

PRESIDENTIAL ADDRESS

J P KEARNEY, Managing Director, Phosphate Development Corporation Ltd and Amcor Ltd

Geagte meneer die Voorsitter, eregaste en lede van die Misstofvereniging, dit is vir my besonder aangenaam om as eerste president van ons vereniging hierdie elfde Algemene Jaarvergadering te mag toespreek.

Telkens wanneer ek in Kaapstad kom, kan ek nie anders nie as om keer op keer onder die indruk te kom van die vêrsiendheid van die klein groepie landbouers wat as vryburgers begin het om hierdie pragtige land van ons te bewerk. Min het hulle seker kon besef dat ons later sou vind dat slegs sowat 15 persent van ons totale beskikbare grondoppervlakte geskik is vir intensiewe landbou. Van die totale gebied van 122 miljoen hektaar is daar egter 102 miljoen hektaar beskikbaar vir boerdery. Slegs 28 miljoen hektaar hiervan word bewerk, terwyl die res weiveld is, en slegs 3.5 miljoen hektaar as goei landbougrond beskou kan word en daarvan is op die oomblik slegs 2.25 miljoen hektaar onder besproeiing, d.w.s. minder as vyf persent van die beskikbare grond.

Wanneer hierdie syfers in gedagte gehou word, het ons rede om trots te wees op die bydrae van die landbou tot ons nasionale ekonomiese.

Although agriculture's contribution to the gross domestic product consists of only approximately 11 per cent, its actual contribution to the gross domestic product has more than doubled in the period from just after the Second World War from R300 million p.a. to over R800 million p.a.

It would be wrong, however, to gauge the importance of agriculture by its contribution to the domestic product. Agriculture still is the main employer of labour among the various economic sectors whilst it also supports a very large section of the secondary industry.

Mining and agriculture are the two most important earners of foreign exchange on which the expansion of secondary industry is primarily dependent.

As members of our Fertilizer Society and as representatives of an industry that is so closely linked with the soil and agriculture, we have to carry a tremendous responsibility not only as far as agriculture is concerned, but also towards the economy and the future well-being of our nation.

As President of our Society I therefore would like to take stock of our present position so that we may see where we stand and be able to decide how we are going to meet the challenges that lie ahead of us in the future.

Met die wete dat afsydige ontwikkeling van die nywerheid, sonder tredhoudende ontwikkeling in die landbou met die gebruik van sy produkte, die nywerheid op die lange duur geen goed kan doen nie, het die lede van die nywerheid in 1959 die Misstofvereniging van Suid-Afrika gestig. Die hoofdoel was om die ekonomiese gebruik van misstowwe aan te moedig en te ontwikkel om sodende die vrugbaarheid van die grond op te bou sodat beter oeste moontlik gemaak sal word, wat dan ook die welvaart van die landbou in die algemeen sou bevorder.

Die lede van die Vereniging is dus diep onder die besef dat hulle eie toekomstige welvaart nou saamhang met dié van die boer en dat hulle dieselfde doel moet dien omdat hulle eie welvaart geheel en al daarvan afhang.

The industry has, in the past five years, made tremendous strides as a result of research. On several occasions in the past various speakers have stressed the necessity for research and I feel that the industry has given co-operation

in this field with the result that we are moving fast in the steps of highly developed overseas countries where fertilizers are being marketed in a more and more concentrated form. This has resulted in a product in which the available plantfood per quantity of fertilizer is much higher and the stage has been reached in our country where consideration is now given to adapting prices according to the available plantfood and not only to tonnage as in the past.

More and more money will, however, have to be spent on research and the fertilizer industry will have to make more money available for applied research in particular. I feel that the time has come for industry to find a method whereby efforts could be combined to invoke the aid of our Universities and Government Research Departments in tackling our particular problems. Could we perhaps think on the lines of a special research fund under the auspices of the Society? The industry and the agricultural sector are completely interdependent, and it is our function to devise ways and means to benefit the agricultural sector by means of combined research. This would be in the interests of all concerned and would in no way interfere with the production and marketing methods of our members which is not the function of our Society to prescribe or dictate.

