



LIVESTOCK MARKET INFORMATION DAY REPORT



agriculture, land reform
& rural development

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA



NAMC

Promoting market access for South African agriculture

TABLE OF CONTENTS



ITEM	PAGE
ACKNOWLEDGEMENTS	03
EXECUTIVE SUMMARY	04
ABBREVIATIONS	05
1. Opening and welcome by programme director: Mr Lindikaya. Myeki (NAMC)	07
2. Remarks by the NAMC: Ms. Nonhlanhla Gwamanda (NAMC)	08
3. Overview of the South African Livestock Industry: Mr Dewald Olivier (CEO: SAFA)	09
4. Smallholder Development: Dr Florence V Nherera-Choked (NERPO)	11
5. Question & Answer Session 1	14
6. Agriculture and Agro-processing Master Plan (AAMP)	18
7. Question & Answer Session 2	22
8. Closing Remarks: Mr Stephen Monamodi (NAMC)	23
9. Appendix: Official Invitation and Programme	24

ACKNOWLEDGEMENTS



The National Agricultural Marketing Council (NAMC) would like to thank the speakers, the industries and the many farmers who participated in the livestock market information day.

Additionally, the NAMC extends a word of appreciation to the organisers of the information day who have also contributed immensely to the development of this report. These include Mr Lindikaya Myeki, Mr Kayaletu Sotsha, Mr Khathutshelo Rambau, Ms. Khodani Madula and Mr Phathisisa Thobindlala, all from the NAMC.

The communications team of NAMC is also thanked for designing the invitations, programme and the final report.

EXECUTIVE SUMMARY



On the 21st July 2022, the National Agricultural Marketing Council conducted its first national market information day for the 2022/23 financial year. The information day set out to discuss various issues related to production and marketing within the livestock value chain, with special emphasis on the red meat industry. Six speakers were lined-up for the event, sharing information on various topics in the South Africa's poultry farming sector. This report provides a summary of what transpired on the day and it is intended to keep all participants and other interested parties abreast of the production and marketing status of red meat industry in South Africa.

LIST OF ABBREVIATIONS



ABBREVIATIONS	EXPLANATION
4IR	Fourth Industrial Revolution
AAMP	Agriculture and Agro-processing Master Plan
AGOA	African Growth and Opportunity Act
BFAP	Bureau for Food and Agricultural Policy
CEO	Chief Executive Officer
DALRRD	Department of Agriculture Land Reform and Rural Development
DDG	Deputy Director General
EC	Eastern Cape
GDP	Gross Domestic Product
GPS	Global Positioning System
KZN	Kwa-Zulu Natal
MAPA	Marketing of Agricultural Products Act

NAMC	National Agricultural Marketing Council
NDP	National Development Plan
NERPO	National Emergent Red Meat Producers' Organisation
RMAA	Red Meat Abattoir Association
RPO	Red Meat Producers Organisation
SAFA	South African Feedlot Association

1. OPENING AND WELCOME BY PROGRAMME DIRECTOR: **MR LINDIKAYA. MYEKI (NAMC)**



As the day's programme director, Mr. Myeki addressed the participants of the livestock market information day first. He welcomed and appreciated their presences. The participants consisted of members from various organisations. He then elaborated on the significance of the event in terms of exchanging up-to-date information with various stakeholders within the livestock value chain, especially the smallholder farmers who still experience great challenges in accessing information. Furthermore, he mentioned that the event was organised by the National Agricultural Marketing Council (NAMC).

In his opening remarks, he said:

“I should indicate that the views that would be expressed by the various speakers today belong to them and or their organisation and would not necessarily be the views of DALRRD and NAMC”.

