
Comments on Prof. Kassier's paper by:

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It is common knowledge that South Africa is on the threshold of a new democratic dispensation where aspects such as the broadening of minority rights, the relevant importance of these rights versus public interest and consumer rights, the promotion of equal opportunities and accessibility as well as equity to all, have become but some of the key phrases in the current political arena.

In a new environment such as this, where does the wheat industry stand?

Is the industry's structures with its origin in the thirties, still relevant?

Measured against the requirements of a new dispensation and seen against the background of the findings in the Kassier report, which echo these requirements to a large extent, it is evident that, as with changes in the past, the wheat industry must again do the necessary self-examination and critical review of its marketing policy.

The picture is, however, not as gloomy as some would have it. As I understand Prof Kassier, his plea is not directed at the dismantling of the marketing act (or boards for that matter), nor is he opposed to the single-channel marketing for wheat as such. The statutory nature of the entire system is his main concern, in other words the disregard of freedom of choice which statutory control implies, according to him.

It is against this background that the wheat industry must evaluate itself and decide how it can fit in with the new way of thinking.

SINGLE-CHANNEL MARKETING

The desirability or not of the single-channel marketing system was one of the major issues

debated by the Kassier committee.

Although both the Winter Grain Producers Organisation (WPO) and Chambers of Milling and Baking have endorsed the single-channel marketing system as the most desirable system for the short term, they duly took cognisance of the fact that some changes need to be effected in this area, which usually is the target of most of the criticisms levelled at the grain boards.

The opportunity should exist for producers who do not wish to market through the Wheat Board to be able to sell to buyers directly. This alternative avenue of marketing had in fact been explored by the Board before, but was not put into practice mainly, because of a lack of interest from buyers. It will, however, have to be seriously reconsidered even though interest may seem to be limited.

Having said this we must also bear in mind that there is an existing system with the necessary infrastructure which have been established to serve the industry as a whole. The outstanding debt on grain silos alone amounts to more than R500 million which is to be paid by someone whether the marketing system is changed or not. At this stage it is not possible to create cheaper facilities and any duplication is going to increase the cost to the industry. We therefore do not foresee that the statutory powers of the Board can be abandoned with before factors like this as well as deregulation on inputs are addressed. I do not think this viewpoint differs from what is said in the Kassier report.

Die Kassierkomitee meet landboubemarking aan sekere kriteria en kom tot die gevolgtrekking dat bemarking onder die bemarkingswet misluk het. Die tyd laat ook nie vandag toe dat na die koringbedryf in detail gekyk word in

hierdie verband nie maar ons is wel trots op wat in ons bedryf onder die bemarkingswet tot stand gebring is. Dit mag wees dat die aantal produsente in koringverbouing verminder het in hierdie tyd maar terselfdertyd is hektare grond onder koringverbouing uitgebrei van 943 000 hektaar na 1 433 000 hektaar vanaf 1935 na 1992. Ons aanvaar dat die ekonomie van skaal op landbou seker net so toepaslik is as in ander bedrywe en dat dit dus nie net oor getalle gaan nie. Terselfdertyd kan genoem word dat koringverbouing wat normaalweg in winterreënvalstreke plaasvind in Suid-Afrika se somerreëengebiede tot so 'n mate ontwikkel is dat dit die hoof produserende gebied geword het. Opbrengs per hektaar het ook toegeneem. Produsente kan sekerlik daarop aanspraak maak dat hulle eie bydraes deur statutêre heffings vir navorsing tot 'n groot mate bygedra het tot die ontwikkeling van koring kultivars wat hierdie prestasie moontlik gemaak het.

Sover dit markgerigtheid aangaan moet dit juis gestel word dat koringproduksie aangemoedig en uitgebrei is totdat selfversorgendheid in 1987 bereik is en dat produsente toe reeds besef het dat uitvoere op 'n internasionale mark wat swaar gesubsidieer word nie haalbaar is deur 'n land waar die Staat subsidies uitfaseer nie. Dit is aanvaar dat voedselselfversorgendheid teen elke prys nie haalbaar is nie. Binne 'n stelsel waar produsente self verantwoordelikheid aanvaar vir surplusverwydering is bewys dat statutêre pryse wel markgerig toegepas kan word sodat produksie met inagneming van uiterste klimaatsituasies, ook weer afgeskaal kan word. Volgens die Kassier-komitee se kriteria dui dit op mislukking waarmee ons uit die aard van die saak verskil.

