THE SOUTH AFRICAN RED MEAT INDUSTRY

KZN-RPO/NWGA ROADSHOWS
5 - 9 FEBRUARY 2018

MR JAMES FABER
1ST VICE CHAIRMAN - NATIONAL RPO
## Balance Sheet in the South African Beef Sector on Producer Level

<table>
<thead>
<tr>
<th>Year</th>
<th>Beef Slaughtering</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,294,241</td>
</tr>
<tr>
<td>2013</td>
<td>2,463,198</td>
</tr>
<tr>
<td>2014</td>
<td>2,706,946</td>
</tr>
<tr>
<td>2015</td>
<td>2,898,356</td>
</tr>
<tr>
<td>2016</td>
<td>2,977,804</td>
</tr>
</tbody>
</table>

### Formal Sector / Annual Turnover

<table>
<thead>
<tr>
<th>Product</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef</td>
<td>R44 Billion</td>
</tr>
<tr>
<td>Offal</td>
<td>R1 Billion</td>
</tr>
<tr>
<td>Hides</td>
<td>R1 Billion</td>
</tr>
</tbody>
</table>

### Informal Sector / Annual Turnover

<table>
<thead>
<tr>
<th>Product</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beef / offal &amp; hides</td>
<td>R14 Billion</td>
</tr>
</tbody>
</table>

**Total:** R60 Billion per annum

Beef producer prices are now 24% higher than a year ago (Dec 2016 / Dec 2017)

Weaner producer prices are now 65% higher

- **Beef exports for 2016**: 38,173 Tons
- **Beef and hide exports for 2016**: R3.3 Billion
## BALANCE SHEET IN THE SOUTH AFRICAN SHEEP SECTOR ON PRODUCER LEVEL

<table>
<thead>
<tr>
<th>SHEEP</th>
<th>SLAUGHTERING</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>5 215 000</td>
</tr>
<tr>
<td>2017</td>
<td>104 300 Ton</td>
</tr>
</tbody>
</table>

### TURNOVER IN FORMAL INDUSTRY

<table>
<thead>
<tr>
<th>Product</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheep Meat</td>
<td>R9 Billion</td>
</tr>
<tr>
<td>Offal</td>
<td>R300 Million</td>
</tr>
<tr>
<td>Skins</td>
<td>R400 Million</td>
</tr>
</tbody>
</table>

### TURNOVER IN INFORMAL SECTOR

<table>
<thead>
<tr>
<th>Description</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Turnover in informal industry</td>
<td>R3,8 Billion</td>
</tr>
</tbody>
</table>

## Total Turnover: R13,5 Billion

Producer Prices and 31% up on 2016 prices (Dec 2016 – Dec 2017)

<table>
<thead>
<tr>
<th>Sheep Meat Exports</th>
<th>1300 ton worth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R405 Million</td>
</tr>
</tbody>
</table>
**BALANCE SHEET IN THE SOUTH AFRICAN GOAT SECTOR ON PRODUCER LEVEL**

<table>
<thead>
<tr>
<th>GOAT</th>
<th>SLAUGHTERING / LIVE SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2 450 000</td>
</tr>
</tbody>
</table>

Total turnover: R4,4 Billion

- Total annual turnover of the South African Red Meat Industry on producer level R77,9 Billion per annum
### BASIS OF SOUTH AFRICAN PRODUCTION / ESTIMATED LIVESTOCK NUMBERS

<table>
<thead>
<tr>
<th>OWNED BY</th>
<th>ALL</th>
<th>EMERGING</th>
<th>PERCENTAGE OWNED BY EMERGING SECTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle</td>
<td>13.6 Million</td>
<td>5.7 Million</td>
<td>42 %</td>
</tr>
<tr>
<td>Sheep</td>
<td>24.6 Million</td>
<td>3.1 Million</td>
<td>13 %</td>
</tr>
<tr>
<td>Goats</td>
<td>5.9 Million</td>
<td>4.3 Million</td>
<td>73 %</td>
</tr>
</tbody>
</table>
WE HAVE A COMPETITIVE INDUSTRY

Export of red meat to 42 countries - we need to target the € euros, £ pounds and ¥ yen
WE HAVE A WELL STRUCTURED INDUSTRY

VALUE CHAIN APPROACH

- Red Meat Producers’ Organisation (RPO)
- National Emergent Red Meat Producers’ Organisation (NERPO)
- South African Feedlot Association (SAFA)
- Association of Meat Importers and Exporters (AMIE)
- Gauteng Meat Traders Employees Union (GMTEU)
- National Federation of Meat Traders (NMFT)
- Red Meat Abattoir Association (RMAA)
- South African Federation of Livestock Auctioneers (SAFLA)
- South African Meat Processors Association (SAMPA)
- South African National Consumers Union (SANCU)
- South African Pork Producers Organisation (SAPPO)
- South African Skins, Hides and Leather Council (SHALC)

A single vision to take a desired future position!
WE HAVE STRATEGIC INTERVENTIONS WITH THE STATUTORY LEVY / ANNUM

