Good morning Ladies and Gentlemen

It is my privilege to welcome you to the Open Session of the Seventy Seventh Annual General Meeting of the South African Chamber of Baking. In particular I welcome the Honorary Life Members of the Chamber (Peter Cownie and Philip Coetzer), the Executive Director of the National Chamber of Milling (Boikanyo Mokgatle) and John McConnell, and the General Manager of the South African Grain Information Service (Nico Hawkins). The Chamber values its relationships with your organisations and we are very happy that you can join us today. Two notable absentees are Mariana Purnell of the Grain Silo Industry (Agbiz) and Wiana Louw (SAGL), both of whom are travelling and presenting papers at international congresses. A special word of welcome goes out to the administrator of the Winter Cereal Trust, Ishmael Tshiame as well as former administrator, Awie Coetzee, as well as to Lillibeth Moolman of SANCU, a legendary industry friend who serves the wheat industry on a number of forums including the Winter Cereal Trust and Wheat Forum.

A warm welcome is extended to our “non-member” guests, some of whom will be addressing us later in this Open Session. All three speakers enjoy close links with our industry so I will take this opportunity to welcome them by name only as they will be more comprehensively introduced later. Francina Makhoane from CGCSA-FSI, who is accompanied by her colleague, Yolande van der Spuy who needs little introduction, Lynn Moeng from DoH, accompanied by another industry friend, Maude de Hoop, and Valerie Flanagan from the ILO. Ladies, thank you for being here with us today and for the value and style you will be adding to our 77th AGM. *(I note that transformation is alive and well at the Chamber as this must be the first time in the Chamber’s history that all guest speakers are female!)*

This morning we had the Closed Session of our Annual General Meeting where we dealt with domestic issues, legislative and constitutional matters, the appointment of auditors, approval of Financial Statements and the election of office bearers and representatives on various external organisations. I am pleased to report that the Chamber again received a clean audit report. During the Closed Session the chairpersons of the Chamber’s two standing committees, namely the Technical and Training Committees, delivered their reports.

I wish to refer to some further developments in the industry and its environment that I reported on in my President’s report a year ago.

**Sodium Reduction in Bread**

You will recall that in March 2013 the Minister of Health signed an amendment to the Foodstuffs, Cosmetics and Disinfectants Act of 1972. The first implementation date of 30 June 2016 is fast becoming a reality. It is clear that many bakers are taking this legislation seriously if one reads the salt or sodium content contents printed on bread bags. Some bakers are close to the first target of 400mg per 100 grams of foodstuff and are to be commended on their
efforts. It would seem that the late Madiba was correct when he said that “Many things appear impossible until they get done.” Many of you may have noticed the media campaign creating awareness of the need to control salt intake. These were initiated by Salt Watch, an organisation on which the Chamber is represented. However more consumer awareness and education is going to be needed. Studies undertaken by Newson revealed that close to 80% of the population believe their salt intake is satisfactory with only 10% aware of the recommended intake of 5 grams per day.

The Chamber remains confident that its members will comply with the salt legislation. However we are very concerned that many independent, non-Chamber members may not comply. Monitoring and enforcing this legislation is going to be a mammoth task and we express the hope that the authorities will be applying their minds (and funds) in that direction. The SA Chamber of Baking through its Technical Committee commits itself to co-operating with the authorities to ensure compliance.

Training and Examinations
We are rather proud to announce that in 2014 the Chamber for the first time offered a second examination, namely “The Certificate in the Basics of Breadmaking”, in addition to the established “Certificate in the Theory of Breadmaking”. Examinations were written in September 2014 at 8 centres around the country, and satisfactory pass rates of 54,4% for the Certificate in the Theory of Breadmaking and 62,5% for the new “Certificate in the Basics of Breadmaking” were achieved. I wish to thank those organisations who made their facilities available for the examinations and providing invigilators, refreshments, etc.

Earlier today we also officially launched the new learning guide for the “Certificate in the Basics of Breadmaking”. To get to this stage took a huge effort by members of the Training Committee. Each member of the committee is to be commended on his or her dedication and commitment to making this course a reality. (I am tempted to again quote Madiba!) This is a major step forward in baking training in South Africa and we encourage our members to take advantage of the training material and examinations offered by the Chamber.