Die stelling dat kompetisie nie bestaan nie is ook 'n oorvereenvoudiging aangesien in die mark tussen styselprodukte (dit is koring, mielies, rys en aartappels) die kompetisie heftig is.

Sover dit bankrotskappe aangaan is die bemarkingswet nie 'n instrument waarmee aangeleenthede soos die Staat se rentekoersbeleid, beskerming van nywerhede wat insette tot landbou maak, inflasie, weersomstandighede, ensovoorts mee beheer kan word nie.

Daar is studies wat toon dat meer as 40 per sent van die landbouskuld toegeskryf kan word aan die gevolge van die verandering in die Staat se beleid ten opsigte van rentekoerse gedurende die '80s en moet die vraag gevra word of 'n ander bemarkingstelsel beter sou presteer.

STATUTORY POWERS

According to Prof Kassier's view it is not necessary to enforce the one-channel system if all the producers were unanimously in favour of it. On the other hand one must have appreciation for the fact that it is also human for producers to act opportunistic against the system in their own interest and make use of so called opportunities which would not have existed if the one-channel scheme did not exist. Producers and buyers are in agreement that statutory powers are essential for the functioning of the Wheat Board in the short term.

Met verwysing na die "free rider"-beginsel het produsente hulle reeds sterk hierteen uitgespreek en dit ook duidelik gestel dat sou so 'n stelsel afgeforseer word daar ook besin sal moet word of hierdie persoon toegang moet hê tot bates wat gemeenskaplik geskep word byvoorbeeld nuwe kultivars wat ontwikkel word, infrastrukture soos silo's, agente funksies soos droging van graan wat verrig word, markinligting, finansieringsinfrastrukture, ensovoorts.

Daar word ook verwys na bestaansboere maar die geskiedenis het reeds bewys dat dit nie lewensvatbaar in die koringbedryf is nie. Die bemarkingstelsel diskrimineer egter nie teen klein boere, beginnerboere of selfs velkleur nie en die Raad se agente is verplig om koring te ontvang in enige hoeveelheid van elke persoon wat lewer onderworpe aan gradering onder die bestaande stelsel wat wel erkenning gee aan kwaliteit.

IMPORTS

The WPO as well as the chambers are in agreement that the State should relinquish its involvement as far as wheat imports are concerned. They are further of the opinion that quantitative import control should be seen as

the only viable measure of import control for a product that are predominantly in short supply as far as local production is concerned and where the payment of subsidies by exporting countries are common practice. These measures will ensure that any profits generated by the importation of wheat will remain available for the industry as a whole and will not disappear into the central budget as a matter of course, as will be the case under a system of tariff control.

Die Raad plaas homself wel om onder 'n stelsel van tarifiering te funksioneer maar kan geen rede sien waarom dit afgeforseer moet word alvorens die AOTH op landbou van toepassing gemaak word nie. Die koringbedryf in Suid-Afrika sien tans geen voordele hierin nie en is nie bereid om met 'n stapelvoedsel as proefkonyn te dien nie. Die gevolge van tarifiering vir bedrywe soos katoen en oliesade is wel

bekend. Tot tyd en wyl die Raad op Tariewe en Handel effektiewe teenstortingsmaatreëls in plek het en 'n effektiewe metodiek het om tariewe te bepaal en aan te pas (dit is mos maar ook 'n statutêre prysbepaling), asook verskeie ander antwoorde op probleme kan verskaf wat reeds gestel is, sal die koringbedryf hom moeilik met tarifiering kan vereenselwig.

CONCLUSION

To conclude I can state that although some of the viewpoints expressed here might seem rigid, our policies are flexible enough to accommodate the future changes. Where agriculture has lost its political lobby over time the new dispensation with about 12 million people (voters) still living outside the cities, with close ties to agriculture, may just restore the balance.