engen
16. Bessemer



**Video:** A commemorative DVD production to commemorate the 50th Harvest Day in 2016 was made at the direction of Grain SA.



Special recognition was given to six of the eight exhibitors of the 1967 Harvest Day who are still exhibiting today, as well as to 17 exhibitors who have been exhibiting continuously since 1974 at the current venue. At the function were personnel from New Holland SA, Argo, BarloworldAgri, KempstonAgri (Claas), Eqstra (Deutz & Same), Shell, Syngenta, Rovic Leers, Pannar, Senwes and Bessemer.

### Grain and oilseeds industries become one

Unification in the grain and oilseeds industries followed nearly two decades later, in 1999, after the deregulation of agricultural marketing in 1997. Speciality organisations representing producers from the maize, winter cereals, sorghum as well as oil protein seeds industries established the biggest agricultural producers' organisation in the country. The Harvest Day was once more part of the assets that NAMPO brought to the newly established speciality organisation.

The initial name – the Grain Producers' Organisation (GPO) – made room for a brand new corporate identity when Grain SA was unanimously approved by the annual Congress on 8 March 2000.

With a proud history stretching over five decades the Harvest Day is today a combination of the most recent agricultural technology, product variety, innovation, discussions, networking opportunities and agricultural hospitality – upholding its reputation as southern Africa's agricultural showcase.

During a special event at NAMPO 2016 Grain SA acknowledged the contribution of exhibitors, volunteers, the agricultural leadership and staff to the Harvest Day since 1967. Special recognition was given to seven of the eight exhibitors at the 1967 Harvest Day who are still exhibiting today, as well as to sixteen exhibitors who have been exhibiting continuously since 1974 at the current venue.

### BY PRODUCERS FOR PRODUCERS

Since its inception the Harvest Day has been owned and presented by volunteer grain producers' organisations: first by SAMPI, later – after unification in the maize industry in 1980 – by NAMPO, and since the consolidation of grain organisations in 1999 by Grain SA.

The winning recipe of an effective committee system, the support from volunteers from the communities in the grain producing areas, as well as dedicated staff has contributed to the Harvest Day being widely acknowledged today as the biggest agricultural exhibit in private ownership in the world.

The same determination of maize producers that led to the founding of SAMPI echoed in the organisation of the Harvest Day, with a principle of 'by farmers for farmers' that quickly became established. As a young organisation SAMPI could not afford full-time staff and members had to roll up their sleeves themselves to get the work done. More than 200 volunteers comprising existing members of Grain SA and its predecessors and their families, as well as people from the community who supported the cause of the Harvest Day, jumped in every year to prepare and serve refreshments.





Grain SA entertained the organisation's former leadership, NAMPO Harvest Day Committee members, volunteers, staff and friends of the Harvest Day during a 50-year event on Friday, 20 May. On the photo are the agricultural leaders responsible for Grain SA's NAMPO Harvest Day over the past nearly three decades. In front: Vic Mouton (Harvest Day Chairperson 2001 - 2005), Jub Jubelius (Harvest Day Chairperson 2005 - 2011), Cobus van Collier (Harvest Day Chairperson since 2011) and Johan Loxton (Manager, Commercial Services, who has been at the helm of the NAMPO Harvest Day organisation for the past 20 years). At the back: Jannie de Villiers (CEO: Grain SA), Japie Grobler (Harvest Day Chairperson 1987 - 1989) and Bully Botma (Harvest Day Chairperson 1989 - 2001).

## Agricultural leadership

The goal of the Harvest Day pioneers was to establish the Harvest Day as a competitive SAMPI product and at the same time effectively address the need of the producers. Throughout those initial years the three pioneers from Bloemfontein maintained a strong presence in the organisation of the Harvest Day that was held on Hopefield, as well as at the other regional harvest days that became established since 1969.

Mr Kobus Kotzé took the lead in organising the harvest day in the Eastern Transvaal. In the Western Transvaal Mr Callie van Wyk from Ottosdal took the lead. Mr Paul Jordaan was the Chairperson of the Harvest Day since 1974 and was succeeded by Van Wyk in 1983.

By the early eighties the officials were supported by an organising committee comprising volunteer producers who did not necessarily serve on the Executive

**“ WE WILL HAVE TO GUARD AGAINST THE HARVEST DAY BECOMING A FLEA MARKET. THE PURPOSE OF THE HARVEST DAY IS TO GIVE INPUT PROVIDERS THE OPPORTUNITY TO MAKE CONTACT WITH OUR FARMERS ON A PERSONAL LEVEL AND TO SHOW THEM THE LATEST TECHNOLOGY IN THE AREA OF AGRICULTURE. ”**

**– Mr Giel van Zyl, Managing Director of NAMPO; 1996.**



The first buildings on the permanent Harvest Day Grounds were erected in 1974 . Here the floor of one of the restaurants is poured.



**THIS YEAR – AND IN THE FUTURE – THE EMPHASIS WILL HOWEVER STILL BE ON AGRICULTURAL AND AGRICULTURE-RELATED EXHIBITORS. YOU ARE ALSO AWARE OF OUR POINT OF VIEW THAT WE ARE NOT AFTER NUMBERS, BE IT VISITORS OR EXHIBITORS. THE NAMPO HARVEST DAY IS AND REMAINS A BUSINESS OPPORTUNITY, WHERE A PLATFORM IS CREATED FOR INPUT PROVIDERS AND PRODUCERS IN ORDER TO MAKE INFORMED DECISIONS ABOUT PRODUCTION AND PURCHASES.**

**– Mr Vic Mouton, Harvest Day Chairperson, during a press conference in 2002**



**Mr Hannes van Wyk**

of NAMPO. Any member of the public could work as volunteer at the Harvest Day. After a few years such a person was usually approached to serve on a committee and could very well become a Chairperson of a committee or the Harvest Day Committee.

A decision in the eighties by the Executive of NAMPO to place the Harvest Day Committee under the management of the Executive led to the Chairperson of the Harvest Day Committee becoming an elected Executive member of NAMPO. This aligned the control of the Harvest Day as prominent commercial service once more with that of the organisation.

Mr Japie Grobler – then a member of the Harvest Day Committee as well as Executive member of NAMPO – was therefore elected as Chairperson of the NAMPO Harvest Day Committee as a working committee of the NAMPO Executive in 1987. Grobler – a well-known agricultural leader who was also the only person who served on the Executive of SAMPI, NAMPO and Grain SA – held this position until 1989. The committee system, which is still used to this day, resulted in everything running very smoothly, and by 1987 there was a management committee, as well as committees for demonstrations, the pub, liaison, the grounds, animals, refreshments, farming, and farmers' patents.

A following decision of the Management Committee determined that all the elected management committee members had to report for work during the Harvest Day. Those that could not be there, had to explain to the Chairperson of NAMPO why they could not be on duty.

The Chairpersons of the Harvest Day from 1987 were as follows:

- Mr Japie Grobler from Bothaville (1987 - 1989)
- Mr Bully Botma from Bothaville (1989 - 2001)
- Mr Vic Mouton from Koster (2001 - 2005)
- Mr Jub Jubelius from Hennenman (2005 - 2011)
- Mr Cobus van Collier from Viljoenskroon (2011 - 2016)

## **Senior officials of the Harvest Day**

### ***Hannes van Wyk, Managing Director: SAMPI and SAMPI Harvest Day Director 1974 - 1976***

When Marthaville became the permanent home of the Harvest Day, and with SAMPI's office situated in Bothaville, the Harvest Day pioneer Hannes van Wyk was appointed as Managing Director of SAMPI, and at the same time as Harvest Day Director. His brief for the Harvest Day was to handle its establishment on the farm and therefore to also manage the layout of the grounds and the demonstration area.

Two giant restaurants and toilet facilities – the first buildings on the grounds – were erected in time for the 1974 Harvest Day. Other permanent facilities included an administrative head office, entrance gates, a beer garden and a caravan park. The show area and buildings extended over 16 ha.

The mobile demonstrations of the 1974 Harvest Day made provision for harvesters, threshers and pickers, driers and bulk-handling balers, rakes, hammer mills, stubble-tillage implements, ploughs, fertiliser sifters, planters, hoeing and soil-breaking implements, as well as spraying equipment.

Various input providers spontaneously jumped in and – free of charge – helped to make Marthaville a complete Harvest Day Venue. Massey Ferguson ploughed the whole farm free of charge, while fuel for the tractors was donated by Shell. Pioneer Seed donated the seed, Fedmis the fertiliser, CibaGeigy the herbicides, VETSAK the spraying equipment, implements were provided by various companies and six workers' houses were built free of charge by TAFSCO.

*Die Landman* (February 1974) described the development of the Harvest Day farm as an excellent example of co-operation and teamwork between SAMPI's Harvest Day management and a number of private companies and co-operatives who had the service theme of the Harvest Day at heart. In the subsequent years structures



**WHAT IS HIDING UNDER THE BLACK CLOTH?**

**IN THE BEGINNING THERE WERE PROBLEMS AS MANY OF THE MANUFACTURERS DID NOT WANT TO BE PART OF THE HARVEST DAY. HANNES VAN WYK REMEMBERS ONE OF THE TRACTOR COMPANIES WHO OBSTINATELY REFUSED TO TAKE PART IN THE HARVEST DAY. THE ORGANISING COMMITTEE THEN TOOK ONE OF THAT COMPANY'S TRACTORS AND PARKED IT IN THE MIDDLE OF THE GROUNDS, COVERING IT WITH A PIECE OF BLACK CLOTH. THIS NATURALLY ATTRACTED A LOT OF ATTENTION. IT WAS APPARENTLY THE LAST TIME THAT THIS COMPANY WAS NOT PART OF THE HARVEST DAY.**



**Mr Dennis von Abo**

like the Hopefield and Donkerhoek Halls were constructed. An airfield was built, as well as ablution facilities at the caravan park. A cattle complex followed in 1978.

As far as refreshments were concerned, no one other than the Harvest Day Committee was allowed to bring any refreshments to the grounds. A strong volunteer group was therefore essential. The slaughtering of sheep and cattle and the processing of the meat was a huge activity in the week before the Harvest Day. During the Harvest Day volunteers were employed to braai the meat and prepare the salads. These volunteers were made up of producer members, members of their families, as well as people from the community.

### **HOWEVER, IT WAS NOT ALL WORK AND NO PLAY...**

- *Die Landman* (predecessor of the *SA Graan/Grain* magazine) of April 1974 reported as follows: There is red-hot entertainment in the evenings. This includes a variety concert, a cabaret and a Harvest Day Ball.
- Hannes van Wyk told *Mielies/Maize* in April 1989 that after the earliest Harvest Days came to an end the dancing continued in a tent until dawn and there was so much merrymaking that even the tent nearly bit the dust in the process.

Since 1974 a ladies' programme was presented. This included speakers, demonstrations and a fashion show.

### ***Dennis von Abo, Harvest Day Director 1976 - 1987***

Thanks to a marketing career in the mechanisation industry Mr Dennis von Abo was instrumental in establishing a sound base for exhibitors of tools and implements at the Harvest Day. Under his management the Harvest Day developed from its humble beginnings in 1974 to a fully-fledged agricultural show.

In 1977 the first foreign participation in tractor and implement demonstrations was recorded when a manufacturer from the former Rhodesia took part. Demonstrations were held on four sites, which enabled Harvest Day goers to visit the full series of demonstrations at set times.

The 1982 Harvest Day can be regarded as a milestone year, as various completed permanent buildings on the grounds were used for the first time, among which the NAMPO/Shell information centre. The Harvest Day offices were housed there, as well as a lounge and pub area for important guests. According to Dennis, he could negotiate with Mr Church van Niekerk from Shell to obtain Cape Dutch yellowwood tables and riempie chairs, as well as a built-in solid wood bar counter as a donation.

Other completed buildings that were completed in 1982 were:

- NAMPO Museum (sponsored by Mobil)
- Malcomess Building
- Ford Training Centre
- Bayer SA Building
- Vetsak Building
- International Harvester Building
- Natuurgroei Building
- Spartan Cages Building
- Rietvlei Hall (later converted into the Club 200 Restaurant and currently the Grain SA Members' Hall)

As far as demonstrations were concerned, the first day was dedicated to stationary exhibitions. On the second and third days a large-scale demonstration of implements took place, with the stationary exhibits still there for inspection. Since 1983 the demonstrations were presented in different categories to enable the

viewers to directly compare tools and implements with one another. From 1987 onwards tractors were grouped according to kilowatt size.

Various cultivar trials and NAMPO maximum yield trials were also ready for the Harvest Day of 1982. These developments were continued in 1983, when the cattle complex and the Trek access gates were opened. The Fanie Ferreira Hall (named after the last Chairperson of SAMPI and the first Chairperson of NAMPO), with a service area for more than 1 200 people, was completed thanks to a sponsorship by Total. Then the sheep complex and the Maize Board's Building were completed in 1984, and the horse complex in 1985. The covered veranda of the Fanie Ferreira Hall was added in 1988. A beer garden and tea room for other refreshments were also added.

A building that was mainly the result of Von Abo's initiative is the museum – nowadays known as the Engen Museum. Von Abo found the sponsors, as well as the tractors and equipment displayed in the museum, some of them dating back to 1917. He was also responsible for the start of the NAMPO/Fedmis Farmer Patent Competition in 1985. Omnia took over the sponsorship in 1988, and in 2013 the 25-year anniversary of this popular Harvest Day attraction was celebrated.

Over time Von Abo managed to establish an excellent team of farm workers and grounds people at Marthaville, who deserve to be mentioned for their contribution to the development of the Harvest Day.



**Messrs Fanie Ferreira (left) and Dennis von Abo lay the first bricks of the Fanie Ferreira Hall on the NAMPO grounds.**



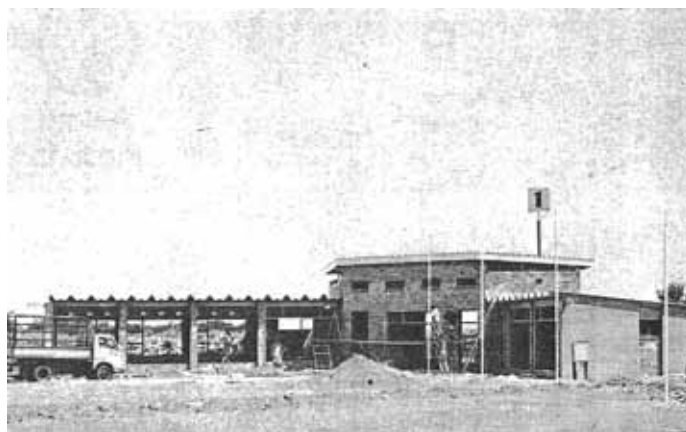
**A photo dating from the late seventies shows the excitement of a demonstration by a spraying plane during the Harvest Day.**



**Video: There was always a spirit of co-operation among the producers, volunteers and staff – Mr Giel van Zyl.**



**Natuurgroei's new building on their stand was completed for the 1982 Harvest Day.**



**Malcomess's brand new complex being erected on the Harvest Day farm; 1982.**





Mr Giel van Zyl



Video: New rules introduced by the Harvest Day Committee had to be implemented – Mr Giel van Zyl.

## NUMBER PLEASE!

- BY 1983 TELEPHONE FACILITIES WERE PROVIDED AT FIFTEEN STANDS.
- AFTER A TEMPORARY CELLPHONE TOWER PROVIDED CELLPHONE CONNECTIONS IN 1996, MTN AND VODACOM CONSTRUCTED A PERMANENT TOWER ON THE GROUNDS IN 1997.

### ***Giel van Zyl, Manager Administration NAMPO 1983 - 1992; Managing Director of NAMPO 1992 - 1999; Managing Director of Grain SA 1999 - 2001.***

Since Mr Giel van Zyl joined NAMPO in 1983 the Harvest Day was part of his management responsibilities. As liaison between the former Managing Director, Dr Piet Gous, and the Harvest Day Committee, his duty was among other things the strategic planning, and making sure that it was carried out – something that suited Van Zyl's personal ability to a T in executing huge plans in the finest detail.

The first part of the long-term strategy with the Harvest Day was to get it acknowledged country wide. Although it had already developed a good standing in the market, the Harvest Day was still in competition with other agricultural shows in 1983. It was also not a given that exhibitors would take part every year, and there was room to convert it to become a preferred show venue for agricultural exhibitors.

With the purpose of developing the Harvest Day into a world-class trade show a vision and mission statement, which were drawn up by the Harvest Day Committee, were accepted by the NAMPO Executive. It then became clear that time and energy had to be invested in expanding the standard of the Harvest Day grounds and facilities, improving the rules for exhibitors and a renewed focus on developing the character of the Harvest Day as a purely agricultural trade show.

'In the early eighties the grounds were not fenced in and exhibitors and visitors parked everywhere. The festive atmosphere was also emphasised by the beer garden, which was situated in the middle of the grounds. Exhibitors did not have many rules to abide by,' says Van Zyl.

During subsequent years the Harvest Day Committee laid down stricter rules so that no exhibitor could enter the grounds with a vehicle during the Harvest Day. The duration of the Harvest Day was also extended from one-and-a-half days to three days, and exhibitors' contracts were changed so that tool and implement manufacturers had to undertake to show their goods. Participation in controlled demonstrations also now became compulsory.

Van Zyl also says that it was not always easy to enforce and apply the rules that were laid down by the committee. Many exhibitors can attest to the entrance gates being introduced for exhibitors, and how they quickly became known as 'swearing gates'. Although it was a challenge to get exhibitors used to the new house rules, a standard was set that put the organisation and stature of the Harvest Day on par with those of many international agricultural trade shows.

Since 1983 food was also provided at other points and not only at the restaurants. Since 1984 take-aways and cooldrink kiosks were introduced on a larger scale.

There was a real danger in 1988 that the Harvest Day could be cancelled due to an above-average rainy season. According to Van Zyl, the grounds were soaked after more than 900 mm of rain had fallen and they had to act quickly. Drainage pumps were therefore used to dry out the grounds in time.

Through contact with input providers he could convince companies to act as sponsors for the construction of halls that could provide extra covered exhibiting spaces, but also provide more permanent areas for companies who had an association with the Harvest Day. Examples of these venues were the Sentraoes Hall, Foskor Media Centre, Eskom Hall, the ARC Building and the first phase of the current Afrox Building.

Companies' faith in the Harvest Day as a strategic trade show was further confirmed by their investment in the permanent structures on their stands. By 1996 new buildings had been erected by Staalmeester, Interlov, Sanvet, Pumpmaker and Mercedes-Benz. NAMPO reacted to this by creating permanence in the infrastructure, amenities and facilities on the grounds. In the same year the Roodebank Seed Complex was opened, and the renovation of the Donkerhoek Hall followed.

Recognition is given to the architect, Freek du Plessis, who helped a lot with plans at no charge, Willem le Roux, the builder who did most of the brick work of the buildings, and Dappies Venter, who erected almost all the steel structures of the buildings – admittedly for remuneration, but with a special loyalty towards the Harvest Day.



The NAMPO Harvest Day brand was still in use until the establishment of Grain SA in 1999. Although the name was kept, the show has since then been officially known as Grain SA's NAMPO Harvest Day.

Van Zyl's vision to have a big hall that could accommodate 127 exhibitors covering approximately 3 600 m<sup>2</sup> was realised when the NAMPO Hall was opened during the 1998 Harvest Day. The finishing touches to this modern addition to the covered exhibiting space were made when it was fitted out with carpets and professional exhibiting kiosks. Since then this exhibiting method, which was introduced by Mr Johan Loxton, was extended to each one of the halls on the grounds.

Globalisation led to international participation, namely delegations and individual or organised exhibitors, becoming a common sight at the Harvest Day as far back



Three of the hard workers in the Fanie Ferreira Hall. From the left are Petra Kruger, Annatjie van Zyl and Theresa Jordaan. Here they are trying to solve a serious problem that arose. Petra was in control of the catering in 1991 and Annatjie of the breakfast sessions.



Video: Mr Giel van Zyl relates how a lady from Mpumalanga divined water for NAMPO Park over the phone.



The people flock into the Fanie Ferreria Hall and everyone has to be on their toes. Like it has been the case every year, all the volunteers had to fill hungry bellies for hours on end. Thanks to all the ladies who pulled their weight over the years!



A scene that shows the many people during the second day of the 1985 NAMPO Harvest Day.







The NAMPO Hall under construction in 1998.

as the eighties. In South Africa's years of political sanctions the *Western Australian Regional Manufacturers* decided to hold exhibitions here, as Western Australia's agricultural conditions correspond with those in parts of South Africa. Eventually the Australian pavilion was established in the early 1990s as the Harvest Day's first international pavilion.

### Communities

Learners of the NAMPO Agricultural Secondary School and Bothaville High School annually worked at the grounds on Harvest Day, for which the schools received an amount and could also use the facilities for school functions in exchange. NAMPO Secondary is currently still involved at the Harvest Day.

Another local community initiative that developed was the guest house project of the Maize Capital's tourism forum that involved not only guest houses, but also private homes that satisfy the so-called maize rating to provide accommodation during, for example, the Harvest Day and the Congress. By 1995, when the project started, the number of beds occupied was recorded as 80 guests. However, a total of 200 guest houses in the Bothaville area and neighbouring towns provided accommodation to approximately 5 400 visitors during NAMPO 2016.

The Rotary Club and the Hervormde Kerk from Bothaville, were the first community organisations to operate take-away kiosks, manned by volunteers, to help them



Sound bite: Anecdote about the erection of the NAMPO Hall – Mr Giel van Zyl.



The Wall of Remembrance was erected in 1998.

## WALL OF REMEMBRANCE FINDS A PLACE AT NAMPO PARK

The Hennenman Farmers' Association launched an initiative in 1998 to erect the wall of remembrance with the purpose of providing a collection point for the names of victims of farm attacks. This Wall of Remembrance is a monument in the memory of those producers and their families who died in farm attacks since May 1961.

As NAMPO Park's central location makes it ideal for the honouring of victims of farm attacks the NAMPO Harvest Day Committee agreed that the wall of remembrance be erected on the grounds near the main entrance. By 2016 more than 2 000 names had already been added to the wall.



Mr Johan Loxton

raise funds. In subsequent years the Broekman Study Group became involved in the running of the beer garden, and the Allanridge Study Group manned the entrance gates. At one stage approximately 500 volunteers were on duty during a Harvest Day week.

### ***Johan Loxton, Manager: Administration and later Manager: Commercial Services of NAMPO and then Grain SA 1996 - 2016***

When Loxton joined NAMPO in 1996 as Manager: Administration, the foundation of the Harvest Day and the infrastructure at the venue were established. With a human resources management and business background his challenge was to adapt this unique agricultural trade show continually to the most recent trends in collaboration with the Harvest Day Committee, and to stay at the forefront of technology.

