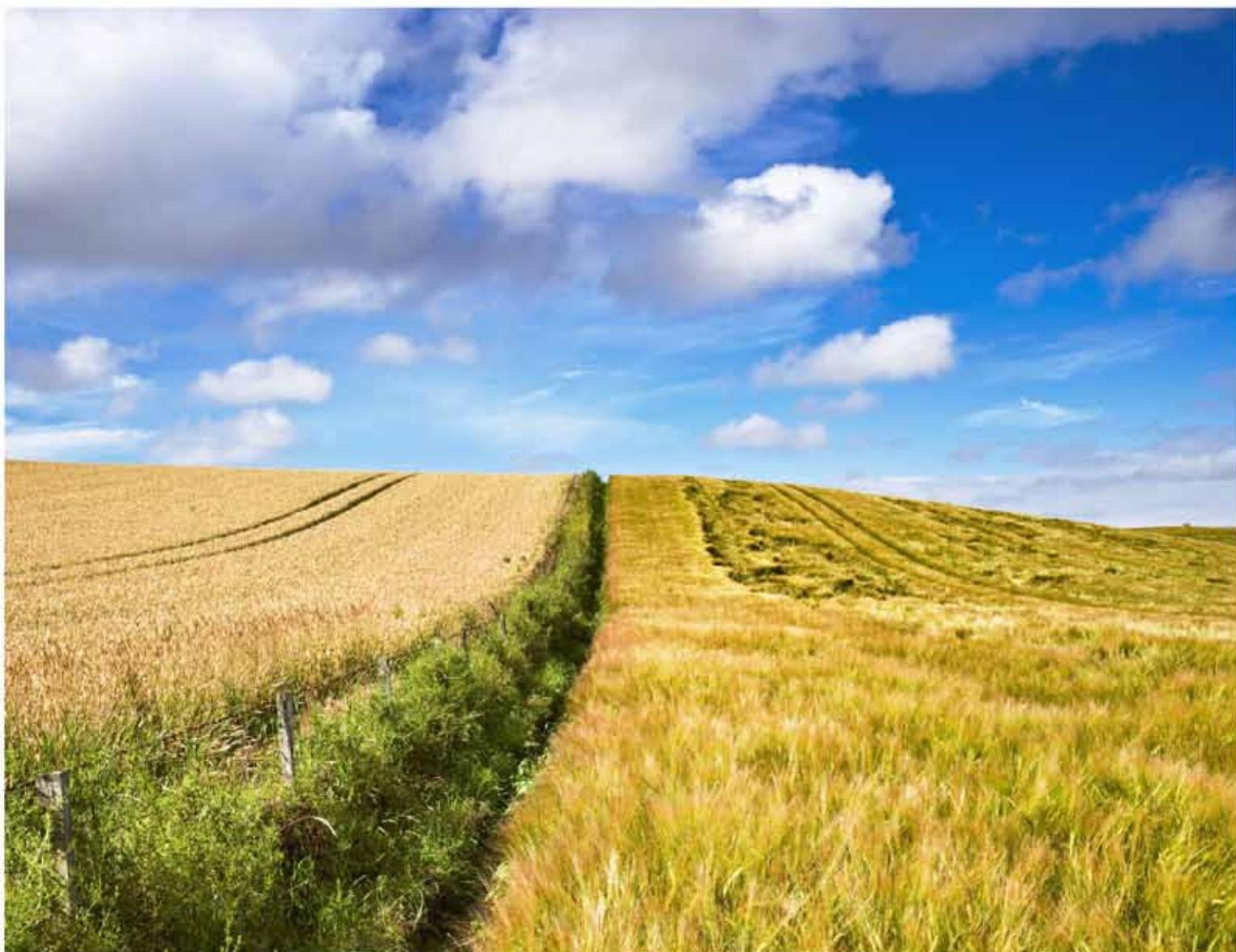
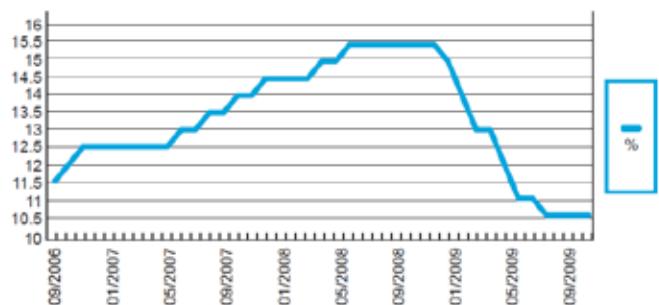


# Landboubesighede Prestasiemetingsopname 2009 Agribusinesses Benchmarking Survey 2009

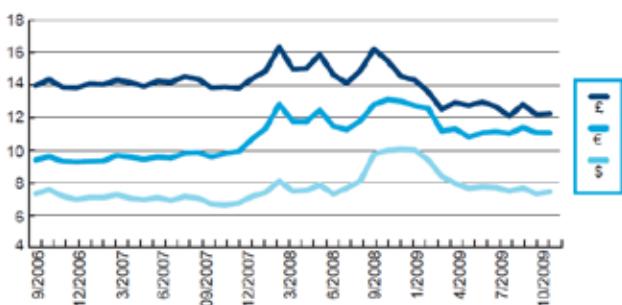


# Hooftrekke / Salient features

Primakoers / Prime rate



Wisselkoers / Exchange rate



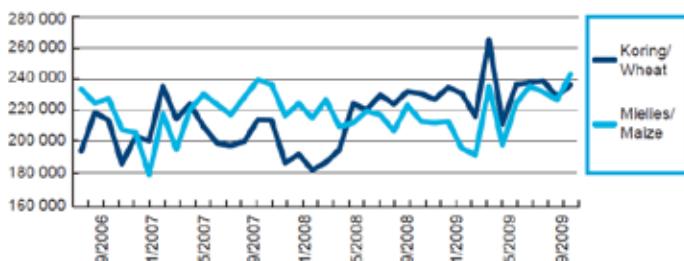
Brent Ru-Olie / Brent Crude Oil



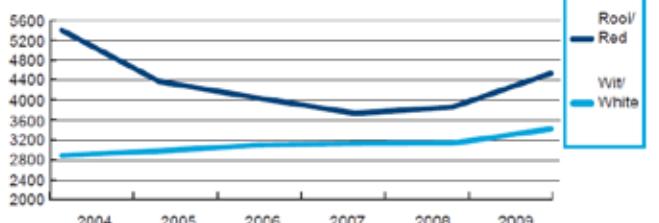
Koring / Wheat



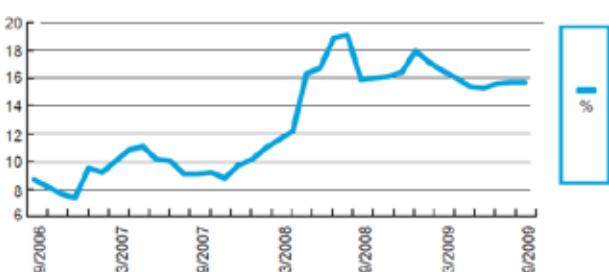
Mielies en Koring verbruik / Maize and Wheat usage



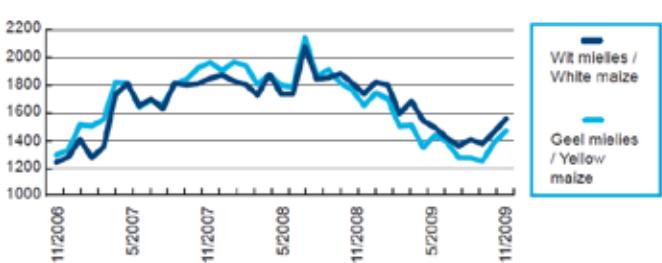
Bulkwyn pryse / Bulk wine price



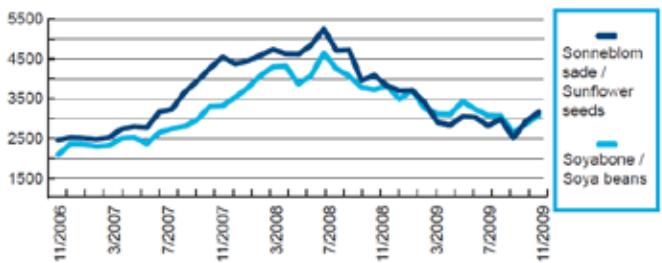
Produksie Prysindeks / Production Price Index



Mielies / Maize



Sonneblom, Soyabone / Sunflower, Soya beans



Wol / Wool

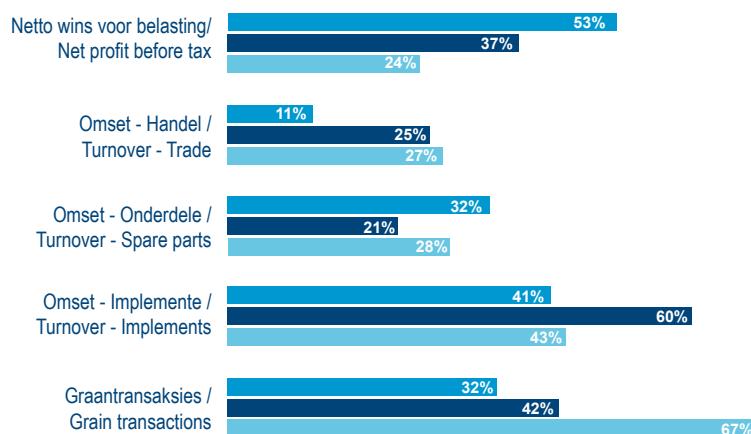


# Hooftrekke / Salient features

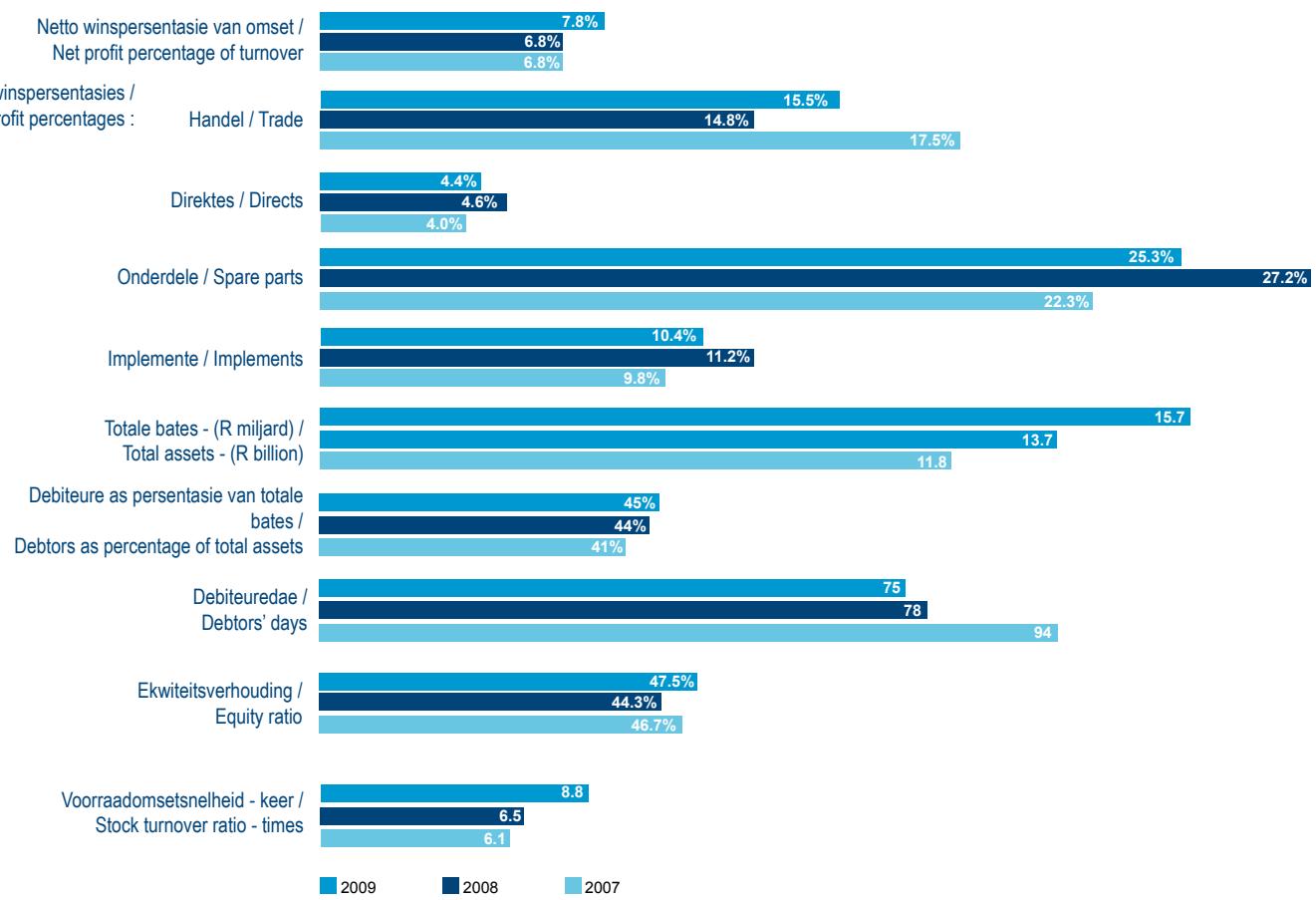
## Omset / Turnover



## Tendense (jaar-op-jaar) / Trends (year-on-year)



## Jaar resultate / Annual results





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Die uitermatige behoefté om die wêreldwyé voorraadvlake in 2008 te herstel weens die ontwikkeling van die etanolbedryf het 'n onbeheersde styging in die koste van landbou-insette meegebring. Die gevolglike oorproduksie daarna weens goeie klimatomstandighede het egter weer surpluses in graanvoorraad meegebring wat ongekende deflasie tot gevolg gehad het.

Hierdie golf van deflasie is opgevolg deur 'n internasionale finansiële krisis wat ongekend is vir die huidige geslag en wat bedryfskapitaal as skaars hulpbron ontbloot het.

Dit alles het 'n negatiewe impak op die landbou gehad.

Die wisselvalligheid van graan en ander landbouprodukte se pryse en die abnormale styging in insetkoste bring mee dat menige produsente, veral dié wat nie verskansingstegnieke toegepas het nie, hulself in 'n knyptang situasie bevind. Kommer bestaan veral oor die produsente wat in afwagting vir beter pryse nog oor oordragvoorraad beskik. Produsente se inkomste het beslis nie tred gehou met die stygende produksiekoste nie, wat hul jaarliks reëel in 'n swakker posisie plaas. Die verwagte afname in die plant van sekere landbouprodukte, byvoorbeeld koring en aartappels, is te wagte weens die ekonomiese omstandighede. Die wêreldwyé ekonomiese afswaai en die sterkte van die rand dra verder by tot die agteruitgang van die uitvoerboere.

Landboubesighede vervul hoofsaaklik 'n "geleipypfunksie". Dit plaas hulle in 'n posisie om vinniger aanpassings te maak by veranderinge in ekonomiese omstandighede. Om die nodige infrastruktuur vir produsente te skep word konstante marges gehef op insetmateriaal en dienste wat verskaf word. Hul goeie resultate toon 'n styging van 53% in netto wins voor belasting teenoor die vorige jaar. Dit is teweeggebring deur die aanvanklike abnormale inflasie in die bedryf voor Oktober 2008, geleenthede wat benut is as gevolg van strategiese aankope in 'n stygende mark en aanvanklik goeie graanmarkte wat geleenthede geskep het om voorraad en drakoste winsgewend te bestuur.

Die handelsafdelings van landboubesighede het aanvanklik goeie resultate behaal met die vroeë aankope deur produsente van kunsmis en brandstof om prysstygings voor te spring. Die goeie kommoditeitspryse het ook boerderytoerusting se verkope aangespoor.



The pressing need to restore world wide stock levels in 2008 due to the development of the ethanol industry led to an uncontrolled increase in the prices of agricultural inputs. The resultant overproduction due to favourable climatic conditions resulted in surpluses in grain stock, which led to unprecedented deflation.

This wave of deflation was followed by an international financial crisis, hitherto unknown to the present generation, exposing working capital as a scarce resource.

All of this has had a negative impact on agriculture.

The variability in the prices of grain and other agricultural products and the abnormal increase in input cost has resulted in many producers, particularly those who have not applied hedging techniques, finds themselves in a difficult situation. There is concern particularly for those producers who are still holding carry-over stock in anticipation of better prices. The income of producers has definitely not kept pace with rising production costs, which annually is placing them into a weaker real position. The decline in the planting of certain agricultural products, such as wheat and potatoes, is to be expected due to the economic condition. The worldwide economic slowdown and the strength of the rand are further exacerbating the deterioration of the position of export farmers.

Agribusinesses fulfil mainly a "conduit function". It enables them to adjust quicker to changes in economic conditions. In order to create the necessary infrastructure for producers, constant margins are maintained on input materials and services rendered. Their good results show an increase of 53% in net profit before tax against the previous year. This was brought about by the initial abnormal inflation in the industry before October 2008, opportunities which were utilised as a result of strategic purchases in a rising market and initially fair grain markets which created opportunities to manage stock and carrying costs profitably.

The trade divisions of agribusinesses initially showed fair results with the early purchases by producers of fertilizer and fuel to pre-empt price increases. Favourable commodity prices also promoted the sales of farming equipment.

# Voorwoord

# Preface

Die daaropvolgende deflasie was onverwags. Dit het meestal van die landboubesighede onkant betrapp. Gevolglik moes die aanvanklike hoë winste prysgegee word met die afskryf van voorraad en het dit 'n gespartel afgegee om kontantvloei te bestuur. Laasgenoemde is veral veroorsaak deur produsente wat hul graanvoorraad oorgedra het na die nuwe jaar in afwagting vir beter prys. Die herstel het nog nie heeltemal gerealiseer nie.

Die veranderde ekonomiese omstandighede het meegebring dat landboubesighede vinnig moes aanpas om hul risiko's, naamlik debiteure en voorraad, aan te spreek. Die koste-inflasie van hierdie twee bate-items het grootliks daartoe bydrae, dat die totale bates onder bestuur van landboubesighede oor die afgelope 3 jaar met 78% gegroei het.

Die invloed wat hierdie veranderinge op landboubesighede gehad het, word in die bevindings van hierdie metingsopname bespreek.

Ons vertrou dat hierdie prestasiemeting, kommentaar-terugvoering aan die deelnemers en aanbiedings wat daarmee gepaard gaan 'n bydrae sal lewer tot 'n bedryfstak wat 'n noodsaklike rol in ons ekonomie vervul.

Ons verwelkom u terugvoer oor hierdie verslag en sien uit na die bespreking daarvan.

The deflation that followed was unexpected. It caught most of the agribusinesses off-guard. The initial high profits accordingly had to be surrendered through the writing-off of stock, and it became a struggle to manage cash flow. This was caused particularly by producers carrying over their grain stock to the new year in anticipation of better prices. This recovery has not yet entirely realised.

The changed economic conditions has caused agribusinesses to rapidly adapt to address their risks, namely debtors and stock. The cost inflation of these two asset items largely contributed to the total assets under the management of agribusinesses growing by 78% over the past three years.

The effect these changes had on agribusinesses is discussed in our findings of this survey.

We trust that this benchmarking, comment and feedback to the participants, and accompanying presentations, will make a contribution to an industry that fulfils an essential role in our economy.

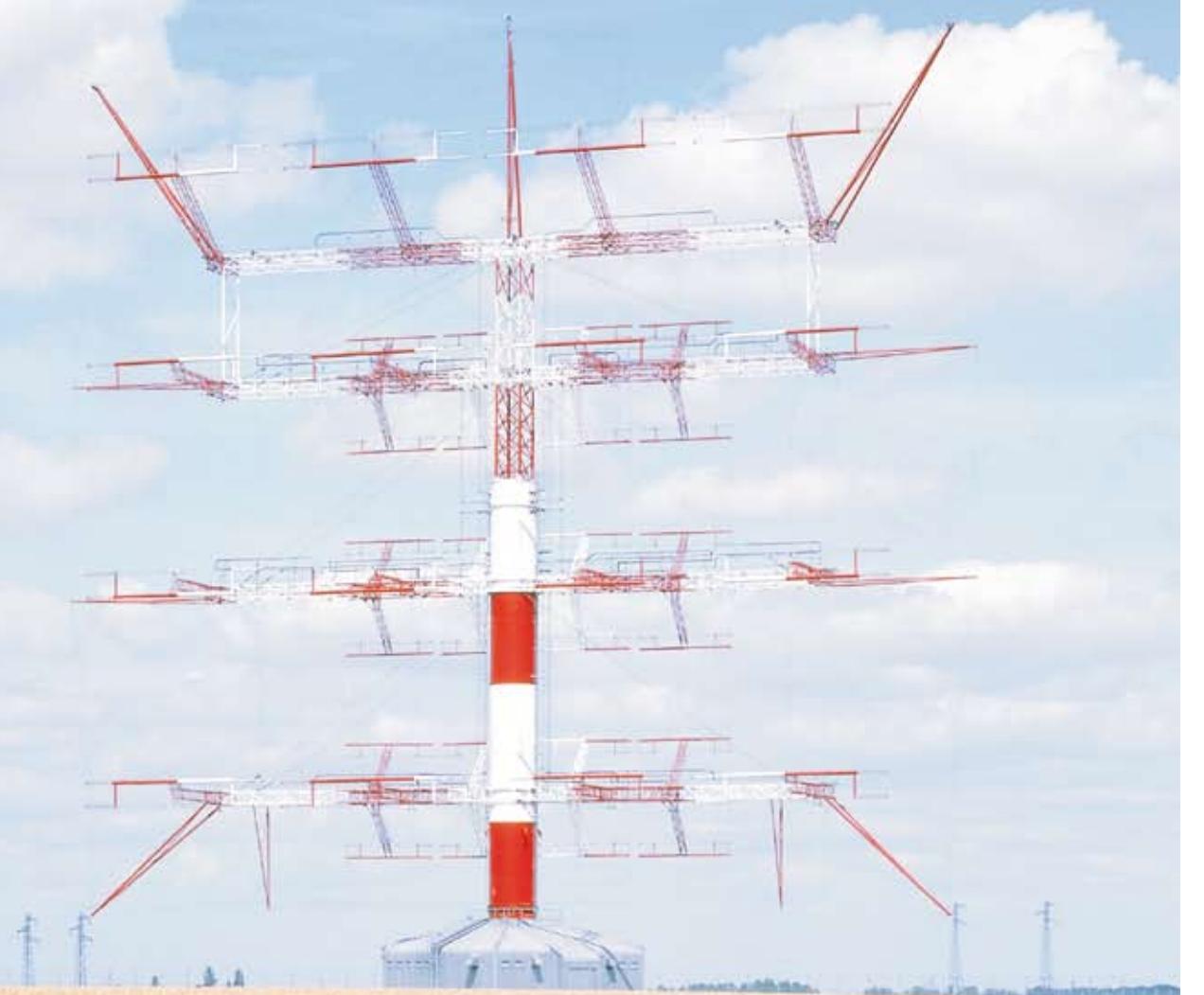
We welcome your feedback on this report and look forward to the discussion thereof.



**Kobie Bekker**

Nasionale Landboubesigheid – Industrieleier /  
National Agri Business – Industry Leader  
PricewaterhouseCoopers Ing. / Inc.  
Februarie / February 2010





## Die resessie is verby!

Noudat die ekonomiese van bykans elke gesaghebbende land ter wêrelд weer behoorlik groei, kan 'n mens nogal uitsien na 2010.

Die kortstondige aard van die afgelope wêrelde resessie het die gees van pessimisme wat deur sommige doemprofete aangewakker is, 'n nek slag toege dien.

Enkele maande gelede het siniese ekonome gewaarsku dat die resessie tot ten minste 2011 sou voortduur, veral na aanleiding van die skerp inkrimping wat in die eerste kwartaal vanjaar plaas gevind het, toe bykans elke land ter wêrelд in die kloue van 'n resessie vas gevang was.

Die merkwaardigste eienskap van die resessie is dat sowat die helfte van die wêrelд se ryk lande en ontluikende ekonomiese binne drie maande ná die rampspoedige eerste kwartaal van 2009 weer na positiewe groei teruggekeer het.

Die ander helfte (insluitende Suid-Afrika en Amerika) het in die derde kwartaal die rug op die resessie gekeer. Interessant genoeg het die wêrelд se twee grootste ontluikende markte, China en Indië, nooit in 'n resessie in beweeg nie, terwyl Indië se groeikoers in die derde kwartaal meer as 8% bedra het.

## Terugkeer na groei

Meegaande grafiek toon duidelik dat Suid-Afrika binnekort kan uitsien na 'n herstel van uitvoerverdienste, soos wat die wêreldekonomie begin om weer stukrag op te bou.



## The recession is over!

Now that the economies of almost all leading countries of the world are showing positive growth again, it is possible to actually look forward to 2010.

The short-lived duration of the past world recession has put an effective end to the spirit of pessimism generated by the prophets of doom.

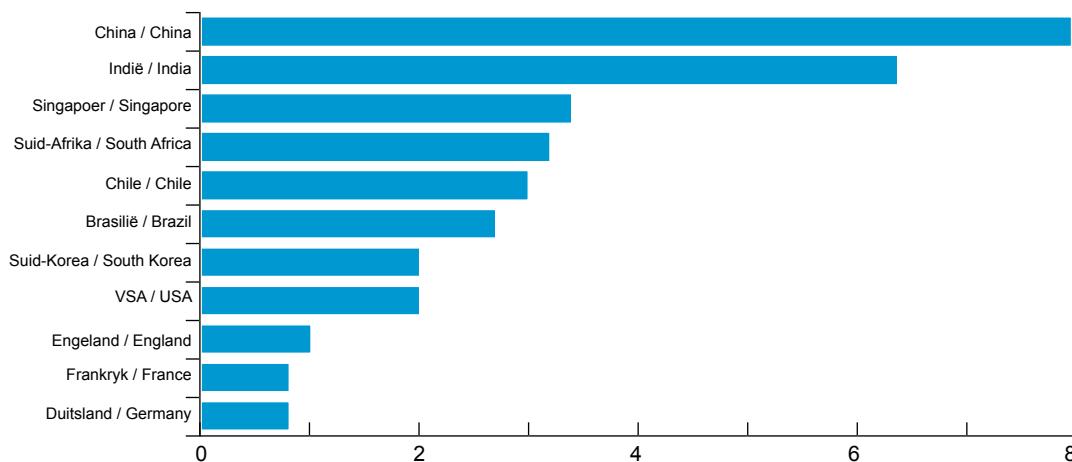
Cynical economists warned a few months ago that the recession would continue at least until 2011, due particularly to the sharp decline that occurred in the first quarter of this year when virtually every country in the world found itself in the grip of recession.

The most noteworthy feature of the recession was that about half of the world's rich countries and developing economies returned to positive growth within three months of the disastrous first quarter of 2009.

The other half (including South Africa and America) showed recovery from the recession in the third quarter. Interestingly enough, the world's two largest developing markets, China and India, never moved into recession, and India's growth rate in the third quarter exceeded 8%.

## Return to growth

The following graph shows clearly that South Africa can look forward soon to recovery in export earnings as the world economy starts to gain momentum.



Vroeë aanduidings van ekonomiese herstel is deur aandeelmarkte oral ter wêreld verskaf. Die meeste aandelebeurse het sedert Julie 2009 met sterk lopies voerendag gekom en die Johannesburgse Effektebeurs was geen uitsondering nie. In die meeste gevalle het aandelpryse sedert die middel van die jaar met tussen 15% en 25% gestyg, insluitende die indekspryse van die Standard & Poor (S&P) top-500 maatskappye en die FTSE wêreldbourse.

Die belangrike S&P 500-indeks het onlangs vir die eerste keer sedert November 2008 tot bokant die 1,000-vlak gestyg en was in die derde kwartaal van 2009 bykans 50% hoër as in die begin van Maart 2009.

Die terugkeer na 'n positiewe gesindheid onder beleggers op aandeelmarkte is deur die volgende gerugsteun:

- Duidelike tekens van 'n herstel van finansiële markte in Amerika en Europa. Twee van die wêreld se grootste banke, HSBC en Barclays, het in die eerste ses maande van 2009 voorbelaste winste van R37 miljard en R35 miljard, onderskeidelik, aangeteken.
- Dalings in winste van die S&P top-500 maatskappye was aansienlik minder as wat aanvanklik verwag is, wat beteken dat inkomste uit dividende hoër was.
- 'n Amerikaanse instituut wat 'n gesaghebbende maandelikse opname onder aankoopbestuurders publiseer, het bekend gemaak dat sy indeks sedert die middel van 2009 wesentlik gestyg het tot 'n vlak van bokant 50%. Laasgenoemde word as 'n betroubare afsnypunt tussen negatiewe en positiewe groei in die vervaardigingsektor in Amerika beskou en die huidige neiging toon dat vervaardiging uit die resessie beweeg het.
- Verskeie datareeks in Amerika, Europa en Suid-Oos Asië toon dat vervaardigers besig is om weer voorraadvlake te begin aanvul, in afwagting op 'n herstel van private verbruiksbesteding en weens hoër vraag deur die openbare sektor. In Amerika is die verhouding tussen nuwe bestellings en voorraad tans op sy hoogste vlak sedert 1975.
- Volgens die Amerikaanse Departement van Handel het besteding in die konstruksiesektor sedert die tweede kwartaal van 2009 toegeneem en is verbruikers besig om positief te reageer op die Amerikaanse regering se jongste aansporings vir huiseienaars.

Early indications of economic recovery have been provided by share markets around the world. Most bourses have had strong runs since July 2009, and the Johannesburg Stock Exchange was no exception. In most cases, share prices have risen by between 15% and 25% since the middle of the year, including the price indices of the Standard & Poor (S&P) Top 500 companies and the FTSE world exchange.

The important S&P Top 500 index rose for the first time since November 2008 to above the 1,000 level and in the third quarter of 2009 was almost 50% higher than at the beginning of March 2009.

The return to a positive outlook among investors was supported by the following:

- Clear signs of recovery in the financial markets in America and Europe. Two of the world's largest banks, HSBC and Barclays, reported pre-tax profits in the first six months of 2009 of R37 billion and R35 billion respectively.
- Declines in profits among the S&P Top 500 companies were appreciably lower than initially expected, which means that dividend income was higher.
- An American institute which publishes an authoritative monthly survey of purchasing managers announced that its index had risen significantly since mid-2009 to a level over 50%. This is regarded as a reliable cut-off point between negative and positive growth in the US manufacturing sector, and the current trend shows that manufacturing has moved out of recession.
- Various data sources in America, Europe and South-East Asia show that manufacturers are again building up stock levels in anticipation of a recovery in private consumer spending and due to increased demand by the public sector. In America the ratio between new orders and inventory is currently at its highest level since 1975.
- According to the US Department of Commerce, spending in the construction sector has increased since the second quarter of 2009, and consumers are reacting positively to the government's latest incentives for home owners.

- Die Amerikaanse motorreus, Ford, het bekendgemaak dat verkope van ligte passasiersvoertuie in die derde kwartaal van 2009 begin styg het, terwyl ander motorvervaardigers ook groter stabilitet in verkoopsyfers begin ervaar.
- Produkpryse in bykans alle afdelings het sedert die tweede helfte van 2008 mooi herstel. Hoewel hoër produkpryse die stryd teen inflasie in 'n mate sal kniehalter, is dit uitstekende nuus vir lande soos Suid-Afrika, wat gevoelig is vir groot skommelings van uitvoerpryse. Dit is ook oorwegend goeie nuus vir die landbou.

## Redes vir herstel

Vir sommige mense bly dit 'n raaisel dat die resessie, wat aanvanklik tot skerp dalings in uitset gelei het en ongekende mediadekking geniet het, so gou kon eindig.

Die redes vir die vinnige herstel moet ten eerste in die aanvanklike oorsake van verswakte ekonomiese toestande gesoek word. Met die wysheid van nabetragting is dit duidelik dat Suid-Afrika se ekonomiese resessie hoofsaaklik aan die deur van skerp dalings in die vraag na grondstowwe en die hoë rentekoerse van 2008 gelê kan word (anders as in Amerika en sommige Europese lande, het daar niks met die Suid-Afrikaanse bankwese geskort nie).

Beide dié kernaanwysers het sedert die begin van 2009 met 'n ommeswaai begin, wat die outeur genoop het om reeds in Februarie 2009 'n einde van die resessie in die derde kwartaal van 2009 te voorspel (wat wel gebeur het).

In die geval van rentekoerse het die koste van bedryfskapitaal tussen Desember 2008 en die derde kwartaal van 2009 met meer as 30% gedaal, hoofsaaklik danksy die dalende neiging van inflasie.

Die huidige negatiewe vlak van prystoename in die vervaardigingsektor sal ongetwyfeld daartoe bydra dat die verbruikersprysindeks redelik lank onder die 6%-kerf sal bly. Die kans op verdere rentekoersdalings is derhalwe uitstekend, wat tot die herstel van verbruiksbesteding sal lei. Verwerkte voedselprodukte sal uiteraard ook hierby baat vind.

Die omvang van die verwagte herstel in verbruiksbesteding is aansienlik. Elke daling in die rentekoers van een persentasiepunt verhoog persoonlike besteebare inkomste met sowat R1.7 miljard per maand (as gevolg van besparings op die koste van krediet).

- The American automobile giant, Ford, has announced that sales of light passenger vehicles started to increase in the third quarter of 2009, while other automobile manufacturers have also started to experience greater stability in sales figures.
- Commodity prices in almost all sectors have recovered well since the second half of 2008. Although higher commodity prices will hamper the fight against inflation to some extent, this is excellent news for a country like South Africa, which is sensitive to volatility in export prices. This is on balance also good news for agriculture.

## Reasons for the recovery

It remains a bit of a mystery to some commentators that the recession, which initially resulted in sharp falls in output and received unprecedented media coverage, could end so quickly.

The reasons for the rapid recovery must first be sought in the original causes of the deteriorating economic conditions. With the wisdom of hindsight it is clear that South Africa's economic recession can be attributed to sharp falls in the demand for commodities and the high interest rates of 2008. (Unlike America and some European countries, the South African banking sector was not at risk).

Both of these core indicators commenced with a trend reversal at the start of 2009, which as early as February 2009 led the author to predict an end to the recession in the third quarter of 2009 (which has indeed occurred).

In respect of interest rates, the cost of working capital fell by more than 30% between December 2008 and the third quarter of 2009, thanks mainly to the downward trend in inflation.

The current negative level of price increases in the manufacturing sector will undoubtedly lead to the consumer price index remaining below the 6% mark for quite sometime. The chance of further interest rate cuts is thus excellent, which will lead to recovery in consumer spending. Processed food products will naturally benefit from this.

The scale of the anticipated recovery in consumer spending is considerable. Every decline in the interest rate of one percentage point raises personal expendable income by some R1.7 billion per month (as a result of savings on the cost of credit).

# Ekonomiese oorsig

Indien die verstommende daling van meer as 50% in die waarde van Suid-Afrika se uitvoer gedurende die eerste kwartaal van 2009 in ag geneem word, is die herstel van produkpryse waarskynlik die belangrikste dryfveer vir ekonomiese herstel.

Meegaande tabel toon duidelik hoedat bykans alle produkpryse met 'n nuwe opwaartse sirklus begin het, met hout, graan en kunsmis as die enigste wesenlike uitsonderings.

