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DRAFT OF PROPOSED
OPERATING PROCEDURES MANUAL
FARMER ORGANIZATION
FRESH PRODUCE BUSINESS

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COMMERCIAL AGRICULTURAL PRODUCTION AND MARKETING PROJECT
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SECTION I

INTRODUCTION

This manual is tool for sustainability of the technical assistance provided by the CAPM project to the packshed businesses owned by two farmer organisations: (1) Khumalela Kwenta Vegetable Growers Cooperative Society Ltd. (Siphofaneni-Sihoboela) and (2) Hhohho Fruit and Vegetable Marketing Cooperative Society Ltd.

The manual is designed to be used as a guide for the operation of farmer organisation owned packsheds engaged in collecting, grading, packing and selling fresh produce. The information in the manual should be read thoroughly in order and understand the procedures well enough to apply the procedures to a specific packshed business. It can also be used as a reference on specific points from time to time and as a text for training new employees.

The operations manual is a supplement to business plans and policies pertaining to KK. It is one of the documents that can be used to educate them on the fundamentals of operating a fresh produce packing and marketing business.

This business plan document has several audiences besides KK itself for the following reasons. KK's packing and marketing business has evolved with intensive technical assistance from the CAPM project during the past two years. It has been supported by Swazi institutions promoting horticultural industry development such as Swazi Bank, MOAC extension and NAMBoard.

The CAPM project ends soon. So the plan will be of assistance to potential donors of technical services or others providing financing or other services that may assist KK or its members during the next five years. Some technical assistance has already been programmed to continue after CAPM. One Israeli advisor has been scheduled to provide technical assistance through MOAC on irrigation and horticulture. He will continue beyond the life of CAPM. It will help Swaziland Business Growth Trust which can provide additional financial support to members or KK itself¹.

The manual is based on contributions by three members of the long term CAPM staff: Eugene McAvoy, Farmer Organization Specialist, Doyle Grenoble, Production Horticulture Specialist,

¹ At this time SBTG indicates it is most interested in loans to members and has arranged some.

and Lyle van der Wath, Marketing Specialist; and one short term specialist, John Acarregui, Fresh Produce Packing Consultant. The contents were developed as a result of the experience of stimulating and assisting the planning, farm production, packing and marketing fresh produce in three production areas and two farmer organizations operating packsheds and marketing produce.

Production is a beginning to a retail sale. But it is only one of several functions needed in order to assure a quality of product that satisfies the consumer. The packshed business is an essential link in the chain from the grower to the ultimate consumer by providing collection, grading, packing, sales, shipping and input supply services.

The pack houses the two profit centers in the farmer organisation business, (1) receiving, grading, packing and selling fresh produce and (2) selling supplies for horticultural crop production. It also serves as a communication center, a warehouse and a place for the administrative activities of the business. The packshed is the base of operations for the field person(s) employed by the organisation. It may house training, committee or general meetings when other facilities such as MOAC field offices are not available.

The manual discusses the operating procedures for the packshed business including technical, packshed management and financial control topics. Each Section of the manual covers a single topic. The topics are presented in alphabetical order.

SECTION II

BOOKKEEPING

Bookkeeping is performed by a bookkeeping clerk who is responsible to the packshed manager. The bookkeeping clerk must understand bookkeeping procedures needed to pay farmers weekly, payroll monthly, financial statements monthly, accounts receivable, accounts payable and complete bookkeeping needed for Co-op.

Typically the bookkeeper:

- handles and account for daily cash receipts and payments.
- calculates payments due farmers for produce each Friday.
- writes cheques for designated committee members to sign.
- prepares monthly payroll for all packshed employees.
- pays accounts payable weekly as bills come in.
- prepares summary of accounts receivable for past week each Monday .
- posts transactions to journals and ledgers as required by the Commissioner of Co-operatives.
- operates the office safe
- maintains files in order
- files invoices, purchase orders, receipt books, correspondence and other records daily
- prepares bank deposit slip(s) at least once each working day. prepared at end of work day
- prepares all invoices for produce.

Bank credit vouchers are to only be handled by the bookkeeper. The bank credit vouchers are recorded on daily sales recap with the bank voucher number noted by each transaction. The bank credit vouchers are to be filed together in file cabinet.

SECTION III

CREDIT

A. Approval Required

All credit to members and non-members must be approved by the committee under the guidelines laid out by the by-laws of the society. The manager may not extend any credit to any party without the specific approval of the committee. According to co-operative constitutions in Swaziland, the general membership must pass resolutions setting lending and borrowing limits on the society's activities each year at the annual general meeting.

No credit will be extended to small vendors, who purchase less than 50 units at a time, and/or who operate from no fixed location. No credit will be extended to customers operating from outside the kingdom of swaziland unless such customer is secured by bond, guarantee, or other approved form of security.

The committee shall inform the manager in writing of any credit arrangements and the terms of such arrangements that the committee may extend to any party. Such written credit approvals will be placed on file in the society's office.

B. Application Procedure

All applications for credit must be directed to the committee for consideration and must contain the following information:

- name of the business
- name of the owner registered or legal address
- phone number
- bank
- letter of reference from the bank manager
- 3 business references with which the applicant has had credit
- amount of credit requested
- all other loans currently held by the applicant
- any other information which the committee may require to be able to properly assess the credit worthiness of the applicant.

C. Terms

Credit terms shall be payment in full within 15 days. Credit for 30 days may be extended to preferred customers at the discretion of the committee.

Failure to repay credit within the time allowed by the agreed terms will automatically result in suspension of credit facilities until the account has been paid in full and the credit facility has been renewed by the committee. The bookkeeper shall immediately inform the manager, in writing, of any account that has fallen into arrears, the manager will then immediately bring the account to the attention of the committee. The committee shall pursue all legal means to obtain repayment of any monies owed by any party to the society, should they fail to repay any credit for what so ever reason, under credit terms extended by the committee.

D. Member Credit

Limited credit may be extended to members on a secured basis only. Normally, the collateral will be the crop delivered to the packshed for which the member has not yet been paid.² Credit will be limited to one half the estimated value of goods delivered by a member to the pack house for which the member is due payment.

All credit advanced to members by the society will be for farm supplies. No cash will be lent to members. All credit advanced to members by the society will be deducted in full from produce payments unless prior arrangements have been approved by the committee.

The committee reserves the right to deduct any outstanding member obligations from any funds owed the member by the society, including share capital held by the society. Liquidation of all a members accounts, including share accounts will cause a member to cease to hold membership within the society.

² Crop nearly ready for harvest would be collateral for a 30-day credit.

SECTION IV

GRADING

A. Proposed Tomato Grades

Swaziland has no official set of grading standards for fresh produce marketed inside the country. Quality standards are subjective. They are based on perceptions of buyers and sellers of the produce such as good, fair or poor. Evaluation of produce is almost entirely based on the visual assessment. This can lead to disagreements when both buyers and sellers are not present at the same time.³ What could be ranked as good quality produce by farmers may be ranked as fair or poor by the agents or customers. Sometimes farmers claim that agents purposely undergrade their produce in order to buy it cheaply.

In an endeavor to alleviate the problems caused by the absence of a grading system an *ad hoc* committee⁴ met and drew up a set of grading standards for tomato, with a view to adopting the produce coming into the Encabeni market. The proposed grading system is based on the South African system modified to suit local requirements.