Loxton played a key role in the development of infrastructure (electricity distribution, water reticulation, the sewage system and refuse removal) as well as the general modernisation of the administration, exhibiting methods, facilities and communication. He says that they continually focused on the content of what was being presented and the manner in which the Harvest Day was managed.

As commercial farming started to diversify for the sake of sustainable profitability, the choice of exhibitors and the facilities dynamically stayed in tune with new developments and the latest farming technology to be able to give attention to almost every facet of agriculture today.

With respect to the number of exhibitors, the Harvest Day nearly doubled over the past two decades since agricultural marketing was deregulated in 1997. Among other things an even distribution of visitors over the four days was achieved by making the organised programme the same for each day.

### ***Keeping up with change***

In order to involve top exhibitors and keep up with the constant growth of the Harvest Day, the infrastructure at NAMPO Park was developed functionally and according to recommendations of the Harvest Day Committee, NAMPO and later Grain SA reinvested funds annually to upgrade the grounds and the facilities.

The Harvest Day could not escape a decline in public service delivery, and it was obvious that NAMPO Park had to become self-sufficient for the current needs and for the future. Technology and aids were therefore involved to install modern systems for power distribution, water distribution and sewage.

In earlier years support services for safety and disaster aid on the grounds were provided by the Bothaville local authorities. However, a control centre was constructed in 2010 that is continually in contact with the SAPS, traffic authorities, medical emergency services, air-traffic control and all the services in the grounds with respect to electricity, gas, sewage, refuse removal and fire fighting during the Harvest Day. With the co-operation of provincial traffic authorities access routes to and from the Harvest Day grounds were improved.

**“THE GENERAL FEEDBACK FROM EXHIBITORS IS THAT THE VOLUME OF BUSINESS IS MUCH HIGHER THAN EXPECTED, AND IN MANY INSTANCES IT EXCEEDS THE NUMBERS OF THE PREVIOUS YEARS. LIKEWISE, THE FEEDBACK FROM VISITORS IS SPONTANEOUSLY POSITIVE ABOUT THE HIGH STANDARD OF THE EXHIBITIONS AND THOSE OF THE GROUNDS.”**

**– Mr Jub Jubelius, Harvest Day Chairperson; 2006.**





1960's



2015

Where the Harvest Day started out in 1967 with only eight exhibitors and a temporary venue, by 2016 Grain SA's NAMPO Harvest Day boasts a modern, equipped venue that can accommodate more than 650 exhibitors with ease.

**APART FROM THE NAMPO HARVEST DAY BRINGING UNBELIEVABLE GOOD PUBLICITY FOR SOUTH AFRICA WORLDWIDE, IT IS AN ABSOLUTELY ESSENTIAL EVENT FOR ANY COMMERCIAL FARMER. THIS IS THE PLACE WHERE YOU CAN SEE EVERYTHING IN ONE PLACE AND CAN MAKE PURCHASING DECISIONS. YOU ALSO FIND UNBELIEVABLE NETWORKING OPPORTUNITIES. IT IS THE PLACE TO BE WHEN YOU ARE IN AGRICULTURE.**

**– Mr Johan Loxton, Manager: Commercial Services of Grain SA; 2015.**

#### THEN AND NOW: EXHIBITOR AND ATTENDANCE NUMBERS

Year	Number of exhibitors	Attendance
1967	8	203
1974	32	'Thousands of real farmers'
1983	175	13 000
1996	280	42 000
2000	516	50 400
2005	576	68 802
2010	650	68 900
2015	More than 650	69 584
2016	685	75 116

Although the advance selling of tickets was introduced since 2006, an electronic ticket system that makes provision for online purchasing, optimises access control and ensures accurate attendance numbers was implemented in collaboration with TicketPro since 2015.

The former extended Harvest Day Committee was streamlined in the meantime. As the provision of refreshments is mainly assigned on tender, the committee has more of a coordinating task. The Harvest Day Chairperson is assisted by a Vice-chairperson and conveners of the mechanisation and 4x4 demonstrations and livestock exhibitions, while the general management, grounds, administration, functions and catering are handled by the staff of Grain SA.





The controlled tool and implement demonstrations were a core aspect of the Harvest Day for 40 years.



Keeping up with the times...visitors at NAMPO can buy tickets online through TicketPro since 2015.

“ GRAIN SA’S NAMPO HARVEST DAY OPENS UP A DIFFERENT WORLD. A PRODUCER’S NEEDS AND FOCUS ON HIS FARM DIFFER EVERY YEAR, AND THIS HUGE HARVEST DAY UMBRELLA COVERS SOMETHING TO MEET THE PARTICULAR NEEDS OF EVERY PRODUCER EVERY YEAR. ”

– Mr Cobus van Collier, Harvest Day Chairperson; 2012.



Sound bite: According to Mr Johan Loxton, exhibitors’ presentation methods changed over time, but the Harvest Day’s goals remained the same.

“ NAMPO IS A LEADER IN THE TRANSFORMATION OF AGRICULTURE IN OUR COUNTRY. I HAVE NEVER SEEN SO MANY BLACK FARMERS TELLING A STORY OF CHANGE. ”

– A tweet by Prof Jonathan Jansen, rector of the University of the Free State after his first visit to the Harvest Day; 2012.





NAMPO Park's runway for light planes and helicopters is thoroughly utilised during the Harvest Day week.



The 4x4 demonstration track attracts large groups of spectators every year.

### *Highlights and milestones*

Extensions, upgrades and activities that were realised with Johan Loxton at the helm of Harvest Day matters, were as follows:

- Buildings that were erected in collaboration with exhibitors include Senwes, Omnia, Claas, Northmec and SA Truck Bodies. Various exhibitors also upgraded the permanent structures on their stands.
- The access road from the main entrance on the grounds was tarred, dirt roads were paved and additional lawns were planted between the buildings and on stands.
- Negotiations with John Deere that had already started in Van Zyl's time were continued by Loxton and ultimately concluded with the special support of Mouton as Harvest Day Chairperson.
- A new runway for light aeroplanes and helicopters – with a manned control tower during the Harvest Day week – was built on the grounds in 1999 and is used by exhibitors, visitor groups, private pilots and agricultural producers. During NAMPO 2016 448 aeroplanes and/or helicopters landed there.
- The first phase of an own electricity distribution project on the grounds was completed in 2000 and a substation and four transformers were commissioned that year. As it was one of the biggest capital projects until then, Botma did a good job as Harvest Day Chairperson to obtain the support of NAMPO's Executive and Management Committee for the project.
- A 4x4 obstacle course was developed in 2000 at the southern end of the grounds and was upgraded again in 2008.
- In a random sample that was taken on 15 May 2001, 5 800 producers were counted at the controlled implement and tool demonstrations.
- A Maize Hop shuttle service to and from NAMPO Park has been operated since 2001 by the Mieliehoofstad chamber of business in collaboration with taxi drivers from the community of Bothaville. Sponsored vehicles are also used. Since then the service has been expanded to even include a route from Gauteng and elsewhere on demand.
- New stands, exhibition spaces, paved roads and toilet facilities were created every year and resulted in the Harvest Day grounds having been extended systematically to the south since 2001.
- As a result of practical circumstances restaurants and take-away kiosks were allocated on a tender basis since 2001 to institutions that are dependent on fundraising, such as schools, churches and farmers' societies.



Grain SA used volunteer kitchen workers until about 2001.



Prof Jonathan Jansen, Rector of the University of the Free State (middle), in the VIP Reception Hall during his visit to the Harvest Day in 2012. With him are Messrs Jannie de Villiers and Anton Botha of Grain SA.



Part of the special treatment for Grain SA members is a parking area for members and transport from there to the Members' Hall.



Grain SA members are treated in the Members' Hall.

- Grain SA's new VIP reception hall was inaugurated in 2002.
- By 2002 nearly 80 ha was used for practical mechanisation demonstrations.
- A light aeroplane has been used to monitor the traffic and supply traffic reports since 2003.
- The biggest number of tools and implements in the history of the Harvest Day were demonstrated in 2004 over a width of approximately 4 km.
- A Members' Hall for the exclusive use of Grain SA's fully paid-up members was equipped on the grounds in 2006. The venue was moved to the old Club 200 Building in 2014, as it was closer to the parking area for members and provided better facilities to receive guests.
- Although the controlled mechanisation demonstrations were an important component of the Harvest Day for about 40 years, after the Executive of Grain SA gave their approval, the Harvest Day Committee agreed that there would no longer be any practical demonstrations from 2009 onwards. The decision was made to make a compromise with exhibitors of implements in order to cut down on expenses – more specifically the transport of the implements – in order to ensure their ongoing participation in the Harvest Day.
- Since then exhibitors utilise computer technology, electronic exhibits and even simulated experiences at their stands to support their stationary exhibits.



The Harvest Day's role as discussion and dialogue platform was established in 2013 with the Nation in Conversation forum, of which TV recordings were made during the Harvest Day week and then telecasted. This addition stimulates discourse about current agricultural affairs as well as macro factors affecting the economy and society.



- An economic impact study that was done in 2008 by the University of the Free State showed that visitors to Bothaville spent approximately R7 million during the Harvest Day, while exhibitors' spending amounted to R3,5 million.
- A renovation project of front part of the cattle complex started in 2011 and was completed in 2015.
- A ploughing competition, which served as qualifier for the World Ploughing Competition, was presented during the Harvest Day between 2013 and 2015 by Grain SA in collaboration with Tubestone.
- Since 2015 an auctioneers' competition has been held in the auction complex in collaboration with the magazine *Veep laas* and Toyota.
- The first phase of the 8 000 m<sup>2</sup> extension of the exhibiting spaces on the old southern parking area, as well as the building of a new parking area at the southern end of the grounds, was put commissioned during the Harvest Day of 2013.
- The popular Nation in Conversation discussion forum, in which Grain SA, Senwes and other companies are partners, has involved thinking leaders from various affiliations, political backgrounds and the business sector since 2013 to carry on a dialogue during the Harvest Day on agricultural matters of national interest and to find solutions to ensure the future and viability of the agricultural industry.
- After the attendance of the ladies' programme declined over time, the SAMPI Hall has since 2015 made room for a wider variety of exhibitors focusing on the ladies.
- Various seed companies take part in seed plots that were installed on the new part of the grounds in 2015. This addition gives Harvest Day goes the opportunity to view and compare suppliers' cultivars in practical production conditions.



Special provision is made for members of the local and overseas media at the Grain SA media centre.



A free tractor-and-trailer transport system was introduced for individuals who are less mobile...and for tired NAMPO feet.

NAMPO's animal shows are representative of most of the breed societies in the country.



# QUICK FACTS ABOUT THE HARVEST DAY GROUNDS

1. The Harvest Day grounds function like a municipality on their own.
2. Since 2000 electricity has been purchased in bulk from Eskom and is distributed around the grounds.
3. We handle water supply and distribution, sewage and refuse removal ourselves.
4. We handle cleaning services during the Harvest Day ourselves.
5. Drainage channels, paved roads and drainage pipes were installed to improve the drainage of water and to drain some of the stands.
6. In 2000 the Harvest Day Committee decided to change the name to NAMPO Park.
7. Covered exhibiting space on the grounds currently extends over 17 060 m<sup>2</sup> and the outside exhibiting space covers 170 630 m<sup>2</sup>.
8. NAMPO Park is the home of Grain SA's Harvest Day and Congress.
9. The facilities and amenities were developed and are used for conferences, auctions, weddings, corporate functions and the rolling out of products right through the year.
10. A complete catering service is provided.
11. Grain SA's guest rooms on the grounds provide luxurious accommodation.



Since 2015 the Ladies' Programme has made room for a bigger variety of exhibitors focusing on the fairer sex.





Welcome to Grain SA Radio...Mr Jannie de Villiers of Grain SA (left) talking to Mr Christie Hansen of OFM Stereo, who annually runs Grain SA Radio on behalf of Grain SA.



Harvest Day Chairperson Cobus van Collier (left) and Johan Loxton in the electricity control room. Electricity is purchased in bulk and distributed around the grounds by us.



Just before the deadline at the media centre's news desk concentration is high.



Mr Charl van Rooyen of *Landbouweekblad* relaxes over lunch.

- A free tractor-and-trailer transport system with fixed routes was introduced in 2015 to make transport across the grounds easier.
- The access gates have been sponsored and staffed by Engen for nearly two decades.
- Grain SA's NAMPO brand is continually expanded and enhanced by means of the following:
  - NAMPO Harvest Day website
  - Liaison with agricultural and other media
  - Equipped media centre at NAMPO Park
  - Media statements and press conferences
  - Information office at NAMPO Park
  - Special Harvest Day edition of *SA Gaan/Grain*, published in April
  - Free booklet with list of exhibitors available at the gates
  - List of exhibitors previously available on a mobi system for cellphones
  - Grain SA Radio on the air since 2012 for the duration of the Harvest Day This is operated by OFM Stereo and keeps listeners up to date with traffic flow, events at NAMPO Park, commercial news and relevant agriculture-related information
  - NAMPO Harvest Day app available since 2015 – contains information, daily programme, grounds map and news
  - Presence on social media networks
- As commercial farming started to diversify for the sake of sustainable profitability, the Harvest Day Committee's choice of exhibitors and the facilities dynamically stayed in tune with new developments and the latest farming technology to be able to give attention to almost every facet of agriculture today.

## INTERNATIONAL PARTICIPATION

The Harvest Day offers an ideal opportunity to international exhibitors to investigate a possible market for their products in South Africa and to make contact with local distribution networks.

A delegation from Argentina took part in the NAMPO Harvest Day for the first time in 2008. Since then an Argentinian pavilion has been developed. In 2010 around five American exhibitors took part, while new products from Australia were also exhibited. From 2011 visitors groups from Africa started to become established.

By 2012 the combined exhibitions from America and Argentina formed part of the overseas exhibitors, with individual exhibitors from Pakistan, Brazil, Italy and Denmark. More than 45 international exhibitors were involved in the Harvest Day by 2013.



The international interest in the Harvest Day was highlighted by the signing of a collaboration agreement with the Argentine Expoagro Show in 2010. Around 60 international exhibitors from nine countries took part in the Harvest Day in 2015.

International delegations from the following countries were accommodated in 2014: America, Argentina, Brazil, Denmark, France, Hungary, Italy, Israel, India, Canada, Ukraine, China and various African countries. Around 60 international exhibitors from nine countries took part in the Harvest Day in 2015.

## INVOLVEMENT OF MEMBERS, SPOUSES AND STAFF

The active participation in the Harvest Day by agricultural leaders' spouses deserves mention. The spouses of Haddad, Van Wyk and Stegmann handled the refreshments in the early days. This example was spontaneously continued after 1974, and over the years the leaders' spouses made their mark regarding the refreshments and the ladies' programme. One thinks automatically of names like Mss Isabel de Jager, Hettie Ferreira, Bibi von Abo, Lina Viljoen, Ida Claassen, Malie Grobler, Hannetjie Botma, Drisette Mouton, Lettie Jubelius, Ina Ferreira and Philine Steytler.

Since the days of the SAMPI Harvest Day – as well as in NAMPO and even Grain SA – it was part of the culture that the office staff were selected to be on duty during the Harvest Day. In the days when Grain SA's office was in Bothaville, it was common for the spouses of senior staff members also to be on duty during the Harvest Day and even serve on the Harvest Day Committee as conveners, like Ms Annatjie van Zyl on the refreshments committee and Ms Margot Loxton for the ladies' programme. The wife of Dr Kit le Clus, Lynette, was also involved for years.

The staff of Grain SA have been used in key positions increasingly since 2012, as well as to represent the organisation in the VIP area and the Members' Hall.

## GRAIN SA FOCUSES ON MEMBERS AS WELL AS STAKEHOLDERS

According to Grain SA's CEO since 2011, Mr Jannie de Villiers, the organisation sees the Harvest Day as one of the best contributors to the assurance of sustainable food production and security in South Africa and in southern Africa. This prominent opportunity is therefore perfectly in line with the vision of Grain SA as representative grain producers' organisation.

The Harvest Day also provides the ideal opportunity for all producers to compare new technology and other products in one place and decide which product, patent or technology will be the most suitable on the farm. There is also ample time to

## NAMPO PARK'S AIRFIELD



JOHAN LOXTON

**N**AMPO Park's airfield also has a story or two to tell. The original air-control tower – a pole-and-thatched-roof construction – was struck by lightning in 2013 and was then replaced by a permanent steel structure.

In 1999 a pilot with an experimental aircraft came in for landing, missed the runway, ran over the nicely cut shoulder and came to a standstill next to a large boulder. And a pilot who neglected to secure the plane's anchor cables found it on its roof later on after the cheeky Free State wind got hold of it.

During NAMPO 2016 a record number of 448 aeroplanes/helicopters utilised the landing strip.



Sound bite: Wives of producer members and officials pulled their weight over the years – Giel van Zyl.





communicate with suppliers about products and services, as representatives from the whole grain value chain are present at the Harvest Day.

However, NAMPO is also an important source of income for Grain SA. The income from this is applied for agricultural research and other industry services, which are again beneficial for the producer, like relevant market information, research data, image building, as well as negotiation with the government and other role-players.

Grain SA's members receive red-carpet treatment at the Harvest Day and the organisation shows its appreciation for their loyalty in this way. Members receive free access and parking near a special entrance gate for members. From there they are transported to the Members' Hall in golf carts. At the Members' Hall they are made much of with refreshments and a relaxation area where they can sit back and chat to everyone.

In the Members' Hall provision is made for live Safex screens where producers can keep up to date on movements in the grain markets. Key personnel from Grain SA's Grain Economics and Marketing, Grain Research and Farmer Development divisions liaise here with members.

Members of the Executive and Management Committee are continually on duty in the Members' Hall as well as in the VIP reception hall where constructive talks with opinion formers from the industry, government circles and even international delegates and notable guests take place. 'Various guests who attended NAMPO for the first time this year were surprised at the extent of the agricultural industry and the Harvest Day. The level of technology being exhibited is also a further revelation for them,' said De Villiers in a press statement on 18 May 2016.



Mr Victor Mongoato (far right), a Management Committee member of Grain SA, took a moment to pose for a photo with visitors to the Grain SA Members' Hall.



'Minister Zokwana's presence was a compliment to Grain SA and to agriculture at large. He is probably the first Minister of Agriculture since 1994 to visit the Harvest Day. This accentuates the NAMPO Harvest Day as an authoritative platform for dialogue, discussion and networking.' – Jannie de Villiers, CEO: Grain SA, after the visit by Senzeni Zokwana, Minister of Agriculture, Forestry and Fisheries, to the Harvest Day in 2015.



Some of Grain SA's guests during the NAMPO 50-year commemorative event in 2016.

**“ WE HAVE NOW LAID THE FOUNDATION FOR ACTIVE DIALOGUE AT THE NAMPO HARVEST DAY. I TRUST THAT THE NATION IN CONVERSATION DISCUSSION FORUM AS PRESENTED BY SENWES, GRAIN SA AND PARTNERS AT NAMPO 2013, AS WELL AS OTHER DISCUSSIONS ON TECHNICAL MATTERS, WILL IN FUTURE ADD EVEN MORE VALUE TO AGRICULTURE. ”**

**– Mr Jannie de Villiers, CEO: Grain SA; 2013.**





Families relaxing in the shade of the trees – a familiar sight at NAMPO.

The jovial atmosphere is characteristic of Grain SA's Harvest Day and the togetherness is always comforting. It is also an important networking opportunity for producers to communicate with one another and to exchange solutions for sustainable production at farming level. Families with prams sitting on the grass in the shade of a tree over lunch are also a common sight.

## ROAD AHEAD

Grain SA's NAMPO Harvest Day falls under Dr Dirk Strydom, Manager: Grain Economics and Marketing since April 2016. Mr Toit Wessels, previously with Grain SA as members' marketer in the Western Cape, was in the meantime promoted to Assistant Manager: NAMPO Harvest Day and Marketing and takes the reins of the Harvest Day from 1 October 2016, with Loxton who will support him as mentor.

## IN CONCLUSION

After the conclusion of the 50th Harvest Day in 2016 and looking back over the past five decades, Van Coller described the character of the Harvest Day as follows: 'Over the past half century this has developed into a brand that portrays modern agriculture in South Africa accurately. It appeals to the general public as consumers of our agricultural products; it appeals to all producers in our country; it appeals to decision-makers in government circles and the industry; it even appeals to the international arena and the growing interest from abroad confirms it.'

Grain SA's NAMPO Harvest Day definitely developed into an integrated part of agriculture in South Africa as a whole. This is a proven recipe consisting of:

- Permanent facilities and modern infrastructure;
- Directional agricultural leadership;
- The dedication of SAMPI, NAMPO and Grain SA's Executive members and staff;
- Sustained support from local and international input providers;
- Helpfulness of volunteers over many years;
- Growing annual attendance by producers and the general public; and
- Contributions to communities and the regional economy.

Seen in perspective, SAMPI's members have literally and figuratively laid the corner stone and poured the foundations of the Harvest Day. The NAMPO generation completed the structure of the building and erected the roof. This paved the way for Grain SA as a united grain and oilseeds organisation to add the final touches to the building and colour the exterior and the interior to set the pace in the modern era of agriculture in a sustainable manner.

**THE INFRASTRUCTURE IN NAMPO PARK WAS CREATED OVER THE YEARS AND EXPANDED TO HANDLE A LARGE NUMBER OF VISITORS WITH EASE AND TO PROVIDE EXHIBITION FACILITIES OF A HIGH STANDARD TO EXHIBITORS. EVEN THE RUNWAY COULD HANDLE A TOTAL OF 365 AEROPLANES AND HELICOPTERS OVER THE FOUR DAYS WITH EASE THIS YEAR. GRAIN SA IS GEARED TO PROUDLY PRESENT THE 50TH NAMPO HARVEST DAY NEXT YEAR.**

**– Mr Cobus van Coller,  
Harvest Day Chairperson;  
2015.**



# HAVE A LAUGH WITH THE HARVEST DAY

By Thys Human, published in SA Graan/Grain, April 2010

Comical incidents that will be remembered for a long time must be one of the characteristics of large gatherings with thousands of visitors. The annual NAMPO Harvest Day is no exception in this respect and *SA Graan/Grain* asked a few veterans of the agricultural family to share a few of these anecdotes.

One of these that many of the guys can remember very well is the true story of the cute blonde in her snow-white cat suit. Mr Bully Botma, former Chairperson of Grain SA recounted that it was one of those years when it rained much more than usual at the Harvest Day. The water rapidly dammed up in certain places and the Harvest Day goers had to seek shelter at stalls.