Produkteprysindekse: Verandering tussen die eerste kwartaal en Oktober 2009	
	%
Energie	49.7%
Metale en minerale	46.5%
Ander voedsel	25.6%
Koffie en tee	24.3%
Grondstowwe	19.9%
Vette en olies	16.6%
Landbou	14.4%
Voedsel	10.5%
Hout	-3.8%
Graan	-9.4%
Kunsmis	-35.4%

Bron: Wêreldbank

## 'n Voorspoed 2010 wink

Dit is veral die sterk ommeswai van die meeste metaal- en mineraalpryse wat die land se uitvoerverdienste gedurende die tweede helfte van die jaar 'n goeie hupstoot sal gee (veral van die nuwe, laer basis af) en 'n terugkeer na relatief sterk positiewe ekonomiese groei gedurende die eerste helfte van 2010 is bykans verseker.

Verder ontvang werknemers in die lae- en middelinkomstegroepe sedert April 2009 nagenoeg R1.2 miljard per maand meer, danksy die regering se belastingtoegewings vir die 2009/2010 fiskale sirklus.

Die toestroming na Suid-Afrika van sokker-geesdriftiges gedurende 2010 se eindstryd-toernooi behoort toerisme tot 'n strukturele hoër vlak te laat beweeg, wat verdere stukrag aan 'n verskeidenheid van ekonomiese sektore sal verskaf.

# Economic review

If the dramatic decline of more than 50% in the value of South Africa's exports during the first quarter of 2009 is taken into account, the recovery of commodity prices will probably provide the mainspring for economic recovery.

The following table shows clearly how almost all commodity prices have commenced upon an upward cycle, with timber, grain and fertilizer as the only real exceptions.

Product price indices: Change between the 1st quarter and October 2009	
	%
Energy	49.7%
Metals and minerals	46.5%
Other foodstuffs	25.6%
Coffee and tea	24.3%
Commodities	19.9%
Fats and oils	16.6%
Agriculture	14.4%
Foodstuffs	10.5%
Timber	-3.8%
Grain	-9.4%
Fertilizer	-35.4%

Source: World Bank

## A prosperous 2010 beckons

It is particularly the strong turnaround in most metal and mineral prices that will give the country's export earnings a good fillip during the second half of the year (particularly from the new, lower base), and a return to relatively strong economic growth during the first half of 2010 is almost certain.

Further, employees in the low and middle income groups have received almost R1.2 billion per month since April 2009, thanks to the government's tax concessions for the 2009/2010 fiscal cycle.

The influx to South Africa of soccer fans during the 2010 World Cup tournament should lift tourism to a structurally higher level, which will provide further support to a range of economic sectors.

Ander redes tot optimisme oor die ekonomiese vooruitsigte vir 2010 sluit die regering se hernieuwe verbintenis tot 'n verbetering van die land se infrastruktuur in.

Nasionale Tesourie het oor die volgende vyf jaar 'n bedrag van meer as R1,000 miljard vir besteding aan infrastruktuur begroot, wat uiteraard ook die regering se vermoë sal verbeter om dienslewering te verskaf.

Die landbousektor is redelik goed gerat om voordeel uit die nuwe ekonomiese groefase te trek. Investering in nuwe produktiewe bates in die landbou het tussen 2001 en 2008 met 151% toegeneem (in reële terme met 65%).

Verder bestee verbruikers bykans een-derde van hul inkomste aan voedsel en drank (insluitende restaurante), wat 'n mark van meer as R400 miljard per jaar verteenwoordig.

In die lig hiervan is 'n terugkeer na die groeikoersvlak van na aan 5% in 2010 'n besliste moontlikheid.

Further reasons for optimism over the economic prospects for 2010 include the government's renewed commitment to improving the country's infrastructure.

National Treasury has budgeted an amount of more than R1,000 billion for infrastructure over the next five years, which naturally will improve the government's capacity to provide service delivery.

The agricultural sector is reasonably well geared to benefit from the new economic growth phase. Investment in new productive assets in agriculture between 2001 and 2008 increased by 151% (65% in real terms).

In addition, consumers are spending almost one-third of their income on food and liquor (including restaurants), representing a market of more than R400 billion per year.

In the light of the above, a return to the growth rate level approaching 5% in 2010 is a distinct possibility.



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Desember / December 2009



## Ekonomiese toestande

Die vorige tydperk is gekenmerk deur die uitermatige stijging in **pryse van kommoditeite**, wat aangedryf is deur lae wêreld-voedselvoorrade en die ontwikkeling van die etanolbedryf in Amerika. Dit het daartoe gelei dat daar 'n ongekende vraag na landbou-insette was. Die pryse van primêre landbou-insetmateriaal het gevvolglik onbeheers die hoogte ingeskiet. Hierdie toestande het gedurende die aanvang van die oorsigtydperk voortgeduur met kommer oor die beskikbaarheid daarvan.

Weens **gunstige klimaatsfaktore** gedurende hierdie tydperk in die groot produksie gebiede van die wêreld en hoër produksie van graankommoditeite wat aangevuur is deur gunstige prys, het die gunstige vraagtoestande deur oorproduksie omgeswai na surplustoestande en gevvolglike laer produkpryse. Dit het die vraag na landbou-insette dramaties laat afneem en het ons deflasie in die bedryf leer ken soos nog nooit van tevore nie.

Die **wêreldeconomie** het egter kort daarna ook 'n radikale verandering in sake-sentimente en handelsomstandighede getoon. Hoewel dit niks met landbou te make gehad het nie, het kapitaal skielik 'n skaarser hulpbron geword weens die wêreldwye krisis wat in die finansiële sektor ontstaan het. Die spelreëls van die sake-omgewing het drasties verander. Dit was dus nie net die veranderings wat uitdagings meegebring het nie, maar ook die spoed waarteen hierdie veranderings plaasgevind het.

Die **landbousektor** het ook die pad van die wêrelgresessie gevolg. Die prys van kommoditeite het aansienlik afgeneem en word die herstel daarvan, soos die wêreldeconomie, oor 'n relatiewe langtermyn verwag.

Die amptelike aankondiging dat Suid-Afrika in 'n **resessie** verkeer, het waarskynlik daartoe bygedra dat daar 'n dramatiese afname in sakebedrywigheude gedurende die tweede kwartaal van 2009 was.

## Landboustoestande

Die feit dat landbou die **basiese behoeftes** van mense aanspreek, naamlik voedsel, het die impak van die internasionale ekonomiese finansiële krisis op die landbou-omgewing versag teenoor ander bedryfsektore, wat meer op luukse goedere en finansiële dienste ingestel is. Ten spyte hiervan, was die landbou-omgewing gedurende die afgelope tydperk onstabiel.

## Economic conditions

The previous period was characterised by the excessive rise in **commodity prices**, fuelled by low world food stocks and the development of the ethanol industry in America. This resulted in unprecedented demand for agricultural inputs. The prices of primary agricultural input materials shot up uncontrollably. These conditions continued during the early part of the review period and concern arose over their availability.

Due to **favourable climatic conditions** in the large production areas of the world during this period and increased production of grain commodities spurred by favourable prices, the world initially succeeded through over-production in turning the favourable demand conditions around into surplus conditions with consequent lower product prices. This dramatically reduced the demand for agricultural inputs and we experienced deflation in the industry as never before.

Shortly thereafter, however, the **world economy** showed a radical change in business sentiment and trade conditions. Although this had nothing to do with agriculture, capital suddenly became a scarcer resource due to the worldwide crisis that had arisen in the financial sector. The rules of play in the business environment changed drastically. It was thus not only the changes, but also the speed with which they occurred, that brought about challenges.

The **agricultural sector** also followed the course of the world recession. Commodity prices declined considerably and, as with the world economy, recovery is expected over a relatively long term.

The official announcement that South Africa was in a **recession** probably contributed to a dramatic decline in business activity during the second quarter of 2009.

## Agricultural conditions

Due to the fact that agriculture meets the **basic need** of people, namely food, the impact of the international economic financial crisis was not as negative on the agricultural environment as on other business sectors based more on luxury goods and financial services. Despite this, however, the agricultural environment was extremely unstable during the past term.

## Die voedsel- en landbousektor is wel deur 'n spiraal van faktore nadelig getref, naamlik:

- 'n aanvanklike stijging in olie- en ander kommoditeitspryse, met die toename in produksievlekke;
- voedselpryse het nog steeds hoog gebly, met gevvolglike verdere negatiewe implikasies vir die vraag na voedsel-landbouprodukte;
- die wesenslike inkorting van ekonomiese aktiwiteit met gepaardgaande werkverliese;
- die gevvolglike afname in private verbruiksbesteding;
- die invloei van buitelandse kapitaal het 'n betekenisvolle bydrae gelewer tot die versterking van die rand teenoor die belangrikste geldeenheid, wat verdere negatiewe implikasies vir die prys van landbouprodukte ingehou het;
- die verhoging van elektrisiteitskoste; en
- die stijging in koste van water.

Die oorsigtydperk was meer uitdagend vir die produsente as landboubesighede weens die wisselvalligheid van **graanpryse**, terwyl 'n koste-knyptang situasie op phase ervaar is.

Die "onverwagse" **versterking van die rand**, vanweë die invloei van buitelandse kapitaal, het ongeag watter kant van die tafel jy sit - uitvoer of invoer - 'n wesenslike uitwerking op die sake-omgewing gehad. Wat op die korttermyn gaan gebeur is 'n raaiskoot.

Sekere dele van die **somer-aanplantingsgebiede** het eers baie laat reën gekry, wat aanvanklik 'n negatiewe uitwerking op die omvang van graanaanplantings gehad het. Dit het die verskaffing van krediet, mekanisasie, insetmiddele en dienste gestrem. Skaflike opvolgreën in die meeste gebiede het egter meegehelp dat goeie oeste uiteindelik behaal is, hoewel laer as dié van die vorige jaar.

Die aankope van **landbou-insette** is gedoen op 'n tydstip toe die prys daarvan op relatief hoë vlakke was, voor die skielike ineenstorting van die internasionale markte. Die ineenstorting het veroorsaak dat die vraag na verwerkte produkte beduidend afgeneem het. Die vraag na mieliemeel het egter toegeneem en verhoogde volumes is gerealiseer.

## The food and agricultural sector was adversely affected by a spiral of factors, namely:

- the initial rise in oil and other commodity prices and the increase in production levels;
- food prices remained high with further negative implications for the demand for food-based agricultural products;
- the substantial contraction of economic activity, leading to job losses;
- the resulting reduction in private consumer spending;
- the inflow of foreign capital made a significant contribution to the strengthening of the rand against the most important monetary units, which had further negative implications for the prices of agricultural products;
- the increase in electricity costs; and
- the rising cost of water.

The period under review was challenging for producers and agricultural businesses due to the fluctuating **grain prices**, whilst a cost pincers situation was experienced on farms.

The "unexpected" **strengthening of the rand** due to the inflow of foreign capital had a substantial impact on the business environment, irrespective of which side of the table one sat – exporting or importing. What would happen in the short term is anybody's guess.

Some parts of the **summer planting areas** received their rain late, which had a negative effect on the scale of grain planting. This restricted the provision of credit, mechanisation, input materials and services. Sufficient follow-up rains in most areas however helped the ultimate achievement of good harvests, though lower than those of the previous year.

The purchase of **agricultural inputs** was made at a time when their prices were at a relatively high level before the sudden collapse of the international markets. The collapse caused a substantial decline in the demand for processed products. The demand for maize meal however increased, and increased volumes were realised.

Daar het beter **geleenthede** ontstaan in die verhandeling van kommoditeite in lande noord van Suid-Afrika. Die infrastruktuur aldaar is besig om te verbeter en verbruik behoort te vermeerder soos dié lande groei en inwoners se verbruiksgewoontes verander.

Die kapasiteitsbesetting van **veevoerfabrieke** op nasionale vlak is redelik hoog en daar word nie tans 'n dalende tendens in verkope bespeur nie. Dit impliseer dat die huidige ekonomiese toestande nog nie die vraag na veevoer negatief beïnvloed het nie. Voorts behoort die dalende tendens in grondstofpryse, asook die vraag na witvleis 'n positiewe uitwerking op die volhoubaarheid van die veevoerbedryf te hê.

**Vleisprysse**, ten opsigte van kleinvee by slagtings, was baie wisselvallig en het oor die kernbemarkingstydperke nie altyd die vlakke van vorige jare gehaal nie. Grootvee-slagtings se vleisprysse was baie meer konstant en het selfs jaar op jaar gegroei. Daar word egter voorsien dat die vleisprysse onder aansienlike druk gaan bly. Laer slaggetalle het 'n negatiewe uitwerking op die kapasiteitsbenutting van sekere abattoirs en veilings gehad. Gedurende die oorsigtystdperk is die operasionele bedrywighede by sekere abattoirs weens onderbenutting egter tydelik gestaak.

Die **winterreënvalgebiede** van die Wes-Kaap het na aanvanklike probleme met min reën redelike goeie produksieseisoene in 2008 en 2009 beleef, maar weens die swak oestoestande en gevoglike graadprobleme, was die graanoeste swakker as wat verwag is.

Hoewel die mielie-oes in die **Oos Vrystaat** baie goed was en uitstekende opbrengste behaal is, was die koringoes weer swak en het dit ook produsente se kontantvloei onder druk geplaas. **Wol- en sybokhaarpryse** was egter onder druk.

Hoë internasionale blootstelling het 'n positiewe uitwerking op **grondpryse** tot gevog gehad. Sterk ekonomiese groei gedurende die tydperk van 2005 tot 2007 het ook landbougrond se prys laat toeneem.

Produsente wat nie **verskansingstegnieke** toegepas het nie en gevoglik voorraad oorgedra het met die hoop op verbeterde prys, kan hul in 'n knyptang situasie bevind as gevog van beperkings op kredietfasilitete. Die skerp stygging in insetkoste – veral kunsmis, sputtostowwe, diesel en elektrisiteit, tesame met die probleme van elektrisiteitsvoorsiening – plaas boere se kontantvloei (en gevoglik hul terugbetaalvermoë) onder druk. Die groter opbrengs wat in die vorige jaar verdien is, moes bykans

Better **opportunities** are now arising for commodity trading in countries north of South Africa. The infrastructure there is improving and consumption should increase as those countries grow and their inhabitants' consumption patterns change.

The capacity utilisation of **stock feed factories** at national level is fairly high and there is currently no sign of a declining trend in sales. This implies that the current economic conditions have not yet negatively affected the demand for stock feeds. The declining trend in input material prices as well as the demand for white meat should have a positive effect on the sustainability of the stock feed industry.

**Meat prices** in respect of small stock at slaughter fluctuated greatly and did not always attain the levels of previous years in the core marketing periods. Large stock slaughter prices were very much more constant and even increased year on year. Meat prices are however expected to remain under considerable pressure. Lower slaughtering numbers had a negative effect on the capacity utilisation of certain abattoirs and auction sales. Operations at certain abattoirs were temporarily suspended during the review period due to under-utilisation.

After initial problems due to low rainfall, the **winter rainfall areas** of the Western Cape had reasonably good production seasons in 2008 and 2009, but due to the poor harvesting conditions and resulting grade problems, the grain harvests were poorer than expected.

Although the maize harvest in the **Eastern Free State** was very good and outstanding yields were achieved, the wheat harvest was poor and this exerted cash flow pressure on producers. **Wool and mohair prices** were however under pressure.

Higher international exposure had a positive effect on **land prices**. Strong economic growth during the 2005 to 2007 period caused agricultural land prices to increase.

Producers who did not apply **hedging techniques** and consequently carried over stocks in the hope of improved prices could find themselves in a pincer situation as a result of credit restrictions. The sharp rise in input prices – particularly fertilizer, sprays, diesel and electricity, together with the problems of electricity supply – are putting farmers' cash flow (and consequently their repayment capacity) under pressure. The higher yields of the previous year had

net so teruggeploeg word om die nuwe produksiejaar se gewasse in die grond te kry. In baie gevalle het die produksiekoste só gestyg dat boere selfs bykomende produksiekrediet benodig het. Dit beteken ook dat kredietrisiko wesenlik toegeneem het.

**Doeltreffende bemarking, verskansings-, risiko- en kontantvloeibestuur** bly steeds van kritieke belang om die huidige landbou-ekonomiese toestande te hanteer. Die laer rentekoerse het welkome verligting gebring, maar kredietfasilitete is nie so vryelik beskikbaar nie. Die prys van kunsmis het ook begin daal, maar dit duur 'n wyle om deur die ketting te werk omdat verskaffers eers van die ou voorraad ontslae moes raak voordat die goedkoper voorraad beskikbaar gestel kon word. Landswyd word meer klem geplaas op skemas om boere in staat te stel om die chemiese wanbalanse in hul grond reg te stel, asook om 'n groter fokus op globale plaasbeplanning te plaas.

In sekere gebiede gaan **aanplantings afgeskaal** moet word weens die swakker produsenteprys, relatief hoër produksiekoste, onvoldoende grondvog en onkruidweerstand, wat lae opbrengste sal meebring. Daar sal beslis nie meer op marginale grond en in hoë risiko-toestande koring aangeplant kan word nie.

Dit geld ook tot 'n mate vir die **aartappelproduksie**, met aanduidings dat daar byna geen groei in die aartappel aanplantings sal wees nie. Weereens bring stygende produksiekoste mee dat dit byna nie meer lonend is om met aartappels te boer nie.

Die **wynbedryf** voel reeds die uitwerking van die wêreldwye ekonomiese afswaai en sommige besighede het begin om swakker resultate vir die eerste helfte van die 2009-kalenderjaar bekend te maak. Vir baie van die rolspelers sal die werklike omvang daarvan eers op die langtermyn na vore tree as gevolg van die langer omsetsiklus van wyn teenoor ander produkte. Die gemiddelde rooiwynprys wat produsentekelders gerealiseer het, het van meer as R7 per liter in 2003 tot minder as R5 per liter in 2007 afgeneem, met slegs 'n marginale toename sedertdien. Aan die ander kant het die prys vir witwyn oor die laaste aantal seisoene 'n matige toename getoon nadat hulle hul gewildheid van vroeër jare weer herwin het. Hoewel die wynkelders 'n toename in gemiddelde verkoopprys sedert 2004 aangeteken het, was hierdie groei minder as inflasie en ver benede die produksiekoste-indeks. Die produsent is sedert 2004 in reële terme baie swakker daaraan toe.

**Vervoerkoste** het in 2008 swaar gebuk gegaan onder abnormale hoë dieselprys (en staalpryse), maar te danke aan hoër kommoditeitspryse tot in die tweede

to be ploughed back almost in its entirety to get the new production year's crops into the ground. In many cases the production costs increased to such an extent that farmers even required additional production credit. This also meant that credit risk increased substantially.

**Effective marketing, hedging, risk and cash flow management** remain critically important in coping with the present agricultural-economic conditions. The lower interest rates have brought welcome relief, but credit facilities are not freely available. The prices of fertilizer have also started to fall, but will take time to work through the chain because suppliers first had to dispose old stock before the cheaper stock could be made available. Greater emphasis is being placed countrywide on schemes to enable farmers to correct the chemical imbalances in their soil, and to focus more on global farm planning.

In certain areas **planting** will have to be **scaled down** due to the weaker producer prices, relatively higher production costs, insufficient soil moisture, and weed resistance, which will bring about lower yields. Wheat will definitely not be planted wheat on marginal land and in high-risk conditions.

This also applies to an extend to **potato production**, with indications that there will be a moderate increase in the land that will be planted. Rising production costs again mean that potato production is virtually no longer profitable.

The **wine industry** is already feeling the effects of the worldwide economic recession and some businesses have started to report poorer results for the first half of the 2009 calendar year. For many of the role players the full scale of the decline will emerge only over the longer term as a consequence of the longer turnover cycle of wine compared with other products. The average red wine price realised by producer cellars declined from more than R7 per litre in 2003 to less than R5 per litre in 2007, with only a marginal increase since then. On the other hand, the price of white wines has shown a modest increase over the past few seasons after regaining their popularity of previous years. Although the wine cellars have shown an increase in average sale prices since 2004, this growth was less than the inflation rate and far below the production cost index. The producer is much worse off in real terms than in 2004.

**Transport costs** were burdened in 2008 with abnormally high diesel prices (and steel prices), but thanks to higher commodity prices until the second half of 2008 they could be shifted onto producers. The national road network and infrastructure remain a great problem. Rail transport is

helfte van 2008 kon dit aan produsente oorgedra word. Die nasionale padnetwerk en –infrastruktuur bly 'n groot probleem. Spoorvervoer word totaal onderbenut. Logistieke koste in Suid-Afrika, waarvan vervoer 'n groot komponent uitmaak, is baie hoër as in die vernaamste oorsese lande.

Die **voortgesette sterkte van die rand** veroorsaak dat produkpryse onder druk bly. Wat goed is vir ingevoerde produksie-insette en kapitaalgoedere, is negatief vir produkpryse wat onderhewig is aan invoer- en uitvoerpariteit. Die stremming in ekonomiese toestande weens die wisselkoers en resessie het nog nie sy finale impak op die sagtevrugtebedryf gehad nie. Bo en behalwe vars vrugte, sal die kwotas wat ingestel moes word op inmaakvrugte produsente hul kontantvloeibenadeel.

Die **kleinboer** is besig om te verdwyn. Die koop van sodanige boere se plase deur groot boere, vind nou al 'n geruime tyd plaas.

## Landboubesighede

Die **hoofdrywers** van die goeie resultate van landboubesighede was toe wel die groot mielie-oeste van die afgelope twee seisoene. Die stygende kommoditeitspryse het goeie aanplantings help meebring. Vroeg in die seisoen toe produsente die styging in die olieprys begin waarneem het, het baie vroeë aankope van kunsmis en brandstof plaasgevind ten einde die prysstygings voor te spring. Dit het groei in verkoop meegebring as gevolg van die likiede posisie van lede. Dit het veral geskied deur kapitaalkragtige produsente wat met kontant kon aankoop. Die goeie kommoditeitspryse en oeste het besteding aan mekanisasie tot hoër vlakke aangespoor. Goeie finansieringsprodukte deur rolspelers het ook verder gehelp om die mark te stimuleer. Geografiese uitbreidings, aanvanklike abnormale inflasie in die bedryf, geleenthede wat in die stygende mark benut is as gevolg van strategiese aankope en graanmarkte wat die geleenthede geskep het om voorraad winsgewend te bestuur en volle drakoste te verhaal, het tot goeie resultate bygedra.

Die landboubesighedsomgewing, wat makliker as die primêre-landbou sektor **aanpassings kan maak**, ervaar egter **strawwer mededinging**. Terwyl hulle hoër insetkoste moes help dra, en ook steeds marges moes handhaaf, het wisselvallige produkpryse kredietverskaffing bemoeilik. Die wisselvalligheid van die kommoditeitsmark het **beplanning** baie moeilik gemaak. Die skerp styging in insetkoste en die skielike deflasie daarna, het besighede onkant met kontantvloeibenadeel-beplanning betrap. Debiteure en

totally under-utilised. Logistics costs in South Africa, of which transport is a large component, are much higher than in the principal overseas countries.

The **sustained strength of the rand** has the effect that product prices remain under pressure. What is good for imported production inputs and capital goods is negative for production prices subject to import and export parity. The constraints in economic conditions due to the exchange rate and recession have not yet had their final impact on the deciduous fruit industry. Over and above fresh fruit, the quotas that had to be imposed on canned fruit will adversely affect producers' cash flow.

The **small farmer** is in the process of disappearing. The purchase of these farmers' farms by large-scale farmers has already been taking place for some time.

## Agribusinesses

The **principal drivers** of the good results of agribusinesses were eventually the large maize harvests of the past two seasons. The rising commodity prices resulted in good plantings. Early in the season when producers started to feel the rise in the oil price, many early purchases of fertilizer and fuel took place to preempt the price increases. This resulted in growth in sales as a result of the liquid position of members. This took place particularly in the case of capital-strong producers able to pay cash for their purchases. The favourable commodity prices and harvests encouraged spending on mechanisation to higher levels. Good financing products by role-players further helped to stimulate the market. Geographical expansion, abnormal inflation in the industry, opportunities in the rising market which were seized as a result of strategic purchases, and grain markets which created the opportunity to manage stock profitably and recover their full carrying costs, contributed to good results.

However, the agribusiness environment, which is able to **make adjustments** more easily than the primary agricultural sector, is experiencing **tougher competition**. While they had to help bear higher input costs and maintain their margins, fluctuating product prices hampered the provision of credit. The fluctuating nature of the commodity market made **planning** extremely difficult. The sharp increase in input prices and the sudden deflation thereafter caught businesses unawares with regard to their cash flow planning. Debtors and

voorraad het aanvanklik heelwat toegeneem. Die daling van kommoditeitspryse na Oktober 2008 het besighede met groot hoeveelhede voorraad onkant gevang. Dit het landboubesighede genoodsaak om groot afskrywings opveral brandstof, kunsmis en vervoer te doen. Dit het die buitengewone goeie resultate ietwat gedemp. Stappe moes geneem word om bedryfskapitaal na behore te bestuur.

Daar is wel **voortdurend gefokus** op kreatiewe maniere waarmee die **veranderende situasies** doeltreffend bestuur kon word. Dit het van besture geverg om baie vinnig te kon aanpas en nuwe risiko's doeltreffend aan te spreek. Die uitdaging vir bestuur bly om koste te beperk en produktiwiteit te verhoog ten einde te presteer. Die proses van amalgamasies en landboubesighede wat hul vlerke sprei, word voortdurend ondersoek om geleenthede en sinergieë te benut.

Die heersende makro-ekonomiese omstandighede vereis egter dat besighede 'n beleid van **optimale reservering** volg.

Die volatiliteit van die internasionale prysen van **eetbare olies**, en 'n gevvolglike daling in verkoop van klaarprodukte, het grootliks daartoe aanleiding gegee dat waardetoevoegende nywerhede se winsgewendheid aansienlik afgeneem het. Die onderbreking in voorsiening van elektrisiteit het 'n regstreekse invloed op deurset en gevolglik produktiwiteit van die onderskeie pers- en verfyningsaanlegte gehad.

**Verwagtinge vir landboubesighede** is dus ietwat negatief rakende die komende plantseisoen en matige afskalings kan verwag word. Wat koring betref, kan hanteringsinkomste en handelsbedrywigheude afneem omdat daar 'n groot afplatting in aanplantings is weens die feit dat insetpryse relatief tot die verwagte opbrengs dit nie die moeite wert maak om koring aan te plant nie.

## Landboubesighede beskou hul grootste uitdagings vir die volgende 3 tot 5 jaar, in rangorde, die volgende:

- Bestuur van debiteure;
- Doeltreffende inligtingstelsels;
- Swart ekonomiese bemagtiging;
- Werwing en behoud van bevoegde en opgeleide personeel;
- Groei in markaandeel; en

stock initially increased considerably. The decline in commodity prices after October 2008 caught businesses with large stocks on hand, and large write-offs followed. This compelled agribusinesses to make big write-offs, particularly on fuel, fertiliser and stock-feeds, which in turn somewhat suppressed the extraordinarily good results. Steps had to be taken to manage operating capital correctly.

There has been **ongoing focus** on creative ways in which the **changing situation** could be effectively managed. It required managements to be able to adapt very quickly and address new risks effectively. The challenge for management remains that of limiting costs and increasing productivity in order to perform well. The process of amalgamations and agribusinesses spreading their wings is continually investigated in order to utilise opportunities and synergies.

The current macro-economic circumstances however require that businesses follow an **optimal policy in respect of reserving**.

The volatility in international prices of **edible oils** and resultant decline in sales of finished products largely resulted in a considerable decline in the profitability of the value-adding industries. The interruption in the electricity supply had a direct impact on throughput and consequently the productivity of the respective pressing and refining plants.

**Expectations for agribusinesses** are thus somewhat negative concerning the coming planting season, and moderate downscaling can be expected. Regarding wheat, the handling income and trade can decrease due to a large levelling-off in plantings due to the fact that input prices in relation to the expected yield make it not worthwhile to plant wheat.

## Agribusinesses regard their greatest challenges for the coming 3 to 5 years, in order of priority, as the following:

- Debtor management;
- Effective information systems;
- Black economic empowerment;
- Recruitment and retention of competent and trained personnel;
- Growth in market share; and

- Aanpassing by veranderende ekonomiese omstandighede

- Adaptation to changing economic circumstances

## Finansiering

Finansiering bly 'n integrale deel van die landbou.

Die wêreldwye krisis wat gedurende die oorsigtydperk in die finansiële sektor ontstaan het, het ook 'n **impak** op die Suid-Afrikaanse ekonomie gehad. Dit het weereens die belangrikheid daarvan bevestig dat 'n besigheid, vernaamlik gedurende moeilike finansiële tye, oor voldoende kapitaalbronne moet besik, of toegang tot genoegsame kapitaal moet hê om handelsaktiwiteite voort te sit. Die gevoel is egter dat die landboubesighede weereens nie so nadelig getref is soos die produsente self nie. Weens die geleippy posisie waarin die besighede hul bevind, was die sektor minder sensitiief as ander sektore soos, die eiendomsmark, kleinhandel ensovoorts.

Die krisis het egter veroorsaak dat **finansiering skaarser** geword het, met 'n aanvanklike styging in die uitleenkoerse van finansiële instellings. Hoewel die prima-uitleenkoers sedertdien gedaal het, is die verwagting dat die skaarsheid aan geld nie onmiddellik opgelos sal word nie.

Aangesien insetproduksiekoste aansienlik toegeneem het en kommoditeitspryse aanvanklik gedurende die finansiële jaar op relatief hoë vlakke verkeer het, moes landboubesighede **bykomende kredietreëlings** tref om voorsiening te maak vir die landbousektor se spesifieke finansiële behoeftes. Fondse wat nou beskikbaar is, is teen minder gunstige rentekoerse as voorheen, hoofsaaklik as gevolg van die nagevolge van die wêreldwye finansiële krisis.

Die geweldige toename in vraag na kapitaal het 'n skerper fokus op **kontantvloeibestuur** as voorheen genoodsaak. Dit het ook bygedra tot hoër vlakke van kommunikasie op die meeste gebiede.

### Die aanvanklike verhoging in rentekoerse het egter 'n groot invloed gehad op:

- Omset, wat nadelig beïnvloed is deurdat produsente wat deurlopend meer pryssensitief was en spandabelrige kooppatrone gehad het, wat nou iets van die verlede is;
- Kapitaalprojekte wat gestaak of geherevalueer

## Financing

Financing remains an integral part of agriculture.

The worldwide crisis that arose in the financial sector during the review period also had an **impact** on the South African economy. This confirms once again the importance of a business having sufficient capital resources or access to capital to continue with its trade activities, particularly in difficult financial times. The feeling however is that the agribusinesses were not as adversely affected as the producers themselves. Due to the conduit position in which the businesses found themselves, the sector was less sensitive than other sectors such as the property market, retail and so forth.

The crisis however had the effect that **finance** became **scarcer**, with an initial rise in the lending rates of financial institutions. Although the prime lending rate has since declined, it is anticipated that the money scarcity will not be resolved immediately.

Because input production costs increased considerably and commodity prices initially were at relatively high levels during the financial year, agribusinesses had to make **additional credit arrangements** to provide for the agricultural sector's specific financial needs. Funds now available are at less favourable interest rates than previously, due mainly to the worldwide financial crisis.

The tremendous increase in demand for capital necessitated a sharper focus on **cash flow management** than previously. It also contributed to higher levels of communication in most areas.

### The increase in interest rates however had a great influence on:

- Turnover, which was adversely affected in that producers were more price sensitive throughout, and spendthrift purchasing patterns were a thing of the past;
- Capital projects which had to be terminated

- moes word, of besighede wat gekonsolideer is;
- Die debiteureboek en agterstalligheid het gestyg;
  - Vakante poste is gevries; en
  - 'n Daling in voorraad op hande.

- or re-evaluated, or businesses which were consolidated;
- The debtors book and arrears increased;
  - Vacant posts were frozen; and
  - A decline in stock in hand.

## Uit die oogpunt van **landboubesighede moes die situasie op makrovlak aangespreek word.**

Handelsbanke was taai om die rentekoerse in lyn met die Reserwebank aan te pas. **Goeie verhoudinge met banke** moes gehandhaaf word. Lojale Landbank-ondersteuners het baat gevind by die nuwe progressiewe beleid van die instansie en kon koerse vasmaak. Handelsbanke is soms huiwerig om saam met die Landbank finansiering te verskaf. Daar bestaan egter 'n groter mate van toegeneentheid by deelnemers om weer met die Landbank te skakel indien billike voorwaardes beding kan word. Tog jammer dat sowat 500 boere nie hul verpligting teenoor die Landbank kon nakom nie.

Die hoër rentekoerse het 'n **bykomende inkomste** meegebring vir maatskappye wat oor groot reserwes beskik het. Die maatskappye met min geleende kapitaal kon sterk figureer in die finansiering van produsente, wat met die hoër rentekoerse uiteraard 'n hoër inkomste tot gevolg gehad het. Hoogs gefinansierde landboubesighede is dus in 'n groter mate beïnvloed. Ongelukkig het die hoër rentekoerse 'n negatiewe uitwerking op die produsente se vermoë gehad om winsgewend gewasse te verbou, aangesien rente op geleende fondse net so aan hulle oorgedra moes word.

Banke bied wel krediet aan boere, maar die huidige beleid is dat dit net geskied tot die mate wat dit deur **oesversekerings** gedek word.

Landboubesighede wat sake gedaan het met ander **nie-landboubedrywe** en wat druk weens die wêreldwyse ekonomiese krisis ervaar het, het skade gely as gevolg van laer omset en misdaad wat toegeneem het as gevolg van werkloosheid.

Dit blyk uit die ondersoek dat landboubesighede se onmiddellike **doelwit is om hul eie kapitaal tot sowat 40%** van die totale fondse aangewend te verhoog. Daar is verskeie prosesse wat gevolg kan word om dit te bewerkstellig:

- Oorwegings word aan herstrukturering geskenk, onder andere om debiteure in gesamentlike ondernemings met erkende handelsbanke

From the **viewpoint of agribusinesses, the situation had to be addressed on the macro level**. Commercial banks were unyielding about adjusting their interest rates in line with the Reserve Bank. **Good relations** had to be maintained **with banks**. Loyal Land Bank supporters benefited from the new progressive policy of that institution and were able to tie down rates. Commercial banks were however hesitant about providing financing together with the Land Bank. There is however a greater measure of willingness among participants to work with the Land Bank again if reasonable conditions can be negotiated. Yet it is sad that 500 farmers were unable to meet their obligations towards the Land Bank.

The higher interest rates brought an **additional income** to companies that had huge reserves. The companies with little borrowed capital could figure more strongly in the financing of producers, which with the higher interest rates naturally resulted in increased income. Highly financed agribusinesses were thus influenced to a greater extent. Unfortunately the higher interest rates had a negative effect on the producers' ability to produce profitable crops, because interest on borrowed funds had to be shifted onto them.

Banks do offer credit to farmers, but only to the extent that it is covered by **crop insurance**.

Agribusinesses that have done business with other **non-agricultural undertakings** and which have experienced pressure from the worldwide economic crisis, have suffered damage as a result of lower turnover and crime which has increased as a result of unemployment.

It appears from the investigation that the immediate **objective of agribusinesses is to increase their own capital to about 40%** of total funds employed. Various processes are followed to achieve this:

- Consideration is given to restructurings, amongst others to finance debtors in joint ventures with recognised commercial banks so that it is not disclosed as a balance sheet item.

te finansier, sodat dit as sulks nie meer as 'n balansstaatitem openbaar word nie.

- Daar word ook aan 'n strenger dividendbeleid aandag geskenk.
- Zeder se belang in verskeie landboubesighede word ook as 'n belangrike bydrae tot ekwiteit gesien.