B. Defects

The system relies on inspection to identify defects as follows:

- Decay - any decomposition, fungal or insect infection visually noticeable.
- Size variation - variation in diameter.
- Other factors
 - Foreign matter - any visible matter which does not naturally form part of the tomato.
 - Firmness - tissue no longer firm enough to offer resistance to normal commercial handling.
 - Scars - any marks on outer wall which affects appearance
 - Cracks - any burst or crack on outer wall affecting

³ For instance, the buyer or his employee is not present when an Encabeni truck collects produce at the packshed and the seller or his agent (i.e., the packshed) is not usually present when the produce is delivered to the Encabeni market.

⁴ Representatives from the Encabeni market, CAPM and the Horticulture Development Department of NAMBoard.

appearance.

Bruises - pressure wounds visually noticeable.

Grainiest (too green) - if pips are underdeveloped and filled with jelly.

Appearance and form (shape) i.e., round oval or deformed

Injustice (cold injury etc.) - wound or puncture or mechanical damage exposing

Ripeness - colour different from other tomatoes.

C. Encabeni Standard

Tomato will be graded according to selected quality factors; permissible decay, size variation within the same container, variation in ripeness and other factors listed in B above.

Exhibit . Permissible deviations in quality factors for tomatoes from the same container.

Factor	Maximum Deviation	Maximum Deviation	Maximum Deviation
	Grade 1	Grade 2	Grade 3
Large	Percent	Percent	Percent
Decay	0	5	10
Size	15	20	25
Ripeness	20	25	30
All Other Factors	10	15	20
Medium			
Decay	0	5	10
Size	15	20	25
Ripeness	20	25	30
All Other Factors	10	10	10
Small			
Decay	0	5	10
Size	15	20	25
Ripeness	20	25	25
All Other Factors	10	10	10

Large - diameter of 70 mm or more.

Medium - diameter of 50 to 70 mm.

Small - diameter 30 to 50 mm.

Tomatoes will not be graded by size but tomatoes in the same container must be uniform.

Ungraded tomatoes have no specifications of quality or size.

Tomatoes will be packed in 6 kg cardboard or wooden boxes; or 20 kg lug boxes.

D. Packshed Standard

Defects allowable up to 10 percent at time of receiving.

Defects include : Bruising - sunburn - insect damage - frost damage - puffiness - stage of maturity - size less than 30 centimeters - color.

SECTION V
INVENTORIES

A. Inventory Records Required

All goods purchased or otherwise delivered to the pack house must be entered into inventory by the bookkeeper. The manager shall ensure that the bookkeeper maintains inventory accounts for all items stocked. Inventory shall be taken weekly by the manager and bookkeeper. The manager shall ensure that the bookkeeper keeps proper stock control and inventory records of all assets owned or controlled by the society.

The manager, with the bookkeeper, shall observe and count all items held by the society in inventory frequently, at least weekly. Perishable items shall be counted daily and the level of diesel in the tank measured daily. Discrepancies between the physical count and inventory account quantities must be reported to the committee immediately by the manager.

B. Stock Card

Each item in inventory shall have a stock card maintained for that item and kept on file in the society's offices. The stock card shall contain the following information:

- name of item
- description of the item
- date of purchase
- supplier
- purchase price
- sale price
- model
- serial number
- quantity
- location

For such equipment, tools, etc that the society may purchase or otherwise obtain for loan to members, an inventory account showing current location will be maintained and the member obliged to sign for the loan of such equipment and pay such deposit fees which may be fixed by the committee to secure the return of the equipment.

C. Inventory Account

For items which are traded or otherwise depleted resulting from operations, in addition to a stock card, an inventory account will be maintained showing purchases, sales, and stock balance. The manager, in consultation with the committee, shall determine re-order levels for such items.

D. Weekly Inventory Sheet

A weekly inventory flow sheet helps the manager keep track of goods on hand in the warehouse. This sheet shows incoming quantities and sales each day of the week. Fill it in accurately each work day. Cross checks on inventory levels can be made by using receiving records and invoices for day in question.

SECTION VI
FIELD CRATE CONTROL

A. Farm to Packshed

Lug boxes (lugs, field crates) hold 20 kg. Pickers use them when they harvest tomatoes, green peppers, onions, beetroots, and several other crops. After filling in the field the produce moves to the packshed in the field crates.⁵ Farmer organisations supply lug boxes to members only for the transport of member's produce between farm and pack house. Members's found using lug boxes for purposes other than the delivery of produce to the packhouse may be denied the use of the society's lug boxes by the committee.

Lugs supplied to members must be signed for by the member or his agent, in a lug box book to be maintained at the pack house. This shall record the date, farmer name and number, the number of lug boxes taken, and the signature of the farmer or his agent and the signature of the co-op employee charged with the distribution of lug boxes. A copy of this record will be given to the farmer or his agent at the time lug boxes are issued. The bookkeeper maintains an individual lug box account for each farmer as well as a pack house lug box account, recording debit, credit, and balance of lug boxes to each account.

When boxes are returned filled with produce, normal delivery (receival) records will be issued and the members lug box account credited with lug boxes returned. In the case, that lug boxes are returned empty, the quantity shall be recorded in the produce delivery (receival) book as return of empty lug boxes and the members account credited accordingly.

When lug boxes are returned empty to the pack house that fact is recorded in the produce delivery (receival) book.

Members shall take lug boxes only for their own use and should not exchange lug boxes between members. If members must exchange lug boxes, both members must report the exchange to the book keeper so that lug box accounts may be properly adjusted. If this procedure is not followed, the member originally issued the lug boxes will be held responsible for their return and will

⁵ In future, larger operations may be able to use a collapsible wood or cardboard bin to be placed on a pallet for transport. The bin is 48 inches square. It is suitable for handling onion, cabbage, beetroot, carrots and other similar vegetables.

be assessed any penalties resulting from the non-return of the lug boxes.

Broken or damaged lug boxes must be returned to the pack house for credit and are in no instance to be discarded by the farmer.

The bookkeeper shall provide each member with a statement of his/her lug box account balance at the end of each month. Members, who disagree with lug box account statement balances must make queries to the manager within 7 days of receipt of the statement. The committee shall mediate and make the final decision in the case of disagreements.

B. Packshed to Market

Some traders who collect produce at the packshed desire to transport fruit in field crates. The co-operative sells to them, usually in truckload lots. In all such trader sales the lugs are exchanged crate for crate. Other customers wish to purchase produce in bulk, usually in small quantities. They must supply their own packaging material, as none of the society's lug boxes will be allowed to leave the pack house.

For other than bulk produce sales the co-operative packs all produce into disposable containers. The produce sells at prices which include the cost of the container.

All the society's lug boxes are clearly branded with the co-operative's mark.

C. Penalties

Members will be charged a penalty of E 20,00 per lug box for each lug box not returned to the pack house. The committee reserves the right to change the penalty charged per lug box based on the replacement cost of new lug boxes.

The committee shall reserve the right to deduct any penalties, for the failure to return lug boxes, charged against a member, from monies owed to the member for the sale of produce through the pack house and/or shares held in the society by the member. In the event, that a member's produce and share accounts are liquidated by the assessment of penalties, the member shall cease to be a member of the society and the committee may pursue any other legal means to secure payment for lug boxes not returned to the society.

All lug boxes to be brought to the pack house for stock taking twice per year, e.g.. May, and December. The manager shall advise all members verbally and in writing of the date by which lug boxes are to be returned. Any member who does not return lug boxes held by this date will be subject to penalties as above.

The committee shall ensure the deposit of funds equivalent

to 10% of the total value of lug boxes held by the society into a depreciation account annually. The lug box depreciation account is to be used for the replacement of lug boxes lost through normal wear and tear and for the provision of additional lug boxes that may be required from time to time by the co-op's marketing operations.

