



State Diamond Trader



**Strategic Plan
2013 – 2014**



SDT: Highlights during its 5 years

The State Diamond Trader (SDT) was established during difficult economic environment which characterised its first five years of existence.

Despite that, the SDT:

- Ensured its commercial position and built-up reserves
- Delivered on its mandate of ensuring access to rough diamonds for local beneficiaries
- Provided support to its mandate clients and platforms for access to markets



SDT: Highlights during its 5 years

- Set up an appropriate governance structure, now new Board in place
- Managed to train and acquire requisite skills, secondments included
- Developed its policies and procedures and implemented
- Managed to obtain 5 consecutive unqualified AG audits



SDT: Challenges during its 5 years

- Economic recession of 2008-09
- The lacklustre performance of the world economy, notably the US and EU economies
- Initial persistent disagreements with producers
- Its clients inability to raise funds and poor marketing capabilities and stunted growth
- SDT's funding model



SDT: 5yr Core business highlight

Description	Number	Rough Diamonds Carats	Rough Diamonds Value
Diamond Beneficiaries the SDT sold to	74	1,837,912	ZAR 1,739,650,306
Producers the SDT bought from	9	1,838,514	ZAR 1,666,457,659
Diamond Beneficiaries invited to purchase from the SDT	118		
Inspections the SDT carried out from Producers	390	38,214,458	US\$ 4,761,132,741



SDT: Purchasing Challenges

The SDT has not been able to purchase the full 10% of local production available to it due to:

- A lack of demand for rough diamonds
- The global poor economic situation
- Run of mine production and its suitability for beneficiation
- A lack of agreement on what constitutes “Fair Market Value”
- A lack of appropriate funding



SDT: Sales Challenges

Despite the SDT's approved Allocation Policy and Trading Rules and objective of contributing to industry growth:

- ROM goods have proven difficult to sell without special interventions at allocation stages
- Its mandate clients' performance has had limited growth
- Compliance with general SA trading rules required a lot of SDT input and constant engagement



SDT: Next Phase of development (2013/16)

Going forward, the SDT has agreed on:

- A revised strategic thrust as set out in two of its three Strategic Objectives
- The desired impacts of its objectives as stated herein
- The alignment of its goals and outcomes with those of approved Beneficiation Strategy of SA



SDT: Objectives linked to DMR and National Outcomes

National Outcomes	DMR Programme	SDT Strategic Objectives
<p>Create a better South Africa and contribute to a better and safer Africa</p>	<p>SDT Mandate</p> <p>Mineral Policy and Promotion</p> <p>Promote investment in the Mining Sector</p>	<p>Promote the diamond beneficiation industry through research and development over the next phase of State Diamond Trader's existence</p> <p>Contribute to the growth of the local diamond beneficiation industry</p>
<p>Effective, efficient and development orientated Public Services</p>	<p>Mineral Policy and Promotion</p> <p>Promote sustainable resource use and Management</p> <p>Corporate Services</p> <p>Contribute to skills development</p>	<p>Develop efficient means to market diamonds not suitable for local beneficiation.</p> <p>Develop and acquire appropriate Human Resource capacity</p>

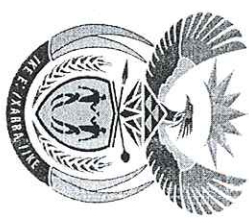


SDTI: Mandate

Promote the diamond beneficiation industry through research and development over the next phase of State Diamond Trader's existence

SDT: Vision

Be a catalyst for the transformation and growth of
the local diamond beneficiation industry





SDT: Mission

- Ensure acquisition of and equitable access to rough diamonds with particular focus on HDSAs
- Promote the growth of the diamond beneficiation industry through relevant interventions
- Establish and maintain a transformed client base of local diamond beneficiaries



SDT: Strategic Objective 1

Contribute to the growth of the local diamond beneficiation industry, among others by:

- Developing & implementing a promotion and marketing strategy
- Realigning sales strategy to grow beneficiation
- Advertising for new/ additional clients



SDT: Strategic Objective 1

- Facilitating relevant capacity building for HDSEA and small beneficiaries
- Establish collaborations with relevant skills development State institutions
- Contribute to the development of a regional trading hub
- Engage other diamond producing countries on purchasing of diamonds for local beneficiation



SDT Outcome: Objective 1

**A sustainable, growing and transformed diamond
beneficiation industry**



SDT Impact - Objective 1

The local diamond industry's growth will be enhanced and more opportunities for HDSA entities. By 2016;

- An additional 100 new jobs will be created
- The broad based small beneficiation sector developed
- A diamond beneficiation incubation unit established, to house 10 new entrants
- Enhanced HDSA participation - accounting for a minimum 10% of sales



SDT: Strategic Objective 2

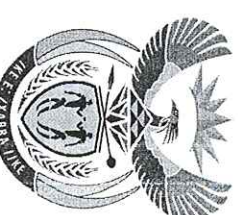
Develop efficient means to market diamonds not suitable for local beneficiation, by:

- Engaging and agreeing with relevant stakeholders in the diamond pipeline (DMR included) on a special marketing model
- Unlocking and increasing rough diamonds suitable for local beneficiaries



SDT Outcome: Objective 2

**Be the leading and innovative rough diamond
trader for the local beneficiation industry**



SDT Impact – Objective 2

Enhanced supply and increased availability of
diamonds for local beneficiation



SDT: Strategic Objective 3

Develop and acquire appropriate Human Resource capacity, among others through:

- Identifying skills gaps and capacity building requirements
- Ensuring continuous capacity building for all personnel
- Reviewing and monitoring training provided to ensure appropriateness
- Developing a retention strategy



SDT Outcome: Objective 3

Be an efficient, innovative and development oriented organisation



SDT Impact – Objective 3

Motivated and satisfied staff who act as good ambassadors of the State Diamond Trader and therefore provide excellent services to stakeholders



SDT Budget for 2013-2014

Sales	331,360,035
Cost of Goods Sold	(321,708,772)
Gross Profit	9,651,263
Administrative Expenses	(19,318,686)
Interest income	1,836,097
Interest expense	(2,004,239)
Net income /(Loss)	(9,835,565)



The State Diamond Trader