Dit is egter opvallend dat **uitbreidings** in die oorsigtydperk hoofsaaklik deur eie fondse gefinansier is.

**Geleende kapitaal** bly wel 'n belangrike bron van finansiering, tesame met krediteure, ten einde 'n gebalanseerde geweegde gemiddelde koste van kapitaal te kan bewerkstellig en daardeur goeie waarde vir aandeelhouers te skep.

**Die finansiële krisis kan nog 'n impak hê** op goedere wat regstreeks ingevoer word, byvoorbeeld, trekkers waar buitelandse monteeraanlegte gesluit is. Die regstreekse uitwerking hiervan op plaaslike landboubesighede kan wees dat die wagtydperk vir 'n trekker, wat gewoonlik 6 maande duur, nou baie langer word.

**Krediet raak wel meer vryelik beskikbaar.** Daar is skynbaar die siening dat finansiers moontlik die landbou sien as 'n tussentydse veilige hawe. Baie produsente, veral dié wat met kontantgewasse boer en besproeiingsboere het nie 'n ander keuse as om te plant nie, aangesien hul kontantvloei aan die gang gehou moet word. Dit is ook so dat die oomblik wat die graanpryse daal, al hoe meer produsente groente plant wat daardie prys ook laat daal.

**Die voortgesette verskaffing van krediet** betree 'n moeilike fase en gedagtgig aan die styging in debiteure gaan dit fyn beplanning en dinkwerk verg om risiko's te beperk. 'n Streng kredietbeleid sal toegepas moet word. Produsente wat finansiering wil hê vir die nuwe oes sal heel moontlik by handelsbanke moet aanklop as landboubesighede te konserwatief is.

## Toekomsblik

Soos die afgelope tydperk getoon het, is omstandighede en vooruitsigte in die landbou nie altyd ooglopend of vanselfsprekend nie.

- Die voorsiene **afname in koringaanplantings** kan toegeskryf word aan swak koringpryse, die prysvoorsigte van ander lae wêreldgraanpryse,

- Attention is also given to a stricter dividend policy.
- Zeder's interest in agribusinesses is also seen as an important contribution to equity.

It is however noteworthy that **expansions** during the review period were financed mainly through own funds.

**Borrowed capital** remains an important source of financing, together with creditors, in order to be able to attain a balanced weighted average cost of capital and thereby create good value for shareholders.

**The financial crisis could still have an impact** on directly imported goods, for example, tractors where foreign assembly plants are closed. The direct effect of this on local agribusinesses could be that the waiting period for a tractor, which is usually 6 months, could now become much longer.

**Credit is indeed more freely available.** There is apparently the feeling that financiers possibly see agriculture as an interim safe haven. Many producers, particularly irrigation farmers and those who farm with cash crops, have no other choice but to plant because their cash flow must be kept going. There is also the fact that the moment grain prices fall, ever more producers plant vegetables, which in turn causes those prices to fall.

**The sustained provision of credit** is entering a difficult phase, and bearing in mind the increase in debtors, fine planning and consideration will be required to limit risks. A strict credit policy will be applied. Producers seeking finance for the new harvest will possibly have to approach commercial banks if agribusinesses are too conservative.

## Vision for the future

As demonstrated by the past period, the circumstances and prospects of agriculture are not always clear or obvious.

- The anticipated **decline in wheat plantings** can be attributed to poor wheat prices, the prospects of other low world grain prices, the current

die huidige ongunstige wisselkoers en 'n daling in invoerpariteitsvlakte. Meeste deelnemers verwag 'n groter inkomste uit graanhantering as gevolg van oordragvoorraad. Die produsente wil egter nie hul graan weens die lae pryse verkoop nie. Die graan sal egter mettertyd verkoop moet word as produsente kontantvloeiprobleme wil vermy.

- **Die volle impak van die wêreldwyse finansiële krisis**, die gevolglike resessie en die stadige herstel daarvan het 'n deurlopende uitwerking. Die basiese behoefte na voedsel en vesel bly steeds die primêre behoefte van die mens. Gevolglik kan dit verwag word dat die vraag na proteïene kan daal en die vraag na koolhidrate kan styg. Die uitwerking op die landbou-omgewing behoort minder dramaties te wees as by ander bedryfsektore.
- As gevolg van die lae produkpryse, minder aanplantings en relatief hoë insetkoste sal die **koopkrag van die produsent** waarskynlik baie laer wees as in die vorige jaar. Daar word verwag dat graanpryse nie noodwendig verder sal daal nie, maar eerder sywaarts sal beweeg. Dit behoort 'n negatiewe uitwerking op mekanisasie en handelsafdelings te hé. Aansporingskemas, soos vloerplanne met 'n aantal maande se gratis financiering, sal geïmplementeer moet word om omset te verhoog.
- Oor die algemeen word daar verwag dat die **debiteureboek** in die komende tydperk swakker gaan vertoon en dat oorlaatskuld gaan toeneem.
- **Insetkoste** soos kunsmis en spuitstowwe is gelukkig aan die daal. Hierdie laer pryse behoort die resultate van landboubesighede se handelsafdelings tot soveel as 40% af te dwing. Daar word ook verwag dat versekeringsdienste tot dieselfde mate sal afplat.

unfavourable exchange rates and a decline in import parity levels. Most participants expect a greater income for grain handling as a result of carry-over stock. The producers are reluctant to sell their grain because of the low prices. The grain will however have to be sold in due course if producers wish to avoid cash flow problems.

- **The full impact of the world financial crisis**, the consequent recession and the slow recovery from it, has an ongoing effect. The basic need for food and fibre remains the primary need of humankind. It can consequently be expected that the demand for proteins could decline and that for carbohydrates increase. The impact on the agricultural environment should be less dramatic than on other business sectors.
- **The purchasing power of producers** will probably be much lower than in the previous year as a result of the low product prices, reduced plantings and relatively high input costs. Grain prices are not necessarily expected to fall further, but rather to move sideways. This will have a negative effect on mechanisation and commercial divisions. Incentive schemes such as floor plans with a number of months' free financing will have to be implemented to increase turnover.
- In general it is expected that the **debtors book** will be weaker in the coming period, and that carry-over debt will increase.
- **Input costs** such as fertilizers and sprays are fortunately declining. These lower prices should drive the results of agribusiness trading divisions down by as much as 40%. Insurance services are also expected to level out to the same extent.

## Kompetisie in die mark

- **Verhoogde internasionale fokus** op voedselsekuriteit en Afrika se relatief ongebruikte voedselproduksie-alternatief bring meer internasionale aandag op dié kontinent en veral op die SAOG mee. Hierdie tendens het belangrike mededingingsimplikasies vir die streek.
- Dit is kommerwekkend dat ons **produksieprysindeks hoër is as dié van ons handelsvennote**. Die groeiende internasionale mededinging is die gevolg van die groter mate van handelsvryheid en die groei

## Competition in the market

- **Increased international focus** on food security and Africa's relatively unutilised food production alternative brings more international attention to bear on this continent and particularly on the SADC. This tendency holds important competition implications for the region.
- It is of concern that our **production price index is higher than those of our trading partners**. The increasing international competition is the result of the greater measure of trade freedom and the growth of the developing countries over the past five decades.

van opkomende lande oor die afgelope vyf dekades. Hierdie lande se groter doeltreffendheid speel 'n groot rol te midde van 'n krimpende wêreldekonomie met groeiende wêreldgetalle.

- As gevolg van die **toetrede van al hoe meer plaaslike en internasionale graanhandelaars**, is daar groter mededinging vir die hantering van graan. In die proses word al hoe meer van alternatiewe opbergingsfasilitete gebruik gemaak en graan word dikwels regstreeks van die plaas bekom.
- Gefokusde en verbeterde bemarkings- en waardetoevoegingsdienste wat aan produsente gelewer word, tesame met regstreekse internet-fasilitete, bring groot mededinging vir **verskaffers** mee.
- Toenemende mededinging vind ook in die **versekeringsmark** plaas, waar daar voortdurend gepoog word om die produkmengsel aan te pas volgens die behoeftes van die produsent.
- Gelyke indiensname** in die landelike gebiede bly 'n groot uitdaging. Verstedelikte gegradsueerde swart mense wil nie graag in die platteland vestig nie.

## Dringende aangeleenthede

- Die **landboustrukture wat op regeringsvlak inspraak het**, staan voor 'n geweldige uitdaging om die regering te ondersteun ten einde die optimale landboubeleid vir Suid-Afrika te bepaal en toe te pas. Gelukkig begin die regering die belangrikheid van die landbousektor verstaan en sal daar hopelik 'n groter deelname wees aan die Strategiese Plan vir SA Landbou.
- 'n **Grondhervormingsplan** op 'n lewensvatbare basis is een van die aspekte wat gebiedend aandag vereis. Die regering sit vasgevang tussen 'n dryf om grondhervorming te versnel aan die een kant en aan die ander kant om voedselsekerheid en produksie aan te moedig. Gelukkig het realisme ingetree. Die regering het amptelik erken dat hy nie met die grondhervormingsplan die mas opkom nie. Die verskuwing van die beplande doelwit om 30% van alle landbougrond vanaf 2014 na 2025 te verskuif, moet verwelkom word.
- Ongelukkig blyk dit nou duidelik dat die grondhervormingsbeleid nie suksesvol is nie weens die talle **mislukte projekte** wat meegebring is deur faktore soos gebrek aan tydige fondse en sekuriteit, swak boerderypraktyke en –bestuur en natuurlik die wispelturigheid van die weer. Dit lei daar toe dat 'n

The greater efficiency of these countries plays a big role in a shrinking world economy with growing world numbers.

- Stiffer competition in the handling of grain follows the **entry of ever more local and international grain dealers** into the market. In the process, ever increasing use is made of alternative storage facilities, and grain is often acquired directly from the farm.
- Focused and improved marketing and value-adding services delivered to producers, together with direct internet facilities, brings about stiff competition for **providers**.
- Increasing competition is also encountered in the **insurance market**, where ongoing efforts are being made to adapt the product mix to the needs of the producer.
- Employment equity** in the rural areas remains a major challenge. Urban black graduates are reluctant to settle in rural areas.

## Urgent matters

- The **agricultural structures that have access at government level** face a tremendous challenge in supporting the government in determining and applying the optimal agricultural policy for South Africa. Fortunately, the government is beginning to understand the importance of the agricultural sector and hopefully SA Agriculture will enjoy greater participation in the Strategic Plan.
- A viable **land reform plan** is one of the aspects that demands urgent action. The government is trapped between a drive to expedite land reform on the one hand and encourage food security and production on the other. Fortunately realism has now entered the picture. The government has officially acknowledged that it is not meeting the land reform plan. The decision to shift the objective of 30% of all agricultural land from 2014 to 2025 is to be welcomed.
- Unfortunately it is now clear that the reason why the land reform policy is unsuccessful lies in the many **failed projects** caused by factors such as lack of timely funds and security, poor farming practices and management, and naturally the instability in weather patterns. This has led to a great percentage of formerly productive agricultural land now contributing little or nothing to agriculture production. The

groot persentasie voorheen produktiewe landbougrond tans min of geen bydrae tot landbouproduksie lewer nie. Die uitdaging vir landboubesighede is om nuwe toetreders tot die landbou op te lei, te ondersteun en as mentors op te tree om hulle so spoedig moontlik in te trek as volwaardige kommersiële produsente.

- Dit is dringend noodsaaklik dat die uiters belangrike rol wat die kommersiële landbou in voedselsekerheid en sosiale welvaartskepping moet vervul, na behore gewaardeer word en dat **die regering stabiliteit en sekerheid in die landbousektor verseker**. Die besigheidsvertroue van die landbousektor moet herstel word.
- Die **aanpassings wat produsente** in hul eie besighede moet maak om selfstandig en winsgewend te kan voortbestaan, sal in die afsienbare toekoms besondere uitdagings aan direksies en bestuur van landboubesighede stel.
- Die ondersteuning deur die staat word benodig in terme van **invoertariewe** ten opsigte van landboukommoditeite.
- Die **huidige vlak van kommoditeitspryse** veroorsaak kommer met betrekking tot die gewilligheid en vermoë van produsente om graan volhoubaar te produseer. Die prys van mielies, sonneblom, koring en aartappels, onder ander, is tans laer as die produksiekoste daarvan.
- **Produsente wat afhanklik is van finansiering**, kan in die komende seisoen probleme ondervind om weer voldoende finansiering te bekom indien hulle nie vanjaar se verpligte kan nakom nie. As hul terugbetaalvermoë onbevredigend is, sal die beskikbaarheid van fondse stram bly.

## Grootste risiko's

Die landboubesigheidsbedryf word regstreeks en onregstreeks vanuit verskillende oorde bedreig, soos:

- Wispelturige klimaatstoestande;
- Veranderde bemarkingskanale met ander rolspelers soos finansiers, logistieke maatskappye en alternatiewe opbergingsstrukture (hetso silosakke, sink silo's, damme en bunkers). Dit het egter ook sy beperkinge, aangesien graan geberg in hierdie alternatiewestrukture nie altyd op dieselfde standaard gehou kan word as die in tradisionelestrukture nie. Die hoë wêreldvoorraadvlakte skep 'n verdere risiko, veral as dit na die SADEC lande geskuif word. Dit kan die handelsomgewing ingrypend en oor die lang duur verander;

challenge for agribusinesses is to train, support and mentor new entrants to agriculture, to raise them to the level of fully fledged commercial producers as rapidly as possible.

- It is urgently necessary that the highly important role that commercial agriculture must fill in food security and the creation of social well-being be fully appreciated, and that the **government ensures stability and security in the agricultural sector**. The business confidence of the agricultural sector must be restored.
- The **adaptations that producers** must make in their own businesses in order to be self-sufficient and profitable will set exceptional challenges in the foreseeable future for the boards and management of agribusinesses.
- State support is needed regarding **import tariffs** on agricultural commodities.
- There is concern at the **present level of commodity prices** as they affect the willingness and ability of producers to produce grain sustainably. The prices of maize, sunflower, wheat and potatoes, among others, are at present lower than their production costs.
- **Producers who depend on financing** can experience problems in the coming season in acquiring sufficient financing if they do not meet this year's obligations. If their repayment capacity is unsatisfactory, the availability of funds will remain tight.

## Greatest risks

The agricultural sector is at risk from various directions, such as:

- Changeable climatic conditions;
- Changed marketing channels with different role players such as financiers, logistics companies and alternative storage structures (whether silo bags, zinc silo's, dams and bunkers). However, this has its limitations, in that grain stored in these alternative structures cannot always be kept at the same standard as in the traditional structures; The high world stock levels pose a further risk, particularly if moved to the SADEC countries. This could change the trading environment fundamentally and over the long term;

- Grondhervorming, veral as die grond nie produktief aangewend word nie, kan 'n verlies vir landboubesighede inhoud. Stedelinge wat slegs hul belang in die grond verhuur aan plattelanders, maak geen bydrae tot landboubesighede nie. Hierbenewens lê miljoene hektare landbougrond onbenut in die voormalige tuislande;
- Die druk op die mededingendheid en winsgewendheid van boerdery as besigheid. Die gebrek aan vertroue in die landbou bring mee dat daar nie meer in die sektor belê word nie. Dit is onstellend dat die getal kommersiële boere oor die afgelope vyftien jaar van sesigduisend tot veertigduisend verminder het;
- Die verval van infrastruktuur in terme van paaie, spoorlyne en munisipale dienste;
- Die koste van elektrisiteit; en
- Die bestuur van beskikbare water, die gehalte daarvan en die regering se skynbare "planlose" houding rakende water as natuurlike bron.

## Landboubesighede beskou volgens die opname die volgende as hul vernaamste risiko's:

- Beskikbaarheid van kundige personeel, waar stedelike aanbiedinge veral die verstedeliking van gegraduerende swart personeel, asook mense wat ondervinding in die landboubedryf meebring;
- Die gebrek aan opvolgbeplanning van top en sleutelposte;
- Tegnologiese stelsel sekuriteit;
- Hoë wisselvalligheid in kommoditeitsmarkte, en gepaardgaande wisselkoerse, maak beplanning vir veral in- en uitvoerders baie moeilik;
- Vermoeë van primêre produsente om volhoubaar winsgewend te produseer, ook om veral dan kompetenter teenoor gesubsidieerde invoere mee te ding;
- Georganiseerde misdaad ten opsigte van graanvoorraad, insetvoorraad en krediteurebetalings wat deur nuwe tegnologie omseil kan word; en
- Die finansiële "ballon" wat tans in Suid-Afrika en ander ontwikkellende lande geskep word, weens oorsese fondse wat teen lae rentekoerse tydelik hier belê word. Die nagevolge van die skielike onttrekking daarvan kan skrikwekkend wees.

- Land reform could lead to losses for agribusinesses, particularly if the land is not productively utilised. Urban dwellers who merely lease out their interest in the land to rural people make no contribution to agribusinesses. Over and above this, millions of hectares of agricultural land lie unutilised in the former homelands;
- Pressure on the competitiveness and profitability of farming as a business. The lack of confidence in agriculture has the effect that investment in the sector is no longer taking place. It is disturbing that the number of commercial farmers has declined over the past fifteen years from sixty thousand to forty thousand;
- The decay in the infrastructure in terms of roads, railway lines and municipal services;
- The cost of electricity; and
- The availability of water and its quality, and the government's apparent "plan-less" attitude to water as a natural asset.

## According to the survey, agricultural businesses regard the following as their main risks:

- The availability of skilled personnel, caused by urban attractions, particularly the urbanisation of black graduated personnel, as well as people with experience in agriculture;
- The lack of succession planning for top and key posts;
- Technological system security;
- High fluctuation in commodity markets and exchange rates, which makes planning very difficult, particularly for importers and exporters;
- The ability of primary producers to produce profitably on a sustainable basis, and particularly to be competitive against subsidised imports;
- Organised crime in respect of grain stocks, input stocks and creditor payments which can be circumvented by new technology; and
- The financial "balloon" currently being created in South Africa and other developing countries, due to overseas funds at low interest rates being temporarily invested here. The consequences of their sudden withdrawal can be alarming.



# Gebruik van die publikasie

## Use of this publication

Die prestasiematingsopname is in ooreenstemming met sy doel ontwerp, naamlik om maatstawwe aan deelnemende landboubesighede te bied op grond waarvan hulle hul eie prestasies met die norme in die landboubedryf kan vergelyk. Die publikasie bevat gemiddeldes, soos hieronder uiteengesit.

Die tendense van die bedryf word bespreek. [Groter en kleiner landboubesighede](#), word onderskeidelik bespreek. Die verdeling tussen groter en kleiner landboubesighede is gedoen op grond van die betrokke onderneming se omset, wat onderskeidelik [groter of kleiner as R585 miljoen](#) bedra. Dit is dus vir 'n gebruiker moontlik om sy betrokke instansie se individuele prestasie met sy soortgelyke te vergelyk. Tabelle word grafies voorgestel en van toeliggende notas voorsien.

Die publikasie bied 'n samevattende oorsig van die bedryf wat bestaan uit die gemiddeldes van die inligting wat van alle deelnemers aan die projek verkry is. [Geweegde gemiddeldes word hoofsaaklik gebruik](#).

'n [Geweegde gemiddelde](#) verteenwoordig 'n berekening waar 'n gewig gekoppel word aan elkeen van die deelnemers se resultate en grootte. Die gemiddelde is die resultaat van net die groot, of net die klein deelnemers. Daar was egter gevalle waar daar ten opsigte van kleiner besighede te min deelnemers was om die resultate sinvol te maak.

In uitsonderlike gevalle word daar ook verwys na 'n [rekeningkundige gemiddelde](#). Die doel daarvan is om die invloed wat sekere besighede op die resultaat mag hê te openbaar. By hierdie berekening dra elke deelnemer se inligting dieselfde gewig. Hierdie gemiddelde sal ten opsigte van elke berekening ingesluit word by die terugvoering wat aan individuele deelnemers verskaf word.

PricewaterhouseCoopers se internasionale beleid is dat geen resultate van prestasiematingsopnames verstrek mag word tensy daar minstens sewe deelnemers is nie. Gevolglik word geen resultate gepubliseer waar minder as die vereiste getal deelnemers die nodige inligting verskaf het nie.

Hou ook in gedagte dat die inligting van alle deelnemers nie noodwendig in al die vergelykings ingesluit is nie. In sommige gevalle is sekere inligting van bepaalde deelnemers nie binne berekening van gemiddeldes gebring nie weens grondige redes wat uitsluiting regverdig of noodsaak.



This benchmarking survey was designed in accordance with its objective, namely to present a set of standards to participating agribusinesses as a benchmark for comparing their own achievements with norms in the agricultural industry. This publication contains averages, as explained below.

The trends of the industry are discussed. [Larger and smaller agribusinesses](#) are discussed respectively. The differentiation between larger and smaller agribusinesses was done based on the turnover of each entity concerned, amounting to [larger or smaller than R585 million](#) respectively. It is thus possible for users to compare their relevant entity's individual performance with that of its peers. Tables are graphically represented and provided with explanatory notes.

The publication provides a summative overview of the industry consisting of the averages of the information obtained from all participants on the project. [Weighted averages have been primarily used](#).

A [weighted average](#) represents a calculation where a weight is linked to the results and size of each participant. The "weighted average" is the result of only the large or only small participants. However, there were cases in respect of smaller businesses where there were too few participants to produce meaningful results.

In exceptional cases there is also reference to an [accounting average](#). The purpose of this is to reveal the influence that certain businesses might have on the result. Through this calculation, every participant's information is given the same weight. This average will, in respect of each calculation, be included in the feedback provided to individual participants.

The international policy of PricewaterhouseCoopers is that no results of benchmarking surveys may be made available unless there were at least seven participants. Accordingly no results are published where fewer than the prescribed number of participants provided the necessary information.

Please keep in mind, too, that the information of all the participants was not necessarily included in all the comparisons. In some cases certain information relating to specific participants was not considered in determining averages, due to valid reasons justifying or necessitating exclusion.

# Gebruik van die publikasie

## Use of this publication

Hierdie vyfde prestasiemetingsopname deur PricewaterhouseCoopers bied 'n vergelyking van die resultaat van ondergenoemde landboubesighede. Die verslag strek oor 'n tydperk van Maart 2008 tot September 2009 wat teen 'n agtergrond van vertroulikheid geskied. Die inligting vir die samestelling van die prestasiemetingsprofiel is uit vraelyste verkry wat deur deelnemers self voltooi is, asook hul finansiële state. Die inligting is gedurende November 2009 versamel.

### Deelnemers

Die volgende landboubesighede het aan die prestasiemetingsopname deelgeneem. Ons dank aan hul verteenwoordigers vir hul tyd, insette en steun wat die publikasie moontlik gemaak het.

This fifth benchmarking survey by PricewaterhouseCoopers provides a comparison of the results of agribusinesses mentioned below. The report covers the period from March 2008 to September 2009 against a background of confidentiality. The information for compiling the benchmarking profile was obtained from questionnaires completed by the participants themselves, as well as their financial statements. The information was collated during November 2009.

### Participants

The following agribusinesses participated in the benchmarking survey. We thank their representatives for their time, inputs and support in making this publication possible.

Sentraal-Suid Koöperasie Beperk / Sentraal-Suid Co-operative Limited	Swellendam
NWK Beperk / NWK Limited	Lichtenburg
Oos Vrystaat Kaap Bedryf Beperk / Oos Vrystaat Kaap Operations Limited	Ladybrand
Senwes Beperk / Senwes Limited	Klerksdorp
Suidwes Beleggings Beperk / Suidwes Investments Limited	Leeudoringstad
Vrystaat Koöperasie Beperk	Reitz
Kaap Agri Beperk / Kaap Agri Limited	Malmesbury
BKB Beperk / BKB Limited	Port Elizabeth
GWK Beperk / GWK Limited	Douglas
MGK Besigheidsbeleggings Beperk / MGK Business Investments Limited	Brits
Klein Karoo Koöperasie Beperk / Klein Karoo Co-operative Limited	Oudtshoorn
Graanboere Groep Beperk / Grain Farmers Group Limited	Moorreesburg
Villiersdorp Koöperasie Beperk	Villiersdorp
Karoo Vleisboere (Koöperatief) Beperk	Victoria-Wes / Victoria West
Tuinroete Agri Beperk / Tuinroete Agri Limited	Mosselbaai / Mossel Bay
Die Humansdorpse Koöperasie Beperk	Humansdorp

# Gebruik van die publikasie

## Use of this publication

Oos-Kaap Landboukoöperasie Beperk / East Cape Agricultural Co-operative Limited	Queenstown
Koup Produsente Koöperasie Beperk	Laingsburg
KLK Landbou Beperk	Upington
Cape Mohair and Wool	Port Elizabeth



**Barbara du Toit**

Nasionale Landboubesigheid – Senior Bestuurder /  
National Agri Business – Senior Manager  
PricewaterhouseCoopers Ing. / Inc.  
Februarie / February 2010



## 1.1 Bate-omsetkoers

Die koers toets die doeltreffende aanwending van bates deur landboubesighede.

### Groter landboubesighede

#### Bate-omsetkoers



Die omset vir groter landboubesighede het in die oorsigtydperk van R2.18 tot R2.45 gestyg vir elke R1 wat in bates belê is. Die verbeterde resultate moet egter gesien word in die lig van die al groter wordende batewaarde van balansstate, soos vermeld onder 2.1 hierna. Die omset het in geheel met 'n verdere 24.3% gestyg, (teenoor verlede jaar se toename van 36.4%), vanaf R25.1 miljard tot R31.2 miljard.

Die verskillende afdelings se bydrae tot die omset in die afgelope twee jaar was soos volg:

	2009	2008
Graan	55%	52%
Handel	27%	30%
Brandstof	5%	6%
Implemente	5%	4%
Onderdele	2%	2%
Ander	6%	6%

Die toename in graantransaksies, vanaf R13 miljard tot R17 miljard, het 'n groot uitwerking op die skynbare persentasie-omset van die ander afdelings gehad weens die groot omvang daarvan.

#### 1.1 Bate-omsetkoers

Die bate-omsetkoers word bereken deur die totaal van verkope uit te druk as 'n verhouding van die totale bates, uitgesluit aandeelbeleggings, wat aangewend is om sodanige omset te genereer.

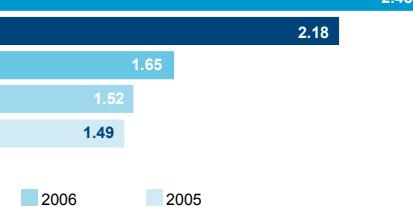
Vir die doeleindes van die prestasiemeting is omset die syfer soos weerspieël deur die geouditeerde state. Slegs die kommissie op direkte verkope word hierby ingesluit. Voorraadskrywings en betalingskortings toegestaan word by die koste van verkope gereken. Daarteenoor word omset bygewerk met handelskortings toegestaan.

## 1.1 Asset turnover rate

The rate tests the effective utilisation of assets by agribusinesses.

### Larger agribusinesses

#### Asset turnover rate



The turnover for larger agribusinesses increased during the review period from R2.18 to R2.45 for every R1 invested in assets. The improved results should however be viewed in the light of the ever growing asset value of balance sheets, as mentioned under 2.1 below. Overall, turnover increased by a further 24.3% (against last year's increase of 36.4%) from R25.1 billion to R31.2 billion.

The contributions to the turnover of the various divisions over the past two years were as follows:

	2009	2008
Grain	55%	52%
Trade	27%	30%
Fuel	5%	6%
implements	5%	4%
Spare parts	2%	2%
Other	6%	6%

Due to its large scale, the increase in grain transactions from R13 billion to R17 billion had a great effect on the perceived percentage turnover of the other divisions.

#### 1.1 Asset turnover rate

The asset turnover rate is calculated by expressing the sales total as a ratio of the total assets applied, excluding share investments, to generate the relevant turnover.

For the purposes of the benchmarking, turnover is the figure as reflected by the audited statements. Only the commission on direct sales is included in the calculation. Stock write-offs and payment discounts granted are added to the cost of sales. Conversely, trade discounts are included in turnover figures.

# Winsgewendheid

Die stygings in omset van die verskillende departemente in vergelyking met die voorafgaande tydperke was soos volg:

	2009	2008	2007
Handel	13%	26%	27%
Graanhantering en - verhandeling	32%	42%	67%
Implemente (Meganisasie)	42%	67%	43%
Onderdele	33%	22%	28%

Dit is tog opvallend dat landboubesighede wel hul **nismarkte** identifiseer. Sommige plaas meer klem op spesifieke departemente en raak selfs ontslae van, byvoorbeeld, handelstakke waar hulle nie doeltreffend sake doen nie.

Die gunstige landbou-omstandighede, asook die geweldige stygende insetmateriaalkoste het sterk groei in die omset van die meerderheid landboubesighede se **handelsafdelings** tot gevolg gehad. Besighede met latere jaareindes se omset is nadelig beïnvloed deur die impak van die negatiewe ekonomiese klimaat, in die laaste gedeelte van die oorsigtydperk, en verlaging in die prys van brandstof, kunsmis, staal, chemikalië en koring.

## Daar was 'n algemene poging deur meeste van die deelnemers om markaandeel te vergroot deur:

- Meer doelgerigte fokus op produsente se behoeftes, wat deur noue samewerking met verskaffers en 'n kundige personeelkorps gerugsteun word;
- Opgradering van en vestiging van strategiese handelstakke;
- Verbeterde diensaanbod en toegevoegde waarde;
- Uitbreiding van produkreeks en verbetering van gehalte;
- Fokus op naverkoopsdiens;
- Die skep van handelsmerke; en
- Optimalisering van voorraadvlakke en produkreeks.

Dit blyk egter dat takke in stedelike gebiede nie so winsgewend is nie.

# Profitability

The increases in turnover of the various departments compared with the preceding periods were as follows:

	2009	2008	2007
Trade	13%	26%	27%
Grain handling and trade	32%	42%	67%
Implements (Mechanisation)	42%	67%	43%
Spare parts	33%	22%	28%

It is noteworthy how agribusinesses identify their **niche markets**. Some place more emphasis on specific departments and even get rid of, for example, trade branches where these do not operate effectively.

The favourable agricultural conditions, as well as the immensely increased input material cost, resulted in strong growth in the turnover of the **trade divisions** of the majority of agribusinesses. The turnover of businesses with later financial year-ends was adversely influenced by the negative economic climate in the latter part of the review period, and reductions in the prices of fuel, fertilizer, steel, chemicals and wheat.

## There was a general attempt by most of the participants to increase market share by:

- More purposeful focus is on the needs of producers, who are supported through close co-operation with suppliers and a skilled personnel body;
- Upgrading and establishment of strategic trade branches;
- Improved service offerings and added value;
- Expansion of product series and improvement of quality;
- Focusing on after-sales service;
- The creation of trade marks; and
- Optimalisation of stock levels and product series.

It appears however that branches in urban areas are not as profitable.

**Die gemiddelde statistieke per deelnemer vir die handelstakke vir die afgelope tydperk was soos volg:**

• Aantal handelstakke	27
• Aantal personeellede per tak	18
• Omset per tak	R34.2 miljoen per jaar

**The average statistics per participant for the trade branches for the past period were as follows:**

• Number of trade branches	27
• Number of personnel members per branch	18
• Turnover per branch	R34.2 million per annum

**Regstreekse transaksies** word nog steeds uitgebrei deur verbeterde verhoudings met strategiese verskaffers en die levering van verbeterde waardetoevoegende dienste aan produsente. Dit het veral betrekking op kunsmis en brandstof, hoewel brandstofverskaffers al hoe meer ongeneë raak om op plaaspaaie te vervoer. Sommige deelnemers maak min gebruik van regstreekse transaksies deur eerder die voorraad self aan te koop of om dit as besendingsvoorraad te hou waar hulle oor groot bergingsfasiliteite beskik.

**'n Hoër graaninkomste** is verdien teenoor die vorige jaar, wat hoofsaaklik toegeskryf kan word aan 'n toename in graanontvangste en die voorraad wat oorgedra is na 2009, 'n toename in graanverhandeling, asook kommoditeitspryse (veral dié van sonneblom) wat vir 'n groot gedeelte van die jaar op hoër vlakke as normaalweg verkeer het. Ongeveer die helfte van die deelnemers, en by uitstek Senwes, het met die stygende markpryse die geleenthede benut vir 'n groter mate van graanverhandeling. Sommige deelnemers beskou graanverhandeling as te riskant en word beperkings op die omvang daarvan geplaas.

**Graanhantieringsdienste word geoptimaliseer deur:**

- Verhoogde uitlaaitempo's gedurende die jaar.
- Beter benutting van silokapasiteit.
- Die ligging van silo's en verhoogde volumes wat aanleiding gee tot groter winsgewendheid.
- Metodes is ontwikkel om maalkwaliteitgraan te isolateer.

Die vervoerdifferensiaal bly vir sommige produsente 'n netelige kwessie. Veral produsente in die Wes-Kaap blyk ongelukkig te wees oor die groot penalisering.

**Direct transactions** are still being expanded through improved relationships with strategic suppliers and the rendering of improved value-adding services to producers. This relates particularly to fertilizer and fuel, although fuel suppliers are becoming ever more reluctant to travel on farm roads. Some participants make little use of direct transactions by either purchasing the stock themselves or keeping it as consignment stock where they have access to large storage facilities.

**Increased grain income** was earned in comparison with the previous year, which is mainly attributable to increased grain receipt and the stock carried over to 2009, an increase in grain trade, as well as commodity prices (especially of sunflower) which traded for much of the year at higher levels than normal. About half of the participants, and par excellence Senwes, utilised the opportunities provided by rising market prices to extend grain trade. Some participants regard grain trading as too risky and place limits on the scale thereof.

**Grain handling services are optimised by:**

- Increased offloading during the year.
- Better utilisation of silo capacity.
- The location of silos and increased volumes, giving rise to increased profitability.
- Methods were developed to isolate milling quality grain.

The transport differential remains a contentious issue for some producers. Producers in the Western Cape, particularly, appear to be dissatisfied over the large penalisation.

# Winsgewendheid

# Profitability

## Die gemiddelde statistieke vir die graanafdelings vir die afgelope tydperk was soos volg:

• Aantal tonne gehanteer per permanente personeellid	2 310
• Instandhoudingskoste van silo's as persentasie van silo-inkomste	10%
• Sifselinkomste verdien, gebaseer op gemiddelde maandelikse tonne in voorraad	R5.77

## The average statistics for the grain divisions for the past period were as follows:

• Tons handled per permanent personnel member	2 310
• Silo maintenance costs as percentage of silo income	10%
• Screenings income earned, based on average monthly tons in stock	R5.77

## Die uitstekende mekanisasie-resultate wat in die bedryf behaal is, was die gevolg van:

- Die aanvanklike gunstige ekonomiese omstandighede;
- Beskikbare voorraad teen laer pryse;
- 'n groter klem op bemarking; en
- Die prysindeks vir masjinerie en toerusting wat oor die afgelope tydperk gestyg het.

Die verkoop van laers, v-bande en kettings het weereens 'n oplewing getoon. Die goeie vraag na hierdie onderdele is veroorsaak deur die toename in graanoeste wat veral in die Noord Westelike Provincie gestroop is.

Die gemiddelde bemarkingskoste om hierdie omset te bewerkstellig, bedra ongeveer 0.05% van die totale omset.

## The excellent mechanisation results attained in the industry resulted from:

- The initially favourable economic conditions;
- Available stock at lower prices;
- A greater emphasis on marketing; and
- The increase in the price index for machinery and equipment over the past period.

Sales of bearings, v-belts and chains once again showed an upturn. The good demand for these parts resulted from the increase in grain harvesting, particularly in the North West Province.