Legislative Issues
Three matters require attention under this heading.

Firstly nothing further has been heard of the very controversial draft Marketing of Agricultural Products Amendment Bill. Since the publishing of the Bill and subsequent suspension of public hearings DAFF has had a change of Minister and Director General. We remain confident that the Minister will take note of industry’s serious concerns about the content of this Bill and that more engagement will take place should the Bill still be on the department’s agenda. It would be a sad day if the Bill were to be published in its present form and this would send out strong signals of State intervention in the free market systems that currently exist.
Secondly, in November 2014 DAFF published a notice proposing changes to the wheat grading regulations. The proposed changes to wheat grades have serious consequences for the miller and baker. The industry reacted with vigour and following an industry-wide workshop where working groups under the auspices of the Winter Cereal Trust’s Research Technical Committee were established to evaluate the recommendations. Fortunately DAFF has realised the seriousness of the proposed changes and has given the wheat industry time to come forward with its proposals. Through the working groups many of the contentious matters have been resolved including some grading regulations and wheat cultivar release criteria. However there are a few matters still requiring industry consensus. Some of the proposals will require legal advice and Competition Commission clearance. The Chamber is concerned that some of the changes could have a negative effect on the wheat industry which is considered to be an “industry in distress”. For the first time in recent history in 2014 South Africa become a net importer of wheat, importing more wheat than was produced. Clearly, whatever changes are made to the regulations must encourage wheat production in South Africa.

Although many countries are net importers of wheat, very few have become dependent on imports to produce the second biggest staple food consumed in the country. This can lead to an increase in food insecurity in a country where almost 1 in 5 people are food insecure. Recently BFAP presented a draft report to the Wheat Forum which revealed some rather shocking trends. Some of the trends from this study will be shared at tomorrow’s workshop. It is scary to think that South Africa may import over 18 million tons of wheat in the next ten years at a cost of R67 billion. Millers and bakers in South Africa will have to get used to working with imported wheat as by 2024 we’ll be importing in excess of 2 million tons of wheat a year. Surely this situation has to be turned around somehow?

The price of imported wheat has declined in recent months resulting an import tariff of R496 per ton being implemented from February 2015 to protect local wheat producers. This tariff, which was opposed by the Chamber and NCM during application hearings at ITAC late in 2012, will find its way into the price of bread.

Thirdly, in November 2014, Government Gazette No. R 884 “Establishment of a Statutory Measure – Records and Returns in respect of Maize Products and Wheaten Products” which has implications for the baking industry as a key participant in the wheat industry. This legislation is welcomed as it will lead to the provision of more reliable information and statistics which are needed by all industry stakeholders. All bakeries in South Africa will be required to register with the South African Grain Information Service (SAGIS) and furnish SAGIS with certain basic information each month. To get all bakeries registered is a mammoth task and we appeal to our members to register with SAGIS as soon as possible. I wish to assure SAGIS of the Chamber’s full support in its endeavours.

Department of Health – Food Fortification
You are all no doubt aware that the Department of Health has proposed changes to the fortification of wheaten flour and maize meal. It was agreed that to minimise the risk of
consumer rejection of products fortified according to the new fortificant mix, that sensory
evaluation would be undertaken. This will be done jointly by the University of Pretoria,
Tshwane University of Technology and SAGL, and should be concluded during the course of
the first half of this year. Funding of close on R3 million has been provisionally approved by
the Winter Cereal Trust. Ladies and gentlemen, this is an important point to note. The sensory
evaluation exercise is costly but needs to be done to ensure that bakers do not lose business
as a result of consumer rejection of their bread and I wish to express appreciation to the
Winter Cereal Trust for their financial support.

**Membership and Activities**
The Chamber’s membership continues to grow steadily and we welcome new members who
joined in 2014. We are particularly pleased to welcome back Blue Ribbon Bakeries. Blue
Ribbon over any years contributed significantly to the growth and development of the baking
industry in South Africa through its membership of the Chamber. We look forward to your
participation in industry matters in due course.