SECTION VII
MARKET INFORMATION, DEMAND AND PRICE ANALYSIS
AND SALES FORECASTING

Marketing information becomes a reality when a telephone and a fax machine are installed at a packshed. The farmers manager can communicate at any time with the marketing agents. Reaction time will be reduced and the ability to forecast supplies to retail customers, wholesalers, vendors, traders and distribution companies will increase flow of produce from field to packsheds then to a sale.

The manager shall collect and file daily prices on crops traded from the various regional and local markets. Currently the relevant markets from which market reports are available by fax are Pretoria, Durban, Johannesburg and Encabeni. This information should be used by the manager and committee as the basis for any market strategy development.

A. The Product

The product for which markets are sought is fresh fruit and vegetables, compatible with growing conditions in the area, commonly found on most dinner tables and having a reasonable shelf life.

1. Vegetables

The list of vegetables includes potatoes, tomatoes, onions, cabbage, carrots, cauliflower, pumpkins, highboard squash, sweet potatoes, lettuce, beetroot, cucumbers and green peppers.

2. Fruit

Avocados, guavas, litchis, mangoes, bananas, pineapples musk melons, water melons, pawpaws, nuts and citrus.

B. The Market

Swaziland is a small country with a population of approximately 1 million people and local supplies can easily satisfy the demand.

- Outlets are :-
- (a) Local fresh produce markets
 - formal & informal.
 - (b) retail shop trade.
 - (c) super market trade (prepacks).
 - (d) hotel and catering trade.
 - (e) vendors.

- (f) Durban speculators.
- (g) Regional fresh produce markets:-
 - i. Nelspruit
 - ii. Pretoria
 - iii. Johannesburg
 - iv. Durban.
- (h) Mozambique speculators.
- (i) Saturday informal markets at S.A. border towns around Swaziland.
- (j) Fresh produce distributors, such as Hectorspruit.
- (k) Processing plant - Kaapmuiden

More detailed information is presented below.

TERMS PAYMENT CONS	CUSTOMER	CATEGORY	PAY TNSPT	ORDERS WKLY	DLY	SALE
SWAZILAND						
14 Days *	R.Gastaldi	Mkt Agent	pay		*	*
14 Days *	Freshpac	Mkt Agent	pay		*	*
14 Days *	Philani	Mkt Agent	pay		*	*
Cash	Midway W/Sale	Hotel trade	pay	*		*
30 days	Bellamy farms	Prepacks	pay	*		*
30 days	Spar Mbabane	Prepacks	pay	*		*
30 days	Spar Manzini	Prepacks	pay	*		*
JOHANNESBURG						
14 days *	FCA	Mkt Agent	pay	*		
14 days *	Dapper	Mkt Agent	pay	*		
DURBAN						
14 Days *	J.Bell	Mkt Agent	pay	*		
14 days * Cash	Peter & Co Vegrite	Mkt Agent Speculator	pay no	*	*	*
Cash	W Coast Prod	Speculator	no	*		*
Cash	Boodoo & Son	Speculator	no	*		*
Cash	Phoenix Fr Frt	Speculator	no	*		*
Cash	Genneth Naidoo	Speculator	no	*		*
Cash	Doc	Speculator	no	*		*
PRETORIA						
14 Days	Protea	Mkt Agent	no	*		*
NELSPRUIT						
14 Days	Lowveldt Mkt	Mkt Agent	no	*		*
HECTORSPRUIT						
14 Days	Prodcure Lowveld	Fresh Prod	Distr	*		*

C. THE FARMER.

The farmer would be :-

- (a) a preselected fully paid-up member of the co-op.

- (b) totally loyal to the organisation.
- (c) co-operate fully on advice and recommendations given by field staff.

D. Price Structures

Prices in Southern Africa for fresh produce vary from day to day and is derived at by the ratio between supply and demand for the particular product based on historical data. The above applies to fresh produce sent on consignment to fresh produce markets and the price is not negotiated prior to delivery.

Market commission agents therefore sell at the highest possible price according to the above formula and markets through out the country are regarded as the price barometers.

Encabeni Fresh Produce Market, Swaziland is the only exception consequently comparative prices are obtained from Johannesburg (who summarise and disseminate prices from all major markets in RSA), Pretoria and Durban.

Prices are faxed from the relevant markets on request. Contact the **MARKETING** SECTION of each market at the following numbers :-

- | | | | |
|------------------|------|----------|----------|
| (1) Johannesburg | 0711 | 613-2049 | Monique. |
| (2) Pretoria | 0712 | 326-0972 | Erika. |
| (3) Durban | 0731 | 465-4222 | (fax). |

More detailed information on price structure follows.

1. The value of fresh produce is very dependant on the freshness of the product therefore if the product is not fresh, it has no value.

2. Prices are determined purely by market forces, i.e. supply vs demand - and not on a production cost basis.

3. The 15 major markets in South Africa operate independently on this system and prices don't vary significantly.

4. Information is freely disseminated from all markets and Johannesburg market issues a summary of the days trading.

5. CAPM receives prices from Durban, Pretoria and Johannesburg and the tendency of the market is normally quite easily recognizable i.e. by the prices rising, falling or remaining stable.

6. Encabeni Fresh Produce Market can not be regarded as a true market in the South African context as most of the produce sold there is imported from South African markets and any market tendencies in Swaziland is negated by imports.

7. Negotiations on price determination must therefore be

based on information supplied by the South African markets.

8. Prices attained at South African markets are subjected to deductions of 7,5% agency fees and 5% market fees.

9. Transport and packaging costs must also be considered.

E. PACKAGING.

(a) Farm to Packshed :-

- Plastic crates
- Each farmer owns required supply and exchanges same quantity at every delivery to warehouse.
- Only produce which has to be sorted and graded should be delivered in crates
- all other produce to be packed in the required containers on the farm.

(b) Packshed to shops:-

- Standardised disposable packaging
- clearly and attractively labeled
- high quality produce bearing special label and logo
- lesser quality produce different trade name.
- prepacks (bubble packs) should also be supplied, say 10 per carton.

(c) Packshed to vendors:-

- disposable boxes
- own containers.

(d) Packshed to markets :-

- prescribed cartons, paper pockets, and nylon bags.

(e) Packshed to speculators :-

- (a) Durban - exchange plastic crates.
- (b) Mozambique- disposable cartons
- own plastic crates.

(f) Packshed to FP Distributors :-

- exchange plastic crates.

(g) Packshed to all other buyers :-

- cartons, pockets or prepacks.

(h) Packshed to bulk buyers :-

- buyers to provide own containers.

(i) Packshed containers must be :-

- uniform in size
- well ventilated
- sturdy construction
- clean
- stackable
- bear a logo (trade mark)
- labeled

(j) the label must be :-

- uniform in size
- easily attachable
- preprinted with consignors name and address.
- clean and attractive.

NB. It is essential that at least two brand names be used - one for high quality produce and another for lesser qualities.

F. COMMUNICATION.

- Telephone
- Fax machine
- Computer
- Photo copier

G. TRANSPORT.

- 1 x 31, long body ldv + 1 ton trailer for collections between farm and packshed, also for local shop deliveries.
- 1 x 6 ton dropside diesel truck for market deliveries and cross border sales.

H. PACKSHED MANAGER.

- Disciplined, honest person.
- Managerial skills.
- Knowledgeable in marketing & agriculture.
- Ability to motivate staff and influence people.
- Should personally know all the co-op members.
- Should personally know all the co-op customers.
- Apart from livable basic salary must also get a small percentage bonus on value of sales achieved.
- Must be able to establish markets prior to the commencement of the season and in conjunction with field staff plan future planting programme.
- Should be mobile to follow up established customers and seek fresh outlets.