The average marketing cost to achieve this turnover amounts to about 0.05% of the total turnover.

**Versekeringsdienste** speel ook 'n groot rol, veral as ondersteuning vir kredietverskaffing. 'n Groter fokus op oesversekering het bygedra tot positiewe resultate. Die swak koringoes in sekere gebiede het egter verlaagde oesversekeringsmeegebring, wat resultate nadelig beïnvloed het.

## Die gemiddelde resultate van versekeringsdienste toon dat:

- Die gemiddelde persentasie-kommissie verdien hierop ongeveer 16.8% bedra.
- Die totale koste van die landboubesighede om hierdie afdelings te bedryf ongeveer 14.7% van die totale premies bedra.

**Insurance services** also play a great role, particularly in support of credit supply. A greater focus on crop insurance contributed to positive results. The poor wheat harvest in certain areas however resulted in reduced crop insurance, which adversely affected results.

## The average results of insurance services indicate that:

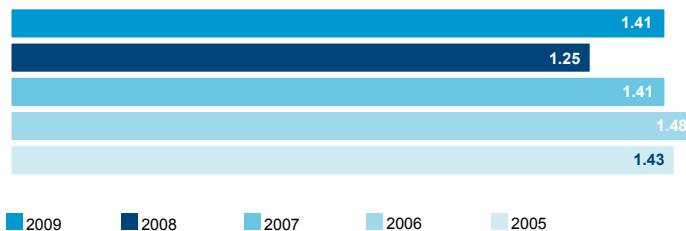
- The average percentage commission earned amounted to about 16.8%.
- The total cost to agribusinesses of running these divisions was about 14.7% of total premiums.

- Die gemiddelde eise-premieverhouding bedra ongeveer 33.3%.
- Die premies betaal in verhouding tot die totale omset bedra ongeveer 2.27%.
- Net die premie-inkomste word gehanteer as omset vir besigheidsdoeleindes.

- The average claims-premium relationship was about 33.3%.
- The premiums paid in relation to the total turnover amounted to about 2.27%.
- Only the premium income is handled as turnover for business purposes.

## Kleiner landboubesighede

### Bate-omsetkoers



Weens die **plattelandse ligging** van die kleiner deelnemers, word 'n relatiewe duur belegging vereis om uiteindelik 'n skaflike omset te genereer.

Die **omset** van kleiner besighede het in die tydperk onder oorsig R1.90 miljard bedra teenoor R1.55 miljard in die vorige tydperk. Dit verteenwoordig 'n styging van 22% teenoor die 24% in die vorige jaar. Die geweldige styging in die koste van insetmateriaal het hier net so 'n groot rol gespeel soos by groter landboubesighede.

Die **omset per R1-belegging** in bates het met 13% vanaf R1.25 tot R1.41 gestyg. Dit volg op 'n daling van 13% in die vorige tydperk. Daar moet egter in ag geneem word dat die batestruktuur, veral debiteure en voorraad, met 23% vermeerder het weens die styging in insetmateriaal. Beleggings in aandele is egter uitgesluit by die somtotaal van die bates vir die doel van hierdie berekening, aangesien dit 'n wesentlike bate-item in sommige van die besighede se balansstate uitmaak.

## 1.2 Netto inkomste samestelling

Terwyl die omvang van graantransaksies dubbel die omvang (2008: 72% meer) was as dié van handelsafdelings, was die **bydrae tot die bruto wins** daaruit slegs 32% (2008: 12%) meer as dié van die handelsafdelings. Die eens grootste bron van inkomste van landboubesighede bly onder al hoe groter druk en word nou deur veral graanhandelstransaksies ondersteun.

## Smaller agribusinesses

### Asset turnover rate

Due to the **rural location** of the smaller participants, a relatively expensive investment is required to ultimately generate a reasonable turnover.

The **turnover** of smaller businesses in the period under review amounted to R1.90 billion compared with R1.55 billion in the previous period. This represents an increase of 22% compared to the 24% in the previous year. The increase in the costs of input material contributed just as much here as in the case of the larger agribusinesses.

The **turnover per R1 investment** in assets increased by 13% from R1.25 to R1.41. This follows a decrease of 13% in the previous period. It should however be noted that the asset structure, particularly debtors and stock, increased by 23% due to the increase in input material. Investments in shares is however excluded from the sum-total of assets for the purposes of this calculation, as it comprises a material asset item on some of the businesses' balance sheets.

## 1.2 Nett income composition

While the extent of grain transactions was double that of the trade divisions (2008: 72% more), their **contribution to gross profit** was only 32% (2008: 12%) more than that of the trade divisions. The once greatest source of income of agribusinesses remains under ever greater pressure and is now supported particularly by grain trade transactions.

# Winsgewendheid

# Profitability

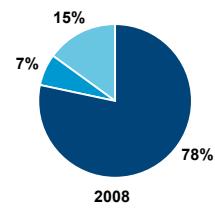
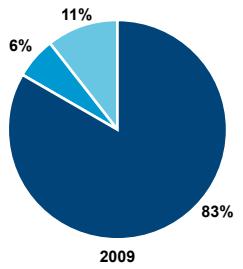
Kredietbeheer bly die mees sensitiewe rugsteun van alle bedrywighede, met **netto finansieringsinkomste** wat voortvloeи uit kredietverskaffing. Verskeie landboubesighede hanteer dit as 'n afsonderlike winssentrum, wat meebring dat die doeltreffendheid van hierdie afdeling tot 'n groter mate hierdeur gemonitor word.

Beleggings in **waardetoevoegende bedrywe** het aanvanklik, soos in die vorige tydperk, 'n goeie opbrengs gelewer. Die goeie resultate is op die ou einde geneutraliseer deur die afskrywing van voorraad met die skerp daling in kommoditeitspryse. Verwante bedrywe, wat geen waarde tot produsente se produkte voeg nie, het nie noodwendig tot die winste bygedra nie, maar word steeds as 'n integrale deel van die plattelandse handelsaktiwiteite beskou. Dit het landboubesighede voortdurend verplig om die lewensvatbaarheid daarvan te oorweeg.

## Groter landboubesighede

Weens die gunstige handelstoestande aan die begin van die oorsigtyelperk en die stygende kommoditeitspryse, het die **tradisionele sakebedrywighede** van die deelnemers, naamlik handel, mechanisasie, brandstof en graanbemarking- en hantering, weer 'n groter bydrae tot die totale netto inkomste gelewer. Soos duidelik blyk uit die volgende grafieke was hierdie afdeling verantwoordelik vir 83% van die netto wins.

## Netto inkomste samestelling



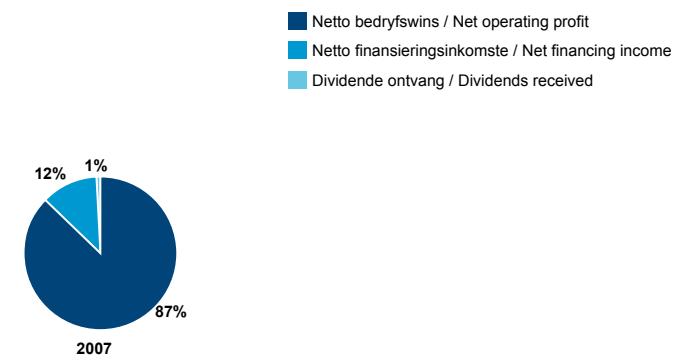
With **net financing income** arising out of the extension of credit, credit control remains the most sensitive support measure of all activities. Some agribusinesses handle it as a separate profit centre, with the effect that the effectiveness of this division can be monitored to a greater extent.

Investments in **value-adding industries** initially, as in the previous period, provided a good yield. The good results were ultimately neutralised by the writing-off of stock following the sharp drop in commodity prices. Related activities which add no value to producers' products did not necessarily add to profits, but are still regarded as an integral part of rural trading activities. This constantly compelled agribusinesses to consider the viability thereof.

## Larger agribusinesses

Due to the favourable trading conditions at the start of the review period and the increasing commodity prices, the **traditional business activities** of the participants, namely trade, mechanisation, fuel, and grain marketing and handling, have again made a greater contribution to total net income. It is clear from the following graphs that, this division was responsible for 83% of net profit.

## Net income composition



# Winsgewendheid

Die netto wins voor rente betaal en belasting van die groter deelnemers het net soos in die vorige tydperk jaar op jaar met 'n verdere 58% toegeneem. Soos reeds gemeld in die Bestuursopsomming, het die hoër rentekoerse 'n groter inkomste vir landboubesighede, veral dié met groot reserwes, meegebring. Netto finansieringsinkomste het met 33% teenoor die vorige tydperk gestyg.

**Dividendinkomste** het met slegs 4% teenoor die vorige jaar gegroei.

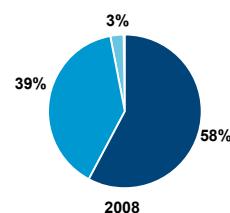
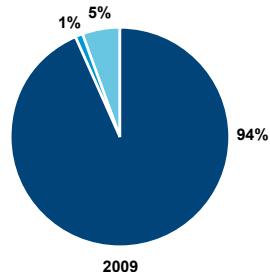
Die mees algemene beleid ten opsigte van dividendverklaring blyk te wees dat daar gestreef word na 'n dividenddekking van 3 keer. Sommige deelnemers wat goeie prestasies behaal het, het daarbenewens ook spesiale kortings aan hul produsente toegeken.

## Kleiner landboubesighede

Die netto wins voor rente betaal en belasting van hierdie besighede het dieselfde gebly as die vorige jaar, na 'n styging van 41% in 2008 teenoor die vorige jaar.

Die stygende koste van insetmateriaal het meegebring dat die **handelsafdelings** 'n styging van 60% ervaar het om byna 94% van die totale netto wins op te lewer. Wat egter kommerwekkend is, is dat hierdie deelnemers wesenlike langtermynlenings aangegaan het om hul besighede en beleggingsaktiwiteite te finansier, maar byna nie daartoe in staat was om hul rente-uitgawe met finansieringsinkomste te verhaal nie. Gedurende die voorafgaande vier tydperke was netto finansieringsinkomste gemiddeld 39% van die totale netto inkomste samestelling.

## Netto inkomste samestelling



# Profitability

As in the previous period, the net profit before interest paid and tax of the larger participants increased year-on-year by a further 58%. As already mentioned in the Executive Summary, the higher interest rates resulted in increased income for agribusinesses, particularly those with large reserves. Net financing income increased by 33% compared with the previous period.

**Dividend income**, only increased by 4% compared to the previous year.

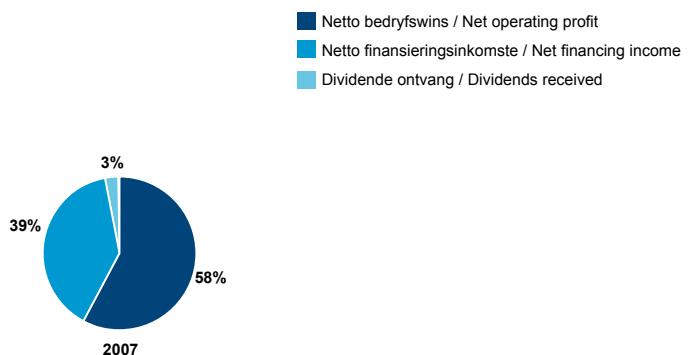
The most common policy in respect of dividend declarations appears to be 3 times dividend cover. Some participants who achieved good performances furthermore awarded special rebates to their producers.

## Smaller agribusinesses

The net profit before interest paid and tax of these businesses remained the same as that of the previous year, after an increase of 41% in 2008 compared with the previous year.

The rising cost of input materials resulted in the **trade divisions** experiencing an increase of 60%, to contribute to almost 94% of the total profit. What is however of concern, is that these participants entered into a material amount of long term loans to finance their businesses and investment activities, but were almost not in a position to recover their interest expenditure with financing income. During the previous four periods, net financing income averaged 39% of the total net income composition.

## Net income composition



## 1.3 Bate-opbrengskoers

Dié verhouding toon die winsgewendheid van die onderneming se bates. Die wins word gemeet teen die totale bates wat gedurende die betrokke tydperk aangewend is.

Hier word gepoog om die doeltreffendheid van die bates in die geheel, die kernbates en beleggings afsonderlik te meet.

### Groter landboubesighede

#### 1.3.1 Voor aansuiwerings

##### Bate-opbrengskoers



Nadat die **geweegde gemiddele opbrengskoers** in die vorige tydperk 'n toename van 16% getoon het, het dit in die tydperk onder oorsig met 'n verdere 27% toegeneem. Al die deelnemers het 'n beter opbrengs ten opsigte van hul investering in totale bates getoon.

Die geweegde opbrengskoers het vanaf 11.90% in 2008 toegeneem tot 15.08% in die tydperk onder oorsig. Dit blyk dat 72% van die groter landboubesighede in hierdie opsig verbeterde resultate toon.

##### 1.3.1 Voor aansuiwerings

Die bate-opbrengskoers verteenwoordig die landboubesighed se netto wins voor rente betaal en belasting, as 'n persentasie van die totale bates. Die minderheidsbelang in die netto wins, in die geval van groepe, word nie uitgesluit nie.

## 1.3 Asset yield rate

This ratio indicates the profitability of the assets of the entity. The profit is measured against the total assets utilised during the relevant period.

An attempt is made here to measure the efficiency of the assets overall, the core assets and investments separately.

### Larger agribusinesses

#### 1.3.1 Before adjustments

##### Asset yield rate

After the **weighted average** yield rate showed an increase of 16% in the previous period, it increased by a further 27% in the period under review. All of the participants showed an improved yield on their investment in total assets.

The weighted average yield rate increased from 11.90% in 2008 to 15.08% in the period under review. It appeared that 72% of the larger agribusinesses showed improved results in this respect.

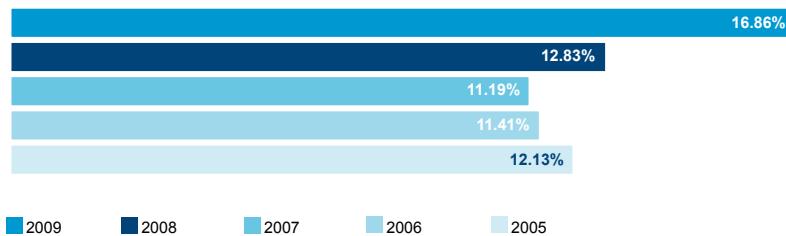
##### 1.3.1 Before adjustments

The asset yield rate represents the net profit of the agribusinesses, or the group in the case of a holding. The minority interest in the net profit, in the case of groups, is not excluded.

Die grafiek dui aan dat die groter deelnemers veral vanjaar die beste gepresteer het, deurdat die **rekeningkundige gemiddeld** in hierdie geval laer is as die geweegde gemiddelde.

## 1.3.2 Na aansuiwerings

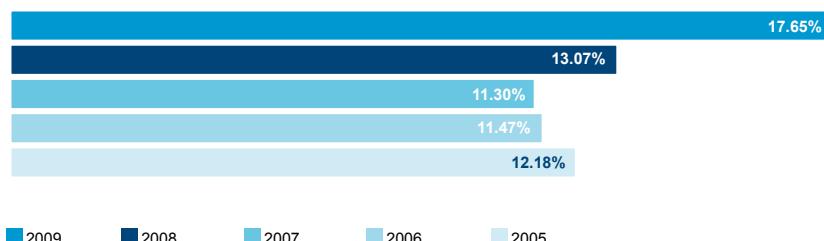
### Bate-opbrengskoers aangesuiwer



Met die uitsluiting van uitsonderlike items, kan 'n beter vergelyking tussen deelnemers se resultate getref word. Waardevermindering op nuwe en ouer bates speel hier nie 'n rol nie. Die verskil in die huidige jaar se resultaat met dié in 1.3.1 kan toegeskryf word aan 'n abnormal verlies by Oos Vrystaat Kaap Bedryf Beperk weens die vergoeding aan sy produsente wat skade gely het as gevolg van koringsaad skade.

## 1.3.3 Beleggings uitgesluit

### Bate-opbrengskoers uitgesluit aandelebeleggings



### 1.3.2 Na aansuiwerings

Die verhouding verteenwoordig die opbrengskoers van die landboubesighede se bates in die geheel na die volgende aansuiwerings:

- Waardevermindering;
- Uitsonderlike items;
- Bonusse en voorkeurkorting aan lede; en
- Amortisasie van ontasbare bates.

Uitsonderlike items sluit enige item in wat na die deelnemer se mening sy netto inkomste uit normale handelstransaksies vir die jaar wesenlik aangetas het en wat buite rekening gelaat behoort te word.

#### Totale bate-aansuiwerings behels die uitsluiting van:

- Herwaardasie van eiendom, aanleg en toerusting; en
- Ontasbare bates.

### 1.3.3 Beleggings uitgesluit

Met dié berekening is beleggings en beleggingsinkomste in genoteerde en ongenoteerde aandele by die berekening van die totale bates en netto inkomste uitgesluit. Beleggingsinkomste verteenwoordig hoofsaaklik dividende ontvang.

The graph indicates that the larger participants particularly performed the best this year, in that the **accounting average** was lower than the weighted average in this case.

## 1.3.2 After adjustments

### Asset yield rate adjusted

With the exclusion of exceptional items, a better comparison between participants' results can be gained. Depreciation on new and older assets does not play a role here. The difference between the present year's results and those in 1.3.1 can be attributed to an abnormal loss by Oos Vrystaat Kaap Bedryf Limited due to the compensation paid to its producers who suffered losses as a result of wheat seed damage.

## 1.3.3 Investments excluded

### Asset yield rate excluding share investments

### 1.3.2 After adjustments

The ratio represents the rate of return of the total assets of the agribusinesses or the group, after the following adjustments:

- Depreciation;
- Exceptional items;
- Bonuses and preferential discounts to members; and
- Amortisation of intangible assets.

Exceptional items include any item that, in the opinion of the participant, significantly affected its net income from normal trade transactions for the year and that should not be taken into account.

#### Total asset adjustments entails the exclusion of:

- Revaluation of property, plant and equipment; and
- Intangible assets.

### 1.3.3 Investments excluded

With this calculation, investments and investment earnings in listed and unlisted shares were excluded when calculating total assets and net income. Investment income mainly represents dividends received.

# Winsgewendheid

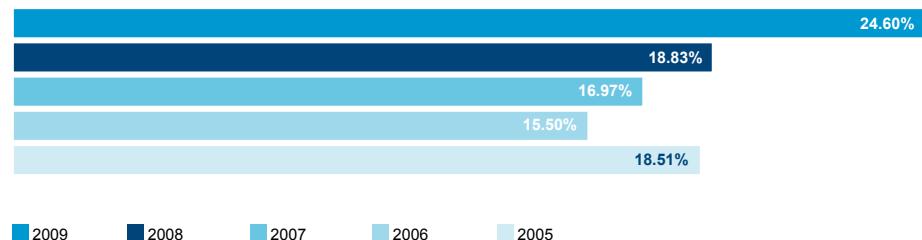
# Profitability

Dit blyk dat daar gedurende hierdie tydperk 'n verdere toename van 49% in die winsgewendheid van die kernbates van die besighede was, teenoor 'n toename van 16% in die vorige tydperk.

Omdat debiteure en die finansiering daarvan 'n groot rol in die balansstate van landboubesighede speel, moet daar verder na die resultate van 1.3.4 gekyk word.

## 1.3.4 Kredietlenings uitgesluit

### Bate-opbrengskoers uitgesluit kredietlenings



Omdat landboubesighede tot 'n groot mate die finansiering van produsente se insette verskaf, kan balansstaatverhoudings in vergelyking met ander instansies versteur word, waar sodanige ondernemings bloot as 'n kanaal van fondse optree.

Indien **kredietlenings, kaskrediete en langtermynfinansiering**, wat vir die finansiering van produsente geoormerk is, ook van die totale bates afgetrek word, toon hierdie vergelyking die winsgewendheid van die netto bates van die bedryf self.

Sommige landboubesighede beskik oor voldoende **reserwes** om self sodanige finansiering te verskaf. Om die doeltreffendheid van eie fondse te oorweeg, word 'n vergelyking met die opbrengs op netto bates getref.

Weens die gunstige landbou-ekonomiese omstandighede van die tydperk onder oorsig, het landboubesighede as bedryfsgemiddeld 'n verbetering van 50% in **netto wins op kernbates** getoon. Dit is nadat daar in die vorige tydperk 'n toename van 11% was.

It appears that during this period there was a further increase of 49% in the profitability of the core assets of the businesses, compared with an increase of 16% in the previous period.

Because debtors and their financing play a great role in the balance sheets of agribusinesses, a closer look must be taken at the results of 1.3.4.

## 1.3.4 Credit loans excluded

### Asset yield rate excluding credit loans

Because agribusinesses provide much of the financing of producers' inputs, their balance sheet ratios may be distorted, compared to those of other entities, where such entities act merely as a channel for funds.

If **credit loans, cash credits and long-term financing** earmarked for the financing of producers are also deducted from the total assets, this ratio indicates the profitability of the net industry assets themselves.

Some agribusinesses have sufficient **reserves** available to provide such financing themselves. To consider the efficiency of own funds, a comparison is made with the return on net assets.

Due to the favourable agricultural-economic conditions of the period under review, the agribusinesses on an industry average showed an improvement of 50% in **net profit on core assets**. This follows an increase of 11% in the previous period.

## Kleiner landboubesighede

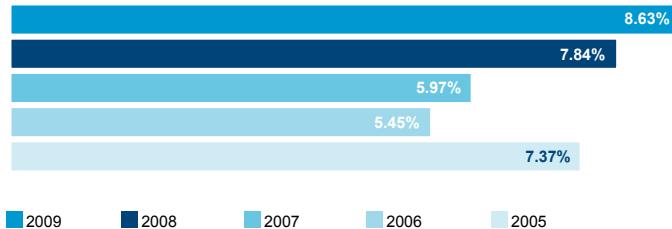
### Bate-opbrengskoers



Die bate-opbrengskoers van **kleiner besighede** is laer as dié van groter besighede, aangesien hulle tot 'n groot mate tot dienslewering vir hul lede ingestel is en nie noodwendig 'n winsmotief as 'n prioriteit het nie. Hoewel die besighede gedurende die tydperk onder oorsig slegs 'n styging van 6% in hul winsgewendheid getoon het, moet in ag geneem word dat die inkomste gebaseer is op bates wat met 7.5% gegroeи het. Die opbrengskoers het vanaf 7.42% in die vorige tydperk tot 7.83% gestyg.

### Bate-opbrengskoers aangesuiwer

### Bate-opbrengskoers aangesuiwer



Waardevermindering is by hierdie berekening as 'n uitgawe teruggetel. Hierdie verhouding haal die effek van groter afskrywings uit die vergelyking.

Die resultaat toon 'n verbetering van 10% teenoor die vorige jaar. Die waardasie van aandelebeleggings kan egter hierdie resultaat verwring.

## Smaller agribusinesses

### Asset yield rate

The asset yield rate of **smaller agribusinesses** is lower than that of the larger agribusinesses because, to a great extent, they are geared for the supply of service for their members and the profit motive is not necessarily their priority. Although these businesses showed an increase of only 6% in their profitability during the period under review, it has to be taken into account that this income is based on assets that grew by 7.5%. The yield rate rose from 7.42% in the previous period to 7.83%.

### Asset yield rate adjusted

### Asset yield rate adjusted

Depreciation was added back as an expenditure for this calculation. This ratio removes the effect of larger write-offs from the equation.

The result shows an improvement of 10% over the previous year. The valuation of the share investments could however distort this result.

# Winsgewendheid

# Profitability

## Bate-opbrengskoers uitgesluit aandelebeleggings

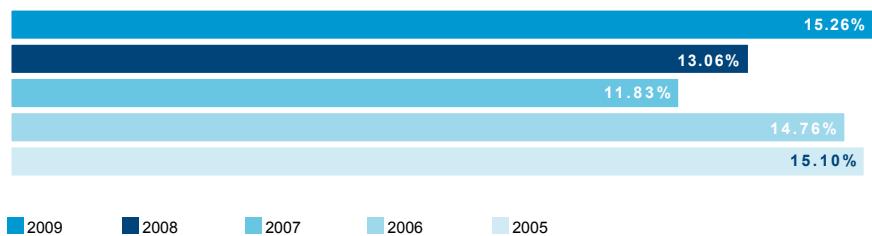


Indien dividendinkomste buite rekening gelaat word, was daar slegs 'n verbetering van 3% in hierdie resultate teenoor 'n toename van 19% vir die vorige periode.

## Asset yield rate excluding share investments

If dividend income is left out of account, there was an improvement of only 3% in these results compared with an increase of 19% for the previous period.

## Bate-opbrengskoers uitgesluit kredietlenings



Die resultate dui aan watter **uitwerking geleende fondse**, wat gebruik is om debiteure te finansier, op kleiner landboubesighede gehad het. Wat hier in ag geneem moet word, is dat die totale verpligting ter finansiering van debiteure, van die totale bates afgetrek word. Terwyl die volle verpligting by die besigheid berus, dra dit die risiko ten opsigte van die vorderbaarheid van debiteure. Na 'n afname oor die afgelope drie jaar, dui die huidige resultate op 'n mate van herstel.

Die stygging in opbrengs dui op 'n verbetering van 17%. Dit kan in 'n groot mate toegeskryf word aan die toename van 62% in **lang- en korttermynlenings wat aangegaan** is om debiteure en voorraad te finansier wat nou buite berekening gelaat word.

### 1.3.5 Opbrengs op ekwiteit relatief tot bedryfsvereistes

Al die besighede se **opbrengs op ekwiteit relatief tot die bedryf se vereiste opbrengs**, is bereken. Beide die opbrengs op ekwiteit en die bedryf se vereiste opbrengs op ekwiteit word as 'n na-belaste koers weergegee en die berekening is uitgedruk as 'n faktor van 1.00. Die berekende faktor dui aan of die na-belaste opbrengs wat deur 'n besigheid op sy ekwiteitsbelegging gedurende die laaste finansiële jaar verdien is, die bedryf se vereiste

## Asset yield rate excluding credit loans

The results indicate the **effect that borrowed funds**, used to finance debtors, had on smaller agribusinesses. What has to be taken into account here is that the total liability in respect of the financing of debtors has to be deducted from the total assets. While the entire liability rests with the business, it carries the risk in respect of the recoverability of debtors. Following a decrease over the past three years, the current results reflect some degree of recovery.

The increase in yield indicates an improvement of 17%. This can be attributed to a great extent to the increase of 62% in **long- and short-term loans taken up** to finance debtors and stock, which are now being left out of account.

### 1.3.5 Yield on equity relative to industry requirements

The **yield on equity of all the businesses relative to the industry's required yield** was calculated. Both the yield on equity and the industry's required yield on equity are reflected as an after-tax rate and the calculation expressed as a factor of 1.00. The calculated factor indicates whether the after-tax yield earned by a business on its equity investments during the past financial year exceeded the industry's required yield on equity as at

opbrengs op ekwiteit soos op 30 Junie 2009 oorskry het (d.w.s 'n faktor van meer as 1.00) of minder was as dié van die industrie (d.w.s 'n faktor van minder as 1.00).

Die **kapitaalbateprysmodel** is gebruik om die bedryf se vereiste opbrengs op ekwiteit te bepaal. In die toepassing van die kapitaalbateprysmodel, word die opbrengskoers op ekwiteit geraam met verwysing na die risiko-vrye koers wat op die Suid-Afrikaanse regeringseffekte verdien word, plus 'n mark-risikopremie wat bykomend tot die risiko-vrye opbrengskoers vereis word, vermenigvuldig met die beta vir die bedryf. Die beta van 'n maatskappy of bedryf word gedefinieer as 'n risikomaatstaf wat die sensitiwiteit van 'n maatskappy se aandeelprys tot die bewegings in die aandelemark as 'n geheel reflekteer.

Die bedryf se vereiste opbrengs op ekwiteit is bereken soos op 30 Junie 2009. Die vereiste opbrengs op ekwiteit wissel tipies soos veranderinge in die aandelemark voorkom. Gevolglik sal die opbrengs op ekwiteit vir 'n besigheid relatief tot die bedryf se vereiste opbrengs op ekwiteit wissel afhangend of dit bereken word op grond van die bedryf se vereiste opbrengskoers, soos op die besigheid se finansiële jaareind of vir die 12-maande gemiddelde wat ooreenstem met die besigheid se finansiële jaar.

Die bedryf se winste-opbrengs op ekwiteit soos op 30 Junie 2009 is op 12.7% geraam.

Die bedryf se resultate dui op 'n gemiddelde faktor van 1.54.

30 June 2009 (i.e. a factor of more than 1.00) or was less than that of the industry (i.e. a factor of less than 1.00).

The **capital assets price model** was used to determine the industry's required yield on equity. In applying the capital assets price model, the rate of yield on equity is estimated with reference to the risk-free rate earned on the South African government's bonds, plus a market risk premium required in addition to the risk-free yield rate, multiplied by the beta for the industry. The beta of a company or industry is defined as a risk measure reflecting the sensitivity of the company's share price to the movements on the share market as a whole.

The industry's required yield on equity was calculated as at 30 June 2009. The required yield on equity typically fluctuates with changes in the share market. The yield on equity of a business relative to the industry's required yield on equity will thus fluctuate depending on whether it is calculated on the basis of the industry's required yield rate as at the business's financial year-end, or for the 12-month average that coincides with the business's financial year.

The industry's profit yield on equity as at 30 June 2009 was estimated at 12.7%.

The industry's results show an average factor of 1.54.

## (a) Opbrengs op ekwiteit

Die opbrengs op ekwiteit van elke besigheid (uitgedruk as 'n persentasie) is as volg bereken:

- Opbrengs op ekwiteit = Netto wins na belasting / Ekwiteit
- Netto wins na belasting is gedefinieer as netto wins na waardevermindering, rente en belasting.

## (b) Bedryf se vereiste opbrengs op ekwiteit

Die vereiste opbrengs op ekwiteit dui die na-belaste opbrengs wat op die belegging in ekwiteit vereis word en reflekteer die relatiewe risiko van die bedryf.

Die opbrengskoers op ekwiteitskapitaal word as volg in terme van die kapitaalbateprysmodel bepaal:

$$Ke = R_f + \beta \times (R_m - R_f)$$

Waar:

- |                |  |
|----------------|--|
| Ke             | = Bedryf se opbrengskoers op ekwiteitskapitaal   |
| R <sub>f</sub> | = Risiko-vrye opbrengskoers  |
| $\beta$        | = Beta of die sistematisiese risiko van 'n belegging in die landboubedryf in Suid-Afrika   |
| $R_m - R_f$    | = Markrisikopremie; Die verwagte opbrengskoers op 'n gediversifieerde aandeleportfolio in die mark ( $R_m$ ) minus die risiko-vrye koers ( $R_f$ ) |

## (a) Yield on equity

The yield on equity of every business (expressed as a percentage) was calculated as follows:

- Yield on equity = Net profit after tax / Equity
- Net profit after tax is defined as net profit after depreciation, interest and tax.

## (b) Industry's required yield on equity

The required yield on equity indicates the after-tax yield required of the investment in equity and reflects the relative risk of the industry.

The yield rate on equity capital is thus determined as follows in terms of the capital asset price model:

$$Ke = R_f + \beta \times (R_m - R_f)$$

Where:

- |                |  |
|----------------|--|
| Ke             | = The industry's yield rate on equity capital  |
| R <sub>f</sub> | = Risk-free yield rate   |
| $\beta$        | = Beta or the systemic risk of an investment in the agricultural industry in South Africa  |
| $R_m - R_f$    | = Market risk premium; The expected yield rate on a diversified share portfolio in the market ( $R_m$ ) minus the risk-free rate ( $R_f$ ) |

Geen aanpassing is gemaak vir spesifieke maatskappyomstandighede, soos byvoorbeeld die verskil in grootte en enige risikos spesifiek tot die maatskappy nie. Die vereiste bedryf se opbrengs op ekwiteit wat in die berekening gebruik is, verteenwoordig gevoldiglik nie die vereiste opbrengs op ekwiteit vir elkeen van die individuele besighede wat in die opname deelgeneem het nie.

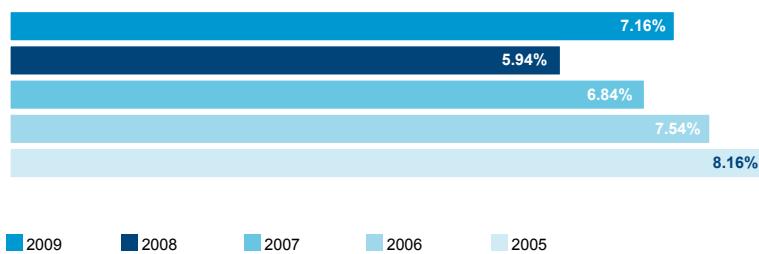
## 1.4 Netto winspersentasie

Winsgewendheid word hier gemeet aan die hand van die werklike omset wat behaal is. Die doeltreffendheid van transaksies word dus hier gemeet, teenoor dié van die bates aangewend, soos in die geval van 1.3.

Aanvanklike stygings in die pryse van produksiemiddelle is gevolg deur drastiese dalings aan die einde van 2008, veral ten opsigte van kunsmis, brandstof, staal- en omheiningsprodukte, asook veevoere. Afskrywings moes gedoen word om realistiese herverkoopwaardes vir die nuwe finansiële tydperk te verseker, wat 'n negatiewe uitwerking op andersins uitstekende resultate gehad het.

## Groter landboubesighede

### Netto winspersentasie



#### 1.4 Netto winspersentasie

##### Netto wins word soos volg gedefinieer:

Netto wins voor belasting en rente betaal, aangesuiwer vir:

- Uitsonderlike items;
- Waardevermindering op eiendom, aanleg en toerusting;
- Voorkeurkortings en bonusse aan lede toegestaan;
- Afskrywings van ontasbare bates; en
- Beleggingsinkomste.

##### Omset word soos volg bereken:

Verkope van voorraad en dienste, uitgesluit belasting op toegevoegde waarde. In die geval van direkte transaksies word slegs die kommissiegedeelte ingesluit. Handelskorting toegestaan word by die berekening van omset afgetrek. Die invordering van silokoste is in ag geneem soos verantwoord in die onderskeie finansiële jaarstate.

Beleggingsinkomste verteenwoordig hoofsaaklik dividende ontvang uit genoteerde en ongenoteerde beleggings.

No adjustment was made for specific company circumstances, for example difference in size and any risks specific to the company. The industry's required yield on equity used in the calculation thus does not represent the required yield on equity for each one of the individual businesses that participated in the survey.

## 1.4 Net profit percentage

In this instance, profitability is measured with reference to the actual turnover achieved. The efficiency of transactions is measured, therefore, compared with that of the assets utilised, as in the case of 1.3.

Initial increases in the prices of producers' goods were followed by drastic declines at the end of 2008, particularly in respect of fertilizer, fuel, steel and fencing products, as well stock feeds. Write-offs had to be done to ensure realistic resale values for the new financial period, which had a negative effect on otherwise excellent results.

## Larger agribusinesses

### Net profit percentage

#### 1.4 Net profit percentage

##### Net profit is defined as:

Net profit before tax and interest paid, adjusted for:

- Exceptional items;
- Depreciation on property, plant and equipment;
- Preferential rebates and bonuses awarded to members;
- Write-offs of intangible assets; and
- Investment earnings.

