



**SOUTHERN AFRICAN POULTRY ASSOCIATION**  
**SUIDER-AFRIKAANSE PLUIMVEEVERENIGING**

Founded 1904 / Gestig 1904

## **REPORT OF THE MANAGEMENT COMMITTEE**

### **CHAIRMAN'S REPORT**

**2010**

**PRESENTED BY MARIUS GERICKE**

**AT THE 105<sup>TH</sup> SAPA CONGRESS  
HELD ON TUESDAY, 31 MAY 2011  
HOSTED AT EMPERORS PALACE, GAUTENG**

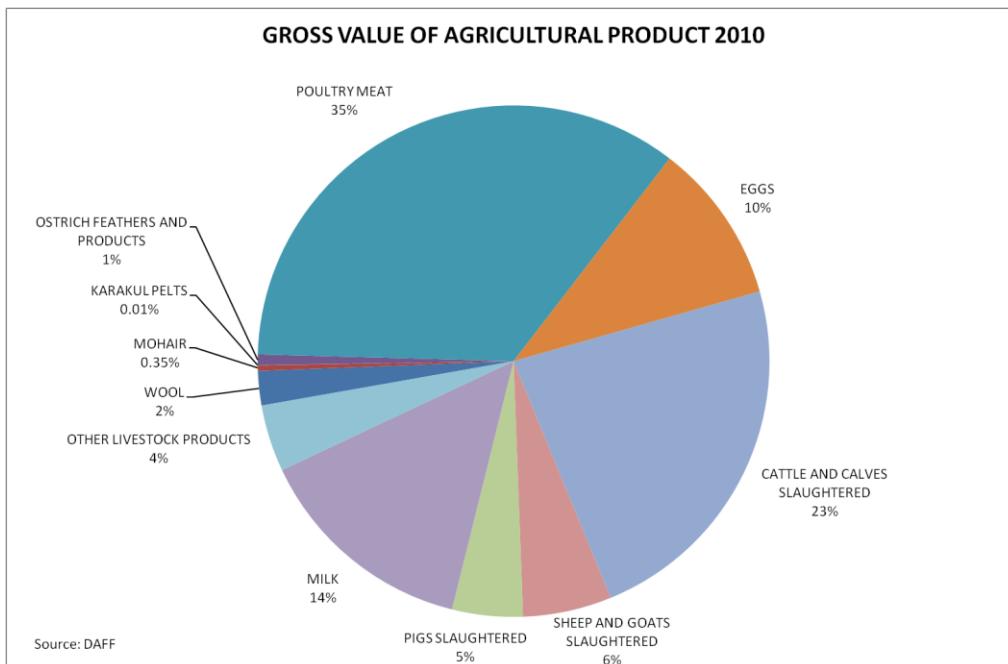


**INTRODUCTION**

The poultry industry has experienced a challenging business environment. Over the past few years, some respite was shown in that companies showed an improvement in their financial results. Government has indicated that they want to create five million jobs over the next 10 years and as welcome as this announcement is, one hopes that it will be real job creation and not job creation through legislation. If this could be achieved on a sustainable basis, it bodes well for the industry, as poultry and eggs are still the most affordable protein source for the majority of the population. The year also saw very negative publicity relating to the poultry industry with regard to poultry reworking and brining, and one would have wished that the media reporting could have been based on facts rather than sensationalism to boost their sales.

