



GRAIN SA

"INDUSTRY SERVICES"

**INTERIM REPORT TO THE MAIZE TRUST
1 OCTOBER 2012 TO 31 JANUARY 2013**

PRESENTED IN MARCH 2013

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ECONOMIC EVALUATION OF THE MAIZE SEED INDUSTRY INTERIM PROGRESS REPORT

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

I 1

PROJECT MANAGER

Mr CJ Louw / Ms P Fourie

PROJECT DURATION

1 October 2012 - 30 September 2013

PROJECT OBJECTIVES

1. Monitoring and leveraging advantages in respect of price, quality and availability of seed.
2. Liaison and negotiation with maize seed suppliers, authorities and agribusiness's concerning problems, constraints and opportunities in the maize seed industry.
3. Researching the effects of external factors on the quality of maize seed via the ARC-Grain Crops Institute.
4. Monitoring and negotiating the applicable legislation (Plant Improvement Act, Trade metrology Act, Competition Act and Genetically Modified Organisms Act, 1997, Plant Breeders Rights Act), application of regulations and the maintenance of quality standards of maize seed.

ACTIONS, PROGRESS AND RESULTS

Maize Seed Market

According to the Crop Estimates Committee, maize producers planted 2 781 200 hectares during the 2012/13 production season. Compared to the 2011/12 production season the area planted increased by 3,0% or 218 000 hectares. This increase in hectares planted boosted seed sales for seed companies.

Prices

Grain SA monitors maize seed prices on an annually basis. This increases transparency in the market for maize seed and the overall competitiveness in the maize seed industry.

Seed prices are increasing on an annual basis and maize producers keep on expressing their concern with the extent it is increasing. Grain SA discussed this alarming trend with the relevant seed companies in February this year and made sure that this concern was brought to the attention of seed companies before they announce their annual price changes.

Maize producers' concern about the first generation BT-maize efficacy was also again taken up with maize seed companies. Feedback from maize producers are that more

and more populations of stalk borer in the country are getting resistant to the first generation BT-maize gene. Maize producers are of the opinion that where technology fees were paid but the technology isn't working efficiently, seed companies should stand in for the chemical and spraying cost. Grain SA also re-iterated the fact that the longevity of BT-technology should be protected by the whole maize industry and that producers should abide the different requirements of planting BT-maize.

The seed prices of the different maize seed companies for the 2013/14 production season are expected to be released in May 2013.

Quality

No large problems as far as the quality of seed were reported during the planting season. Where there were individual producers experiencing problems with seed quality, Grain SA were able to assist.

FINANCIAL REPORT

	Budget application Oct 12 to 30 Sep 13	Actual expenditure 1 Oct 12 to 31 Jan 13
Direct office expenses	R 9,657.00	R 3,124.00
Personnel	R 122,001.00	R 46,313.00
Travelling and accommodation	R 6,640.00	R 557.00
Internal working groups	R 17,261.00	R 3,108.00
External working groups	R 2,817.00	R 14,00
Overhead expenses	R 54,380.00	R 16,975.00
Grain SA – Western Cape	-	-
Total	R 212 756,00	R 70 091,00

ECONOMIC EVALUATION OF THE FERTILISER INDUSTRY INTERIM PROGRESS REPORT

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

I 2

PROJECT MANAGER

Mr CJ Louw / Ms P Fourie

PROJECT DURATION

1 October 2012 - 30 September 2013

PROJECT OBJECTIVES

1. Monitoring and leveraging advantages in respect of price, quality and availability of fertiliser, including agricultural lime.
2. Improving price competition amongst companies.
3. Liaison and negotiation with fertiliser suppliers, authorities and agribusiness's concerning problems, constraints and opportunities in the fertiliser industry.
4. Manage the evaluation of fertiliser quality in co-operation with the Institute for Grain Crops and the fertiliser industry.
5. Monitoring and negotiating the applicable legislation (Fertiliser and Feed Bill, , Trade Metrology Act, Competition Act, etc.), application of regulations and the maintenance of quality standards of fertiliser and agricultural lime.

ACTIONS, PROGRESS AND RESULTS

Prices

Table 1 shows the international price levels of fertiliser in dollar terms between February 2011, 2012 and 2013. From February 2012 to February 2013 the prices of Ammonia, and Urea respectively increased by 81% and 8%, while the price of DAP and Potassium Chloride decreased by 10% and 15%.

During the same time period, the international fertiliser prices of Ammonia, Urea and DAP in rand terms increased while the price of Potassium Chloride decreased (Table 2). Unfortunately due to the depreciation of the Rand, increases were higher than those in dollar terms, while decreases were dampened.