<table>
<thead>
<tr>
<th>Functions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Assurance</td>
<td>R3,527,134</td>
</tr>
<tr>
<td>Industry Liaison</td>
<td>R2,580,701</td>
</tr>
<tr>
<td>Consumer Education</td>
<td>R9,047,619</td>
</tr>
<tr>
<td>Production Development</td>
<td>R5,118,661</td>
</tr>
<tr>
<td>Dev of Dev Sector</td>
<td>R8,218,931</td>
</tr>
<tr>
<td>Research</td>
<td>R5,158,561</td>
</tr>
<tr>
<td>Compliance</td>
<td>R3,946,221</td>
</tr>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td><strong>R37,597,828</strong></td>
</tr>
</tbody>
</table>
WE HAVE

National Animal Health Forum & 9 Provincial Animal Health Forums

• Brucellosis Eradication Scheme
• PPR
WE HAVE

- **Livestock genetic resources**
  - Cattle breeds: Indigenous – 9

- **Other** – 25 (BEEF BREEDING IN SOUTH AFRICA, 2nd Edition, 2010)
  - Sheep breeds: Indigenous – 12 (Snyman & Herselmann, 2011)

- **Other** – 12 (S Afr J Anim Sci, 1999)

- **Large gene pool opportunity for adaptable livestock**
WE HAVE

A FOOT AND MOUTH DISEASE FREE ZONE

- R6 Billion per annum benefit
WE HAVE

Veterinary Strategy
WE HAVE

ONDERSTEOORT BIOLOGICAL PRODUCTS:

A STRATEGIC PARTNER

- Develop essential vaccines
- Unique vaccines for South African animal disease
- Future – road ahead?
WE HAVE

SAMIC – Classification System

- Classification is a pillar in the industry
WE HAVE

A 40 % ad valorum tariff

Estimates of support to agriculture (PSE) in selected non-OECD and OECD countries (2010)

Source: OECD, Agricultural Policy Monitoring and Evaluation, 2011
WE HAVE

CODES OF CONDUCT

• Animal

• Natural Resources

• Farm Labourers
WE HAVE

CONSUMER EDUCATION PROGRAMMES

SHEEP MEAT

WWW.COOKINGWITHLAMB.CO

BEEF

WWW.BEEFTALK.CO.ZA
WE HAVE

PRODUCER COMMUNICATION

Red Meat magazine

Social media

www.rpo.co.za

Electronic newsletter
WE HAVE

PRODUCER MANUALS
WE HAVE

RED MEAT RESEARCH AND DEVELOPMENT S.A.

Strategic Plan with Focus Areas:

• Sustainable natural resource utilisation
• Livestock production with global competitiveness
• Animal health and welfare
• Animal products - quality and safety, nutritional value and preference
• The economics of red meat consumption and production in South Africa
• Predation Management
• Livestock theft prevention
• R10 Million per annum
• 62 running projects
WE HAVE

PROGRAMMES UNLOCKING THE POTENTIAL OF RED MEAT COMMERCIALISATION, TECHNOLOGY TRANSFER AND TRAINING

• Technology transfer and training / extension
• Mentorships
• Enterprise development
WE HAVE

STRATEGIC PLAN BASED ON 4 PILLARS

• Steady market access and marketing opportunities for farmers’ products;

• Building strategic partnerships and relationships to positively impact the total value chain;

• Inclusivity and transformation of the red meat industry;

• Pro-active management of animal health and expansion of functions such as research and development, production development, training and technology transfer
WE NEED

Livestock Identification and Traceability System S.A. (LITSA)

- A PPP between industry and Government
WE NEED

PREDATION MANAGEMENT

• **Cost of predation**
  R2.6 billion per annum in small stock, beef and wildlife industry?
WE NEED

STOCK THEFT PREVENTION

• R900 million loss per annum
• Animal ID / Brands / alternative methods of identification
• 9 Provincial Stock Theft Forums

WWW.STOCKTHEFTPREVENT.CO.ZA
WE NEED

SUSTAINABLE NATURAL RESOURCE UTILISATION

• Protection of the Environment
  – Erosion prevention
  – Reclaim eroded and polluted resource
  – Water resources and quality
  – Strategy on global warming
WE NEED

ANIMAL WELFARE

• The average city dweller’s interaction with an animal is with their pet - they expect farmers to deal with livestock in the same way
• Codes of Best Practice
The demand for South African red meat is growing nationally and internationally

We must protect the Foot and Mouth Disease Free Zone at all costs

The emerging sector is playing a major role in the supply chain but this must be further developed

1,2 households owns livestock which play a major role in food and income security

We are internationally competitive and can play a major role in growing the GDP and job creation

Producers are now realising more than 45 % of the consumer rand

Beef price 24 %  Lamb price 31 %  Weaner price 65 %
RPO VISION

ENSURING THE COMPETITIVENESS AND SUSTAINABILITY OF THE RED MEAT INDUSTRY, IN WHICH RED MEAT PRODUCERS ARE EMPOWERED TO COMPETITIVELY AND SUSTAINABLY PRODUCE AND UNLOCK VALUE

THANK YOU !!