I. General Comment.

- Co-op members must be totally loyal to the organisation, maintain a high productive rate of good quality produce for which markets has been established.
- Extension officers/field officers should be totally dedicated and produce accurate returns for the packshed manager to act upon.
- lines of communication must be open to farmers, clients, and personnel.
- plastic crates should be in adequate supply and movement efficiently monitored.

- packaging material should be made available at the packshed at a nominal profit.
- All agricultural requirements should be made available to the members - this could be done on a commission/consignment basis with private firms.
- Adequate transportation should be made available, if necessary, on a 24 hour basis.
- A logo (trade mark) should be used when marketing high grade produce and must be associated with quality.
- A different logo should be used for lesser qualities.
- A bigger variety of vegetables in large quantities must be produced.
- A variety of fruit should be marketed.
- Well researched cultivars should be grown.
- Swaziland is not able to absorb all the fresh produce grown in the country, consequently markets must be sought outside the borders.

SECTION VIII
MARKETING PLAN

A. Preparation

The committee and manager shall meet in advance of each season and plan marketing strategy in detail, so that the society has a clear marketing strategy or plan prior to the delivery of any produce to the packhouse. Further more, the committee and manager shall meet at least monthly to assess the effectiveness of the marketing strategy and make any adjustments as necessary. The society's marketing plan shall be prepared long enough in advance of the actual marketing period to allow the manager to develop and enlist members into a scheduled program of planting to provide the society's projected marketing demands.

B. Diversify among markets and buyers

The society shall attempt to diversify market outlets for members produce to avoid negative influence on prices from lack of competition or market gluts and to reduce risks associated with marketing operations.

C. Packing Material

Buyers shall provide their own packaging material for bulk sales of produce at the packhouse. No lug boxes will be allowed to leave the pack house premises without exchanges. (See Section VI Lug Box Control for details.)

The society shall maintain a stock of disposable packing containers at the pack house for the convenience of clients. These containers will be sold to customers at a price reflecting the cost of the container plus a 15% markup as a handling fee.

For all sales away from the pack house, the society will package produce into disposable containers, the cost of which will be included in the selling price of the produce.

D. Grading Standards

Standards and grades were discussed previously in Section IV. The manager, in consultation with agents in target markets, establishes grade standards for each variety of produce to be marketed by the society. These standards are presented to the committee and the membership.

E. Member Participation and Obligations

All members will be strongly encouraged to market all their produce (or all agreed upon quantities of produce) through the society. Failure to do so shall result in a warning to the delinquent member by the committee. Subsequent failure to deliver produce may result in the suspension or termination of membership in the society according to the provisions of the by-laws of the society.

Members are expected to supply quality produce. The society reserves the right to refuse the delivery of any produce by any member if the produce does not meet minimum quality standards established by the society.

Members are expected to supply marketable produce. The society reserves the right to refuse to market any produce for any member, if the anticipated sale price will not cover the cost of marketing the produce in question.

F. Packshed Responsibilities

Wherever possible and financially viable, the society shall attempt to seek markets for all grades of members produce to maximize returns to members. The society may market the produce of non-members and/or purchase produce for resale provided it markets members produce as first priority, that it can do so to the profit of the society and members, and that any such operation has no negative impact on the society or it's members.

The society recognizes the vital importance of vendors in it's marketing strategy and will attempt to attract vendors by providing facilities and services to encourage their purchase of produce through the pack house facility. The society recognizes the limited ability of encabeni market based agents to absorb and effectively market swazi grown produce and will therefore make independent assessment of the market capacity and will limit deliveries to the market to such quantities that can be readily marketed and which will not have a negative influence on market prices for crops.

SECTION IX

PACKING

A. The packing process.

When planting is programmed so that production is spread out through the season harvesting should result in a timely and steady flow of produce to the packshed. The packshed manager with the input furnished by the packhouse field man anticipates the quantities coming into the shed. He establishes a harvesting schedule and through the field man coordinates harvesting with the expected demand⁶ in order to keep the produce fresh when sold.

Produce is received from farmers in bulk, bags or field crates. The identity of the produce is logged in and stored until ready for grading and packing. See Section XVII Harvesting for details.

Packers, Graders, and Sorters comprise the packing crew. They must be open to training and be able to follow orders, be familiar with produce and be efficient with packing time. The packers, graders and sorters are directly under the supervision of the floor foreman.

Grading and sorting of produce through the packshed is done piece-by-piece visually. Graders and sorters discard defective produce damaged by bruising, sunburn, insect damage, frost damage, puffiness, immature, fertilizer deficient, very small size and color.

The grading machine is set to size the tomatoes. The other vegetables are sized by sight and packed by item of equal size. The produce item is to be placed into a carton, crate or packet. After placing a stamped tag or stamped carton the produce item is ready to be marketed. The stamp is to have the name of the packer, address (P.O. Box), town, country. This is the address to which the cheque for the produce is to be sent.

The packing crew grades the produce by size, color (ripeness) and freedom from defects unless it is to be sold ungraded. (Refer to Section V Grading) A grading machine is used for some crops. The grading machine is designed primarily for tomatoes. It sorts the fruit according to size and enables the packing crew to sort tomatoes according to color and to remove those with unacceptable defects.

⁶ For example, harvesting Sunday through Thursday for the produce headed for the Encabeni market.

The manager or floor supervisor selects a suitable container for the graded produce. For example, in the case of tomato, she/he chooses a 6.5 kg cardboard carton for the better fruit, i.e., grades 1 and 2; and a 6.5 kg wood box for the best fruit destined for a particular buyer at a premium price. Fruit for f.o.b. buyers such as Swazi Vendors or Durban traders bring their own field crates or other containers. The packing crew fills the containers they bring or exchanges field crates with them.

After packing the produce store the produce in designated areas according to size and grades. When large quantities are sold in field crates ungraded, for example to Durban buyers, the packshed functions as staging area to transfer crates from a collection truck such as a NAMBoard truck to the buyer's truck.

In future associations may decide to establish a pre-pack operation. Such an enterprise packs carefully selected high quality produce in much smaller containers for the wholesale or retail trade in Swaziland.

B. Staffing

A farmers' organisation employs a manager⁷ and other staff to operate its packshed,

Exhibit 1. Illustrative Staff

POSITION	NUMBER OR COMMENT
Secretary/Manager	Supervises all packshed activities
Bookkeeper	1
Cashier (Clerk)	1
Floor Assistants	1 or 2
Security Guards	1 or 2
Driver	1 for each vehicle
Graders/Packers	3 to 10 Depending on Volume
Supervisor	Supervises floor staff

C. Packshed Manager

The packshed manager must understand pricing, marketing,

⁷ A Secretary/manager if organized as a co-operative society.

quality, quality control, trucking, bookkeeping and warehousing. The packshed manager supervises employees involved in areas of loading, unloading, supervision, bookkeeping and trucking. The packshed manager supervises everyone included in all aspects of packshed operations.

The packshed manager is ultimately responsible to the general membership through their elected committee. One person, typically the Chair, is named by the Committee to whom the packshed manager is directly responsible.