Table 1: International Fertiliser Prices (Dollar terms)

Fertiliser	Feb 2011	Feb 2012	Change	Feb 2013	Change
	\$/ton	\$/ton	%	\$/ton	%
Ammonia (Middle East)	440	310	-30	563	+81
Urea (46)(Eastern Europe)	395	408	3	442	+8
DAP (USA Gulf)	608	518	-15	468	-10
Potassium Chloride(CIS)	398	485	22	412	-15
R/\$-exchange rate	7.159	7.654	7	8.874	+16

Table 2: International Fertiliser Prices (Rand terms)

Fertiliser	Feb 2011	Feb 2012	Change	Feb 2013	Change
	R/ton	R/ton	%	R/ton	%
Ammonia (Middle East)	3147	2374	-25	4992	+110
Urea (46)(Eastern Europe)	2828	3124	10	3921	+26
DAP (USA Gulf)	4349	3963	-9	4155	+5
Potassium Chloride(CIS)	2849	3711	30	3654	-2

Due to the fact that between 60% and 70% of SA's fertiliser demand is imported, local prices follows international trends. All local fertiliser prices showed an increase from March 2012 to March 2013 (**Table 3**).

Table 3: Local fertiliser prices

Fertiliser	March 2011	March 2012	Change	March 2013	Change
	R/ton	R/ton	%	R/ton	%
LAN (28)	4042	4379	+8	5450	+24
Urea (46)	5060	5579	+10	6430	+15
MAP	6642	6758	+2	7394	+9
Potassium Chloride	5521	6620	+20	7036	+6

Quality of fertilisers

The Production/Input Working Group of Grain SA collaborates every season with the Fertiliser Society of South Africa and the ARC-GCI in monitoring the quality of commercially available fertiliser products. Most of the results have been received and the report is almost being finalised. The results will be published in the May 2013 publication of the SA Grain. Grain SA is pleased with the fact that the quality of fertiliser has improved immensely since the inception of the project. This is an indication that the monitoring project plays a very important role in improving the quality of fertiliser being sold to maize producers.

Grain SA will discuss the results of the 2012/13 monitoring project with the individual fertiliser companies in the near future.

FINANCIAL REPORT

	Budget application	Actual expenditure
	1 Oct 12 to 30 Sep 13	1 Oct 12 to 31 Jan 13
Direct office expenses	R 9,657.00	R 3,124.00
Personnel	R 122,001.00	R 46,313.00
Travelling and accommodation	R 6,608.00	R 1,291.00
Internal working groups	R 17,261.00	R 3,108.00
External working groups	R 2,817.00	R 14.00
Overhead expenses	R 54,380.00	R 16,975.00
Grain SA – Western Cape	-	-
Total	R 212,724.00	R 70,826.00

ECONOMIC EVALUATION OF THE AGRO- CHEMICAL INDUSTRY INTERIM PROGRESS REPORT

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

13

PROJECT MANAGER

Mr CJ Louw / Ms P Fourie

PROJECT DURATION

1 October 2012 - 30 September 2013

PROJECT OBJECTIVES

1. Monitoring and leveraging advantages in respect of price, quality and availability of agro-chemicals.
2. Liaison and negotiation with chemical suppliers, authorities and agribusiness's concerning problems, constraints and opportunities in the chemical industry.
3. Manage the evaluation of chemical quality in co-operation with the ARC Grain Crops Institute.
4. To create a transparent market place for maize producers when purchasing chemical products.
5. Monitoring and negotiating the applicable legislation (Act 36 of 1947, Road transport Act, etc.), application of regulations and the maintenance of quality standards of agricultural chemicals.

ACTIONS, PROGRESS AND RESULTS

Prices

By comparing price trends in international agro-chemical markets with the local price trends one will be able to better understand the impact that international prices has on local markets. These results can then be used to anticipate price changes in local markets and will allow maize producers to be able to save on input cost.

Since the active ingredients of locally formulated agricultural chemicals needs to be imported, the level of the exchange rate has a direct impact on local prices. The international prices of four herbicides used on maize can be seen in Table 4. The international price of Glyphosate and Atrazine increased respectively by 33% and 7% while Acetochlor, and Metolachlor decreased during the same time period with 8% and 1%.

Table 4: International and local herbicide prices

Herbicides – International – Year to year change (Feb 12 –Feb 13)			
	Feb-12	Feb-13	% Change
	\$/t	\$/t	
Glyphosate (95%)	3840	5125	+33
Acetochlor (92%)	3094	2937	-5
Atrazine (97%)	3475	3729	+7
Metolachlor (97%)	3982	3961	-1

The price movement of two insecticides used on maize can be seen in Table 5 from February 2012 to February 2013. The price of Imidacloprid increased by 8% while the price of Carbofuran decreased by 2%.

Table 5: International and local Insecticide prices

Insecticides – International – Year to year change (Feb 12 –Feb 13)			
	Feb-12	Feb-13	% Change
	\$/t	\$/t	
Imidacloprid (95%)	20 042	21 725	+8
Carbofuran (99%)	13 696	13 425	-2

Registration of new active ingredients

Meeting with the Registrar of Act 36 of 1947 is of critical importance to maize producers to be able to ensure that the industry has access to the latest agro-chemical technology. Progress has been made with the registration of new agro-chemicals of which the active ingredients has already been registered in South Africa. Progress was also reported by Agro- chemical companies with the registration of new active ingredients.

