



Animal Feed Manufacturers Association

CHAIRMAN'S REPORT 2006/2007

Presented by Dr Hinner Köster
at AFMA's 60th Annual General Meeting
on 7 September 2007 at the Protea Hotel
King George, George, South Africa



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CHAIRMAN'S REPORT 2006/2007

Another exciting year in the animal feed business has passed and it is my privilege to present the Chairman's Report for 2006/2007.

With the election of the new Board of Directors for the 2006/2007 period it was decided to continue more or less in the same manner with our strategic and operational activities as were agreed on more than 12 months ago during two strategic sessions held by the incoming Board of Directors at the time. During these sessions the structure of AFMA and its operations were revised with the ultimate goal of regaining AFMA's identity and obtain a more prominent status as the representative body of all animal feed manufacturers in the South African agricultural sector. The goals and objectives set at these sessions continue to be the foundation for different actions taken and for structures/resources that are altered and/or expanded if and when necessary. New emphasis on key areas of importance has also been placed and is in a continued process of implementation.

The ultimate future goal to be achieved by AFMA and its various committees is to develop an even stronger own identity, which may not have been experienced in previous years. AFMA should therefore be a recognized leading body and a force in the agricultural decision making process and further build and expand on the services currently being rendered to the benefit of all its members and the industry. This is an ongoing process on which AFMA has embarked and that will not necessarily be completed within a short period of time. However, seeing the success of certain achievements, awards received, and outstanding issues being resolved and getting increased attention during the last 12 months, it is enlightening to be able to report on the significant progress that has been made on the goals set at the two strategy meetings held during the 2005/2006 period.

Typical successes since March 2006 include:

Technical:

1. **Policy on Animal Feed** – Inputs and consultation with DoA; now only awaits Ministerial approval to become a Bill
2. **Revised Regulations on Act 36** – was published on the DoA website after consultation with Industry
3. **Revised Guidelines on Act 36** – was published on the DoA website after consultation with Industry
4. **Actions against unlawful use of raw materials** – bone meal case (ongoing), Melamine (ongoing), Cadmium (ongoing)
5. **Status of the Livestock Industry meeting** – increasing the status of the meeting to become known as the RELIC meeting with inputs from the Director General
6. **CEO Forum** – getting industry problems listed on the agenda and discussed; through direct participation this was established
7. **National Mycotoxin work group** – established under supervision of AFMA
8. **AFMA Code of Conduct** – drawn up and only awaits final Board approval

9. **Workshop with Academia** – first time that such a forum has been established to ensure that future graduates will meet the profile of industry expectations
10. **Bio-Fuel Strategy** – Significant inputs to document
11. **Act 101 vs Act 36** – Getting problem regarding clashing responsibilities of the two Acts on Agenda of the CEO Forum
12. **AFMA Symposium 2006** – Largest attendance ever
13. **Protocol on Transport of Raw Materials** – finalised
14. **Protocol on Sampling issues** – finalised

AFMA Branding:

1. New AFMA **logo**
2. New AFMA **letterheads**
3. New AFMA **banners**
4. New AFMA **E-Stationery**
5. New **AFMA MATRIX** – new look
6. AFMA / Agri Inspec **Golf Day** to liaise with strategic partners
7. AFMA **corporate gifts** – liaison with State Departments
8. AFMA **Chairman's Report** – New corporate look
9. AFMA **Corporate clothing**
10. **AFMA FORUM 2007** – success – largest audience ever – by many regarded as best AFMA Forum ever – Large profits generated and international image booster
11. **AFMA WEBSITE** – constantly being updated/expanded and increasingly being used as information tool
12. **Professional & Corporate look** – AFMA has improved on this through various activities to create a proper image

Trade:

1. Completed the **Contingency Plan** – sent to Government
2. Inputs to more accurate **Crop Estimates**
3. Inputs and assistance with **Spoornet** problems
4. **ITAC** – Inputs and presentations on the **lysine** case (levies of 160% down to 27%; currently aiming for 0%)
5. **ITAC** – Inputs and presentations on the **Soya oilcake** case to reduce tariffs (currently await outcome)

General:

1. **Operational Plan** for AFMA – Plan implemented
2. **International participation** – Attended the IFIF F4 summit in China
3. **Agreements with International feed magazines** – while visiting VICTAM 2007, agreements were set up to exchange articles for publication with different role players
 - AFMA's Chairman actively participates in the writing of blogs on African feed issues for an international feed website
4. **Presence and credibility on Forums** – AFMA presently enjoys a higher level of presence and credibility on all Forums and is reckoned as one of the major role players in the livestock industry
5. **Membership** – more members have joined AFMA because of visible changes and value been added
6. **Own Identity** – AFMA successfully progressed to regain and further improve its

own identity

7. **International recognition** – AFMA has received international recognition for its efforts on numerous territories (letter from IFIF President)
8. **National recognition** – AFMA and its Chairman have been honoured by the SA Society for Animal Science with the President's award and Silver medal respectively in recognition for outstanding contributions to the Animal and Livestock Science industry in South Africa.

The NCM, in particular its Executive Director, remains an important vehicle to introduce AFMA to relevant core industry committees and main stream activities. At the same time however, a continuous process of phasing in and phasing out is taking place between AFMA and the NCM with regards to specific activities of the Trade Committee. AFMA, who has contracted the NCM in the past to assist with most of the activities of this committee, continues to reduce the NCM's responsibilities within this committee, until such time that the Trade Committee decides to take over almost all of the responsibility for handling its own trade matters. The NCM may remain involved with especially the broader Grain Industry matters as well as with specific strategic activities such as agricultural policy issues. In addition, the success obtained through specific intervention by AFMA's Trade Committee on certain tariff issues this year should be highlighted and re-emphasised the importance to belong to an organization like AFMA that negotiates collectively on behalf of its members.

A critical part of regaining and re-establishing AFMA's identity was the implementation of an AFMA marketing plan. The AFMA marketing plan has been focussing on the rebuilding of AFMA's image, the building of an AFMA brand and gaining wider and stronger credibility, both locally and internationally. The rebuilding of the AFMA image was to give AFMA a more visible image and corporate professional look. Some ideas expressed to achieve this were the revamping of the AFMA logo & letterhead, a website makeover, compiling a corporate CD and the publication of an AFMA brochure. Within the budget/resources constraints allowed, some of these ideas have already been implemented, while others are in the process of implementation. The brand building exercise further typically comprises of write-ups and advertorials in agricultural magazines as well as interviews on agricultural radio and morning television programs.

Equally important to the marketing plan of AFMA was the focus on gaining increased credibility both locally and internationally with a specific two prolonged goal. First, AFMA needed to be seen by the international community as the representative body responsible for self-regulation of the whole SA animal feed industry. Secondly, AFMA needed to gain more local members, specifically amongst the smaller role players to ensure that it represents the majority (almost all) of the total feed industry. With both these goals AFMA has already achieved significant success during the 2006/2007 period and will continue to establish an even bigger credibility.

Three additional potential areas have been identified where AFMA could further expand its services to its members and add value to the total feed industry. These were the areas of feed statistics, animal feed skills & training development and the formation of a certification structure within AFMA itself. It is still foreseen that the statistical service has the potential to be diversified to an even larger degree with regards to the increased management information and the interpretation thereof and the use of

graphics for illustration purposes. In addition, the establishment of a formal accredited training programme to develop specific skills for the animal feed industry has been another essential target area for AFMA to be involved in, specifically due to the fact that no official structure exists in the animal feed industry and that it is one of the priorities being strongly driven by Government in the form of the AGRISETA.

In addition, it is a well known fact that major international industry players have the ability of self certifying their own industry, and, with assistance of their governments, verifying this against the specific legislation written to enforce this certification. By doing this the credibility with both government and the public (including our customers) will be increased. Matters that have already been addressed or continue to receive attention are the enforcement of the AFMA Code of Conduct, the GMP as a national standard, various Codes of Practise and other matters concerning animal health which are of great concern to our members. This will increase efficiencies and align South Africa with international standards as well as with government policy and legislation. Important though is to realize that we are part of a "global village" and need to actively participate and have a representative voice in international bodies/activities where policies are made and decisions could be taken on our behalf that have a major impact on the overall SA animal feed as well as its downstream business.

In conclusion, the proposed changes and continuous activities in AFMA will obviously have a financial impact. It is foreseen that various new areas of responsibilities will inevitably demand the expansion of the current personnel structure. This needs to be addressed urgently by the new incoming Board of Directors. However, with the dynamic environment we operate in and continuous challenges that our industry is confronted with on a daily basis, there is no doubt that the proposed changes are still necessary and will ensure that AFMA will add significantly more value to the animal feed industry than in the past. As the Directors on the AFMA Board are supposed to also act as Executives I would finally like to propose that future Directors will be given portfolios on the Board for which they will take the responsibilities and to help distribute the ever increasing activities that AFMA gets involved with to the benefit of all its members. The workload has simply become too much to be handled by one or two individuals on the Board or by our General Manager.

Further issues affecting the animal feed industry will be addressed below.

1. AGRICULTURAL POLICY ISSUES

1.1 Tariff matters

The **tariff policy** document that was developed over the past two years has been completed and submitted to the Department of Agriculture for approval at Cabinet level. It was reported at the last Presidential Working Group meeting with President Thabo Mbeki that this matter will be now dealt with at a political level for finalization. It is important to note that should this policy be accepted, it will have substantial implications for the animal feed industry as far as the principal decision maker is concerned (Department of Agriculture) as well as a possibility of higher import duties to protect local agriculture and processors given the failure of the DOHA Round of negotiations.

During last year's report it was mentioned that the industry has applied for a new tariff dispensation for maize. The Minister of Trade and Industry has, after two years and four months, decided to leave the **maize tariff** dispensation unchanged. The current maize tariff therefore remains at zero until such time that the international price drops below US \$110 per ton. There was, however, an improvement to speed up the process once those trigger mechanism levels have been reached.

Bio-fuels have since the last report become more and more of a reality in South Africa and started to gain momentum during 2006. The International Trade Administration Commission (ITAC) received an application from SASOL during November 2006 for a **full rebate on the import duty of Soya beans** (currently at 8%), for the production of bio-diesel. AFMA was actively involved in commenting on this application by SASOL and the Central Energy Fund.

