

NATIONAL CHAMBER OF MILLING (INC)

***CHAIRMAN'S REPORT
ANNUAL GENERAL MEETING: 12 MARCH 2010***

Honored Guests, Ladies and Gentlemen

1. INTRODUCTION

During the past three years our Chamber had to face a number of challenges resulting in our perseverance and dedication being well tested on various fronts.

I refer firstly to the food price crisis of 2007/2008 which in itself was a serious wake up call for economists, policy makers and the food industry around the world. It quickly elevated issues relating to food security and self-sufficiency to the top of many of our agendas. This "interruption" was promptly followed by the global economic recession, the after-effects of which continue to linger on.

In 2009 South Africa also completed another successful democratic election which unfortunately resulted in several unexpected internal administrative disruption in Government. Our Chamber remained well positioned to live up to its role as leader within the broader agricultural industry and quickly stepped up to this challenge.

Investigations by the Competition Authorities into the activities of our industry and others will leave an indelible mark, but it is required that we address these issues also with the diligence and responsibility expected of us. The Chamber reconfirms its commitment to upholding the requirements of our regulatory system and pledges its support to all in working towards this common goal.

I must unfortunately also confirm the recent resignation of one of our founder members: Premier Foods. The Chamber will be poorer without the contributions from such a prominent stakeholder. Our members can expect that, given the challenges referred to, the Chamber, its staff and members, will use it as an opportunity to re-evaluate all our activities and priorities in support of our industry.

Whilst all of South Africa is focusing on the 2010 World Cup Soccer event, we need to ensure that during 2010, through your thought leadership and dedicated contribution, we reconfirm the leadership position of the National Chamber of Milling and its critical role in support of our industry and country.

2. MAJOR ISSUES

Instead of the usual feedback report on the different focus areas of the Chamber, I would like to highlight only two of the major issues ahead of us that we have to keep in mind amidst the current circumstances.

2.1 Entrenching our institutional capacity

The United Nations Development Programme defined capacity as *'the ability of individuals, institutions and societies to perform functions, solve problems and set and achieve objectives in a sustainable manner.'*

In addition the Declaration following the Food and Agriculture Organizations' World Summit on Food Security repeatedly refers to capacity building, including a commitment to *'strengthen the capacity of farmers and the capacity of farmers' organizations.'* I assume, and I take the liberty to state this is not just true for farmers, but also applicable to food processors like us. Capacity building is also included in the list of objectives for the new Green Climate Fund announced by the Copenhagen Accord following the summit by the Heads of State on Climate Change late last year.

A previous employee of the Chamber, Hilton Zunckel, told us recently that most of his current work as a consultant is related to the establishment of institutional capacity in African countries – work which is funded by the Developed World. This is their suggested solution for African economies to grow and to assist in resolving the world's food security problems. I would think that we need to learn a lesson from this!

The National Chamber of Milling will be 75 years in 2011. During these years the Chamber faced change several times, with the focus areas as well as the way in which we worked having to be adjusted to remain modernized and relevant. The one thing, however, that did not change, was the viewpoint that we need an organization that can attend to, and address the collective needs and concerns of the industry and its members.

Through its mandated leadership role over the past twenty years the Chamber has assisted in facilitating an improved value chain for all role players, but I wish to go further in proposing that it also contributed to the current foundation of a food secured South Africa. This, given the fact that South Africa is not the best agronomical endowed country. Ladies and Gentlemen, this does not happen overnight – it is rather the outcome of good policy guidelines, hard work and sound

and trust worthy institutional capacity.

The Chamber further also accepted that it can only function effectively within a broader and supportive framework. To this end it took up the challenge to commit to building capacity through coaching and assistance. Day in and day out, month after month, the staff spent time providing support to policy makers in government, research institutes, journalists, trade unionists, consumers, members and farmers. We should be proud of these achievements. Doing the right things at the right time and in the right way is what makes this organization the benchmark in the agricultural processing sector not just in South Africa, but even internationally!

The competitiveness of a nation and, in our case more pertinently also the level of food security, rests upon the institutional capacity of every economy. I am convinced that I'll find support in this notion and therefore I challenge you to assist the Chamber to remain focused on the tasks at hand. Let us celebrate our successes to date, let us take up the challenge to be a proud and responsible citizen and let us build towards a better South Africa.

We have 73 years of joint experience and capacity in the staff of the Chamber that we need to guide and support to allow them to keep on achieving goals beyond the need of only our association.

2.2 Food security

We are currently expecting a record maize crop in South Africa and therefore one finds it hard to keep food security as a key priority and a major focus area. But our responsibility goes beyond one season and therefore we need to keep looking ahead strategically. We need to do this given our vested interest in the value chain, but also given our responsibility towards the consumers of our products.

The predicted outcomes of climate change and issues around energy cost and scarcity are enough input to trigger our strategic minds in realizing that we need to pay close attention to it. Therefore we need to highlight this topic on our agenda.

We need to keep on encouraging Government to invest in infrastructure and to assist us in maintaining our food secured status. With infrastructure I refer to physical needs such as rail, harbour and roads, but I wish to add technology and research to the list.

It is positive to note that through our collective commitment the

Winter Cereal Trust was able to record a levy collection rate of 98,2% over the past three years. The income from this levy is used to fund the **South African Grain Information Service**, a leading model in the world on agricultural information. It is not just African countries visiting us to enquire how we do it, but also Developed Countries like Australia. The mere fact that SAGIS's name gets mentioned each year by the **International Grains Council** provides recognition for the benchmark for reference from across the world.

Furthermore, the *Southern African Grain Laboratory* won 4 international awards over the past 6 years for the most accurate laboratory in analytical services.

The **Maize Trust** funded the training of Black farmers and assisted 585 farmers to gain access to production loans over the past 3 years. Collectively they produced more than 30 000 tons of maize.

We reported to you in the past that through our intervention and contribution we have improved the crop estimate result considerably. A recent follow up census confirmed the area estimates to be 98.2% accurate.

You might ask what all these actions have to do with food security. The point being that addressing an issue of such gravity can only result in success through collective effort. Furthermore, such effort must be coordinated and sustained and yes – it must be continuously evaluated, adjusted and managed as we progress to ensure that we continue to build on the good and worthy.

3. CONCLUSION

It was my privilege the past three years to serve as Chairperson of the Chamber. It is the end of my tenure as Chairperson, but I shall remain a member of the Board.

I would like to especially thank Thabi Segole, the Vice Chairperson for his support and leadership this past year, given that we had to meet with Jannie on a number of occasions to deal with the issues at hand.

To the other members of the Board and our Committee members, thank you for making this Chamber a benchmark in the agricultural sector.

I also have a message to our staff in Centurion: *'Thank you for your contribution, dedication and excellence in carrying out our mandate. We are proud of you!'*

Finally, allow me a word of appreciation to the staff of Premier Foods that formed part of our family the past 74 years.

Thank you very much.

TERTIUS CARSTENS

Chairperson

12 March 2010