FINANCIAL REPORT

	Budget application	Actual expenditure
	1 Oct 12 to 30 Sep 13	1 Oct 12 to 31 Jan 13
Direct office expenses	R 8,929.00	R 2,889.00
Personnel	R 99,852.00	R 37,991.00
Travelling and accommodation	R 5,567.00	R 765.00
Internal working groups	R 16,231.00	R 2,874.00
External working groups	R 2,604.00	R 13.00
Overhead expenses	R 50,280.00	R 15,695.00
Grain SA – Western Cape	-	-
Total	R 183,463.00	R 60,227.00

ECONOMIC EVALUATION OF DIESEL FUEL AND BIODIESEL INTERIM PROGRESS REPORT

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

I 4

PROJECT MANAGER

Mr CJ Louw / Ms P Fourie

PROJECT DURATION

1 October 2012 - 30 September 2013

PROJECT OBJECTIVES

1. Monitoring and leveraging advantages in respect of price, quality and availability of diesel fuel.
2. Liaison, negotiation and mediation with input suppliers, authorities and agribusiness's concerning problems, constraints and opportunities in the diesel fuel industry.
3. Monitoring and negotiating the applicable legislation (Petroleum Products Act, Customs and Excise Act, Standards Act, Income Tax Act, Competition Act), application of regulations and the maintenance of quality standards of diesel fuel.
4. Developing of a policy framework for the production of biodiesel as a blend with mineral diesel fuel.

ACTIONS, PROGRESS AND RESULTS

Prices

The average Brent crude oil price decreased by 3.0% from \$119,4 to \$115.89 per barrel from February 2012 to February 2013. During the same period the Rand/\$ exchange rate depreciated by 15.9%.

The domestic wholesale price of diesel in Gauteng increased by 14.9% from R10.37 per litre in March 2012 to a level of R11.91 per litre in March 2013.

The average price of Brent crude oil for March so far is \$110,85 per barrel. This is an decrease of 5,2% compared to the average for February. We hope this trend will continue but the last few months' continual increase of Brent crude oil price and the value of the rand is of concern to Grain SA due to the impact it has on diesel prices and producers' production costs.

Refund on diesel

The Minister of Finance, in his budget speech on 26 February 2013 announced an increase in the fuel levy of 15.0 cent per litre and in the Road Accident fund levy of 8.0 cent per litre. These increases not only imply increases in diesel prices but also imply

that the refund on diesel will increase from 158.0 cent per litre to 172.0 cent per litre. A grain producer may claim 80% of eligible litres. The new refund on diesel will take effect on 3 April 2013.

Grain SA and Agri SA received good news from SARS regarding the submission of logbooks in order to qualify for a diesel rebate. After extensive negotiations with SARS, they informed Grain SA and Agri SA on 15 February, that they are willing to make an exception on the keeping of logbooks in the past. However, alternative information must still be provided in order to verify diesel consumption.

SARS's intention is to retrospectively amend all relevant divisions of Schedule 6 of the Customs and Excise Act, so that alternative information can be used in those instances where logbooks were not kept. However, this is a compromise from SARS only applicable to the past; the keeping of logbooks in future remains of important interest though.

During the past year's audits by SARS, a number of grey areas and uncertainties were noticed with regards to the interpretation of the diesel rebate system. Grain SA and Agri SA are thus also in the process of taking up these aspects with SARS.

Furthermore, SARS is also busy organising workshops across the country (February in the Cape and April in the North) with regard to the application of the diesel rebate system. At the same time, these workshops will serve as a great opportunity to discuss the mentioned grey areas and uncertainties with SARS.

PROBLEMS THAT HAVE BEEN ENCOUNTERED

No problems have been encountered other than mentioned above.

FINANCIAL REPORT

	Budget application	Actual expenditure
	1 Oct 12 to 30 Sep 13	1 Oct 12 to 31 Jan 13
Direct office expenses	R 11,592.00	R 3,750.00
Personnel	R 169,155.00	R 64,166.00
Travelling and accommodation	R 9,008.00	R 988.00
Internal working groups	R 19,943.00	R 3,728.00
External working groups	R 3,381.00	R 17,00
Overhead expenses	R 65,278.00	R 20,377.00
Grain SA – Western Cape	-	-
Total	R 278,357.00	R 93,026.00

ECONOMIC EVALUATION OF THE AGRICULTURAL MACHINERY INDUSTRY INTERIM PROGRESS REPORT

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

15

PROJECT MANAGER

Mr CJ Louw / Ms P Fourie

PROJECT DURATION

1 October 2012 - 30 September 2013

PROJECT OBJECTIVES

1. Monitoring and leveraging advantages in respect of price, quality and availability of agriculture machinery and spares.
2. Liaison, negotiation and mediation with machinery suppliers, authorities and agribusiness's concerning problems, constraints and opportunities in the agricultural machinery industry.
3. Monitoring and negotiating the applicable legislation (Competition Act, Customs and Excise Act, Road Transport Act, Standards Act), application of specifications and the maintenance of quality standards of agricultural machinery.

ACTIONS, PROGRESS AND RESULTS

Prices

During December 2012, year-on-year price changes of all agricultural machinery equipment categories were down compared to the previous year. The recent devaluation in the value of the rand had an adverse effect on year-on-year price changes and the effect of this are starting to feed through to the local market.