AFMA's Trade Committee was of the opinion that should such application be successful, it could lead to a monopolistic scenario on the production as well as the price setting side, due to the fact that SASOL indicated that he would need approximately 600 000 tons of Soya beans for the initial phase. After crushing the Soya beans for the Soya oil, which would be further refined into bio-diesel, it would be converted to approximately 480 000 tons of Soya oilcake. This amount of Soya oilcake represents 60% of the Soya oilcake imported by AFMA members during the 2006/2007 year and clearly illustrates that SASOL would be able to use this benefit (if successful) to their own advantage while an import duty on Soya oilcake of 6.6% stays in place. In such situation SASOL would be able to increase local prices to a level of just below import parity and still be cheaper than imported Soya oilcake. Therefore AFMA's Trade Committee in reaction to this application requested a **full rebate on the import duty of Soya oilcake**. AFMA has since made numerous presentations to ITAC explaining the concept and the potential dangers and possible market implications of the Soya beans vis-à-vis Soya oilcake scenario.

ITAC has announced that the application for the full rebate on the import of Soya beans for the production of bio-diesel has been approved for a period of 3 years to enable the bio-diesel industry to get off the ground. This rebate is only valid from 1 July 2008 to 30 June 2011, thereafter the applicant has to use local Soya or import at a duty. The applicant therefore would now have to start stimulating the local production of Soya beans by making the cultivation thereof worthwhile by offering better market prices, and thereby ensuring and securing the source of their future input.

ITAC has since also made a proposal to the Minister of Trade and Industry on AFMA's application for the full rebate on the import duty of Soya oilcake and is still awaiting the final ruling on the matter. Should the AFMA application be successful, the potential saving on Soya oilcake to AFMA members only could amount to approximately R60 million per annum. This could have an even larger benefit to the total animal feed and livestock industries as they are also making use of Soya oilcake.

Apart from the Soya oilcake scenario, AFMA members during May 2007 were confronted by the implementation of an immediate **safeguard duty** of 160%, a first of its kind in South Africa, on the importation of Lysine due to a surge of Lysine imports at prices lower than the local price, mainly from the Peoples Republic of China. This action caused an almost immediate suspension of most of the imports of Lysine. Again, this was vigorously opposed by AFMA's Trade Committee which immediately requested consultation with ITAC on the matter. AFMA consulted with ITAC in numerous meetings and discussions and replied with written and oral presentations as well as a presentation to a public hearing to explain that this action is not in the public's interest. As a direct reaction to the consultations and presentations by AFMA, ITAC decided to recommend as a preliminary finding that the safeguard duty of 160% be reduced to 27% and to be liberalised over 3 years, of which the first will end at May 2008. The potential annual cost, should the 160% safeguard duty have stayed in place, was calculated at a potential R180 million to the total livestock and animal feed industries.

Once again it should be noted that all of the above examples of intervention by AFMA emphasised the significant role that AFMA plays to negotiate collectively on behalf of Industry in instances like these.

2. INTERNATIONAL TRADE

2.1 Trade Agreements

South Africa has no great record regarding the implementation of free trade agreements since 1995. We have been engaged with quite a few trading partners to constitute free trade agreements. The only effective one that has been implemented was between South Africa and the **European Union**. This agreement, however, has substantially been changed with other **Southern African Development Community** partners being included and the Agreement being renegotiated for the future. The joint African countries have got no proper legislative negotiation mechanism to complete this Agreement and it is therefore delaying the process substantially. The Southern African Development Community (SADC) trading partners have not implemented their commitments due to legislation, political will and financial difficulties. South Africa is the only trading partner in the Southern African Development Community Free Trade Agreement that has implemented its commitments.

The Agreements with **Mercosur (Brazil, Argentina, Uruguay and Paraguay)** and **European Free Trade Association (Norway, Iceland, Switzerland and Lichtenstein)** have been completed but not yet implemented as the Southern African Customs Union members have not rectified this Agreement through their parliamentary structures.

Negotiations with the **United States of America** have been temporarily suspended.

The negotiations with **India and China** have not commenced further than a political will to conclude agreements.

2.2 World Trade Organisation

Our optimism for a positive result of the DOHA Round has been tempered with the lack of commitment from the European Union and the United States of America to reduce their subsidies on agriculture. Their demand to link the reduction of their agricultural subsidies to a reduction in their trading partners' import duties on industrial goods remains a stumbling block for any progress at all.

In the meanwhile, through our initiatives, the Government of South Africa has decided to join a whole range of countries lead by Canada and Brazil to declare a dispute with the United States of America at the World Trade Organisation **dispute settlement court** regarding their subsidies. This will be an opportunity for South Africa to gain some experience as a third party. We would like to express our appreciation to the SA Government to get involved on this level for the sake of gaining some experience and to express our dissatisfaction with the subsidy regime in the world. The Maize Trust also indicated their willingness to avail funds for this purpose.

3. REPRESENTATION AND GOVERNMENT RELATIONS

AFMA is still represented on a wide range of forums and **Public Private Partnership (PPP)** structures to ensure that our interest is protected and promoted with Government. These structures include the **Agricultural Trade Forum, BUSA Trade Negotiation Committees as well as the Presidential Working Group meetings.**

One of the areas that will require quality input from our leaders in the animal feed industry during the next six months will be the review of the **Agricultural Sector Plan.** Prof Johann Kirsten from the University of Pretoria was appointed to lead the evaluation of the current Sector Plan and to make proposals regarding some adjustments. One of the most encouraging parts of the Terms of Reference was the inclusion of all role players and not just the primary agricultural sector.

We have also been actively involved in supplying the general **media** with information regarding food inflation and its impact on the general economy.

4. INTERNATIONAL MARKET ANALYSIS

AFMA also received international exposure at the International Grains Council Conference in June 2007. This happened when Jannie de Villiers was at the last minute requested to make a presentation at the Conference on behalf of South Africa. The presentation was well received.

5. PROCUREMENT MATTERS

5.1 National Crop Estimates

The improvement of the crop estimates in South Africa was one of the key focus areas of AFMA in the recent years. We are happy to report that the first leg of this improvement has been very successfully completed. In a recent census that was undertaken for Gauteng, the results showed that the estimate

was 98,2% of the physical hectares planted. We will now shift our focus to improve the yield estimates.

5.2 Spornet

We have learnt with great disappointment that the service delivery and investment of Spornet into grain matters is still deteriorating. AFMA is now focusing on the Department of Transport who is responsible for managing the infrastructure and investment in infrastructure. We have actively participated in the Department of Agriculture's initiative to improve the agro logistics of our country. Through our participation we have quantified the needs of the grain sector so as to enable the Department of Agriculture to negotiate investments in the rail transportation system of this country.

5.3 GMO's

The mandate of AFMA is still to enlarge the supply of raw materials that could be imported by the industry. We have obtained very good information regarding the registration of GMO's in Argentina being the main supplier of yellow maize to South Africa. We are also in the process to ensure that all GMO traits that are in the process to be registered in Argentina are also in the process to be registered in South Africa to ensure the continuous supply of raw materials.

5.4 Contingency Plan for the Maize Industry

Industry has completed the Contingency plan for Maize during the first quarter of 2007 and the document was forwarded to the DoA for their comments and input with the objective of liaising this document with all the relevant State Departments and effected parties. The document makes provision for the extreme and abnormal occurrences of drought or acts of nature during which maize would not be available locally and Industry would be forced to import from wherever available.

This could also imply importing GMO maize traits not yet registered in South Africa. The document clearly indicates certain trigger mechanisms and levels when the plan would kick in for action by Industry. The Contingency plan forms part of the larger National Grain Strategy Plan developed between Industry and Government.

5.5 SAFEX Agricultural Advisory Committee

AFMA is well represented on this committee and direct feedback is given into the AFMA Trade Committee on all the matter discussed on the SAFEX committee.

5.6 Grain Silo Practices

During the year under review we were informed that the Competition Commission has completed its report on the investigation with regards to anti-competitive practices. The case is now before the Tribunal. New developments with regards to possible lowering of the import duty on silo bags would even further enhance the competitiveness of our industry.

5.7 Transport Differentials

After the request of Grain South Africa was received during the last year, it was thoroughly discussed by all role players in industry. The outcome was however that the transport differential would be kept in place.

6. VALUE CHAIN STRUCTURES

It is a pleasure to report that it is going fairly well with all of the industry structures where we are directly or indirectly represented.

The relationships in the Maize Trust have stabilized after the turbulent 2005/2006 year. This was evident from the re-appointment of 5 of the 6 trustees after their terms of office have expired. The South African Grain Information Service is progressing very well and has also provided us with some data to distinguish between the different grades of maize. The Southern African Grain Laboratory is very consistent in reporting annual profits and provides a very valuable service to the industry.

The CEO's FORUM is currently in its second year where AFMA's General Manager has been present since the start. More CEO's are joining the forum after seeing the value of this forum to table discussion points for the agenda. This forum can be seen as the most important forum where the Department of Agriculture and Industry sit together to discuss the most pressing issues in Agriculture. Major subjects on the agenda related to AFMA are issues regarding Act 35 and Act 36.

7. AGRIBEE

The draft Charter for Agriculture has been negotiated and submitted to the Minister of Agriculture. With the change in the ministry of agriculture there were some delays and we expect that the approved charter will soon be made available to be signed by the various companies.

8. BIO-FUELS

In the previous report it was stated that Government would have announced the bio-fuel policy for South Africa in September 2006. Since then major role players and potential investors re-evaluated the overall project by doing more in-depth cost analysis and re-costing exercises to determine the economic viability of these bio-fuel plants. Much more research followed during this period after gaining more experience from the European and US scenarios.

Government also conducted additional research on its own specific role to get this industry off the ground and keeping it sustainable. Government is further still considering what its contribution should be towards the bio-fuel industry, due to the fact that this industry is not economically viable without its support. Thus, the second target of announcing the official Strategy for the bio-fuel industry by June 2007 has again been missed and Industry and potential investors are now eagerly waiting when it finally will be tabled.

