



# PROKON

## Business Review

2023/2024



*Your preferred quality  
assurance partner*





**PROKON**

Business Review  
2023/2024







## agriculture, land reform & rural development

Department:  
Agriculture, Land Reform and Rural Development  
REPUBLIC OF SOUTH AFRICA

### **Official assignee of the Department of Agriculture, Land Reform and Rural Development**

Product Control for Agriculture (Prokon) as the officially appointed assignee of the Department of Agriculture, Land Reform and Rural Development has been rendering a comprehensive inspection service on potatoes since 1994 and since 2017 on all other regulated locally produced and imported fresh fruits and vegetables. These inspections are carried out in accordance with the Agricultural Products Standards Act, No. 119 of 1990 and the relevant regulations.



### **SANAS accreditation for the inspection of fresh produce**

Prokon has received the internationally recognised ISO/IEC 17020:2012 accreditation from SANAS for the inspection of fresh produce at fresh produce markets, retail and imports in South Africa. Prokon is still the only South African company that is internationally accredited by SANAS to conduct inspections on fresh produce.



**Affiliated membership of the International Fresh Produce Association: IFPA**





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# PROKON

## Business Review 2023/2024



# 01

## Vision

To enforce standards and exercise control over the quality of regulated locally produced and imported agricultural produce offered for sale and to assist in promoting local and foreign marketing of South African produce with the emphasis on quality.



# 02

## Mission

To deliver a comprehensive, cost effective and professional quality assurance and advisory service to the fresh produce industry and consumers which would advance the image of the said industry.





- 01 Vision
- 02 Mission
- 03 Values
- 04 Goals



## 03 Values

To ensure that the service rendered is professional and impartial, based on integrity and professional conduct.



## 04 Goals

To create a fair business environment for the fresh produce industry based on product quality.



## Comments by Chairman



Rudi Heinlein

To a large extent the significant growth in the market is ascribable to growing health consciousness among South African consumer following the Covid-10 pandemic.

### **The South African fresh produce market**

The size of the South African fruits and vegetable market is estimated at R41.377 billion (USD 2.38 billion) and it is forecasted that it would reach R59.98 billion (USD 3.45 billion) by 2029, representing a compound annual growth rate of 7.70%

To a large extent the significant growth in the market is ascribable to growing health consciousness among South African consumers following the Covid-10 pandemic. What is notable in this market is the steady growth in the consumption of organic fruits and vegetables due to increased consumer concern over the use of chemicals in pest control and crop fertilisation.

It is a known fact that the fresh produce industry is continuously faced by challenges emanating from aspects such as a high rate of inflation, continuously rising input costs, logistical disruptions and poor infrastructure as well as extreme variable weather conditions. However, as far as the local consumers of fresh produce are concerned, inflation ranks the number one concern in view of its contribution to the rising cost of living and thus decreased household spending power.

### **The global fresh produce industry**

Globally the fresh produce industry is faced with numerous challenges such as weather extremes, geopolitical tensions and the ever decreasing and more expensive workforce, all aspects continuing to impact negatively on role players involved in the fresh produce supply chain. However, technological innovations and new products being developed, ensure that the future of the industry remains full of opportunities.

The many weather extremes, with special reference to the impact of El Niño, disrupted supplies worldwide, with some products being absent in retail outlets from time to time. This naturally led to higher prices as demand overshadowed supply.

Quality is also becoming increasingly important with an added emphasis on consumer preferences. An example thereof is the jumbo size blueberries that are gaining market relevance as a result of the consumer preferences as well as efficiency gains and lower production and harvesting costs.



There is also a steady increase in greenhouse produced fruits and vegetables with special reference to the production of new varieties and snack-size vegetables packed in attractive packaging to enhance the saleability of the products.

Automation is gaining impetus in the fresh produce industry as a part-answer to the hurdles hindering the industry. Information shows that the production and processing of leafy green products will increasingly be automated. As is the case with many other fruit and vegetable industries, consumer demand for ever increasing quality, rising costs and decreasing labour availability, limited water availability and/or more stringent sustainability requirements add to the already existing challenges facing the industry.

### **Packaging**

As with other changing trends in the fresh produce market, packaging is also subject to change with the emphasis on sustainability, convenience, presentation and informative packaging based on the demands of the consumer. These demands include sustainable eco-friendly packaging options like recyclable or compostable packaging materials aimed at reducing waste in the interest of protecting the environment while also providing longer shelf life. As far as the retail trade is concerned fresh produce are nowadays packed in transparent eye-catching packaging that not only allows the consumer visuality but also provide useful information such as origin, cultivar, uses and nutritional content.