The year on year prices of agricultural machinery increased from February 2012 to February 2013 as well as from March 2012 to March 2013. Because most of the agricultural machinery equipment is primarily imported, the value of the rand plays an important role in local prices (**Table 6**). From March 2012 to March 2013 the value of the rand weakened by 19,5% against the USA\$. When prices are compared on an annually basis it can be seen that the overall price of machinery is 3.2% higher than a year ago.

Following the sharp devaluation in the rand late in 2012, there was pressure on manufacturers to increase prices. Short term prospects for year-on-year price trends will continue to be strongly dependent on the value of the rand.

Table 6: Percentage change in the price of agricultural machinery equipment based year on year

Equipment Class	Year-on-year Change		Trend
	February 2012	March 2012	
	%	%	
Tractors	3.5	3.7	Up
Combine Harvesters	3.5	4.0	Up
Hay and Forage Equipment	1.9	1.7	Down
Implements	1.9	2.2	Up
Overall	3.0	3.2	Up

Source: AGFACTS

Tractor sales

The tractor sales for 2012 were 7 899 units, which is 7,0% higher than the 2011 figure of 7 379 units. According to Agfacts Newsletter the current forecast is that between 6 700 and 7 100 units will be sold in 2013, which is 10-15% lower than last year. Summer and winter crop prospects and crop prices, the value of the rand and its effect on prices of new imported tractors and the future course of the interest rate, are the important factors which will play a part in 2013 tractor sales.

FINANCIAL REPORT

	Budget application	Actual expenditure
	1 Oct 12 to 30 Sep 13	1 Oct 12 to 31 Jan 13
Direct office expenses	R 10,309.00	R 3,335.00
Personnel	R 137,371.00	R 43,866.00
Travelling and accommodation	R 7,775.00	R 643.00
Internal working groups	R 18,112.00	R 3,315.00
External working groups	R 3,007.00	R 15.00
Overhead expenses	R 58,055.00	R 18,122.00
Grain SA – Western Cape	-	-
Total	R 234,629.00	R 69,297.00

DISSEMINATION OF INFORMATION INTERIM PROGRESS REPORT

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

17

PROJECT MANAGER

Mr CJ Louw / Ms P Fourie

PROJECT DURATION

1 October 2012 – 30 September 2013

PROJECT OBJECTIVE

The objective of this project is to disseminate information regarding inputs related research and development to the whole maize industry through the most effective communication technology and available media. The preparation for this information however requires a high degree of research, reliable information, interpretation and skills to prepare it in a way that is acceptable and understandable to the industry.

ACTIONS, PROGRESS AND RESULTS

Grain SA communicates all **input related research and development results and information** to all stakeholders in the industry through one or more of the following media:

- Grain SA Annual report 2012
- Monthly “SA Graan/Grain” magazine
- Grain SA’s website
Data files applicable to the following inputs namely; fertiliser, fuel, chemicals, machinery and seed were updated daily from October until February. Data files include amongst other data information on price and supply and demand figures.
- Radio broadcasts
 - RSG Radio broadcast on fertiliser prices
 - RSG Radio broadcast on the price of diesel
 - RSG radio broadcast on the diesel refund and system/
- Press releases
- Interviews with Agri TV, SABC TV and other TV channels
- Interviews with the daily, weekly and monthly press
- Regional meetings (29) and farmer’s day’s/meetings

- Telephonic and e-mail requests and dissemination of information
An unrecorded number of telephonic and e-mail requests received attention.
- SMS messages to members
The diesel price, monthly.
- E-mail newsletters to members
Since October 2012 until February 2013 contributions on the agricultural input industry were made once every two weeks.

FINANCIAL REPORT

	Budget application	Actual expenditure
	1 Oct 12 to 30 Sep 13	1 Oct 12 to 31 Jan 13
Direct office expenses	R 12,448.00	R 4,028.00
Personnel	R 199,783.00	R 57,143.00
Travelling and accommodation	R 10,990.00	R 895.00
Internal working groups	R 21,203.00	R 4,005.00
External working groups	R 3,631.00	R 18,00
Overhead expenses	R 70,101.00	R 21,882.00
Grain SA – Western Cape	-	-
Total	R 318,156.00	R 87,971.00

INPUTS RESEARCH AND DEVELOPMENT
Summary of project budgets applications and actual expenditure

NUMBER	PROJECTS	BUDGET APPLICATION OCT 2012 TO SEP 2013 R	ACTUAL EXPENDITURE OCT 2011 TO JAN 2012 R
Input 1	Research and development in the maize seed industry.	212 756.00	70 091.00
Input 2	Research and development in the fertiliser industry.	212 724.00	70 826.00
Input 3	Research and development in the chemical industry.	183 463.00	60 227.00
Input 4	Research and development in the diesel fuel and bio diesel industry.	278 357.00	93 026.00
Input 5	Research and development in the agricultural machinery industry.	234 629.00	69 297.00
Input 7	Dissemination of information	318 156.00	87 971.00
TOTAL		1 440 085.00	451 437.00

PRODUCTION RESEARCH AND DEVELOPMENT

MISSION: To generate the expertise to apply inputs and resources in such a way as to ensure the optimal production and maximum profitability of maize under long term sustainable production systems.