9. OTHER

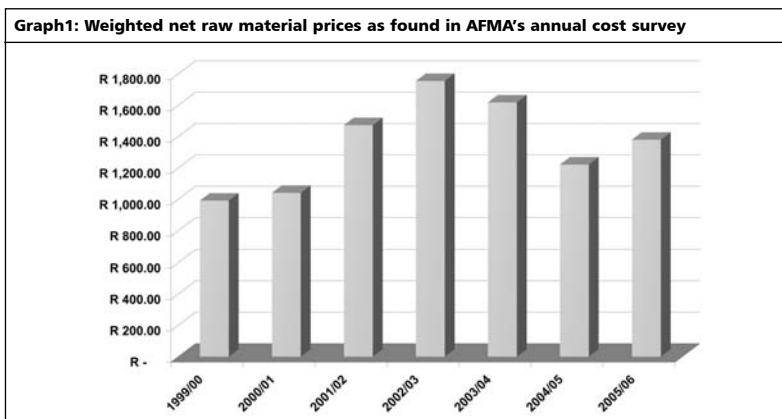
9.1 National Mycotoxin Work Group

As reported in the 2005/2006 report, the maize value chain was in the process to establish a mycotoxin research network in South Africa to improve on the capacity and understanding of this matter and its significant affect on the maize industry. AFMA has played a leading role in this project, with the first national meeting taking place in March 2007 and the establishment of a steering committee. The next meeting of the steering committee is scheduled for middle September 2007 where the way forward will be mapped out and a project leader be elected to manage the project in consultation with the steering committee.

9.2 Raw material costs

After experiencing a decrease in raw material prices during 2003/2004 as well as 2004/2005 raw materials showed an upward turn with a 13% average increase in prices during 2005/2006. According to the annual AFMA Cost Survey the weighted average raw material price increased from R1 221/ton to R1 380/ton. This price increase occurred despite a year in which maize was more available than the preceding 5 years (see Table 6).

With local maize prices ranging from R500 to R600/ton during the 2005/2006 season it is obvious that the increased component lay within the protein sources. Fish meal prices especially increased dramatically due to the shortage of this ingredient as illustrated in Tables 3 and 5, while this increase was further supported by the increase in Soya prices. The increase in the weighted average price of raw materials is further demonstrated in Graph 1.



Source: AFMA Annual Cost Survey – 2005/2006

10. SKILLS DEVELOPMENT ACT, 1998, ACT 97/1998 TRAINING

As reported in the 2004/2005 and in 2005/2006 period, AFMA is in the process

of establishing a formal accredited training programme for the animal feed industry. The training programme will develop the following 3 qualifications:
NQF2 – operator level
NQF3 – distribution
NQF4 – supervisory/management level

While in the process of registration of the above qualifications in 2006/2007, the South African Qualifications Authority (SAQA), who approves the qualifications of all the SETA's, embarked on a process to rather establish a more generic framework to which all qualifications should adhere to.

Subsequently, the registrations were held back to allow for the implementation of the new generic framework. The AGRISETA is currently close to the finalisation stages of this generic framework, where after NQF 2 – 4 would be adjusted to fit the framework and to address the generic outcomes as well as the specialised areas of training unique to the animal feed industry.

11. AFMA PRIZES, AWARDS AND STUDY LOANS

11.1 Sponsorships for awards

11.1.1 AFMA Person of the Year Award

AFGRI Trading has agreed to sponsor the AFMA Person of the Year Award for 2006/2007, which will be for a one-year period. On behalf of AFMA I would like to express my thanks towards them for this gesture.

11.1.2 Barney van Niekerk / AFMA Technical Person of the Year Award

DSM Nutritional Products has agreed to sponsor the Barney van Niekerk / AFMA Technical Person of the Year Award for a five-year period from 2005. Thank you once again also to DSM Nutritional Products for this gesture.

11.2 Presentation of awards for 2005/2006

11.2.1 AFMA Person of the Year Award: 2005/2006

The 2005/2006 award was presented to Mr Tommy Jamie of Epol during AFMA's 59th Annual General Meeting at the Drakensberg Sun Resort in KwaZulu-Natal on Friday, 25 August 2006. Mr Jamie was awarded for a life-long dedication and exceptional service to Industry during his career in the Animal Feed Industry.

11.2.2 Barney van Niekerk / AFMA Technical Person of the Year: 2005/2006

No award was made.

11.2.3 Koos van der Merwe / AFMA prize: 2005

The Koos van der Merwe prize for the best final year student was awarded to Ms Natalie Le Roux of the University of Pretoria.

11.2.4 SA Bioproducts / AFMA HDI Award for Animal Nutrition: 2005/2006

No award was made.

11.2.5 SA Society for Animal Science: Annual Award Presentation: 2007

AFMA's Chairman received the Silver Medal from the South African Society of Animal Science in acknowledgement of exceptionally meritorious and original research or extension work in furtherance of Animal Science, in particular for his contributions to Industry Development. At the same event the President's Award was presented to AFMA in acknowledgement for AFMA's exceptional contribution delivered to Animal Science and the Livestock Industry. This was the first time ever that the President's award was presented to an organisation and not to an individual.

11.2.6 AFMA Study Loans

The AFMA study loan for 2005/2006 was awarded to Ms Taryn Lee Halsey of the University of Pretoria.

Since little interest was shown in the AFMA study loans over the years, the Board of Directors decided that the 2005/2006 study loan would be the last loan to be approved and that in future a bursary will be given.

12. MEMBERSHIP OF OTHER ORGANISATIONS

AFMA realised some time ago that the feed and related industries are being affected by outside influences and therefore became members of Associations/Institutions addressing these aspects.

12.1 AfricaBio

AfricaBio promotes the use of biotechnology in Agriculture. Since AFMA believes that biotechnology should be used in the alleviation of food shortages in future, we fully support their work. AfricaBio is also assisting AFMA with lobbying for the approval of GMOs. They are further very involved in promoting the use of GMOs in Africa. AFMA and AfricaBio have been in regular contact during the past year regarding issues affecting the feed industry.

12.2 International Feed Industry Federation (IFIF)

After becoming more involved in the international animal feed arena with AFMA's General Manager attending the F4 Summit meeting in June 2006, this relationship has been growing stronger with regular communications between the IFIF and AFMA offices. Liaison between AFMA and the IFIF is mainly related to technical matters (of which the FAO/CODEX Feed Manual is a good example) as well as trade and procurement related matters ranging from international market trends to bio-fuels.

This relationship is envisaged to grow stronger with the initiative to possibly establish the WECSAFA – grouping (Western, Eastern, Central and Southern Africa Feed Association). At first it will be an informal network of role players involved in the animal feed industries in these regions. After the establishment of the informal grouping the viability of a more formal structure will be investigated.

The Secretary-General of the IFIF, Roger Gilbert, also participated in the AFMA

FORUM 2007 at Sun City as one of the international speakers.

13. AFMA MEMBERSHIP

On 30 June 2007, AFMA had 76 members (4 more than last year) including the following:

- Full members (Balanced feed manufacturers) : 40
- Associate members : 36

Associate membership includes the following groups:

- Premix manufacturers : 9
- Traders : 11
- Producers and suppliers of raw material : 12
- Manufacturers and suppliers of equipment : 2
- IT Equipment for the use in Animal Feed Manufacturing : 1
- Lab Services : 1

13.1 New members

AFMA's membership was open to companies in South Africa and the LSBN (Lesotho, Swaziland, Botswana and Namibia) countries. In 2004 it was decided that feed manufacturers from Mozambique could also join AFMA. It was also decided to invite manufacturers and suppliers of equipment to become associate members. The following companies joined AFMA during the reporting year and we welcome them.

Associate members

- Lubern Feeds (Pty) Ltd - 1 December 2006
- Dalein Heyl - 1 March 2007
- Pristine Technology Creations cc - 1 March 2007
- Zinchem - 1 March 2007

13.2 Termination of membership

- Queensfeed

13.3 Name changes

The following name changes to member companies have been made during the reporting period:

- BASF Animal Nutrition SA (Pty) Ltd **changed to** ADVIT Animal Nutrition SA (Pty) Ltd
- Louis Dreyfus Africa (Pty) Ltd **changed to** Louis Dreyfus Commodities Africa (Pty) Ltd

14. CO-OPERATION WITH LIVESTOCK INDUSTRIES

Regular meetings with the livestock industries continued and various issues affecting both parties were discussed.

15. CO-OPERATION WITH GSA

Liaison with Grain SA on common issues continues. During the reporting period meetings of significance were on the bio-ethanol project and the import tariff on maize.

16. REGISTRAR: GMO APPLICATIONS

AFMA has often expressed concern about the reduced number of GMO sources for the import of yellow maize. This was a result of the Cartagena Agreement and the way in which countries deal with GMO's. South Africa cannot import any yellow maize from the USA, the biggest exporter of yellow maize, for the simple reason that all the GMO traits that have been approved in the USA are not yet been approved in South Africa.

The US Grains Council visited AFMA in March 2007 to specifically discuss the issue of no imports of US yellow maize as well as SA legislation on this. The General Manager of AFMA has been invited by the US Grains Council to attend the Biotechnology Information Conference in August 2007 in St. Louis, USA and it is envisaged that a clearer understanding would be established after attendance of this conference.

Currently, Argentina, Brazil and China are our suppliers since all GMO traits used in those countries have already been registered locally.

In the case of severe abnormal situations of very little to no maize available locally, Industry has also developed a Contingency Plan for Maize as described in Section 5.4.

17. STAFF MATTERS

17.1 The staff in AFMA's offices

The staff in AFMA's offices remained unchanged in the past year

- General Manager – De Wet Boshoff
- Secretary – Teresa Struwig

17.2 Co-operation with National Chamber of Milling (NCM)

The National Chamber of Milling is still rendering certain services to AFMA as referred to earlier in the Report.

18. FEED MANUFACTURING

18.1 Raw material utilisation in 2006/2007 by AFMA members

Table 1 shows the raw material usage and inclusion rate for 2004/2005, 2005/2006 and 2006/2007. The average inclusion rates for the various raw materials are indicated as a percentage of the total feed sales and will normally reconcile to $\pm 98\%$, allowing for a milling loss. It must, however, be noted that not all raw materials are being used in all compound feeds. The inclusion rates of different raw materials differ from formulation to formulation as well as between different species.

