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## RMIF CHAIRMAN'S ANNUAL REPORT 2016

Our Vice-Chair, Tim Davidson, Management Committee members, Levy Committee members, Council members, Secundi and all our industry associates; it gives me great pleasure to present to you the Chairman's Report on the activities the RMIF was involved in since our last AGM.

The consensus decision to change the date of the AGM from November to August has resulted in this report covering a nine month period.

The 2015/2016 season will be remembered for the devastating drought and its effect on humans and livestock and the impact on our industry specifically affecting livestock supplies, prices and input costs. The final impact of which is still to be felt in the short to medium terms which could have an effect on levy income.

Subsequent to the Red Meat Statutory Levy application for the 2014-2018 period being approved, various queries have been received from the NAMC on specifically Transformation projects. The RMIF Transformation sub-committee met with the NAMC Transformation Review Committee early in January initially as a group and later on an individual Service Provider basis. Major differences have been addressed with visits to Service Provider gatherings in process.

The Beef and Sheep Carcase Classification systems were debated again at length early this year following the Classification workshop of 2015, the discussions culminated in a consensus decision that the carcase classification systems should remain as is until new research presented improvements that could possibly be considered.

The management of the Statutory Levy funds by the RMLA and the allocation to Service providers by the Levy Committee has run exceptionally well. The Service Providers' annual audit

reports of 2015 were received timeously with the relevant queries addressed and answered and we would like to thank everyone concerned for assisting in making it easier for Barry who went through the reports thoroughly.

The AGOA Agreement trade concessions made by the Departments of Agriculture and Trade and Industry negotiators were apparently for the benefit of the “bigger economic picture”. Concerns have even been expressed by DAFF itself as to the legislative controls on the feed used in Mexico and the effect which it could have on our BSE status and ultimately on meat exports. Major SPS concessions made by DAFF negotiators during the negotiations and included in the final agreement are being presently contested in court by the SA Poultry Association. Discussions held with the Deputy DG on the compiling of a veterinary protocol with the USA to prepare the way for future exports from SA, which initially looked positive, has come to nought. Recent proposals were made to the Director of Animal Health for the RMIF to assist in compiling a protocol for the US which appeared quite acceptable to her must be earnestly pursued further.

The imminent announcement by the Dti and Treasury of a new policy on the export of hides; with a total ban on the export of raw cattle hides, a 20% tariff during the first year on Wet blue hides and a 40% tariff from the second year, will have far reaching economic implications for the cattle and abattoir industries generally and the emergent sector specifically, considering that badly flayed and damaged hides have no market in SA and are all exported. The RMIF shall oppose this policy vigorously having not been consulted notwithstanding a number of requests and stating injury to the industry.

Poultry Regulations were published by the Minister for comment on the amendments. The RMIF supported the amendment to limit brine inclusion to 10% on whole birds and 15% on pieces; however, the amendment is being opposed by the Poultry Association. The RMIF is supporting the Minister in this regard while also requesting that the 15% allowed for poultry cuts be reduced to 10% which is the maximum level allowed in red meat.

Many hours have been spent in consultations between DAFF and industry on the new Veterinary Strategy at National and Provincial level. This Strategy emanated from an RMIF request to the DG in 2012 for an OIE PVS evaluation of our Veterinary Health Services. The strategy needs to have the word “should” in all proposed actions replaced by “shall” or “will” accompanied by timelines to be of any real value.

Our Court application compelling the Minister to institute an Independent Meat Inspection service across all abattoirs, in all provinces for all species as required under the Meat Safety Act of 2000 was made an order of court and meetings between industry, the Department of

Veterinary Public Health and the legal representatives are presently finalising definitions and final dates for implementation.

It remains a shame that the only way to get any action from the Department to comply with its own legislation is to follow the legal route. It is clear that complying with the Animal Disease Act to control some diseases which are out of control and which are rigorously eroding the sustainability of the national herds will probably have to follow the same route if we want to protect the herds.

The ongoing saga on the importation of Sable Antelope from Zambia continued this year with the importers once again lodging a Court Application against the Minister and the RMIF which we are defending. Our OIE FMD free status will be at risk in the event that animals from a country not approved FMD free by the OIE. Following the outcome of the Risk Analysis, DAFF decided not to issue a permit for the imports which has led to the appeal. To date the legal costs of this case have been mainly funded by the RMIF and will continue to do so for the good of the industry.

The regaining of our FMD free status together with the very advantageous exchange rate has presented the opportunity for increased red meat exports. The presently negotiated AGOA terms for the import of poultry and beef and some pork cuts following the retraction of the BSE exclusions are now awaiting SPS approval from the Department before the agreement is finally signed. We will persevere with our request for an opportunity to discuss the possibility for the negotiation of Veterinary protocols with the US by DAFF with the Deputy Director General. However, if the OIE FMD requirements are not met by DAFF, or if the smuggling attempts of Sables or other cloven hoofed animals from countries not OIE FMD free approved persists, any further export initiatives will be futile with a devastating effect on our industry.