##### Turnover is calculated as:

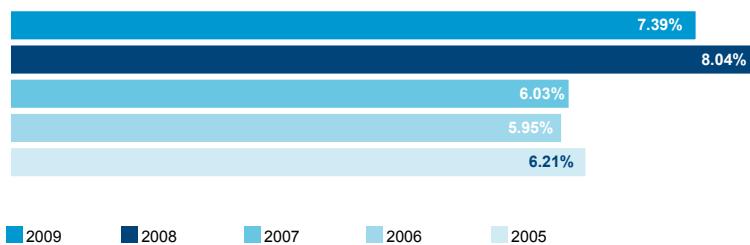
Sales of stock and services, excluding value added tax. In the case of direct sales only the commission portion is included. Trade discounts granted are deducted in determining turnover. The collection of silo costs was taken into account as accounted for in the various annual financial statements.

Investment earnings represent mainly dividends earned on listed and unlisted investments.

Weens die skerp stijging in kommoditeitspryse tot einde 2008, is vanjaar beter resultate behaal. Die groter mededinging in die mark in handelstransaksies en graanhantering het die vorige jaar laer winsmarges en tariewe meegebring.

## Kleiner landboubesighede

### Netto winspersentasie



Die omset van kleiner besighede se eie voorraad het met 22% toegeneem, maar die netto winspersentasie wat hierop gerealiseer is, toon egter 'n afname van 4%.

## 1.5 Bruto winspersentasies

Hierdie verhouding is bereken uit resultate by geïdentifiseerde departemente en verskaf 'n aanduiding van die bruto winspersentasies (omset min koste van verkope) wat departementeel behaal is.

**Landboubesighede moet bepaalde marges** op hul voorraad behaal ten einde alle oorhoofse kostes te dek en fondse te reserver vir uitbreiding of instandhouding van fasiliteite. Anders as in die geval van produsente, is hierdie besighede meer buigsaam en kan hulle tot 'n groot mate vinniger by veranderde omstandighede aanpas. Boere is blootgestel aan sikliese omstandighede en word gedwing om hul insette aan te koop teen heersende pryse. Daar kan dus nie beweer word dat landboubesighede ten koste van produsente wins maak nie. Hulle handhaaf 'n vaste prestasie-beleid en pas net voortdurend hul prys aan soos die markomstandighede verander. Om hierdie rede is daar nie 'n groot verandering in hul persentasie teenoor die vorige jaar nie. Prysvalkke van feitlik alle boerderybenodigdhede en primêre boedery-insette het aanvanklik ongekende hoogtepunte bereik, wat aankoopstrategieë onder geweldige druk geplaas het. Landboubesighede het gedurende die laaste helfte van 2009 van sy mees uitdagende tye ooit beleef. Prysse van grondstowwe het drasties gedaal, met die gepaardgaande negatiewe uitwerking wat dit op voorraadwaardasies vir verskaffers meegebring het.

Due to the sharp increase in commodity prices to the end of 2008, better results were attained this year. The greater competition in the market in trade transactions and grain handling brought about lower profit margins and tariffs in the previous year.

## Smaller agribusinesses

### Net profit percentage

The turnover of smaller businesses' own stock has increased by 22%, but the net profit percentage thereon has dropped by 4%.

## 1.5 Gross profit percentages

This ratio is calculated from results by identified departments and gives an indication of the gross profit percentages (turnover minus cost of sales) achieved departmentally.

**Agribusinesses must achieve specific margins** on their stock in order to cover all overhead costs and reserve funds for expansion or maintenance of facilities. Other than in the case of producers, these businesses are more flexible and to a great extent are able to adapt more rapidly to changed circumstances. Farmers are exposed to cyclical circumstances and are forced to purchase their inputs at current prices. Agribusinesses therefore cannot be accused of profiteering at the expense of producers. They maintain a fixed performance policy and only adapt their prices as market conditions change. For this reason there is not much change in their percentage against the previous years. The price levels of virtually all farming requisites and primary farming inputs initially reached unprecedented heights, which put buying strategies under tremendous pressure. Agribusinesses experienced some of their most challenging times ever during the second half of 2009. Prices of input materials declined drastically, with the consequent negative effect that this had for suppliers in respect of stock valuations.

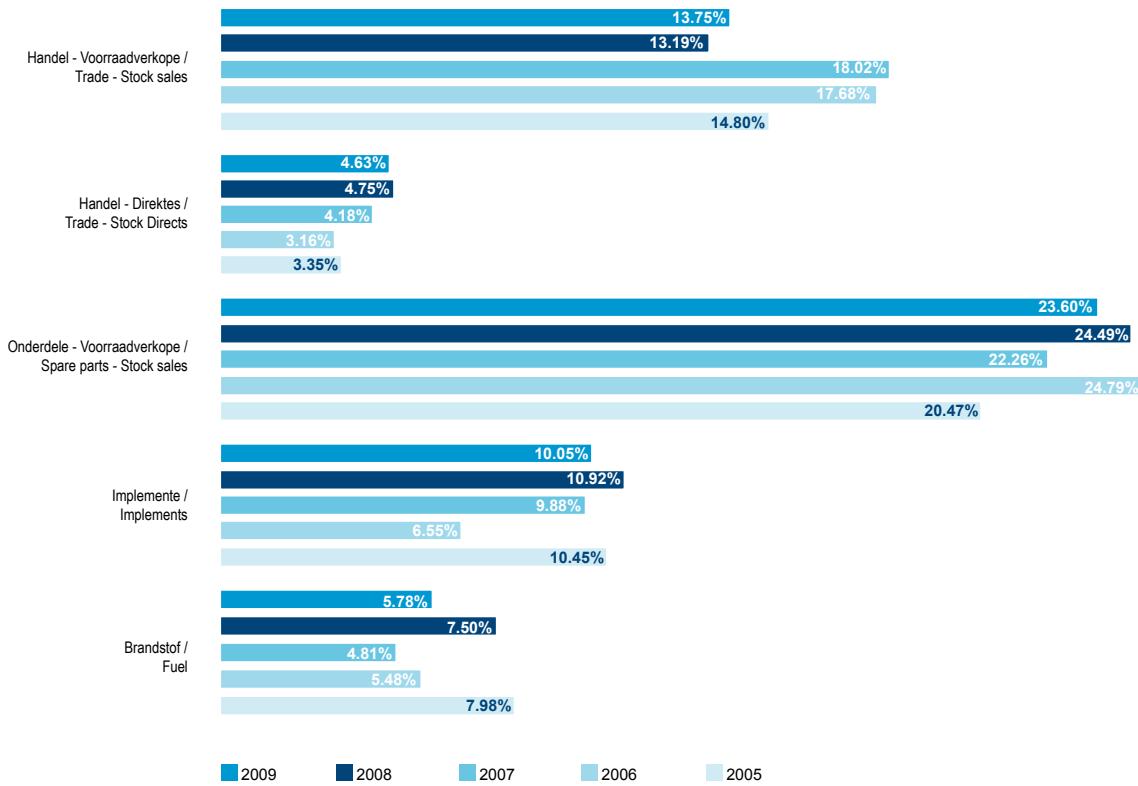
Vir die **werkswinkel-, graanbemarking- en graanverhandelingsdepartemente** kan geen sinvolle vergelyking getref word nie weens die interpretasie- en teboekstellingsverskille tussen die deelnemers.

Die bruto winspersentasie van **al die deelnemers** ten opsigte van handel, onderdele en brandstof verskil nie wesenlik van mekaar nie. In die geval van mechanisasie en saad blyk die bruto winspersentasies baie uiteenlopend te wees.

Die **meganisasie afdelings** het 'n groot vaste koste struktuur en is gevoldig geweldig volume sensitief.

## Groter landboubesighede

### Bruto winspersentasies



### 1.5 Bruto winspersentasies

#### Omset word soos volg gedefinieer:

Verkope van voorraad en dienste, uitgesluit belasting op toegevoegde waarde. In die geval van direkte verkope word slegs die kommissiegedeelte geag die brutowins te wees. Handelskorting toegestaan word by die berekening van omset afgetrek.

#### Koste van verkope word soos volg gedefinieer:

Koste van verkope van voorraad, uitgesluit belasting op toegevoegde waarde. Handelskorting ontvang word by die berekening van koste van verkope ingerekken. Die koste verbonde aan direkte transaksies is uitgesluit.

A meaningful comparison cannot be made for the **workshop, grain marketing and grain trading departments**, given the interpretation and reporting discrepancies among participants.

The gross profit percentages of **all the participants** in respect of trade, spare parts and fuel do not differ significantly. In the case of mechanisation and seed, the gross profit percentages seem to vary considerably.

The **mechanisation divisions** have a large fixed cost structure and consequently are extremely volume sensitive.

## Larger agribusinesses

### Gross profit percentages

### 1.5 Gross profit percentages

#### Profit is defined as:

Sales of stock and services, excluding value-added tax. In the case of direct sales only the commission portion is regarded as gross profit. Trade discounts granted are deducted in determining turnover.

#### The cost of sales is defined as follows:

Cost of sales of stock, excluding value-added tax. Trade discount received was taken into account in the calculation of the cost of sales. The cost of direct transactions is excluded.

Op **direkte transaksies**, dit wil sê op nie-eie-handelsvoorraad, het die gemiddelde heffing matig gedaal. Hierdie metode van handel lewer 'n wesenlike bydrae tot die netto wins van sommige landboubesighede. Kunsmis wat 'n groot gedeelte hiervan uitmaak, het sedert Oktober 2008 van sy mees uitdagende tye ooit beleef.

Gesien in die lig van die gunstige landboustoestande van die afgelope twee jaar, het die **mechanisasie-afdelings** in 'n groot mate winsgewend afgesluit. Die omset en winspercentasies van implemente het tot 'n groot mate konstant gebly, alhoewel prysmededing nog steeds aan die orde van die dag is.

Die daling in die bruto winspercentasie van brandstof kan toegeskryf word aan afskrywings weens prysverlagings.

Die meerderheid van landboubesighede maak gebruik van 'n afdeling vir landbou-adviesdienste, wat slegs 'n ondersteuningsfunksie verrig. Dit word dus nie as 'n winsgewende afdeling beskou nie. Die gemiddelde netto koste van so 'n afdeling bedra ongeveer R190 876 per personeellid.

On **direct transactions**, that is on non-owned trade stock, the average levy declined moderately. This method of trade makes a substantial contribution to the net profit of some agribusinesses. Fertilizer, which comprises a large portion of this, experienced some of its most challenging times ever since October 2008.

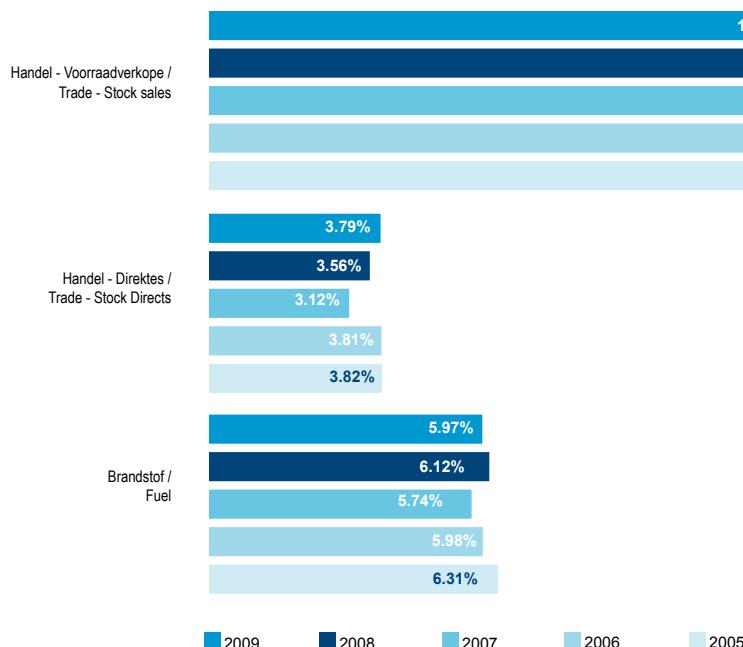
In light of the favourable agricultural conditions over the past two years, the **mechanisation divisions** closed off with a great measure of profitability. The turnover and profit percentages in respect of implements remained constant to a great degree, though price competitiveness is still the order of the day.

The decline in the gross profit percentage in respect of fuel can be attributed to write-offs due to price reductions.

The majority of agribusinesses make use of a division for agricultural advisory services, which mainly fulfill a supporting function. It is thus not regarded as a profit-making division. The average net cost of such a division is about R190 876 per personnel member.

## Kleiner landboubesighede

### Bruto winspercentasies



## Smaller agribusinesses

### Gross profit percentages

Soos in die vorige tydperk, was daar 'n verdere daling in die bruto winspersentasies, weereens as gevolg van **mededinging** en nuwe tegnologie waar regstreeks met die groothandelaar onderhandel word.

Die persentasieheffing op **regstreekse transaksies** het in die tydperk onder oorsig ongeveer dieselfde gebly, naamlik 3.79% teenoor die vorige jaar se 3.56%.

Brandstof se bruto winspersentasie het net soos by groter besighede gedaal weens die vermindering in brandstofpryse wat afskrywings meegebring het.

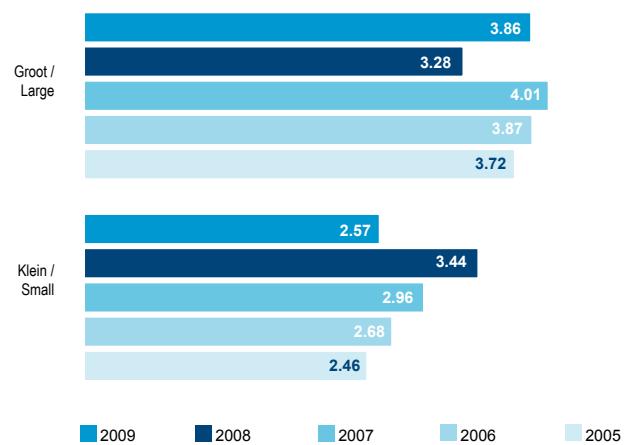
'n Tekort aan lusern het 'n positiewe uitwerking op bruto winste gehad.

Aangesien minder as sewe kleiner besighede inligting oor onderdele en implemente verskaf het, word u verwys na die resultate van die gemiddelde van die groter besighede.

## 1.6 Rentedekking

Hierdie verhouding duif die onderneming se vermoë aan om sy renteverpligting op sy uitstaande skuld uit netto inkomste te vereffen.

### Rentedekking



### 1.6 Rentedekking

#### Netto inkomste word soos volg gedefinieer:

Netto inkomste voor belasting en rente betaal, aangesuiwer vir :

- Uitsonderlike items;
- Waardevermindering op eiendom, aanleg en toerusting;
- Voorkeurkortings en bonusse aan lede toegestaan; en
- Afskrywings van ontasbare bates.

Rente betaal sluit finansieringsbruikhuurkoste in.

As in the previous period, there was a further decline in gross profit percentages, once again due to **competition** and new technology where the wholesaler is directly negotiated with.

The percentage levied on **direct transactions** remained more or less the same in the period under review, namely 3.79% compared to the previous year is 3.56%.

As in the case of larger businesses, the gross profit percentage of fuel declined due to the reduction in fuel prices, which resulted in write-offs.

A shortage of lucerne had a positive effect on gross profits.

Less than seven smaller businesses provided information on spare parts and implements, therefore refer to the results of the average of the larger businesses.

## 1.6 Interest coverage

This ratio indicates the ability of the entity to settle the interest commitment on its outstanding debts from net income.

### Interest coverage

### 1.6 Interest coverage

#### Net income is defined as:

Net income before tax and interest paid, adjusted for :

- Exceptional items;
- Depreciation on property, plant and equipment;
- Preferential rebates and bonuses awarded to members; and
- Write-offs of intangible assets.

Interest paid includes finance lease expenses.

**Rente betaal** was aansienlik hoër as die vorige tydperk, wat veroorsaak is deur hoër rentekoerse wat aanvanklik gegeld het, asook op verhoogde bedryfskapitaalbehoeftes weens die ongekende inflasie in die bedryf. Verwys na 2.1 en 2.3 hierna waarin die groei in debiteure en voorraad verduidelik word. Weens die posisie waarin landboubesighede geplaas is, kan hulle die stygende rentekoerse op geleende fondse aan dié produsent oordra.

Die styging in **rentedekking** by groter landboubesighede, teenoor 'n daling in die vorige periode, vloeи hoofsaaklik voort uit die groter winsgewendheid van die landboubesighede en die groot reserwes waарoor sommiges beskik wat by wyse van finansiering aan produsente verskaf kon word.

Gesien in die lig van die koste-inflasie, het debiteure en voorraad met 16% gestyg, wat deelnemers verplig het om hul korttermynfinansiering met 'n verdere 10% te verhoog. Gegewe die voordeel wat meeste produsente het van 30 dae rentevrye krediet, het die situasie meer druk op landboubesighede geplaas. Omdat meer oorlaatskuld ontstaan het weens produsente wat in afwagting vir verbeterde graanpryse hul graan nie gelewer het nie, het debiteure gegroeи en moes sommige landboubesighede drastiese stappe neem om hul kontantvloei te bestuur.

Nadat kleiner landboubesighede se rentedekking die vorige vier jaar 'n opwaartse tendens getoon, het dit hierdie jaar drasties gedaal. Dit kan in 'n groot mate toegeskryf word aan die bykomende finansiering wat verkry moes word, soos vermeld in 1.3 hierbo. Die vermoë om rente uit eie winste te betaal het dus oor hierdie tydperk verswak.

## 1.7 Silotariewe

Die gemiddelde jaar-, hanterings- en dagtariewe per ton kan soos volg opgesom word:

**Interest paid** was substantially higher than in the previous period, caused by the higher interest rates which initially applied, as well as on increased operating capital required due to the unprecedented inflation in the industry. Refer 2.1 and 2.3 below in which the growth in debtors and stock is explained. Due to the positioning of agribusinesses, they were able to transfer the increasing interest rate on borrowed funds to the producer.

The increase in **interest coverage** of larger agribusinesses, compared with a decline in the previous period, resulted primarily from the greater profitability of the agribusinesses and the large reserves held by some, which could be provided to producers by way of financing.

In light of the cost inflation, debtors and stock increased by 16%, which forced participants to increase their short-term financing by a further 10%. Given the benefit that most producers have of 30 days interest-free credit, the situation placed more pressure on agribusinesses. Since more carry-over debt arose due to producers holding back their grain in anticipation of improved grain prices, debtors increased and some agribusinesses had to take drastic steps to manage their cash flow.

After showing an upward trend over the previous four years, the interest coverage of smaller agribusinesses declined drastically this year. This can to a great extent be attributed to the supplementary financing that had to be obtained, as mentioned in 1.3 above. The ability to pay interest out of own profits thus weakened over this period.

## 1.7 Silo tariffs

The average annual, handling and daily tariffs per ton may be summarised as follows:

	Koring / Wheat			Mielies / Maize		
	2009	2008	2007	2009	2008	2007
Gemiddelde jaartarief/stoortarief Average annual tariff/storage tariff	91.18	91.09	86.40	79.50	75.25	67.43
Gemiddelde hanteringstarief/ Average handling tariff	31.20	30.00	36.32	30.00	30.00	33.46
Gemiddelde dagtarief/ Average daily tariff	0.54	0.47	0.45	0.45	0.41	0.39

Graanhantering bly steeds onder druk as gevolg van verskeie alternatiewe besigheidstrukture en tariefmededinging, terwyl plaaslaai-aksies en produsente wat self berg op plase die mark wesenlik verander het. Daarbenewens bestaan daar aggressiewe mededinging oor tradisionele mededingingsgrense heen.

Die tariewe kon behaal word in tye van goeie landboustoestande as gevolg van die groot mielie-oeste van die afgelope twee seisoene.

## 1.8 Direkteursvergoeding

Slegs die direkteursvergoeding van nie-uitvoerende direkteure is vir die doeleindes van die prestasiemeting ondersoek.

	Groter landboubesighede		Klein landboubesighede	
	Hoogste	Gemiddelde	Hoogste	Gemiddelde
	R	R	R	R
Voorsitter	350 000	205 000	222 000	97 000
Ondervoorsitter	278 000	133 000	120 000	70 000
Ander	150 000	85 000	80 000	48 000

Die gemiddelde reistroelaag vir die afgelope tydperk was R4.06 per kilometer vir groter deelnemers en dié van kleiner deelnemers, R3.86.

### Uit die ondersoek blyk dit dat:

- Nie-uitvoerende direkteure word oorwegend volgens wyke of streke gekies. Dit is verblydend dat daar 'n groter gewilligheid bestaan om nog steeds in direksies te dien.
- Die nie-uitvoerende direkteure is verantwoordelik vir die aanstel van die uitvoerende direkteure.
- Dit gebeur toenemend dat direksielede, veral met die oog op doeltreffende korporatiewe bestuur, jaarliks geëvalueer word.
- Die direkteure word gewoonlik eweredig tussen komitees verdeel, sodat 'n balans gehandhaaf word oor die onderskeie verantwoordelikhede en pligte wat uitgevoer moet word.

Grain handling remains under pressure as a result of various alternative business structures and tariff competitiveness, while farm loading and producers who store grain on their own farms have fundamentally changed the market. In addition, there is aggressive competitor across traditional competitor boundaries.

The tariffs were attained in times of favourable agricultural conditions as a result of the large maize harvests of the past two seasons.

## 1.8 Directors' remuneration

Only the remuneration of non-executive directors was reviewed for the purposes of the benchmarking survey.

	Larger agribusinesses		Smaller agribusinesses	
	Highest	Average	Highest	Average
	R	R	R	R
Chairman	350 000	205 000	222 000	97 000
Deputy Chairman	278 000	133 000	120 000	70 000
Other	150 000	85 000	80 000	48 000

The average travel allowance for the past period was R4.06 per kilometre for larger participants and R3.86 for smaller participants.

### From the study it appears that:

- Non-executive directors are mainly elected on a district or regional basis. It is pleasing that there is still considerable willingness to serve on directorates.
- The non-executive directors are responsible for the appointment of the executive directors.
- It is increasingly common for directors to be evaluated annually, especially from an effective corporate management point of view.
- The directors are usually divided equally between committees so that a balance can be maintained in respect of their respective responsibilities and the duties to be carried out.

## 1.9 Werkswinkeltarief

Werkswinkeltariewe word tot 'n groot mate deur die handel bepaal, terwyl die winsgewendheid daarvan hoofsaaklik van besetting afhanglik is. Gevalle kom egter voor waar hierdie afdelings gesubsidieer moet word, aangesien dit hoofsaaklik 'n ondersteuningsfunksie verrig. Die onderdele- en meganisasie-afdelings trek gewoonlik die voordeel uit hierdie diens.

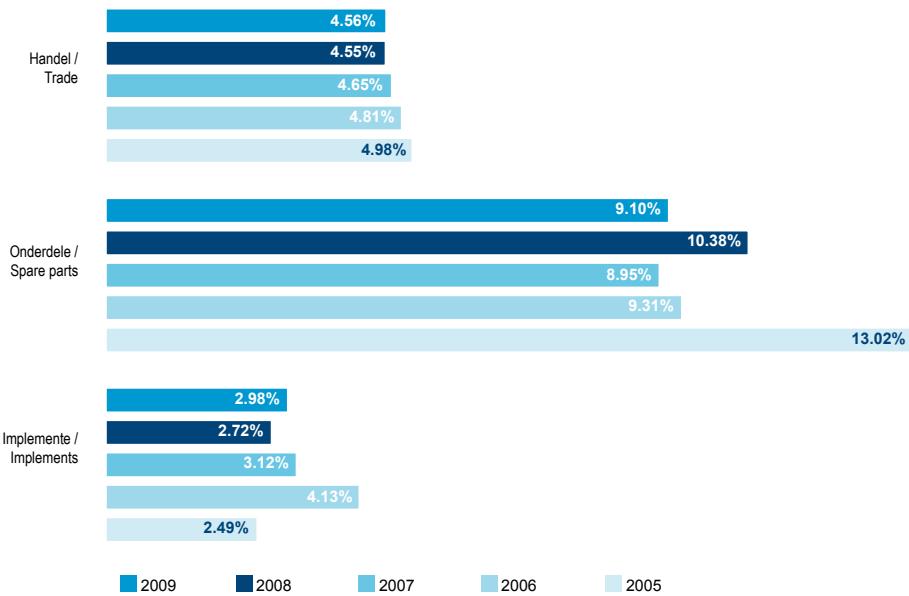
Die gemiddelde tarief wissel van R220 tot R338 per uur.

## 1.10 Personeelkoste

Hierdie verhouding van personeelkoste as persentasie van die departemente omset is vir geïdentifiseerde departemente bereken en verskaf 'n aanduiding van die koste van personeel vir die betrokke departement.

### Groter landboubesighede

#### Personeelkoste



#### 1.10 Personeelkoste

##### Omset word soos volg gedefinieer:

Verkope van voorraad en dienste, uitgesluit belasting op toegevoegde waarde. Handelskorting toegestaan word by die berekening van omset afgetrek.

##### Personeelkoste word soos volg gedefinieer:

Dit is personeelkoste wat direk aan 'n betrokke departement toegedeel kan word. Dit sluit direkteursvergoeding en personeelkostes van die hoofkantoorpersoneel (administratief) spesifiek uit.

## 1.9 Workshop tariff

Workshop tariffs are mostly determined by the trade. The profitability of workshops depends mainly on utilisation. However, there are cases where these divisions have to be subsidised, given that they mainly fulfil a supporting function. The parts and implements divisions are usually benefiting from this service.

The average tariffs vary from R220 to R338 per hour.

## 1.10 Personnel costs

The ratio of personnel costs as a percentage of departmental turnover was determined for identified departments and provides an indication of the cost of personnel for the department concerned.

### Larger agribusinesses

#### Personnel costs

#### 1.10 Personnel costs

##### Profit is defined as:

Sales of stock and services, excluding value-added tax. Trade discounts granted are deducted in determining turnover.

##### Personnel costs are defined as follows:

These are personnel costs allocated directly to a particular department. Specifically excluded are directors' remuneration and personnel costs of the headoffice personnel (administrative).

# Winsgewendheid

# Profitability

Dit is opvallend hoe die deelnemers aan hierdie prestasiemeting aksies onderneem om hul personeel se vermoë en kundigheid verder te verhoog deur intensieve en gefokusde programme. Spesifieke teikens word deur sekere deelnemers vir hul personeel gestel. Die opleidingskursusse wat personeel meegemaak het, het 'n positiewe bydrae tot produktiwiteit gemaak.

Vir die werkswinkel-, graanbemarking- en graanverhandelingsdepartemente kan egter geen sinnvolle prestasiemetingsvergelyking getref word nie, weens die interpretasie- en teboekstellingsverskille tussen die deelnemers.

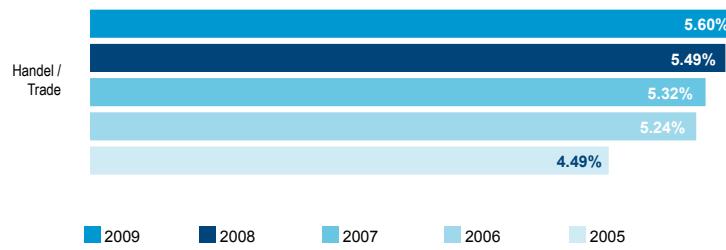
Die totale personeelkoste van groot deelnemers het in die afgelope twee tydperke onder oorsig soos volg gestyg:

	2009	2008
Handel	18.3%	13.3%
Onderdele	18.8%	14.3%
Meganisasie	59.2%	11.0%

Die toename aan personeelkoste by handelafdelings moet toegeskryf word aan beide salarisverhogings en meer personeelaanstellings weens die groter aantal takke. Gemeet aan die resultate, soos aangedui in bogenoemde grafieke van die afgelope vyf periodes, word personeel meer doeltreffend aangewend. Meganisasie se vergoeding word meer op kommissie gebaseer.

## Kleiner landboubesighede

### Personneelkoste



Kleiner besighede, wat hoofsaaklik net handelsafdelings bedryf, se personeelkoste toon 'n konstante styging van jaar tot jaar. 'n Besparing van hierdie koste word moeilik bewerkstellig weens die beperkte personeelgetalle wat in diens is.

It is noteworthy how the participants in these benchmarking actions undertake to further enhance the ability and skills of their personnel through intensive and focused programmes. Specific targets are set by certain participants for their personnel. The training courses attended by personnel have made a positive contribution to productivity.

However, no meaningful benchmarking could be done for the workshop, grain marketing and grain trading departments, given the interpretation and reporting discrepancies among participants.

The total personnel costs of large participants increased during the past two review periods as follows:

	2009	2008
Trade	18.3%	13.3%
Spare parts	18.8%	14.3%
Mechanisation	59.2%	11.0%

The increase in personnel costs at trade divisions is attributed to both salary increments and increased personnel appointments due to the greater number of branches. Measured against the results as indicated in the above graph for the past five periods, personnel are being utilised more efficiently. The remuneration in respect of mechanisation is based more on commission.

## Smaller agribusinesses

### Personnel costs

The personnel costs of smaller businesses, which mainly operate trade divisions, shows a constant year-on-year increase. Savings on these costs are not easily achieved due to the limited number of personnel employed.

# Winsgewendheid

# Profitability

Die stygging in totale salariskoste het 14.6% bedra.

The increase in the total salary costs amounted to 14.6%.

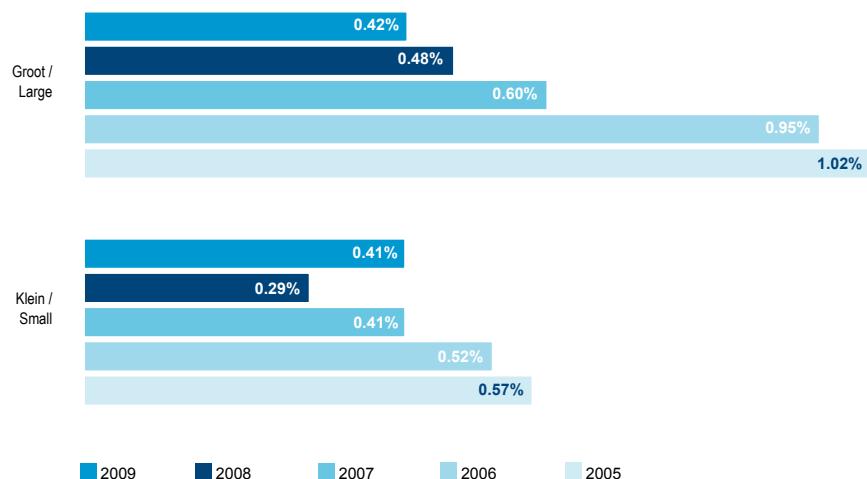
## 1.11 Rekenaarkoste

Hierdie verhouding verskaf 'n aanduiding van rekenaarkoste as persentasie tot omset.

Die totale uitgawe aan rekenaarkoste by groter besighede het in die tydperk onder oorsig met 16% (2008: 7.5%) gestyg.

Gemeet aan die omset, wat in die tydperk onder oorsig toegeneem het, het die groter deelnemers se persentasie koste met 9% gedaal.

### Rekenaarkoste as % van omset



### Verdere statistiek oor hierdie afdeling is soos volg:

- Die aantal personeelde werksaam in die rekenaarafdelings van groter deelnemers, is gemiddeld 21.
- Die gemiddelde omset per werknemer van hierdie afdeling bedra ongeveer R138.5 miljoen.

### Further statistics on this section is as follows:

- The number of personnel members working in the computer divisions of larger participants is 21.
- The average turnover per employee in this division is about R138.5 million.

#### 1.11 Rekenaarkoste

Rekenaarkoste behels herstel/instandhouding, waardevermindering, lisensiegelde, huurkoste, salarisse van die rekenaardepartement en konsultasiegeldel aan buitepartye.

Omset is die verkoop van voorraad en dienste, uitgesluit belasting op toegevoegde waarde. In die geval van direkte verkope word slegs die kommissiegedeelte in ag geneem. Handelskorting toegestaan word by die berekening van omset afggetrek.

#### 1.11 Computer cost

Computer cost include repairs/maintenance, depreciation, licence fees, rental costs, salaries of the computer department and consultation fees to external parties.

Sales of stock and services, excluding value-added tax. In the case of direct sales only the commission portion is taken into account. Trade discounts granted are deducted in determining turnover.

## Winsgewendheid

## Profitability

- Ongeveer 50% van al die landboubesighede maak gebruik van inhuis ontwikkelde stelsels, terwyl die res meerendeels gebruik maak van aangekoopte pakkette of 'n kombinasie van aangekoopte pakkette wat aangevul is met doelgemaakte ontwikkelde stelsels.
- Die oorgrote meerderheid van die huidige stelsels is meer as tien jaar oud.
- Die gemiddelde maandeinde-funksie word binne 14 dae na afsluiting afgehandel.

Kleiner besighede se uitgawes het vanjaar aansienlik teenoor die vorige jaar gestyg met 218%. Dit blyk dat ongeveer die helfte van hierdie besighede hul stelsels opgegrader het.

- Approximately 50% of all the agribusinesses make use of in-house developed systems, whilst the remainder make mainly use of purchased packages or a combination of purchased packages supplemented by developed systems.
- The majority of the current systems are more than ten years old.
- The average month-end function is completed within 14 days of closing off.

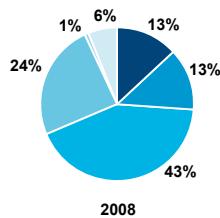
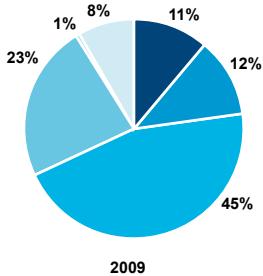
The expenditure of smaller businesses increased considerably this year compared with the previous year, by 218%. It appears that about half of these businesses have upgraded their systems.



## 2.1 Totale bate samestelling

### Groter landboubesighede

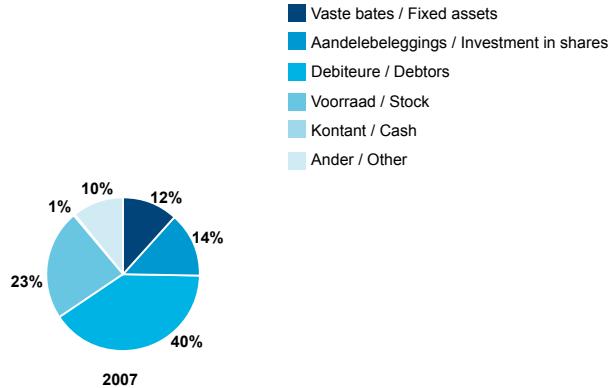
#### Balansstaatstruktuur



## 2.1 Total asset composition

### Larger agribusinesses

#### Balance sheet structure



Bogenoemde grafieke dui op 'n beperkte verandering in die samestelling van bates. Wat dit egter nie toon nie, is die toename en waardes van die onderskeie items.

Die belangrikste item op die balansstaat, debiteure, het van 40% in 2007 gestyg tot 43% van die totale bates in 2008. Vanjaar bedra dit 46%. Verbeterde kredietbeheermaatreëls dui egter op verbeterde resultate, soos dit blyk in 2.6 hierna, wat 'n konstante jaarlikse afname toon.

Gedurende die verslagtydperk het deelnemers 'n verdere R363 miljoen (2008: R184 miljoen) in vaste bates belê, terwyl 82% van die deelnemers aangedui het dat hulle in die komende jaar nog verdere beleggings in infrastruktuur gaan doen.

Die helfte van die deelnemers het ook aangedui dat hulle verdere beleggings in aan verwante bedrywe gaan doen.

Geen beleggings is gedurende die tydperk vervreem nie.