2. REMARKS BY THE NAMC: **MS. NONHLANHLA GWAMANDA (NAMC)**



Ms. Gwamanda was entrusted with the remarks on behalf of the host institution (NAMC). She began by highlighting the point that the NAMC is a state-owned entity, established in terms of the Marketing of Agricultural Products Act (MAPA), No. 47 of 1996, to regulate the sale and marketing of agricultural products. Moreover, she highlighted the point that the NAMC also advises the Minister of Agriculture Land Reform and Rural Development and Directly Affected Groups (described as any group of persons, who is party to the production, sale, purchase, processing, or consumption of an agricultural product, which includes labour employed in the production or processing of such a product, regarding the marketing of agricultural products. Ms. Gwamanda also mentioned that the NAMC collaborates with the government, government agencies, industry, and other stakeholders. She then proceeded to briefly describe the various divisions of the NAMC, which include: Agribusiness Development, Statutory measures, Market and economic research centre, and Agricultural-Trust. In her conclusion, she made mention of the signing of the Agriculture and Agro-processing Masterplan, which was led by NAMC and is being implemented in several provinces of South Africa.

3. OVERVIEW OF THE SOUTH AFRICAN LIVESTOCK INDUSTRY: **MR DEWALD OLIVIER (CEO: SAFA)**



A presentation titled, “Overview of the South African Livestock Industry”, was made by Mr Dewald Olivier, who is the Chief Executive Officer (CEO) of the South African Feedlot Association (SAFA). He began by thanking the NAMC for the role it plays to assist the Red Meat Industry and for delivering the Agriculture and Agro-processing Master Plan (AAMP), highlighting the role played by Dr Sifiso Ntombela and Mr Bonani Nyhodo in the process. He further indicated that the Red Meat Industry now has the “Red Meat Industry Services”, a company which will (in the future) collect the statutory levy that the primary portion of the industry has applied and will also deliver services to the primary (from the producer to the abattoir) red meat value chain. The company was formed by the Red Meat and Livestock Primary Cluster, which is comprised of the Red Meat Abattoir Association (RMAA), the South African Feedlot Association (SAFA), the Red Meat Producers Organisation (RPO), and the National Emergent Red Meat Producers’ Organisation (NERPO).

In his presentation, Mr Oliver focused on cattle only and raised a concern that the slaughter amount in the formal abattoirs has declined slightly over the past three years, with Covid-19 largely influencing the numbers. Normally, approximately 2.6 million cattle are slaughtered annually in formal abattoirs.

He also highlighted the point that the Red Meat and Livestock Primary Cluster had approached the Bureau for Food and Agricultural Policy (BFAP) to develop a Red Meat Industry Strategy for 2030. The strategy is aligned with the National Development Plan (NDP) and reveals the potential for the industry to grow by more than 20%, with the beef section potentially contributing R12 billion to South Africa's agricultural GDP per annum by 2030. However, this growth will stem from the development of communal and smallholder farmers, who have 40 to 50% of the national herd of cattle. This is also premised on the vision of the industry to be productive, inclusive, sustainable, and competitive.

The key constraints and focus areas for the industry are identified in the strategy (broadly) as animal and public health, inclusive growth, market access as well as competitiveness, and sustainability. Moreover, the industry has identified key cross-cutting constraints, which include: (i) a lack of a unified voice within the Red Meat Industry Forum, hence the establishment of the Red Meat Industry Services company; (ii) the industry is underfinanced and this requires a livestock sector-specific finance model; (iii) limited dedicated implementation functions (the Red Meat Industry Services company is envisaged to assist here); (iv) lacking in communication and implementation of the strategy; (v) identification and traceability initiative; and (vi) limited capacity and coordination of State veterinary services. However, the key interventions have been identified. The industry has highlighted its opportunities and key interventions, as guided by the 6 pillars of the AAMP.

4. SMALLHOLDER DEVELOPMENT: DR FLORENCE V NHERERA-CHOKED (NERPO)



Dr Florence V Nherera-Choked began her presentation by noting that the focus will be directed towards the emerging sector, and would address the issue of commercialisation of livestock in communal areas. She stressed the point that the current focus of NERPO is on the commercialisation of live animal production, as well as red meat production, from the farm to the abattoir.