INCOME AND COST ANALYSIS OF MAIZE PRODUCTION INTERIM PROGRESS REPORT

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

P 1

PROJECT MANAGER

Ms P Fourie

PROJECT DURATION

1 October 2012 – 30 September 2013

PROJECT OBJECTIVES

1. Monitoring trends in the production costs of maize over a period of time.
2. Dissemination of unbiased, trustworthy production costs figures to the entire maize industry.
3. To identify the most important elements contributing to production costs and to find ways and means as to how production costs can be decreased.
4. To calculate the projected production costs in the various maize production areas as well as the breakeven prices at different yields.

ACTIONS, PROGRESS AND RESULTS

Grain SA's production cost figures assist maize producers when production decisions are made. Numerous producers make use of the Grain SA budget model to determine whether they can produce maize profitable or not.

Actual income and production costs for maize

The actual income and production costs information for maize was received from the various industry participants and analysed for the 2011/12 production season. The effect of input costs, yields and prices on profitability was highlighted and compared between the different producing regions. Profitability differed from region to region and it seems as though Kwazulu-Natal was the most profitable region. This can mainly be ascribed to relative good yields as well as the prices producers received.

The Grain SA budget is also used as a comparison norm for the actual production cost per region. By doing this the difference between what was budgeted and what happened in practice can be seen.

Budgeted income and production costs for maize

Grain SA updates the maize budgets for the different maize producing regions (including irrigation), during May to August. These budgets reflect a typical farming practise in a specific homogenic region. The budgets will be compiled in conjunction with input role players, producers and agricultural advisers. The budget model includes all variable and fixed costs and is used by producers for future planning purposes to determine their breakeven price.

International benchmarking

The National Agricultural Marketing Council (NAMC) together with the Bureau for Food and Agricultural Policy (BFAP) took the ingenuity to establish this international benchmarking project. This project is an international network that benchmark farm level production systems and costs against each other and it includes the benchmarking of South African maize producers with the rest of the world in terms of yield, production cost (variable- and fixed cost) and profitability.

Grain SA is a role player in providing BFAP with various types of input cost data because we believe that this project is of benefit to the South African agricultural sector. Grain SA also had a meeting with the BFAP team where interaction/collaboration between the two companies was discussed.

PROBLEMS THAT HAVE BEEN ENCOUNTERED

No specific problems have been encountered.

MILESTONES THAT HAVE NOT BEEN ACHIEVED AND THE REASONS

Not applicable

FINANCIAL REPORT

	Budget application	Actual expenditure
	1 Oct 12 to 30 Sep 13	1 Oct 12 to 31 Jan 13
Direct office expenses	R 10,451.00	R 11,345.00
Personnel	R 238,433.00	R 45,281.00
Travelling and accommodation	R 15,309.00	R 1,268.00
Internal working groups	R 25,286.00	R 5,172.00
External working groups	R 3,048.00	R 16.00
Overhead expenses	R 58,851.00	R 19,338.00
Grain SA – Western Cape	-	
Total	R 351,378.00	R 82,420,00

EVALUATION OF MAIZE RESEARCH PROJECTS INTERIM PROGRESS REPORT

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

P 3

PROJECT MANAGER

Dr M Visser / Ms P Fourie

PROJECT DURATION

1 October 2012 – 30 September 2013

PROJECT OBJECTIVES

1. To ensure that all research projects are needs driven and address farmers' constraints to production.
2. To eliminate projects that is of no real value to the production of maize.
3. To identify new research needs.
4. To monitor progress made by the different research programmes.

Progress, Results and Problems

Grain SA's focus in regards with research is to align maize production research with the needs of producers; projects are thus evaluated against certain constraints identified and other strategic focus areas. All the ARC-GCI projects are assessed in terms of the necessity, the value it adds to the industry and possible duplication with other projects.

Grain SA strategic research focus

Development in research is fundamental in cutting hunger, reducing poverty, generating economic growth, import replacements and export promotions. Growth in the grain industry depends a great deal on the development of new technologies and thus a well-functioning research system that:

- Develop and promote technologies aimed at reducing production costs;
- Develop technologies aimed at reducing dependence on agrochemicals;
- Control of pests and diseases;
- Water efficiency and conservation agriculture technologies;
- Develop awareness programmes and training on the importance of food safety and food hygiene standards;
- Compliance to biosecurity (phytosanitary rules) for market access for our grains, regionally and internationally amongst others.

New challenges must be confronted and collaboration between a greater number of research role players is essential. One of Grain SA's strategic goals is to involve more research partners such as universities, private research facilities, continental and international institutions in the grain research system.

The demand side of grain research and services needs to be strengthened to ensure that research partners respond quickly and are accountable to the grain producers.

Conservation tillage research (direct plant action (no-till in harvester residue))

Grain SA and the National Institute of Agricultural Technology of Argentina (INTA) signed an agreement to research the direct plant action in South Africa as it is done in Argentina. The main aim of this project is to apply the direct plant action system in South Africa and to adapt the system to South African conditions.