On reading through the report of our chairman and after considering our activities, it is my contention that this Society in its dealings with the Government and Government Departments, Organised Agriculture and Industry, has succeeded commendably in its objects.

It is a pity, however, that one sometimes hears responsible people, when speaking on the cost structure of the agricultural sector, mention fertilizer as one of the rising cost factors. This is not correct.

The manufacturing cost index for all industries showed an increase of 11.1 per cent during the period 1961-66, while the gross selling price per ton of plantfood came down from R251 to R242 in the same period (from R277 to R267 per tonne). This is equivalent to a decrease in the gross selling price of four per cent in the face of an increase of 11 per cent in the manufacturing cost index. A graph illustrating the price index for fertilizer compared with other commodities shows that if 1958 prices were taken as 100, the wholesale price for all commodities moved up to 120 in 1969 while the index for fertilizers came down to 90 in the same period.

Our country will become more and more dependent on the development of secondary industry especially when we consider that after 1975 the contribution from our gold mining industry will have reached its optimum. If prices for agricultural products are increased, inflationary trends are created with a resulting higher cost of living, which in turn has a negative influence on our export markets where, in some sectors, we already find it difficult to compete. It is therefore in the interest of our whole economy that the relative competitive position of our export products be maintained by ensuring that agricultural products remain relatively as cheap as possible. It is the duty of our industry, which is wholly inter-dependent on agriculture, to ensure that production costs of our industry and therefore of agriculture, be kept as low as possible.

It is estimated that South African farmers consume approximately 2 million tons (1.8 million tonnes) of fertilizer at a value of R85 million p.a. The Department of Agriculture contends that only one third of the fertilizer necessary to maintain soil productivity is currently being used. To meet

the demand for food in the Republic by the year 2 000, however, agriculture will have to use 12 million tons (10.9 million tonnes) of fertilizer annually, ie six times the present consumption.

You can well imagine what this will mean in terms of capital investment and planning in the next twenty years. The industry will have to overcome tremendous obstacles in production and handling, transport and distribution, whilst the agricultural users will have to develop a somewhat more enlightened attitude towards the optimum use of fertilizer.

Dit is duidelik dat daar steeds meer gerasionaliseer sal moet word, beide deur die nywerheid en die bemarkingskanale. Daar sal gepoog moet word om tonnemate te verminder en konsentrasies te verhoog ten einde hanteringskoste te verlaag. Die tyd het reeds aangebreek dat ons nou moet beplan vir die langtermyn ontwikkeling van die bedryf en die boerdery. Dié benadering behoort oor 'n langtermyn gesien te word en die nywerheid sal sy beplanning moet inrig om nie alleen winste op kort termyn te toon nie, maar om oor 'n lang termyn voldoende rente op kapitaal te verdien.

Ek het alreeds gesê dat ons Vereniging besonder goed in sy taak geslaag het. Vergun my egter om daarop te wys

dat hoewel die nywerheid tot verlede jaar reeds sowat R165 miljoen in die produksie van misstowwe belê het, hierdie belegging waarskynlik in die volgende vyftien jaar meer as verdubbel sal moet word, d.w.s tot meer as R300 miljoen. Ten einde hierdie belegging op langtermyn te regverdig het ons Vereniging 'n geweldige taak om die verskillende kommunikasiemiddelle daar te stel en sy rol sal een moet wees van koördinasie van beplanning. Die grootste probleme van lede sal doeltreffende voorligting, verspreiding en bemarking wees en die onderneming kan nie slaag nie tensy daar die grootste mate van samewerking bestaan tussen die nywerheid, die Staat, en dan veral georganiseerde Landbou, en die kunsmisverbruiker.

Laat dit dan ons taak wees om hierdie jaar, waarin die droogte weereens die landbou en sy plek in ons ekonomiese onder die andag gebring het, voort te gaan om die daadwerklike samewerking tussen al die belanghebbende instansies te verkry om 'n gevoldlike stabilitet te verkry in die boerderybedryf wat reeds so riskant is as gevolg van die wisselende klimaatstoestande. Landbou maak op ons Vereniging staat en ons gaan hulle steeds beter dien.

Let us then continue to improve communications between ourselves, the Government and Agriculture, and thus reap the benefit of wholehearted co-operation.