Near one of the sheep pens and the sheep shearers the water stood a good 15 cm to 20 cm deep and people tried to find shelter under the roof of a pellet machine. One of them was a pretty blonde in a snow-white cat suit. She wanted to look more closely at the sheep shearers' skills, but did not really want to take a chance with the deep water. One of the guys who was busy around there started talking to her and then decided that he would see what he could do. Just like a man carrying his bride across the threshold, he gathered her in his arms and started walking through the puddles. The blonde objected at first, but the strong arms of the farmer quickly put her mind at ease and it seemed that she was starting to enjoy the treatment.

Things went well with the carrying part – up to the last step that was already covered with water at that time – and just then our gallant friend missed the step and he and the blonde took the fall together. Soaking wet and with her white suit now covered in brown mud and her expensive hairdo of the morning now clinging to her face, the visitor quickly departed – furious. Where and how she became dry and clean again they do not know, but they did not see her again.

A few weeks later the Harvest Day Committee received a letter from her in which she insisted on compensation for the damage to her clothes, and probably also to her honour and status. They had to let her know that it was not in the gallant gentleman's job description to carry out such duties and that the Harvest Day management therefore could not take responsibility for that. It seems that it was especially the rain that caused many funny stories.

Mr Kobus van Zyl, grain producer who has been involved with the Harvest Day for years,

remembers the guys using the pub for cover against the torrential rain one year – sometimes for longer than necessary. At one point he stepped out on the stoep to see how hard it was raining and there was one of the chaps with a fishing rod that he had found goodness knows where. At the end of the line he had secured a banana and he was joyfully fishing in the water that made a good 10 cm deep puddle on the Free State plains.

It was – and probably still is – the habit of volunteers to sleep in the caravan park in tents and caravans. Van Zyl recounts that one year they were *braaiing* something after a hard day's work when a visitor, who should not have been in the grounds any more, walked over to them. When they asked him why he was still there, he slurred that he just wanted to ask their advice. Now what kind of advice does he need that time of the night, they asked. No, he just wanted to ask in which direction was KwaZulu-Natal. If they could point him in the right direction, he would manage by himself. It transpired then that the man had come from northern KwaZulu-Natal with a busload of friends and he had missed the return bus, which had departed early that afternoon.

'I waved him in an easterly direction where I thought KwaZulu-Natal lay. We just heard maize stalks crunch when he disappeared more or less in that direction through the maize fields. What became of him we do not know to this day, but we never heard from him again.'





Mr Jan Combrink, another one of Grain SA's members with years of service at the Harvest Day, has a number of funny stories from the vicinity of the 'buighuis', like the one about the chap who was crawling around on all fours in the parking area late at night, looking for his car, when they went to make sure that all the vehicles were gone from the grounds. It was a Citroen, he indicated, but they could not find such a car. Quite some time later they found his friends trying to find him, but quite awkwardly as a result of too much to drink. They were actually driving a Cortina! 'I probably should not have turned right there' explained the man who was staggering around drunkenly.

And Mr Vic Mouton, former Harvest Day Chairperson, also tells about one of his good friends who had them helping him search for his 'white car' after he had spent quite some time in the pub, and when they eventually found the car it was blue!

Klub 200 was the restaurant where important guests were usually entertained. Shortly after the 1994 election the former premier of the Free State, Mr Mosiuoa Lekota, was entertained there by the committee when the power went

out. People who know the place will know when the power is out it is not only pitch dark, but the fans that have to extract the smoke from the grills stop working and the venue is rapidly covered in smoke. When that happened, Lekota's body guards stormed inside – very prepared with cocked weapons and all. Things could have gone very wrong, recounts Mr Jub Jubelius, former Chairperson of the Harvest Day Committee, if it had not been for his wife who yelled through the darkness and the smoke that it was only the power that had gone out and that everyone had to calm down. 'It could have turned ugly, but today we can just laugh about the body guards who were so ready to start shooting.'

He also tells the anecdote about one of the members of the Ladies' Committee who had to make an announcement about the Ladies' Programme. Dressed very elegantly and with a perfect hairdo she walked to the front on her high heels, but at the stage she stumbled over a grand handbag in the aisle and fell down so that everyone could see whether she had dressed in all her clothes that day! But she was not at a loss for words. She started her announcement with '*dan val ek sommer met die deur in die huis...*'.

2016





# 7 Dawning of an era of **FOOD SECURITY**

Food security is an item that was not really high on the agenda of the ANC government after 1994, with indications that food that could not be produced in South Africa could simply be imported.

However, in 2007/2008 a food crisis arose in the world as a result of a dramatic rise and instability in food prices. Food prices doubled and even tripled over a period of approximately two years. Between 2006 and 2008 the global price of wheat and maize increased by 136% and 125% respectively.

The initial causes of the increase in prices were, among other things, the prevailing droughts in many grain-producing countries and considerable increases in crude oil prices. The latter led to the general increase in the cost of fertiliser, transport and intensive grain production. The increased demand for agricultural crops for a growing biofuel industry and speculation by hedge funds probably also played a role.

The food crisis led to riots and revolts, especially in Africa and parts of Asia, as well as in South Africa. However, the biggest unrest was in Tunisia, Algeria, Burkina Faso, Cameroon, Senegal, Mauritania, the Ivory Coast, Egypt and Morocco. In some of the countries it had serious consequences and eventually led to the governments being overthrown. Policy makers took careful note and in South Africa it was realised that it was necessary to find a realistic balance between land reform and food security.

In June 2008 the *Food and Agricultural Organisation* of the United Nations held a high-level conference in Rome where the food-price crisis was discussed. Mr Jan-nie de Villiers of Grain SA, together with the Minister of Agriculture at the time, Ms Lulu Xingwana, attended. In the midst of a large number of presentations reasonable agreement was reached that greater investments in agriculture and higher global productivity were vital to food security.

The importance of agriculture, and especially food security, in a global context suddenly achieved a new status. It was realised once more that joint action was essential and that aspects like increased investment in agricultural research and development and infrastructure, as well as the amendment and development of the supporting policies, had to be actively addressed.

Until then, producers in South Africa had been advised not to plant grain crops at times when their prices were low. When this happens, a shortage is created, which eventually leads to higher prices. Examples of such cases were mentioned earlier in this publication.

As a result of the food crisis and the conference in Rome the great responsibility resting on the shoulders of the agricultural sector to produce sufficient food was realised once more. Producers were encouraged to produce grain with the premise that new markets had to be found for surplus production rather than reduce production.

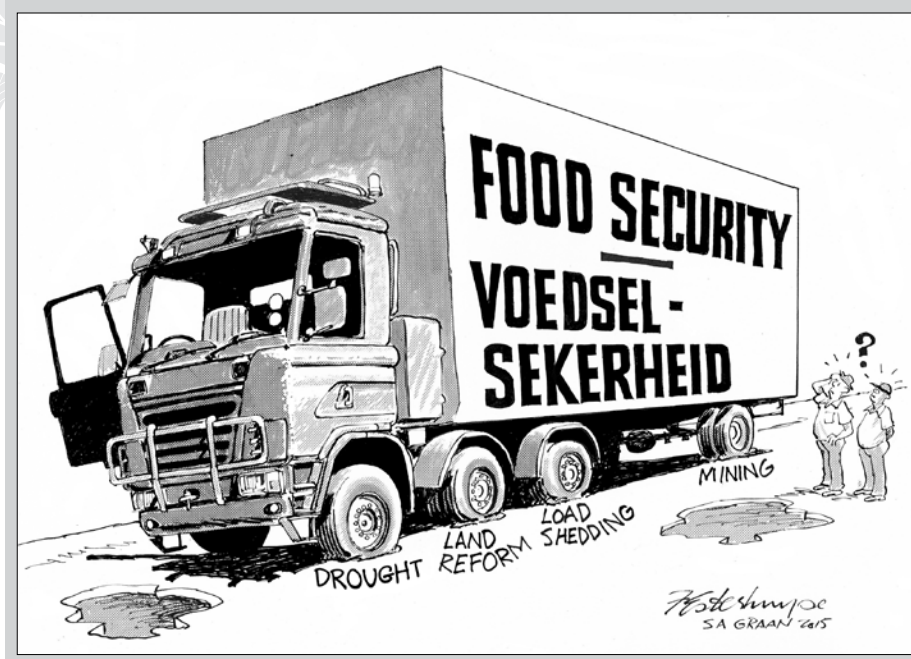
In the development of its biofuel policy the South African government decided that for reasons of food-security maize may not be used for the manufacturing of biofuel. The government thought that the increase in international maize prices in 2007/2008 could largely be attributed to the fact that the USA, which produces 50% of the world's maize, channelled 25% of its crop into the manufacturing of ethanol. A short-



A cartoon from the *SA Graan/Grain* magazine of March 2006 portrays the excitement of the grain industry about the prospects of a biofuel industry. >>>







The drought that occurred during 2015/2016 in the summer sowing area was not the only looming stumbling block that put pressure on South Africa's food security. Repeated pronouncements by the government about drastic land reform; the impact of load shedding and the growing mining activities on arable agricultural land followed closely on its heels.

age in the basic foodstuffs in Mexico was also attributed directly to their investment in biofuel.

In the policy document for biofuel in South Africa it is foreseen that maize will only be approved for the manufacturing of ethanol when more certainty has been obtained about the possibility of producing maize on underutilised soil and when other requirements have been met.

In 2016 one of the worst droughts in more than 100 years, if not the worst, hit South Africa. The full consequences and the effect of the drought on the availability and cost of food, job security, financial survival of producers, et cetera will only become clear over time. Whatever those effects are, the spotlight once more fell on the necessity of making sure that a good balance is maintained between land reform, transformation and the reality that a country like South Africa, with its limited resources and uncertain rainfall, has to be very clear-headed in its planning to make sure that its growing population can always be provided with the basic staple food.

Through its involvement and initiatives mentioned above, as well as other valuable inputs that are too numerous to discuss here, Grain SA is increasingly making an important contribution towards improving the sustainability of agricultural production in South Africa. More details about all the actions and initiatives are published constantly in reports and articles on the website, [www.grainsa.co.za](http://www.grainsa.co.za).

## FOREIGN MARKETS FOR GRAIN

Before 1997 the marketing of grain in South Africa by the marketing councils was controlled in terms of the Marketing Act. At that time the export of grain was restricted to the SADC countries and a few others. There was no purposeful export plan for South African grain, and exports took place mainly on an ad hoc basis.

Grain SA decided to address this gap and purposefully started to develop a strategic export plan for locally produced grains. This corresponds with Grain SA's approach to expand production, rather than to limit the supply. As a matter of fact, the identification of potential foreign markets and the development of sustainable export markets for grain became one of Grain SA's main focus areas.

The long-term planning is based on the strategic export plan, and in the process a distinction is made between so-called protocol markets and permit markets.



Sound bite: A global food crisis in 2007/2008 drew attention to food security – Mr Jannie de Villiers.





Mr Louw Steytler

**“GRAIN SA, AGRI SA, PROVINCIAL UNIONS AND OTHER INDUSTRY ORGANISATIONS CAN WITH GOOD REASON REGARD THE FOOD SECURITY THAT ALL SOUTH AFRICANS ENJOY AS ONE OF THEIR JOINT SUCCESSES. THE CHEAPEST QUALITY FOOD IN THE WORLD, PRODUCED LOCALLY, CAN BE ACCOMPLISHED SOLELY THROUGH CO-OPERATION THROUGHOUT THE FOOD VALUE CHAIN, AND IS ONLY NOW GAINING WIDE RECOGNITION BECAUSE OF THE REALITY OF THE CURRENT DISASTER SITUATION IN WHICH SOUTHERN AFRICA FINDS ITSELF.”**

**– Mr Louw Steytler**  
Chairperson's message,  
Grain SA Annual Report 2015

Protocol markets refer to countries with which formal agreements are concluded and processes are put into place to ensure that certain health and quality requirements are met. These markets and agreements create long-term associations and are approved at the highest political level. The protocol markets provide a major advantage in terms of certainty and facilitate proper long-term planning.

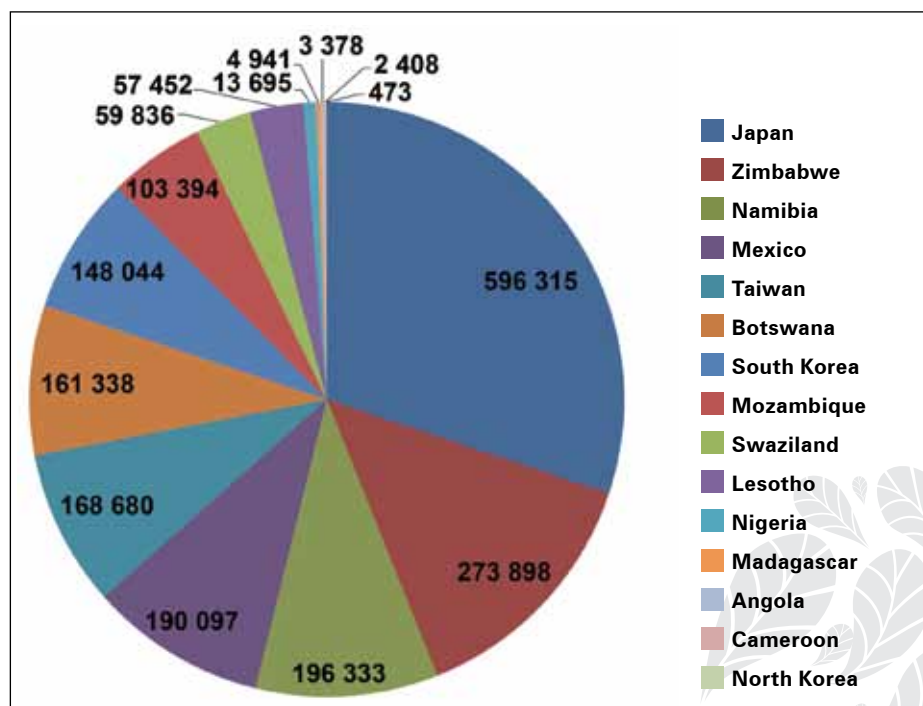
Permit markets refer to markets with which agreements can be concluded on a more ad hoc basis as opportunities arise from season to season. Many of these exports of agricultural products to African countries take place on the basis of permit agreements because those countries produce grain themselves and their demand for imported products is regularly affected by the size of their own crops.

Studies and analyses of long-term scenarios show that African countries are increasingly becoming more self-sufficient with regard to grain. As this increases, imports from South Africa will naturally decrease. South Africa will therefore have to increasingly develop new markets to get rid of surplus production.

During the 2010/2011 financial year Grain SA was involved in the export of maize to Mexico, Taiwan and Korea. The same markets were serviced in the following year, and together with Japan absorbed most of South Africa's exports that year. The staff of Grain SA spend a lot of time liaising with the representatives of foreign markets and from time to time visit embassies as well as role-players in countries to which exports are made.

Asia and the Middle East provide good opportunities for the development of export markets on a long-term basis – in other words protocol markets. During December 2014 Grain SA visited the Middle East and held talks with a view to marketing South African grain in Iran and Saudi Arabia.

The huge demand from the Chinese markets makes China a sought-after target market worldwide and Grain SA delivered important inputs in the negotiations with the Chinese government to be able to export agricultural products to them. The Chairperson of Grain SA at the time, Mr Neels Ferreira, together with the Minister of Agriculture, Ms Tina Joemat-Pettersson, talked to the Chinese government in this regard as far back as 2011. These talks eventually bore fruit with the signing of a phytosanitary protocol in December 2014 by the South African and Chinese governments for the export of maize to China, making it possible for the local industry to export surplus maize to China.



Graph 1: South Africa's total maize exports during 2013/2014.





**Hector Valezzi (ambassador of Mexico) receives his award from Neels Ferreira (former Chairperson of Grain SA), on the right.**



**Neels Ferreira thanked Michael (Pei-Yung) Hsu (ambassador of the Republic of China [Taiwan]) for the maize that the country had imported.**



**Grain SA also honoured the agribusinesses that had exported the most grain. Andrew Martalas, Chairperson of the South African Cereals and Oilseeds Trade Association (SA-COTA), received the award on behalf of the association's management and their members. With him is Neels Ferreira.**

**INTERNATIONAL MARKET ACCESS AND EXPORTS WERE AT THE TOP OF GRAIN SA'S AGENDA DURING 2012 AND THIS DRIVE EVENTUALLY BORE FRUIT. DURING THE 2012 MARKETING YEAR, RUNNING FROM 1 APRIL 2011 TO 31 MAY 2012, KOREA IMPORTED 45 234 TONS OF WHITE MAIZE AND 302 259 TONS OF YELLOW MAIZE FROM SOUTH AFRICA; TAIWAN IMPORTED 161 550 TONS OF YELLOW MAIZE AND MEXICO 1 091 501 TONS OF WHITE MAIZE.**

**AT THEIR 2012 CONGRESS GRAIN SA PRESENTED AWARDS TO THE AMBASSADORS OF EACH OF THE COUNTRIES THAT BOUGHT SOUTH AFRICAN GRAIN, NAMELY MEXICO, THE REPUBLIC OF CHINA (TAIWAN) AND SOUTH KOREA (IN THEIR ABSENCE), TO SHOW THEIR APPRECIATION.**

Grain SA was also involved in the establishment of a protocol agreement with Venezuela, in collaboration with the state departments concerned.

The high quality of South African grain plays an important role in the success achieved with the development of foreign markets. Part of Grain SA's strategy regarding exports is precisely to emphasise the quality norms of South African grain and to make sure that good quality products are exported at all times in order to support the establishment of long-term relationships.

Grain SA is closely involved when any amendment of rating regulations or aspects regarding food safety with a view to exports is involved. In this connection good co-operation is obtained with the Department of Agriculture, which enables Grain SA to look after the interests of producers in this field as well.

In order to further develop export markets for maize, possibilities for adding value to maize in collaboration with the Department of Trade and Industry are being investigated. It seems that there is indeed an export market for products like maize flour. For example, it was found that South Korea buys South African maize, which they process into maize flour and then sell to Malaysia. The intention is to do the value adding locally and then export the processed product.

Grain SA plays only a facilitating role in this process and is of the opinion that producers and exporters must take the initiative themselves to make use of opportunities and carry them out in practice. New concepts are referred to the maize specialist working group, which then takes it further.

Grain SA also investigates possible markets for other grains, because even if they do not deliver such large volumes as maize does, surpluses are produced from time to time for which other markets have to be found. Although the volume of wheat that is produced in South Africa cannot provide in the needs of a country like China at all, its good quality provides the opportunity to develop niche markets where good premiums can be earned.

The focus of Grain SA's export policy is twofold: Firstly to make production sustainable over the long term, and secondly to establish foreign markets for surplus production – especially with regard to maize. The large markets for maize exports are Japan (for yellow maize) and Mexico and Venezuela (for white maize).

## **PROVISION OF SEED**

It goes without saying that the availability of good quality seed is of the utmost importance for sustainable grain production and therefore also for food security. This goes hand in hand with the need that the most recent technology has



During 2011 Grain SA played host to two Chinese government representatives who visited South Africa with a view to possibly approving the import of South African maize by the Chinese government. The visit was an indirect result of the official visit that the Minister of Agriculture, Ms Tina Joemat-Pettersson, and Mr Neels Ferreira, Chairperson of Grain SA, had made to China to promote, among other things, South African maize.



**Sound bite:** Dr Marinda Visser talks about a recent trade mission from China.

to be available in South Africa as well in order to maintain the competitiveness of local producers.

The Plant Breeders' Rights Act (Act 15 of 1976) protects the rights of the holders of plant breeders' rights by, among other things, stipulating that nobody may withhold stock of harvested material with the intention of using it for seed.

However, in the case of wheat and soybeans it is permissible for producers to withhold wheat seed from harvested material to use as seed. The problem is that seed companies are reluctant to invest in seed development and new technology because certain producers buy seed from them only in the first year and then can possibly withhold their own seed after that. For example, in the case of soybeans, Monsanto developed a new soybean cultivar in Australia, which they were not prepared to bring to South Africa because of the above-mentioned reasons.

In order to solve this problem, Grain SA recommended that producers who want to withhold seed should pay royalties to the holder of the plant breeder's right for seed withheld in this manner. Grain SA has already tested this with the Agricultural Marketing Council, which supports this recommendation, because it can also provide a solution for other crops besides wheat and soybeans.

In the soybean industry oil processors made substantial investments in their pressing capacity, which created an opportunity for enlarging their soybean production. There is a great need for protein for animal feed in South Africa and an increased local soy production can replace expensive imports. On the research side Grain SA, together with the OPDT, is involved with tests with soybean cultivars that will be suitable for growing in the western parts of the grain-producing area of South Africa so that soybean production can be expanded to those areas too.

One of the greatest areas of concern with regard to the provision of seed in South Africa is that it is practically solely in the hands of private enterprises. Those enterprises own the plant breeders' rights, technology and facilities needed for seed production. Grain SA discussed this reality with the Department of Agriculture in view of the risks that this holds for food security in the country. As a result the Department of Agriculture, in collaboration with Grain SA, drafted a policy document, known as the Agricultural Policy Action Plan, which included recommendations from Grain SA.



## RESEARCH AND DEVELOPMENT

Grain SA is continuously holding talks with the government for greater support with regard to research and the development of new technology. Funding is one of the biggest stumbling blocks regarding research. The grain industry is largely dependent on the Maize Trust, the Sorghum Trust, the Winter Cereal Trust and the OPDT for the funding of research projects. Grain SA is therefore actively involved in talks with the government to make funds available for agricultural research in order to address the demands of the time.

A major problem with research with regard to grain was that producers' needs were not addressed quickly enough in research actions. In order to address that, Grain SA drafted a research strategy for every commodity, attending to the needs as defined by the working groups, as well as their goals. The strategy is then referred to research institutions that are able to do the research.

The Agricultural Research Council (ARC), which is responsible for agricultural research in South Africa, does not have the capacity in all instances to satisfy all the research needs. Grain SA became involved by facilitating co-operation agreements between the ARC and universities in order to co-ordinate the total available research capacity and apply it more effectively.

## EMERGING AGRICULTURE PROGRAMME

The emerging agriculture programme that is discussed in Chapter 8 has, among other things, the aim to contribute to food security by developing new grain producers. Grain SA realises how important it is to maintain good relationships with the government and especially the Department of Agriculture, and in the interest of agriculture in South Africa, to keep them informed about the actions with which the organisation is involved. As a result there is regular liaison with the Minister of Agriculture and his department and they are exposed to programmes of Grain SA in an attempt to establish a better understanding and co-operation in the interest of food security.