During 2005/2006 and even more so in 2006/2007, by-products derived from the bio-fuel industry (DDGS and WDGS) and the different applications thereof started to feature prominently on the international market, especially in the USA and in Europe. As mentioned earlier the bio-fuel strategy document for South Africa was not published in September 2006 and also missed its second

deadline of June 2007. This keeps the industry as well as the availability of by-products from bio-fuels still a mystery.

What also remains uncertain about South African DDGS products that could become available in future is the price that they will be available for and the potential quantities that will be used by the local animal feed market. What is certain in the bio-fuel scenario is the fact that bio-fuels and animal feeds will be competing for the same raw materials. If the supply of these raw materials is not globally increased it will have a significant influence on international prices. An example of this is the statement by the USA bio-fuel industry that, although only estimated to be able to supply 8% of its fuel demand, it will be utilising 25% of the USA maize crop in the near future.

Year	Raw material cost	% Growth
1992/93	R 616.25	
1993/94	R 665.25	7.95%
1994/95	R 706.07	6.14%
1995/96	R 829.13	17.43%
1996/97	R 954.95	15.17%
1997/98	R 983.50	2.99%
1998/99	R 970.05	-1.37%
1999/00	R 991.23	2.18%
2000/01	R 1,040.47	4.97%
2001/02	R 1,472.43	41.52%
2002/03	R 1,754.86	19.18%
2003/04	R 1,617.88	-7.81%
2004/05	R 1,221.18	-24.50%
2005/06	R 1,379.64	12.98%

Source: AFMA Annual cost survey 2005/2006

18.1.1 Oilcakes and fish meal

Details of the oilcake and fish meal consumption by AFMA members during the period 1 April 2006 to 31 March 2007 are shown in Table 2. During the 2005/2006 report the effect of the shortage of fish meal was already shown, however it became even more evident during 2006/2007. The further drop in consumption of fish meal caused a higher replacement by soya oilcake, reaching a new record level, increasing by almost 215 000 tons on the previous year's consumption to reach 836 510 tons in 2006/2007, an increase of 5% on the previous year.

In contrast to the soya oilcake, sunflower oilcake reached a five year low with only 169 172 tons being consumed. Judging from the soya oilcake consumption increase it would be safe to assume that the drop in sunflower oilcake was taken up by soya oilcake.

The use of fish meal continued its downward trend during 2006/2007, decreasing by more than 40 000 tons. This change in usage is mainly due to a shortage of fish during the fishing season, resulting in severe shortages in the

market and role players having to substitute it with another raw material. This continued shortage caused fish meal prices to maintain its high level.

Table 2: Raw material usage (April 2004 – March 2007) – AFMA Members

Raw material	Total (T) 2004/2005	Inclusion rate 2004/2005	Total (T) 2005/2006	Inclusion rate 2005/2006	Total (T) 2006/2007	Inclusion rate 2006/2007
Bagasse	49,040	1.14%	62,538	1.40%	50,808	1.14%
Barley (All)	2,219	0.05%	3,351	0.08%	1,700	0.04%
Bicarbonate of soda	3,339	0.08%	3,546	0.08%	4,054	0.09%
Blended Oil	32,953	0.76%	35,960	0.81%	43,618	0.98%
Blood meal	1,708	0.04%	2,993	0.07%	2,412	0.05%
Bone meal	6	0.00%	-	0.00%	-	0.00%
Brewers grain	8,410	0.19%	13,321	0.30%	5,879	0.13%
Canola fullfat	2,540	0.06%	1,218	0.03%	3,757	0.08%
Canola oilcake	5,138	0.12%	5,344	0.12%	4,330	0.10%
Carcass meal	4,322	0.10%	2,271	0.05%	3,958	0.09%
Citrus meal	2,021	0.05%	1,055	0.02%	900	0.02%
CMS	21,850	0.51%	40,338	0.90%	15,602	0.35%
Cottonseed oilcake	46,397	1.08%	50,865	1.14%	35,590	0.80%
Cotton seed	4,340	0.10%	6,454	0.14%	10,241	0.23%
Defatted Maize Germ meal	14,448	0.33%	14,977	0.34%	9,607	0.22%
Fat	1,148	0.03%	3,754	0.08%	11,618	0.26%
Feather meal	21,112	0.49%	28,677	0.64%	33,539	0.75%
Feed wheat	98	0.00%	3	0.00%	2,689	0.06%
Fish meal	100,763	2.34%	78,284	1.75%	37,871	0.85%
Fullfat soya	92,968	2.16%	147,702	3.31%	183,047	4.10%
Groundnut oilcake	891	0.02%	2,636	0.06%	316	0.01%
Hominy chop	97,959	2.27%	101,577	2.28%	90,408	2.03%
Limestone grit	58,735	1.36%	50,356	1.13%	57,640	1.29%
Limestone powder	77,537	1.80%	93,968	2.11%	82,836	1.86%
Lucern hay	15,917	0.37%	17,720	0.40%	17,078	0.38%
Lucern meal	18,991	0.44%	21,664	0.49%	15,437	0.35%
Lysine	5,786	0.13%	6,065	0.14%	5,449	0.12%
Maize	2,171,995	49.87%	2,200,797	49.32%	2,267,008	50.81%
Maize Germ meal	29,247	0.68%	21,331	0.48%	16,664	0.37%
Maize Germ Oilcake	1,681	0.04%	2,926	0.07%	2,859	0.06%
Maize gluten meal (20%)	31,620	0.73%	27,780	0.62%	19,197	0.43%
Maize gluten meal (60%)	15,214	0.35%	14,345	0.32%	17,645	0.40%
Maize Screenings	3,030	0.07%	2,582	0.06%	7,183	0.16%
Maize meal	19,692	0.46%	1,296	0.03%	2,346	0.05%
Maize Screenings	3,030	0.07%	2,582	0.06%	7,183	0.16%
Meat & Bone meal	1,608	0.04%	991	0.02%	1,685	0.04%
Medicaments	4,822	0.11%	9,664	0.22%	12,023	0.27%
Methionine	4,419	0.10%	5,140	0.12%	5,755	0.13%
Molasses	167,202	3.88%	186,142	4.17%	158,459	3.55%
Monocalcium phosphate	31,906	0.74%	36,101	0.81%	42,203	0.95%

Raw material	Total (T) 2004/2005	Inclusion rate 2004/2005	Total (T) 2005/2006	Inclusion rate 2005/2006	Total (T) 2006/2007	Inclusion rate 2006/2007
Other: 598+557+525+ 554+545+552+546+ 553+529+538+582+ 512+583+554+584+ 512	25,507	0.59%	16,816	0.38%	29,548	0.66%
Palm kernal oilcake	1,647	0.04%	697	0.02%	683	0.02%
Plant oil	419	0.01%	772	0.02%	1,679	0.04%
Poultry by-product	34,230	0.79%	31,445	0.70%	31,318	0.70%
Salt	37,397	0.87%	40,685	0.91%	36,368	0.82%
Sorghum	944	0.02%	2,535	0.06%	917	0.02%
Soya oilcake	448,648	10.40%	473,885	10.62%	653,463	14.64%
Sunflower hulls	1,775	0.04%	1,879	0.04%	3,010	0.07%
Sunflower seed & oilcake	214,290	4.97%	216,605	4.85%	169,172	3.79%
Triticale	-	0.00%	-	0.00%	31	0.00%
Urea	20,682	0.48%	27,629	0.62%	15,519	0.35%
Vit & Min premixes	11,498	0.27%	15,797	0.35%	19,086	0.43%
Wheaten bran & flour	273,076	6.33%	246,270	5.52%	248,362	5.57%
Wheaten Straw	4,679	0.11%	3,821	0.09%	4,872	0.11%
TOTAL	4,247,864	98.49%	4,384,568	98.26%	4,497,439	95.95%
Feedsales for the period	4,313,065		4,462,088		4,687,097	

18.1.2 Maize products

Table 3 gives an overview of the maize products used by AFMA members during the reporting period. During 2006/2007 the inclusion of maize and maize products increased by 1%, reaching 2 432 917 tons.

Oilcake	2002/ 2003	% Inc	2003/ 2004	% Inc	2004/ 2005	% Inc	2005/ 2006	% Inc	2006/ 2007	% Inc
Soya [*]	534,869	12.76%	453,832	10.52%	541,616	12.56%	621,587	14.41%	836,510	19.39%
Sun- flower	212,359	5.07%	273,019	6.33%	213,837	4.96%	216,605	5.02%	169,172	3.92%
Cotton- seed ^{**}	51,707	1.23%	42,736	0.99%	50,736	1.18%	57,319	1.33%	45,831	1.06%
Ground- nuts	7,386	0.18%	1,762	0.04%	891	0.02%	2,636	0.06%	316	0.01%
Canola ^{***}	7,514	0.18%	7,843	0.18%	7,678	0.18%	6,562	0.15%	8,087	0.19%
Copra & Palm kernal	2,808	0.07%	5,769	0.13%	4,009	0.09%	2,873	0.07%	4,029	0.09%
TOTAL	816,643	19.48%	784,961	18.20%	818,767	18.98%	907,582	21.04%	1,063,945	24.67%
Fish meal	70,540	1.68%	114,402	2.65%	100,879	2.34%	78,284	1.82%	37,871	0.88%
Animal Feed Sales	4,104,693		4,192,540		4,313,065		4,462,088		4,687,097	
[*] Including soya oilcake and fullfat soya ^{**} Including oilcake and fullfat cotton ^{***} Including fullfat canola										

Table 3.1: Usage of maize products by AFMA Members (Tons): 1 April 2002 – 31 March 2007

	2002/03	% Inc.	2003/04	% Inc.	2004/05	% Inc.	2005/06	% Inc.	2006/07	% Inc.
Maize (Incl. maize meal)	2,075,308	49.50%	2,147,262	49.79%	2,191,687	50.82%	2,202,093	51.06%	2,269,354	52.62%
Maize gluten meal (20%)	31,999	0.74%	29,567	0.69%	31,620	0.73%	27,780	0.64%	19,197	0.45%
Maize gluten meal (60%)	16,283	0.38%	17,100	0.40%	15,214	0.35%	14,345	0.33%	17,645	0.41%
Maize screenings	6,015	0.14%	5,268	0.12%	3,030	0.07%	2,582	0.06%	7,183	0.17%
Maize germ meal	15,945	0.37%	23,737	0.55%	29,247	0.68%	21,331	0.49%	16,664	0.39%
Defatted maize germ meal	15,611	0.36%	16,189	0.38%	14,448	0.33%	14,977	0.35%	9,607	0.22%
Maize germ oilcake	291	0.01%	669	0.02%	1,681	0.04%	2,926	0.07%	2,859	0.07%
Hominy chop/Germ meal	102,201	2.37%	104,250	2.42%	97,959	2.27%	101,577	2.36%	90,408	2.10%
TOTAL	2,263,653	55.15%	2,344,042	55.91%	2,384,886	55.29%	2,387,611	53.51%	2,432,917	54.52%
Total Feed Production (Tons):	4,104,693		4,192,540		4,313,065		4,462,088		4,687,097	

18.2 Raw materials available to the feed industry: 2006/2007

The national availability of raw materials for the feed industry is discussed below.

