



Chairperson	Mr D P Ford
Cell	082 898 7194
E-mail	dave@safeedlot.co.za
Tel	(012) 348 2239/14 (012) 348 2190/72
Fax	(012) 348 2280
Secretariat	Ms M de Lange
Cell	079 162 6465
E-mail	manager@rmif.co.za

347 Church Avenue | Lynnwood | 0081

**THE RED MEAT INDUSTRY FORUM TRANSFORMATION BUSINESS PLAN
AND BUDGET IN ACCORDANCE WITH THE GENERIC NAMC
TRANSFORMATION GUIDELINES JULY 2014 AS AMENDED FOR THE PERIOD
5 NOVEMBER 2015 – 4 NOVEMBER 2016**

11 November 2015

1. INTRODUCTION

On 11 November 2014, the Minister of Agriculture, Forestry and Fisheries approved the application for the introduction of statutory measures (statutory levies, registration and submission of records and returns) in the South African red meat industry, for a period of four years to lapse on 4 November 2018.

The Minister also approved that **at least 20% of levy income be spent on transformation (development of emerging farmers and other role-players) in line with the NAMC's Generic Transformation Guidelines of July 2014.**

The Generic Transformation Guidelines entail *inter alia* that the administrator of the statutory measures submit on an annual basis, three months before the start of the financial year a business plan regarding their transformation activities envisaged for that financial year.

2. TRANSFORMATION ACTIVITIES IN THE RED MEAT INDUSTRY (EXCLUDING THE PORK INDUSTRY)

2.1 Red Meat Industry Forum and Service Providers

The Red Meat Industry Forum (RMIF) of South Africa represents the interests of the most nationally representative sector specific organizations within the red meat value chain from the primary producer to the consumer. The RMIF's key purpose is to represent the red meat industry, to negotiate for an enabling regulatory environment, to drive outcome based results to ensure long term sustainability of the red meat industry, to define and implement industry strategy and to identify, appoint and monitor service providers to deliver on essential red meat industry functions. The RMIF's success is built on the diversity represented by its member organizations and the pursuit of the collective red meat value chain interest.

The voluntary member organizations represented on the RMIF are the:

- Red Meat Producers' Organization for Small-stock (RPO);
- Red Meat Producers' Organization for Large stock (RPO);
- National Emergent Red Meat Producers' Organization (NERPO);
- Red Meat Abattoir Association (RMAA);
- South African Meat Processors' Association (SAMPA);
- South African Pork Producers' Organization (SAPPO);
- National Federation of Meat Traders (NFMT);
- Skins Hides and Leather Council (SHALC);
- Association of Meat Importers and Exporters (AMIE);
- South African Feedlot Association (SAFA);
- South African Federation of Livestock Auctioneers (SAFLA);
- South African National Consumer's Union (SANCU); and
- Federation of Meat Traders' Employees Union (FMTEU).

2.2 Embracing transformation in the red meat industry:

- Finalizing a ground-breaking R283 million National Emergent Red Meat Producers' Organization (NERPO) Livestock Syndicate Initiative in September 2015;
- Introduction of the Red Meat Producers' Organization (RPO) Emerging Producers' Skills Development Programme;
- Continuation of the Red Meat Abattoir Association (RMAA) Technology Transfer in HAS & HACCP Initiative;
- Introduction of the Red Meat Abattoir Association (RMAA) Black owned Abattoir Enterprise and Skills Development Programme;
- Continuation of Skills Development Project of the National Federation of Meat Traders (NFMT) in terms of their Meat Cutting Technician Training;
- Continuation of the South African Feedlot Association (SAFA) Transformation Initiative in partnership with the South African Chefs Association; and
- Continuation of the South African Meat Industry Company (SAMIC) Employment Equity Plan.

The RMIF appointed a Levy Committee to oversee the allocation and audit of levy funds to the service providers and has requested that each service provider submit a certificate from their auditors 60 days after 28 February of each year confirming that the statutory levy funds were utilized in accordance with the approved budgets and business plans as submitted.

2.3 Service provider criteria

The red meat statutory levies are collected along the entire chain within each species and shall be used for the benefit of the entire red meat industry within that species.

- An annual detailed budget of each transformation activity by a service provider has to be authorized in principle by the RMIF before final verification and allocation by the Levy Committee;
- Levy funding will be allocated to service providers on a quarterly basis pro rata all levies collected versus the budgeted amount per specie and function;
- No specific group or groupings in an industry may benefit alone to the exclusion of others from the service;
- All printed, audio or visual material on functions funded from levy funds shall state, on behalf of the RMIF of South Africa;
- No trading, business venture of any nature or acquisition of assets will be funded;
- A Service Level Agreement contract between the service provider and the RMIF, stating the exact application according to the agreed transformation activity(s), will be undertaken;
- The onus will be on each service provider to maintain a recognised independent accounting system to record all income and expenditures;
- An annual report for each transformation activity on actual projects funded will be required from each service provider; and

- In the event of non performance against agreed upon contracted projects it may be required of the service provider to repay all or part of the allocated funds to the Levy Administrator.