**STATE OF THE INDUSTRY**

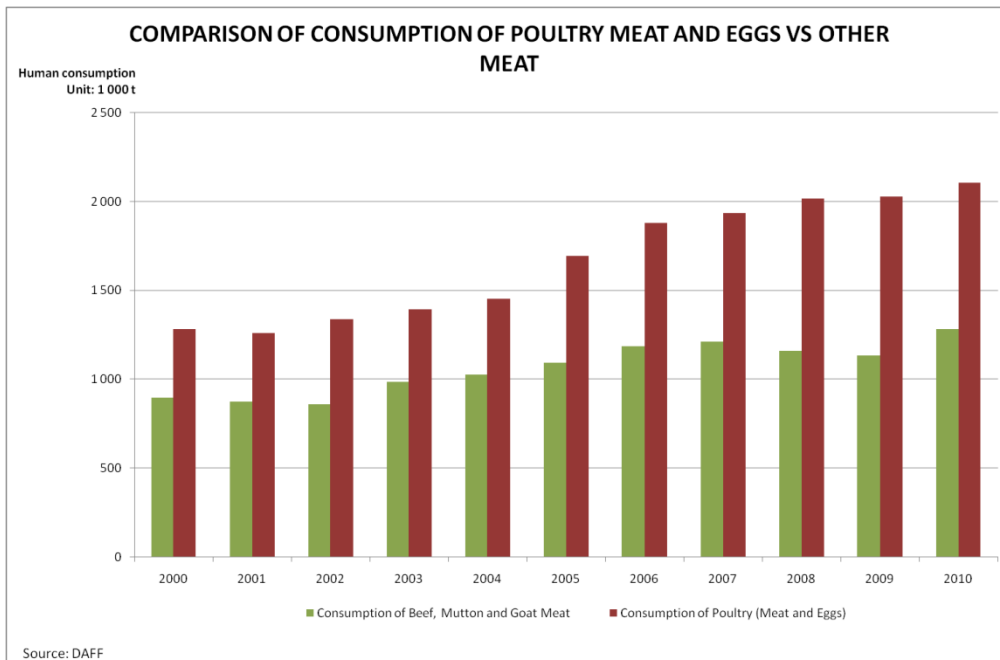
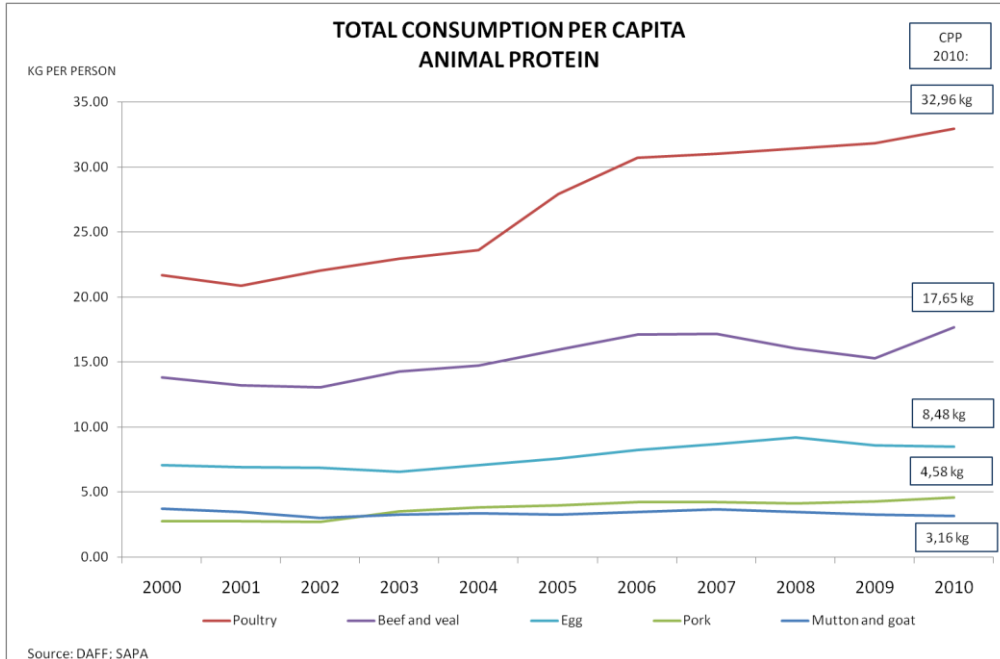
The gross farm income from poultry meat for the period 2010 (as recorded by the Department of Agriculture, Fisheries and Forestry [DAFF]) was R22,940 billion and from eggs R6,658 billion. Combined, the gross poultry farm income for 2010 was R29,598 billion. As producers, we are the largest segment of South African agriculture at 23% of all agricultural production, in comparison with the 24% in 2009 and 45% of all animal products in South Africa, in Rand terms, in comparison with the 48% in 2009. The cattle and calves industry was the second largest at 11,6% of agricultural production and 23% of animal protein.



The poultry industry can continue to claim to feed the nation. More poultry products are being consumed annually than all other animal-protein sources combined. The per-capita consumption of poultry meat in 2010



was 32,96 kg per annum and for eggs 8,48 kg, a combined per-capita consumption of 41,4 kg per annum. In comparison with poultry meat, the per-capita consumption of beef was 17,65 kg, of pork 4,58 kg and of mutton and goat 3,16 kg per annum.

