



NEWSLETTER NUUSBRIEF

DEAR VALUED SUPPLIER

Our duty to keep you informed!

SAMAC had a Roadshow last month showcasing their achievements and presenting their motivation for legislating Global GAP or some derivative. It is clear that the SAMAC staff, board members and executives have put in a lot of work and have travelled to all regions and we know their intentions are for the good of the industry. They are busy people so their effort is appreciated and lauded.

This information letter is for those farmers that were not able to attend the meetings but who could be affected by the decisions proposed.

It was communicated that under the new minimum NIS standards and potential future kernel standards, the Perishable Products Export Control Board (PPECB) will only allow growers with some form of GAP accreditation to export their macadamias. It was also speculated that this could deliver a price premium to SA's macadamia farmers, and when market conditions get tougher South African macadamias will be the supplier country of choice.

GFNC has communicated with our customers around the world and there is simply no need for farmers to hold a GAP accreditation certificate at this time.

Communication to growers include a number of pieces of information that are open to misconception include:

- Processors and handlers are generally in favour of implementing a GAP requirement. This is incorrect. Most processors are against this requirement.
- GAP could deliver a price premium to SA macadamia growers. This is a complete assumption with no interaction with the processors and with zero market research. Homework needs to be done first before making any rash promises. It is not a market requirement in the nut industry in which the larger volume of nuts set the standard requirements. Based on our years of experience we can confidently say that there will

be no price premium for growers should a GAP requirement be implemented. Australia have already tried to implement something similar some years back and despite having a much larger promotional budget, the initiative failed.

- Despite SAMAC's perspective it is not a legal requirement in the implementation of minimum standards. Golden Macadamias obtained legal advice from a legal specialist on the matter (feel free to ask for a copy).

Each and every farmer needs to decide on this matter for themselves, however, it's important that you are given all perspectives on the matter to make an informed judgement. Green Farms Nut Company's opinion is that implementing GAP is not a wise decision. This is based on the 6 main disadvantages:

1. The cost will be significant. Based on a guess of 800 macadamia farmers (growing rapidly) and an annual audit fee of R10 000, this amounts to an annual cost to our industry of R8 million. This does not take into account additional management time and consultancy fees. This is a similar amount to what SAMAC is currently collecting in levies. Surely this money could be better spent on research or combatting theft rather than on auditors?
2. It opens up the industry for more involvement from government who, with the best intentions, are not adequately informed of the challenges facing our industry. Are we going to get more and more embroiled in the clutches of PPECB and other government bodies? Let's rather not find out.
3. Practicality of administering and policing GAP: who will do this? SAMAC or will farmers each have to employ a consultant? This, as mentioned, will result in additional costs.
4. How will the policing of this be handled? In the avocado industry it is well known that some packers enable non GAP product to be exported under fraudulent documentation. This has strengthened unscrupulous operators.
5. There are so many regulations that farmers have to comply with these days, such as Department of Labour rules and regulations, do they really need to be further burdened with more paperwork?
6. The biggest issue facing the marketing and consumption of macadamias is awareness. Even in first world countries like Europe and North America most people still do not know what a macadamia is. Should our focus not be on changing this rather than tinkering with grower certification?

There are many more questions that should be asked and debated. This is not a decision that should be bulldozed onto farmers without serious consideration.

Although GFNC does fully agree on the implementation of GAP principles, we strongly believe that it is not in macadamia farmers' long term interests to make this a statutory requirement through a compulsory annual farm audit.

This is probably one of the biggest decisions our industry will make in some time, so let's not take this decision lightly and see it from all angles. Whatever your perspective, please make your vote known at the upcoming AGM where the matter will likely be put to the vote. Either attend in person or allow someone who is attending to act as your proxy.

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