Using the words ‘smallholder’ and ‘development’ interchangeably, the assumption is that development is the commercialisation of the assets. We are looking at a system that is shifting and highly subsistence based, whether on farms or in communal environments, to a more specialised market-oriented situation where inputs are acquired and the output supply component of it. We are looking at issues of sustainability and competitiveness within the business sector. She indicated that the “economics of size does matter”, livestock production is a numbers game, and you need the numbers to be able to farm profitably and also competitively. There are also issues of the 4IR which are key and should not to be underplayed, if the farmers are to succeed, because we are looking at global perspective where our farmers are competing with farmers who have an advantage and where farming is very cheap for production. For example, in South America and other regions that are near the equator, the climate is favourable, as compared with our environment. Accordingly, it takes somewhat longer for us to make profits because of the limitations of the environment. The mode of production with our farmers is purely subsistence, food security and looking at achieving MDGs, making

sure there is healthy food that will improve wellbeing. Over 2 million households are supported by livestock farming and the production system is mixed all year round, and is continuous.

However, there are challenges that are associated with these environments, which include issues of low productivity (there is much information available in the literature on the low productivity), insecurity of land tenure, and issues in the commodity value chains. If we looking at another aspect, which encompasses where people have defined boundaries and where people have access to land, privately owned or not, we see that the bulk of that land is land that is now being leased by the government through the Department of Land Reform and Rural Development. These rights to use the land either come in the form of a permission to occupy, or in specified rights granted under the plus program and other strategies that were previously implemented, and the reinstitution programme.

Many households, who occupy a parcel of land for the development of that land, have acquired the land either on their own or through the aid of the government, and there is a defined boundary to that land. Commercialisation can take place, with development that has implications for the growth of the economy. Some 95% of smallholders are still practising a mixed-production system, where there is a need. Furthermore, half of the farmers in the emerging sector are still subsistence based. On the other hand, 5% of emerging farmers who have specialised are producing more than 200 head of cattle and are able to participate in the integrated value chain and sales by auction.

The scope for growth is huge, but requires much purposeful intervention to secure infrastructure development. Many participants are black men who are over 60, and elderly women also play an important role. However, they face certain difficulties because they are older persons. For example, where the government has reposessed leased farms from previous owners and the farm workers are then eligible to lease those farms,

the older farm workers are often unable to communicate, read or write. It becomes a problem for them to achieve a commercial level of operation because commercialisation requires much administrative work, such as record keeping. However, the scope is positive, and accordingly the government and the industry are placing the focus on moving the percent to increase, thus increasing the export of red meat to 20%.

In terms of the distribution, we are working with the DALRRD, across the country, with the major movers being the North West and Mpumalanga provinces. The Northern Cape is dry and few farmers are getting involved. Mpumalanga has the greatest potential, although smallholders have not yet started with commercialisation, and, after the North West, it can become the biggest driver and the environment is favourable. KwaZulu-Natal has the largest potential, and commercialisation is taking place. Emerging farmers can utilise the opportunities that are already available, for example animal forums, training and marketing, so as to be able to align with the goals that are already in place and are in line with the master plan and other development programmes.

Conclusion: I have already stated the issue of a cluster approach and the limitations and issues associated with policy. We do not have a farmers register except the register of commercialisation of farmers. There is an issue regarding a lack of systematic surveys that provide the data that could indicate the milestones that would reflect the entire process. We are not able to see what private farmers are achieving currently because the intervention is not done directly with them.

5. QUESTION & ANSWER SESSION 1

5.1. *Is it truly possible for farmers to commercialise on communal lands? Should we not be looking at private ownership of land where one has the control of land? Group farming with different objectives is problematic.*

Ans: There is much discussion and many papers that have been written that are directed to group farming. For example, we have not been able to start meaningful commercialisation because of the issues of restitution and the matters that are related to social problems, rather than to the actual farming business itself. Once farmers are placed together, they are given the support to be able to commercialise; however, they start taking each other to court because of the social issues. For instance, they take each other to court over disagreements on who should be responsible for signing for the money, and so before everything else, social problems are already there and creating a serious hindrance to commercialisation. The DALRRD will indicate that we have court cases that need to be settled that have to do with CPA, so reinstitution is a problem regarding development. What is needed is responsible leadership so that the farmers would work together. For farmers who want to farm on a commercial level, they can apply to lease separate land and move away from the communal arrangement.