Mr Jannie de Villiers



**“ FROM TALKS WITH PRODUCERS IT IS ONCE AGAIN CLEAR THAT THIS IS A UNIQUE GROUP OF PEOPLE WHO, WITHIN A VERY SHORT TIME, OVERCAME DIFFICULT CIRCUMSTANCES AFTER THE DROUGHT, AND WHO WILL GO ON TAKING RISKS IN THE COMING YEAR TO HELP CREATE FOOD SECURITY IN THE COUNTRY.**

**I HAVE GREAT ADMIRATION FOR THIS CHARACTERISTIC OF GRAIN PRODUCERS AND THEIR POSITIVE AND AMAZING PERSEVERANCE TO KEEP ON FARMING.**

**– Mr Jannie de Villiers  
After NAMPO 2015  
in a press release.**







# 8 The birth and progress of Farmer Development in the GRAIN AND OILSEED INDUSTRY

*I thought, 'Why doesn't someone do something about this?'  
And then I realised I am someone – Author unknown*

Early farmer development initiatives regarding grain and oilseed production had already been implemented by farmer organisations like the National Oil and Protein Seed Producers Organisation (NOPO) and the National Maize Producers Organisation (NAMPO) prior to the forming of Grain SA. Their successes and the clear thirst for knowledge and networking demonstrated by the farmers encouraged Grain SA to take over the baton and build on this positive momentum.

By 2005 the Grain SA Executive had given instruction that the management were to prepare documentation for presentation to the Congress of 2006. It was their wish to entrench the participation and voting rights of developing farmers who were sent to Congress by their regions. Congress wholeheartedly supported this proposal and developing farmers were formally included in the structures of the organisation.

The study groups were then grouped into four regions: North, South, East and West. Each region was asked to nominate a member who would have full voting rights and would represent them on the Executive and other structures in the sector including the Farmer Development Working Group. The spirit of the congress decision was a significant indicator from the commercial farmers of their intention to co-operate with the transformation and land reform programme by contributing to the development of farmers through the transfer of knowledge, skills development and mentorship support wherever it was needed.

The Farmer Development Programme (FDP) of Grain SA has been operating for more than ten years now and the programme currently offers its services to farmers from nine different regional offices. The journey has not been all plain sailing and there have been many challenges and disappointments along the way; but purpose and passion has burned in the hearts of the farmer members and management of Grain SA, as well as the farmer development team which has been expanded considerably over time. Incredible results have followed many years, thousands of kilometres and dogged determination, and have been the continued source of inspiration and motivation to continue growing the Programme.

Furthermore, rain-fed grain farming in South Africa has long been under extreme pressure. For years the value of the grain had not risen in keeping up with the prices of inputs, and it did not reflect the risks involved in this type of farming. In a South African context anyway, there are a number of important reasons why it is still necessary to develop 'empowered black commercial farmers', not the least of which is to have a united voice so that the real issues facing farmers (and therefore national food security) can be addressed. Agriculture has been an important employer and the foundation of many related industries who also contribute in terms of job creation as well as the gross national product. Most significantly in terms of the rural development plan and land transformation agenda of South Africa, 30% of white owned land was to be in the hands of black farmers, implying that 30% of inputs and outputs should also come from this land.

These are all reasons which continue to inspire Grain SA to pursue the FDP's mission statement as it is written today: *To develop capacitated commercial grain farmers*



**Mr Gert Pretorius**



**Mr Nico Vermaak, previous Manager of NOPO.**



**Mr Cois Harman**

and to contribute to household and national food security (optimal use of the natural resources available to each farmer).

In pursuit of this mission fundamental determinants have been laid down as a framework for sustainable development and transformation in the sector.

## NOPO ASSISTS DEVELOPING FARMERS

The early initiative to include developing producers into the NOPO structures was birthed at the February 1997 NOPO Congress. There the gathering of farmers made the decision that they wished to make access to the structure of organised agriculture accessible to all producers regardless of colour.

From the outset the aim was to ensure that emerging farmers were included in both the Executive Committee and the general congress. Membership to NOPO was now available to all developing producers and by 26 March 1997 the additional region 10, which afforded developing farmers a voice and vote, was included in the composition of the executive committee.

There were many interested parties and the organisation was introduced to the emerging farmers by a number of key role-players. NOPO executive member, Mr Naas Bellingan, went out of his way to connect with developing producers in the North West and the team from the Agricultural Research Council, in particular Dr Klaus Pakendorf, Messrs Phonnle du Toit and Johan Els were instrumental in forming the founding committee of region 10.

Another key role-player was Mr Gert Pretorius, Chairperson of NOPO in the Lichtenburg district, who supported the initiative from the outset and took the lead in motivating for the necessary finances for the various NOPO development projects. This took place under the guidance of Mr Nico Vermaak, the then Manager of NOPO. NOPO started with farmer development long before it became a trend in agriculture, as it was the right thing to do. The action was driven by leader farmers in the Executive, to whom it was a passion to serve as mentors.

The project funding was sourced from the OPDT with the support of the Oil Seeds Advisory Committee. The first ever developing farmer representative to the executive committee of NOPO was the well-known farmer from the Rustenburg region, Mr Basie Ntsimane. Ntsimane was supported by nine other farmers who were elected to the region 10 committee namely, Messrs Stephen Mohappaanele, Filie M Gaseetshubelwe, John Loeto (Taung), Joseph Appolus, David Legobate, David Miga, Barney SJ Saudi, Harold Mathekga and BA Kgosiemang.

By October 1997, Mr Cois Harman, a linguist and farmer, had been appointed by NOPO as a farmer development official based in Zeerust. He is credited with doing valuable pioneering work in building linkages with developing grain producers and establishing the first study groups. For the first time it became possible, through these structures, to relate with farmers in the more remote regions of the North West Province, an important sunflower and sorghum producing region of the country.

On 1 December 1997, NOPO officially opened a regional office in Zeerust which was run by the administrative assistant Ms Julia Ramokhua. Recognition must be given to the OPDT which funded the NOPO projects implemented from this office and contributed to the founding of a dynamic process which picked up significant momentum very quickly.

The farmer development activities quickly bore fruit. The reach of the projects expanded and funding was provided for 1998/1999. Information Days were held in co-operation with the ARC in the North West Province, Mpumalanga, the Northern Province and the Free State. In August 1998 a 'Leader Farmer Course' was organised by the NOPO office in Zeerust. This was very popular and the large attendance clearly indicated the farmers' hunger for training.

Communication and networks with the developing producers were established in the form of a Tswana newsletter, NOPO/*Pula*, which was issued every two months. Since radio is always a popular medium of communication easily accessible to many farmers, the decision was made to invest in a regular slot on the regionally based Radio Motsweding called, 'Letsema'.



## MORE SWEET THAN BITTER

JANE MCPHERSON

The stories about our work as part of the Grain SA Developing Agriculture Programme are endless. Every single team member in this programme has a heart-warming story which tells of the impact of their work and the resulting changed lives and livelihoods.

Stories like the old farmer in the Zeerust district who tells how he has seen many farmers who planted sweet sorghum battling the birds eating their crops and how he only plants bitter sorghum, because *"Die bitter is bitter, maar dit is glad nie so bitter soos honger wees nie!"*. Or when one sees the sparkle of satisfaction in the eye of a now fully commercialised farmer in the Senekal district who describes how he has just been able to buy another new farm as a result of his good yields.

Or when another female subsistence farmer in a remote valley of the Eastern Cape tells you that she has improved her yield from 0,5 t/ha to 6 t/ha by using better seed, fertilising accurately and using her knapsack to do chemical weed control and no longer has to worry about what she will feed her children every day.



# PULA

## DIKANCNGOLO TSA TEMOTHUO

Mokgatho wa Balemirui wa Bokone Bophirima  
 Postbus 316 Zeerust 2885  
 Call: 083 265 6210  
 Tel / Fax: 01428 - 21596

The masthead of the first NOPO/*Pula* newsletter.

The developing farmers used the formalised network of communication to discuss their issues with market access to commercial markets. Immediate support was given and efforts were made to introduce the developing farmers to buyers and to ensure that they were able to negotiate fair, market-related prices for their produce. NOPO did not broker any of the deals, but rather acted in an advisory capacity. Other networking and communication opportunities for developing farmers presented themselves in time. NOPO met with the Department of Agriculture in North West, Mpumalanga, Free State and the Northern Province. It also conveyed the needs of the farmers to input providers, to inform them of the farmers' unique circumstances and requirements. For example, some seed companies started marketing seed in smaller packaging since the standard size bags were too large and too expensive for smaller farmers.

NOPO also launched a Developing Sunflower and Groundnut Producer of the Year Award. The purpose of this was to give recognition for excellence to developing producers. Criteria taken into account for the recognition was production practices, involvement of the farmer with study groups and support by the farmer to co-producers in the region (see Table 3: Awards made by NOPO in 1999 in Chapter 5). In May 1999 the award was presented at the awards function, to Mr Edmund Tsogang of the Genesa Study Group as Developing Groundnut Producer of the Year. The award for the Developing Sunflower Producer of the Year was presented to Mr Basie Ntsimane, member of the Bafokeng North Study Group.

NOPO extended a sincere hand of friendship to the new oilseed producers. The response to this project was huge and it soon became clear that the needs of developing producers far exceeded available capacity.

When the different grain producer organisations amalgamated to form the new Grain Producers Organisation, the momentum in development was maintained and the NOPO development model was continued there. Mr Basie Ntsimane went from NOPO to Grain SA becoming a member of the Executive of Grain SA.

## EMPOWERING EMERGING DEVELOPING MAIZE FARMERS: NAMPO

In 1994 NAMPO partnered with the ARC-GCI and Omnia to initiate a programme intended to empower black farmers and assist them towards commercialisation. The compilation of a booklet, 'A Key to Successful Farming' which discussed fundamental aspects of maize production such as soil as a resource, climate, crop production and marketing was published in 1996. The response was enthusiastic and revealed a hunger amongst developing farmers to learn more and improve their skills.

Clearly further support structures needed to be established with study groups where the farmers' issues could be addressed. The vision for the programme



Ms Jane McPherson



Mr Basie Ntsimane

extended 1) to developing a set of management guides about the different crops and 2) running courses on farm management; but the NAMPO personnel was finding itself under pressure to respond to the need. The desire was there to assist developing maize farmers but the challenge was to find sufficient capacity to manage this development project.

## **AMALGAMATION: THE BIRTH OF GRAIN SA'S FARMER DEVELOPMENT PROGRAMME**

Transformation was happening in the world of organised agriculture. The different producer organisations of NAMPO, NOPO, SPO and WPO were amalgamated in 1999 to form a single grain producer organisation which we know as Grain SA. As far as the farmer development initiatives already implemented in the old structures were concerned, the mood in the new organisation remained positive. Farmers were enthusiastic about becoming more involved with farmer development activities and the combined forces of the different commodity groups had already gathered considerable insight and expertise.

Following presentations about the potential of a farmer development programme within Grain SA, support from the various trusts – formed after the country's deregulation of agricultural marketing – was encouraging and from the outset of Grain SA's FDP this support has been a vital component in the rollout and dynamic expansion of the programme. Grain SA still had the support of the ARC-Grain Crops Institute and now they had also found valuable partners in the trusts.

## **SUPPORT FROM THE TRUSTS: THEN AND NOW**

The different trust funds, namely the Maize Trust, Winter Cereal Trust, OPDT and Sorghum Trust have all played a critical role in the growth of Grain SA's farmer development programme and formed the bedrock for its success providing a firm foundation on which it could be built. They were involved from the outset and are still involved today to a greater or lesser degree.

The Maize Trust has been by far the greatest contributor and has been instrumental in the expansion of the programme so that it is in a position to support farmers in most of the primary grain growing regions of the country. 'Alone we can do so little; together we can do so much.' Mr Leon du Plessis, Administrator of the Maize Trust, explains that the Trust looks for partners who will assist them to serve the maize industry and fulfil its mission to facilitate the continuous improvement of the entire maize industry in South Africa. As a result the Maize Trust has collaborated with Grain SA's programme since its formation. This investment has paid dividends as the numbers of successful commercial farmers was growing annually.

The main objective of the OPDT is the promotion and development of the Oil Seeds Industry in South Africa. The objectives were to address household and national food security, improve rural prosperity and focus on empowering the individual farmer to become independent. Course material such as an introduction to sunflower production, advanced sunflower production and marketing, skills development aspects such as settings and calibrations and an introduction to soya production was developed, whilst demonstration trials showed best practice. OPDT also contributed to farmers days as well as four pages every quarter in the *Pula Imvula* magazine.

The Sorghum Trust contribution has seen the funding of demonstration trial plots, farmers days, manual development and a training course.





## PERSONAL DISCLOSURE

### MR COIS HARMAN



It was an adventure to establish study groups across the grain producing areas of the country as the need for training was indescribably big. Mechanical courses were presented in co-operation with New Holland, while grain courses were designed and presented in collaboration with ARC-GCI. The grain courses covered the prime aspects of farming, including soil sampling, soil preparation, liming, crop and cultivar selection, production practices, fertilising, pest and weed control, harvesting as well as grain marketing.

We approached training on a regional basis and supported it with crop trials planted per region as the conditions, soils and climate of regions differ. Study groups proved to be a very effective method to provide training, but also served as a platform to connect our members with expertise, enabling them to develop and grow independently. From 2002 provincial managers were appointed to co-ordinate development, organise farmers' days, facilitate training and to provide one-on-one mentoring.

The most fulfilling experience for me was to see farmers progress while they are learning.



**Messrs Cois Harman (Development Officer of Grain SA) and Jub Jubelius (Executive member of Grain SA), in front, explain the advantages of the correct usage of fertiliser to Mr Paul Kgori, his cousin, Solomon Manato and Peter Solane.**

By 2008 the Winter Cereal Trust was actively supporting developing farmers through the work of Grain SA. They reported that progress was evident and 22 farmers were assisted by the Winter Cereal Trust and the Free State Department of Agriculture. The key challenge remained the profitability of wheat production in the Free State. Their support has also seen the establishment of a provincial office in Paarl to service developing farmers in the Western Cape.

### EARLY FARMER DEVELOPMENT BY GRAIN SA

Mr Cois Harman was appointed by Grain SA in 1999 to manage the programme and organise appropriate skills training for the developing farmers. The first step was the continuation of services to established study groups from the NOPO era, and to proceed with the establishment of new study groups. Trial plots were established to enable producers to see for themselves the advantages of best practice production, the benefits of new cultivars, soil sampling and fertilisation, as well as proper weed control. Special farmer days were held for larger groups of farmers so they could learn about up-to-the-minute techniques. Study groups form the foundation for communication between the farmers and the organisation, together with the radio broadcast which continued, and a monthly newsletter, *Pula Imvula*, published in Tswana, Northern Sotho and Zulu.

The organisation was encouraged by the success of the projects being run and the feedback from the farmers was enthusiastic. Evidence of project success could already be measured in improved yields for example where sunflower yields had been averaging 300 kg/ha – 500 kg/ha, farmers were already harvesting in excess of 1 t/ha with some even harvesting over 2 t/ha. Maize crops had improved with amazing yield results as a result of the farmers applying their new-found knowledge and using improved seed cultivars, together with more effective fertilisation and spray programmes.

One such farmer is Mr Lazarus Mothusi from Weltevrede in the North West. Today he is a successful farmer and role model for others. He tells how as a beginner farmer he used to harvest about 4 tons of sunflowers on 15 ha and thought he was doing okay. He considers the day he met Harman in 1996 his lucky day. Harman mentored him and invited him to attend Grain SA training sessions. He fully credits Grain SA's farmer development initiative for his growth and success.

By 2002 the Grain SA programme was involved with 436 study groups which comprised of 9 680 farmers altogether. Harman resigned in 2005 and was succeeded by Ms Jane McPherson in September of that year.

## Grain SA's Farmer Development Working Group

The structure of Grain SA is such that every focus area is supported by a Working Group comprised of members of the Executive and management. In this way the Executive manages to stay informed about developments on the ground. The Chairperson of this Working Group is essentially the channel of communication from the operational division to the decision making authority which is the Executive and vice versa. When Grain SA was founded in June 1999, Pretorius came into the organisation with the experience he had gathered from the development activities of NOPO and the same passion for the work that needed to be done. He held this position until April 2006 when he retired and Jenny Mathews was elected in his stead – a position she held until her retirement from the Executive of Grain SA in March 2012.



Ms Jenny Mathews

### INTERVIEW WITH JENNY MATHEWS

Interview with Estie de Villiers for SA *Graan/Grain* magazine, August 2015

"The educator in me was very excited to learn about Grain SA's dedicated Farmer Development Programme, headed up by Ms Jane McPherson. I immediately signed up to be a member of that Working Group. I had wanted to find a way to make a small contribution towards the healing of this land and I saw this as an opportunity.

This encounter changed my life. **I recently told Jane that she, together with her incredible team of people, opened my eyes to something truly wonderful happening at grassroots agriculture; and the farmers who I have met along the way, have changed my heart.** "I have met so many beautiful people who work hard, long hours with a smile on their faces. They see my heart and not the colour of my skin. My motto has become: 'It's not the colour of our skin, but the colour of our heart that matters.'"

According to Jenny many of the emerging farmers' challenges are exactly the same as for commercial producers, since agriculture in general is extremely stressed and profitability is under heavy pressure. 'Producers are just struggling to survive, especially after the terrible 2014/2015 season which saw many crop failures. This is exacerbated for many emerging farmers because they struggle to access finance for inputs and they often do not hold the title to their farms so they can't use the land as security.

'The truly dedicated farmers who I have met are hard workers who not only need mentorship and education, but also recapitalisation funding to ensure that their businesses get a fair chance of survival. Just to give any man or woman a piece of land is not a recipe for successful land reform,' she said.

For everything under the sun there is a season and it was time to pass the baton of leadership on. The committee elected Mr Victor Mongoato as the new Chairperson and he is still the Chairperson of the Working Group. In support of transformation within the organisation, the Executive co-opted him to the organisation's Management Committee in this capacity.

### ***Establishment of a 'Voice of the Farmer' sub-committee***

It was the feeling of the Working Group that there was not enough representation from the developing farmers to ensure enough insight was available about circumstances in the different regions. The Executive had already given its approval that the Working Group organise to co-opt more farmers, so a special meeting with the advanced farmers was called during Grain SA's NAMPO Harvest Day in 2009. They formed a sub-committee comprised of nine farmers who they mandated to speak on their behalf as 'the voice of the farmer'. The first meeting with the elected members was held on 8 September 2009.



## FOCUS ON MR VICTOR MONGOATO

FDP Working Group Chairperson since 2012

*'Land only has value if it is used. We must ensure that people who receive land are in a position to produce food and fibre for our country.'* – Victor Mongoato

Victor shared an interesting insight on the terms used to describe the black farmers: 'We use the term 'developing' farmer as we feel that this could apply to any farmer of any size who wants to develop. We do not use the term 'emerging' farmer. This seems to show that we are under something we have to emerge from.' And in the case of farmers who have been included in the 250 Ton Club, the term 'New Era Commercial farmers' applies.

He added that through the FDP Grain SA is striving to unite agriculture and move away from splitting the industry along racial lines saying that all farmers are working together to ensure food security for South Africa.

Victor elaborated further on the main challenges facing developing farmers: 'Training and skills development is crucial for farmer development, but training alone is not enough. Many of our farmers don't have tractors and other implements required, or they lack production finance. Different areas have different challenges. In the eastern parts of the country (Mpumalanga, KwaZulu-Natal and Eastern Cape), for example, where the rainfall is higher, the pH of the soil is low and more lime supplementation is needed. In many of the communal areas, the lands are not fenced and the crops are often damaged by livestock. There is also a shortage of combine harvesters and storage facilities. We have vast tracts of land that are not yet utilised optimally. This leaves room for our farmers to expand and to produce food for the country and for the SADC region.'

As far as challenges for farmer development he highlighted two main issues:

- Many institutions 'farm for' developing farmers and call it 'farmer development'. Our farmers do not want others to farm for them; they want to be empowered to do it themselves. Wherever the government has tried to get contractors to farm for people, this has failed. We must invest in individual farmers and assist them to become successful farmers in their own right.
- The so-called 'group farming' projects are a mistake. Experience has shown that it is almost impossible to farm as part of a group.



Mr Victor Mongoato



“

IT'S THE ACTION, NOT THE FRUIT OF THE ACTION THAT'S IMPORTANT. YOU HAVE TO DO THE RIGHT THING. IT MAY NOT BE IN YOUR POWER, IT MAY NOT BE IN YOUR TIME, THAT THERE'LL BE ANY FRUIT. BUT THAT DOESN'T MEAN YOU STOP DOING THE RIGHT THING. YOU MAY NEVER KNOW WHAT RESULTS FROM YOUR ACTION. BUT IF YOU DO NOTHING, THERE WILL BE NO RESULT.

Mahatma Gandhi

”

## WHO DOES THE GRAIN SA FDP ASSIST?

Early on the FDP's management recognised that in Africa there are numerous forms of land ownership systems. It was decided that it is unimportant what the farmer's relationship was to the ground he or she accessed. It was still appropriate to strive to empower them to get the most out of the land they had access to. With the team operating across a wide area at grass roots levels they could gather critical information about developing farmers and their operations and they have gathered interesting data on the programme members and how they access land. (It is interesting to note that the level of expertise of the team is such that increasingly, outside stakeholders including government departments had started to seek advice or information/data from the Grain SA team.) For example, the 2011 study group statistics reveal much about the nature of the farming operations and the diversity of access to land:

Study groups members		Total: 3 558
Land tenure		Hectares
<b>Arable land</b>	<b>Total arable land</b>	<b>46 954</b>
Own	Being used by farmer	<b>17 456</b>
Communal land (PTO)	Being used by farmer	<b>12 831</b>
Commonage land (Municipal)	Hired by farmer	<b>1 890</b>
Leased private land		<b>4 451</b>
PLAS (Land Affairs)	Being used by farmer	<b>10 030</b>
<b>Grazing land</b>	<b>Total grazing land</b>	<b>119 829</b>
Own	Being used by farmer	<b>19 566</b>
Communal land (PTO)	Being used by farmer	<b>85 898</b>
Commonage land (Municipal)	Being used by farmer	<b>400</b>
Leased private land		<b>1 828</b>
PLAS (Land Affairs)	Being used by farmer	<b>12 138</b>

Grain SA is not concerned with how a farmer accesses land or whether a farmer produces off 1 ha or a 1 000 ha. The intention has been to ensure that optimal production is achieved by using modern, economic and effective farming methods. Regardless of the size of the farm, the basic principles remain the same. Quality seed, soil sampling and accurate fertilisation and proper weed control. If a person has 1 ha and, through learning how to use a hand planter with a piece of knotted string to space the seed with a knapsack spray for weed control, they can achieve 6 t/ha, it can make a huge impact – it can change the lives of producers. Not everyone can access large hectares, but they can be taught best practise. This is also the motivation behind the trials. They are planted in exactly the same way as the locals plant. If they plant by hand, the trials are also planted by hand



### GRAIN SA PROGRAMME

A basic point of departure fundamental to the functioning of the Grain SA programme is:

**DEVELOPMENT IS ABOUT THE INDIVIDUAL**

**Farmer development is NOT ONLY about land**

**Farmer development is NOT ONLY about machines**

**Farmer development is NOT ONLY about markets**

**Farmer development is NOT ONLY about money**

**Farmer development is NOT ONLY about**

**skills development and training**

**It is about all of the above**

**Development is a process and not a LEAP**

*(Programme Manager, Ms Jane McPherson)*





Messrs William Matasane, commercial farmer from Senekal (left) and Koos Mthimkulu, Developing Farmer of the Year for 2011, discuss wheat business with Mr Jannie de Villiers, CEO of Grain SA.



to demonstrate that best practices and improved yields are achievable. There is enormous value in seeing and believing and in some places change in farming methods has swept across a region like wildfire as one farmer passed the message on to his neighbour.