18.2.1 Oilcakes

The estimated local production of oilseeds and oilcakes for the marketing season 2006/2007 is shown in Table 4. Information on imports is supplied in Table 4.1, whilst Tables 4.2 and 4.3 contain summaries of the available oilcake.

Soya bean production in South Africa increased from 220 000 tons during 2004/2005, to 263 000 in 2005/2006 and reached 424 000 tons in the 2006/2007 marketing season. Only a third of these beans were eventually available for crushing (141 000 tons) with 237 300 tons of beans going to full fat soya.

Cotton seed available for crushing and available as full fat remained more or less the same in 2006/2007. Other oilcakes did however show improvement from 2005/2006.

18.2.2 Imports

According to Table 4.1, the import of soya oilcake (soya beans & oilcake) showed a significant increase of almost 175 000 tons in 2006/2007 to reach an import high of 812 000 tons during this year. AFMA's members used approximately 215 000 tons more soya during this period. As described earlier, the increase in soya oilcake consumption was at the expense of sunflower and fish meal. Should AFMA's application with ITAC be successful it has the potential of an estimated saving of R150 million on import duties on soya oilcake.

The available oilcakes again increased by 221 187 tons in 2006/2007 on the back of an increase of 201 707 tons in 2005/2006.

Table 4: Local oilcake (Tons) available for marketing: 1 April 2006 – 31 March 2007 (Marketing season)

Description	Total crop 2005/06	Available for crushing	Conversion rate (seed) %	Oilcake 2006/07
Sunflower ^(1,2)	520,000	475,000	42%	199,500
Groundnut ^(1,2)	74,000	4,700	53.5%	2,515
Soya ^(1,2)	424,000	141,800	80%	113,440
- Full fat ⁽²⁾	-	237,300	80%	189,840
Cotton ⁽³⁾	19,909	65,000	50%	32,500
- Full fat ⁽⁴⁾	-	70,000	50%	35,000
Canola ^(1,2)	36,500	34,700	55%	19,085
- Full fat ⁽⁴⁾	-	3,800	55%	2,090
Lupins – Full fat ⁽¹⁾	14,400	14,400	100%	14,400
TOTAL LOCAL OILCAKE		1,046,700		608,370

Sources:

1. National Crop Estimates Committee – 25 July 2007
2. SAGIS – Monthly reports (Jan-Dec 06; Jan-Mar 07; Oct – Sept 06)
3. Cotton SA. These figures include seed that entered the country from Swaziland as lint for processing. Crushed product also includes seed from SADC Countries (Website: www.cottonsa.org.za)
4. Full fat used for feeds according to SAGIS, Cotton SA and Cotton Seed Processors

Table 4.1: Oilcake imports (Tons): 1 April 2006 – 31 March 2007

Cake / Seed	Tons Seed + oilcake	Conversion rate	Oilcake 2006/07
Sunflower oilcake*	68,043	100%	68,043
Sunflower seed*	1,822	42%	765
Groundnut oilcake*	-	100%	-
Soya oilcake*	808,051	100%	808,051
Soya beans *	4,936	80%	3,949
Cotton oilcake*	99,617	100%	99,617
Cotton seed ^(1,2) *	79,532	50%	39,766
Other seeds *	203	50%	102
Other oilcakes *	6,863	100%	6,863
TOTAL IMPORTS	1,069,067		1,027,156
Local Production (Ex Table 4)			608,370
GRAND TOTAL – Table 4 + 4.1			1,635,525

Source:

1. Department of Customs & Excise
2. Cotton Seed Processors (Pty) Ltd
3. Cotton SA. These figures include seed that entered the country from Swaziland as lint for processing. Crushed product also includes seed from SADC Countries (Website: www.cottonsa.org.za)

Table 4.2: Summary of total oilcake available (Tons) for marketing: 1 April 2003 – 31 March 2007

Oilcake	2003/04	%	2004/05	%	2005/06	%	2006/07	%
Sunflower	360,379	31.92%	293,273	24.18%	289,264	20.45%	268,308	16.41%
Groundnut	1,766	0.16%	1,766	0.15%	1,391	0.10%	2,515	0.15%
Soya	616,596	54.61%	740,558	61.07%	849,678	60.08%	1,115,280	68.19%
Cotton	109,815	9.73%	142,541	11.75%	247,131	17.47%	206,883	12.65%
Canola	14,685	1.30%	20,570	1.70%	17,270	1.22%	21,175	1.29%
Other oilcakes*	14,181	1.26%	9,975	0.82%	5,655	0.40%	6,965	0.43%
Lupins	11,700	1.04%	4,040	0.33%	3,950	0.28%	14,400	0.88%
TOTAL	1,129,122	100.00%	1,212,723	100.00%	1,414,339	100.00%	1,635,525	100.00%

* Other oilcakes / seeds : Copra, Linseed, Rape & Palm

Table 4.3: Total oilcake availability in South Africa during 2003/2004 to 2006/2007

Oilcake	2003/04	2004/05	2005/06	2006/07	Increase/ Decrease
Sunflower	360,379	293,273	289,264	268,308	-7.24%
Groundnut	1,766	1,766	1,391	2,515	80.77%
Soya	616,596	740,558	849,678	1,115,280	31.26%
Cotton	109,815	142,541	247,131	206,883	-16.29%
Canola	14,685	20,570	17,270	21,175	22.61%
Others oilcakes	14,181	9,975	5,655	6,965	23.16%
Lupin	11,700	4,040	3,950	14,400	264.56%
Total	1,129,122	1,212,723	1,414,339	1,635,525	7.40%

18.2.3 Fish meal usage

The estimated fish meal production for 2006/2007 in South Africa is shown in Tables 5 and 8. Namibian fish meal is regarded as imported and calculated to be part of the available total, but usually all this is exported. This is normally also the case with fish meal manufactured by Russian Trawlers. The export of fish meal has become important to the SA fishing industry and exports are shown in Table 5.

During 2006/2007 local production dropped even lower than the 2005/2006 level to 75 000 tons due to the fish shortage giving way to higher fish meal prices. This gave way to a spiral of lower consumption and the scenario that more fish meal had to be exported even with these lower production volumes. Exports of SA fish meal reached 35 000 tons during 2006/2007, more than double as during the 2005/2006 period.

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Local production: RSA*	115,000	110,000	120,000	120,000	95,000	75,000
Namibia*	13,000	13,000	13,000	12,000	12,000	12,000
Sub-Total	128,000	123,000	133,000	132,000	107,000	87,000
Imports**	6,740	482	0	0	0	0
"Russian Trawlers"	15,000	15,000	15,000	12,000	11,000	10,500
Total fish meal available	149,740	138,482	148,000	144,000	118,000	97,500
Exports						
South African product	8,000	12,000	17,000	16,000	16,000	35,000
Namibian product	12,740	12,740	12,740	11,760	11,760	11,760
Russian trawler product	15,000	15,000	15,000	12,000	11,000	10,500
TOTAL AVAILABLE IN SA & NAMIBIA	126,740	111,482	116,000	116,000	91,000	40,240
* Estimate by Fish Meal Marketing Company, Oceana Afriproducts (Pty) Ltd, UFE & NAMSOV						
** Customs & Excise						
*** All the Russian trawler meal and some local fish meal has been exported						

18.2.4 Maize

The availability of maize from 2000/01 to 2006/2007 is shown in Table 6. As is the case with all raw materials in this report, opening and closing stocks have not been taken into account because they normally cancel each other out.

In the case of maize it is estimated (26 July 2007) that we will be having the lowest harvest in 7 years, especially in yellow maize implying that between 1 and 1.5 million tons of yellow maize need to be imported.

The marketing season of 2005/2006 was closed with a carry-over of approximately 3.1 million tons of maize. According to Grain SA (26/7/2007) the carry-over stocks for 2006/2007 were 2 million tons. It is estimated that 1.063 million tons of stocks will be carried over at the end of April 2007. Further estimates show that approximately 2.55 million hectare will be planted during the 2007/2008 marketing season compared to last season's 1.6 million hectare and a crop of 6.9 million tons is expected.

Local	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
White ⁽¹⁾	6,154,500	4,109,790	5,537,480	6,365,550	5,805,000	6,540,700	4,398,000
Yellow ⁽¹⁾	3,986,440	3,115,350	4,194,350	3,025,900	3,677,000	4,909,300	2,309,000
Developing Agriculture: ⁽¹⁾							
White maize	296,820	189,299	245,119	221,097	170,890	202,755	0
Yellow maize	125,041	68,835	72,015	64,958	57,180	63,193	0
Imports ⁽²⁾	0	395,000	925,000	441,000	219,000	360,000	930,000
TOTAL	10,562,801	7,878,274	10,973,964	10,118,505	9,929,070	12,075,948	7,637,000
Exports ⁽²⁾	1,423,000	1,281,000	1,070,000	1,185,000	832,000	2,241,000	545,000
Source:							
1. Crop Estimate Committee (CEC) (25/07/2007)							
2. SAGIS (23/05/2007)							
3. Customs and Excise (Imports & Exports Stats)							

18.3 Estimated raw material availability: 1 April 2007 – 31 March 2008

18.3.1 Oilcakes

Table 7 shows details of the estimated availability from local production, requirements and possible imports for the 2007/2008 season.