5.2. *Does DALRRD really help with leasing land? Some of the land demands required for leasing are not suitable for small-scale farmers. Is there any organisation that helps to gain access to land?*

Ans: DALRRD is a DDG that is responsible for land acquisition and leasing. Accordingly, applications go to that department and these are managed at provincial level. In some cases, farmers are very shrewd, and they

identify the GPS locations of land owned by government that is available. Usually, when the government acquires a piece of land, there are GPS coordinates that are associated with that land. Accordingly, farmers use those coordinates to find where the farm is and they then occupy it because the government process is slow. As a result, those who have applied for that land cannot be assisted quickly because the land has been already occupied by the squatters. This issue needs to be dealt with by Human Settlement and the Ministry. Some emerging farmers have no right to access some of the land they occupy, but they cannot be evicted because they have spent more than 5 years being the occupants of that land. However, there is a unit that deals with that, although they might not be doing it efficiently. Some of the land that looks abandoned is land where evictions may have happened for several reasons. Currently, there is an area of 700 000 ha of land that is being distributed, and the process is going on now.

5.3. Regarding the level of commercialisation in the Eastern Cape, what are the challenges you are facing in increasing the commercialisation of EC farmers, since there many farmers and much livestock?

Ans: Rather than a weaner or lamb producer then the skills will be provided in terms of training. The figure of 13% refers to the farmers in the Eastern Cape participating in the commercialisation programme at the national level. Although the Eastern Cape has not provided funding support for farmers, although their scope is much bigger, we have noticed them the past 2 years, including KwaZulu-Natal, they have quick wins, compared with other provinces. Accordingly, we are encouraging the EC to speed up the land allocation process. NERPO and other stakeholders will come in and assess the situation again and check the potential it has.

5.4. How is NERPO planning to assist starting breeders in order to help small-scale farmers to improve their breeds?

ANS: If farmers need to improve their livestock gene pool, they just need to send a request to the gene bank so that they may be assisted and acquire their genetic materials, rather than going to an auction and select on a phenotype basis.

5.5. Is the industry looking to commercialise 100 farmers or 1 farmer at time, and what is the strategy when it comes to commercialisation?

Ans: the strategy is shaped by the opportunity we have here of a government that is putting resources on the ground for the people who already hold leases with government. In their database, they have 2600 farmers under lease, and commercialisation is looking at horticulture, fruits, and livestock. Some 70% of the farms are located in the dry areas where it is most viable to provide funds for livestock. If funds are available, then more than 2000 farms would be commercialised within a single period. The limiting factor now is seen in the resources that are allocated to government that would allow it to fund the process, and we have seen that the government has already taken the first step. Ideally, all the farms that are leased out should be supported to commercialise their operations.

5.6. The most limiting factor with small-scale farmers is funding, with banks currently requiring collateral funding. Since most small-scale farmers cannot meet the standards that are demanded by the banks, what are we doing as a sector? Is it not the time to move away from collateral to value-chain funding?

Ans: Talks are ongoing about cheaper finance. We can understand the banks because they are in business and they want to minimise losses. If we can keep the conditions as they are, smallholders will never be funded and some of their commodities will never get into value chain. The greatest expansion comes from

small-scale farmers and they need to be supported. Grants are given via grant support, which is also slowly coming through.

5.7. What strategies should we be looking into so that everyone can qualify to lease the land?

Ans: We are looking to adopt strategies from other countries in terms of distributing the land. We are dealing with policy issues that are critical, dealing with how re-settlement can be implemented, and there is something bigger that needs to be done. Most communal farmers keep livestock merely for food security, although there is significant trade taking place between communal farmers and commercial farmers. We need to develop a way to support farmers to enter into the commercialisation of livestock. Leasing land from white farmers is indeed expensive, and that is not an effective model to use; hence, we need to come together with the government to help these farmers.