The ethos behind Grain SA's programme says:

- Farmers should be empowered to farm for themselves (not farmed for by contractors).
- Where at all possible, farmers should own their own equipment and not rely on the activities of other service providers.
- Farmers with farms of all sizes can be assisted to use the land that is available to them using the most modern methods of crop production.
- The measure of success is the sustainable production of profitable crops on every hectare (and not the total number of hectares planted, or the total number of tons harvested).

In order to achieve these goals funding has been sourced to extend the programme's footprint over time by establishing a regional presence.

## THE FOOTPRINT OF GRAIN SA IN THE COUNTRY: REGIONAL OFFICES

From humble beginnings in Zeerust the programme has steadily increased its footprint into more of the key grain producing regions. Regional offices manned by a Development Co-ordinator, who is conversant in the indigenous language of that region, and an administrative assistant, have been opened. At present offices can be found in Lichtenburg and Taung in the North West, Ladybrand in the Free State, Nelspruit (Mbombela) in Mpumalanga, Louwsburg and Dundee in KwaZulu-Natal which also service parts of Mpumalanga, Kokstad and Mthatha in the Eastern Cape, and Paarl in the Western Cape.

There are a total of nine offices including the co-ordinating office in Bloemfontein. These offices have all been strategically placed to service a wide area where grains can be produced profitably and where developing farmers have access to land.

### LAND POSSESSION, CROPS PLANTED AND GRAIN SA OFFICES PER PROVINCE

Province	Office	Crops planted	Land tenure
North West	Lichtenburg	Maize, soybeans, sunflowers	All types
	Taung	Irrigation maize, wheat, barley, cotton, groundnuts, lucerne, potatoes	Mostly state land in the Taung irrigation scheme
Free State	Ladybrand	Maize, soybeans, sunflowers, groundnuts, dry beans	All types (very little communal land)
Eastern Cape	Mthatha	Maize, dry beans	Mostly communal land
	Maclear	Maize, dry beans	Mostly communal land – some PLAS
	Kokstad	Maize, dry beans	Mostly communal land – some PLAS
KwaZulu-Natal	Dundee	Maize, dry beans	Mostly communal land – some PLAS
Mpumalanga	Louwsburg	Maize, dry beans	Mostly communal land
	Nelspruit	Maize, dry beans, groundnuts	Mostly communal land
Western Cape	Paarl	Wheat barley, oats, canola	Mostly church land and PLAS



Each office differs slightly in terms of the work they are doing as this is dependent on the area, climatic conditions, level of farming, land tenure arrangements and crops planted but they all do a specific quota of work each year. The projects which are managed by the offices include the study group service, planting of demonstration trials, farmers' days, and development of partnerships, the Farmer of the Year competition, the support to the advanced farmers as well as the making of arrangements for the training courses.

Currently (2015/2016) the costs of the offices have been borne by the Maize Trust and the Winter Cereal Trust. The cost of an office is in the region of R1 525 000/ year which includes the personnel cost for the development co-ordinator as well as the office administrator, the cost of the travelling (usually in the region of 4 000 km per month), the office rental, telephone, cell phone and fax, office equipment rental and the costs of overnighing for the co-ordinator.

#### THE GRAIN SA FARMER DEVELOPMENT PROGRAMME SEEN IN NUMBERS (2015)

Number of offices	
<i>Lichtenburg, Taung, Ladybrand, Nelspruit, Louwsburg, Dundee, Kokstad, Mthatha, Paarl</i>	9
Study groups	123
Current number of study group members	5 801
Demonstration trials	53
Farmers days held	76
Advanced farmers	141
Average arable land per study group member	198

The different offices all service a slightly different farmer client base which is why the detailed work load of each office differs from the others.

#### PEOPLE HELPING PEOPLE AT GRASSROOTS

The Development Co-ordinators have continuously reported on good progress with demo trials planted, farmers' days held and the 'advanced farmer' programme which has walked the road one-on-one with the larger scale more commercialised farmers. The nominations for the Farmer of the Year competition were all excellent candidates who had grown considerably. According to development co-ordinator, Mr Danie van der Berg they are in fact no longer 'developing' farmers, they are good farmers with good crops.

The study groups were a big help as were the farmers days. 'They are making a good contribution to food security in their areas', he said. Mr Tonie Loots, then development co-ordinator in Zeerust, said that farmers were starting to use chemical weed control and were able to get better prices for their maize. 'It's a totally different world of farming!' Mr Papi Nkosi, past Grain SA Executive member from Bushbuckridge in Mpumalanga, expressed the farmers' appreciation, 'Grain SA is doing wonderful work for the developing farmers. All the farmers who are part of the programme are adjusting their production practices. This is a very worthwhile programme and it is impacting on the lives of people.'

Development co-ordinator, Mr Johan Kriel, who is based in Ladybrand in the Free State, observed that Grain SA has had to cope with a snowball effect. The demand for assistance and mentorship was great: 'If you find a farmer getting 1 to 2 tons and you can increase that to 10 tons – this makes a difference in the life of the people. We do not always realise the impact that we are having – the loyalty and the responsibility that comes with that is huge – people come with lots of problems. We are committed.'

Evidence of this 'snowball effect' is reflected in the programme's 2010/2011 statistics which demonstrates a rapid momentum in its continued expansion:

- A total number of 655 study group meetings were attended by 10 033 farmers.



Sound bite: The rewards of being a development co-ordinator – Mr Jerry Mthombothe



## WHAT A FARMER MEANS TO A MENTOR

PHILIP DU PREEZ, A MENTOR FROM THE FREE STATE



**M**entorship requires information on the mentee, and the implementation of the characteristics of honesty, reliability, adequate knowledge, practical experience and the ability to communicate.

Information on the mentee's family, spouse, children, successors, farming background, future plans, problems and possible solutions is essential to improve relationships.

Knowing the ins and outs of the mentee's family and receiving regular feedback, with sincere interest on both sides, makes the mentor a member of the family.

Honesty must be maintained at all times. Where sufficient knowledge is lacking, it should be followed up to promote reliability.

Knowledge and practical experience should be exchanged with the mentee in plain language. One is never too old to learn and should acknowledge this.

Stick to principles regarding farming practices, e.g.: 'The farm determines the type of farming activity.'

Fields performing below potential should be withdrawn from cash crops and established with permanent pasture. This principle is not yet applied as it should be, but results are improving.

Mixed farming with quality cattle that can utilise pasture, crop residue and planted grazing is more sustainable. Selection and marketing are carried out together with the mentee, and results are communicated with appreciation.

Where cash crops are grown on fields with a higher potential, better yields are more sustainable and recognition for this is greatly appreciated.

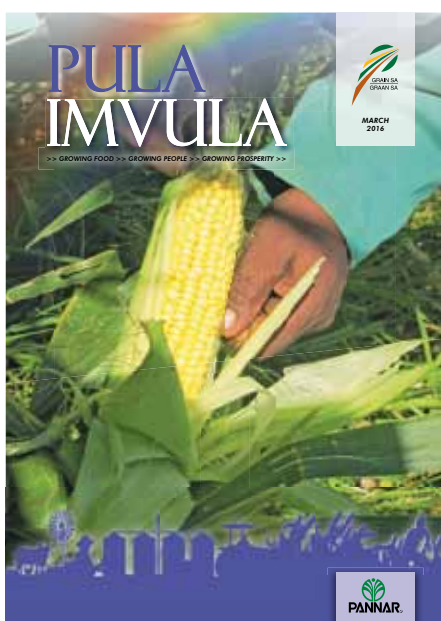
Soil preservation is high on the agenda and assistance with laying out water courses and contours is very successful. Practical experience plays a major role here.

William Matasane, Koos Mthimkulu, John Depali, Sameul/Simon and Jafta Thaso generate good crops and feedback is very positive because their successes are my success too.

All the positive comments that come over a long period of time are very encouraging. The major contribution is honesty among themselves and with me, because I am a member of the family, has made success possible.

There can be no better recognition for what has been achieved in collaboration with farmers who want to and can farm. All honour to the heavenly Father who has made this possible.





**Study groups form the foundation of Grain SA's Developing Agriculture Programme.**

- 61 farmer days were attended by 3 741 farmers.
- Advanced farmers were visited 849 times for one-on-one mentoring.
- 131 radio broadcasts were done by members of personnel.
- 264 000 copies of the *Pula/Imvula* magazine were circulated over twelve months.
- 108 training courses had been held attended by 2 170 farmers and farm workers.
- The Schools Programme, also presented by the Farmer Development section, had visited 363 schools and reached 53 870 learners. (More detailed information about the Schools Programme is included in Chapter 7).

## THE HARVEST IS PLENTIFUL BUT THE WORKERS ARE FEW: GENERAL ACTIVITIES

Over time a number of core business activities have been integrated into the programme in order to achieve the objectives of farmer development.

### Study groups

Servicing farmers in a group is more cost effective than servicing on an individual basis, and they also learn more from the questions of the other farmers. The study group system was begun at the outset of organised agriculture's farmer development efforts has continued to be the heartbeat of this programme. This is the first contact made with the farmers when the team begins to work in a region. Study group meetings are characterised by relationship building, gathering information and sharing knowledge.

The monthly *Pula/Imvula* newsletter is distributed here and the regional managers discussed the issues of importance in the newsletter. At these meetings information about seasonal issues and best practice knowledge is transferred. It has been possible to demonstrate the effective use of tools and teach safety in handling chemicals and fertilisers. The team has distributed some 4 000 knapsack sprayers to the most rural farmers who would not have accessed them easily otherwise.

Over the years, as the farmers became more advanced, they expressed the need for more advanced information while at the same time the progressive farmers assist the less advanced farmers to progress.

## Advanced farmers

There is still a gap between the more advanced developing farmers and the commercial farmers. All the developing farmers cannot be supported at the same basic level. In the study groups farmers are supported with information and training to get them into best practice production. Many farmers have grown and are now beyond this type of support since they are already farming on a semi-commercial scale. They are however not quite yet positioned to be left entirely to their own devices in the competitive commercial world. These are mostly the small holder farmers (10 ha to 250 tons). We also try to alert these farmers to the importance of marketing and we link them to agents who are willing to walk that road with them. The free market is very challenging for many people and especially for developing farmers.

The purpose of this programme is to support the outstanding candidates who have emerged from the study group system. These farmers need one-on-one support in terms of production planning, management, support in terms of financial applications and reporting et cetera. The Grain SA team also draws up detailed business plans for these farmers when necessary. When the farmer is producing in excess of 250 tons/year, and has met the 'commercial standards' of production, he/she will be handed over to the commercial producers in that region to fast track the integration of the black farmers into the commercial sector. In 2015 the different offices have supported a total of 154 advanced farmers.

The progress towards the New era commercial status has been slower than anticipated as these farmers face many challenges:

### *Production loans*

- Many farmers do not meet the security requirements of the lending institutions (including the Land Bank).
- The farmers do not qualify for multi-peril insurance.
- Should the farmers be lucky enough to qualify for multi-peril insurance, the guarantee is not enough to secure the loan.
- The small margins in dry land grain production make it risky for someone who is learning 'the trade' – there is no gap for mistakes.

### *Tractors and machinery*

- In many areas, mechanisation is not available.
- In cases where there is mechanisation, the condition is often very poor.
- The government has given some areas shared equipment and the management thereof creates poor productivity.
- The use of contractors is widespread and there are huge challenges relating to this which include the timing of operations, the quality of the work being done and the high cost thereof (only the contractor ends up making money).

### *Issues with land and soil*

- In the communal areas there is often insecure tenure (farmers 'use' the unused land of absent farmers as well as their own land and the tenure on this land is not secure).
- The pH of the soil is low (particularly in areas with higher rainfall and higher potential), and in many areas, the phosphate levels are very low as a result of years of cultivation without the application of adequate fertilisers.
- Low potential soils are being cropped (unprofitably).
- In some areas, like the irrigation plots in Taung, four farmers share one centre pivot which creates much tension.

## Demonstration trials and farmer days

The purpose of the demonstration trial plots is to SHOW the developing farmers the results of good production practices: correct soil preparation, correct application of lime (if applicable), correct fertilisation (resulting from the soil sampling), correct plant population and cultivar selection, proper weed and



Farmers receive training in several areas of farming and management.









**The correct application of lime always yields good results.**



**Dr Willie Kotzé**

pest control et cetera. The farmers are able to experience the practices and then do the same on their own land.

*The personnel in the programme will coordinate the establishment of these trials together with other role-players in the industry – the contractor, the seed companies, the fertiliser companies and the agro-chemical companies so that the farmers are exposed to the best possible production information and techniques.* This is a key component towards empowering farmers to continue profitably and sustainably as the vision is they will eventually be supported and guided by the commercial sector representatives from the input supply companies. The exposure of the farmers to the representatives of the input supply companies for the development of relationships is one of the purposes of the farmers' days. The year 2015 saw 87 farmers days held around the country which 5 656 farmers attended.

## **Training courses**

Under the leadership of McPherson and Dr Willie Kotzé, the training programme has steadily expanded considerably. Significant training and training manual development had been done with the funds from the different trusts.

Farming today is business and it requires an in depth understanding of a large number of diverse subjects – from the soil to income tax. Kotzé reported that 189 courses had been offered during the 2009 financial year – 159 for the Maize Trust, eleven for the OPDT, ten for SAB, five for Sorghum and four for Winter Cereal. Each course has been developed to address a specific need that we identified through our interactions with the farmers at the different levels.

Although not all the courses are available in all the languages, a trainer who is proficient in the local language and can explain the course to the farmers is sent to the region.

The courses are structured with a theoretical and practical part. The theory is taught during the morning and the practical is done in the afternoon. Equipment that is available to the farmers is used during the practical training sessions – it does not empower them if they are taught on equipment that they cannot access. It is also good to show them what they can do with the equipment that they have. Altogether 123 courses were presented to 1 985 farmers in the Eastern Cape, Free State, KwaZulu-Natal, Mpumalanga and the North West Province during 2015.

## **The 250 Ton Club and Day of Celebration**

Although any development process is a slow and steady journey, it was evident that there was already much to celebrate in the field of Farmer Development. The decision was made to take one day off from facing development challenges, to celebrate and recognise the many different individuals and institutions involved in the field. Furthermore, to inspire and encourage all the farmers The 250 Ton Club was established with different levels of membership:

- Bronze – 250 Ton member



**Some of the developing farmers who became members of the 250 Ton Club in 2008.**





By 2015 the 250 Ton Club had grown to 119 members.

- Silver – 500 Ton member
- Gold – 1 000 Ton member and
- Platinum – 1 500 Ton member.

On 25 September 2008 the FDP of Grain SA and Monsanto SA held its first 'Day of Celebration'. Progress was acknowledged with regards to farmer development and 32 farmers were awarded membership of the 250 Ton Club.

'We thought it fitting to establish a 250 Ton Club to acknowledge the achievement of those who are already producing more than 250 tons of grain/year and who are really close to being true commercial farmers. Many of them will only be part of our programme for another year or two, but their progress needs to be recognised,' McPherson said in a media statement after the ceremony.

Early in 2009 members of the ANC Women's League and representatives of Grain SA met to discuss various issues of mutual concern with the 250 Ton Club members. Grain SA also focused attention on the extensive support it gives to the development of capacitated, sustainable, black commercial farmers through its farmer development programme. They were told about the significant strides made over the years and about the newly established The 250 Ton Club which honoured the progress made by top developing farmers. They met these farmers who had availed themselves of every opportunity to receive the training and grass roots, with field support offered through the programme. The ANC Women's League was pleased to discover that this training is offered to all the participants without charge as the courses are sponsored by the different grain trusts.

In 2009 membership of the 250 Ton Club increased to 42 members, and in 2010 the club boasted 52 members with some members graduating to the 500 Ton and 1 000 Ton categories (26 x 250 Ton members; 16 x 500 Ton members and 10 x 1 000 Ton members). By 2011 there were 58 members in the 250 Ton Club.

By 2015 the 250 Ton Club had grown both in representation and in standing. It has become an important symbol for the farmers against which they measure themselves and strive to achieve the yields which will earn them membership to what they see as an 'elite' group of developing farmers.

#### 250 TON CLUB MEMBERS OVER THE YEARS

	250 Ton Club	500 Ton Club	1 000 Ton Club	1 500 Ton Club	Total
<b>2008</b>	21	7	4		32
<b>2009</b>	23	10	8		41
<b>2010</b>	28	13	10		51
<b>2011</b>	30	17	10		57
<b>2012</b>	30	17	10		57
<b>2013</b>	47	18	14	2	81
<b>2014</b>	66	30	16	3	115
<b>2015</b>	67	31	18	3	119



The 2015 winner of the Grain SA/Absa Subsistence Farmer of the Year was Ngubengcuka Moyo. From the left, congratulating Ngubengcuka, is Jane McPherson (Grain SA Manager: Farmer Development Programme), Ramodisa Monaisa (Master of Ceremonies and Vice-chairperson of the Farmer Development Working Group), Jannie de Villiers (CEO, Grain SA) and Ernst Janovsky (Head: Centre for Excellence Absa Agri Business).



Solomon Masango, accompanied by his beautiful wife, Christina, was the 2015 Grain SA/Absa/John Deere Financial New Era Commercial Farmer of the Year. Jannie de Villiers, Ramodisa Monaisa, Ernst Janovsky and Antois van der Westhuizen (Head: Sales Financing – Sub Sahara Africa, John Deere Financial) congratulated the winner.



The winner of the Grain SA/Syngenta Smallholder Farmer of the Year, 2015 was Dalinwonga Nomwebu.

Since 2008 the *Day of Celebration* has become an annual red letter date for everyone involved in Grain SA's FDP. On this day, presented at a centrally situated venue, nominees for the 205 Ton Club as well as finalists

## Farmer of the Year

Each year a competition is held in all three categories and it is really heartening to see the progress of the farmers. Each year there are also more farmers who wish to compete and it is increasingly difficult to identify a winner as the bar is raised. *It is no longer possible simply to judge them on the production practices and the good commercial practice is becoming the norm.*

## PARTNERSHIPS AND RECAPITALISATION

*No one group can take ownership of the development process.*

There are many role-players in the grain industry and it is important that there are good working relationships as we all share the same goal. The field of agricultural development is wide and it is important to access information and support on all aspects. Through this programme an attempt is made to involve all the various role-players in the agricultural industry in the development of farmers – there is a role to be played by each one in terms of their own speciality.

Co-ordination is essential if there is to be constant and sustained progress. In the interests of long term sustainability, the farmers have to be assisted to get to know all the





various role-players in their field of farming. They must have a network of support that will continue once they reach commercial status.

Good relationships have been forged with personnel from the ARC, the Departments of Agriculture, the Department of Rural Development and Agrarian reform, the input supply companies for seed, fertiliser, chemicals, lime, diesel, insurance, finance and mechanisation, as well as provincial and local government. Each of these has a unique contribution to make to the process of sustainable development.

For many years the programme had concentrated on skills development, training, empowerment and capacity development through the study groups, demonstration trials, Farmers Days, Farmer of the Year competition, advanced farmer programme, training material development, training courses, weekly radio broadcasts and a monthly newsletter. Progress towards commercialisation had been a slow process with the focus being on what was considered 'true development' – developing the individual.

However, the harsh reality of those operating at grass roots level was no longer that if best practices were implemented and best yields were achieved, that all was a happy ending for satisfied farmers. Rather, a financing crisis threatening the hard won farming enterprises was the reality for many developing producers. By 2010 the production cost for grain was in the region of R5 000 p/ha (for direct costs). In reality the costs for the developing farmers were generally higher than for commercial farmers for a number of reasons:

- 1) The soils were often depleted so the fertiliser requirements were higher;
- 2) The farmers did not have collateral to secure loans so were forced to take out input insurance to secure the loans – an added cost;
- 3) The tractors and implements of the developing farmers were old and worn costing more in repairs and maintenance;
- 4) Farmers did not always own all the equipment required for production and contract work had to be budgeted for e.g. harvesting and planting operations;
- 5) These farmers did not have the advantages of economies of scale to bargain on the price of inputs, or negotiate good marketing contracts; and
- 6) Most farmers needed to borrow money for production which added an interest burden.



**Farmers receive fertiliser at the Khumbula Nsikazi Stadium.**



**Jobs Fund maize in Mpumalanga.**



**The difference it makes when you know what you are doing – Jobs Fund maize left and a disastrous result on the right.**



**Video:** A video overview of Grain SA's participation in the Government's recapitalisation project.

Most farmers did not have long term records, most had built on carry-over debt due to the low prices of the 2008 and 2009 seasons and there was a general hopelessness as all were struggling to access production finance. Reports made by developing farmers to the Working Group affirmed the crisis:

*As a result of the poor profitability of grain farming, only a few farmers were financed by the local agribusinesses and then were forced to take out Multi-Peril Insurance, which significantly increased the production costs. A member of the 'Voice of the Farmer' committee reported that the farmers are all struggling with carry-over debt due to the low prices, and high production costs.*

In this area there would be little production and no further development. For these reasons it had become apparent that *something needed to be done differently*. Grain SA had realised that government intervention at the highest level was necessary in order to secure viability and sustainability for developing farmers.