The age old saga on the supply of vaccines by OBP is ongoing. The OBP issue has been an agenda point on various industry forums with many promises, but to no avail. Letters of request from the Forum have not had the courtesy of an answer. The Forum obtained a legal opinion which confirmed that the OBP is as sole supplier of the major vaccines and obliged to supply the needs of the livestock industry. The drought conditions over the past three years have been a blessing in disguise to the livestock industries from sure disease outbreaks which could have decimated emergent and commercial herds alike. Unless industry takes a decision to take legal action against OBP it will have to bear the consequences of disease outbreaks in unprotected national herds when these drought conditions are broken.

The Agricultural Policy Action Plan (APAP) was vigorously debated at various Council meetings with some members for and other against Forum participation. It is concerning that notwithstanding all the consultations held that impetus from the Department appears to be

waning and the success thereof will depend largely on industry driving the process. It was proposed that until such time as there is broader red meat industry objectives set the RPO would lead the process on the VCRT in the interim with the RMIF to have observer status. The new project focussed on by the Department is now Operation Phakisa.

A facilitated workshop of parties that will be affected by the proposed new Fertilizer, Feeds and Stock Remedies Bill was held. The major affected parties are the livestock industries that self-mix feed for their own livestock. Certain agreements were reached at the workshop, but incorrectly minuted and notwithstanding it being brought to the attention of the secretary were incorporated into a discussion document prior to the compiling of a new Bill. These points will be vigorously opposed by this Forum on behalf of the self-mixing industries.

The annual NAMC questionnaire was completed and submitted timeously with our sincere thanks to all of you that assisted Michelle with the required information.

The JSE is in the process of introducing a Beef Contract with differing levels of support. Various discussions have been held regarding specifications for a Feeder Calf contract and description in all contracts. The Forum will remain part of these discussions to keep members advised without committing to any support either way.

The RMIF lead an action to try to call the Department to action to prevent a repeat of the 2014 Meat Scandal that affected our entire industry. It was brought to our attention that Illegal donkey slaughters were growing across the country. Donkeys are being trucked to unregistered facilities and slaughtered for their hides for export to China, with the meat being sold into unscrupulous markets. DAFF eventually took note and are now driving the action together with the Stock theft Unit and have had some successful prosecutions and suspensions of government officials involved.

The over hasty implementation of the Revised Import Requirements from the BLNS without the necessary coordinated Departmental support and totally impractical to comply to, has lead as previously predicted to a total disruption of livestock trade with Namibia with no cattle being imported into the RSA since 1 July and sheep and goats being imported under the incorrect permit which have been treated for parasites before slaughter and which are now a residue risk. This matter will have to be addressed urgently by industry.

The application by Grain SA to ITAC to have the imported maize reference price increased to \$123 was opposed by the Form together with other maize users and traders and was subsequently retracted by Grain SA. Users and traders have once again been approached to submit information and comments regarding the principle of an import price formula for maize. There is consensus that the \$ exchange rate which increased from the initial R8.50 to recent

levels of R15.00+ is felt to be sufficient protection while any maize price increase would have disastrous implications for the intensive livestock industries specifically, but to the entire industry generally.

The Forum has represented the members on the following structures that are very relevant to objectives of our industry:

- Ministers' Service Delivery Forum;
- Presentations on RMIF actions at member AGM;
- SALVCF policy environment on agriculture;
- PRRS facilitation discussions; and
- Contributions on relevant Trade Issues.

The focus areas to be taken forward by the RMIF into the next year should include:

- Participating in the Carbon Tax debate;
- Brucellosis Action Plan;
- Enforcing Residue monitoring;
- BSE Surveillance; and
- Encouraging a sustainable Livestock Census system.

Unfortunate derogative remarks were made by some Council members regarding the operation of the RMIF and their future participation thereon. We represent industries with very divergent objectives and have always debated some industry issues vigorously, but the RMIF remains a democratic representative structure with member organisations being interdependent which will always be the case with or without a changed structure or to the benefit of one or two members alone.

The Forum members will remain together for at least the next 2 years with no place for a group or groups able to dominate it and where we will continue to deliberate issues democratically. I would like to propose that members think wisely when considering disbanding this structure which has achieved much to the good of the industry and will never again be able to be reassembled and where the divide and rule principle will be exploited to industry detriment.

Council appointed a sub-committee to debate and report back on the Terms of Reference of the RMIF with a consensus report back to Council on its proposal, which at time of writing had still not been received.

We have come to the end of 2016 and I would in conclusion like to convey my sincere thanks to Tim our Vice Chairman, the Management Committee, the Compliance Committee, Barry and Andrew of the Levy Committee, who notwithstanding their own business interests have found

time to assist with RMIF financial matters. To each Council member and Secundi for your support and input without which this Chairmanship would just not have been possible.

I would like to convey our sincere appreciation to Michelle for her contribution and a special word of thanks to Bert, Alet, Carolien and Susan of RMLA for the professional manner in which the Statutory Levies are collected and managed, sometimes under very difficult circumstances. Our appreciation to our legal advisors Adv Hilton Epstein SC, Adv Les Kugel, Amish Kika and Lambert Botha of Hiltonlambert for the professional manner in which they served us during this year.

I would like to wish the incoming Chairman, Vice Chairman, Management Committee and Levy Committee and the Council members every success for the rest of this year and for 2017.

In closing I would like to thank each one of you for your participation and valued contribution during the year.

Thank You.

A handwritten signature in black ink, appearing to read 'Dave Ford', with a stylized flourish at the end.

Dave Ford  
Chairman  
Red Meat Industry Forum