The above graphs indicate a limited change in the composition of assets. However, what they do not show is the increase and values of the various items.

The most important item on the balance sheet, debtors, increased from 40% in 2007 to 43% of total assets in 2008. This year it amounted to 46%. Improved credit control measures however indicate better results, as stated in 2.6 below showing a constant annual decline.

During the review period participants invested a further R363 million (2008: R184 million) in fixed assets, while 82% of the participants indicated that they would make further investments in infrastructure.

Half of the participants also indicated that they would make further investments in related activities.

No investments were disposed of during the period.

#### 2.1 Totale bate samestelling

Die balansstaatstruktuur word saamgestel uit die maandelikse gemiddeldes van debiteure, voorraad, krediteure en korttermynfinansiering ten einde seisoenale skommelings uit te skakel. Die res van die bates en laste verteenwoordig die waardes soos op die balansstaatdatums van die deelnemers.

#### 2.1 Total asset composition

The balance sheet structure is composed of the monthly averages of debtors, stock, creditors and short-term financing in order to eliminate seasonal fluctuation. The remainder of the assets and liabilities represent the values as at the balance sheet dates of the participants.

Die skerp stygende landbouverwante inflasiekoers het in die tydperk onder oorsig die totale bates weereens aansienlik in waarde laat styg, veral wat betref die uitwerking wat dit op debiteure en voorraad gehad het.

**Die onderstaande grafiek is 'n duidelike aanduiding van die toename in bates wat onder die landboubesighede se beheer staan:**

- Gemiddeld het die totale bates op 'n jaargrondslag met 19% gegroei nadat dit in 2008 en 2007 onderskeidelik met 16% en 36% per jaar toegeneem het.
- **Sedert 2006:** - Het die gemiddelde balansstaatwaardes in totaal met 79% gestyg, hoofsaaklik as gevolg van dié twee belangrikste balansstaat-items.
  - Debiteure het oor daardie tydperke met 86% toegeneem.
  - Voorraad toon 'n styging van 88%.
  - Omset het met 311% gegroeい.

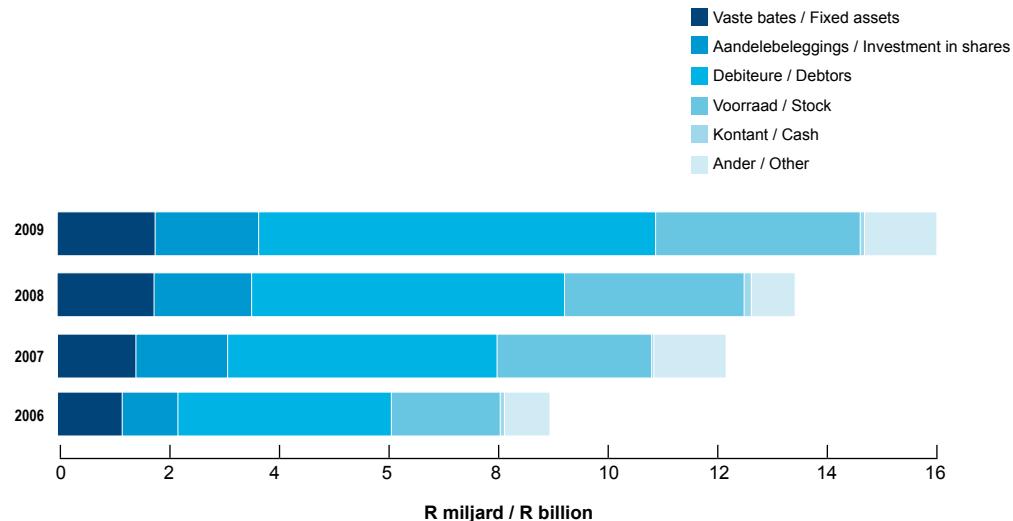
The sharply increasing agriculture-related inflation rate once again caused total assets to increase considerably in value during the period under review, particularly as regards the effect it had on debtors and stocks.

**The following graph provides a clear indication of the increase in assets under the control of agribusinesses:**

- On average total assets grew by 19% per annum after having grown in 2008 and 2007 by 16% en 36% respectively.
- **Since 2006:** - The average balance sheet values have increased by 79%, mainly as a result of the two most important balance sheet items.
  - Debtors increased by 86% during the last-mentioned period.
  - Stock showed an increase of 88%.
  - The turnover grew by 311%.

## Balansstaatwaardes

## Balance sheet values



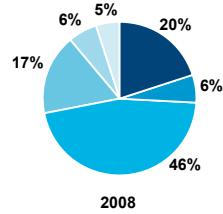
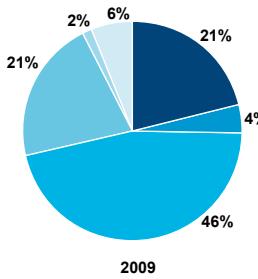
# Balansstaatstruktuur

Die hoofredes vir die styging van 27% vanjaar in debiteure is:

- Die hoë insetkoste het meegebring dat produsente genoodsaak was om meer finansiering op te neem.
- Produsente het beduidende hoeveelhede graan in opberg, wat 'n groot invloed op hul likiede posisie het. Van hierdie produsente het in sekere gevalle kontantvoorskotte teen opberggraan opgeneem.

## Kleiner landboubesighede

### Balansstaatstruktuur



- Debiteure en voorraad het vanjaar onderskeidelik met 15% en 45% teenoor verlede jaar gestyg. Dit moet egter beoordeel word teen die agtergrond van 'n toename van 22% in omset vir hierdie tydperk.
- Die belegging in vaste bates ten bedrae van R47 miljoen, is meer as dubbel die omvang van die vorige jaar.

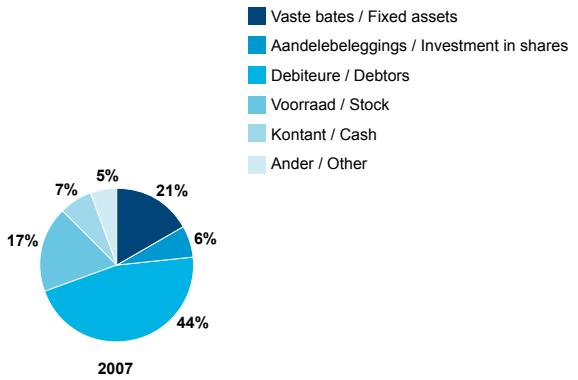
# Balance sheet structure

The main reasons for debtors increasing with 27% in the current year are:

- The high input costs, which resulted in producers being obliged to take up more financing.
- Producers have significant amounts of grain in storage, influencing their liquidity. Some of these producers have taken up cash advances against stored grain.

## Smaller agribusinesses

### Balance sheet structure



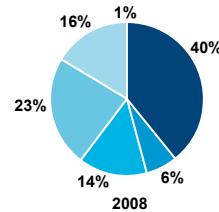
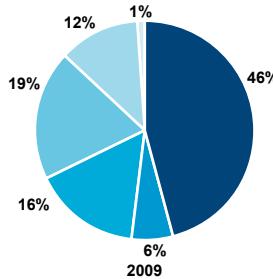
- Debtors and stock increased by 15% and 45% respectively this year compared to the previous year. This should however be seen against the background of an increase of 22% in turnover for this period.
- Investment in fixed assets of R47 million is more than double that of the previous year.

# Balansstaatstruktuur

## 2.2 Ekwiteit en aanspreeklikhede samestelling

### Groter landboubesighede

#### Ekwiteitsstruktuur

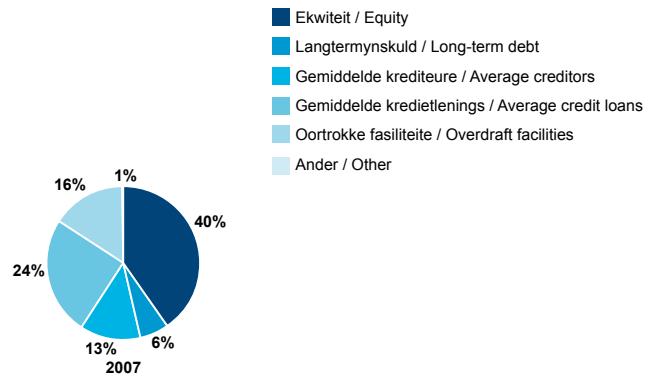


# Balance sheet structure

## 2.2 Equity and liability composition

### Larger agribusinesses

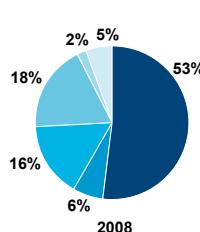
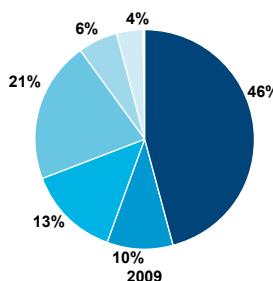
#### Equity structure



- Ekwiteit het vanaf 40% tot 46% van die besighede se totale fondse aangewend, toegeneem. In randterme het dit met 19% gestyg. Hierdie groei is bewerkstellig deur 'n styging van 58% in netto inkomste voor belasting teenoor die vorige jaar, terwyl slegs gemiddeld 20% van die netto winste na belasting in 2008 uitgekeer is as dividend.
- Vaste bates van R363 miljoen wat aangeskaf is, soos in 2.1 vermeld, is hoofsaaklik uit eie fondse gefinansier. Senwes en Suidwes het korttermynverpligtinge van R874 miljoen omskep in langtermynlenings. Die omskepping is vir die doeleindes van vanjaar se vergelykings buite rekening gelaat.
- Die styging in voorraad en debiteure van R1.7 miljard is hoofsaaklik uit landboubesighede se eie fondse en krediteure gefinansier.

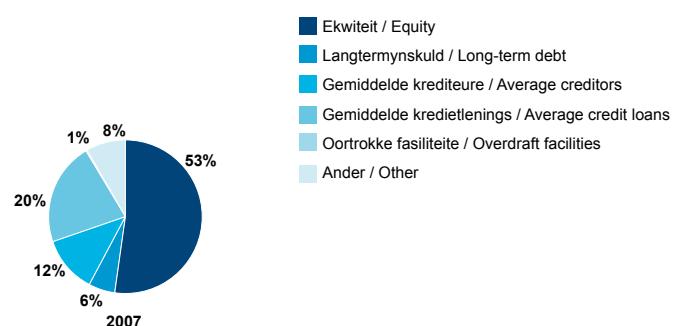
### Kleiner landboubesighede

#### Ekwiteitsstruktuur



### Smaller agribusinesses

#### Equity structure



- Hoewel die ekwiteit van die kleiner deelnemers met 15% teenoor die vorige jaar gegroei het, bedra dit nou slegs 46% van die totale fondse wat benut word.
- Die finansiële krisis, wat aandeelwaardes beïnvloed het, het 'n nadelige uitwerking van 3.5% op die totale ekwiteit gehad.
- Rentedraende finansiering om bedrywighede voort te sit, (lang- en korttermyn) het met 63% gestyg. Indien insetkoste in die toekoms teen dieselfde tempo sou toeneem, voorspel dit gevaar vir hierdie sektor wat 'n belangrike rol in die infrastruktuur van die platteland speel.

## 2.3 Bedryfskapitaalverhouding

Die verhouding is 'n aanduiding van die besigheid se betaalvermoë om sy korttermynverpligte na te kom.

Landboubesighede speel 'n vername rol in die verkryging van finansiering vir produsente en tree saam met bankiers op as 'n geleippyf vir finansiële hulp om produsente se insette te finansier. Dit kan daartoe aanleiding gee dat die bedryfskapitaalverhouding tot 'n mate nadelig beïnvloed word.

### Die verhoogde voorraad- en debiteurewaardes het druk op die bedryfskapitaal geplaas.

- Die geweldige styging in insetkoste vir produsente, tesame met graanvoorraad wat teruggehou is in afwagting vir die herstel in graanpryse het hul finansieringsbehoeftes verhoog.
- Daarbenewens het die gepaardgaande verhoging van verwerkte produkte se prysse vir lewering aan die mark en graan wat nie gelewer is voordat graanhandelaars hul verpligte kon nakom nie, geweldige druk op bedryfskapitaal behoeftes geplaas. Soveel so dat sekere landboubesighede dringend na nuwe fasiliteite moes soek om die vraag na bedryfskapitaal te akkommodeer.

### 2.3 Bedryfskapitaalverhouding

Dit is die verhouding van bedryfsbates tot bedryfslaste. Vir prestasiemetingsdoeleindes word die maandelikse gemiddelde van debiteure, voorraad, kaskrediete en krediteure gebruik. Vir al die ander items word die bedrae soos op balansstaatdatum gebruik.

Vir die alternatiewe berekening word kredietlenings, kaskrediete en langtermynfinansiering, wat vir korttermyninsetfinansiering geoormerk is, van bedryfsbates en bedryfslaste uitgesluit.

- Although the equity of the smaller participants grew by 15% over the previous year, it now amounts to only 46% of the total funds utilised.
- The financial crisis, which influenced share values, had an adverse effect of 3.5% on the total equity.
- Interest-bearing financing (short and long term) to continue with business increased by 63%. If input costs were to increase at the same pace in the future, this would pose a danger to this sector, which plays an important role in the infrastructure of the rural areas.

## 2.3 Working capital ratio

This ratio gives an indication of the ability of the business to meet its short-term commitments.

Agribusinesses play an important role in obtaining finance for producers and act with bankers as a conduit for financial aid to finance producers' inputs. This may result in the working capital ratio being negatively affected to some extent.

### The increased stock and debtor values, have put pressure on working capital requirements of participants.

- The substantial increase in input costs for producers together with grain stock being held back in anticipation of the recovery in grain prices, has increased the need for working capital.
- In addition, the accompanying increase in the prices of processed products for delivery to the market and grain which was not delivered before grain dealers could meet their commitments, placed tremendous pressure on working capital requirements. So much so that certain agribusinesses had to urgently seek new facilities to accommodate the demand for working capital.

### 2.3 Working capital ratio

The working capital ratio is the ratio of current assets to current liabilities. For benchmarking purposes the monthly average of debtors, stock, cash credits and creditors is used. For all other items the amounts as at date of balance sheet are used.

For the alternative calculation, credit loans, cash credits and long-term financing, earmarked for short-term input financing, are excluded from current assets and current liabilities.

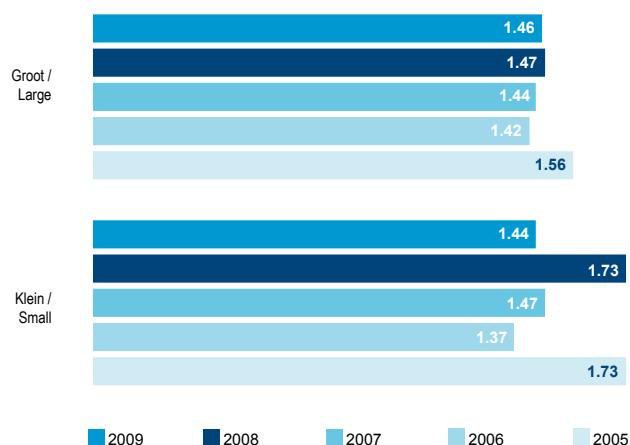
# Balansstaatstruktur

# Balance sheet structure

Die vuurproefverhouding, wat 'n soortgelyke berekening is, maar met voorraad uitgesluit, word nie bereken nie, aangesien dit 'n baie teoretiese norm is wat nie toepaslik is in die landbou-omgewing nie.

The quick asset ratio, a similar calculation but with stock being excluded, is not determined, as this is a highly theoretical benchmark that is not applicable in the agricultural environment.

## Bedryfskapitaalverhouding



## Working capital ratio

**Die bedryfskapitaalverhouding vir groter landboubesighede het verswak teenoor die vorige jaar.**

- Dit dui daarop dat die toename van 22% in voorraad en debiteure tot dieselfde mate gefinansier is deur krediteure.
- Die res van die bedryfsbates word deur eie kontantfondse gefinansier.
- Vir die doeleindes van hierdie berekening is die korttermynlenings wat Senwes en Suidwes in langtermynlenings omskep het, teruggetel.

**Oor die algemeen het kleiner landboubesighede se bedryfskapitaalposisie verswak.**

- Debiteure het met gemiddeld 15% gestyg.
- Voorraad het met 44% toegeneem.
- Dit is hoofsaaklik gefinansier deur 'n toename in financiering (73%) en krediteure (12%).

**The working capital ratio for larger agribusinesses weakened in comparison with that of the previous year.**

- This suggests that the 22% increase in stock and debtors was financed to the same extent by creditors.
- The remaining current assets have been financed by own cash funds.
- For the purposes of this calculation, the short-term loans that Senwes and Suidwes converted into long-term loans were added back.

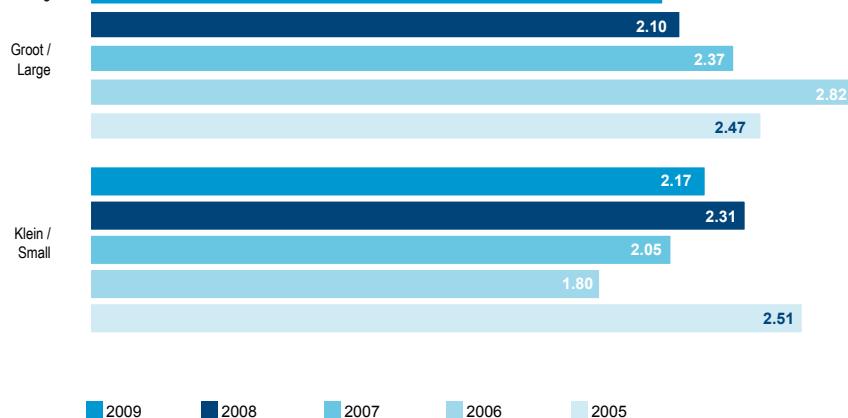
**Overall, the working capital position of smaller agribusinesses has weakened.**

- Debtors increased by an average of 15%.
- Stock increased by 44%.
- This was mainly financed by means of an increase in financing (73%) and creditors (12%).

Om 'n beter vergelykingsmaatstaf te verkry, word ook 'n vergelyking van die bedryfskapitaalverhouding getref deur die fondse wat uitsluitlik vir **insetfinansiering van produsente verkry is, buite rekening te laat**. Die verhouding vergelyk meer gunstig met die standaard van ander handelsorganisasies.

## Bedryfskapitaalverhouding

Uitsluit kaskrediete en langtermynfinansiering / Excluding cash credits and long-term financing



By groot landboubesighede is die toename in debiteure van R1.4 miljard hoofsaaklik gefinansier deur eie fondse, terwyl kleiner landboubesighede se afname dui op die bykomende 73% se finansiering wat bekom moes word om hoofsaaklik debiteure te finansier.

## 2.4 Ekwiteitsverhoudings

### 2.4.1 Ekwiteit as persentasie van ekwiteit en totale skuld

Dit dui aan tot watter mate die onderneming sy bates self deur ekwiteit finansier, of afhanklik is van skuld. Hierdie is dus 'n maatstaf van die landboubesigheid se finansiële hefboom. Die bedryf se eie kapitaal en reserwes word uitgedruk as 'n persentasie van die totale fondse aangewend.

#### 2.4 Ekwiteitsverhoudings

Skuld sluit alle rentedraende verpligtinge, bedryfslaste en uitgestelde belasting in. Ekwiteit sluit alle kapitaal en reserwes in.

Leedefondse waarop rente gehef word, word as skuld hanteer. Leedefondse wat rentevry is en geroteer word, word as ekwiteit hanteer.

Herwaardasiereserwes verteenwoordig herwaardasies van eiendom, aanleg, toerusting en beleggings.

To obtain a better comparative measure, a comparison is also made of the working capital ratio by not taking into account **those funds acquired exclusively for producers' input financing**. The ratio compares more favourably with the standard of other trade organisations.

## Working capital ratio

In the case of large agribusinesses the increase in debtors of R1.4 billion was financed mainly from their own funds, while the decline in respect of smaller agribusinesses indicates the additional 73% of financing that had to be obtained, mainly to finance debtors.

## 2.4 Equity ratios

### 2.4.1 Equity as a percentage of equity and total debt

This indicates to what extent the entity finances its assets itself through equity, or is dependent on debt. This is therefore a measure of the financial gearing of the agribusiness. The own capital and reserves of the industry are expressed as a percentage of total funds utilised.

#### 2.4 Equity ratios

Debt includes all interest-bearing obligations, current liabilities and deferred taxation. Equity includes all capital and reserves.

Members' funds on which interest is levied are treated as debt. Members' funds that are interest-free and are rotated are treated as equity.

Revaluations represent revaluations of property, plant, equipment and investments.

# Balansstaatstruktur

# Balance sheet structure

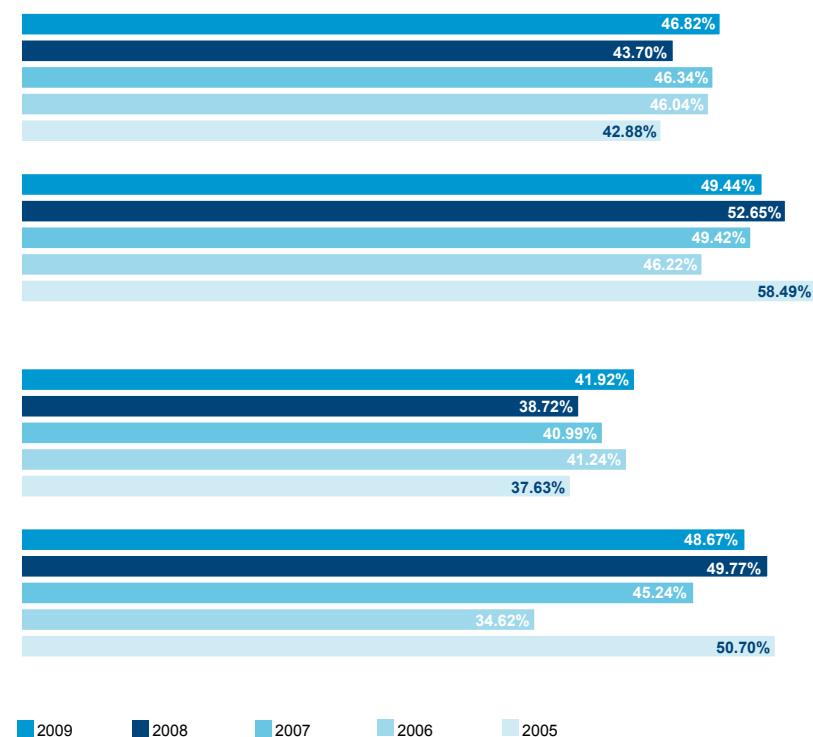
Twee vergelykings word hier getref. Die verhouding word eerstens bereken volgens die huidige finansiële resultate, soos dit in die finansiële jaarstate verantwoord word. As alternatief, om 'n beter vergelyking tussen besighede te tref, word herwaardasies uitgesluit.

## Ekwiteitsverhoudings

### Ekwiteitsverhoudings

Ekwiteit as persentasie van Ekwiteit en Totale Skuld  
(Langtermyn en korttermyn) /  
Equity as percentage of Equity and Total debt  
(Long term and short term)

Groot /  
Large



Klein /  
Small

Ekwiteit (uitgesluit herwaardasiereserves) as  
persentasie van Ekwiteit en Totale Skuld /  
Equity (excluding revaluation reserves) as  
percentage of Equity and Total debt

Groot /  
Large

Klein /  
Small

Two comparisons are made here. The ratio is firstly determined in accordance with the current financial results, as accounted for in the annual financial statements. Alternatively, to achieve a better comparison between businesses, revaluations are excluded.

## Equity ratios

### Equity ratios

## Groter landboubesighede

Die resultaat herbevestig die groei in ekwiteit, soos vermeld in 2.2 hierbo. Verskeie besighede in die verskillende landbousektore wat oor die jare kapitaalvorming afgeskeep het, kom nou tot die besef dat sterk befondste besighede 'n langtermyn behoud verseker. Daarom moet die huidige reserveringsbeleid gekomplimenteer word.

Neem in ag dat daar 'n afname was in die billike waarde reserwes weens die afwaartse herwaardasie van beleggings in die tydperk onder oorsig. Met die

## Larger agribusinesses

The result re-confirms the growth in equity, as mentioned in 2.2 above. Several businesses in the different agricultural sectors that neglected capital formation over the years are now realising that strongly funded businesses ensure long-term preservation. The current reserving policy must therefore be complimented.

Take into account that there was a decline in the fair value reserves due to the downward revaluation of investments in the period under review. With the low point reached by the stock exchanges in March 2009, this had a negative

laagtepunt wat die aandelebeurse in Maart 2009 bereik het, het dit 'n negatiewe uitwerking op hierdie reserwes gehad. Die bydrae tot ekwiteit kan dus hoofsaaklik aan onuitgekeerde winste toegeskryf word.

## Kleiner landboubesighede

### Die kleiner landboubesighede se ekwiteit het met 15% gegroei.

- Die groei is egter met 3% gedemp deur die afname van die billike waarde reserwe wat te weeg gebring is deur die herwaardasie van aandele.
- Die styging in ekwiteit het egter ver tekort geskied aan die behoefte om die groei in vaste bates, voorraad en debiteure te finansier. Slegs 49% van die groei in hierdie bates kon uit eie fondse gefinansier word. Derhalwe moes daar van eksterne finansiering gebruik gemaak word.

Langtermynskuld het met 16% toegeneem weens die aankope van vaste bates, maar korttermynfinansiering het met 10% gedaal. Krediteure was die grootste bron van fondse vir voorraad gehou en het met 41% teenoor die vorige jaar gestyg.

Soos vermeld in 2.3, tree baie landboubesighede slegs op as tussengangers vir die verkryging van finansiering vir produsente. Daarom word daar eerder na die volgende verhouding gekyk, omdat daar geargumenteer kan word dat bedryfslaste hoofsaaklik bedryfskapitaal finansier.

## 2.4.2 Ekwiteit as persentasie van ekwiteit en langtermynskuld (uitgesluit herwaardasiereserwes)

Dit dui aan tot watter mate die landboubesigheid sy nie-bedryfsbates en netto bedryfsbates deur langtermynfondse finansier.

### 2.4.2 Ekwiteit as persentasie van ekwiteit en langtermynskuld

Langtermynskuld sluit in alle rentedraende langtermynverpligtinge en uitgestelde belasting. Ekwiteit sluit in alle kapitaal en reserwes.

Ledefondse word soos in 2.4.1 gehanteer.

effect on these reserves. The contribution to equity can thus be attributed mainly to undistributed profits.

## Smaller agribusinesses

### The equity of the smaller agribusinesses grew by 15%.

- This growth was however subdued with 3% by the decline in the fair value reserve brought about by the revaluation of shares.
- The increase in equity however fell far short of the need to finance the growth in fixed assets, stock and debtors. Only 49% of the growth in these assets could be financed out of own funds. Use had to be made of external financing.

Long-term debt increased by 16% due to the purchase of fixed assets, but short-term financing declined by 10%. Creditors were the largest source of funds for stock held and increased by 41% compared with the previous year.

As mentioned in 2.3, many agribusinesses only act as intermediaries to obtain financing for producers. For this reason the next ratio is regarded as being more relevant, as it may be argued that current liabilities mainly finance operating capital.

## 2.4.2 Equity as percentage of equity and long-term debt (excluding revaluation reserves)

This indicates to what extent the agricultural business finances its non-current assets and net current assets through equity and long-term debt.

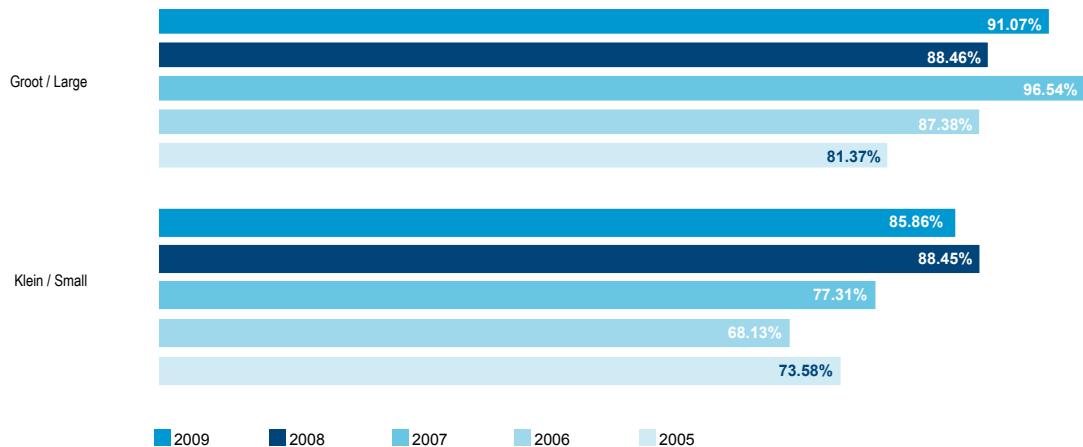
### 2.4.2 Equity as percentage of equity and long-term debt

Long-term debt includes all interest-bearing obligations and deferred taxation. Equity includes all capital and reserves.

Members' funds are treated as in 2.4.1.

## Ekwiteitsverhouding - slegs langtermynverpligtinge

## Equity ratio - only long-term liabilities



## Groter landboubesighede

Die groei in ekwiteit is reeds in 2.2 en 2.4 bespreek.

- Dit is opvallend dat landboubesighede meer op korttermynlenings staatgemaak het.
- Neem in ag dat die omskakeling van kort- na langtermynlenings deur Senwes en Suidwes nie by die vergelyking in ag geneem is nie.

## Kleiner landboubesighede

Kleiner landboubesighede se verhouding het verswak, soos vermeld in 2.2 en 2.4 hierbo. Die totale langtermynskuld het hierdie jaar met 106% gegroeい teenoor die vorige jaar.

## Larger agribusinesses

The growth in equity has already been discussed in 2.2 and 2.4.

- It is noteworthy that agribusinesses relied more on short-term loans.
- The conversion from short- to long-term loans by Senwes and Suidwes was not taken into account in the comparison.

## Smaller agribusinesses

The ratio of smaller agribusinesses weakened, as mentioned in 2.2 and 2.4 above. The total long-term debt grew by 106% this year compared with the previous year.

## 2.5 Voorraad

### 2.5.1 Voorraadomsetsnelheid

Die voorraadomsetsnelheid toon die gemiddelde aantal kere per jaar wat voorraad verhandel. Hoe hoër die omsetsnelheid, hoe meer doeltreffend is die belegging in voorraad. Indien die omsetsnelheid laag is, bring dit onder andere hoë koste aan finansiering, stoor- en personeelkoste en versekering mee. Dit kan ook op ou of onbruikbare voorraad dui wat potensieel afgeskryf behoort te word.

Daar kan nie verwag word dat landboubesighede, weens hul ligging en die aard van hul handelsware, dieselfde omsetsnelheid as die korporatiewe kleinhandelsektor moet handhaaf nie.

#### Verbeterde voorraadbestuursvermoëns word as 'n hoë prioriteit gesien:

- Groter klem word op korrekte voorraadhouding geplaas ten einde voorraadbeskikbaarheid by alle afdelings aan produsente te verseker.
- Optimalisering van voorraadvlakte is verbeter deur die implementering van stelsels, wat die beskikbaarheid van voorraad vir toonbankverkope en werkswinkels verbeter het.
- Die deflasie in die bedryf het veroorsaak dat voorraadvlakte noukeurig bestuur moes word en het risiko's na die bedryf gebring wat nie voorheen bekend was nie.
- Internasionale pryse van kunsmis en grondstowwe het tussen Oktober 2007 en Augustus 2008 wesenlik gestyg as gevolg van globale tekorte, gekombineerd met bogemiddelde vraag. Pryse het sedertdien weer heelwat gedaal.
- Die vervoer van grondstowwe en ureum was uitermatig duur as gevolg van die hoë olieprys, wat ook die koste van skeepsvervoer opgejaag het.

#### 2.5.1 Voorraadomsetsnelheid

Die verhouding word bereken deur die koste van verkope te deel deur die gemiddelde voorraad.

##### Koste van verkope

Koste van verkope verteenwoordig die berekening soos gedefinieer in 1.5 hierbo.

##### Gemiddelde voorraad

Die maandelikse gemiddelde voorraad is vir die doeleindes van hierdie berekening gebruik weens die sikliese aard daarvan.

## 2.5 Stock

### 2.5.1 Stock turnover

The stock turnover indicates the average number of times per annum that stock is traded. The higher the velocity of turnover, the more efficient the investment in stock is. If the velocity of turnover is low, this will result inter alia in high finance, storage and personnel, and insurance costs. It may also indicate to aged or obsolete stock that should potentially be written off.

Due to their location and the nature of their merchandise, agribusinesses cannot be expected to maintain the same velocity of turnover as the corporate retail sector.

#### Improved stock management capability is seen as a high priority:

- Greater emphasis is being placed on correct stock-keeping to ensure stock availability to producers in all divisions.
- Optimalisation of stock levels has been improved through the implementation of systems which improve the availability of stock for counter sales and workshops.
- The deflation in the industry resulted in a need for careful management of stock levels, and brought about unprecedented risks previously unknown to the industry.
- International prices of fertilizer and raw materials rose significantly between October 2007 and August 2008 as a result of global shortages combined with above-average demand. Prices have since declined considerably.
- The transport of raw materials and urea was excessively expensive as a result of the high oil price, which drove up the cost of maritime transport.

#### 2.5.1 Stock turnover

The ratio is calculated by dividing the cost of sales by the average stock.

##### Costs of sales

The cost of sales represents the calculation set out under 1.5 above.

##### Average stock

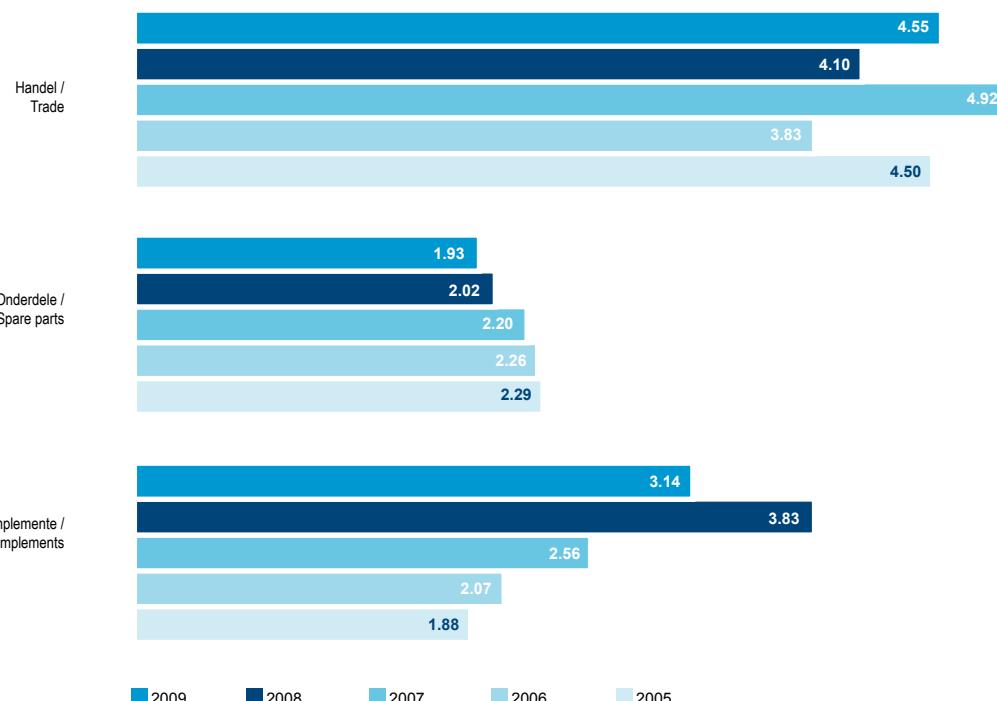
Because of stock's cyclical nature, the monthly average stock was used in this calculation.