3. BUSINESS PLAN 2015/16

3.1 Vision

Sustainable red meat production as a driver of food security and economic opportunity

3.2 Mission

The RMIF stands firm that transformation and development is an important responsibility of the red meat industry and should be extended across the entire red meat value chain. Our vision will be achieved through role-player organizations that are in the best position to initiate and facilitate developmental programmes in their own fields of expertise and that embrace food security, economic growth and job creation.

3.1 NERPO Linking Livestock Syndicates to the Red Meat Value Chain

The intervention model is designed to build the capacity of 200 cattle farmers organized into 20 syndicates (small groups) to attain sustainable production (100 breeding cows @ 85% calving rate), to regularly supply high volumes of quality livestock to the market and to enable them to become part owners in the red meat value chain. The intervention will include organizing smallholder farmers with at least 50 breeding cows into formal syndicates, establishing partnerships with feedlots and abattoirs through which the smallholder farmers will sell their livestock and ultimately own shares in these feedlots and/or abattoirs.

A comprehensive smallholder farmer capacity development programme involving formalization of the syndicates into legal entities, training and mentorship in livestock entrepreneurship, financing the acquisition of extra breeding stock and required infrastructure, assisting smallholder farmers to build feed reserves and obtain veterinary requisites, providing market information and collective input and output market participation will be implemented over 5 years. The performance of the smallholder farmer's enterprise will be evaluated from growth in breeding herd size, calving percentage, market off-take rate and enterprise profitability.

The intervention is expected to yield 415 jobs, 200 smallholder farmers earning at least R60 000 per annum, 200 farm workers earning a minimum wage and 15 NERPO staff appointed to facilitate and coordinate smallholder farmer development and market linkage.

3.2 RPO Emerging Producers' Skills Development Programme

There is a need for the skills development of emerging/communal and commercial black producers/owners in terms of training and enterprise development.

Based on the identified need in the primary producer segment, the RPO envisions training and developing approximately 440 emerging/communal farmers per year. The training will be proportionately presented to accommodate the emerging/communal farmers in all nine provinces.

The training courses will be limited to the most important requirements that have been identified, which includes animal husbandry and animal health practices as well as basic farm business and management practices. These 5 day courses are Agri SETA accredited. The training is balanced between a 70% practical skills development and 30% theoretical knowledge learning.

3.3 RMAA Technology Transfer in HAS and HACCP

The purpose of an abattoir audit in terms of the Hygiene Assessment System (HAS) is to evaluate and rate the statutory compliance of the abattoir to the Meat Safety Act, 2000 (Act No. 40 of 2000) and the applicable red meat regulations, on a national basis and include verification audits by the NARS Committee of which the Red Meat Abattoir Association (RMAA) is a member.

HAS & HACCP Training: to provide 40 learners with the necessary knowledge and skills to implement a Hygiene Management System in an abattoir and at least 90% of the learners and beneficiaries are previously disadvantaged individuals.

Lead Auditors Training: to provide 5 learners with the accreditation and certification to conduct audits for compliance and legislation and regulatory requirements and at least 90% of the learners and beneficiaries are previously disadvantaged individuals.

The RMAA in conjunction with DAFF resolved to establish and implement a national evaluation system and to seek approval for provision of this system in terms of the Meat Safety Act, 2000 (Act No. 40 of 2000). The RMAA wishes to implement the system and ensure compliance to the national evaluation scheme for red meat abattoirs in conjunction with the national and provincial veterinary authorities.

3.4 RMAA Black owned Abattoir Enterprise and Skills Development

The aim of this initiative is to provide hygiene and slaughter related training as well as technical skills support to black owned abattoirs in South Africa and at the same time contributing to the maintenance of standards in abattoirs. This will enable the RMAA to train approximately 100 workers and abattoir owners.

Hygiene and the maintenance of standards are critical issues in abattoir slaughtering processes which ultimately determine the safety and quality of the end product, in this case meat intended for further processing or human consumption. There are a number of processes in an abattoir, of which the slaughter process is but one. Concurrent to the slaughter process is receiving of livestock, cleaning and sanitation and a number of technical aspects that impact on the quality of the product.

Smaller abattoirs find it difficult to release staff to training. Therefore a Technical Abattoir Skills Course has been developed and combined with slaughter technique training and will be ideal to address the training needs of these abattoirs. Technical skills need to be transferred and these include but are not limited to Carcass yield, hide and skin damage, equipment evaluation and management tools.

The training will be conducted formally and the process is undertaken in accordance with the RMAA Quality Management System. The procedure to be followed:

- Learners are provided with the theoretical information;
- Facilitators will demonstrate the practical aspects of the training;
- Learners will be given an opportunity to practice the new skills;
- A practical checklist will be completed to verify the correct implementation of skills and to indicate competency; and
- Attendance registers will be completed.

3.5 SAMIC Levy Inspection Employment Equity

In 2006 the Minister of Agriculture Forestry and Fisheries assigned SAMIC as an Inspection Body and SAMIC officials do inspections at all the levy collection points, according to the legislation on behalf of the Red Meat Levy Administrator. The Minister requested the red meat industry to appoint at least 3 new inspectors from the designated groups to embrace empowerment and employment equity within the SAMIC structure. SAMIC has adhered to the Minister's request and 3 black inspection officials were appointed in the company. It should be noted that the funds received by SAMIC from the Levy pays only 50% of the salaries of these black coordinators.

