

SAMIC

STATUTORY LEVY 2018 / 2019 AND 2019 / 2020 APPLICATION

CONSUMER ASSURANCE AND COMPLIANCE LEGISLATION

A. The Inspection Function of the Marketing of Agricultural Products Act, Nr 47 of 1996 Section 21 and the Agricultural Product Standards Act Nr 119 of 1990 Function and its Amended Regulations R. 55 regarding the Classification and Marking of Meat intended for sale in the Republic of South-Africa, are the responsibility of The National Department of Agriculture, Forestry and Fisheries. Due to various reasons SAMIC was appointed as an Assignee to perform these two functions on behalf The National Department of Agriculture, Forestry and Fisheries.

i) The Red Meat Levy Inspection and Meat Classification Functions

- With the saving of huge cost in mind, the Red Meat Industry Forum has decided to recommend to the National Agricultural Marketing Council to appoint SAMIC as an Inspection Body through the National Department of Agriculture, Forestry and Fisheries, to do inspections at all the points where levy needs to be paid, according to legislation on behalf of the Red Meat Levy Administrator.**
- For this reason in 2006 the Minister of Agriculture Forestry and Fisheries assigned SAMIC as an Inspection Body and SAMIC officials to do inspections at all the levy collection points, according to the legislation on behalf of the Department of Agriculture, Forestry and Fisheries. The Minister requested the Red Meat Industry to appoint at least 3 new black inspectors 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 (Pillar 3 of the Generic Transformation Guidelines July 2014).

- **SAMIC fulfill this task by visiting Classification and Non-Classification Abattoirs. SAMIC pays 2 visits a year to Classification Abattoirs and one visit a year to Non-Classification Abattoirs, collecting slaughter figures to compare such figures to the levy return forms submitted by Abattoirs to the Levy Administrator, to determine actual slaughter figures.**
- **This exercise performed by SAMIC, is done at SAMIC's lowest current cost rate of R490 per visit.**
- **Travel and accommodation costs incurred to render this service is calculated at 27% of SAMIC's annual expense, which is a realistic barometer against actual costs (Pillar 1 Enterprise Development).**
- **These functions also benefits black consumers, to be able to buy healthy and wholesome red meat with confidence, without fear for any diseases (safe meat to consume) during our butchery and meat outlet visits.**
- **Attached please find the Levy Inspection Function Budget in this regard.**
- **With the appointment of these black inspectors, SAMIC has decided not to waste their skills in only the inspection of Abattoirs for levy purposes, but to improve their skills by training, to do all other functions according to SAMIC's mandate, which is demonstrated in a column on page 3 for your information.**

It has to be mentioned that these black inspectors have already successfully passed courses to become registered auditors as individuals of the Southern African Auditors and Training Certification Authority (SAATCA). With this in mind, they are also accredited as South-African National Auditor Services (SANAS) Inspectors. SAMIC also were affiliated with the Southern African

Association of Certification Bodies (SAACB), of which these black inspectors are part of as well (Pillar 2 Skills Development).

- **SAMIC is an Independent 3rd Party Regulatory Company which was created by the Red Meat Industry of South Africa to ensure that beef, small stock and pork carcasses are correctly classified with regards to the Agricultural Product Standards Act, 119 of 1990, and it's amended Regulations (R55), regarding the classification and marking of meat intended for sale in the Republic of South-Africa. SAMIC is also responsible for the auditing of quality indications, on the owners of such indications, as registered by the Department of Agriculture, Forestry and Fisheries.**

The audit and inspection functions these inspectors have done in 2016 exist of the following:

Type of Audit	Inspector 1	Inspector 2	Inspector 3
Meat Classification Audits	171	234	239
Trade Audits	280	320	300
Assessing of learner meat classifiers to become qualified according to National Certification	4	5	6
Judging of the National Carcass Competition	4	3	1
Cleaver Award Audits	16	5	112
Hides & Skins Audits for Export Purposes	50	61	45
Trademark Audits	84	57	150
Non-Classification Abattoir Inspections	25	14	52

As a matter of fact, one of the three black inspectors is now promoted to Regional Manager status of the Western-Cape, Eastern-Cape, Free State and Kwa-Zulu Natal, where he oversees the Regional Inspectors / Auditors of the mentioned regions. With regards to your Generic Transformation Guidelines (July 2014), see pillar 4 on pages 7 & 8. It also needs to bring under your attention that the salaries of this Regional Manager and the 2 black inspectors / auditors, is subsidize by SAMIC with 35% (Levy only pays 65% of these 3 black employees salaries)

SAMIC also demonstrates to black farmers through the Red Meat Classification System that meat classification provides a sound basis for:

- **Meat traders to describe their specific requirements in simple terms when purchasing carcasses;**
- **Utilisation of variety in the market with a view to optimum consumer satisfaction;**
- **Utilisation of price differences; and**
- **Determining selling prices**

For the commercial market.

B. National Carcass Competitions

SAMIC is also continuously involved in the process of the uplifting of communal farmers to become commercial farmers, by using the National Carcass Competitions as a norm for compliance to achieve our goals. The following is of great importance for these black farmers during our training sessions to know, namely:

- **To encourage the production of high quality red meat in line with the market requirements;**
- **To demonstrate the classification system and the advantages thereof to producers;**
- **To demonstrate to producers that the desired carcass characteristics are visible on live animals; and**
- **To demonstrate to farmers what market requirements and consumer demands are.**

With this in mind, notwithstanding a devastating drought with severe consequences, especially regarding black farmers, SAMIC has involved 17 cattle farmers, 32 small stock farmers and 13 pig farmers, in the cycle November 2016 to November 2017, to participate in the National Carcass Competition as black farmers. This involvement enriched these black farmers to understand market trends and how to farm to get an optimal price for their animals.

