

RED MEAT RESEARCH AND DEVELOPMENT SOUTH AFRICA

RMRD UTILISATION OF LEVY FUNDS DURING THE PRESENT LEVY PERIOD FOR THE FUNCTION OF RED MEAT RESEARCH AND DEVELOPMENT AS WELL AS THE RMRD SA COMMENTS ON THE NEW PROPOSED COLLECTION BASIS AND THE BUSINESS PLAN AND BUDGET

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Red Meat Research and Development South Africa

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1. Introduction and Function of RMRD SA and Funds utilized during the current Levy period

1.1 INTRODUCTION AND FUNCTION OF RMRD SA

Research and development provide new insights and is essential in order to have a scientific foundation for scientific information to be used in industry and consumer education. Research findings enable and stimulate product development and technological advancement.

Research funding for application in the Red Meat Industry is generated from two income streams. Firstly, interest derived from Red Meat and Research Development Trust (RMRDT) and secondly from statutory levies. In principle administration is funded from the levies and research is funded from the trust monies.

A trust, the RMRDT, was established in 1997 to administer research funds from the disbanded Meat Board. The trustees are nominated from the Red Meat Industry Forum and three Ministerial appointees. Trustees manage the financial affairs of the Trust and approve the budgets of the planning committees.

Red Meat Research and Development South Africa (RMRD SA) is a project planning committee which oversees all research projects for the Red Meat Industry as a whole.

Management is through 2 sub committees:

- Planning committee for Pork, chaired by Mr Simon Streicher and populated with representatives from the Pork industry and nominated researchers;
- Planning committee for Beef and Small stock, chaired by Mr Gerhard Schutte, again with members from the industry and researchers nominated by universities and research institutions.

Research Manager

RMRD SA is chaired by Prof Daan Opperman and consists of the 2 sub committees' chairmen and Prof Hettie Schonfeldt. Since mid 2009 Prof Hettie Schonfeldt has been appointed to perform the administration and liaison of the research projects for the Red Meat industry.

In future the RMRD SA is now under good financial administration and the research manager will endeavour to cover the following elements:

- International liaison with researchers worldwide;
- Contribute to expanding focus areas that were previously neglected such as understanding and addressing consumer needs, making it more product driven;
- Research will be more Producer orientated, thereby serving the whole value chain from producer to the consumer;
- Networking between researchers can go up to a new level.

- Research can play a huge role in supporting previously disadvantaged tertiary institutions by encouraging, underpinning and expanding research capacity and expertise through supporting research activities.

The application process for funding is as follows:

- A call for research proposals is issued on an annual basis;
- Recognised research institutions or universities submit their requests to RMRD SA;
- Research requests and protocols are subsequently evaluated and the projects prioritised by the two planning committees;
- Prioritised projects from both planning committees are evaluated and selected by the RMRD SA Project Committee, according to funding available;
- The list of projects is then submitted to the RMRDT and the Meat Industry Forum (MIF) as a proposed budget for authorisation;
- Researchers and institutions are contracted to do the research according to the submitted protocol;
- Research progress reports are routinely evaluated to ensure adherence to the agreed upon protocols before refunding;
- Upon completion final reports and a popular article for publication, are submitted for final approval.

Focus areas considered for research are:

- **Focus Area 1:** Sustainable natural resource utilization;
- **Focus Area 2:** Livestock production with global competitiveness;
- **Focus Area 3:** Animal Health and Welfare;
- **Focus Area 4:** Animal Products, Quality and Value-adding;
- **Focus Area 5:** Red Meat Safety, Nutritional Quality and Value;
- **Focus Area 6:** Consumerism, Market development and Trade;
- **Focus Area 7:** Unlocking the Potential of Red Meat through commercialization, technology transfer and training.

Interesting and valuable projects have been conducted ranging from the development of vaccines to investigating informal red meat markets

1.2 FUNDS UTILIZED DURING THE CURRENT LEVY PERIOD

This budget was approved in June 2009 and is hereby provided.