The packshed manager:

- controls all keys
- conducts daily produce and farm supply inventories
- posts prices daily for vendors sales, f.o.b. sales and delivered sales.
- posts work schedule each Friday.
- controls incoming and outgoing field boxes.
- controls quality of all produce sold through packshed.
- works closely with packshed field agent(s) and Government extension workers.
- oversees all incoming and outgoing produce and packout of all produce.
- maintains packing machine.
- schedules truck collection of all produce.
- supervises bookkeeping needed by the organisation and interprets the results to the committee.
- enforces policies adopted by the committee for the packshed.
- works closely with markets and NAMBoard agents.
- deals with farmers and customers in courteous manner.
- insures a clean work area.
- is responsible for all Cash 'n Carry monies.
- assists co-operative treasurer with bank deposits.
- keeps floor inventory at minimum for end of sales day.
- keeps losses from produce spoilage to a minimum.
- anticipates receipts and solicits buyers to keep sales to a maximum.
- keeps farmer payments at the highest level possible.
- keeps packout at highest quality possible.
- provides the committee with an indication of the economic soundness and viability of proposed activities.

C. Floor Supervisor

The floor supervisor works as a floor foreman. She/he must understand produce quality, packing, sorting, and sizing. The floor foreman must be able to work with people. The floor foreman supervises all employees on the packshed floor. He/she is responsible to the packshed manager.

Specific duties include :

- Quality control
- Scheduling of employees

- Cleanliness of warehouse
- Training new employees
- Working closely with packshed manager
- Work with packshed policies and controls
- Maintain packing machine
- Complete all paperwork as required by packshed manager

D. Housekeeping Standards

The packhouse work area to be kept clean at all times. The outside area surrounding packhouse to be kept free of debris and filth at all times. Grading machine greased, cleaned on regular basis. Grading, sorting to be done in timely manner on day of arrival at the packshed. The packshed emphasizes cleanliness of the premises and freshness of produce at all times.

E. Visitors

No visitors, other than those business, shall be allowed in the pack house during working hours without the permission of the manager. Visitation shall be restricted to lunch and tea breaks and will be restricted to areas under the society's control outside the pack house building. In instances of an urgent nature, family illness or emergency, the manager may, at his discretion, excuse the worker from his/her duties to attend to family matters. Visitors, carrying such news, will be permitted into the packhouse, but will be required to report directly to the manager or his delegate, who will be responsible to summon the worker in question.

F. Shipping

All goods leaving the pack house must be accompanied by a receipt, invoice, or other documentation signed by the manager or his delegate. This documentation must be produced for verification by the gate keeper/guard on exit from the pack house.

SECTION X
PAYMENTS TO FARMERS

A. When Paid

The packshed designates a specific day for cheques to be written for farmer payments. For example, members are paid on the second friday after the week in which their produce has been delivered. In this case the delivery week shall be considered to be Sunday to Saturday. The delay in payments allows the society to collect accounts receivable and gives bookkeeper adequate time to prepare records and calculate payments. All produce sold on consignment will paid only when the society has received payment for the goods.

B. Pay only by Cheque

All farmers will be paid by cheque to minimize the risk in handling large amounts of cash and to assist in proper financial accounting by creating documentation for each payment made to members. Payment to members may be made by a common cheque, with the provision that the bookkeeper shall keep detailed records of the names of the individual members and the amount of payment to each member contained with the common cheque.

Each member shall receive along with their payment check, all pink copies of produce delivery slips for which the member is being paid and a summary sheet of the payment, detailing: the farmer name and number, date of payment, price received per crop and grade by the society, any charges or commissions being deducted, the final payment price to members for each crop and grade, and the total amount of payment.

C. Where Paid

Farmer payments are made at the packhouse. Each member is responsible to collect his/her payment cheque at the pack house. The member or his/her agent shall sign for the receipt of the payment cheque in a member payment log book to be maintained in the society's offices. The member payment log book shall record the following information: date of payment, farmer name and number, cheque number, deliveries being paid, amount of payment, signature of the farmer or his agent, and the date payment was collected. In the case of common payment cheques, containing payment for more than one member, deposited directly to the bank, the treasurer will sign in the member payment log book for receipt of the cheque.

D. How Calculated

Payments will be calculated using a pooling method, whereby the sale prices received for all crops of a specific variety and grade during a particular week shall be added and an averaged sale price determined. Once an individual member's delivery is graded and pack-out recorded, all produce shall lose its individual identity and be bulked for sale solely on the basis of variety and grade.

E. Fee Charged

A commission (fee) shall be deducted from the sale price of all produce marketed through the society. Packshed fees are necessary to meet expenses at the packshed and provide for replacement of depreciable assets and for capital development. Fees are agreed upon by the committee and the general membership. The society sets a clearly understood commission rate, for example, 25 percent of the sale value of all goods marketed through the society, with the maximum commission per receiving unit such as E5.00 per field crate.

Another approach is setting fees based on crates, cartons and or packets. Under one method the fee is based on the value (sales price) of each item going through the packshed.

An example of the sales price method follows.

Sales prices	Fees
E 0.00 - E 6.00	E 1.00
E 7.00 - E 12.00	E 2.00
E 13.00 - E 25.00	E 3.00
E 26.00 +	E 4.00

An example of pricing by item follows below.

Item	Fees
20 kg Field crates	E 3.00
6 kg Lug	E 2.00
10 kg pocket	E 1.00
26 kg pocket	E 2.00
18 kg Carton	E 3.00

Fees may be set higher for those farmers using packshed transport from farm to packshed. KK, for instance, currently charges an extra E0.50 per field crate.

The commission shall be calculated to cover all fixed and variable costs associated with packshed operations and related overhead costs. The commission rate shall be detailed in payment information supplied to members.

The manager analyses the marketing commission charged by the society as often as results of current operations indicate is necessary. This review shall occur at least once a year using the society's audited financial statements. Taking into account the recommendations of the manager, the committee shall propose to the membership raising or lowering the commission rate and depending on the analysis to return more net income to the farmer or to continue covering the society's operating costs.

SECTION XI

PERSONNEL

A. Supervision and Work Schedule

All employees shall report to and work under the supervision of the manager or his delegated representative. The manager shall establish and post a work schedule for each employee at least one week in advance. Working hours shall be set by management, in consultation with the committee, as dictated by the demands of the business.

The manager shall meet with employees daily to assign tasks and explain the plan for the day. He will meet them weekly to discuss progress and problems encountered and to review goals and tasks for the upcoming week. The manager shall allot a period of time during each weekly employee meeting to hear the suggestions and complaints of the workers.

Employees are reminded from time to time that the farmer/members are the owners of the society and as such shall be accorded the respect and dignity that they deserve. Also employees are reminded that customers are the reason for their employment and the basis for the existence of the society. Customers and potential customers are to be treated courteously and promptly to help ensure their repeat business.

B. Employment and Wages

Wages and benefits shall be determined by rates being offered for similar positions in competitive businesses, subject to approval by the membership of the society. Pay raises shall be based on job performance. The manager shall evaluate each employee based on the written job description and performance standards for each position and submit the evaluation reports with his recommendations to the committee for action.

The society will employ both full time staff and casual labor. All employees shall be subject to a three month probation period before being offered a permanent position with the society. Any permanent employee shall receive and sign an employment agreement with the society, a copy of which will be placed in the individual employees personnel file. Casual labour, will be paid only according to the number of hours worked.

The society will deduct from every employee any and all applicable taxes, contributions, and other fees as may be legally required by the laws of the Kingdom of Swaziland. All funds

collected from any employee shall be accounted for and are submitted on schedule to the relevant authorities.