By using this method, black farmers learn to adopt commercial farming practices to become self sufficient in the Agricultural market and with this background produce to deliver to the food basket of the country, with success.

National winners in the different categories are also rewarded with sponsors prize money during SAMIC's National Carcass Competition Prize Giving Function annually. This encourages such farmers to become sustainable commercial attributes to the national food basket of South-Africa. Levy is paying for these services, with reference to your Generic Transformation Guidelines (July 2014) pillar 1 - Market facilitation (assist small holder farmers to access the markets for red meat) and pillar 2 – Farmers and other role players in the value chain.

C. Hides and Skins Inspections for the Export Market

ii) Again a function of the National Department of Agriculture, Forestry and Fisheries, namely The National Animal Health Act, Nr 7 of 2002, where SAMIC is also assigned by DAFF to perform this function on behalf of them, with no financial contribution from DAFF. Statutory levy funds are being used for this function.

- The Animal Health Veterinary Services of DAFF informed the Hides & Skins Industry that they would not be allowed to continue in the exporting of Hides & Skins since the Department has a lack of Veterinary Officials to do inspections at export stores for the exporting of Hides & Skins.
- However, DAFF had indicated to the Hides & Skins Industry, that they would allow exportation, on condition that the Hides & Skins Industry makes use of an Independent 3rd Party Inspection Service. For this reason the Hides & Skins Industry approached SAMIC to perform Hides & Skins Inspections at Abattoirs and Intermediate Stores, as an independent 3rd party inspection body.
- This exercise performed by SAMIC, is done at SAMIC's lowest current cost rate of R490 per visit.
- SAMIC perform this task by visiting Classification and Non-Classification Abattoirs. SAMIC pays 2 visits a year to Classification

Abattoirs and one visit a year to Non-Classification Abattoirs, ensuring that Hides & Skins inspections at abattoirs are done by a Meat Inspector designated by DAFF (VPH), according to DAFF's specifications, as well as Abattoirs who wish to participate in the export of Hides & Skins are registered by DAFF for Hides & Skins exporting purposes.

- **SAMIC also visit Intermediate Stores twice a year to ensure that all DAFF's exporting specifications are adhere to, for example – Classes Gold, Silver and Bronze – clearly separated from each other based on origin, etc.**

D. Verification of Export Specifications for Hides & Skins

- **SAMIC verify on behalf of DAFF that all export specifications are adhered to. This implies the following :**
 - **That Hides & Skins are great in gold, silver and bronze.**
 - **That gold, silver and bronze are clearly separated from each other, for the following reasons :**
 - ✓ **Some export countries only accept gold graded hides and skins, which means that all these animals went through an anti-mortem inspection and all these carcasses went through a post-mortem inspection.**
 - ✓ **Some export countries are also accepted silver graded hides and skins, which means that all these animals were after slaughtering, post-mortem inspected.**
 - ✓ **Bronze graded hides and skins means that these hides and skins came from animals that did not went through an official post-mortem and / or anti-mortem inspection, which implicates that these animals were not slaughtered in an approved facility. These hides and skins can only be used for local purposes and cannot be exported in any way.**

- **SAMIC is also involved on behalf of DAFF, for the exportation of wool and mohair to export countries, under conditions as per The National Animal Health Act, Nr 7 of 2002.**

E. Testing of Samples of Meat Products

iii) Another function performed on behalf of Government Bodies (The Foodstuffs, Cosmetics & Disinfectants (Act 54 of 1972 and its Regulations, R146), with no financial contribution from these bodies. Statutory Levy funds are being used for this function.

- **The Directors of SAMIC had decided to add this function by taking samples of Boerewors, Mince, Beef Patties, Mutton Patties, Beef Sausages, Mutton Sausages and Pork Sausages, on a monthly basis taking 20 samples per month per Region.**
- **This action is to ensure awareness also under black meat traders that, although they as meat traders are aware that the Environmental Health Practitioners are not doing anything about the sampling of meat to ensure transparency, the meat industry is prepared to do so. In that way the trade will know that samples will be taken for analyses.**
- **Although this is very small, it will encourage most of the traders not to violate the law and therefore enhance consumer assurance.**
- **By performing this action, SAMIC also ensure consumer trust in the buying of wholesome red meat with confidence for all consumers consuming red meat.**
- **To run these kinds of tests to differentiate between DNA and purely ingredients in a product is indeed a very expensive exercise.**

INSPECTION AND SAMPLING FUNCTIONS PER ANNUM YEAR 2018 / 2019	
Abattoir Visits	426, 472.00
Travelling & Accommodation	944, 166.00
	1, 370, 638.00
Abattoir & Intermediate Stores	422, 321.00
Testing of Samples	141, 539.00
Total Consumer Assurance	1, 934, 498.00
Transformation Salaries	761, 223.00
TOTAL LEVY :	R2, 695, 721.00

INSPECTION AND SAMPLING FUNCTIONS PER ANNUM YEAR 2019 / 2020	
Abattoir Visits	452, 060.00
Travelling & Accommodation	1, 000, 816.00
	1, 452, 876.00
Abattoir & Intermediate Stores	447, 660.00
Testing of Samples	150, 032.00
Total Consumer Assurance	2, 050, 568.00
Transformation Salaries	806, 896.00
TOTAL LEVY :	R2, 857, 464.00