2009 Administration Budget Research

In Arrear Administrative Costs 2009	Amount
Project and Planning Committee Travel Costs	R 5 297-65
Refreshment costs at meetings	R 3 700-24
Bursary Committee	R 4 091-52
JTC Auditor	R 10 180-20
Bank Fees	R 423-00
TOTAL	R 23 692-62

Project and Planning Committee Travel and Catering Costs 2009 (1 July 2009 - 31 December 2009)	Amount
Planning Committee Cattle and Small Stock	R 2 500-00
Project Committee	R 1 150-00
Catering for Meetings	R 1 050-00
TOTAL	R 4 700-00

Administration Costs 2009 (1 July 2009 - 31 December 2009)	Amount
Remuneration and admin fee to contractor	R155 100-00
MIADI Consulting (Personnel Consultant)	R 4 700-00
Repro	R 5 076-00
Liaison with Service Providers - Attendance of Congresses and S&T Costs of Contractor	R 45 120-00
Audit Fee (2009)	R 8 900-00
Financial Services	R 12 000-00
Bank Fees	R 4 700-00
MDP Auditors (Special Audit for RMRDT)	R 23 500-00
Legal Fees (Contract)	R 4 700-00
Remuneration (Dr Klingbiel)	R 9 400-00
Office Equipment	R 30 000-00

Update of Research Data	R 47 000-00
TOTAL	R350 196-00
GROSS TOTAL	R378 588-62

RESEARCH 2009 New Projects Budget

<u>NEW PROJECTS</u>			
<u>Number</u>	<u>Project Title</u>	<u>Species</u>	<u>Budget 2009</u>
1	FMD carrier status in cattle	Bovine	R 100 000-00
2	Evaluation of beef cattle genetic predictions	Bovine	R 50 000-00
3	Modeling rangeland using ALI	Bovine	R 70 000-00
4	Quality control – Bovine vaccine	Bovine	R 55 000-00
5	Establishing of Nguni Stud	Bovine	R 92 200-00
6	Dairy ranching for beef and milk	Bovine	R 84 750-00
7	Milk production in beef cattle	Bovine	R 60 000-00
8	Fluorescence polarization tests for early stage bovine tuberculosis	Bovine	R 100 000-00
9	Database for black fly research in South Africa	Ovine	R 23 200-00
TOTAL			R625 150-00

TOTAL ADMINISTRATION BUDGET -

R378 588-62

NEW RESEARCH PROJECTS BUDGET -

R625 150-00

2. COMMENT ON THE NEW PROPOSED COLLECTION BASIS FOR THE 2010 APPLICATION

The Project budget for RMRD from Statutory levies is R3 million rand per annum for the new period 5 November 2010 – 4 November 2012 and R3.3 million rand for the period 5 November 2012 – 4 November 2014. All current projects of RMRD SA are funded from the RMRD trust funds and new projects from statutory levies.

RMRD supports whole heartedly the centralized point of collection of funding since this simplifies our levy administrator's work and will result in a more accurate and stable income base. This is essential in order to administer statutory levies in a diversified and complex marketing environment serving the food chain.

3. BUSINESS PLAN AND BUDGET FOR RMRD SA FOR NEXT LEVY PERIOD 2010 TO 2014

Find attached the Research and Development plan for the Large Stock and Small Stock Meat Industries in South Africa.

Refer to attached file for "PROJECT PROPOSALS RECEIVED FOR FUNDING 2010 TO 2012" to the amount of R 3,9 million per year for three years. This is not projects that are already funded within a three year cycle at they are funded currently through RMRDT. As this amount already exceed available funds and new project applications will continue to be received, projects will have to be prioritised. Note that a call is put out each year and that it is not possible to list projects that will finally be approved in a specific year at this time.

Refer to attached file for "EXPRESSION OF INTERST FOR FUNDING" to the amount of an additional R 13,6 million per year for three years identified recently for another call by RMRD SA. Note that an expression of interest is not yet a well defined project. However, some of these projects will eventually be funded and it is presented here in order to understand the need for funding in the Red Meat Industries of South Africa.

Budget summary

Refer to Table 1 for the new period 5 November 2010 – 4 November 2012 and Table 2 for the period 5 November 2012 – 4 November 2014 for a summary of the proposed budget. Ten percent of the costs of functions are allocated to administration.

TABLE 1: PERIOD 5 NOVEMBER 2010 – 4 NOVEMBER 2012 per annum

FUNCTION	BUDGET
Administration costs	R 300 000
Projects	R2 700 000
TOTAL	R3 000 000

TABLE 2: PERIOD 5 NOVEMBER 2012 – 4 NOVEMBER 2014 per annum

FUNCTION	BUDGET
Administration costs	R 330 000
Projects	R2 670 000
TOTAL	R3 300 000