The Chamber continues to perform the important role of industry mouthpiece and
represents the baking industry on more than 20 external organisations to the benefit of the
industry and Chamber members. In dealings with government and other national
organisations it has become abundantly clear that the authorities wish only to deal with
industry associations. The SA Chamber of Baking, as the official association representing the
baking industry in our country, is totally committed to serving the best interests of the entire
baking industry in all its interactions and relationships with these organisations. It remains a
concern that certain non-Chamber members benefit from the work done by the Chamber
and its standing committees and we encourage these non-member companies to join the
Chamber and become involved in the work of the Chamber to the benefit of the entire
industry.

The Chamber was an innocent victim caught in the crossfire of the Competition Commission
investigation more than five years ago. We believe that the industry has moved on and
matured and can now put that period behind it. The Chamber encourages ethical business
practices and will not tolerate or allow any anti-competitive behaviour.

Today we have released the “Value Proposition” of the SA Chamber of Baking. The “Value
Proposition” is intended to inform members and interested parties about what the Chamber
actually does and what you get for your membership subscriptions. It is a living document
which will be updated as the Chamber expands its activities and service offering.

Tomorrow the Chamber will be co-hosting a workshop entitled “How to make friends with
you miller” at this very venue. Registrations have been excellent and have exceeded our
expectations. This workshop will also take place at Stellenbosch on 23 April 2015, so I urge
those who missed the cut for the Gauteng workshop to register soon.
At last year’s AGM the Chamber undertook to investigate the possibility of approaching SANRAL in an attempt to minimise the negative impact of e-Tolls on the baking industry. The Executive Director met with the CEO of SANRAL in July 2014. There are mechanisms by which application can be made for relief. However these are very complex and would require significant legal expense. After considering the costs and the fact that e-Tolls may still be reviewed your Management Committee decided not to pursue this matter further until there is more clarity and certainty in respect of e-Tolls.

The Chamber has been active in the affairs of the Consumer Goods Council SA-FSI during the past year. In particular two areas, namely healthy food options and advertising to children have received attention. (I will not elaborate as Francina Makhoane will cover much of what is happening in this space in her presentation later.)

Twice in 2014 the Chamber was involved in grain industry “Bosberaads”. One of the major concerns is the gap that has arisen between industry and government. Industry has decided on a number of medium- and long-term actions to remedy this situation and close these gaps. Your Chamber has always been proactive towards government and we believe that we enjoy fairly healthy relationships with DoH, DAFF and others.

Stats SA statistics show that bread prices for 700 gram loaves increased by approximately 8% year-on-year, whilst surprisingly 600 gram loaves declined by around 2% in the 12 months from January 2014 to January 2015. Doubt has been expressed as to the reliability of these statistics and the Chamber will be meeting with Stats SA to get a better understanding of their systems and measuring.

Appreciation
I wish to express appreciation to the members of the Chamber for their support. In particular thanks is extended to those members who release their personnel to do valuable and important work on behalf of the Chamber and baking industry. The Chamber is only as good as the people serving on its various committees. In the past year much has been achieved by the Chamber, thanks in the main to a group of people dedicated to the success of the baking industry. In this group I include the small, but committed personnel team at the Chamber’s office and thank them for their diligence and loyalty. Before leaving this point I wish to encourage members to make their personnel available to participate in Chamber activities. It will certainly contribute to their development and will ease the almost unfair burden carried by some very loyal Chamber members and their employees.

The Chamber has for many years shared office facilities with the Winter Cereal Trust. In August the WCT will be relocating to the new Agri-Hub building off Lynnwood Road in The Willows. We will miss you and wish you well in your new environment and thank you for being such a great “co-tenant”.

I also extend my personal and sincere appreciation to the members of the Management Committee for their support in 2014. I look forward to working with you again in the coming
year. (I am grateful for the confidence that you have placed in me by nominating me to serve for another term as President. This will be my last term as the Constitution does not allow one to serve for more than three consecutive terms. Please be assured of my commitment to the success of the Chamber and the baking industry.)

**Annual General Meeting 2016**
We have not decided on the venue and date for the 2016 AGM as we would like feedback and suggestions from our members. The Constitution requires that we hold our AGM within 90 days of the financial year end. Please let us have any suggestions and recommendations which will be considered by Management Committee at its next meeting in July 2015.

Thank you.

**LORRAINE BEZUIDENHOUT**
President