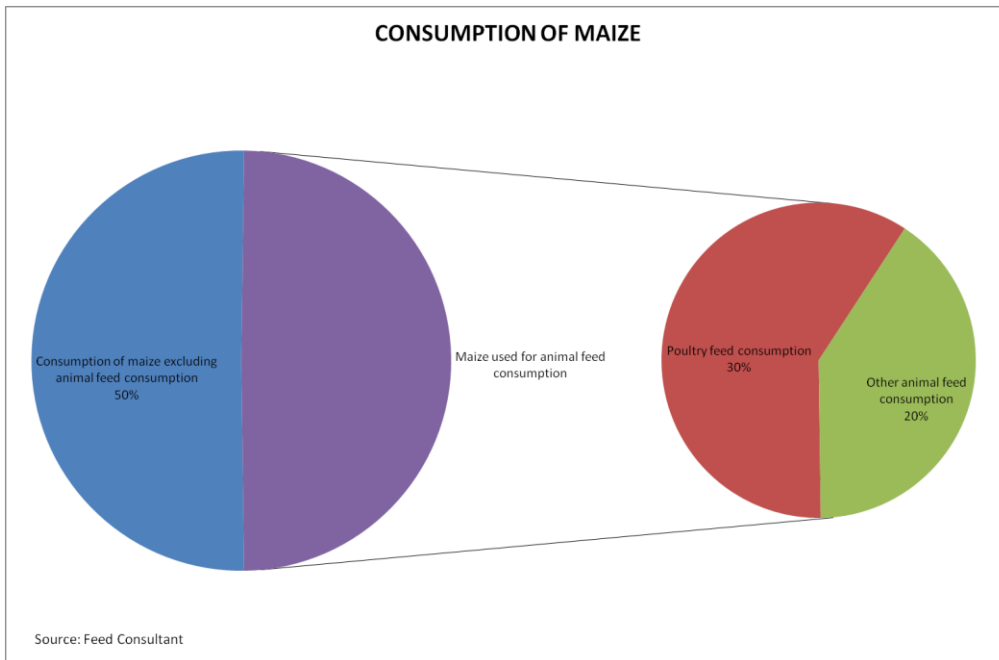


During 2010, total poultry consumption was 2,109 million tons (poultry meat and eggs), 24,4% more than the combined beef, pork, mutton and goat consumption of 1,282 million tons during the same period.



The poultry industry provides 62,2% of locally produced animal protein consumed in SA.

Total consumption in SA of white and yellow maize is approximately 9,334 million tons, of which about 4,627 million tons were used for animal feed consumption. The poultry industry consumes in excess of approximately 2,75 million tons of maize (30% of total maize consumption in South Africa), which is used in our feeds. During the current season, most of the maize consumed in the animal feed industry was still yellow maize, although white maize made up approximately 7% of the total maize usage in the feed industry.



**FEED SALES**

Our industry continues to be the main customer of the Animal Feed Manufacturers Association (AFMA). According to their annual report for the period April 2009 to March 2010, the poultry industry consumed 72% of their production of approximately 5,488 million tons of feed amounting to 3,96 million tons of feed supplied by AFMA members, and this consisted of about 90% of total consumption by the poultry industry. Non-AFMA members supplied the balance of about 0,4 million ton. This accounts for approximately R12 billion of AFMA's turnover.

**MEMBERSHIP**



**The current membership of SAPA's four industry organisations is as follows:**

Broilers 37

Eggs 47 (106 if individual members of co-operations are included)

Chicks 32

DPFO 91

**DISEASE REPORT****• Notifiable avian influenza (NAI)**

SAPA, in conjunction with DAFF is participating in the national notifiable avian influenza (NAI) surveys and we can state that we are negative for the H5N1 strain. Through the participation of poultry producers we have covered the majority of the producers in this survey. These surveys are being done on a six-monthly basis and I would encourage all producers to participate in the surveys.

The most recent reported survey included a total of 859 farms:

- 256 layer farms, including layer breeders and layer-rearing farms
- 603 broiler farms, including broiler breeders.

This amounts to 27 less layer farms and 47 more broiler farms, a combined total of 20 more farms than previously reported on.

The survey represented 95% of poultry farms in South Africa. This is a major achievement, as we are now in a much better position to deal not only with NAI, but also with any disease outbreak by having a much better map of local production sites. As disease risk is linked to infection sites, the surveillance team is now focusing on smaller producers. Please participate in this programme for the benefit of all of us.