In 2012 the Programme partnered with the Department of Rural Development and Land Reform (DRDLR) to empower developing farmers across the country. For the first time holistic business plans – not only the grain production aspects – were drawn up. By September 2012 R36 million was transferred into a separate bank account to be managed between the programme team and the farmers themselves. In order to manage these funds, Grain SA had to register with the financial services board. An internet based accounting system structured by Grain SA enables the management of a bank account for each individual farmer. The bank accounts are with Standard Bank and they are called Third Party Fund Administration (TPFA) accounts. After the duration of the recap process, the farmer 'loosens' the account from Grain SA and can then operate the account on his/her own. In this way, the farmer also builds up a banking record over the duration of the project.

The 2012/2013 initiative focussed on 16 farmers identified in the Free State, North West and Gauteng. Strict financial management ensured the funds were utilised for mechanisation for land preparation, purchasing inputs for production and establishment of the crop. Attention was also given to key infrastructure such as sheds, fences and water et cetera. Recapitalisation continued into 2013 and 2014 with further projects in the Free State, Mpumalanga and the North West which were funded by the DRDLR. Another recapitalisation programme was conducted in the North West in partnership with the Department of Agriculture there.

This process began in 2012 and to date (2015/2016) the FDP has managed R280 million for these farmers and is proud to say that they managed all the funds efficiently in partnership with the farmers and their mentors. Not one cent has disappeared and a clean audit was received from the Auditor General. The project was a huge success but unfortunately politics and other agendas came into play which brought what was originally intended to be a five year programme for the farmers, to a halt.

Grain SA's FDP will in future take on a different dimension in which production financing is essential for new producers.

With the aid of the National Treasury's newly created fund for promoting job creation, the Jobs Fund, the FDP managed to launch a programme during 2015 in terms of which 1 577 smallholder farmers gained access to inputs and mechanisation to cultivate 1 802 hectares.

In the meantime, new partnerships have been concluded with the government with respect to research and farmer development. The database and projects of the Farmer Development division were incorporated with the policy action plan for agriculture of the Department of Agriculture, Forestry and Fisheries.

Grain SA's FDP has never claimed to be THE ONLY answer to farmer development. Rather it has always been a desire to build bridges and forge firm relationships between farmers, representatives from the many companies in the sector, finance institutions and agri-businesses. There has generally been positive interaction between Grain SA and the different government departments on both provincial and national level and many warm friendships have grown as a result. Down the years there have also been a number of partnerships between



Grain SA and industry role-players and at farmers days and demonstration trials, the branding and banners of a number of stakeholders will be present.

Although Grain SA's relationship with politicians has not grown much recently, co-operation with the officials has improved and increased because Grain SA can deliver. Despite the political winds and undercurrents, enough affordable food is still a sought-after commodity. Food security remains central – and has become even more important because of the drought and climate change.

Organised agriculture will have to view its partners in a different context in future. Political appointments by the Minister of Agriculture, Forestry and Fisheries on the boards of the grain trusts are expected to lead to a re-evaluation of the funding priorities of the trusts. Input providers who acted as sponsor for agriculture in the previous era will undoubtedly move closer to an organisation like Grain SA to become involved at industry level through funding.

## DATA BASE AND WEB REPORTING

Over the years, a huge amount of insightful information has been gathered about each farmer who is part of the development programme. This comprehensive data includes: Personal information, land access and tenure type, assets (livestock, tractors and implements), production records (not of all farmers) as well as a record of the training courses he/she has completed and study group meetings attended.

All the activities of all the fulltime- and contracted personnel in the programme are reported on the web site on a daily basis. These include study group visits, farm visits, training, demonstration trials, Farmer of the Year competition, mentoring reports and schools visit reports. The information is up to date and 'live' and easily accessible by any member of the management team at all times.

## AT THE HEART OF THE JOURNEY

Developing people, improving farming operations, changing lives and giving the gift of hope – These are the results of work done by a team of passionate people with a reputation for respectful intervention, excellent work, scarce language skills and expertise in the arena of farmer development. This work has been steadfastly supported and encouraged by, strong and visionary leadership from Grain SA CEO, Mr Jannie de Villiers, mandated to do farmer development by the Grain SA congress. Programme Manager, Ms Jane McPherson and her dedicated team who are always ready and willing to champion the cause of developing farmers have taken this dream much further than anyone could ever have imagined.

## IN CONCLUSION

When McPherson assumed her position in 2005, the programme was funded with R2 million by the different trusts and there were four staff members working with Harman. By the end of 2015 the funding to the programme amounted to R24 million, nine regional offices are operating with a personnel component of 26 permanent team members. In addition to this, the programme has at least 15 experienced trainers who are contracted to conduct training sessions, mentorship and run the schools programme.









# 9 Top producers and role-players HONoured

*Something that was an established custom in other industries, namely to recognise the achievements of producers and role-players in the industry, only started in the grain industry in the early 1980s. Seen as a whole it made a strong contribution towards improving the image of the grain producer over the past 35 years.*

Apart from the fact that the quality of the South African producer was remarkable even in those years, the general image of the farmer in the late seventies was rather one of a person in overalls and a brimmed hat behind the steering wheel of a tractor than one of a business man who feels at home in the boardrooms of the country. The initiative of the maize industry with an image-building action undoubtedly paved the way for building the image of agriculture by placing its achievers in the spotlight.

After the maize fight between the members of SAMPI and SAMSO, the members of the united NAMPO had reason to show what stuff people in the grain industry were made of. Dr Piet Gous, first General Manager of NAMPO, saw the value of an offer from Three Ships Whisky to sponsor the Maize Man of the Year from 1980 – and from 1982 also the Maize Scientist of the Year. This same Dr Gous was



**Dr Piet Gous**

## "LET'S MAKE A DOP..."

**An excerpt from an article which appeared in the Farmer's Weekly of 22 March 2011**

*Farmer's Weekly's* editor in 1978, Lionel Mundell, contacts public relations man Hans Lombard. Three Ships Whisky wants to promote their product among the farming community, and Lionel has told them Hans is the best in the business. Which leaves Hans with a slight problem. How does one promote alcohol?

Later, while chatting to the management of Three Ships down in Stellenbosch, Hans is told the whisky is made from South African maize. It gives him an idea. How about a "Maize Man of the Year" sponsored by Three Ships, offering an agricultural (whisky) study tour of the Scottish Highlands?

Hans phones Dr Piet Gous, then General Manager of NAMPO, and suggests to him that the maize producer's organisation should nominate such a Maize Man of the Year, and that Three Ships would sponsor it. The idea goes off like a bomb.

A few days later Hans is meeting with Dr Gous in his office at Bothaville to discuss the nominations. Then Dr Piet Gous asks, rather sheepishly, "I have never heard of Three Ships Whisky. Who are they?"

Hans smiles. "Kom ons gaan maak 'n dop. Ek wys jou." At which point both men duly set off to the local pub where the final arrangements for the Maize Man of the Year are made over a few tots of Three Ships Whisky – produced from maize, mind you.



**Mr Crawford von Abo**

nominated as NAMPO's first Maize Man of the Year in 1980, principally as a result of his key role in the successful forming of NAMPO.

In 1981 Mr Crawford von Abo – a founder member of SAMPI and Chairperson the Maize Board – was crowned Maize Man, and in 1982 this honour went to Mr Hennie de Jager, Chairperson of NAMPO.

When Mr Giel van Zyl, former General Manager of NAMPO and later of Grain SA, was appointed as administrative manager at NAMPO in 1983, a part of his task was to take the Maize Man awards to the next level. After the constitution of a representative panel of independent experts to assess the nominees according to credible criteria, the practice was established at the time for the panel to visit every nominee. The voting was by secret ballot and the winner was only announced on the evening of the prestige event. The awards ceremony was also changed from a semi-formal function to a formal black-tie event in one of the trendsetting five star hotels in Johannesburg.



**Mr Hennie de Jager, Chairperson of NAMPO, who was selected as the NAMPO Three Ships Whisky Maize Man of the Year (1982), Mr Greyling Wentzel, Minister of Agriculture, and Dr HO Gevers, who was selected Maize Researcher of the Year (1982). Dr Gevers is known for the important breakthrough that he made with the development of the high-lysine yellow maize hybrid.**

## DR WILHELM REMEMBERS...

Dr Wilhelm Snyman, former director of the ARC Research Centre for Grain Crops, was part of the selection panel since the institution of NAMPO's Maize Man project until the end of 1989. He thinks back to those years with a nostalgic sparkle in his eye and shares a few of the humorous and exceptional incidents from that period.

The judging process often took more than a day and members of the selection panel therefore had to stay over. Snyman says that they were received warmly and hospitably like only the South African farming community can. 'Never in my life was I so overwhelmed with top-notch meals and snacks accompanying the regular coffee and tea. Instead of a night cap, Eno was a popular item on our medicine list!'

Another incident that Dr Snyman will always remember is the 'high-octane mampoer' that one of the members offered early in the morning 'for cleaning the teeth! Not used to 'such strong medicine', Snyman stopped coughing only much later that day. It was so bad that one of the panel members asked him whether he had whooping cough.

He also remembers the woman who very discreetly asked that they please come for another visit soon. She said that it was the first time in years that the farmyard was not an embarrassment to her. The cleaning up had even the farm workers asking whether the farm was being sold and they were moving!

What impressed him the most was the contributions of the finalists' spouses – especially with regard to moral and loving support to their husbands. 'In the middle of one of the worst droughts I ever experienced in the Western Transvaal we arrived on the farm of one of the participants one morning. The farmstead looked like a sheep pen – the only patch of green was a bright green piece of lawn approximately two metres by two metres against the wall of the house.' Later the evening Snyman asked the woman of the house about this piece of lawn. She said that she took all the used dishwater and laundry water and poured it onto this patch of grass below their bedroom window. Her husband had the habit of looking out of the window when he got up in the morning. She wanted to let him see something green before he started his day.

There also was the youngish couple whom they visited. The wife told them that she was a city girl who did not yet know much about farming. Her husband invited the panel members to go and inspect the feedlots. Snyman said that at one stage he looked back seeing how this city girl struggled to walk with them through the feedlots – high heels and all. 'What a lucky man,' he pondered.



**Sound bite: The image of the farmer had to be improved – Mr Giel van Zyl.**



**Mr Giel van Zyl**



**TABLE 1(a): AWARDS MADE BY NAMPO, 1980 - 1999**

	<b>Main sponsor of Maize Man of the Year dinner</b>	<b>Maize Man of the Year</b>	<b>Researcher/Maize Scientist of the Year</b>	<b>Golden Maize Kernel Award – NAMPO's highest honour</b>
1980	Three Ships Whisky	<b>Dr Piet Gous</b> – General Manager: NAMPO		
1981	Three Ships Whisky	<b>Crawford von Abo</b> – Bothaville		
1982	Three Ships Whisky	<b>Hennie de Jager</b> – Bothaville	<b>Dr HO Gevers</b> – Department of Agriculture	
1983	Three Ships Whisky	<b>Willie van der Ryst</b> – Koster	<b>Carel Koch</b> – Fedmis	
1984	Three Ships Whisky	<b>Toppie van der Linde</b> – Vierfontein	<b>Dr Mart Farina</b> – Department of Agriculture	
1985	Case SA	<b>Dirkie Serfontein</b> – Koppies, Free State	<b>Prof Hekkie Harmse</b> – PU for CHE	<b>Cerneels Claassen</b> <b>Hennie Delpont</b> <b>Gerrit Green</b> <b>Cornelis Leonard</b> <b>Willie van der Ryst</b> <b>Boetie Viljoen</b> <b>Mof Visser</b> <b>Crawford von Abo</b>
1986	Case SA	<b>Hilliard Cumin</b> – Koster	<b>Prof JM de Jager</b> – UOFS	
1987	Case SA	<b>Ollie Botes</b> – Hoopstad		
1988	Foskor	<b>Danie le Roux</b> – Bultfontein	<b>Dr Kit le Clus</b> – NAMPO	
1989	Foskor	<b>Johannes van der Merwe</b> – Kroonstad	<b>Prof Alan Bennie</b> – UOFS	
1990	Foskor	<b>WH van Zyl</b> – Wesselsbron		
1991	Foskor	<b>Boetie Viljoen</b> – Syferbult		
1992	Foskor	No award as result of severe drought. Foskor still donated R50 000 to NAMPO	No award	
1993	Foskor	<b>Jan Kirsten</b> – Makwassie	<b>Dr Jan Dreyer</b> – Institute for Vegetables and Ornamental Plants	
1994	Foskor	<b>Justus Bergh</b> – Leeudoringstad	<b>Prof Boet Human</b> – UOFS	
1995	Foskor	<b>Koot Claassen</b> – Delmas		
1996	Foskor	<b>Ivor Eden</b> – Hennenman	<b>Dr Org van Rensburg</b> – ARC-GCI	<b>Bully Botma</b> <b>Cerneels Claassen</b> <b>Japie Grobler</b> <b>Pieter Meyer</b> <b>Jan Schabert</b>
1997	Foskor	<b>Francois Haasbroek</b> – Bothaville	<b>Prof Gert Erasmus</b> – UOFS	
1998	Novartis	<b>Michael de Klerk</b> – Frankfort	<b>Prof Piet Geertsens</b> – ARC-GCI	
1999	Novartis	<b>Hans Janse van Rensburg</b> – Bronkhorstspuit	<b>Dr Jos de Kock</b> – ARC-GCI	



**TABLE 1(b): AWARDS MADE BY NAMPO, 1987 - 1995**

	Junior Maize Man of the Year	Agricultural Personality of the Year	Maize Personality of the Year	Certificates of honour for the leadership's contribution over many years
1987	<b>Japie Grobler</b> – Bothaville	<b>Kobus Jooste</b> – President SALU		<b>Fanie Ferreira</b> <b>Crawford von Abo</b>
1988	<b>Martiens Prinsloo</b> – Hoopstad			
1989	<b>Glen Easton</b> – Koster			
1990		<b>Dries Bruwer</b> – TLU		<b>Boetie Viljoen</b>
1991		<b>Dr WP Grobbelaar</b> – Department of Agriculture and Water Supply		
1995			<b>Giel van Zyl</b> – General Manager: NAMPO	

This abstract from *Mielies/Maize* magazine of December 1985 gives an indication of the stature that the awards developed: 'When one speaks of the South African golf champions and Currie Cup champions you can speak about the maize farmer and maize researcher in South African agriculture at the same time these days. These are the most sought-after awards in agriculture today for which producers and researchers compete. When someone is nominated as winner in one of the two divisions, they are champions in their own right.' (See **Table 1[a]** and **1[b]** for a summary of the awards by NAMPO until 1999.)

Grain SA has built on this basis since 1999. Even today the taxing assessment for this award demands a lot from finalists, as nearly every part of the farming operation is evaluated. However, the value of the feedback and positive inputs by experts is invaluable to the participant.

**Table 2** provides a summary of the awards made by Grain SA since 2000.

## SPONSORS

Three Ships Whisky sponsored the Maize Man Award for five years since its inception, after which Case and later Foscok acted as main sponsors. The NAMPO Executive decided to divide the prize money equally between the Maize Man and the Agriculture Researcher of the Year.

In 1985 JI Case took over the sponsorship and a condition was that the prize money had to be used to investigate an aspect of maize farming abroad and then make a report available to South African maize farmers afterwards.

Through the years many amendments were made to the competition – sponsors changed, prizes became more attractive, the name was changed to suit the current agricultural environment and additional awards were introduced to include emerging farmers and those who made special contributions to the agricultural sector. By 1989, when Foscok entered as sponsor, the prize money for the Maize Man of the Year was improved with two return tickets for the winner and their spouse to New York.



**Sound bite:** The evaluation process was a frightening but enriching experience for participants – Mr Giel van Zyl.





**TABLE 2: AWARDS MADE BY GRAIN SA (1999 - 2015)**

	<b>Main sponsors</b>	<b>Grain Producer of the Year</b>	<b>Grain Scientist/Agriculturist of the Year</b>	<b>Developing Grain Producer of the Year</b>
2000	Novartis	<b>Pieter Gildenhuys</b> – Heidelberg, Southern Cape	<b>Dr Klaus Pakendorf</b> – ARC-GCI	
2001	Syngenta	<b>De la Rey Tonkin</b> – Standerton, Mpumalanga	<b>Dr Carel Johan Swanevelder</b> – ARC-GCI	
2002	Syngenta Land Bank	<b>Deon Bothma</b> – Mareetsane, North West	<b>Dr Cobus le Roux</b> – ARC-GCI	<b>Karabo Peele</b> – Ventersdorp, North West
2003	Syngenta Land Bank	<b>Manny and Johnny da Costa</b> – Nigel, Gauteng	No award	<b>Menyatso Matsididi</b> – Tweespruit, Free State
2004	Syngenta Land Bank	<b>Japie Grobler</b> – Bothaville, Free State	<b>Prof Johann Kirsten</b> – University of Pretoria	<b>Paul Morule</b> – Putfontein, North West
2005	Syngenta Land Bank	<b>Kobus Dannhauser</b> – Parys, Free State	No award	<b>Moss Malo</b> – Delareyville, North West
2006	Syngenta Land Bank	<b>Willem de Waal</b> – Swartland, Western Cape	<b>Dr Tom Drinkwater</b> – ARC-GCI	<b>Lasarus Mothusi</b> – Weltevreden, North West
2007	Syngenta Absa	<b>Kobus Wessels</b> – Caledon, Western Cape	No award	<b>Lepati Macaphasa</b> – Phuthaditjhaba, Free State
2008	Syngenta Land Bank	<b>Schalk Stapelberg</b> – Piet Retief, Mpumalanga	<b>Dr Mike Hardy</b> – Department of Agriculture, Western Cape	<b>Labious Manoto</b> – Lichtenburg, North West
2009	Syngenta Absa	<b>Jaap van der Westhuizen</b> – Heilbron, Free State	<b>Martiens du Plessis</b> – NWK	<b>Sameul Moloi</b> – Fouriesburg, Free State
2010	Syngenta Absa	<b>Pien Bester</b> – Morreesburg, Western Cape	<b>Prof Koos van Rensburg</b> – ARC-GCI	<b>William Matasane</b> – Senekal, Free State
2011	Syngenta Absa	<b>Vlakplaas Boerdery</b> – Hoopstad, Free State	<b>Prof André Agenbag</b> – Stellenbosch University	<b>Koos Mthimkulu</b> – Senekal, Free State
2012	Syngenta Absa	<b>Gilly Scheepers</b> – Fouriesburg, Free State	<b>Prof Maryke Labuschagne</b> – University of the Free State	<b>Israel Mothlabane</b> – Wesselsbron, Free State
2013	Syngenta Absa	<b>Rhys Evans-groep</b> – Viljoenskroon, Free State	<b>Kobus van Zyl</b> – Omnia Fertiliser	<b>Maurice Mthandeki Boki</b> – Matatiele, Eastern Cape
2014	Syngenta Absa	<b>Richard Hobson</b> – Setlagole, North West	No award	
2015	Syngenta, Absa and John Deere Financial	<b>Genade Boerdery</b> – Douglas, Northern Cape	No award	

	<b>Main sponsors</b>	<b>New Era Commercial Farmer of the Year</b>	<b>Small-scale Farmer of the Year</b>	<b>Subsistence Farmer of the Year</b>
2014	Syngenta Absa	<b>Ralph Swart</b> – Elim, Western Cape	<b>Lungelwa Kama</b> – Maclear, Eastern Cape	<b>Enoch Khumalo</b> – Piet Retief, Mpumalanga
2015	Syngenta, Absa and John Deere Financial	<b>Solomon Masangu</b> – Carolina, Mpumalanga	<b>Ngubengcuka Christian Moyo</b> – Maclear, Eastern Cape	<b>Daliwonga Nombewu</b> – Mthatha, Eastern Cape

In 2000, when all the producer organisations under the National Grain Producers' Organisation (later Grain SA) were amalgamated, the Maize Man Award was replaced by the Grain Producer of the Year Award. The format of this project by Grain SA, aimed at recognising producers who manage their businesses to serve as an example and inspiration to other producers, increased over the years.

Since 2002 a Developing Grain Producer of the Year Award was also made. The first recipient was Mr Karabo Peele, a leader farmer from Ventersdorp, who proceeded to serve the industry in more than one capacity, of which a considerable period was as trustee and later as Chairperson of the Maize Trust.

In due course the small-scale and subsistence farmers informed the management of Grain SA's Farmer Development Programme of their need for their own competition as they could not compete directly with the bigger new-era producers. In reaction to



**Messrs Monwabisi Fandeso, Managing Director of the Land Bank, and Mr Karabo Peele, Developing Grain Producer of the Year of 2002.**

the farmers' request the Developing Grain Producer of the Year Award was adjusted from 2014 to have three categories to enable producers at different levels to take part – Subsistence Farmer of the Year (0 ha to 10 ha), Small-scale Farmer of the Year (more than 10 ha, but less than 250 tons) and New Era Commercial Farmer of the Year (more than 250 tons).

The first winners of these awards for 2014 were as follows:

- Grain SA/Absa Subsistence Farmer – Enoch Khumalo from Piet Retief
- Grain SA/Syngenta Small-Scale Farmer – Lungelwa Kama from Maclear in the Eastern Cape
- Grain SA/Absa New Era Commercial Farmer – Ralph Swart from Swart Boerdery in Elim, Western Cape.

At this award ceremony in 2014 Jannie de Villiers, CEO of Grain SA, said that this organisation believed in the development of ways to bridge the gap between small



A page from the SA *Graan/Grain* magazine of November 2014. It was the first time that the Developing Grain Producer of the Year Award was adapted to make provision for three categories – Subsistence Farmer of the Year, Small-scale Farmer of the Year and New Era Commercial Farmer of the Year.

Labious Manoto from Lichtenburg in North West and Schalk Stapelberg from Piet Retief, Mpumalanga were respectively the Developing Grain Producer and Grain Producer of 2008.