- Plaaslike vervoer vanaf hawens na die binneland het gedurende bogenoemde periode buitengewoon duur geword en die beskikbaarheid van logistiek het ook afgeneem.
- Die internasionale beskikbaarheid van grondstowwe, veral kaliumchloried, was 'n probleem.
- Die toenemende aanvraag vir die omskakeling na vloeibare kunsmis word deurlopend ervaar.
- Suid-Afrikaanse pryse van kunsmis het nog nie tot dieselfde mate as internasionale pryse gedaal nie, omdat kunsmismaatskappye reeds tot 30% van die 2009/2010-seisoen se voorraad voor November 2008 aangekoop het en daarom nie die dalings aan die produsent kon deurgee nie. Aanduidings is egter dat die Suid-Afrikaanse pryse mettertyd nog verder sal daal.

- Local transport from the harbours to inland became exceptionally expensive during the abovementioned period and the availability of logistics declined.
- The international availability of raw materials, particularly potassium chloride, was a problem.
- There is an ongoing, increasing demand for a change over to liquid fertilizer.
- South African fertilizer prices have not declined to the same extent as international prices, because fertilizer companies had already purchased 30% of the 2009/2010 season's stock before November 2008, and were thus unable to pass on the price decreases to producers. Indications are however that the South African prices will decline further in due course.

## Groter landboubesighede

### Voorraadomsetsnelheid



Die tendens was wisselend by die deelnemers. Ongeveer die helfte van die groter deelnemers het beter resultate behaal ten opsigte van handelsvoorraad en onderdele. Die rol wat stygende pryse gespeel het, moet nie as faktor

## Larger agribusinesses

### Stock turnover

The trend varied between the participants. About half of the larger participants achieved better results in respect of trade stock and spare parts. The role that rising prices played should not be left out of account as a factor. With a

buite rekening gelaat word nie. Op enkele uitsondering na, het die omsetsnelheid van implemente 'n dalende tendens getoon by die deelnemers.

## Kleiner landboubesighede

### Voorraadomsetsnelheid



Die stygende pryse het kleiner landboubesighede se resultaat van al die voorraad benadeel.

## Kunsmis en Plaagdoders

Al die deelnemers aan die prestasiemeting is versoek om die kospryse van kunsmis en plaagdoders, wat in hul onderskeie areas die meeste verhandel het gedurende die afgelope vyf jaar, te verskaf. Na aanleiding hiervan is 'n prysindeks saamgestel.

Die tekort aan kommoditeite en die relatiewe swakheid van die rand teenoor ander geldeenhede het skokkende resultate vir 2008 meegebring. Die huidige jaar se resultate dui op 'n marginale afname van 8% in die kosprys van kunsmis, terwyl gifstowwe met ongeveer 24% gedaal het. Van die 2009/2010-seisoen se voorraad is reeds voor November 2008 aangekoop. Weens die sikiiese aard van ons invoer, blyk dit 'n langsame proses te wees voordat die produsent die werklike voordele daarvan sal ervaar.

Optrede deur die Mededingsraad het reeds aanleiding gegee tot die heffing van boetes teen kunsmisvervaardigers. Dit sal interessant wees om dié resultate in 2011 te heroorweeg na aanleiding van produsente se eise vir kompensasie teen sodanige vervaardigers weens die distorsie wat die "oorprysing" van hul insetmateriaal vir die afgelope 6 jaar meegebring het.

few exceptions, the turnover rate of implements showed a declining trend among all the participants.

## Smaller agribusinesses

### Stock turnover

The increasing prices adversely affected smaller agribusinesses' results in respect of all stock.

## Fertilizers and Pesticides

All of the participants in the benchmarking were requested to provide the cost prices of the fertilizers and pesticides most traded in their areas during the past five years. A price index was then calculated.

The shortage of commodities and the relative weakness of the rand against other monetary units led to shocking results for 2008. The current year's results indicate a marginal decline of 8% in the cost price of fertilizer, while pesticides declined by about 24%. Some of the 2009/2010 season's stock had already been purchased before November 2008. Due to the cyclical nature of our imports, it appears that a lengthy process will need to run itself out before the producer experiences the real benefits thereof.

Action by the Competition Board has already led to the imposition of fines on fertilizer manufacturers. It will be interesting to see the results in 2011 following producers' claims for compensation against such manufacturers on the basis of the distortion that the "over-pricing" of their input materials caused over the past 6 years.

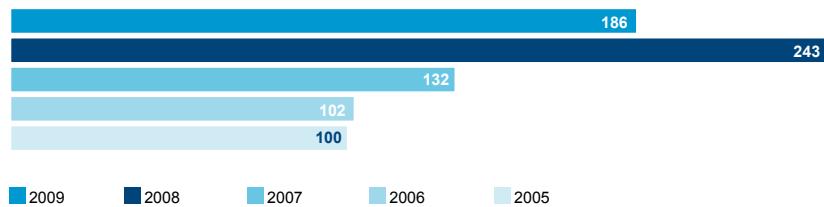
## Kunsmis

## Fertilizer



## Plaagdoders

## Pesticides



## 2.5.2 Voorraaddae

Die verhouding toon aan hoeveel dae dit neem om voorraad van die hand te sit. Dit is dieselfde resultaat as in 2.5.1, behalwe dat dit in aantal dae verduidelik word.

### Groter landboubesighede

#### Voorraaddae

## 2.5.2 Stock days

This ratio indicates how many days it takes to dispose of stock. This is the same result as in 2.5.1, except that it is explained according to the number of days.

### Larger agribusinesses

#### Stock days



#### 2.5.2 Voorraaddae

Hierdie verhouding is dieselfde as dié in 2.5.1, behalwe dat dit in aantal dae uitgedruk word in plaas van aantal kere omgesit.

Vir die definisie van koste van verkope en gemiddelde voorraad, verwys na definisies onder 2.5.1 hierbo.

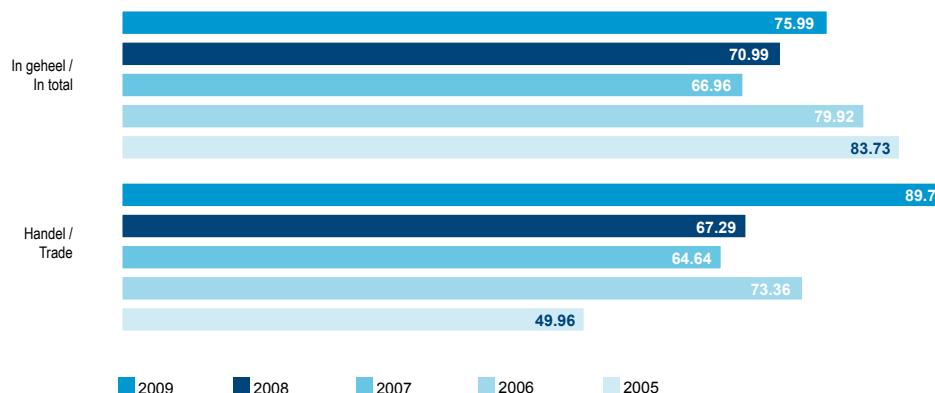
#### 2.5.2 Stock days

This ratio is the same as that of 2.5.1 except that it is expressed in numbers of days instead of the number of times stock is sold.

For the definition of cost of sales and average stock, see the definitions under 2.5.1 above.

## Kleiner landboubesighede

### Voorraaddae



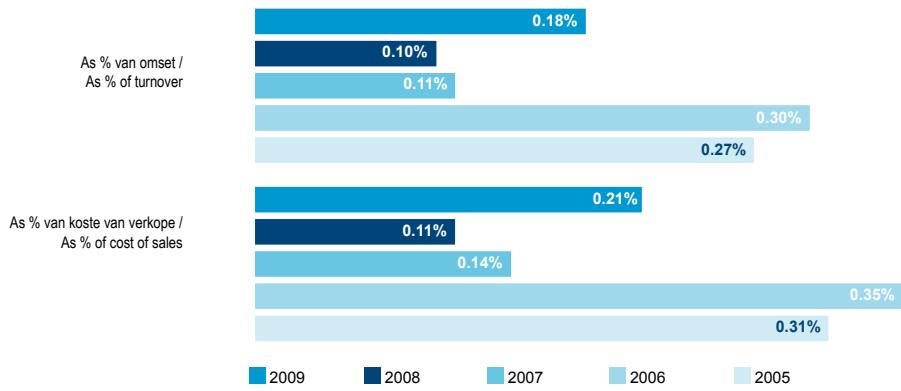
### 2.5.3 Voorraadkrimping as persentasie van koste van verkope/omset

Die verhouding verteenwoordig die voorraad afgeskryf gedurende die jaar weens prysverlagings tekorte, veroudering of diefstal.

Weens die uitwerking van verskillende bruto winspersentasies, het deelnemers versoek dat die krimpingsfaktor op beide omset en koste van verkope bereken word.

## Groter landboubesighede

### Voorraadkrimping



### 2.5.3 Voorraadkrimping

Voorraadkrimping verteenwoordig die monetêre waarde van alle voorraadafskrywings weens die afskrywings en berekende tekorte van voorraad.

#### Koste van verkope

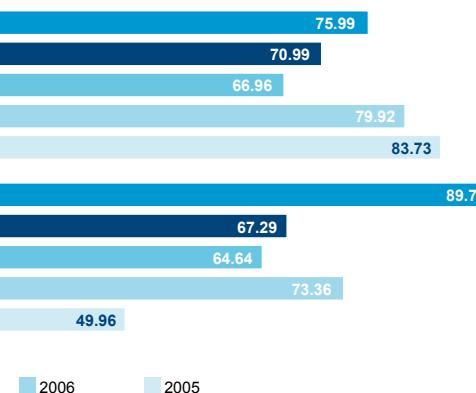
Koste van verkope verteenwoordig die berekening soos gedefinieer in 1.5 hierbo.

#### Omset

Omset word gedefinieer in 1.5 hierbo.

## Smaller agribusinesses

### Stock days



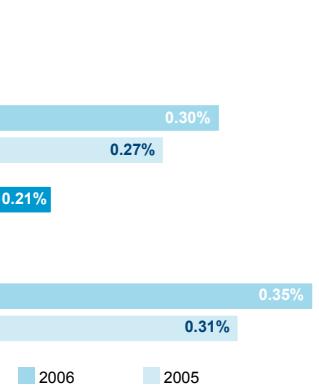
### 2.5.3 Stock shrinkage as a percentage of cost of sales/turnover

This ratio represents the stock written off during the year due to shortages, obsolescence or theft.

Due to the effect of differing gross profit percentages, participants requested that the shrinkage factor be calculated on both turnover and cost of sales.

## Larger agribusinesses

### Stock shrinkage



### 2.5.3 Stock shrinkage

Stock shrinkage represents the monetary value of all stock write-offs as a result of the estimated shortages in stock.

#### Costs of sales

The cost of sales represents the calculation as defined under 1.5 above.

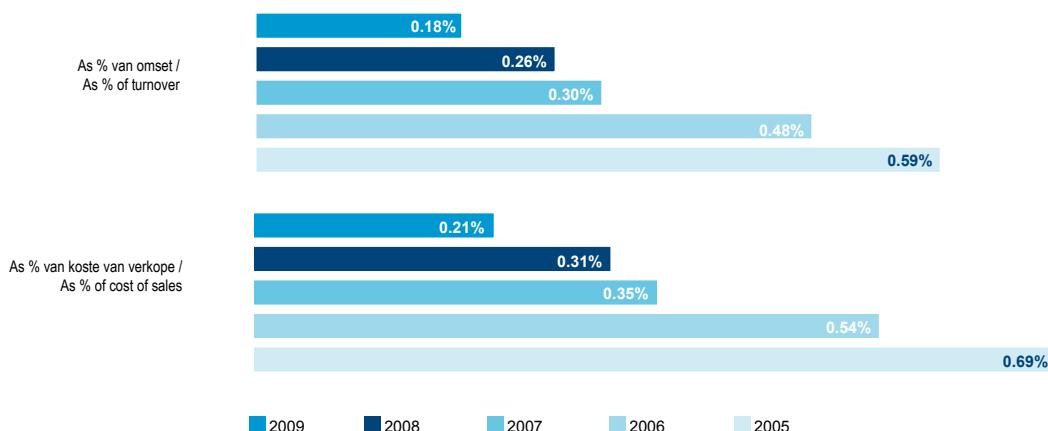
#### Turnover

Turnover is defined under 1.5 above.

Voorraadbestuur bly 'n groot prioriteit by alle afdelings. Ongelukkig het die skielike deflasie meegebring dat groter besighede in finansiële terme 264% meer moes afskryf as die vorige jaar. Dit kan in 'n groot mate aan kunsmis toegeskryf word.

## Kleiner landboubesighede

### Voorraadkrimping



Kleiner besighede wat meer gebruik gemaak het van direkte transaksies was nie so blootgestel as hul groter eweknieë nie en word 'n steeds dalende tendens vir voorraadafskrywings behaal.

## 2.6 Debiteure

### 2.6.1 Debiteuredae

Debiteuredae gee 'n aanduiding van hoe lank dit vir die besigheid neem om sy debiteure in te vorder.

Die verhouding word bereken deur die gemiddelde uitstaande debiteure in die tydperk te vergelyk met die omset wat gegenereer is.

#### 2.6.1.1 Debiteuredae

##### Gemiddelde debiteure

Dit is die maandelikse gemiddelde bruto debiteure, wat oorlaatskuld insluit.

##### Omset

Omset verteenwoordig bruto omset, maar anders as in die geval van 1.5 hierbo, word die bruto direkte verkoop by die berekening in ag geneem. Omdat direkte omset ook deur landboubesighede gefinansier word, is daar besluit om die definisie van omset in hierdie geval te wysig.

Stock management remains a major priority in all divisions. Unfortunately the sudden deflation meant that in financial terms, larger businesses had to write off 264% more than in the previous year. This is mainly attributable to fertilizer.

## Smaller agribusinesses

### Stock shrinkage

Smaller businesses that make greater use of direct turnover, which are not as exposed as the larger participants and a still declining tendency for stock write-offs is being experienced

## 2.6 Debtors

### 2.6.1 Debtor days

Debtor days provides an indication of the length of time it takes the business to collect its debtors.

This ratio is calculated by comparing the average number of outstanding debtors in the given period to turnover generated.

#### 2.6.1.1 Debtor days

##### Average debtors

This refers to the monthly average gross debtors, including carry-over debt.

##### Turnover

Turnover represents the gross turnover, but contrary to the case under 1.5 above, gross direct sales are taken into consideration in this particular calculation. Because direct turnover is also financed by the agribusiness, it was decided to amend the definition of turnover in this case.

# Balansstaatstruktuur

# Balance sheet structure

Die toenames van debiteure en omsette van landboubesighede vir die afgelope tydperk was soos volg:

	Groot	Klein
Debiteure	27% styging	15% styging
Omset	24% styging	26% styging

Die kredietafdeling speel 'n belangrike ondersteunende rol om landboubesighede suksesvol te dryf. Om hierdie rede het hierdie afdelings meer prominent op die voorgrond getree om 'n pro-aktiewe diens te lewer.

Verbeterde kredietbeheer in 'n bedryf waar natuurelemente en prysskommelings onbekend is, vind plaas waar daar 'n gevestigde kredietbeleid is en wat konstant toegepas word. Daar word meer gesteun op bates as sekuriteit, die kredietgeskiedenis, terugbetaalvermoë en tydige finansiële state van produsente. Minder klem word op die verwagte oes-opbrengs gelê.

Weens die groter omvang van oorlaatskuld, wat in 2.6.2 bespreek word, sal produsente individueel beoordeel word by die toestaan van verdere krediet. Gelukkig behoort die insetkoste in die onmiddellike toekoms laer te wees as dié van die vorige periode.

Graandebiteure het ook gestyg as gevolg van die graan wat nog in die landboubesighede se silo's gehou word. Weens die likiditeitstekort moet graan betaal word by die wegry daarvan.

## Debiteuredae



The increase in the debtors and turnover of agribusinesses during the last period was as follows:

	Large	Small
Debtors	27% increase	15% increase
Turnover	24% increase	26% increase

The credit division plays an important supporting role in the successful running of agribusinesses. For this reason these divisions have come more prominently to the fore to render a pro-active service.

There is improved credit control in an industry where natural elements and price fluctuations are unknown and where there is an established credit policy which is constantly applied. Greater reliance is placed on assets as security, the credit history, repayment capacity and the current financial standing of producers, than on the expected crop yield.

Due to the greater extent of carry-over debt, which is discussed in 2.6.2, producers will be individually assessed for the granting of further credit. Fortunately input costs should be lower in the immediate future than in the previous period.

Grain debtors have also increased as a result of the grain still held in the agribusinesses' silos. Due to the liquidity shortage, grain must be paid for on receipt.

## Debtor days

## Groter landboubesighede

Meeste van die groot deelnemers se uitstaande debiteuredae het verhoog, soos reeds vermeld in die voorafgaande gedeeltes. Dit is egter opvallend dat die deelnemers met die laagste debiteureterminne nog steeds daartoe in staat was om hul resultate te verbeter.

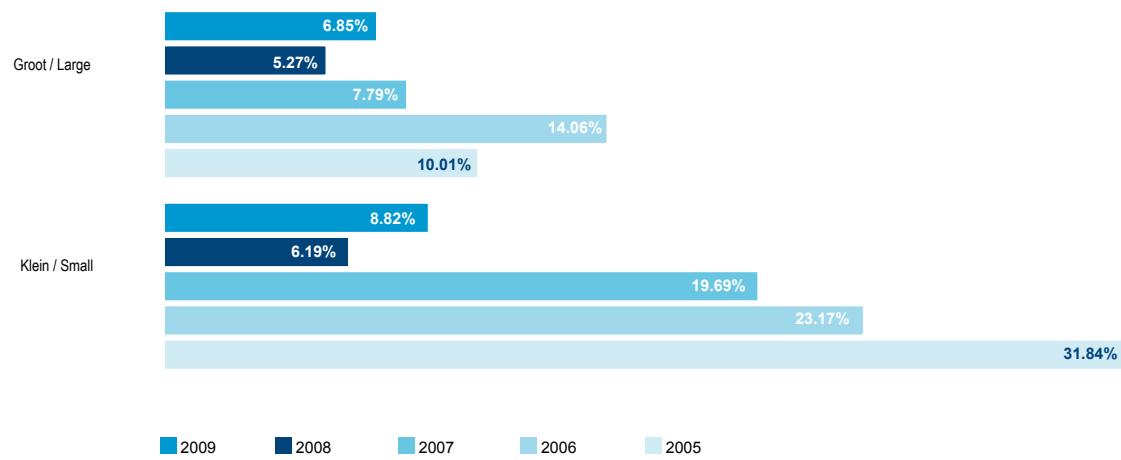
## Kleiner landboubesighede

Die oorgrote meerderheid van die kleiner landboubesighede was suksesvol om hul debiteure posisie te verbeter. Dit is verblydend dat die resultaat behaal kan word, aangesien daar nie noodwendig aparte kredietafdelings by hierdie deelnemers bestaan nie.

## 2.6.2 Oorlaatskuld as persentasie van debiteure

Hierdie verhouding dui aan tot watter mate produsente/ debiteure hul vorige tydperk insetkoste nie kon vereffen uit oes-opbrengste nie.

### Oorlaatskuld



### 2.6.2 Oorlaatskuld

Oorlaatskuld verteenwoordig produksielennings wat aan die einde van die vorige seisoen nog nie vereffen is nie. Dit sluit ook in spesiale reellings wat met produsente getref is om skuld oor 'n langer termyn te vereffen, byvoorbeeld droogtehulp.

#### Debiteure

Dit is die bruto maandelikse gemiddelde debiteure soos gedefinieer in 2.6.1 hierbo.

## Larger agribusinesses

The outstanding debtor days of most of the larger participants increased, as stated in the above sections. It was however noteworthy that the participants with the lowest debtor terms were still in a position to improve their results.

## Smaller agribusinesses

The overwhelming majority of the smaller agribusinesses were successful in improving their debtors position. It is pleasing that this result could be achieved, because these participants do not necessarily have separate credit divisions.

## 2.6.2 Carry-over debt as a percentage of debtors

This ratio indicates the extent to which producers / debtors could not meet their input costs of the previous period out of their crop yields.

### Carry-over debt

### 2.6.2 Carry-over debt

Carry-over debt represents production loans which have not been settled by the end of the previous season. It also includes special arrangements entered into with producers to settle the debt over a longer period of time, for example drought relief.

#### Debtors

This refers to the gross monthly average debtors as defined under 2.6.1 above.

Daar word verwag dat die laer graanpryse groter oorlaatskuld vir die komende tydperk gaan meebring. Produsente wat nog graan in die silo's het in afwagting van beter pryse, gaan heel waarskynlik gedwing word om hul produkte van die hand te sit, anders moet alternatiewe finansiering gesoek word. Sommige landboubesighede skakel sodanige oorlaatskuld om in termynlenings waarvoor beter sekuriteit beding word.

Hierdie verhouding behoort tot 'n groot mate 'n rol te speel in die beoordeling van die voorsiening van waardedaling van debiteure en slegte skuld afgeskryf

## Groter landboubesighede

Die resultaat van die grafiek hierbo was te wagte en behoort in die volgende termyn nog meer toe te neem vir bogenoemde rede.

Skemas vir oorlaatskuld is geïmplementeer waarvolgens terugbetaling van skuld oor langer termyne geskied. Hierdeur kon 'n groot aantal produsente vir die graanbedryf behoue bly.

## Kleiner landboubesighede

Die resultate het verswak nadat dit die afgelope aantal jare 'n positiewe tendens getoon het. Met die knyptang-situasie van stygende produksiekostes wat nie in opbrengste gereflekteer word nie, sal die invordering van hierdie skulde baie nougeset bestuur moet word. Die totale bedrag aan oorlaatskuld het met 64% gestyg.

It is anticipated that the lower grain prices will result in greater carry-over debt for the coming period. Producers who still have grain in their silos in anticipation of better prices will be forced to dispose of their products, otherwise alternative financing will have to be sought. Some agribusinesses are converting such carry-over debt into term loans for which better security is negotiated.

This ratio should to a great extent play a role in evaluating the impairment of debtors and bad debt written off.

## Larger agribusinesses

The result of the above graph was to be expected and should increase even more in the coming year for the above-mentioned reasons.

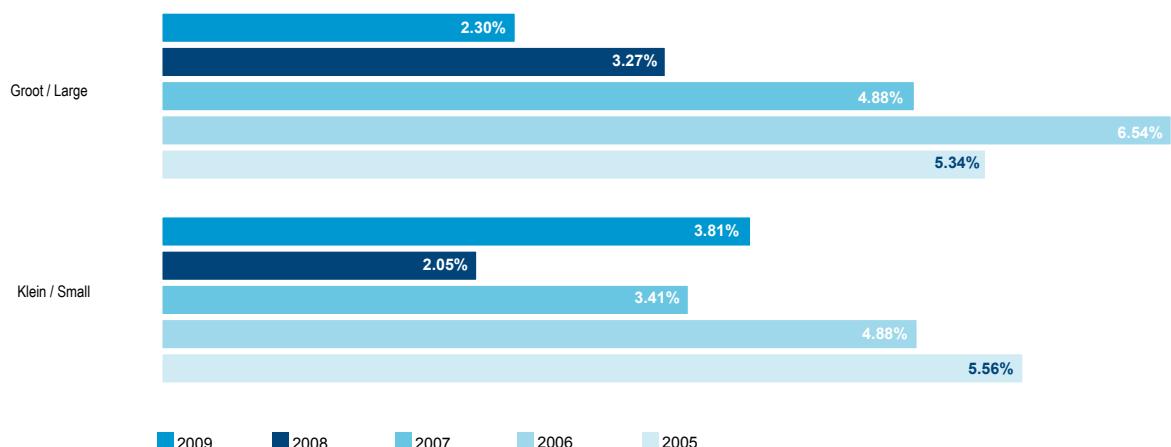
Schemes for carry-over debt have been implemented in terms of which repayment of debt takes place over long terms. A large number of producers may by this means have been retained for the grain industry.

## Smaller agribusinesses

The results weakened after having shown a positive trend over the past few years. With the pincer situation of rising production costs which are not reflected in yields, the collection of these debts will have to be managed very carefully. The total amount of carryover debt rose by 64%.

## 2.6.3 Voorsiening vir waardedaling van debiteure as persentasie van totale debiteure

### Voorsiening vir waardedaling van debiteure



Dit dui aan tot watter mate die bestuur van landboubesighede in die vorderbaarheid van debiteure twyfel en waar oorlaatskuld terselfdertyd 'n groot rol speel.

Slegte skuld hou regstreeks verband met die voorsiening vir waardedaling. Dié voorsiening moet as 'n voorloper vir slegte skuld gesien word. Landbou-omstandighede oor die afgelope paar jaar het die bestuur van landboubesighede verplig om meer konserwatief op te tree.

Die resultate, soos blyk uit die grafiek vir groter landboubesighede, dui nog nie op pessimisme vir die vorderbaarheid van produsenteskuld.

Die redes wat aanleiding gee tot oorlaatskuld, soos gemeld in die vorige afdeling, het 'n risiko geskep ten opsigte van die verhaalbaarheid van produksierekeninge. Weens die wesenlike groei in die debiteureboek, sal verhoogde voorsienings vir oninvoerderbare skulde in die komende periode oorweeg moet word.

### 2.6.3 Voorsiening vir waardedaling van debiteure

Dit is die bedrag wat voorsien is vir waardedaling, soos bereken op die deelnemers se balansstaatdatums.

#### Debiteure

Anders as die definisie in 2.6.1, word die voorsiening gebaseer op debiteure soos aangedui op balansstaatdatums.

## 2.6.3 Provision for the impairment of debtors as a percentage of total debtors

### Provision for impairment in debtors

This indicates the extent to which the management of agribusinesses doubts the recoverability of debtors and where carry-over debt plays a large role at the same time.

Bad debt is directly related to the provision for a decline in value. This provision should be regarded as a precursor of bad debt. The agricultural conditions of the past few years have obliged the management of agribusinesses to act more conservatively.

The results, as seen in the graph for larger agribusinesses, does not yet indicate pessimism concerning the recoverability of producers' debt.

The reasons given for carryover debt, as mentioned in the previous section, created a risk in respect of the recoverability of production accounts. Due to the substantial growth in the debtors book, increased provisions for irrecoverable debts will have to be considered in the coming period.

### 2.6.3 Provision for impairment in debtors

This represents the amount set aside for impairment in value, as calculated at the participants' balance sheet dates.

#### Debtors

Unlike the definition provided under 2.6.1, the provision is based on debtors as reflected on the balance sheet dates.

Indien bestaande voorsienings onvoldoende blyk te wees, veral in die lig van dalende kommoditeitspryse en die feit dat daar nog 'n wesenlike tonnemaat koring onverkoop is, sal bykomende voorsienings geskep moet word.

Kleiner landboubesighede moes na aanleiding van die groter mate van oorlaatskuld, hul voorsienings opwaarts aanpas.

## 2.6.4 Slegte skulde as persentasie van gemiddelde debiteure

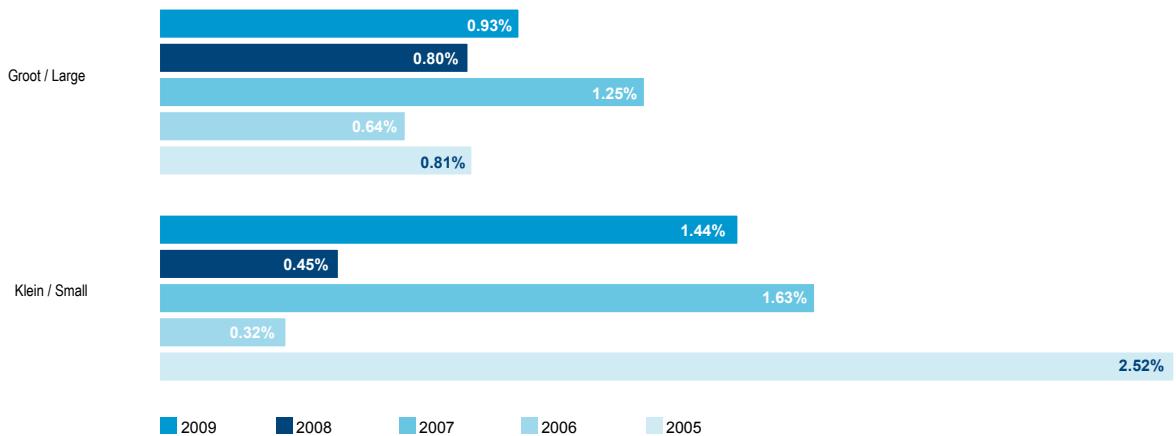
'n Meer konserwatiewe aanslag as die vorige tydperk is gevolg. Die toename in die persentasie slegte skuld dui op 'n verswakking van die produsente se situasie.

If existing provisions appear to be insufficient, particularly in the light of falling commodity prices and the fact that a substantial tonnage of wheat is still unsold, supplementary provisions will have to be made.

Due to the greater extent of carryover debt, smaller agribusinesses had to adapt their provisions upwards.

## 2.6.4 Bad debts as a percentage of average debtors

A more conservative approach than that of the previous period was followed. The increase in the percentage of bad debts points to the weakening of the producers' situation.



### 2.6.4 Slegte skulde

Slegte skulde verteenwoordig die bedrag wat in die inkomstestaat as onverhaalbaar afgeskryf is.

### Gemiddelde debiteure

Dit is die bruto maandelikse gemiddelde debiteure soos gedefinieer in 2.6.1 hierbo.

### 2.6.4 Bad debts

Bad debts represents the amount accounted for in the income statement as irrecoverable.

### Average debtors

This refers to the gross monthly average debtors as defined under 2.6.1 above.

## 2.7 Kontantvloei

Wins wat gerealiseer word, moet in kontant omgesit word. Daarom streef besighede om 'n redelike verhouding tussen ekwiteit en vreemde kapitaal te bereik. Sodanige ekwiteit, hoofsaaklik reserves, kan slegs geskep word indien voldoende kontant gegenereer word om bates te finansier en aan eienaars 'n bevredigende dividend te betaal.

### Groter landboubesighede

- Groter landboubesighede was verplig om 82% van hul netto wins in bedryfskapitaal terug te ploeg. Dit het daar toe gelei dat die meerderheid van hierdie landboubesighede nie kontant kon genereer uit hul normale handelsbedrywigheide nie.
- Aangesien vaste bates verkry is en beleggings gemaak is uit eie fondse, het die groter landboubesighede, ongeag hul groter winsgewendheid, die jaar afgesluit met 'n kontanttekort.

### Kleiner landboubesighede

Al die kleiner landboubesighede het hul finansiële jare afgesluit met 'n tekort op hul kontantgenerende bedrywigheide. Dit is as gevolg van die winste wat teruggeploeg moes word om voorraad en debiteure te finansier. Gevolglik moes hulle staatmaak op eksterne finansiering om vaste bates te verkry.

## 2.7 Cashflow

Profits realised must be converted into cash. For this reason businesses strive to attain a reasonable ratio between equity and outside capital. Such equity, mainly reserves, can be created only if sufficient cash is generated to finance assets and pay owners a satisfactory dividend.

### Larger agribusinesses

- Larger agribusinesses were obliged to plough back 82% of their net profit into operating capital. This led to the majority of these agribusinesses being unable to generate cash out of their normal trading activities.
- Because fixed assets were obtained and investments made with their own funds, the larger agribusinesses – irrespective of their greater profitability – closed off the year with a large cash shortage.

### Smaller agribusinesses

All of the smaller agribusinesses closed off their financial year with a shortfall in their cash generating activities. This resulted from the profits that had to be ploughed back in order to finance stock and debtors. They thus had to depend on external financing to acquire fixed assets and make investments.



# Breë Basis Swart Ekonomiese Bemagtiging

# Broad-Based Black Economic Empowerment

## Inleiding

Met die finale praktykkodes en telkaart vir Breë Basis Swart Ekonomiese Bemagtiging (SEB) nou reeds vir meer as twee jaar in plek, is hierdie raamwerk nou goed gevestig as die aanvaarde maatstaf vir Suid-Afrikaanse besighede se verbintenis tot transformasie en die sukses van hul bemagtigingsprojekte.

Daar is in die afgelope jaar addisionele momentum verleen aan die SEB-proses deur die afkondiging van die King III-verslag vir Goeie Korporatiewe Bestuur, wat opnuut klem geplaas het op die verantwoordelikheid van Suid-Afrikaanse besighede om by te dra tot omgewings- en sosiale volhoubaarheid. In die beskrywing van die grondbeginsels van die verslag word daar gesê: "Nature, society, and business are interconnected in complex ways that need to be understood by decision makers." Daar word ook spesifiek verwys na die rol van besighede en direkteure om die gevolge van ons geskiedenis van ongelyke ontwikkeling aan te spreek. Die verslag lui as volg: "The legacy of apartheid is fundamentally unsustainable – social transformation and redress [therefore] needs to be integrated within the broader transition to sustainability. Integrating sustainability and social transformation in a strategic and coherent manner will give rise to greater opportunities, efficiencies, and benefits, for both the company and society..." In hierdie verslag word die SEB-praktykkodes ook weer uitgelig as 'n gepaste roetekaart waarvolgens ondernemings hul sosiale bydraes kan organiseer en genoem as raamwerk wat gebruik kan word om hierdie bydraes na eksterne belanghebbers te kommunikeer.

Kliëntedruk rondom SEB-nakoming het ook toegeneem met die aankondiging van 'n groter groep geakkrediteerde SEB-verifiéringsagentskappe. Vanaf Februarie 2010 kan slegs SEB-sertifikate vanaf geakkrediteerde verifiéringsagentskappe in die voorkeur-aankope element van individuele besighede erken word.

Sommige van die onsekerhede rondom sektorhandveste is ook uitgeklaar. Die AgriSEB-handves is in Maart 2008 in die Staatskoerant gepubliseer as 'n Afdeling 12-handves in terme van die Wet op Breë Basis Swart Ekonomiese Bemagtiging (2003). Die handves is grootliks belyn met die Generiese Praktykkodes en daar word verwag dat dit binnekort as 'n Afdeling 9-handves (waarvan die wetlike status gelyk aan die kodes sal wees) aanvaar sal word.



## Introduction

With the final codes of good practice and scorecard for Broad-Based Black Economic Empowerment (BEE) now in place for more than two years, this framework is now well established as the accepted benchmark for South African businesses' compliance with transformation and the success of their empowerment projects.

Additional momentum has been given to the BEE process in the past year by the release of the King III Report on Good Corporate Governance, which re-emphasises on the responsibility of South African businesses to contribute to environmental and social sustainability. The description of the fundamental principles of the report states: "Nature, society, and business are interconnected in complex ways that need to be understood by decision makers." Specific reference is also made to the role of businesses and directors to address the consequences of our history of unequal development. The report states as follows: "The legacy of apartheid is fundamentally unsustainable – social transformation and redress [therefore] needs to be integrated within the broader transition to sustainability. Integrating sustainability and social transformation in a strategic and coherent manner will give rise to greater opportunities, efficiencies, and benefits, for both the company and society..." The BEE codes of good practice are again highlighted in this report as an appropriate route map by which businesses can organise their social contributions and as the framework that can be applied to communicate these contributions to external interested parties.