Table 7: Estimated availability of oilcakes (Tons): 1 April 2007 – 31 March 2008				
Oilseeds	2006/07 Crop estimated	Available for crushing	Conversion rate (Seed)*	Equivalent oilcake
LOCAL PRODUCTION ⁽¹⁾				
Sunflower	309,000	425,000	42.00%	178,500
Soya ⁽³⁾	205,850	340,000	80.00%	272,000
Groundnut ⁽⁵⁾	50,360	3,100	53.50%	1,659
Cotton seed ⁽⁴⁾	19,909	65,000	50.00%	32,500
Canola (Raapsaad) ⁽²⁾	32,000	26,000	55.00%	14,300
Lupins ⁽²⁾	10,000	9,800	100%	9,800
ESTIMATED LOCAL PRODUCTION				508,759
Total Estimated Requirements				1,500,000
IMPORT REQUIREMENT				991,242
Sources:				
1. Crop Estimates Committee - 28 August 2007. (Final Est.) - Available minus for human consumption and held back for seed.				
2. Crop Estimates Committee - Preliminary area estimate (28 August 2007). (Final Est.).				
3. Crop Estimates Committee - 28 August 2007. (Final Est), Available minus 10 000 tonnes for seed and local use. (GSA – 26 Jul 2007).				
4. Cotton SA estimate (20/07/2007).				
5. Total available minus 22 000 tonnes for Peanut butter, 33 000 tonnes for the human market and 2 000 tonnes for seed.				
6. Protein Research Foundation				

18.3.2 Fish meal

The estimated fish meal production in South Africa, the total requirement and the potential imports and exports are shown in Table 8.

Table 8: Estimated fishmeal production, requirement and import (Tons) - 2007/2008	
SA requirement	40,000
Export	65,000
Total requirement	105,000
Local Production: (RSA)	105,000
Shortage	-
Import requirement*	-
Source:	
SA Fish Meal Marketing Company & Oceana Agriproducts (Pty) Ltd	
* Imports from Namibia and elsewhere	

18.3.3 Maize

The estimated crop available for sale during the period 1 April 2006 to 31 March 2007 is shown in Table 9.

Local maize crop estimate	Ton
- All producers	
White maize	4,398,000
Yellow maize	2,309,000
TOTAL CROP	6,707,000

Source:
1. National Crop Estimates Committee – (25 July 2007)
2. The above include production for commercial purposes and Traditional production.

18.3.4 Sorghum

According to the Grain SA Estimate of 26 July 2007 the expected production for 2006/2007 will be 107 800 tons. The calculated final crop for 2005/2006 was 250 000 tons. Table 10 gives the actual usage for 2004/2005 to 2006/2007 (Grain SA) and the estimated usage for 2007/2008. After reviewing the information received on the crop estimate and local requirements, it seems a given that $\pm 40\,000$ tons of sorghum will have to be imported in 2007/2008.

	Usage 2004/05*	Usage 2005/06*	Usage 2006/07*	Estimated usage 2007/08**
Malting	102,000	102,900	95,600	97,000
Meal	76,800	87,900	86,200	88,000
Rice and grit	200	100	100	100
Animal Feed	3,000	9,000	13,000	12,000
Pet Foods	7,000	9,000	6,700	8,000
Exports***	37,600	38,200	27,800	30,000
Released to end consumers	1,400	2,100	1,900	1,800
Withdrawn by producers	6,700	3,700	3,200	3,300
TOTAL REQUIREMENT	234,700	252,900	234,500	240,200
Imports	5,000	5,000	9,900	40,000
Crop estimate (1)				160,000

Source:
* SAGIS (24/04/2007)
** Grain South Africa – 26/07/2007
*** Exports include both products and grain
(1) GSA – Estimate

19. AFMA FEED SALES: 2006/2007

During 2006/2007 feed sales increased by 5.04% to 4 687 097 tons, the highest percentage increase during the period 2001/2002 to 2005/2006. From an overall perspective (Complete feeds and Concentrates) the effect of the availability and price of maize in 2006/2007 as apposed to 2005/2006 can clearly be seen, leading to the drop in the sales of concentrates and increase in complete feed sales.

On the concentrate side, the strong presence of the pig home mixers can clearly be seen with an increase of 15.22%. Although from a low base, some concentrates showed a notable increase, while all others dropped in sales.

Table 11: Feedsales (Tons) from 2001/02 to 2006/2007 (April – March)							
Type of feed	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	% Growth
Dairy	604,761	574,754	649,817	627,739	560,449	616,644	10.03%
Beef and sheep	180,741	230,330	284,841	367,797	439,115	482,285	9.83%
Pigs	208,624	212,389	165,165	171,260	161,541	174,208	7.84%
Layers	718,000	692,106	670,475	678,589	667,417	670,486	0.46%
Broilers	1,800,973	1,921,470	1,943,709	1,999,399	2,114,156	2,247,394	6.30%
Broiler breeders	278,397	296,024	284,214	288,897	313,256	314,602	0.43%
Horses	19,544	20,684	21,495	18,230	19,463	18,504	-4.93%
Dogs (D&W)	82,776	38,258	34,805	32,785	33,269	25,063	-24.67%
Ostriches	49,383	38,288	32,341	25,291	17,700	17,382	-1.80%
Other mixtures	19,063	10,689	9,951	11,306	12,932	9,691	-25.06%
Aquaculture	1,937	1,854	1,711	3,254	3,163	5,132	62.25%
CONCENTRATES							
Pigs	10,738	10,595	9,571	13,949	15,866	18,282	15.22%
Other concentrates	3,892	6,252	8,666	495	1,566	5,066	223.42%
Beef finisher	13,647	12,197	22,166	26,540	40,056	33,618	-16.07%
Dairy + urea	26,893	16,154	21,489	20,126	25,663	21,204	-17.38%
Dairy – urea	5,759	5,112	7,762	9,342	9,025	2,339	-74.08%
Sheep finisher	3,746	4,942	10,173	7,224	9,193	14,241	54.90%
Layers	3,174	7,878	10,141	6,209	10,137	5,397	-46.76%
Broilers	5,627	3,553	2,949	3,864	4,862	2,869	-40.99%
Ostriches	122	64	26	5	0	2	
Horses	0	0	0	0	0	0	
Ruminants – other	1,261	1,100	1,073	764	3,256	2,688	-17.44%
TOTAL	4,039,058	4,104,693	4,192,540	4,313,065	4,462,088	4,687,097	
% Growth	2.53%	1.63%	2.14%	2.87%	3.46%	5.04%	
Source: AFMA STATS – Only AFMA members							

19.1 Feed sales per province: 2006/2007

Table 12 shows the feed sales of AFMA members per province. As previously mentioned, figures have in certain cases been consolidated per province or area in order not to disclose the figures of particular feed mills. During implementation of the new AFMA information system, adjustments were made to allocations where members/mills were allocated to old provincial provinces. This was corrected and the 2005/2006 was also revised for the purpose of comparison (see page 35).

It must also be kept in mind that feeds are sold over provincial and even national borders. No information on those movements is available. The market share for the various provinces changed very little compared to the previous year. The largest change in feed sales was experienced in Gauteng, with 1.57% lower sales.

Table 12: Animal feed sales per province – 1 April 2006 to 31 March 2007 (AFMA members only)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpumalanga	North West Province	Western Cape	Total
Dairy	81,156	63,935	33,293	121,990	78,582	7,770	229,919	616,645
Beef & Sheep	3,433	37,278	5,062	229,900	164,158	4,780	37,674	482,285
Pigs	8,115	9,826	18,626	41,875	40,679	3,295	51,792	174,208
Layers	14,695	30,820	244,812	93,585	70,743	50,689	165,142	670,486
Broilers	110,866	233,892	384,433	293,073	297,403	393,278	534,449	2,247,394
Broiler Breeders	13,189	39	75,535	90,872	69,876	9,606	55,485	314,602
Horses	4,070	490	12,667	249	527	29	472	18,504
Dogs	193	510	9,235	57	3,173	-	11,895	25,063
Other mixtures	296	275	3,914	1,267	1,059	-	2,880	9,691
Maize-free mixes	550	16,152	6,320	11,691	48,778	3,827	18,388	105,706
Aquaculture	-	-	1,913	34	12	-	3,172	5,131
Ostriches	61	324	108	-	349	-	16,540	17,382
TOTAL 2006/2007	236,624	393,541	795,918	884,593	775,339	473,274	1,127,808	4,687,097
Percentage of sales	5.05%	8.40%	16.98%	18.87%	16.54%	10.10%	24.06%	100%
Total previous year	223,184	357,725	827,925	829,732	745,214	409,981	1,068,327	4,462,088
Percentage of sales previous year	5.00%	8.02%	18.55%	18.60%	16.70%	9.19%	23.94%	100.00%

20. NATIONAL FEED SALES: 2006/2007

The National feed production in South Africa reflects the feed produced by both AFMA and non-AFMA members and it is based on the requirements of the livestock in the country. As the only calculation of its kind in South Africa, it is widely used by various role players in agriculture. This calculation was done in 2004 and again updated in 2006.

There was a shift in feed production between the formal industry (AFMA members) and the rest of the industry. AFMA's share of the total feed requirements decreased from 59.15% in 2004 to 58.08% in 2006. AFMA however increased its market share on the poultry side, with broilers increasing by 7.83% and layers increasing by 2.81%. Ostrich and aquaculture feed also increased by 2.05% and 4.91% respectively. We expect that the trend for the overall national feed production will remain similar to AFMA's production figures and ratios and new updates can be expected soon.