5.8. In the process of commercialising, do you connect farmers? What type of relationship do you foster between farmers?

Ans: Most of the farmers are indeed commercialised, but some are subsistence although they are white owned. There is a programme that allows a farmer to identify another farmer who could mentor them, and where there is no connection between the two, we organise that because mentorship is our main priority. We have a provincial structure with mentors who are available. In KwaZulu-Natal, the RPO structures are currently organising the mentorship for emerging farmers.

There are many policy issues coming through, and we can record this under the proceedings that come out of the session, and the NAMC can endeavour to resolve matters relating to policies.

6. AGRICULTURE AND AGRO-PROCESSING MASTER PLAN (AAMP): **MR LUCIUS PHALENG**



A presentation titled “Agriculture and Agro-processing Master Plan (AAMP)” was given by Mr Lucius Phaleng (National Agricultural Marketing Council), focusing on the matters set out below.

Background

The Agriculture Agro-Processing Master Plan was part of the seven strategic sectors that were identified by the President of South Africa and, on top of that, the NAMC was tasked to coordinate the whole consultation, and then to also conduct background research with regard to the entire agriculture and agro-processing sectors. The NAMC conducted numerous consultations with the government and the private sector, including social partners, such as the Labour Department, as well as businesses and other social partners. Negotiations were conducted and, during the negotiations, seven clusters were identified.

The aim of the master plan is to ensure inclusivity within the agricultural value chain, with the aim to ensure that the agriculture and agro-processing sectors remain competitive in the global market and the locally. This will ensure that we address the issues of food insecurity, the creation of jobs, and ensuring that people are uplifted in terms of entrepreneurship skills.

One of the problem statements that were identified was the inequitable access to the land and water needed to improve productivity, together with the lack of infrastructure for farmers. The approach used was to ensure that these include inclusivity and to also ensure that there is a distinct based commodity value chain and growth. The aim of this is to ensure that more numbers of participants are brought within the value chain, mainly black farmers. The black producers were identified as not being very actively involved in the value chain. Therefore, as more black farmers are included in the value chain, they will be the ones to drive issues such as food security, job development, foreign currency earnings, and reduction of inequality. The major dependencies, colleagues or enablers, which formed part of the negotiation, revolved around the issue of available land and water, and were discussed under the natural resources cluster, which dealt with the issues of water rights and the distribution of state land.

Non-inclusive and limited support: a challenge for a value chain in South Africa

It was highlighted that the share of black farmers in livestock is very small, at 4.2%, which is a concern. Farmers should be provided with the necessary water rights to ensure that they fully participate, without any barrier, because, if they are provided with only land and are not supported financially, they will not succeed. The issue of the lack of water rights is leading them, indirectly or directly, into failure. Hence, there is a need to give additional assistance for these farmers in order for them to contribute positively and to ensure that they are benefiting from this.

Critical success factors: Data, Markets, Infrastructure, and investments

It has been suggested that there is a need to review some of the trade policies and tariff measures that already exist. There is a need to control the volumes of livestock products that are coming into South Africa. Another need is to upgrade infrastructure and to ensure that the infrastructure is effective, especially in the fresh produce markets because most of the infrastructure in the fresh produce markets is collapsing.

Critical success factors: Farmers Support and decision quality

By using a simplified indexing approach, it can be seen that, for black farmers operating under current policies, market failures and government support, the farmer faces more than an 80% probability of failing, before even commencing with farming operations.

Model to upscale Red Meat Production and growth on inclusivity basis

The major barriers are poor animal genetics, which have been mentioned, and any disease outbreaks that have a negative impact, especially in terms of exporting. Aspects relating to financing and growing the Red Meat Industry, in terms of partnership, roles and responsibilities in production schemes, were presented.