Following the agreement between Grain SA and the Argentina National Institute of Agricultural Technology (INTA) in collaboration with Argentine Chamber of implement manufacturers (CAFMA) and Fundación CIDETER (a foundation that provide implement research, development and technical support to implement manufacturers) the second years trials were planted in South Africa.

It was agreed that four official trials, stretching over a period of five years will be planted in various production regions in South Africa, but unfortunately, in certain areas, the trails could not be planted due to unfavourable weather conditions.

There were many differences in results between the conventional system and the Argentine direct planting system. The first observation was the difference in soil disturbance. The Argentine planters did not disturb the soil as much as the conventional planters. The stubble stayed on top and was not disturbed. However, the turbo coulters disturbed the soil enough so that the seed was planted at the right depth and that there was enough loose soil for good root development.

Crops planted with the Argentine planters emerged uniformly and was precisely spaced. At the majority of the trials the direct planting maize emerged at day 8 while it took the conventional system 11 days. In general very positive results are obtained with the direct planting system.

PROBLEMS THAT HAVE BEEN ENCOUNTERED

No specific problems have been encountered.

MILESTONES THAT HAVE NOT BEEN ACHIEVED AND THE REASONS

Not applicable

FINANCIAL REPORT

	Budget application 1 Oct 12 to 30 Sep 13	Actual expenditure 1 Oct 12 to 31 Jan 13
Direct office expenses	R 6,179.00	R 1,999.00
Personnel	R 102,247.00	R 28,161.00
Travelling and accommodation	R 5,818.00	R 510.00
Internal working groups	R 13,198.00	R 2,910.00
External working groups	R 1,802.00	R 9.00
Overhead expenses	R 34,796.00	R 10,862.00
Grain SA – Western Cape	-	
Total	R 164,040,00	R 44,450,00

DISSEMINATION OF INFORMATION INTERIM PROGRESS REPORT

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

P 5

PROJECT MANAGER

Dr M Visser / Ms P Fourie

PROJECT DURATION

1 October 2012 to 30 September 2013.

PROJECT OBJECTIVE

The objective of this project is to disseminate information regarding production related research and development to the whole maize industry through the most effective communication technology and available media. The preparation for this information however requires a high degree of research, reliable information and interpretation and skills to prepare it in a way that is acceptable and understandable to the industry.

ACTIONS, PROGRESS AND RESULTS

Grain SA communicates all **production related research and development** results as well as other information to all stakeholders in the industry through one or more of the following media:

- Grain SA Annual report
- Monthly magazine "SA Graan/Grain"
- Grain SA's website
- Radio broadcasts
- Press releases
- Interviews with Agri TV, SABC TV and other TV channels
- Interviews with the daily, weekly and monthly press
- Regional meetings
- Regional conferences
- Annual General Meetings of input suppliers, maize buyers and other stakeholders
- Invited speakers at farmer days, external conferences and symposia in the industry
- Telephonic and e-mail requests and dissemination of information
- SMS messages to members
- E-mail newsletters to members

During February 2013, 29 regional meetings were held in the grain production areas in South Africa to inform members and agricultural companies about the latest developments regarding the policy and industry issues.

The Grain SA Annual report was finalised.

Relevant articles published

Various relevant articles were published in the SA Grain.

PROBLEMS THAT HAVE BEEN ENCOUNTERED

No problems have been encountered.

MILESTONES THAT HAVE NOT BEEN ACHIEVED AND THE REASONS

All milestones have been achieved.

FINANCIAL REPORT

	Budget application 1 Oct 12 to 30 Sep 13	Actual expenditure 1 Oct 12 to 31 Jan 13
Direct office expenses	R 5,376.00	R 1,799.00
Personnel	R 119,254.00	R 26,426.00
Travelling and accommodation	R 7,629.00	R 654.00
Internal working groups	R 13,216.00	R 3,161.00
External working groups	R 1,568.00	R 8.00
Overhead expenses	R 30,274.00	R 9,776.00
Grain SA – Western Cape	-	-
Total	R 177,317,00	R 41,824,00

PRODUCTION RESEARCH AND DEVELOPMENT
Summary of project budgets applications and actual expenditure

NUMBER	PROJECTS	BUDGET APPLICATION OCT 2012 TO SEP 2013 R	ACTUAL EXPENDITURE OCT 2012 TO JAN 2013 R
Production 1	Income and cost analysis	351 378.00	82 420.00
Production 3	Evaluation of maize research projects.	164 040.00	44 450.00
Production 5	Dissemination of information	177 317.00	41 824.00
TOTAL		692 735.00	168 695.00

MARKET RESEARCH AND DEVELOPMENT

MARKET RESEARCH AND INFORMATION INTERIM PROGRESS REPORT

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

M 1

PROJECT MANAGER

Mr WJ Lemmer / Ms F Sundani

PROJECT DURATION

1 October 2012 - 30 September 2013

ACTIONS, PROGRESS AND RESULTS

Grain SA collects processes and publishes objective market information on a regular basis. This information can be used without any related costs by any interested party. The import and export parity prices of white and yellow maize, as calculated daily by Grain SA are well-known and together with the Grain SA Supply and Demand projections of maize, are used by various role players in the industry as a barometer. Grain SA is probably the only organisation that has a comprehensive database of the daily calculated import and export parity prices since deregulation.