Feed type	AFMA Feeds plus feeds derived from concentrates	National feed production	AFMA feed as % of national production
Dairy	699,201	1,482,683.00	47.16%
Beef & Sheep	839,675	2,487,130.00	33.76%
Pigs	225,005	791,265.00	28.44%
Layers	768,787	856,383.00	89.77%
Broilers	2,439,567	2,554,885.00	95.49%
Dogs	33,269	325,789.00	10.21%
Horses	19,463	121,000.00	16.09%
Ostriches	17,700	64,827.00	27.30%
Aquaculture	3,163	3,254.00	97.20%
Total	5,045,830	8,687,216	58.08%

Source:
1. Dr Munro Griessel (2006)
2. Dr Erhard Briedenhann (2006)

21. CAPACITY UTILISATION

During the last couple of years various changes took place in the feed industry and more particularly amongst AFMA members. A number of new feed mills have joined AFMA, some new feed mills were built while others were closed, and various members upgraded their feed mills. In view of these changes, it was decided to conduct another capacity utilisation survey in the industry to determine the current capacity. The survey was done in July 2005 and the result was an utilisation of 75%, which is significantly less than the value of 86% that has been used in recent years. A similar survey will again be done during 2008.

22. SYMPOSIA, WORKSHOPS AND SEMINARS

22.1 Student symposia

AFMA's functions are *inter alia* to enhance the image of the feed industry and to disseminate information on the latest developments in the industry. Student symposia at the Universities are regarded as an ideal opportunity to introduce animal nutrition students to the commercial world of animal nutrition and for them to meet with representatives from industry.

Although no student symposia were held over the 2006/2007 period due to the AFMA FORUM in March 2007, constant liaison took place between AFMA and the academic institutions. There is great appreciation for this initiative by AFMA at the Universities. When hosting these symposia, students from Technikons and Agricultural Colleges are also accommodated.

The subject that enjoyed favourable attention during 2006/2007 is the planning of a workshop between Industry, academic institutions and research institutions to discuss the typical profile expected of graduates when entering the job market, as well as the factors and areas that could be identified where closer co-operation amongst the role players can be established. A very

successful workshop took place as part of a SASAS mini-conference in Bela Bela with AFMA's Chairman presenting a paper on behalf of Industry.

22.2 Workshop on feed manufacturing for "Dummies"

Again, due to the AFMA FORUM event in March 2007, the Workshop for "Dummies" was not held this year as it will only be arranged during the years when the AFMA FORUM does not take place. The workshop normally takes place in the middle of February and is well attended by associate members.

23. AFMA FORUM 2007

The 6th AFMA FORUM event took place from 13 to 16 March 2007 at Sun City and was regarded as a great success reaching new heights in attracting a record number of delegates attending as well as a larger number of exhibition stands than originally anticipated. Delegates and exhibitors were also treated to an excellent programme being planned and presented by the AFMA Congress Committee.

The official number of people attending over the duration of the conference was 389, up from ±270 in 2004. The Forum 2007 also attracted 34 companies exhibiting their products and services at the conference, while the organising committee initially only budgeted on 24 stands.

Twenty two outstanding papers, covering topics on Agro-politics, processing, raw material supply and nutrition on all relevant species that are supplied by the SA animal feed industry were presented. Seventeen of the 22 topics were presented by international speakers from across the world while the remaining papers were covered by local specialists.

The AFMA FORUM was attended by delegates from all across the globe, which included 31 from Europe, 12 from North America, 4 from Asia, 16 from African countries including Mauritius and the balance from the local animal feed industry.

The next AFMA FORUM is planned for March 2010 again at Sun City.

24. AFMA MATRIX

Sixty four issues of AFMA Matrix, the quarterly magazine of the SA feed industry, have been published since March 1992. All issues have been well received and are read worldwide in hard copy or on the AFMA website. Good proof of this is the enquiries about articles and information in the Matrix that is received regularly from all around the world.

As from the September 2006 issue the AFMA Matrix has been upgraded to align it with international industry specific magazines. This further forms part of the strategic marketing plan that AFMA has embarked on, which includes a new logo that will be seen on the front page of the June 2007 AFMA Matrix issue for the first time.

During May 2007 AFMA has liaised with well known international feed

industry magazines and agreed on publishing international articles in the AFMA Matrix in exchange for publishing AFMA articles in international magazines. AFMA's chairman also participates in writing blogs for an international animal feed website on important African feed related matters. This website has a direct link through AFMA's website.

Finally, the publication and inputs of the AFMA Matrix magazine will not be possible without the support of our sponsors, exhibitors, authors and advertisers whom I once again want to specially thank on behalf of our organisation.

25. INTERNET

25.1 E-mail

Most of AFMA's correspondence is conducted by e-mail and very little use is made of the postal services. AFMA's e-mail address is admin@afma.co.za.

25.2 Website

AFMA's website (www.afma.co.za) has become an effective communication tool for AFMA and the feed industry and we are receiving many enquiries from people and companies both locally and internationally who have visited our website. The website is increasingly being used as an information portal for the use by members and related industries on various matters. It is regularly updated with the latest information and amendments regarding legislation, regulations and guidelines and also plays an important role in conveying AFMA views and publishing documents on matters handled by AFMA and its committees.

Since June 2004 the full AFMA Matrix has been published on the website and not only selected articles. As part of the earlier mentioned new strategy and marketing plan, AFMA will also revamp its website to give it a new look and make it more user friendly. Consideration is also given to a "Log in" function to the website allowing selected access only to members to that part of the website. Typical information that could appear in this part of the website would include Salmonella and Mycotoxin analysis results/reports and statistical data on total AFMA monthly sales and raw material usage.

26. ACKNOWLEDGEMENTS

I would like to thank the Board of Directors for their support during the year and especially those that dedicated part of their little available time to the benefit of the overall feed industry. The same appreciation goes to all the members of the AFMA committees for the hard work and efforts they put in to ensure that our industry maintains a high level of credibility and image in the agricultural chain and survives the challenges we routinely face. I would also like to express my sincere thanks to the AFMA and NCM staff for the excellent work they are doing with the limited resources available.

Our appreciation goes especially to Teresa Struwig for the tremendous office support as well as to Mandy Joubert from the NCM, who is attending to our

bookkeeping function. A special thank you goes to our General Manager, De Wet Boshoff, for his dedicated work, enthusiasm and all the goals he has achieved during the year. It was a great pleasure working with him since he joined AFMA. Jannie de Villiers has again performed an excellent function for AFMA on the lobbying and trade issues. We also appreciate him sharing his network of expertise and helping to introduce our General Manager to relevant core industry committees and main stream activities of importance to AFMA.

Last, but not least, thanks to all the members and associate members for contributions made throughout the year and for your great support to AFMA.

CHAIRMAN'S REPORT FOR THE TECHNICAL AND LIAISON COMMITTEE: 2006/2007

Loutjie Dunn

The portfolio committees formed to handle the ever increasing workload of this committee are working very well. There is an improvement in the attendance of the meetings compared to last year. Only three of the elected members attended less than half of the meetings compared to seven of the previous year. The only negative part is that two of the three members not attending are the same members as the previous year and this increases the work load for the rest of the committee.

1. DoA/INDUSTRY MEETINGS

We have continued our quarterly Department of Agriculture (DoA)/Feed industry meetings where matters concerning both AFMA and the livestock industries are discussed and sometimes heavily debated. Other role-players at these meetings include SAPA, SAPPO, SA Feedlot Association, PFI, SAMIC, MPO, Renderers' and the SA Abattoir Association. Good progress was made with matters concerning Act 36 while Act 35 is a lot of frustration and almost no progress could be made in this area. We end up debating the same things every meeting (each time with a different chairman) and a strong feeling that there is a total disregard for industry's viewpoint.

Out of desperation we had a meeting with Ms Nduli – Deputy Director General (DDG) and very recently with the acting DDG (Dr Modisane). The following excerpt from a report prepared by De Wet Boshoff about the last meeting speaks for it self:

"The following reasons for the quarterly DoA / Industry meeting, not functioning as it should were identified:

1. Lack of a proper Terms of Reference.
2. Lack of a Chairperson with authority which can take the responsibility for the performance or non-performance of personnel involved in the meeting.
3. Lack of a continuation of the Chairperson (A different one every meeting).
4. Resource capacity (not enough people on the ground to do all the work).
5. Skill capacity (people not always in the position that they have been trained for).
6. The perception that Act 35 and 36 work in isolation to each other.
7. Too little communication between DoA and Industry.
8. Lack of consultation from DoA.
9. Lack of a monitoring system of projects that should have been completed and the accountability by the responsible person.
10. Lack of feedback in both directions (DoA and Industry)

The following proposals and commitments were undertaken:

1. That the current DoA / Livestock and Animal Feed Industry meeting be replaced and called the RELIC – meeting, and also include the people of AVCASA, Croplife and SAAHA.
2. That Dr Modisane facilitates, as soon as possible, the organizing of a work shop to address the Feed Ban and the Amendments to Regulations under Act 35 implemented without first publishing for the opportunity for public comment and consultation with the Industry.
3. That Dr Modisane undertakes to be the Chairperson and only in cases that he is absolutely not available, delegate it with the undertaking to monitor what has happened at the meeting and to follow-up.
4. That Dr Modisane makes a list of unresolved items since Nov'06 and comes up with a proposal how to fast tract the items.
5. That Dr Modisane put in place a system of monitoring and control of items to be done and the persons responsible therefore.
6. That veterinary health field advisory services personnel be given the authority to also inspect premises where animal feeds are manufactured.
7. That the RELIC-meeting still have the channel to report to the CEO FORUM if no progress are made on issues addressed at the meeting.
8. That Dr Modisane consider as a matter of urgency the repealing of the bloodmeal ban regulation under Act 35 published July 06, 2007.

Since this last meeting Dr Modisane did already addressed some of these issues and I feel positive that progress will now be possible.

1.1 BSE status

The OIE took over the function of GBR categorisation from the EU.

A consultant for the DoA (Dr Löwe) is in the process of completing a OIE questionnaire. The DoA will consult with industry before finalisation of the questionnaire. The DoA many times stressed the point that evidence of the implementation of an effective feed ban is detrimental in the outcome of SA's BSE status evaluation by the OIE. Industry raised its concerns about the wording of the feed ban that allows the use of Bone meal and as such made it impossible to prove that an effective feed ban is in place. Act 36 did start to analyse some feed samples from different feed mills at random for the presence of prohibited material.

The DoA made it clear that they are not going to try and get a BSE free rating for SA, but only a better rating or an undetermined rating. It is our view from industry that the DoA is taking this route because of the insufficient and wrong wording of the feed ban regulation of Act 35.