Customer pressure for BEE compliance has also increased with the announcement of a larger group of accredited BEE verification agencies. As of February 2010 only BEE certificates from accredited verification agencies will be recognised in the preferential procurement element of individual businesses.

Some of the uncertainties concerning sector charters have also been resolved. The AgriBEE Charter was published in the Government Gazette in March 2008 as a Section 12 Charter in terms of the Broad-Based Black Economic Empowerment Act (2003). The charter is largely aligned with the Generic Codes of Good Practice, and it is expected that it will be accepted in the near future as a Section 9 Charter (the legal status of which will be equal to the codes).

## Vernaamste bevindinge

As deel van die 2009 prestasiemetingsopname, is daar weer 'n aantal vrae rakende SEB aan deelnemers gestel. Die resultate toon 'n konsolidasie in die bemagtigingsprioriteite van landboubesighede en 'n groter fokus op die monitering van SEB nakoming.

## Die ontwikkeling en implementering van 'n SEB strategie

SEB blyk steeds 'n belangrike prioriteit vir landboubesighede te wees met 28.6% van besighede wat aangedui het dat hulle oor die volgende drie tot vyf jaar SEB as een van die grootste uitdagings vir hul besigheid beskou. Die meerderheid van deelnemers (57.9%) het 'n SEB-strategie in plek en het reeds met die implementering daarvan begin. 'n Beduidende persentasie van deelnemers (26.3%) het wel 'n SEB-strategie, maar het nog nie met die implementering daarvan begin nie. Geen deelnemers het aangedui dat hulle geensins 'n SEB-strategie vir hul besigheidoorweeg nie.

## SEB prioriteite

Sien figuur 1 vir 'n opsomming van die bemagtigingsprioriteite van deelnemers. Soos in die verlede, blyk daar steeds 'n sterk fokus te wees op vaardigheidsontwikkeling en billike indiensneming, met die meerderheid van deelnemers wat hierdie elemente as prioriteitsareas beskou. Daar was sedert 2008 'n styging van ongeveer 16% in die aantal besigheid wat besigheidsontwikkeling as 'n prioriteitsarea beskou,

## Principal findings

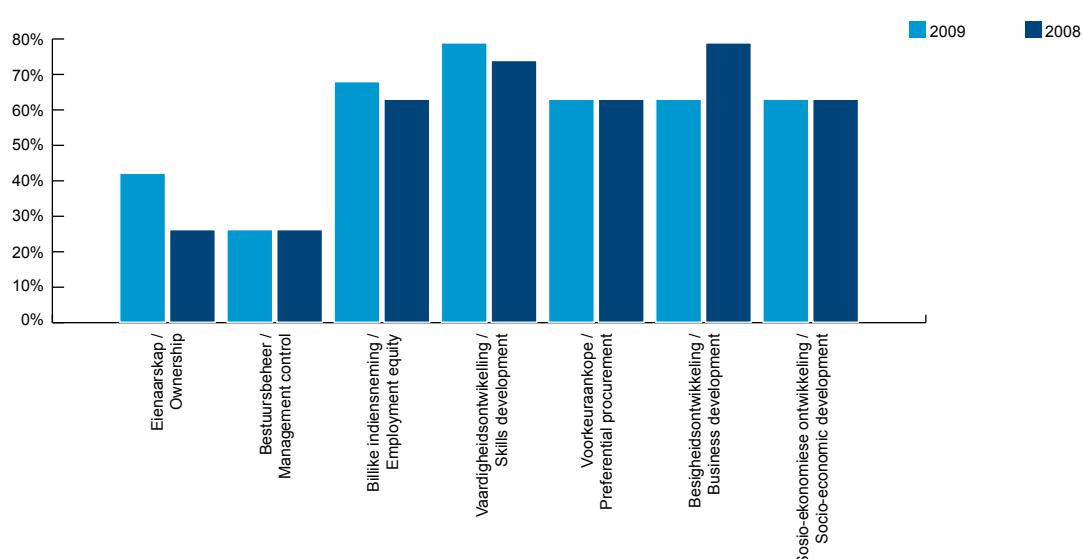
As part of the 2009 benchmarking survey, a number of questions concerning BEE were again put to participants. The results show a consolidation in the empowerment priorities of agribusinesses and greater focus on the monitoring of BEE compliance.

## The development and implementation of a BEE strategy

BEE still appears to be an important priority for agribusinesses, with 28.6% of businesses indicating that they regarded BEE as one of the greatest challenges for their businesses over the next three to five years. The majority (57.9%) of participants have a BEE strategy in place and have already commenced with its implementation. A significant percentage of participants (26.3%) do have a BEE strategy but have not yet commenced with its implementation. No participants indicated that they are not at all considering a BEE strategy for their businesses.

## BEE priorities

See figure 1 for a summary of the empowerment priorities of participants. As in the past, there still appears to be a strong focus on skills development and employment equity, with the majority of participants regarding these elements as priority areas. Since 2008 there has been an increase of about 16% in the total number of undertakings that regard business development as a priority area,

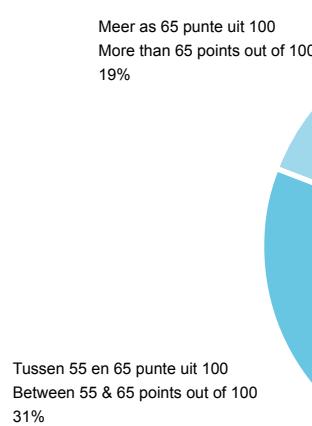


Figuur 1: Prioritisering van SEB elemente / Figure 1: Prioritisation of BEE elements

met besigheidsontwikkeling wat ook dan hierdie jaar vaardigheidsontwikkeling vervang as die element wat deur die grootste persentasie besighede as 'n prioriteitsarea geïdentifiseer is (sien figuur 1).

## Nakomingsteikens

Soos in 2008, beskou die meerderheid van deelnemers (65%) steeds tussen 30 en 45 punte as die minimum aanvaarde nakomingsvlak. Daar word egter verwag dat hierdie verwagte nakomingsvlak teen 2012 sal styg tot minstens 45 punte (sien figuur 2).



**Figuur 2: Minimum aanvaarde vlak van SEB nakoming teen 2012**

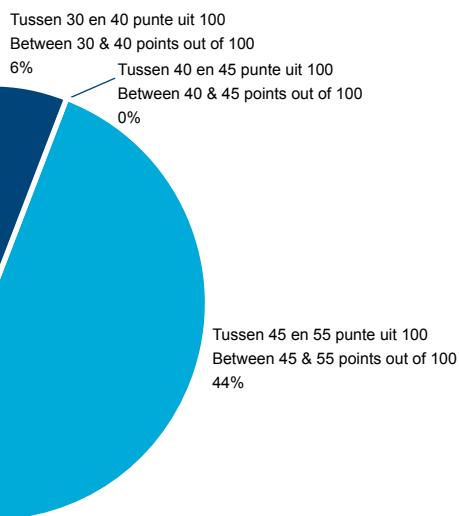
## Groter fokus op die monitering van SEB nakoming

In die 2009 opname het 63.2% van deelnemers aangedui dat hulle in die afgelope jaar 'n SEB-verifiëringsoefening deurgegaan het (teenoor 53% in die 2008 opname). Daar blyk dus 'n groter fokus te wees op die monitering van SEB-bydraes. Landboubesighede het ook vordering gemaak met die aanpassing van hul inligtingstelsels en besigheidsprosesse om relevante SEB-inligting te versamel. Die persentasie van besighede wat voel dat hulle stelsels nie geskik is om SEB-inligting te monitor nie, het gedaal van 42% in 2008 tot 26.3% in 2009.

with business development this year replacing skills development as the element identified by the greatest percentage of businesses as a priority area (see figure 1).

## Compliance targets

As in 2008, most participants (65%) still regard between 30 and 45 points as the minimum accepted compliance level. It is however expected that this anticipated compliance level will increase to at least 45 points by 2012 (see figure 2).



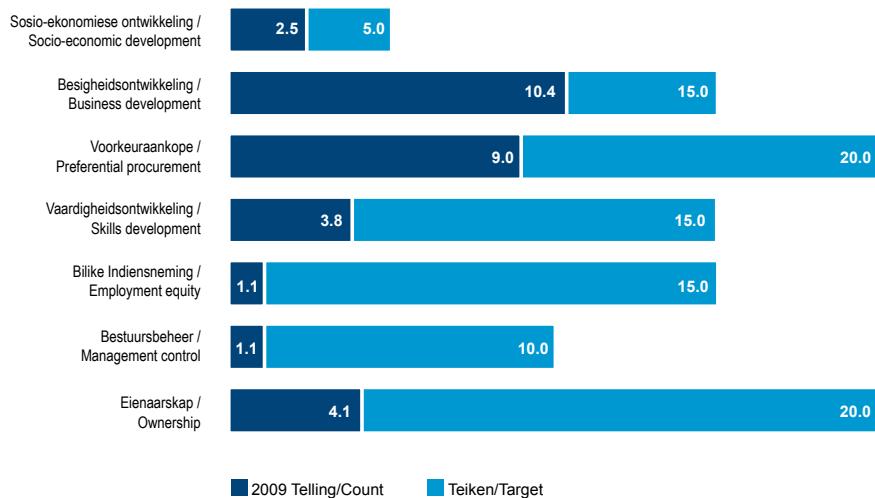
**Figure 2: Minimum accepted BEE compliance level by 2012**

## Greater focus on the monitoring of BEE compliance

In the 2009 survey 63.2% of participants indicated that they had gone through a BEE verification exercise during the past year (against 53% in the 2008 survey). There appears to be a greater focus on the monitoring of BEE contributions. Agribusinesses also made progress in the adaptation of their information systems and business processes to collect relevant BEE information. The percentage of businesses that feel that their systems are not suited to monitor BEE information declined from 42% in 2008 to 26.3% in 2009.

'n Groter persentasie van deelnemers is bereid / in staat om die samestelling van hul SEB-telkaart weer te gee. Huidige en verwagte gemiddelde nakomingsvlakke in elk van die sewe SEB-elemente word opgesom in figure 3 en 4.

**Figuur 3: Huidige vlakke van SEB nakoming**



Die grootste verwagte styging in nakomingsvlakke tussen 2009 en 2012 is vir vaardighedsontwikkeling. Die huidige nakomingsvlak vir hierdie element is 3.8 (uit 'n moontlik 15 punte) en daar word verwag dat dit sal styg tot 7.7 punte. Dit is ook interessant om te let dat deelnemers beraam om teen 2012 feitlik al die beskikbare punte vir sosio-ekonomiese ontwikkeling te verdien (4.6 uit 'n moontlike 5 punte). Die verwagte telling vir besigheidsontwikkeling is ook hoog op 14 uit 'n moontlike 15 punte (sien figuur 4).

A greater percentage of participants are prepared / in a position to provide the composition of their BEE scorecards. Current and anticipated average compliance levels in each of the seven BEE elements are summarised in figures 3 and 4.

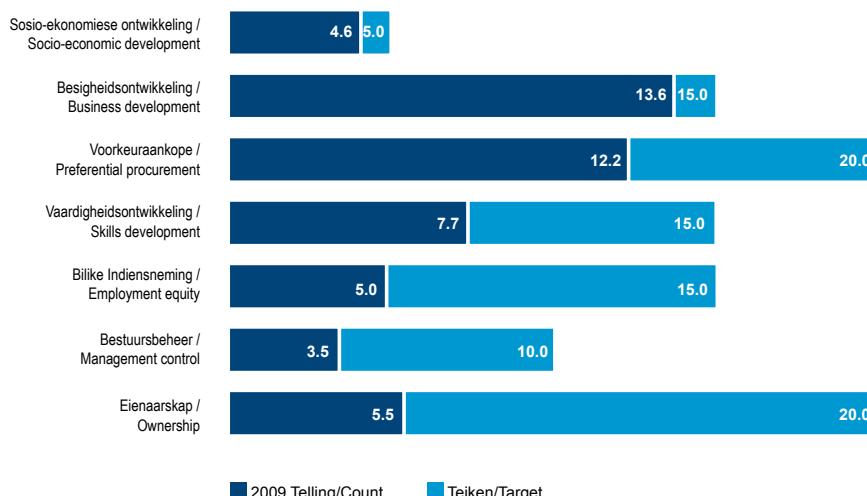
**Figure 3: Current levels of BEE compliance**

The greatest anticipated increase in compliance levels between 2009 and 2012 is for skills development. The current compliance level for this element is 3.8 (out of a possible 15 points) and it is expected to increase to 7.7 points. It is also interesting to note that participants expect to earn virtually all the available points for socio-economic development by 2012 (4.6 out of a possible 5 points). The anticipated count for business development is also high at 14 points out of a possible 15 points (see figure 4).

# Breë Basis Swart Ekonomiese Bemagtiging

# Broad-Based Black Economic Empowerment

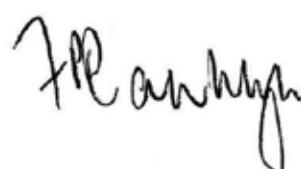
**Figuur 4: Verwagte vlakke van SEB nakoming teen 2012**



Die gemiddelde telling wat in SEB-evaluerings behaal is, het effens gedaal vanaf 34 punte in 2008 tot 31.8 punte in 2009 (dus 10% erkenning as 'n SEB bydraer). Ook die projeksies vir nakoming in 2012 het gedaal vanaf 56 punte (en 80% erkenning as 'n SEB bydraer) in die 2008 opname tot 52 punte (dus: 60% erkenning) in die 2009 opname. Hierdie daling in verwagte nakoming kan moontlik die gevolg wees van 'n sterker fokus op verifieerbare SEB-inisiatiewe te midde van die huidige druk om SEB-telkaart formeel te laat evalueer.

**Figure 4: Anticipated BEE compliance levels by 2012**

The average count obtained in BEE evaluations declined slightly from 34 points in 2008 to 31.8 points in 2009 (thus 10% recognition as a BEE contributor). The 2012 compliance projections also declined from 56 points (and 80% recognition as a BEE contributor) in the 2008 survey to 52 points (thus: 60% recognition) in the 2009 survey. This decline in anticipated compliance could possibly be the effect of a greater focus on verifiable BEE initiatives amidst the current pressure to have the BEE scorecard formally evaluated.

  
**Frans van Wyk**  
**Direkteur / Director**  
 PricewaterhouseCoopers Advisory Services  
 Januarie / January 2010





As die grootste professionele dienste-organisasie ter wêreld en in Suider-Afrika, het PricewaterhouseCoopers (PwC) se spesialiskennis oor en verbintenis met die landbou oor baie jare tot stand gekom. Ons is nou betrokke by en lewer dienste aan die oorgrote meerderheid landboubesighede in die bedryf. Om dié rede is ons uiters gunstig geposisioneer om 'n formele prestasiemetingsprofiel van hierdie aard in die Suid-Afrikaanse landboubedryf te kan uitgee.

Ons bedryf sake uit 17 kantore in Suider-Afrika en beskik oor die vermoë om ons kliënte in hulle eie gemeenskappe te bedien. Dit het ons in staat gestel om 'n verteenwoordigende metingsprofiel met betroubare industrienorme saam te stel waarteen die Industrie en sy rolspelers hom kan meet. Weens die groeiende behoefte na dié tipe inligting, het PricewaterhouseCoopers aan die begin van 2005 onderneem om ons bestaande prestasiemetingsprojekte in die landboubedryf landwyd te formaliseer en te konsolideer.

Net soos in die verlede, is die projek met groot entoesiasme aanvaar. Voorbereiding en dataversameling het in November 2009 begin. Ten einde 'n betroubare en sinvolle prestasiemeting saam te stel, is die bedryf se vernaamste rolspelers weer genader vir insette waarvolgens bykomende sleutelprestasie-aanwysers geïdentifiseer is.

'n Elektroniese databasis met ingeboude sekuriteitsbeheer

As the largest professional services organisation globally and in Southern Africa, PricewaterhouseCoopers (PwC) has accumulated specialised knowledge of and commitment to agriculture over many years. We are closely involved in and provide services to the large majority of agribusinesses in the industry. For this reason we are exceptionally well placed to publish a formal benchmarking profile of this nature in the South African agricultural industry.

We operate from 17 offices in Southern Africa and are able to serve our clients in their own communities. This has made it possible for us to compile a representative measurement profile with reliable industry norms against which the industry and its roleplayers can measure themselves. Due to the growing need for this type of information, PricewaterhouseCoopers undertook the national formalisation and consolidation of our existing benchmarking projects in the agricultural industry at the beginning of 2005.

As in the past, the project was welcomed with great enthusiasm. Preparation and data collection commenced in November 2009. In order to compile a reliable and meaningful benchmark, the leading roleplayers in the industry were approached once again for their inputs, according to which additional key performance indicators were identified.

An electronic database with built-in security control was

# Metodologie

# Methodology

is spesifiek vir hierdie projek ontwikkel en ingespan om die data te verwerk.

Die dokument is 'n samestelling van ons bevindinge en interpretasie van die inligting wat ons van deelnemers aan hierdie projek ontvang het. Die getal deelnemers en die groot mate waartoe die onderskeie rolspelers in die bedryf deelgeneem en ook hul steun en goedkeuring aan die projek verleen het, het ons oortuig dat die resultate as verteenwoordigend en relevant beskou kan word. As betroubare sakevennoot in die landboubedryf meen ons dat landboubesighede dié prestasiemetingsprofiel met groot sukses as hulpmiddel kan inspan om ingeligte besluite te neem oor, onder meer, doeltreffende besigheidstrukturering, verbeterde kostebestuur en die verhoging van winsgewendheid.

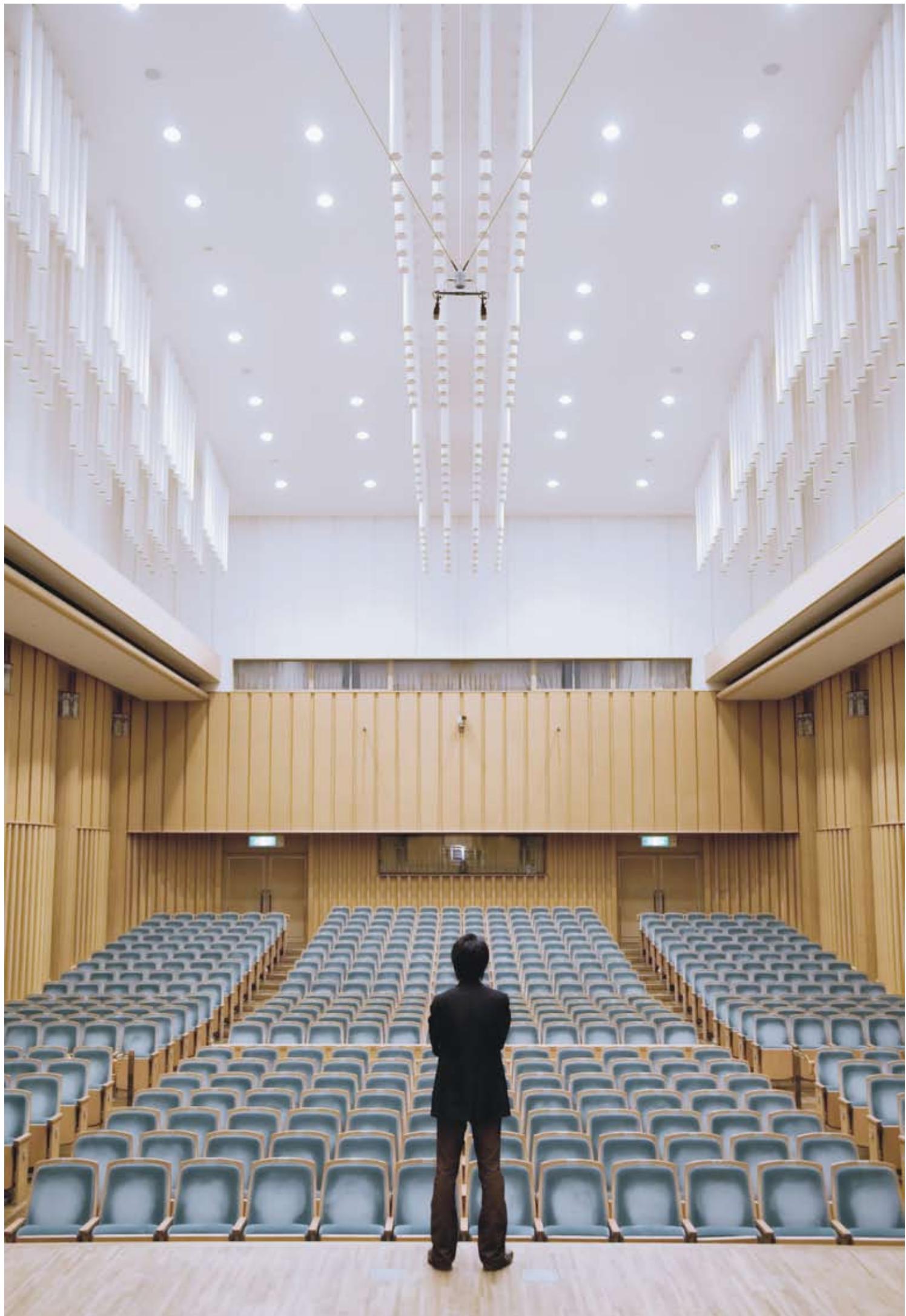
Vir nadere inligting oor die prestasiemetingsprofiel of die spesialisdienste wat ons in die landboubedryf bied, kontak:

Nasionaal en Wes-Kaap / National and Western Cape	023 346 5500
Kobie Bekker	
Barbara du Toit	
Swart Ekonomiese Bemagtiging / Black Economic Empowerment	023 346 5500
Frans van Wyk	
Bloemfontein	051 503 4100
Derek Foster	
Mafikeng	018 386 4900
Gert Odendaal	
Menlyn	012 429 0229
Kobus Minie	
Nelspruit	013 754 3300
Andries Oosthuizen	
Port Elizabeth	041 391 4400
Louis Rossouw	
Pietermaritzburg	033 343 8600
Des Fourie	
Welkom	057 916 0000
Deon Pretorius	

developed specifically for this project and used to process the data.

This document is a compilation of our findings and interpretation of the information received from participants this project. The amount of participants and the large extent to which the various roleplayers in the industry participated in and lent their support and approval to the project convinced us that the results can be regarded as representative and relevant. As reliable business partner in the agricultural industry we believe that agribusinesses can use this benchmarking profile with great success as an aid to take informed decisions about, inter alia, efficient business structuring, improved cost management and increased profitability.

For more information regarding the benchmarking profile or the specialised services we offer to the agricultural industry, please call:





PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) verskaf bedryfgefokusde audit-, belasting- en besigheidsadviesdienste aan publieke en privaat kliënte. Meer as 130 000 mense in 148 lande span hul idees, ondervinding en oplossings saam om openbare vertroue te bou en waarde te skep vir kliënte en hul belanghebbendes. Ons uitgebreide handel en belegging in ander dele van Afrika word weerspieël in die toenemende hoeveelheid van ons kliënte met belang in Afrika. Dienooreenkomsdig hierdie uitbreiding, verskuif ons ons teenwoordigheid in Afrika vanaf drie substrekke na een gekoördineerde Afrika-streek. Dit sal ons in staat stel om ons firma regoor Afrika uit te brei tot voordeel van ons kliënte en personeel.

In Suidelike Afrika gebruik ons toepaslike plaaslike kennis en ondervinding, sowel as ons ongeëwenaarde hulpbronne om aan ons kliënte se behoeftes te voldoen. Ons het 'n wesenlike teenwoordigheid in elke hoofmark, beide gevestig en ontwikkelend. Hierdie struktuur koppel plaaslike firmas met 'n diepgaande kennis van plaaslike besighede, rekeningkundige en beheervereistes, met 'n wêreldwyre netwerk wat die voordele van kennis op 'n internasionale skaal kan benut. In die lewering van hierdie dienste is ons altyd bewus van die belangrikheid van ons sosiale verantwoordelikheid teenoor die gemeenskappe waarin ons bedrywig is en ons is verbind tot die suksesvolle implementering daarvan, beide in die firma sowel as in ons handeling met kliënte.

PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused audit, tax and business advisory services to both public and private clients. More than 130 000 people in 148 countries combine their ideas, experience and solutions to build public trust and create value for clients and their stakeholders. Our extensive trade and investment in other parts of Africa are reflected in our increasing number of clients with interests in Africa. In line with this expansion, we are transforming our presence in Africa from three sub-regions to one co-ordinated African region. This will enable us to expand our firm across Africa for the benefit of both clients and personnel.

In Southern Africa we use applicable local knowledge and experience, as well as our unequalled resources, to fulfil our clients' needs. We have a material presence in every major market, both established and developing. This structure links local firms with a profound knowledge of local businesses, accounting and governance requirements with a global network that can utilise the benefits of knowledge on an international scale. In providing these services, we are always aware of the importance of our social responsibility to the communities in which we operate and we are committed to the successful implementation thereof, both in the firm and in our dealings with clients.

## Ons dienste in 'n neutedop

### **Oudit**

Ons Ouditdivisie lewer ouditdienste aan kliënte met betrekking tot hul finansiële prestasie en bedrywighede, en help hulle om hul eksterne finansiële verslagdoening te verbeter, sowel as om wetgewende vereistes soos die Kingverslag oor korporatiewe bestuur en internasionale standarde vir finansiële verslagdoening (IFRS) in plek te stel. Onder ons auditkliënte tel talle van die JSE Effektebeurs SA se top-presteerders, en ook duisende klein- en mediumgrootte-besighede. Benewens audit, bied ons ook rekeningkundige en wetgewende advies, sowel as ander verwante dienste.

### **Belasting**

Ons Belastingdivisie maak van die mees gevorderde tegnologie en gespesialiseerde kundigheid gebruik om ons kliënte te help om aan belastingverwante wetgewing en regulasies te voldoen. Ons advies dek alle aspekte van direkte en indirekte belasting, uitvoerregulasies en werknemerverwante sake in Suider-Afrika. Ons uitgebreide kantoornetwerk stel ons in staat om advies oor die strukturering van internasionale bedrywighede en beleggings te kan gee. Ons ervare span adviseurs kan die belastingglas help beheer en verminder deur vindingryke en praktiese belasting- en sake-oplossings voor te stel wat korporatiewe, internasionale en indirekte belasting en Menslike Hulpbrondienste betref.

### **Besigheidsadviesdienste**

Ons Besigheidsadviesdienste-divisie bied advies en bystand oor finansiële, analitiese en besigheidsprosesvaardighede aan maatskappye, regerings instansies en tussengangers wat die implementering van strategieë betref ten opsigte van:

- Die skep/verkryging/finansiering van besighede;
- Die integrering daarvan met die huidige bedryf;
- Verhoogde prestasie;
- Verbeterde bestuur en beheer;
- Krisishantering;
- Herstrukturering en waarde-ontsluiting; en

## Our services in a nutshell

### **Audit**

Our Audit Division provides audit services to clients relating to their financial performance and operations, and helps them improve their external financial reporting, as well as putting in place legislative requirements such as the King Report on corporate governance and international standards for financial reporting (IFRS). Among our audit clients are several of the JSE and Bond Exchange SA's top performers, as well as thousands of small and medium-sized businesses. In addition to audit we also provide accounting and legal advice, as well as other related services.

### **Tax**

Our tax division uses the most advanced technology and specialised knowledge to help our clients comply with tax-related legislation and regulations. Our advice covers all aspects of direct and indirect tax, export regulations and employee-related affairs in Southern Africa. Our extensive office network enables us to advise on the structuring of international operations and investments. Our experienced team of advisors can help control and reduce the tax burden by suggesting innovative and practical tax and business solutions regarding corporate, international and indirect tax and human resources services.

### **Business advisory services**

Our Business Advisory Services division offers advice and support regarding financial, analytical and business process skills to companies, governmental institutions and intermediaries about the implementation of strategies concerning:

- The creation/acquisition/financing of businesses;
- The integration thereof with the current industry;
- Increased performance;
- Improved management and control;
- Crisis management;
- Restructuring and value development; and

- Opgeleide kundiges wat op hul onderskeie terreine spesialiseer, bied adviesdienste wat kliënte op 'n objektiewe manier help om belanghebberwaarde te skep, vertroue te bou en met die mark te kommunikeer.

## Die strewe na sukses

Suksesvolle eienaarbestuurde besighede is van deurslaggewende belang vir 'n sterk ekonomie én landwye werkskepping. Die sake-omgewing in die ontluikende en groeiende sakesekture bied talyke uitdagende geleenthede. Om toekomstige sukses te verseker, verg dikwels komplekse besluite – soos dat u u sake-adviseurs sorgvuldig moet kies. U gekose adviseur sal u sterk punte help ontwikkel en steun verleen op daardie terreine waar u nog min ervaring het of net eenvoudig nie die tyd om betrokke te raak kan bekostig nie. Dit is hier waar ons kan saamwerk om u sukses te verseker.

## Hoe kan ons help?

Wanneer u onderneming uitbrei en groei, kom dit voor interne veranderings te staan. Aanvanklike groei ontstaan tipies in 'n kreatiewe fase, maar gewoonlik kom daar 'n tyd waar groter behoefte aan 'n stewiger koers ontstaan. Die onderneming verg dan meer formele strukturering, bestuursinligting en kommunikasie met werknekmers. Hierna volg 'n fase waarin u weer toenemend moet deleer en die uitdagings begin gewoonlik dan.

Ons weet voor watter probleme, dikwels baie voorspelbaar, u in die onderskeie fases van besighedegroei te staan kom. En ons kan u help. Ons koester u sukses en sal ons beduidende sake-ondervinding inspan om te help om op 'n praktiese, skeppende wyse groei en winsgewendheid te behaal.

## Die fokus is op u behoeftes

Ons filosofie is om 'n persoonlike, voortgesette verhouding met u te ontwikkel en 'n diepgaande kennis van u onderneming en sy vereistes te verkry. Ons het sake-diensgroep, spanne veelsydige kundiges wat die uitdagings van ontluikende en groeiende besighede begryp, wat op 'n deurlopende grondslag finansiële en rekeningkundige dienste kan verskaf totdat u onderneming sodanig gegroeи het dat u kan bekostig om voltydse finansiële bestuurders aan te stel.

- Trained specialists in their respective areas offer advisory services that help clients in an objective way to create stakeholder value, build trust and communicate with the market.

## Aiming for success

Successful owner-managed businesses are of vital importance for a strong economy as well as the national creation of employment opportunities. The business environment in the budding and growing business sectors offers numerous challenging opportunities. Ensuring future success often requires complex decisions – such as choosing your business advisors carefully. Your chosen advisor will help develop your strong points and give support in those areas where you still have little experience or simply cannot afford the time to become involved. It is here that we can cooperate to ensure your success.

## How can we help?

When your undertaking expands and grows, it is faced with internal changes. Initial growth typically originates in a creative phase, but usually a time comes when a greater need for a firmer growth rate arises. The undertaking then requires more formal structuring, management information and communication with employees. This is followed by a phase when you need to delegate increasingly, and usually this is where the challenges begin.

We know which problems, often very predictable, you are faced with in the various phases of business growth. And we can help you. We cherish your success and will exert our significant business experience to help you achieve growth and profitability in a practical, creative way.

## The focus is on your needs

Our philosophy is to develop a personal, continued relationship with you and to obtain a profound knowledge of your undertaking and its requirements. We have business service groups, teams of versatile experts who are familiar with the challenges of budding and growing businesses, who can render financial and accounting services on a continuous basis until your undertaking has grown sufficiently to enable you to afford full-time financial managers.

Ons grootte stel ons nie net in staat om 'n wye spektrum van dienste te bied nie, maar maak dat ons bekostigbare advies van gehalte kan bied tot die unieke uitdagings waarvoor u te staan kom, sodat u onderneming kan groei.

## Ons verbintenis met die landboubedryf is oor baie jare opgebou

PricewaterhouseCoopers se verbintenis en betrokkenheid in die landboubedryf strek oor baie jare. Ons grondige kennis van die industrie, ons kundigheid in die verskaffing van Swart Ekonomiese Bemagtigingsdienste (SEB-dienste) en ons ongeëwenaarde teenwoordigheid in Suid-Afrika, beteken ons is uitstekend geplaas om alle belanghebbendes in die landbousektor by te staan.

As die grootste verskaffer van 'n wye reeks finansiële en verwante dienste, het ons 'n toegewyde Landboubesigheid-Bedryfsgroep wat fokus op die verskaffing van gespesialiseerde dienste aan die landbousektor. Binne die industriegroep word 'n kundigheidsdatabasis oor die verskillende vertakkinge van landbou bygehou. Sodoende word verseker dat ongeag welke kantoor of verteenwoordiger van die firma u ook al bedien, hulle toegang het tot die nodige bedryfskundigheid en/of bedryfspesialiste.

## Die dienste wat deur ons Landboubesigheid-Bedryfsgroep gebied word, sluit in:

- *Rekenmeestersdienste* (rekeningkundige dienste, interne audit en oudit);
- *Bestuursbeheer* (stelsel- en interne kontroles);
- *Entrepeneursadvies* (finansiële-, belasting-, sekretariële en sakeadvies);
- *Belasting* (korporatief, individueel, internasionaal, doeane en BTW);
- *Rekenaardienste* (opleiding, konsultasie, ondersteuning en installering van rekeningkundige sagteware);
- *Transaksie-ondersteuning* (strukturering, kontrakte, lewensvatbaarheid en omsigtigheidsondersoeke);
- *Forensiese ondersoeke en regsondersteuning*;
- *Boedel en finansiële dienste* (aftree-, boedel- en beleggingsadvies, personeelvergoedingspakette, boedel- en trustadministrasie);

Our size enables us to offer not only a wide spectrum of services, but also affordable, quality advice on the unique challenges which you are faced with, in order that your undertaking may grow from strength to strength.

## Our alliance with the agricultural industry was built over many years

PricewaterhouseCoopers's alliance and involvement with the agricultural industry extends over many years. Our thorough knowledge of the industry, our expertise in rendering Black Economic Empowerment services (BEE services) and our unequalled presence in South Africa mean that we are excellently positioned to assist all stakeholders in the agricultural sector.

As the largest supplier of a wide range of financial and related services, we have a committed Agricultural Business Industry Group that focuses on rendering specialised services to the agricultural sector. Within the industry group an expertise database is maintained on the various branches of agriculture. In so doing it is ensured that, regardless of which office or representative of the firm is serving you, they have access to the necessary industry knowledge and/or industry specialists.

## The services rendered by our Agricultural Business Industry Group include:

- *Accounting services* (accounting, internal audit and audit);
- *Management control* (system and internal controls);
- *Entrepreneurial advice* (financial, tax, secretarial and business advice);
- *Tax* (corporate, individual, international, customs and VAT);
- *Computer services* (training, consultation, support and installation of accounting software);
- *Transaction support* (structuring, contracts, viability and due diligence investigations);
- *Forensic investigations and legal support*;
- *Estate and financial services* (retirement, estate and investment advice, personnel remuneration packages, estate and trust administration);

- *Menslike hulpbronne* (beleid, ooreenkomste, arbeidshof, arbitrasie, opleiding en konsultasie);
- *Sekretariële dienste* (rekords, opgawes en registers) en
- *Swart Ekonomiese Bemagtiging* (analise, implementering, nakoming).
- *Human resources* (policy, agreements, labour court, arbitration, training and consultation);
- *Secretarial services* (records, returns and registers); and
- *Black Economic Empowerment* (analysis, implementation, compliance).

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