Grain SA also has a comprehensive database with regard to the daily SAFEX and CBOT market information, including closing prices, the daily highs and lows, the volume of contracts traded as well as the open interest. This information is frequently supplied at request to various organisations for research purposes.

Since 1997, Grain SA has also maintained information regarding the local supply and demand as reported by the National Crop Estimates Committee (NCEC) and SAGIS (SA Grain Information Services) while the information regarding supply and demand of maize in the USA, as reported by the US Department of Agriculture as far back as 1990, is available on the Grain SA database. Information with respect to world production, utilisation and stocks of all the most important commodities is added on a monthly basis. Most of this information is published on the Grain SA website, while historical data is available on request, free of charge to interested parties.

This information is published on a daily, weekly and monthly basis on Grain SA's website as well as on a frequent basis in the SA Grain magazine. The data is also available in electronic format if requested. Grain SA also publishes a morning market report explaining fundamental factors that may influence the JSE opening prices at 09:00.

Grain SA extended the availability of market information to include the following reports:

- Safex Final Basis Premiums (New!))
- Grain SA Afternoon Market Report (Daily)
- SMS Market Price Information system for the producers that cannot be reached by internet access or email (New!)

The above reports support the recommendation by the NAMC to make market information more transparent and accessible to our constituency and general public. Although the following information is not available yet, Grain SA furthers the transparency of the cash market by promoting the publication of the future import and export sales as well as a Commitment of Traders report by the JSE. Submissions were made to the review process of the Financial Markets Bill to provide for the impact of high frequency trading on the futures market

Results

The grain market information was presented and discussed on Grain SA's maize specialist working group meeting held on 17 January 2013. This information was also presented to producers during Grain SA's regional meetings (29 meetings) during January/ February 2013.

There is a huge need for market information for the developing producers. This was clearly seen in Regional meetings held in Welkom and Sannieshof. About 127 producers attended in Welkom, with 247 producers seen in Sannieshof. The feedback from the producers was very positive and the information was well received, as it was done in a language medium they understood. We already approached the JSE to collaborate with us to further assist producers with training on relevant aspects of the market. This will include price risk mechanisms such as Hedging and the use of options.

Grain SA publishes a monthly article applicable on a certain commodity/aspect of interest at that point of time. Relevant maize market articles, which were published in the SA Graan/Grain magazine during the period 1 October 2012 to 28 February 2013 includes the following maize market related articles by Grain SA and guest writers.

- *Trusts speel onontbeerlike rol in navorsing*
- *Oesskattings: oppervlakte beplant in perspektief gesien*
- *Pluimvee-invoere ondermyn binnelandse mielieverbruik*
- *The significance of a South African Supply and Demand Estimates Committee*
- *Laat Twitter vir jou werk -Volg ons by @GrainSA*
- *Droogtes beperk wêreldgraanproduksie*
- *Key topics handled at 2012 agri benchmark Cash Crop Conference*
- *Oorsig oor die Graanmark*
- *Basisverhandeling van silosertifikate nou moontlik*
- *Skatting laat NOK kopkrap*
- *Opportunities in the maize wet milling industry*
- *New silo auction receipts trading system under the spotlight*
- *Re-opened branch line helps regain railway's prominence*
- *Die meliemark in perspektief*
- *A review of the South African maize export trends (2008-2012)*

Harvest SA Articles relevant for the Maize Industry

- Feeding the nation
- A Lifetime for farmers
- Reaping the Rewards
- Let's Work Together
- Agricultural Transformation
- A bird's eye view
- A controlled environment
- Unity in Agriculture
- The voice of reason
- A success story
- Breaking barriers
- An outlook for 2013

PROBLEMS THAT HAVE BEEN ENCOUNTERED

Grain SA updated their website to improve on the dissemination of information.

MILESTONES THAT HAVE NOT BEEN ACHIEVED AND THE REASONS

All milestones have been achieved.

FINANCIAL REPORT

	Budget application 1 Oct 12 to 30 Sep 13	Actual expenditure 1 Oct 12 to 31 Jan 13
Direct office expenses	R 36,575.00	R 6,403.00
Personnel	R 332,953.00	R 111,177.00
Travelling and accommodation	R 4,258.00	R 337.00
Internal working groups	R 19,973.00	R 5,667.00
External working groups	R 8,178.00	R 40.00
Overhead expenses	R 105,249.00	R 32,854.00
Grain SA – Western Cape	-	-
Total	R 507,186.00	R 156,478.00

DISSEMINATION OF INFORMATION

IDENTIFICATION OF PROJECT AND PROJECT LEADER

PROJECT NUMBER

M 5

PROJECT MANAGER

Mr WJ Lemmer / Ms F Sundani

PROJECT DURATION

1 October 2012 to 30 September 2013.

PROJECT OBJECTIVE

The objective of this project is to disseminate information regarding market related research and information to the whole maize industry through the most effective communication technology and available media. The preparation for this information however requires a high degree of research, reliable information and interpretation and skills to prepare it in a way that is acceptable and understandable to the industry.

