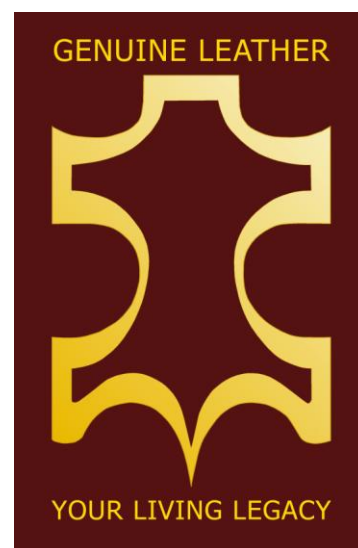


Skin Hide & Leather Council South Africa

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26 March 2014

To: Red Meat Industry Forum

Dear Michelle,

2014-2015, 2015-2016, 2016-2017 and 2017-2018 Business Plan and Budget

SHALC would hereby like to submit their business plan and budgets for the abovementioned years for scrutiny and approval by the Red meat industry forum.

At the outset we would like to voice our disapproval of the percentage allocated to SHALC as budget compared to the income directly derived from our industry members. This amounts to 23% which we believe is too low for us to achieve the goals as set out in our wish list budget dated 10 July 2013.

However here follows the budget as per the allocation to service suppliers document version 8.

SHALC is still involved in a membership drive directed at tanners and companies involved in the tanning and hide and skin industry to recruit paying members so that SHALC can have a wider representation and to provide members with a forum and to represent the industry at DTI / JALI and other bodies. All Belai costs are recovered from users directly.

The following Annual Budget and business plan and budget is therefore submitted by SHALC. As an acknowledged Service Provider to the

industry and as projected collections far exceed the requested budget expenditure, approval is requested from the Forum:

Year		2014-2015	2015-2016	2016-2017	2017/2018
Industry Liaison	Note 1	R 150 000	R 165 000	R 181 500	R 199 650
Consumer Education	Note 2	R 160 128	R 176 690	R 194 359	R 213 795
Transformation Requested	Note 3	R 85 000	R 93 500	R 102 850	R 113 135
Allocated		R 395 128	R 435 190	R 478 709	R 526 580
Difference		R 272 250	R 299 475	R 329 423	R 362 365
		R 122 878	R 135 715	R 149 286	R 164 215
Projected Income Hides and skins		R 1 184 805.00	R 1 303 288.00	R 1 443 616.00	R 1 576 979.00
Percentage of income allocated		23%	23%	23%	23%
Percentage of income Requested		33%	33%	33%	33%

Note 1 Industry and International Liaison: This has become a larger and larger function, especially liaison between industry and government, as they see the leather and footwear industry as drivers for growth and job creation. Liaison between industry and upstream and downstream industry is also becoming a larger priority. International liaison between international industry bodies and SHALC is also playing a larger role as the industry gears itself to exporting goods with a higher local value add in line with the National Growth Path.

This function will also include market research and industry information collection and dissemination.

It is for this reason that we are asking for a large increase in this funding.

Note 2 Consumer Communication and Education: We are planning to roll out our promotion of the Leather Mark with the emphasis on education of the retail buyers on the benefits of leather compared to leather substitutes. We would also like to protect the use of the leather mark and the name leather through more vigorous policing. The youth also needs education on what leather is and what its unique benefits are. South African manufactured leather will also need promotion locally and internationally and to this aim SHALC will be establishing an export council.

Note 3 Transformation in the developing sector: There will be two aims

3.1) Technical training of the developing sector for the industry as a whole. Together with the DTI, the Vaal University of Technology and SETA's we will be establish a national cluster that will develop a National Leather Development Centre. This will include technical training for industry as well as consulting services.

3.2) Development in the rural areas of skin and hide collection as well as leather goods making skills.

We are also committed to our support of the International School of Tanning Technology in Grahamstown with a grant for the training of leather Technologists.

It is for these reasons that we request an increase in the allocated funds. After consultation the members of SHALC would like to propose the following regarding the levy:

- 1) That although the levy will be paid per kg the reporting thereof also includes pieces. This is so that control can be done over weights per hide and skins so that this can be related back to slaughter figures.
- 2) That all weights are based on green (raw unsalted weights) of hides.
(Green hide weight = Wet salted hide weight x 1.2
Green hide weight = Dry hide weight x 2.85)
This is to eliminate discrepancies between reporting as this is not stated in present regulations.
- 3) Skins are based on wet salted weight as it is this state that they are either exported or processed.
- 4) We would like SAMIC to play a larger role in registering levy payers.

We hope the above suffices and that our request for increased funding is viewed favourably.

Regards

Ernest Heunis
Chairman SHALC

Executive Committee: E Heunis (Chairman), S Broughton (Vice Chairman), B Lapiner, R Hanni, G Kruger, C Munro, J Snyman, P Blignault (seconded)