**• Newcastle disease**

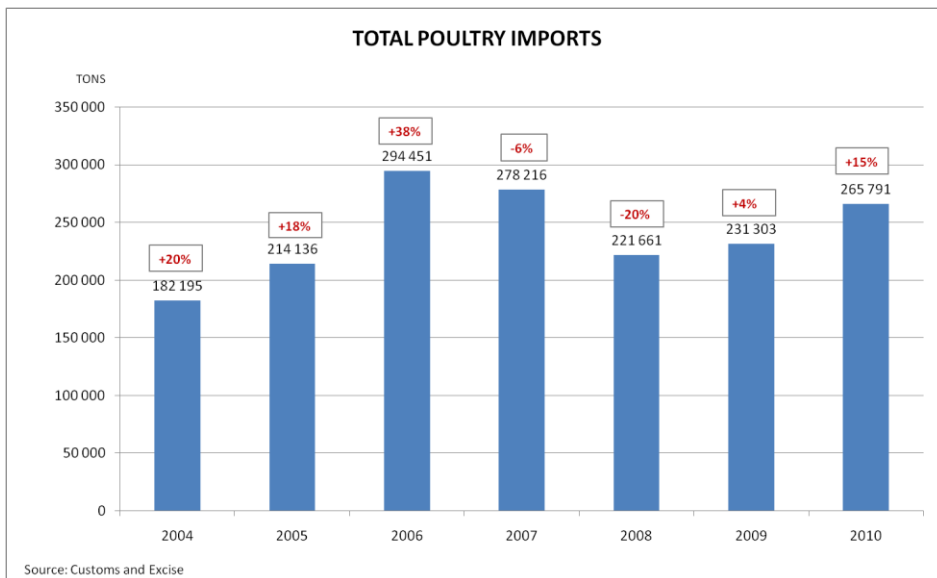
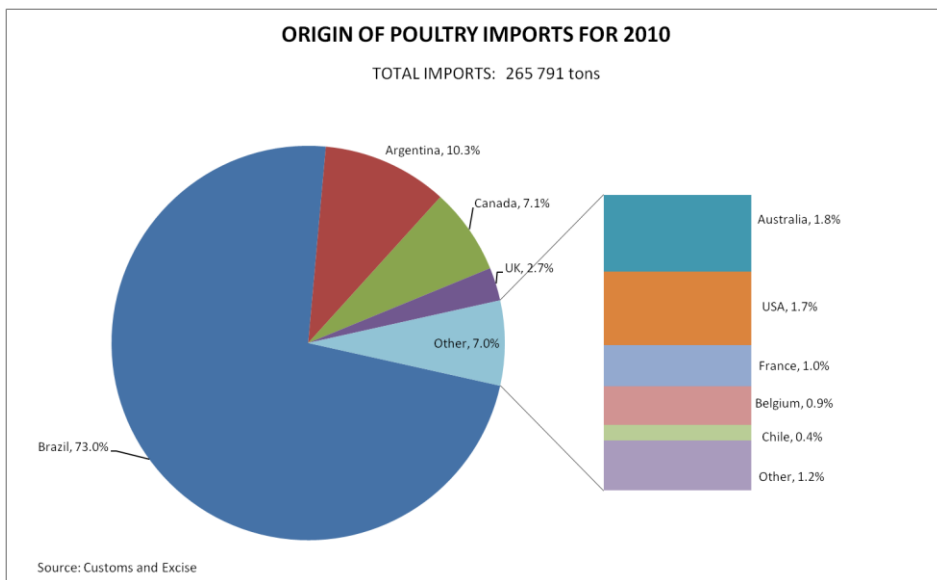
The technical committee has provided information to DAFF, who revised the Newcastle Protocol with regard to the outbreak of NCD, and this document is available on the SAPA website.

**• Salmonella-reduction protocol**

The Technical Committee of SAPA is still waiting for feedback from the state regarding the finalisation of this protocol. Implementation of a Salmonella-reduction plan might have major implications for our businesses, so we will collectively engage the state on this plan.

**IMPORTS**

Brazilian imports of poultry products in various forms continued to be of major concern during the year, with imports in general up by 14,9% on the 2009 figures; 73% of total poultry imports originated from Brazil and 10,3% from Argentina.



## **SAPA STRATEGIC PLANNING**

Another strategic session has been held regarding the statutory levy to ensure that all role-players have an input into the application of the levy. The management committee has also approached the NAMC to reduce the percentage increase from 10% to 5% per annum, to which the levy will increase per year. During the first strategic session, certain strategic action themes were formulated under the six headings under which the levy application was made. During the second strategic session the action themes were re-affirmed. As Kevin Lovell will address the levy in a separate presentation during congress, I will not further expand on this issue.