Livestock Value Chain intervention

Six pillars were presented, in line with their vital interventions, as follows:

Pillar 1. Resolving policy ambiguities and creating investment friendly – there is a need to develop and enforce strict biosecurity control measures and also to improve the policing of theft.

Pillar 2. Creating an enabling infrastructure – there is a need to invest in rural animal production infrastructure, such as dipping tanks, fences, and shearing houses.

Pillar 3. Providing comprehensive farmer support, development finance, R&D and extension services – there is need to upskill, train and mentors farmers and workers.

Pillar 4. Ensuring food security, expanded production, and employment creation and inclusivity – food safety legislation, improved implementation, and education for producers and consumers.

Pillar 5. Enable markets expansion, improving market access and trade facilitation – expand and enable access to local, regional and global markets.’

Pillar 6. Developing localised food, import replacement, and expanded agro-processing exports – invest in animal product processing to exports and value-added products.

Wool value chain

The wool value chain research was presented and deeper discussion was held to highlight government intervention and industry intervention where government and the private sector might contribute positively to ensure that there is expansion into the value chain.

The master plan has been signed and currently the process of developing the implementation plan is ongoing, led by the National Department. The Master Plan has identified two main delivery models, which comprise a series of value-chain round table discussions that were identified during the negotiations as being very important, and the model to deliver some of the interventions, which was identified.

7. QUESTION AND ANSWER **SESSION 2**



7.1 What is the contribution of the private sector in the private partnership in terms of farming, what are their responsibilities, and how is the revenue shared?

Ans: It was highlighted that the implementation plan is currently being processed and that the implementation plan will highlight the roles and the responsibilities. There is a budget of R1 billion, which is available to support the sector, and there are programmes which are aimed at ensuring that farmers continue to have access to the land. There is a project called Agric Sita Skill Development, which has the aim to ensure that they are skilled development within various industries.

8. CLOSING REMARKS: MR S KELEMBE (DALRRD)



“Let me take this opportunity and thank all the organisers of this successful event and also thank everyone who participated and attended the livestock market information day. Without you, this even would not be successful.” ~ Stephen.

Mr Monamodi delivered the closing remarks to the event, and he reminded us of the number of issues that were raised by different speakers during the presentation and discussion of the event items. He also stated that we need to hold more of these workshops and that there is a need for further policy reviews in South Africa so that we can achieve more. He also stressed the importance of collaboration between the farmers, agricultural industries, and the government in order to grow the livestock industry and to progress the smallholder farmers to the commercial level. This would also help in reducing the food security problem that South Africa faces at the moment, with the ever-increasing population.

11. APPENDIX: OFFICIAL INVITATION AND PROGRAMME



LIVESTOCK

MARKET INFORMATION DAY

JOIN US FOR LIVESTOCK MARKET INFORMATION SESSION

20 JULY 2022

09:30 – 13:30

MICROSOFT TEAMS
Click here to join the meeting

PROGRAM:

- Overview of SA's Livestock
- Trade and Diseases
- Smallholder Development
- Master Plan
- Closing Remarks

agriculture, land reform & rural development

NAMC

NERPO

RMIF

LIVESTOCK

MARKET INFORMATION DAY

20 JULY 2022

09:30 – 13:30

MICROSOFT TEAMS
Click here to join the meeting

Item	Time	Subject / Description	Responsible Person/s
1			
2	09:40 – 09:50	Remarks by NAMC	Mrs Khumbuzile Musona (NAMC)
3	09:50 – 10:40	Discussion	
4	10:40 – 11:00	Trade and Diseases	Dr M Maja (DALRRD)
5	11:00 – 11:30	Discussion	
6	11:30 – 12:40	Master plan	Dr Sifiso Ntombela (NAMC)
7	12:40 – 13:10	Discussion	

agriculture, land reform & rural development

NAMC

NERPO

RMIF

NAMC

Contact us

Private Bag X935, Pretoria, 0001
536 Francis Baard Street, Meintjiesplein Building, Block A, 4th Floor, Arcadia, 0007

Tel: (012) 341 1115

Email: info@namc.co.za

www.namc.co.za