According to Crawford Packaging fresh produce farmers and firms specialising in packing these products for the retail trade are adhering to consumer demands as far as eco-consciousness is concerned by increasingly introducing recyclable or compostable packaging to reduce its impact on the environment. The use of bio-based plastics and plant-based films are also being explored that not only protect the product but also help extend its shelf life. In addition, farmers are looking at advanced packaging technologies such as modified atmosphere

packaging (MAP) and active packaging options. MAP involves modifying the gas composition within the package to create an optimal environment for freshness, while active packaging incorporates functionalities like moisture control or antimicrobial properties to preserve the quality of the produce for a longer period.

### **Competition Commission's fresh produce market inquiry**

In 2023 the Competition Commission, South Africa's competition watchdog, launched their fresh produce market inquiry to determine whether any feature in the fresh produce value chain impedes, restricts or distorts competition in the market.

In a Reuters press release it was quoted that the Competition Commission has uncovered barriers to entry, distorted competition and price mark-ups in the fresh produce market environment. The inquiry identified 29 practical and reasonable provisional remedial actions and recommendations that could address distortions in the fresh produce market.

As far as the national fresh produce markets (NFPMs) are concerned, the inquiry covered the role of market agents operating on the markets, concentration of market agents, barriers to entry in the fresh produce value chain, access to formal retail space and pricing of fresh produce with a detailed analysis of potatoes, onions and tomatoes.

The Commission was very critical about the dilapidated infrastructure of most of these markets which poses serious challenges to farmers, market agents and buyers, especially where ripening rooms and cold storage facilities are non-operational and cause fresh produce delivered to the market to wilt and rapidly deteriorate. According to information provided to the Commission some NFPMs did not reinvest the 5% commission they receive from produce sold, which was evident from the poor state of infrastructure, security and maintenance of the market facility.



## COMMENTS BY CHAIRMAN

The inquiry recommended municipalities should change the operating and governance models for NFPMs. This could take the form of corporatisation of NFPM operations through companies owned by municipalities or the creation of public-private partnerships. It also recommended municipalities should ring-fence profits earned from the market to fund capital expenditure and, where feasible, increase budget allocations for NFPMs from municipal budgets, over and above the revenue generated by the fresh produce markets

Though the size of the market was relatively big, the inquiry found the share of black-owned farms, market agents and small-scale farmers was negligible in general. It has been estimated that less than 1% of gross value of sales on the NFPMs comes from smallholder and HDP/ SME farmers. It noted that small-scale farmers, historically disadvantaged persons (HDP), farmers and small, medium and micro enterprise (SME) farmers found it difficult to sell their produce on the NFPMs, despite the markets being the least costly route to consumer markets. The inquiry said HDP market agents found it difficult to compete with established agencies as they did not have access to the most tradeable produce such as potatoes, tomatoes, onions and bananas.

The Commission recommended all NFPMs should set targets to increase annual sales of small-scale and HDP farmers through the markets, i.e., a minimum of a 10% increase annually in sales from SME and HDP farmers combined.

Only time will tell what impact the outcome of the Competition Commission's fresh produce market inquiry will have on the industry.

### Global Liaison

I and Etienne Booyens had the privilege to attend the 2024 Fruit Logistica Trade Show in Berlin and once again realised the importance to attend such events on a regular basis considering the ideal platform it creates to observe the latest trends, innovations and developments in terms

of fresh produce, machinery and technology as well as logistics, including the organic produce sector and future-oriented areas such as Smart Agri and greenhouses.

As the show boast figures such as 2 700 exhibitors, 66 000 trade visitors and 145 countries involved it offers the ideal platform to establish new or renew existing contacts with like-minded industry individuals and companies as well as making global importers aware of the services Prokon does and can render in terms of quality assurance.

Of special interest to Prokon was the range of products and exhibitors specialising in quality control and certification, food safety control and certification, and internet/ computer/ inventory management systems and services.

### Conclusion

The chief executive officer will extensively cover the activities and performance of Prokon, and I shall therefore refrain from commenting thereon.

I wish to thank my co-directors and the dedicated Prokon team for their tireless contributions to grow the company and expand its footprint.



## Comments by Chief Executive Officer



Etienne Booyens

The personnel manning the Prokon offices managed to serve the industry with distinction, notwithstanding the regular loss of some young, qualified inspectors to other industry role players.

The 2023/24 year under review represented a hodgepodge of positives and negatives with the positives gaining the upper hand. Heading the positives were Prokon's ability to expand the extent of its service delivery, the increase in the number of producers paying the inspection fee with a consequential improvement in its financial position and the retention of the ISO/IEC 17020 international accreditation in respect of fresh produce for another year. The primary negative was the pending court case regarding the collection of the inspection fee on locally produced fresh fruits and vegetables which was fortunately only used by a nominal number of farmers as an excuse not to pay the relevant fee.