The society shall attempt to fill all vacancies and promote employees from with-in the organisation, when ever possible, provided employees of the society possess the skills being sought by the society and have demonstrated satisfactory job performance

C. Working Conditions

The society will abide by all applicable labour laws of swaziland in the employment of all workers. The society shall endeavour to improve whenever possible the conditions of the employees of the society.

The manager will be responsible to insure that each worker employed by the society receives an introduction to explain the duties required of him/her and arranges for any required on the job training to ensure that the employee is aware of the duties expected of him/her and has been adequately trained in the requirements of the position.

D. Employee Benefits

The society shall observe all the national holidays of the kingdom of swaziland. Full time permanent employees, will receive 15 paid sick days per year, in addition to 15 days paid recreational leave.

Casual labor shall not accrue any recreational or sick leave.

Employees shall be entitled to one half hour lunch break and two 15 minute tea breaks per eight hour day, work in addition to eight hours will be paid in accordance with Swaziland labour laws.

The society shall endeavour to offer training opportunities for employees to improve their knowledge and skills, according to the needs and ability of the society.

The society shall provide protective clothing to employees, which will remain the property of the society. Employees will be required to wear protective clothing issued.

E. Personnel Records

The manager shall maintain an individual file for each employee. This file shall contain personnel details, employment agreement, salary details, evaluation reports, holiday and sickness record, training record, disciplinary notices, and any other pertinent information.

F. Disciplinary Actions

Grave disciplinary offenses, such as: theft, gross

insubordination, fighting, striking or threatening a fellow employee, drunkenness or misuse of society property will be grounds for immediate termination of employment.

For minor offenses, such as tardiness, absenteeism or failure to follow instructions, the manager issues a written warning letter to the employee. The letter states the nature of the offence and the time and place it occurred. The warning letter is to be given directly to the employee with a verbal explanation of the offence. Three such warning letters will constitute grounds for termination of employment. Copies of warning letters must be kept in the society's office at the pack house, in the employees personnel file.

The manager reports any disciplinary action or problems to the committee within one week for minor offenses and within 24 hours for grave offenses. Unexplained absences of more than three days shall be considered abandonment of post and will be grounds for termination of employment.

The manager may temporarily suspend any employee for disciplinary reasons pending consultation with the committee on final action. In such cases, the committee must be informed within 24 hours. For any offence in which termination is an option, the manager must consult with the committee before carrying out such actions. In cases, where employees are suspended for disciplinary reasons and the committee finds the employee not at fault, the society shall pay the employee for those days that he/she was placed on suspension.

SECTION XII

PRICING

A. Produce Prices

Farmer organisations in Swaziland cannot arbitrarily set prices for their produce market prices. Supply and demand always dictates the price on produce. Low supply and high demand = good price. High supply and low demand = low price. Stable supply and stable demand = stable price. **But** no single market participant can dictate the price levels prevailing in the region or in particular markets.

Market prices in the region for the crops grown in Swaziland are quoted in major South African markets such as Durban, Johannesburg and Pretoria produce markets. "Shadow" prices can be computed for points within Swaziland by subtracting the transport charges, commissions and other expenses from the RSA market quotations. The problem for Swazi farmers is that determining the relevant market and the right produce grades for comparison is difficult. In any case, the shadow prices do not represent actual bids within Swaziland. The shadow prices should be used only as a guideline to keep track of price trends in the region and as a basis for day-to-day negotiations with buyers.

Prices quoted by the Encabeni market are somewhat useful as guidelines but are not reliable indicators of prices that can actually be received at that market. The negotiation of prices for produce consigned to Encabeni is not a transparent process. There is no auction or other visible activity in which buyers and sellers meet and through which the prices are determined. The agents there have ready access to access imports which they own upon entry into Swaziland and the ability to export especially when they have access to backhaul transport.

High quality Swaziland produce will demand a premium price at times when consigned to certain South African produce markets such as Pretoria and Nelspruit. But Swazi shippers must ascertain that the quality and pack meet the buyers expectations and realize a sufficiently high premium price to justify the shipment. Sales to Durban and Mozambique so far are exclusively conducted at prices f.o.b. packshed negotiated one-on-one with the buyers in person or over the telephone.

Swazi farmer organisations cannot rely on the commission system when they ship truckload quantities to Encabeni. They must negotiate prices, quantities, time of delivery and other terms face-to-face or by phone directly with the agents there.

Accurate and current information on supplies on the market and realized prices are not available. So the packshed manager

must exercise considerable skill in negotiating without full information on market conditions. Moreover, he is under considerable pressure at the peak of the harvest season to keep the produce moving and the packshed floor clean.

B. Farm Supplies

On all purchases destined for resale to members, the co-op shall endeavour to realise a certain gross margin, for example, 15 percent of sales.⁸ On some items, such as diesel fuel and fertilisers, where such a margin is not competitive, the margin shall be determined by the committee. The committee shall be authorized to periodically review profit margins achieved by the society, with regard to goods destined for resale and adjust the margins as necessary.

⁸ Gross margin is expressed as a percentage of the selling price. A 15 percent gross margin is equivalent to a percent markup on the purchase price.

SECTION XIII
PROGRAMMED PRODUCTION

A. Determine crops to be grown and volumes desired

1. Review Production and Marketing Situation

Three months before the first plantings in a new season, the farmer organization manager and field agent in consultation with their technical advisors⁹ conduct a review of the results of the past production season and the prospects for marketing in the coming season. They will:

- analyze past season results to determine adjustments, if any, needed in crops, varieties or planting schedules.
- consider markets reports for past years to determine when prices are best for any "new" crops being considered.
- discuss crops and volumes with agents who may potentially buy produce.

2. Recommend Crops and Quantities

When evaluation of the production and marketing situation is completed they will:

- set recommended production volumes for all crops.
- present the proposed cropping program to the committee and the general membership for approval.

B. Establish Production Program Plan

The farmer organization manager and field agent will then prepare the plan for production during the coming season 8 weeks before the likely date of first planting, i.e., in time to visit prospective growers and obtain seed or grow seedlings. They will:

- set desired volumes per week for each crop to be programmed, based on information obtained from the review described above. Use table III-1 to determine yield per hectare for different crops.

- determine the area to be planted each week to attain the desired output for each of the crops selected.

- determine when planting must begin so that harvests are

⁹ Advisors such as MOAC horticultural extension agents or project staff from CAPM or similar successor projects.

ready at scheduled times. Use table 1 to determine time from planting to first harvest for different crops.

- prepare draft schedule for planting, using computer spread sheet (Exhibit III-1). This generates an "output" spread sheet based on actual plantings, using yield estimates (Exhibit III-2).

- use the results to develop plans for handling and marketing the crops.

- the farmer organization field agent visits individual farmers to assign actual planting dates for specific individuals.

C. Arrange for necessary inputs

The farmer organization manager and field man with assistance from their technical advisors will:

- determine seed requirements for each crop.
- check input suppliers for availability of seeds for each crop in the required cultivars and compare prices.

- order seeds in advance so they are available at the proper time, arrange for payment by individual farmers or preferably through farmer organisation.

- arrange with a nursery for seedlings if they are to be used in establishing the crop.

- deliver seeds to the nursery in time to allow for adequate seedling growth and development; adjust schedule for seasonal weather conditions; prepare a list by week of seedling needs for each farmer, leave copy with nursery and retain copies for the farmer organization manger and field man.

- review disease and insect control requirements for each crop, provide farmers with copies.

- discuss chemical and fertilizer needs with input suppliers to ensure availability.

- coordinate the planting program with area extension worker(s).

- train new farmers and train others for new crops.