**TABLE 2B: OTHER AWARDS MADE BY GRAIN SA**

	Inspiration Award	Awards to individuals or industry role-players	Recognition for excellence of Grain SA's Executive members
2005		<b>Bully Botma</b> for dedication, loyalty, service and leadership in the grain industry for many years	
2010		<b>Louw Steytler</b> for involvement in organised agriculture	
		<b>Vic Mouton</b> for involvement and positions occupied in organised agriculture	
2011		<b>Dr Jan Dreyer</b> and <b>Prof Alan Bennie</b> – received Grain SA honours awards for their expertise and work as judges on the selection panel of Grain Producer of the Year for many years	
2012		Trophies presented to the <b>ambassadors of Mexico, China and South Korea</b> as export countries of South African maize	
2013		Certificate of honour to <b>Leon du Plessis</b> as administrator of the Sorghum Trust and Maize Trust	<b>Anton Botha</b> (Region 20), <b>Willie Linde</b> (Region 15) and <b>Cobus van Coller</b> (Region 23) shared the award
		Award of special appreciation to <b>Charmian Swart</b> of Transnet Freight Rail for exceptional service to the grain industry with imports and exports	
2014	<b>Prof Ferdi Meyer</b> – BFAP	<b>Gert Pretorius</b> (posthumously) – leadership during unification and founding of Grain SA	<b>Jaco Minnaar</b> (Region 22)
		<b>Neels Ferreira</b> – vision, exceptional leadership	
		<b>Fanie van Zyl</b> – leadership on the Management Committee and Audit Committee of Grain SA	
2015	<b>Dr Julian Jaftha</b> – Department of Agriculture, Forestry and Fisheries	<b>Dr Cobus le Roux</b> – lifelong dedication to research and development of grain and industrial crops	<b>Andries Theron</b> (Vice-chairperson: Grain SA)
		<b>Department of Science and Technology</b> – investment in grain research and new technology	
		<b>Department of Rural Development and Land Reform</b> – contribution to the Grain SA Farmer Development Programme	

and commercial farmers. 'Agriculture is the backbone of rural communities and the grain industry is the primary provider of food security.'

In 2015 Syngenta, Absa and John Deere Financial were the main sponsors of the Grain Producers Awards, the formal awards ceremony that took place in Midrand. John Deere Financial was also the main sponsor of the Farmer Development Division's annual Day of Celebration. Syngenta has been the main sponsor of the Grain Producer of the Year Award for the past 15 years. Absa and the Land Bank were respectively also sponsors of the Developing Grain Producers Awards since 2002.

More information about the annual Day of Celebration of Grain SA's Farmer Development Programme is included in Chapter 8.

## SCIENTIST/AGRICULTURIST OF THE YEAR

From 1982 NAMPO also nominated a Researcher of the Year. This award was later retained by Grain SA and expanded to Grain Scientist/Agriculturist of the Year. The aim of this was to honour grain scientists and agriculturists who make a major contribution to the industry. Dr HO Gevers, who was at the Department of Agriculture at the time, was nominated as the first Maize Scientist of the Year in 1982.

Dr Jan Dreyer, former head of the ARC-Grain Crops Institute who received this award in 1993, is of opinion that this did not necessarily open new doors, but it did grant



**Sound bite: NAMPO also began to recognise the Scientist as well as the Personality of the Year – Mr Giel van Zyl.**



At the Grain Producer of the Year function of 2014 are: (from the left) Antonie Delpont (Syngenta), Louw Steytler, Lungelwa Kama (Small-scale Farmer of the Year), Ralph Swart (Grain SA/Abisa New Era Commercial Farmer of the Year), Jannie de Villiers and Enoch Khumalo (Subsistence Farmer of the Year). In front sits Richard Hobson (Grain Producer of the Year).



Dr Jan Dreyer

more credibility. Prof Alan Bennie, former professor in Soil Science at the University of the Free State who was named Researcher of the Year in 1989, is of the opinion that his nomination in part led to him subsequently being appointed to the Grain Producers' selection panel.

## CRITERIA

Judging criteria for grain producers include the following: Business involvement outside of agriculture, production and tillage practices, fertilisation policy, cultivar choices, pest and weed control, financial management, mechanisation management, labour management, community involvement, marketing and hedging of products.

Prof Bennie was part of the selection panel of the Maize Man and Grain Producer of the Year competitions for 22 years. He said that selectors visited the nominees on their farms and awarded marks according to the list of criteria. The three top candidates were then selected, after which each of the members of the selection panel cast a secret vote. It was only at the awards ceremony that they knew who the winner was.

Dr Dreyer thinks that one learns from the process over the years which skills and characteristics producers should have to be successful. According to him it is essential for the producer always to be in control, creative and passionate.



He also thinks that there has been a shift in emphasis from a family industry with a patriarch at the head to that of a business. It is necessary today for a producer to build a support network. The years in which he could do everything on his own are something of the past. Producers must also be much more conscious of the environment than formerly.

‘The winning producers are realistic, but stay unbelievably positive and have the ability to handle risks.’

## OTHER AWARDS

From 1996 the National Oilseeds Producers Organisation (NOPO) awarded honorary membership to producers and role-players in the industry in recognition of exceptional and excellent service to the organisation. Developing sunflower and groundnut producers were also honoured from 1999. Mr Basie Ntsimane, well-known in agricultural circles, was named Developing Sunflower Producer of the Year, and Mr Edmund Tsogang as Developing Groundnut Producer of the Year. Criteria included successful production practices, involvement with study groups and support to other producers.

When asked, Mr Anton Nebe from Potchefstroom, who is actively involved in the grain sorghum industry, confirmed that there no awards had been made to excellent producers in this industry before the establishment of Grain SA. Andries Beyers, the last Chairperson of the Winter Grain Producers Organisation (WPO), also confirmed that no awards had been made by the WPO to outstanding producers. However, in the wheat industry a Wheat Man of the Year was selected in the past. That was an initiative by three agribusinesses in the Cape.

There were also sporadic awards for the Agricultural Leader of the Year as well as the Maize Personality of the Year. For example, Mr Giel van Zyl, former General Manager of NAMPO/Grain SA, was selected as Maize Personality in 1985. Particularly since 2010 special tributes or certificates of honour were presented to agricultural leaders or industry role-players by Grain SA during Congress or during the Grain Producers’ function.

The Golden Maize Kernel Award – a real gold maize kernel that could be worn as lapel badge – was the highest honour that NAMPO presented. This award was apparently only made twice, namely to the eight producer members who resigned from the Maize Board in 1985 (Messrs Cerneels Claassen, Hennie Delport, Gerrit Green, Cornelis Leonard, Willie van der Ryst, Boetie Viljoen, Mof Visser and Crawford von Abo), and again in 1996 to the five persons who had served on NAMPO’s executive committee for seven consecutive years since 1989. The latter were Messrs Cerneels Claassen, Jan Schabert, Japie Grobler, Bully Botma and Pieter Meyer. Claassen was therefore the only person who received the Golden Maize Kernel twice.

The Agricultural Writers Shield and the Koster Shield were also presented annually. The Agricultural Writers Shield went to the best speaker at the annual congress,



Developing Groundnut Producer of the Year Edmund Tsogang receives a certificate from Mr Gert Pretorius, NOPO Chairperson.



Messrs Francois Basson and Louis Joubert (both from Advanta) and Basie Ntsimane, Developing Sunflower Producer of the Year.



The Koster Shield annually goes to the best series of articles that appeared in SA Graan/Grain.

**TABLE 3: AWARDS MADE BY NOPO (1996 - 1999)**

	Honorary membership	Developing Groundnut Producer of the Year	Developing Sunflower Producer of the Year
1996	<b>SJ Malherbe</b> – Chairperson: Sunflower Industry Congress		
1997	<b>JE Grobler</b> – Member of the Management Committee and Vice-chairperson NOPO <b>Dr CJ Swanevelder</b> – Groundnut expert ARC-GCI		
1998	<b>PJ Wessels</b> – National Agricultural Marketing Council		
1999	<b>J du Plessis</b> – Oilseeds Board	<b>Edmund Tsogang</b> – Genesa Study Group	<b>Basie Ntsimane</b> – Bafokeng North Study Group

while the Koster Shield went to the best series of articles in the magazine. These awards have been presented during Grain SA's congress since 1999.

## INSPIRATION AWARD

Grain SA's Inspiration Award was introduced to show appreciation for ongoing contributions to the grain industry by individuals in organisations and who continue to achieve exceptional results and inspire the industry to be more competitive in its commitment to excellence. The first recipient of the Inspiration Award was Prof Ferdi Meyer of the BFAP in 2014.

In addition, during Grain SA's Congress as well as the Grain Producers' Award function, recognition is given to individuals who served the grain industry with excellence and contributed to its wealth with their time, support and dedication.



The first recipient of the Inspiration Award was Prof Ferdi Meyer of BFAP (right) in 2014. Mr Andries Theron, Vice-chairperson of Grain SA, presented him with this.



Grain SA gave recognition for excellence to serving Executive members for the first time in 2013. Anton Botha (Region 20), Willie Linde (Region 15) and Cobus van Coller (Region 23) shared the trophy.



Since 2011 Grain SA has said farewell to retired executive members and their spouses during a special evening function at NAMPO Park. 'In every organisation there are people who are prepared to travel thousands of kilometres and attend hundreds of meetings. Grain SA has to acknowledge those who are prepared to do that, as well as the women who enable their husbands to make these sacrifices for something greater,' was the message of Mr Louw Steytler, former Chairperson of Grain SA, during a function on 29 July 2014 at NAMPO Park, where some of the retiring members of the Executive were bid farewell.

During the 2013 event Mr Jannie de Villiers, CEO, announced a 'recognition of excellence' award to serving Executive members. This award is made to someone who has made their mark in the organisation, who shows character and inspires the staff with their contribution. Messrs Anton Botha (Region 20), Willie Linde (Region 15) and Cobus van Coller (Region 23) were the first Executive members who received this award. They shared the award.

Recognition for years of service is also presented to the staff of Grain SA at this event.

Solomon and Christina Masango are the proud owners of a brand new John Deere 5403 MFWD 48 kW tractor sponsored by John Deere Financial in partnership with Absa. Jurie Mentz (Grain SA Development Coordinator) and Jane McPherson present them with the keys. >>>

## LIGHTER MOMENTS DURING THE SELECTION PROCESS

Members of the selection panel of the Maize Man and Grain Producer had to visit every nominee on his farm, and naturally they were received and treated with generous farmer hospitality.

Of course there were many lighter moments during the strict selection process. Dr Jan Dreyer, who was a member of the selection panel for about 25 years, remembers one incident clearly. A farmer's wife treated the panel very elegantly to tea and refreshments. Her little daughter clearly wanted to chat to the panel members. Dr Jan recounts that the mother tried to herd her away 'like a sheepdog herding sheep'. In an unguarded moment this young miss grabbed the opportunity, looked panel member Prof Ockie Bosch in the eye and declared: 'Oom, my mother borrowed these little golden teaspoons and she said if one of them should disappear she would personally *dōnner* the people who came for tea.'

All that Prof Alan Bennie, who served on the selection panel for 22 years, wanted to share was that the selectors spent a lot of time in each other's company and then 'people become a bit silly'.

Dr Dreyer also remembers the time when their team went to the farmstead for coffee after their visit. There the farmer's wife said that she wanted to thank them, because she had been asking her husband for thirty years to remove a heap of rubbish from the yard. Just before the panel's visit it was removed at last...

It was also clear that absolutely nothing was left undone before these visits of the selection panel. At some farms that they visited the paint on the walls was still wet, Dr Jan continued.

In the beginning members of the panel went to the farms by car and this led to racing. One man allegedly set the speed control of his car at 180 km/h! A former member of the panel said that he was always very grateful when he came home in one piece after such a trip. The organisers fortunately made minibuses available for this purpose later on.







# Addendum

This chapter contains a summary of the maize leadership in SAMPI and NAMPO for the period 1966 - 1999. The leadership of NOPO, the WPO and the SPO is also reflected. The Executive members of GPO/Grain SA for the period 1999 - 2016, as well as the general managers of Grain SA for the period 1999 - 2016 are also presented.

## GRAIN AND OILSEEDS LEADERSHIP (1966 - 1999)



**Mr Hennie Delpoit**  
Chairperson SAMPI  
1966 - 1969



**Mr Japie Grobler**  
Chairperson NAMPO  
1996 - 1999



**Mr Fanie Ferreira**  
Chairperson SAMPI 1969 - 1980  
Chairperson NAMPO 1980 - 1982



**Mr Gert Pretorius**  
Chairperson NOPO  
1995 - 1999



**Mr Hennie de Jager**  
Chairperson NAMPO  
1982 - 1987



**Mr Andries Beyers**  
Chairperson WPO  
1997 - 1999



**Mr Boetie Viljoen**  
Chairperson NAMPO  
1987 - 1989



**Mr Pieter Morkel**  
Chairperson SPO  
1996 - 1999



**Mr Cerneels Claassen**  
Chairperson NAMPO  
1989 - 1996

## ELECTED LEADERSHIP OF GPO/GRAIN SA (1999 - 2016)

### Chairperson



Mr Japie Grobler (1999)



Mr Bully Botma (2000 - 2005)



Mr Neels Ferreira (2006 - 2011)



Mr Louw Steytler (2012 - 2015)



Mr Jaco Minnaar (2016)

### Vice-chairperson



Mr Bully Botma (1999)



Mr Neels Ferreira (2000 - 2005)



Mr Louw Steytler (2006 - 2009)



Mr Victor Mongoato (2013 - 2015)



Mr Andries Theron (2010 - 2016)



Ms Preline Swart (2016)



Mr Andries Theron (2010 - 2016)



## THE EXECUTIVE OF GPO/GRAIN SA, ELECTED DURING CONGRESS IN MARCH (1999 - 2016)

Name	Region	Period	Note
Arnoldi, Christo	10	1999 - 2000	
Barnard, Apie	3	1999 - 2000	Management Committee member
Bergh, Deon	3	2016	
Blackenberg, Koos	26	2011 - 2012	
Blofield, Jacques	9	1999 - 2001	
Bornman, Japie	20	2000 - 2006	
Botha, Anton	20	2009 - 2016	Management Committee member
Bothma, Deon	1	2001	
Botma, Bully	24	1999	Vice-chairperson GPO (1999) Chairperson Grain SA (2000 - 2005)
Breytenbach, Jaco	19	2011 - 2016	
Bruwer, Gerhard	25	2016	
Claasen, H	18	1999	
Claassen, Louis	16	2009 - 2016	
Claassen, Neil	18	2009 - 2016	
Coetzee, Kassie	7	2009 - 2010	
Cronje, Dries	13	1999 - 2007	
Da Costa, Manuel	9	2004 - 2011	
De Jager, Tertius	24	2011 - 2012	
De Klerk, Emile	15	2016	
De Klerk, Michael	15	2002 - 2007	
Du Plessis, Johann	14	2000 - 2005	
Du Plessis, Jozeph	2	1999 - 2002; 2007 - 2016	Management Committee member
Du Plessis, Koos	16	2000 - 2007	
Engelbrecht, Riaan	7	2004 - 2007	
Enslin, Ivan	13	2009 - 2013	
Erasmus, Phillip	12	2011 - 2013	
Ferreira, Neels	13	1999	Vice-chairperson Grain SA (2000 - 2005) Chairperson Grain SA (2006 - 2011)
Ferreira, Theo	17	2012 - 2016	
Fourie, Rudolf	12	2014 - 2016	
Geldenhuys, Theo	1	2011 - 2013	
Giliomee, Neil	27	1999 - 2000	
Grey, Jan	10	2006 - 2015	
Grobler, Japie		1999	Chairperson GPO/Grain SA (1999)
Groothof, Willem	13	2014 - 2016	
Haasbroek, Hannes	24	1999 - 2005; 2013 - 2016	
Haasbroek, Sarel	7	2011 - 2016	
Harmse, Bart	11	2003 - 2016	
Helm, Chris	17	2008 - 2011	
Hoffman, Johan	24	1999	
Jacobs, Johan	25	2014 - 2015	

Name	Region	Period	Note
Jubelius, Jub	22	1999 - 2008	Co-opted from 2009 as NAMPO Harvest Day Chairperson
Kirsten, André	26	2013 - 2016	
Krige, Richard	27	2012 - 2016	
Kruger, Dissie	25	2006 - 2013	
Küsel, Ralf	14	2013 - 2016	
Letuka, Maseli	28	2014 - 2016	
Linde, Willie	15	2008 - 2016	
Lolwane, Thando		2011 - 2012	Co-opted
Loubser, Dirkie	1	2010; 2014 - 2016	
Lourens, Pietman	27	2001 - 2005	Chairperson: Audit Committee (2004 - 2006)
Macholo, Thabo	Eastern region	2013	
Makinana, SK	Southern region	2005 - 2010	
Malo, Moses	Western region	2007 - 2010	
Mafuleka, Gift	29	2016	
Mahlinza, Victor	31	2011	
Maphira, Reuben	Western region	2012	
Marais, Willie	22	2016	
Marx, Willie	18	2000 - 2001	
Matasane, William	29	2011 - 2012	
Mathews, Derek	5	1999 - 2004; 2012 - 2016	Management Committee member
Mathews, Jenny	5	2005 - 2011	
Matthee, Abé	15	2000 - 2001	
Meiring, PJA	6	1999	
Middel, Jacob	10	2001 - 2005	
Minnaar, Francois		2014 - 2016	Co-opted
Minnaar, Jaco	22	2009 - 2015	Chairperson Grain SA (From 2016)
Mkhabela, Elvis	Eastern region	2005 - 2006	
Moloi, Samuel	Eastern region	2012	
Monaisa, Ramodisa	30	2013 - 2016	
Mongoato, Victor	28	2011 - 2016	Vice-chairperson Grain SA (2013 - 2015)
Motlhabane, Israel	31	2012 - 2016	
Motshwene, David	29	2014 - 2015	
Mouton, Nikkie	26	2003 - 2005	
Mouton, Vic	7	1999 - 2003	Management Committee member Co-opted for the conclusion of the Maize Board
Muller, Edmund	12	2000 - 2004	
Myburgh, WT	26	2000 - 2002	
Ngxekana, Welcome	Southern region	1999 - 2004	
Nkosi, Papi	Eastern region	2007 - 2010	
Ntsimane, Basie	Northern region	1999 - 2006	
Oosthuizen, JF	15	1999	





Name	Region	Period	Note
Otto, Hannes	6	2004 - 2012	
Otto, Hardus	6	1999 - 2003	
Pienaar, Johan	20	2007 - 2008	
Potgieter, Frans	8	1999 - 2012	
Potgieter, Pottie	24	2006 - 2010	Management Committee member
Pretorius, FJH	4	2000	
Pretorius, Gert		1999 - 2011	Co-opted
Pretorius, Pieter	17	1999 - 2007	
Rankin, John	4	2005 - 2014	
Reichel, Danie	4	2015 - 2016	
Roos, GL	10	1999	
Rossouw, Niël	6	2013 - 2016	
Schoeman, Kallie	9	2012 - 2016	
Schoeman, Pieter	11	1999 - 2002	
Schoonwinkel, Chris	21	2001 - 2010; 2012 - 2016	Management Committee member
Scott, Petrus	19	1999 - 2003	
Serfontein, Dirkie	16	1999	
Stapelberg, Schalk	14	2006 - 2012	
Starke, Kevin	1	1999 - 2000	
Steytler, Louw	25	1999 - 2000	Vice-chairperson Grain SA (2006 - 2009) Chairperson Grain SA (2012 - 2015)
Strydom, Kammie	1	2002 - 2008	
Swanepoel, Joseph	8	2013 - 2016	
Swart, Frik	2	2003 - 2006	
Swart, Preline	28	2016	Vice-chairperson Grain SA (From 2016)
Theart, Johan	4	2001 - 2004	
Theron, Andries	26	2006 - 2009	Vice-chairperson Grain SA (2010 - 2016)
Theron, Jan	Co-opted	1999 - 2002	
Thoabana, Morena	Northern region	2005 - 2006	
Uys, Koos	9	2002 - 2003	
Van Coller, Cobus	23	2006 - 2016	Management Committee member
Van den Berg, Jan	19	2004 - 2010	
Van der Westhuizen, Deon	12	2005 - 2010	
Van Rensburg, Dirk	18	2002 - 2008	
Van Zyl, Fanie	3	2002 - 2012; 2006 - 2016	Management Committee member Chairperson: Audit Committee
Van Zyl, WH	21	1999 - 2000	Management Committee member
Venter, Hennie	23	1999 - 2005	
Viljoen, Hansie	3	2012 - 2015	
Viljoen, Schalk	27	2006 - 2010	
Visser, Alfonso		2013	Co-opted
Zitha, Jabulani	29	2007 - 2010	

## EXECUTIVE GENERAL MANAGERS OF GPO/GRAIN SA (1999 - 2016)



Mr GJ (Giel) van Zyl (1999 - 2001)



Mr S (Steve) Shone (2002 - 2005)



Dr J (John) Purchase (2005 - 2007)



Dr JM (Kobus) Laubscher (2008 - 2011)

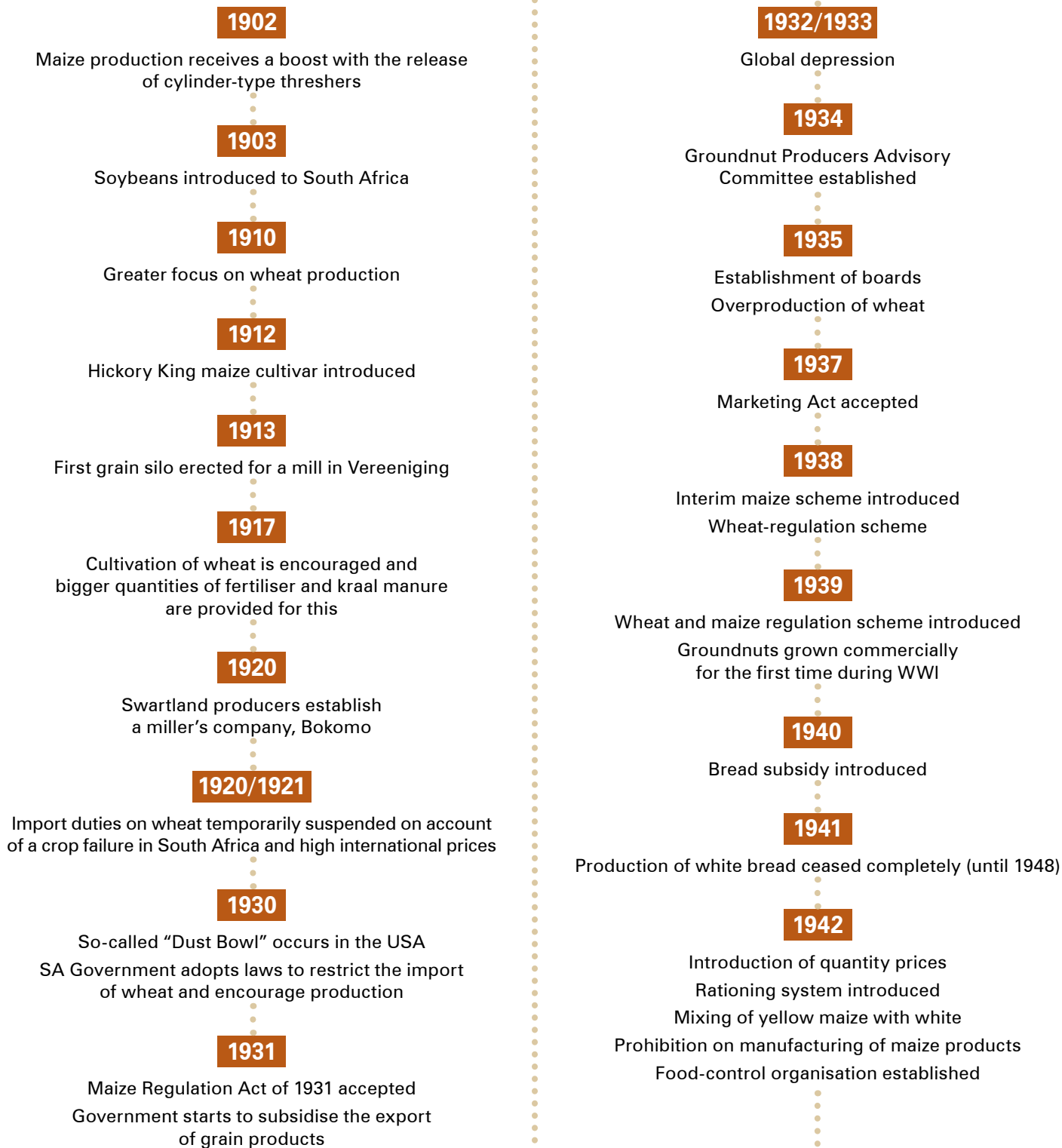


Mr JF (Jannie) de Villiers (2011 - 2016)