### **Training**

Successful training courses were held by SAPA/KZNPI (KwaZulu-Natal Poultry Institute). The SAPA/KZNPI courses allow for the receiving of credits towards obtaining a national qualification. We would like to invite poultry producers to make use of this excellent course through KZNPI, as it would be of benefit not only to the individual, but also to the sponsoring company, as the skills shortage in the poultry industry is a real threat to the competitiveness of the industry. A new training landscape has come to the fore, which would affect training for the foreseeable future. Whereas the previous act allowed for attainment of Unit Standards, the new act will change towards satisfying an occupational profile. SAPA is in the process of adjusting the training curriculum to the new standards, as well as engaging the relevant people, to ensure that credits obtained will not be lost to individuals who completed the previous courses. Training will once again be held in Gauteng during August, Western Cape during September and KZN during October. Training is also being presented on poultry farms.

### **Engagement with stakeholders**

SAPA, through the CEO, has been actively engaging government in an effort to ensure that the Meat Safety Scheme, which will include independent meat inspection, is viable, implementable and affordable to the broiler producers.

A letter of intent was signed with the University of Pretoria in December 2010 for renaming the Poultry Disease Management Unit (PDMU, previously the PDMA) as well as for the establishment of a Chair in Poultry Research.



The Department of Health as well as the DAFF were actively engaged in an effort to improve the regulations regarding flavour enhancement.

## **FINANCES**

The financial reports will be tabled separately at Congress, and will therefore not be handled in the chairperson's report. I am happy to report that we have now had four unqualified reports by the auditors. SAPA is aware that we need to utilise the levy within a certain timeframe, but is also acutely aware that the monies should be spent as originally requested in the levy application by industry. The implementation of these projects took time, as new capacities needed to be created, and the relevant partners need to be co-opted to fulfil this mandate.

## **TECHNICAL COMMITTEE**

The restructuring of the Technical Committee with supporting sub-committees have started functioning well.

In view of the Consumer Protection Act, the participation of an organisation such as the Consumer Goods Council would make sense. Positive discussions in this regard are taking place with the DAFF and the Department of Health, with considerable progress towards finding common ground.

The opportunity to research specific issues particular to production practices in the RSA can be a prospect. The establishment of a chair at the Faculty of Veterinary Science, Onderstepoort to manage such research projects is envisaged.

Through the Poultry Disease Management Unit, applicable training of poultry veterinarians and supporting technicians can realise shortly to supply the needs of the industry.

## **CODE OF PRACTICE**

The new and updated Code of Practice will be tabled at congress for acceptance. It is up to each and every producer to ensure that standards for the production of poultry and eggs are maintained, in order to make sure that the buyers of these products believe in the safety and value they obtain from the purchase.



## GOING FORWARD

The SAPA communication programme will (as a part of it) include a Consumer Engagement Forum, which would engage consumer organisations, journalists and other stakeholders. This forum would endeavour to communicate the poultry industry to the relevant parties and thus build on the value chicken and chicken products offer the consumer. The first meeting is planned for 2011.

The *Poultry Bulletin* came back into the folds of SAPA in June 2010, and the new format has been given a thumbs-up by the industry. SAPA is well aware that improvements can be made to the publication, and would like to invite the industry to give feedback on how to improve the *Bulletin*, in order to enable us through the *Poultry Bulletin* to better serve the needs of the industry.

SAPA is also pleased to welcome the following new employees and wish them all the best in their new positions:

Masanda Peter, brand manager

Moses Modise, DPFO coordinator

Ronel du Plooy, office manager

David Hughes, project manager

With the retirement of Maarten de Kock, SAPA is also losing one of the pillars of the association over the years. Maarten has agreed to help us during the transition period to ensure a smooth hand-over to the new employees of SAPA. We would like to thank Maarten sincerely for his contribution over the years and his willingness to postpone his retirement during this SAPA transition period.

The industry has over many years prospered in the good times and survived in the bad times. The changing environment the producers find themselves in today establishes a need to address these challenges collectively through an industry body. I wish to thank the members, who, in good and bad times, have supported the poultry industry through their participation in the different committees in SAPA. I would like to invite producers who are not currently members of SAPA to join hands with fellow producers by joining the association, so that the industry could address industry issues as representative body of all producers.

Thank you.