3.6 NFMT Meat Cutting Technician Training

Prior to the promulgation of the Skills Development Act, the red meat industry had a training scheme which facilitated training in the handling and preparation of retail meat cuts. The Meat Trade has been unable to consolidate and introduce any form of training since the introduction of the Skills Development Act for reasons that are not germane to this business plan and as such, a critical shortage of skills exists in the trade. It is the intention of the NFMT to continue training outside the purview of the Skills Development Act and certain of the levy funding would be used to facilitate this section for the benefit of all role-players and with particular reference to the advancement of skills of meat cutting technicians from the previously disadvantaged sector.

It is quite obvious that the funds required for the effective training of technicians at the distributive level of the Meat Trade would be considerable and Meat Traders who wish to have technicians trained, would have to contribute financially to this cost. Levy funding would be used to facilitate the set-up and monitoring of the training facility which would be funded on a user pay basis and it is hoped that one day, the Trade would be able to benefit from funds that it has contributed to the Skills Development Act to fund this function.

The NFMT has implemented effective basic training of meat cutting technicians at the distributive level of the Meat Trade and can report that a training facility has been established and has trained students to a level of a Grade II, Meat Cutting Technician. 7 groups of 5 students would participate in the skills development programme over 3 weeks, thus 35 Grade II Meat Cutting Technicians will be trained.

3.7 SAFA Transformation Initiative in Partnership with the SA Chefs Association

The South African Feedlot Association embarked on a Transformation initiative in partnership with the SA Chefs Association to train and empower 2 groups of 14 young unemployed students to be skilled in the Centre of Culinary Excellence over an 18 week period.

The mission of the training programme was to address skills shortage, thereby enabling a segment of the red meat value chain to grow and broaden the base, encouraging previously disadvantaged chefs and caterers to participate more fully. The learner programme culminated into a Cook off Challenge Competition between 26 students whereby they had the opportunity to enter various categories and compete against each other showcasing their newly acquired skills. The main focus was to introduce beef to the entry level in a way that was innovative and informative.

Half of the graduates were offered fulltime employment before graduation, three graduates have been accepted into a 3 year formal Catering Training programme and one graduate has started his own business, Mshengu Meat Distribution, in Thokoza together with his sister and a friend.

The feedback from the owners/general managers on the standard of knowledge and commitment of the students exceeded all our expectations. The SA Feedlot Association wants to continue with this very successful initiative for the following financial year. SAFA intends commencing with a new project possibly along the lines of a “emerging farmers’ weaner upgrade programme” the year thereafter.

4. PROPOSED BUDGETS

Table 1: RMIF Levy Application 5 Nov 2015 - 4 Nov 2016 Forecast Transformation Income

		Rate of levy	Per annum	Transformation 20%
Cattle	Abattoirs	R8.59 per head	R 20 225 370	R 4 045 074
	Imports	R958 per container	R 2 386 077	R 477 216
	Livestock agents	0.085% of	R 271 969	R 54 394
	Tannery	R0.0166/kg	R 882 488	R 176 498
	Hides exports	R0.0166/kg	R 261 331	R 52 266
	Subtotal Beef		R 24 027 236	R 4 805 448
Sheep	Abattoirs	R1.67 per head	R 7 617 035	R 1 523 406
	Imports	R958 per container	R 989 643	R 197 928
	Livestock agents	0.085% of	R 100 336	R 20 068
	Tannery	R0.0166/kg	R 38 569	R 7 714
	Skins export	R0.0166/kg	R 120 900	R 24 180
	Subtotal Small Stock		R 8 866 483	R 1 773 296
Manufacturers	/Meat Processors	R0.0166/kg	R 1 064 135	R 212 826
Retailers	/Butcheries	R545 per outlet	R 1 334 025	R 266 806
TOTAL			R 35 291 878	R 7 058 376

Table 2: Transformation Expenditure Budget by Service Provider by Activity 5 Nov 2015 - 4 Nov 2016

Transformation Activities	TOTAL
NERPO Syndicate Funding Proposal	R 4 018 688
RPO Emerging Producers' Skills Development	R 896 309
RMAA Technology transfer in HAS, HACCP and auditing	R 189 010
RMAA Training of Black-owned abattoirs	R 287 769
SAMIC Levy Inspection Function	R 593 500
NFMT Meat Cutting Technician Training	R 255 927
SAFA The Red Meat Chefs Academy	R 817 173
Total Budgeted	R 7 058 376

5. IN CONCLUSION

The red meat industry is not starting from scratch, but has gone a long way towards building the necessary synergies to scale up on the transformation successes. The 20% of the levy funds to be allocated towards transformation equates to roughly R 7 million per annum. The RMIF has identified exciting transformation activities for funding across the various industry subsectors, but judged to have a large impact on transformation progress in those subsectors. The RMIF remains committed to continue building effective transformation partnerships for the red meat industry towards the shared goal of food security, job creation, and economic growth.