# Grain industry timeline (1902 - 2016)



**1944**

Single-channel marketing system introduced

**1945**

Global shortage of grain as a result of WWII

Savings measures introduced

First female member of the Wheat Board,  
Ms AJE Nel, appointed

**1946**

Scheme for seed maize introduced

Lifting of control over grain sorghum

**1947**

Rationing measures revoked

**1948**

Hybrid maize-seed scheme introduced

Maize Board operates single-channel pooled system  
for sorghum as temporary measure

The National Party comes into power

**1949**

Mission abroad about handling bulk exports

No control over sorghum until 1957

**1950**

First soybean cultivar for South African  
conditions developed

Winter grain scheme

**1951**

Funds made available for Lichtenburg bulk storage facility

Loan scheme for building of grain silos introduced

**1952**

State grants R10 million for bulk facilities

Oilseeds control scheme and Oilseeds Control Board  
– sunflower and groundnuts – single-channel pooled system

**1953**

Lichtenburg trial bulk storage commissioned

Marconi hygrometer used for the first time

Committee on insect control introduced for the first time

Stabilisation fund established

**1958**

Restriction on the export of maize products

Maize Board operates single-channel pooled system  
for sorghum again

**1959**

Consolidation of maize-grading regulations

**1960**

Introduction of the advisory committee on bulk storage

Conservation agriculture established in South Africa  
since the sixties

**1964**

Takeover of the railway grain silos by the Maize Board

Compulsory insect control introduced

First million tons domestic wheat crop

**1966**

Import of maize. SAMPI established

**1967**

Expansion of “Joseph’s policy” supplies

First SAMPI Harvest Day held

**1968**

Marketing Act of 1968 accepted

Oilseeds Board’s name accepted and also  
controls soybean marketing

**1969**

Maize Board moves into new head office

SAMPI holds regional harvest days (Free State,  
Eastern Transvaal and Western Transvaal)

**1970**

Change of the board’s name to Maize Board

**1971**

Change to metric system

Wheat Board starts to develop durum wheat cultivar  
and soft cultivar for South Africa

**1972**

Committee established for maize-seed industry

Computer commissioned at the Maize Board





**1973**

Maize Board's first official export contract with Taiwan concluded  
Name of Wheat Board adopted  
First national SAMPI Harvest Day takes place in Ottosdal

**1974**

Establishment of coordination committee for control boards  
First SAMPI Harvest Day held in Marthaville at Bothaville

**1977**

Recommendations about artificial drying of maize

**1978**

Amendments to the Marketing Act

**1979**

Introduction of summer grain scheme  
Price hedging on futures market

**1980**

Shortage in Stabilisation Fund  
SAMPI and SAMSO amalgamate and form NAMPO  
First NAMPO Maize Man nominated

**1981**

Record maize crop

**1982**

Fertiliser exchange transaction concluded  
Disaster drought and import of maize  
First NAMPO Maize Scientist appointed

**1983**

Import of maize takes place

**1985**

Tests with polypropylene bags  
Urea transaction with Romania and import of urea  
Also exchange transaction of maize and oil with Iran  
Maize farmers block delivery of maize at Randfontein and Carletonville as a result of disgruntlement with the announced maize price  
Mass information meeting held by NAMPO at Markötter Stadium in Klerksdorp

**1986**

Sorghum Board established – operates surplus removal scheme

**1987**

Consolidation of losses in Stabilisation Fund  
Land conversion scheme  
Control over rye production terminated

**1992**

Overseas investigation of grain-marketing systems  
Disaster drought and import of maize  
Canola produced in South Africa for the first time  
Kassier report released  
Mr Nelson Mandela talks to NAMPO at the NAMPO Harvest Day grounds

**1993**

Agriculture Marketing Policy Evaluation Committee (AMPEC) established

**1994**

First democratic election held  
African National Congress in power

**1995**

New maize marketing scheme replaces single-channel marketing system  
Exports only through boards  
Recommendations for a change to the Oilseeds Scheme accepted at the NOPO congress, paving the way for deregulation  
Quantitative control of wheat import control replaced by tariff control  
Draft act released for the replacement of the 1968 act  
AMD established as independent part of Safex

**1996**

Deregulation of grain marketing  
Marketing of Agricultural Products Act comes into operation on 1 January 1997

**1997**

Marketing councils dissolved

Wheat prices fall to global price levels

During the NOPO Congress the request was made that producers be compensated according to the oil content of sunflower seeds

NOPO's Developing Agriculture Programme established

The arms manufacturer Denel announces that they are going to build a plant for the manufacturing of soy milk

Genetically Modified Organisms Act comes into effect

NLRB and SAGL established and SAGIS registered

NAMPO and NOPO start talks about cooperation

SARS cancels diesel rebate for agriculture

**1999**

Sunflower seeds start trading on Safex

NOPO appoints first emergent sunflower producer and emergent groundnut producer

Unity in the grain industry is realised when NAMPO, NOPO, WPO and SPO dissolve to establish the Grain Producers' Organisation (GPO)

**2000**

Maize Trust decides to focus more on conservation agriculture

GPO accepts Grain SA as new identity

First Grain SA Grain Producer of the Year selected

**2001**

Safex becomes part of the JSE

Grain SA takes part in the Minister of Agriculture's agriculture plan that was requested by Pres Thabo Mbeki

**2002**

Grain SA introduces voluntary levy on delivery of grain for the funding of the organisation

First Grain SA Developing Grain Producer of the Year appointed

**2004**

Big surplus of maize and Grain SA recommends that production of maize be scaled down

Grain SA audit committee established

**2005**

Mass meetings at Centurion and Bellville to find solutions for the crisis in the grain industry

Grain SA works closely with CSIR, ARC and the fuel industry on proposals for the government with regard to renewable energy

**2006**

40th NAMPO Harvest Day presented

**2007**

Global food crisis breaks out and awareness about food security arises.

El Niño – described as one of the six worst in the past century

Competition Commission exposes a bread cartel after collusion in the baking and wheat-milling industry

**2008**

Mr Jacob Zuma, President of the ANC, addresses the Grain SA Congress

Grain SA's first Day of Celebration held to celebrate the successes of emergent agriculture – 32 developing farmers receive membership of the 250 Ton Club

**2009**

Grain SA presents a Grain Indaba to transfer the dilemma in which the grain producers find themselves to various role players

Enquiry into the location of the head office of Grain SA indicates that Bothaville is the most appropriate place

**2010**

Department of Trade and Industry initiates extended processes with a view to developing soy-processing plants and improvements to existing plants

The Competition Commission finds uncompetitive business practices in the fertiliser industry and the baking industry – Sasol and Pioneer Foods fined



## 2011

Export of maize to Mexico, Taiwan and Korea.  
The same markets were serviced in the following year and together with Japan absorbed most of South Africa's exports that year

ARC conducts research on groundnuts that could deliver a higher yield

Grain SA propagates sufficient affordable food, produced sustainably for everyone

Unity pursued in agricultural sector when ASUF is established

Grain SA head office moves to Pretoria at the end of 2011

Grain SA plays a decisive role in the Plant Breeders' Rights Act. This protects the right of producers to withhold their own seed

## 2012

Government's recapitalisation project starts. This programme for the Free State amounts to R36 million for 2012, and 16 producers form part of the programme

## 2013

Grain SA starts with purposeful conservation agriculture projects among commercial farmers

Grain SA establishes a supply and demand committee to make more accurate market information available

Grain SA supports the chicken industry's application for anti-dumping measures in order to protect local job opportunities and local maize consumption

Syngenta Grain Academy established

A provincial office is opened in the Western Cape to promote development in that area

In support of transformation within the organisation, the Executive co-opts Mr Victor Mongoato (Chairperson of the Farmer Development Working Group) as member of the Executive Committee

## 2013/2014

Biggest maize harvest ever in South Africa

Notice in Government Gazette that biofuel must make up at least 5% in volume of diesel and 2%–10% of petrol from 1 October 2015

Grain SA's Developing Grain Producer's Award is transforming now to nominate a Subsistence Farmer, Small-scale Farmer and a New Era Commercial Farmer of the Year.

Grain SA awards its Inspiration Award for an excellent role player to Minister Gugile Nkwinti (Land Reform) for the first time and announces proposed land ceilings and 50-50 redistribution system

## 2015

Soybean harvest reaches 1 million ton milestone in production

With the aid of the National Treasury's newly formed fund for the promotion of job creation, the Jobs Fund, the OLP succeeds in introducing a programme in 2015 in terms of which 1 577 plot farmers receive access to inputs and mechanisation to cultivate 1 802 ha

## 2015/2016

Record drought in South Africa

Grain SA celebrates 50th NAMPO Harvest Day









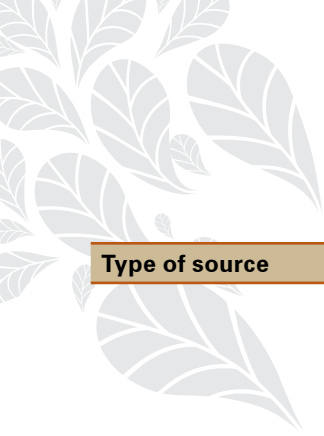
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	Fanie Brink	NAMPO, Grain SA	
	Cerneels Claassen	Maize Board, NAMPO	
	Jannie de Villiers	Grain SA, National Chamber of Milling, Grain trusts	
	Leon du Plessis	Maize Board, Sorghum Board, Maize Trust, Sorghum Trust	
	Neels Ferreira	Grain SA, NAMPO, Maize Advisory Committee, Maize Trust	
	Japie Grobler	NAMPO, GPO, Grain SA, Agri SA	
	Dr Pieter Haumann	Grasland Ondernemings	
	Nico Hawkins	WPO, Grain SA, SAGIS	
	Dr Anton Lubbe	Senwes Limited, GSI	
	Corné Louw	Grain SA	
	Johan Loxton	NAMPO, Grain SA	
	Pieter Morkel	Sorghum Producers Organisation	
	Vic Mouton	Maize Board, NAMPO, Grain SA	
	Piet Skinner	Sorghum Board	
	Dr Hendrik Smith	Grain SA	
	Louw Steytler	Grain SA	
	Attie Swart	Department of Agriculture, Maize Advisory Committee	
	Giel van Zyl	NAMPO, Grain SA	
	Nico Vermaak	NOPO, Grain SA	
	Boetie Viljoen	Maize Board, NAMPO	
	Dr Marinda Visser	Grain SA	
	Crawford von Abo	SAMPI, NAMPO, Maize Board, Wheat Board	
	Dr CL (Chris) Wentzel	NWK	

Type of source	Author/Person	Institution	Date
Telephonic interviews by author and/or co-authors between February 2015 and July 2016	Andries Beyers	Wheat Board, WPO	
	Prof Alan Bennie	University of the Free State, Grain producers' panel of judges	
	Dr Jan Dreyer	ARC-GCI, Grain producers' panel of judges	
	André Ferreira	NAMPO, Grain SA	
	Cois Harman	NOPO, Grain SA	
	Jerry Mthombathi	Grain SA Farmer Development	
	Anton Nebe	Sorghum industry	
	Dr Wilhelm Snyman	ARC-GCI, Grain producers' panel of judges	
	Rita de Swardt	SAMPI, NAMPO, Grain SA	
	Johan van Wyk	Son of Mr Hannes van Wyk	
	Giel van Zyl	NAMPO, Grain SA	
	Dennis and Ethel von Abo	NAMPO	
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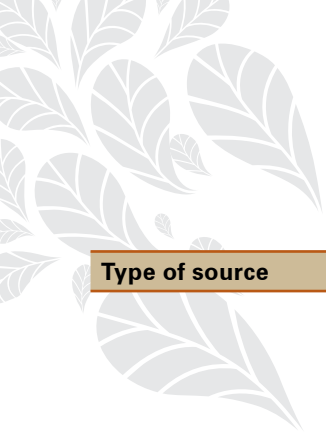




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	<a href="http://www.agrisa.co.za/afrikaans-graan-sa-vier-suid-afrika-se-suksesvolle-graan-produsente-met-die-aankondiging-van-die-2015-graan-produsent-van-die-jaar/">http://www.agrisa.co.za/afrikaans-graan-sa-vier-suid-afrika-se-suksesvolle-graan-produsente-met-die-aankondiging-van-die-2015-graan-produsent-van-die-jaar/</a>		
	<a href="http://www.grainsa.co.za/trots-suid-afrikaanse-graan-produsente-en-leiers-in-graanindustrie-vereer">www.grainsa.co.za/trots-suid-afrikaanse-graan-produsente-en-leiers-in-graanindustrie-vereer</a>		
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Type of source	Author/Person	Institution	Date
Website	<a href="http://m24lbarg01.naspers.com/argief/berigte/landbou-weekblad/2002/12/6/58/1.html">http://m24lbarg01.naspers.com/argief/berigte/landbou-weekblad/2002/12/6/58/1.html</a>		
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Articles	Landbouweekblad	SAGIS four decades	2 November 2007
	Agri SA: Konsep raamwerk vir 'n landboubemarkings-beleid met spesifieke verwysing na die rol en bydrae van die georganiseerde landbou	<a href="http://www.vslanbou.co.za/LinkClick.aspx?fileticket=V6f5QaTlg4U=&amp;tabid=98&amp;mid=508">http://www.vslanbou.co.za/LinkClick.aspx?fileticket=V6f5QaTlg4U=&amp;tabid=98&amp;mid=508</a>	
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Research article	TS Dlamini, P Tshabalala and T Mutengwa	Soybeans production in South Africa	2013
Article: SA Magazine for Medicine	LJ Vorster	The Edible Oilseeds Industry of South Africa	August 1964
Monograph 25 – Free Market Foundation	Nick Vink Johann Kirsten	Deregulation of agricultural marketing in South Africa: Lessons learned	May 2000
Reports	Kassier Report	Report of the Committee of Inquiry into the Marketing Act	December 1992
	Directorate: Economic Services Production Economics Unit	Agricultural Productivity in South Africa: Literature Review	March 2011
	National Agricultural Marketing Council	Report on the investigation of the effects of deregulation on the maize industry Section 7 Committee Evaluating The Deregulation Process: The Maize Industry	August 2003
	National Agricultural Marketing Council	Report on the Investigation into the South African Sorghum Industry Section 7 Committee appointed by the NAMC	2007



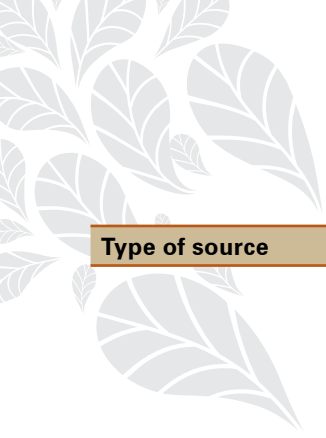


Type of source	Author/Person	Institution	Date
Reports	National Agricultural Marketing Council	Section 7 Committee Evaluating The Deregulation Process: The Wheat To Bread Value Chain	December 1999
	BFAP (Bureau for Food and Agricultural Policy)	Evaluating the sustainability of the South African groundnut industry	2012
	Die werkkomitee insake die ekonomiese posisie van die boer en landboufinansiering in die algemeen	Ondersoek oor die langtermyn lewensvatbaarheid van die mieliebedryf	15 August 1983
	DAFF	Groundnuts: Production guidelines 2010	2010
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A mini-dissertation submitted in partial fulfilment of the requirements for the award of the degree of Master of Social Science in Economics	Alexander Behar	Acreage Response Before and After the Deregulation of the South African Maize Industry: The Role of Safex in Price Discovery and Price Risk Management	2010
Documents	SA Oil (Pty) Ltd	Canola Production In South Africa – Beacon 2013	2013
	Protein Research Foundation	Overview: Canola in South Africa	2010
Thesis	CH Schoeman	'n Studie van die historiese verandering in die sosio-ekonomiese posisie van 'n groep Suid-Afrikaanse mielieboere, 1980 - 1994	1996
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MBA treatise	Matthys Johannes Nicolaas van der Merwe	Determinants of the supply-side fragmentation of maize storage in the North Western Free State production area	2012
Thesis	Trinity Term 2012	Wheat, Bread, and the Role of the State in Twentieth Century South Africa	2012
Treatise	D Scheepers	Applications and portfolio theory in the South African Agricultural Derivatives Market	June 2005
A publication of the Food Research Institute of Stanford University	JM Tinley	South African Food and Agriculture in World War II	1954

Type of source	Author/Person	Institution	Date
Magazines and newspapers	Government Gazette	1978 - 2016	
	Die Burger	20 Mei 1999	
	Die Landman	1967 - 1979	
	SA Graan/Grain	2000 - 2016	
	Mielies/Maize	1980 - 1999	
	NOPO Nuus	1996	
	South African legislation	1910 - 2016	
	Landbouweekblad	Graan-geboorte vol pyn en vreugde	26 June 1999
	Farmers Weekly	"Let's make a dop"	22 March 2011
Studies	Lulama Ndibongo Traub and TS Jayne – Michigan State University	The Effects of Market Reform on Maize Marketing Margins in South Africa: An empirical study	October 2004
	Nick Vink	Review of agricultural policies and support instruments 1994 - 2007	2008
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	F Liebenberg	The Shifting Patterns of Agricultural Production and Productivity	2010
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	Stefan Schirmer	Market Regulation and Agricultural Development: The South African State's Performance, 1910 - 1960	2001
	Prof IJ Lambrechts <i>et al</i>	Ondersoek na beheer oor en ondersteuning van die koring- en koring-verwerkingsbedryfstakke in die buiteland: 'n vergelykende studie	1989
Journals	Maize Board	Mielieraad 50 jaar	1987
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	Bokomo	Bokomo 75 jaar van heilsaamheid	1995
	PF van der Schyff, CS van Eeden, CAN Preller, Bothaville City Council, Potchefstroom University (Department History)	Bothaville en sy mense	1994







Type of source	Author/Person	Institution	Date
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	NAMPO	Mielieproduksie in die Negentigs	April 1990
	Department of Agriculture	Witskrif oor Landbou 1995	1995
	Davin Commission	Verslag van die Kommissie van ondersoek na die regering se broodsubsiestelsel	September 1995
	The Wheat Board	Die koringbedryf in SA	1976
	Senwes	Senwes – 'n Eeu van Landbou	2009
	NWK	1909 - 2009 NWK: 'n Pionier in die ontwikkeling van die Landboubedryf	2009
Constitution of Grain SA			1999; 2016
Study	DAFF	Trends in the Agricultural sector 2013	2013
Documents	SAMPI	Mielieverkiesing	Obtained from Mr Crawford von Abo
	Fanie Naude	Die Mieliekrisis	Obtained from Mr Crawford von Abo
	SAMPI	SAMPI waarom?	1966
	SAMPI	Konstitusie van SAMPI	1966
	Nico Vermaak	NOPO (1995 - 1999)	October 2015
	Statistics regarding the land redeployment scheme from 1 October 1987 to 31 August 1990	Compiled by HJF Grobler, Resources Department Highveld region	1990
	Aid to agriculture – schemes for implementation	Department of Agriculture	June 1992
Media release	Media conference by Dr Al van Niekerk regarding aid to farmers and communities in drought stricken areas	Ministry of Agriculture	7 May 1992
Collection	Private document collection of the National Maize Producers' Organisation (PV 735)	Argief vir Eietydse Aangeleenthede, Universiteit van die Vrystaat	
Photo material	Several photos from publications mentioned above were used and as far as possible mentioned accordingly		
	Photos used from the Grain SA/Sasol Photo Competition collection, with the approval of Grain SA		
Voice clips	Voice clips used in this publication is recorded during personal interviews and/or telephonically as agreed with individuals who took part in the project out of their own free will		

Type of source	Author/Person	Institution	Date
Video material in this publication is used as follows	<b>Recordings by Infoworks</b> <ul style="list-style-type: none"> <li>• Mr Giel van Zyl, George, Western Cape</li> <li>• Mr Crawford von Abo, Bothaville, Free State</li> </ul>		
	<b>Re-use of existing productions/advertisements:</b> <ul style="list-style-type: none"> <li>• The Recapitalisation Programme of Grain SA, Infoworks; 2012</li> <li>• NAMPO Harvest Day 50 years' commemorative production, No Line Productions; 2016</li> <li>• Grain SA TV advertisements: <ul style="list-style-type: none"> <li>– Die rol van landbou in voedselsekerheid: <a href="https://www.youtube.com/watch?v=Zyz9ZR8pluE">https://www.youtube.com/watch?v=Zyz9ZR8pluE</a></li> <li>– Landbou gee lewe: <a href="https://www.youtube.com/watch?v=TycZSxUg2Gc&amp;list=PLH0wOjQCUW2HNS6cfy5xbN0xpweNtMagr&amp;index=1">https://www.youtube.com/watch?v=TycZSxUg2Gc&amp;list=PLH0wOjQCUW2HNS6cfy5xbN0xpweNtMagr&amp;index=1</a></li> </ul> </li> </ul>		