ACTIONS, PROGRESS AND RESULTS

Grain SA communicates all market related research results and information to all stakeholders in the industry.

During 1 October 2012 to 28 February 2013 presentations were made at the following meetings:

- | | | |
|-------------|------|--|
| 10 January | 2013 | - Sorghum Specialist Working Group on maize prices, Pretoria |
| 17 January | 2013 | - Maize Specialist Working Group, Pretoria |
| 26 January | 2013 | - Farmers day – Bethlehem |
| 28 January | 2013 | - Regional meeting, Bothaville |
| 29 January | 2013 | - Regional meeting, Welkom |
| 30 January | 2013 | - Regional meeting, Sannieshof |
| 08 February | 2013 | - Regional meeting, Reitz |
| 11 February | 2013 | - Regional meeting, Delmas and Middelburg |
| 12 February | 2013 | - Regional meeting, Ermelo, Bultfontein, Hoopstad and Piet Retief |
| 13 February | 2013 | - Regional meeting, Vrede and Warden |
| 14 February | 2013 | - Regional meeting, Heilbron, Bethal, Atlanta and Nylstroom |
| 18 February | 2013 | - Regional meeting, Mareetsane, Lichtenburg, Barberspan and Schweizer-Reneke |
| 19 February | 2013 | - Regional meeting, Rysmierbult, Ottosdal, Bloemhof and Wolmaransstad |
| 20 February | 2013 | - Regional meeting, Ficksburg and Viljoenskroon |
| 21 February | 2013 | - Regional meeting, Kroonstad and Orania |
| 06 March | 2013 | - GSA Congress Maize Breakaway Session |

Relevant articles produced

A monthly market related article as well as regional cash market price information is given in the monthly magazine SA Graan/Grain. It was decided that the monthly grain market overview article should be replaced by a monthly article applicable on a certain commodity/aspect of interest at that point of time.

Relevant maize market articles, which were published in the SA Graan/Grain magazine during the period 1 October 2012 to 28 February 2013, includes the following maize market related articles by Grain SA and guest writers

- *Trusts speel onontbeerlike rol in navorsing*
- *Oesskattings: oppervlaktes beplant in perspektief gesien*
- *Pluimvee-invoere ondermyn binnelandse mielieverbruik*
- *The significance of a South African Supply and Demand Estimates Committee*
- *Laat Twitter vir jou werk -Volg ons by @GrainSA*
- *Droogtes beperk wêreldgraanproduksie*
- *Key topics handled at 2012 agri benchmark Cash Crop Conference*
- *Oorsig oor die Graanmark*
- *Basisverhandeling van silosertifikate nou moontlik*
- *Skatting laat NOK kopkrap*
- *Opportunities in the maize wet milling industry*
- *New silo auction receipts trading system under the spotlight*
- *Re-opened branch line helps regain railway's prominence*
- *Die meliemark in perspektief*
- *A review of the South African maize export trends (2008-2012)*

Radio discussions:

- Graankwaliteite- RSG
- Graan SA Streeksvergaderings- RSG
- Wie is SAGIS (SA Graan Inligtings Dienste) asook nuwe stelsel- RSG
- Graan Suid Afrika se kernbesigheid- RSG
- Graan SA Produsent van die Jaar- RSG
- Graan SA – Graanprodusent vir 2012-RSGb Basisverhandeling van silosertifikate- RSG

PROBLEMS THAT HAVE BEEN ENCOUNTERED

No problems have been encountered.

MILESTONES THAT HAVE NOT BEEN ACHIEVED AND THE REASONS

All milestones have been achieved.

FINANCIAL REPORT

	Budget application 1 Oct 12 to 30 Sep 13	Actual expenditure 1 Oct 12 to 31 Jan 13
Direct office expenses	R 3,366.00	R 1,465.00
Personnel	R 47,291.00	R 16,903.00
Travelling and accommodation	R 1,953.00	R 104.00
Internal working groups	R 6,603.00	R 1,348.00
External working groups	R 2,110.00	R 8.00
Overhead expenses	R 20,398.00	R 7,963.00
Grain SA – Western Cape	-	-
Total	R 81,721.00	R 27,791.00

MARKET RESEARCH AND DEVELOPMENT
Summary of project budgets applications and actual expenditure

NUMBER	PROJECTS	BUDGET APPLICATION OCT 2012 TO SEP 2013 R	ACTUAL EXPENDITURE OCT 2012 TO JAN 2013 R
Market 1	Market research and information	507 186.00	156 478.00
Market 5	Dissemination of information	81 721.00	27 791.00
TOTAL		588 907.00	184 269.00

APPRECIATION AND THANKS

The Department: Industry Services would like to express its sincere thanks and appreciation to the Maize Trust for its financial support. The good co-operation and continuous liaison with all role-players and stakeholders that are involved in the grain industry is highly regarded.