

'Is my money safe on the FRESH-PRODUCE MARKET?'

Many fresh produce farmers are not aware of the checks and balances that exist to protect their financial interests when they supply local fresh-produce markets, writes **Mike Cordes**. South Africa has the Agricultural Produce Agents Council (APAC) to train and register its market agents, and act as a watchdog when shady practices threaten farmers' income.

FEW SECTORS IN AGRICULTURE ARE as competitive as the sales floor on a fresh-produce market. Walk on to the floor of any of our markets on a busy day and observe the frenetic activity.

What looks to the inexperienced eye like utter chaos is actually the heartbeat of a fresh-produce market. This is where buyers and sellers interact, and they don't always do it quietly! On the one hand the buyer is looking for the lowest prices while salespeople are pushing to get the highest price they can for their farmers.

'Send an "early warning" to APAC if payment is overdue.'

What sets our markets apart from any others in the world is that all 23 of them operate as commission markets. The produce on offer belongs to the farmers, and the market agents have been entrusted to get the best price possible on the day. In this manner prices are established by the laws of supply and demand every morning. Farmers pay market agents a commission for their services.

In business, when one party acts on behalf of another in a financial capacity, it is normal to have legal protection for the client. Banks, estate agents and lawyers are just three examples where laws specific

to each sector ensure the safe handling of the client's money and provide for recourse/protection for the client in the event of malpractice or non-payment.

Fresh-produce markets are monitored by the Agricultural Produce Agents Council (APAC).

APAC: the market watchdog

"We have the Agricultural Produce Agents Act, Act 12 of 1992 (amended in 2003) – commonly called Act 12," explains APAC registrar, Lizel Pretorius, "This regulates market agents in how they handle the farmers' money, when farmers are to be paid and what protection farmers have if there are problems with payment.

This specific legislation is unique in agriculture anywhere in the world.

- APAC administers Act 12 on behalf of the minister of agriculture.
- As a Statutory Body, APAC consists of a council of 20 appointed members who meet three or four times a year. It has a full-time staff compliment of the registrar, deputy registrar, secretary and an administrative assistant.

- Amongst APAC's functions is the registration of all agricultural commission agents, including those doing business in livestock and fresh-produce exports, and of fresh-produce market commission agents.
- APAC also issues fresh-produce market commission agents with a Fidelity Fund Certificate, which is their license to trade on a fresh-produce market.

It is a criminal offence for someone to act as a fresh-produce market commission agent without being registered with APAC.

Producers who support unregistered agents risk being left high and dry when things go sour.

Recourse for farmers

Farmers who don't receive their money within the specified time, can contact APAC with the necessary supporting documentation and the matter will be investigated. Farmer support is essential for the system to work and should take these two steps:

1. Send an "early warning" communication to APAC as soon as a payment is overdue.
2. Reduce further risk by discontinuing any

APAC in action

APAC's functions include the following:

- Administering the Market Agents Fidelity Fund.
 - Checking the Trust Reconciliations of market agents on a monthly basis.
 - Stock counts on five to eight fresh-produce markets a month.
 - Promoting the interests of market agents and the fresh-produce markets.
 - Funding the training of market agents.
- APAC has spent R5,8 million over the past five years on training fresh-produce

market agents. New sales personnel must now complete three accredited training modules within 12 months of applying to register (the minimum pass rate is 80%). They are then on probation for another six months before APAC considers issuing a registration certificate.

- Taking action against market agents who transgress Act 12. If they're found guilty it cancels their Fidelity Fund Certificate, preventing them from trading on any fresh-produce market in the country.

- APAC is the fresh-produce market watchdog and administers the Agricultural Produce Agents Act.



- It's a crime to act as a fresh-produce market agent without APAC registration.
- Farmers can report shady dealings to APAC, but have no recourse if they work with unregistered agents.



Market agents' obligations

The Agricultural Produce Agents Act requires a market agent to:

- a) Advise the farmer in writing within three days if the whole consignment has not been sold.
- b) Pay the farmer within five working days after the produce has been sold.
- c) Submit a Trust Account reconciliation to APAC before the 21st of every month.

APAC protects farmers trading on, for example, the Johannesburg Fresh Produce Market.

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further consignments until the matter is resolved. Because APAC plays a watchdog role and is not a "policeman", it depends on the cooperation of farmers and others when required to take disciplinary or legal steps against an agent. If nobody is forthcoming with concrete evidence, APAC can't initiate any action. APAC has recently taken on some

of the industry's "bad apples" and started removing them from the market floor.

Fortunately for farmers, the majority of market agencies are reputable businesses and farmers certainly don't need to be concerned about their money. The farmers who should be concerned are those who fall for the promises

made by off-market agents who aren't registered with APAC. If farmers can't make the effort to check out the agency they're dealing with, they can't cry foul when they're taken for a ride.

• Contact APAC on 011 894 3680, e-mail lizel@apacweb.org.za or visit www.apacweb.org.za. |fw

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