1.2 Feed ban regulation and enforcement

The OIE require auditing and monitoring of feeds to prove the implementation of an effective feed ban. Act 36 has put together a protocol in this regard and all the comments and suggestions from industry were taken into account. The protocol allows for the testing of all feeds, registered or not, and testing is in progress.

Publication of the feed ban regulation on 25 May 2001 starts a very long process of debate and frustration in order to try and rectify the wording of the regulation. Our only progress in this regard is that the DoA at last agree that the wording is wrong. Numerous suggestions from industry were rejected up to now and a new regulation was published on 6 July 2007. No consultation with industry took place before this publication and we are supporting the rest of the industries (Renderers, PFI, etc) in taking legal action against the DoA, in order to try and change the wording of this regulation.

Meat and bone meal from the UK and Hungary was imported. The PFI brought this to the attention of the DoA (Act 35) and we are waiting for an answer on how this was possible as well as what is going to happen to the confiscated product to prevent it from entering our market.

1.3 BSE protocol

The BSE protocol will set the rules for feed mills that want to, or need to handle products prohibited by the Feed Ban Regulation and AFMA must submit this protocol to the DoA. See point 2 of this report.

1.4 BSE surveillance data

The surveillance process is continuing successfully except for the required number of samples with regard to high risk cases which are not met. The OIE required the following number of samples to be taken within a period of 7 years:

- 0 – 1 years of age = 30 million
- 2 – 4 years of age = 3 million
- 4 – 7 years of age = 1.5 million
- 7 – 9 years of age = 3 million
- Older than 9 years = 300 000

This number can not be correct for SA and although this is calculated according to a formula supplied by the OIE, the DoA was requested to challenge the correctness of this number for SA.

1.5 ACT 36 project

- **MILL REGISTRATION VS PRODUCT REGISTRATION**

The new Animal Feed Policy allow for mill registration in stead of product registration.

- **FINALISATION OF THE REGULATIONS**

The new regulations were finalised and published including all of the inputs from industry.

- **DATABASE OF REGISTRATION HOLDERS**

This is the only Act 36 aspect with progress that is not acceptable. The first database failed the test and the whole process need to be redone.

- **POLICY DOCUMENT**

After a workshop on the Animal Feed Policy a workgroup was put together

to finalise some important aspects. The policy was finalised addressing all the relevant industry issues and provision was made for mill registration in stead of product registration. We are now waiting for the publication of the final document.

1.6 Guidelines for feed additives (stock remedies)

Due to problems registering new products in this category this was brought to the agenda of the DoA meeting. The urgency of the matter and slow response lead to this matter also being taken up in the CEO Forum. The CEO Forum ordered the RELIC meeting to handle it as a matter of urgency.

2. BSE PROTOCOL

The BSE protocol was re-written taking into account the OIE guidelines on BSE in co-operation with the DoA (Act 36) and will be submitted before the next RELIC meeting. The difficulty to get clarity on the correct wording for the feed ban regulation delayed the writing process.

3. SALMONELLA

The Code of Practice for salmonella is available on AFMA's website.

The Salmonella database is up and running. Members are urged to keep on sending the salmonella information to AFMA as part of the monthly production data. This is now being incorporated into the larger AFMA information system which will be evaluated on a six monthly basis and all participants will be informed about the observed trends.

A list of accredited laboratories and methods are available on our website.

4. AFMA CODE OF CONDUCT

A draft code of conduct for AFMA members will be made available to the Board of Directors at the Annual General meeting.

5. ANTIMICROBIAL GROWTH PROMOTORS (AGP's)

An AFMA viewpoint on AGP's was completed and is available on the website.

6. CONTACT WITH ACADEMIC INSTITUTIONS

AFMA and other industry representatives attended a SASAS mini congress on 25 July 2007. Good progress is made in working closer together and there is a more positive feeling. We will need to keep this up with good support in the near future to assist in the re-building of our brains trust.

7. GMP AS NATIONAL STANDARD

Mr Louis Coetzee (SANS) responsible for writing the GMP as a national standard retired. This cause some delay in the progress that was made. A new person will be trained to take over from Mr Coetzee and SANS indicated that the next meeting will be scheduled for October 2007.

8. MYCOTOXINS

The mycotoxin database is up and running – similar to the Salmonella database.

There is still a need for a national mycotoxin database and AFMA assisted in a launch meeting getting all relevant parties together. A follow up meeting will be held very soon. At this meeting a convenor (champion) will be elected and a list of accredited laboratories and methods will be compiled.

9. SAMPLE PREPARATION AND TEST METHODS

Sample preparation and analytical test methods are continuously scrutinised and it was decided to draft a document that will set standards for the whole feed industry. Official standardised procedures will certainly help the industry as reference in handling disputes with clients and suppliers on analysis obtained through unacceptable sampling procedures or from non-accredited laboratories and analytical methods.

A sampling protocol document was finalised by Dr Pieter Henning. This document is available on our website. We urge our members to use this document as reference to compile in-house sampling procedures.

Agrilasa did finalise a guideline with acceptable methods of analysis. This is available on CD and member's laboratories are requested to evaluate the methods and give feedback to AFMA.

10. AFMA SYMPOSIUM

Program finalised to take place 10 October 2007.

11. TRANSPORT OF ANIMAL FEED AND FEED INGREDIENTS

A draft protocol for the assessment of transport contractors will be distributed for comments before 20 August 2007.

12. DIOXIN AND PCB CONTAMINATION

This is a new project. The first attempt was to put down maximum acceptable levels, but that changed to proposals for the prevention of Dioxin and PCB contamination in the local animal feed industry. The proposal was distributed for comments and finalisation should be reached at the next technical meeting.

13. PESTICIDES

The risk of pesticide contamination of feed ingredients is under estimated. A presentation from Paul Drew (Epol) outlining the risk and acceptable levels is available at AFMA's offices.

I would like to thank all the members of the Technical Committee for their contributions over the past year. A special word of thanks to all the portfolio convenors, with your inputs we have achieved a lot and there are a number of important aspects that have reached the stage where it can be published on our website. There were also valuable inputs from members that were not officially nominated to serve on this committee and it must be their passion for the business that drives them to spend their precious time with us.

A special THANK YOU to De Wet Boshoff for his support and contributions on many aspects during the year.

[Refer to **19.1 Feed sales per province: 2006/2007** (page 24)].

Table 12: Animal feed sales per province – 1 April 2005 to 31 March 2006 (AFMA members only)

	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Mpumalanga	North West Province	Western Cape	Total
Dairy	86,996	63,399	21,687	99,795	85,639	6,421	196,512	560,449
Beef & Sheep	10,367	44,610	3,825	208,592	139,661	3,985	28,075	439,115
Pigs	6,738	8,611	16,901	42,476	38,094	1,212	47,509	161,541
Layers	9,184	36,526	238,324	87,338	68,956	62,116	164,973	667,417
Broilers	94,228	179,144	428,133	289,855	283,630	315,269	523,897	2,114,156
Broiler Breeders	10,170	-	77,077	88,945	62,951	15,458	58,655	313,256
Horses	4,072	741	12,754	278	781	68	769	19,463
Dogs	219	357	11,231	49	8,166	-	13,247	33,269
Other mixtures	139	405	4,706	2,066	3,275	-	2,341	12,932
Maize-free mixes	810	23,389	12,295	10,277	53,639	5,452	13,765	119,627
Aquaculture	-	-	961	59	28	-	2,115	3,163
Ostriches	261	543	31	2	394	-	16,469	17,700
TOTAL 2005/2006	223,184	357,725	827,925	829,732	745,214	409,981	1,068,327	4,462,088
Percentage of sales	5.00%	8.02%	18.55%	18.60%	16.70%	9.19%	23.94%	100%
Total previous year	233,012	332,863	1,082,002	761,623	477,300	358,829	1,067,436	4,313,065
Percentage of sales previous year	5.40%	7.72%	25.09%	17.66%	11.07%	8.32%	24.75%	100.00%

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ERRATUM: Table 7 and 8 on page 22 of the Chairman's Report 2006/2007

18.3.1 Oilcakes

Table 7 shows details of the estimated availability from local production, requirements and possible imports for the 2007/2008 season.

Table 7: Estimated availability of oilcakes (Tons): 1 April 2007 – 31 March 2008				
Oilseeds	2006/07 Crop estimated	Available for crushing	Conversion rate (Seed)*	Equivalent oilcake
LOCAL PRODUCTION ⁽¹⁾				
Sunflower	309,000	425,000	42.00%	178,500
Soya ⁽³⁾	205,850	340,000	80.00%	272,000
Groundnut ⁽⁵⁾	50,360	3,100	53.50%	1,659
Cotton seed ⁽⁴⁾	19,909	65,000	50.00%	32,500
Canola (Raapsaad) ⁽²⁾	32,000	26,000	55.00%	14,300
Lupins ⁽²⁾	10,000	9,800	100%	9,800
ESTIMATED LOCAL PRODUCTION				508,759
Total Estimated Requirements				1,500,000
IMPORT REQUIREMENT				991,242
Sources:				
1. Crop Estimates Committee - 28 August 2007. (Final Est.) - Available minus for human consumption and held back for seed.				
2. Crop Estimates Committee - Preliminary area estimate (28 August 2007). (Final Est.).				
3. Crop Estimates Committee - 28 August 2007. (Final Est), Available minus 10 000 tonnes for seed and local use. (GSA – 26 Jul 2007).				
4. Cotton SA estimate (20/07/2007).				
5. Total available minus 22 000 tonnes for Peanut butter, 33 000 tonnes for the human market and 2 000 tonnes for seed.				
6. Protein Research Foundation				

18.3.2 Fish meal

The estimated fish meal production in South Africa, the total requirement and the potential imports and exports are shown in Table 8.

Table 8: Estimated fishmeal production, requirement and import (Tons) - 2007/2008	
SA requirement	40,000
Export	65,000
Total requirement	105,000
Local Production: (RSA)	105,000
Shortage	-
Import requirement*	-
Source:	
SA Fish Meal Marketing Company & Oceana Agriproducts (Pty) Ltd	
* Imports from Namibia and elsewhere	