D. Follow-up to ensure planting schedule is on track for each crop

The farmer organization field agent will:

- inform farmers one week in advance of planting dates to make certain they are ready (land preparation, labour, etc.) and are prepared to handle seedlings if involved.

- if programmed farmers are unable to plant as scheduled, find replacement farmers to ensure that the correct areas are planted each week.

- make certain farmers receive seedlings on the day they arrive from the nursery; arrange for delivery or pick-up by farmer

- handle carefully any seedlings left overnight at packshed. Keep in cool area out of sunlight, water if necessary, etc.

E. After planting activities

The farmer organization field agent will:

- visit farmers periodically to assess progress and to provide assistance in overcoming any problems that may arise.
- as season progresses make any necessary adjustments in predicted harvest date(s).
- estimate yields three to four weeks before harvest begins and update manager on major differences between current information and the projected harvest and yields made earlier.
- visit farmers to review harvest plans and arrange for delivery of produce to the packshed.
- coordinate harvest activities with the farmers and the packshed.

SECTION XIV

PURCHASING SUPPLIES AND MATERIALS

A. Approvals

All purchases of supplies and materials above a designated value¹⁰ must be approved by the committee. Approval for purchases may be passed by a simple majority of the committee, provided a quorum is present. For purchases over a certain minimum¹¹, The committee shall be required to seek the approval of the general membership before proceeding with the purchase.

The manager shall be authorized to spend amounts less than this for daily operating needs from petty cash. Whenever possible, the manager must secure at least three (3) quotations before submitting any purchase above the designated amount to the committee for approval. The committee shall not be obliged to accept the lowest quotation for goods and materials, but may accept alternative quotes based on other considerations, such as quality, availability and suitability for the purpose they are sought.

The committee shall approve all new credit arrangements with suppliers, based on credit limits approved by members at the annual general meeting, as per the society's by-laws.

B. Requisition Required for Committee Approval

Place all requests for purchases on a requisition form and submit to the committee.¹²

Use the purchase requisition form (Exhibit) which provides the following information: date, person making the request, name and location of supplier, telephone number of the supplier, item(s) to be purchased, amount or quantity to be purchased, unit price, total price, person requesting the purchase, signature of the chairman or secretary granting committee approval.

C. Purchase Orders

¹⁰ Currently 100 emanlangeni.

¹¹ Currently 10,000 emalangeni.

¹² Purchases below the designated amount may be approved by the manager.

Once a purchase has been approved, the committee shall authorize the bookkeeper to issue a purchase order containing the above information, the purchase order number, who prepared the purchase order, and the cheque number. For cash purchases, the bookkeeper shall prepare a cheque or cash to accompany the purchase order. Cheques for purchases must be signed by the chairman and either secretary or treasurer.

Credit accounts will be opened by the bookkeeper for all credit purchases. These accounts are to be kept current and the manager alerted when accounts are due.

SWAZI VEGETABLE GROWERS
CO-OPERATIVE SOCIETY LTD.
P.O. BOX 00
MALKERNS, SWAZILAND
TEL: 00000, EXT. 1

PURCHASE/REQUEST FORM

DATE: _____

PURCHASE ORDER NUMBER: _____

PERSON MAKING REQUEST: _____

COMPANY: _____ TEL: _____

Number of Items	Details	Unit Price	Total Price

TOTAL: _____

APPROVED BY: _____

PURCHASE ORDER COMPLETED BY: _____

CHEQUE NUMBER: _____

D. Reorders

In the case of materials and supplies which are reordered on a regular basis, the manager or his delegate shall be authorized to place orders for resupply of such goods when predetermined reorder levels (set by the committee in consultation with the manager) are reached.

E. Payments

The bookkeeper shall be authorized to prepare payments on credit accounts, according to terms approved by the committee. All purchases must be accompanied by either a receipt, invoice, delivery note, or other documentation from the supplier. All receipts, invoices, delivery notes, or other documentation must be submitted to the bookkeeper for posting. All payments on credit accounts must be issued with a proper receipt by the supplier, which must be filed by supplier name, in the society's office, after being posted to the proper accounts. Once posted all receipts, invoices, delivery notes, or other documentation must be filed by supplier name in a file to be kept in the society's office.

SECTION XV

QUALITY CONTROL

Quality control is the essence of attaining better prices for produce sold from the packshed. So a quality control function should be instituted and a person should be designated to conduct it. The quality control person must be able to understand receiving procedures, produce packing, sizing and sorting. This person will be involved in continuous training in areas of size, color, defects, packing processes, packaging of wood cartons or field crates, labelling of finished packages.

The quality control person is directly responsible to the packshed manager. She/he:

- checks receiving of produce.
- continuously trains and checks performance of the packing crew on grades, packing procedures, color, sorting, filling and correctly checking weights.
- ensures that decisions made as to grade size are marked on the carton.
- marks end of every carton logo with packshed name, address, country.
- meets at the beginning of a shift with receiving clerk, floor foreman, security guard and packshed manager to discuss needs for outgoing shipments and incoming crates from farmers.
- ensures enough cartons and lugs are ready to ensure continuous flow foam packing area.
- dates all cartons and crates with date of pack in lower left corner.

SECTION XVI

RECEIVING

A. Goods and Materials

All deliveries of goods or materials, whether purchased for cash or on credit must be checked by the manager or the bookkeeper, if assigned this duty by the manager, against the delivery note, invoice, receipt, or other documentation presented by the supplier. Any discrepancies between goods delivered (quantity, type, price, etc.) And accompanying documentation must be reported immediately to the supplier by the manager. If the discrepancy is not rectified by the manager and the supplier, the manager shall inform the committee immediately of the problem and seek their advice on what measures should be taken.

B. Produce

When the produce arrived at the packshed the floor foreman or packshed manager will select a suitable package for the item to be sold in. Field crates are to remain between the packshed and the farmers except when f.o.b.buyers furnish their own supply of crates.

Crates must be filled at time of receiving. Crates not full upon arrival will be filled. In that case, incoming quantities will be reduced on receiving records.

A receiving clerk checks the produce received from farmers when it arrives at the packshed. The receiving clerk must understand standards set by packshed as to sizing, grades, temperatures, and quality that will be accepted by the packshed.

At the time of arrival the receiving clerk:

- checks produce for freshness.
- accept or reject produce at this time.
- notifies packshed manager when produce is rejected.¹³
- when is accepted completes the receiving record with the following information:
carrier, farmer's name, date received,
farmer's number., delivery number from
field agent collection record sheet,

¹³ Packshed manager contacts farmer to inform him produce is rejected, why, and to discuss solutions for the problem.

- commodity and quantity.
records any comments as to size, color,
grade, quality, temperature, handled
poorly or correctly. .

SECTION XVII

SALES

A. Manager Negotiates Prices and Terms

The manager negotiates prices and terms for all sales of produce and other goods and services by the society. He balances the interests of the members and the association as such. So he conducts the society's sales program in a manner that aims to maximize returns to the society and its members. At the same time the sale price of all produce and other goods and services by the society shall reflect all marketing and administrative costs incurred by the society as well as the cost of the actual product or service.

The manager must present all new sales arrangements to be entered into by the society to the committee for approval. However, he is authorized to make daily decisions regarding prices and destination of goods for market operations which have been approved by the committee, without having to seek approval for each decision to be made.

B. Documentation

All sales by the society are to be properly documented, with receipt, invoice, or other appropriate documentation before being released from the custody of the society. The invoice is to be prepared and totaled for every sales transaction. Every sale includes diesel sales, seed sales, fertilizer sales, and produce sales. Every item leaving the packshed must have an invoice written up and handled by the bookkeeper.

The manager prepares a weekly sales summary for presentation to the committee highlighting total sales, sales by crop and grade, prices received by crop and grade, and any problems, concerns and opportunities which may arise.

The manager, with the book keeper shall periodically calculate the costs associated with each activity conducted by the society and recommend revised sale prices and charges accordingly.

C. Terms

All goods will be sold as is /where is, meaning all goods will be inspected by the buyer or his agent at the time of sale at the point of delivery. Once a buyer has accepted the receipt of produce all sales will be considered final and no returns or claims will be accepted by the society. The society may, with the approval of the committee enter into

consignment sales arrangements.

There will be no discount for volume sales or allowances granted on any purchase.

All produce will remain the property of the member until it is sold. The society shall not be responsible for payment of any unsold produce without the approval of the committee.

D. Sales to Local Vendors

A clerk is appointed to cater to the needs of local vendors. Buyers will not be allowed into the packhouse to select produce within the various grades. All produce will be sold on the basis of standard grade and weight or volume and will be delivered to the packhouse door or other agreed upon point of sale in the quantity requested at the price agreed upon.

The vendor clerk must be able to understand pricing, sizing, invoicing, handling of money and be a friendly individual. She/he talks to customers to understand the customer needs. The clerk receives money from cash customers, prepares an invoice for the purchase and turns over the money received and the invoice to bookkeeper. The vendor clerk then goes to the floor foreman to check the invoice against the quantity of produce prior to handing over produce to customer.

SECTION XX
EDUCATION, TRAINING AND RESEARCH

A. Member Training

The society through the committee shall endeavour to arrange for, sponsor, and otherwise present educational events for members to increase their knowledge and skills in the areas of vegetable production and marketing as well as business and farm management.

B. Employee Training

The society shall provide for the training of it's employees, either in house or at an acceptable institution, to ensure that they possess the knowledge and skills needed to efficiently provide for the needs of the society and it's members.

C. Support Research

The society participates, assists, and otherwise works with the Government of Swaziland Ministry of Agriculture and Co-operatives, The University of Swaziland, and any other agency or institute in the region in any research or other scientific study aimed at improving the standard of vegetable production and marketing.

D. Member Relations

The committee shall call regular meetings of the general membership to explain and educate the members about marketing operations, procedures, and policies. The committee shall call regular meetings of the general membership to explain and educate the members in all aspects of the societies operations.

SECTION XXI

TRANSPORT

A. Authority to Acquire and Dispose

The committee shall be authorized to purchase, lease, hire, or otherwise obtain such transport as may be needed to meet the objectives and goals of the society. However, before the committee shall make any such decision, it shall perform a proper business analysis and feasibility study, including budget projection, and use this feasibility study as the basis of any decision to purchase, lease, hire or otherwise obtain transport for the benefit of members. Any and all such analysis, feasibility studies, and/or budget projections shall be filed in the society's office and be available for study by any interested member of the society upon request.

The committee shall be authorized to sell, rent, or otherwise dispose of any vehicle owned by the society, provided that every effort is made to achieve the highest possible return on such assets for the benefit of the members of the society. Record of any such sale or other method of disposal of vehicles must be filed in the society's office and made available for the examination of any interested member.

B. Produce Collection

Transport used to collect produce from farms on collection points is arranged for and dispatched from the packshed. Transport for produce collection should be available daily and scheduled to allow for packing and delivery to suit the needs of the market.¹⁴ Some farmers deliver their own produce. Farmers who require transport service to the packshed should pay an increment to the packshed fee.¹⁵

The packshed employs collection truck driver(s) to operate truck(s) engaged in picking up produce from farmers. The collection truck driver must be knowledgeable as to equipment,

¹⁴ For example, Collection of produce destined for Encabini should be primarily Sunday through Thursday in order to pack and ship for arrival in time for the weekend retail market while avoiding accumulate of inventory at the packshed while sales at Encabini suspended Saturday afternoon and Sunday.

¹⁵ Currently E0.5 per field crate at KK.

truck(s) engaged in picking up produce from farmers. The collection truck driver must be knowledgeable as to equipment, produce, and location of picking areas. The collection truck driver must be friendly, efficient, careful driver, and willing to work with everyone. He checks with packshed manager prior to any collection to receive his schedule, be certain all paperwork is filled out correctly. His paperwork is to be received at office on time, i.e when he returns with the truck¹⁶ loaded.

The collection truck leaves at the time determined by packshed manager. Ideally, he would have radio or radiophone in working order in the vehicle so he could exchange communications between the packsheds, growers and association field agents while on the route and inform the shed of his status.

He is responsible for maintenance of his truck and any other equipment related to the truck operation. He assists in loading produce on and off the truck and supervises a truck helper and collection truck clerk.

The collection truck driver, the collection truck helper and the collection truck clerk assist in loading all produce on and off truck and in loading empty field crates. The collection truck clerk also completes field crate records on each trip. He fills in the field agent collection book completely with each collection from a farmer. At the end of the trip he places the records with the office.

Packsheds also use a NAMBoard truck to collect produce from the farms. When that occurs the truck is accompanied by a helper and a collection clerk from the packshed.

C. Produce Delivery

Transport for delivery of produces should be scheduled to arrive to suit the buyer's need. At Encabini or Nelspruit this means in time for peak sales at the receiving market but not on days when there are no sales.¹⁷ Packsheds deliver small quantities of produce in packshed vehicles; truckload lots¹⁸ in NAMBoard trucks.

D. Vehicle Storage

All vehicles owned or operated by the society shall be parked at the society's registered office or police station.

E. Maintenance

¹⁶ Truck and trailer in some cases.

¹⁷ Sunday through Friday.

¹⁸ About four tons or 210 field crates.

The manager of the society shall be responsible to ensure that proper periodic servicing and maintenance of society owned or operated vehicles is conducted to ensure maximum vehicle life and efficiency and to minimise maintenance costs and down time resulting from breakdowns.

All vehicles owned or operated by the society are loaded according to the capacity rating of the vehicle to reduce wear and tear on the vehicle and assist in minimising breakdowns and repairs to the vehicles.

F. Vehicle Use

Only the manager or drivers authorised by the committee shall be permitted to drive society owned or operated vehicles. No authorised driver shall pick up or otherwise offer transport to any passenger, whether gratis or for remuneration, other than for official society business. Misuse of society owned or operated vehicles by employees of the society shall be considered grounds for termination of employment.

All drivers must possess a valid Swaziland drivers license for the class of the vehicle to be operated. They must further demonstrate to the committee driving proficiency and basic mechanical and maintenance skills.

No member or committee member shall be authorised to drive society owned or operated vehicles, but shall instead be required to make use of authorised drivers employed to the society, with the exception of emergency situations when the committee shall be authorised to designate an emergency driver. No member or committee member shall be given any preference in regards the use or benefit of any society owned or operated vehicle. Priority for assignment or usage of society owned or operated vehicles shall be assigned by the manager, who shall make such determination according to the objectives, goals, and policies of the society, and guided by profit maximisation for the benefit of the society's members.

G. Insurance

All vehicles owned and operated by the society must be legally licensed and insured according to the laws of Swaziland. Make sure that insurance coverage on society owned and operated vehicles is adequate to cover potential liabilities, property damage and the repair or replacement of such vehicles in the event of accident.

H, Log Book

Maintain a log book to record all movement of society owned or operated vehicles. This log shall contain the date, destination, beginning and ending kilometres, total kilometres driven, purpose of the trip, and drivers name and signature. Any purchases of fuel, lubricants, or other goods or services