### **Service delivery**

#### ***Inspections on regulated fresh produce for local consumption***

The personnel manning the Prokon offices managed to serve the industry with distinction, notwithstanding the regular loss of some young, qualified inspectors to other industry role players. The expansion of Prokon's footprint by opening offices in Komatipoort and Polokwane to ensure the maximum inspection coverage of imported as well as locally produced produce intended for sale in the Republic South Africa proved to be highly successful. Naturally this service expansion had a positive impact on the income derived from rendering the inspection service.

#### ***Inspections on locally produced fresh produce***

As far as inspections on locally produce fresh produce are concerned 231 810 inspections representing 925 503 459 tons of fresh vegetables and 29 685 inspections representing 123 668 030 tons of fresh fruits were conducted on fresh produce markets.

#### ***Inspections in the retail trade***

The provision of inspection services to the retail trade went well with the emphasis on inspections at distribution centres. The fact that contracts have been signed with most retail groups and producer institutions went a long way to facilitate service rendering and payment for the inspection service rendered. During the year under review Prokon managed to increase the



number of groups, businesses and institutions with which contracts have been signed. During the year under review 40 054 inspections representing 49 086 tons of fresh vegetables and 18 472 inspections representing 17 606 tons of fresh fruits were conducted in this segment.

#### ***Inspections on imported fresh produce***

During the year under review the 5 250 inspections conducted on fresh produce entering South Africa through inland and seaports of entry reflected a significant increase in the number of inspections conducted compared to the preceding year. With reference to the latter the opening of the Prokon office at Komatipoort is of special significance in view of the large number of mainly banana consignments passing through the border post between Mozambique and South Africa. Mechanisms are also put in place to ensure that consignments that do not come through the aforementioned border post are inspected at designated inland inspection points. Prokon is also continuously monitoring the possible importation of fresh produce through other inland border posts in terms of its responsibility as assignee to ensure the widest possible inspection coverage in the interest of local consumers.

#### ***Service rendering to foreign companies***

During the year under review Prokon was again contracted by foreign companies to render sampling services on locally produce fresh fruits destined for the export market.

Prokon also conducted trial audits on the export of citrus cultivars planted under licence in South Africa.

The aforementioned is a clear indication that Prokon is increasingly being recognised internationally as a reputable service provider in the fresh produce milieu.

#### ***Business relations***

Prokon management continued in its efforts to establish new and maintain existing relationships with stakeholders, e.g., retail groups, industry representative associations, and primary agricultural institutions in the local fresh produce sector as well as foreign bodies such as the Namibian Agronomic Board. Of special importance is the establishment of the partnership with KCB-Holland.

Based on the success Prokon's liaison officer had in fostering liaison with stakeholders, the decision to create such a position was undoubtedly the correct one. The direct link established between stakeholders and Prokon management streamlined mutual communication that facilitated addressing critical issues prior to it impacting negatively on the industry as a whole.

#### ***Inspection service agreements***

Prokon has managed to successfully renegotiate existing agreements with retail groups and industry representative bodies for the continuation and expansion of inspection services. In addition, it has managed to sign agreements with six additional industry role players for the rendering of inspection services to them. The aforementioned is, once again, testimony of the recognition Prokon enjoys as a key provider of a professional inspection service.

#### ***Industry training***

During the year under review specialised training was provided to industry role players and small-scale farmers.

#### ***SANAS audit***

Prokon passed its third annual SANAS audit which was conducted on 2 November 2023. This ensured that the company retained its ISO/IEC 17020 international accreditation in respect of fresh produce. Prokon is still the only South African company with the relevant accreditation.

#### ***Personnel matters***

##### ***Personnel competence***

Prokon accepts that personnel competence is of the utmost importance to render a high-quality inspection service. With this in mind two personnel members were enrolled to participate in the Danish sustainable food systems course sponsored by the Danish Embassy's DFC scholarship program in Copenhagen, Denmark and another two attended the KCB-Holland harmonizing meeting in Holland. I, as chief executive officer of Prokon, also participated in the latter excursion in order to attend



the Chief Executive Officers' meeting of the 21 global inspection bodies present at the harmonizing meeting.

The Chairperson and I visited the Fruit Logistica Trade Show held in Berlin early in 2024 with the main aim to establish how Prokon can improve its service delivery with the emphasis on quality and food safety control and certification, the application of internet/computer/inventory management systems and services as well as to use the show as a platform to make global fresh produce importers and related role players aware of the services Prokon is well-equipped to render in respect of quality inspections.

#### ***Personnel evaluations***

Prokon has updated its e-click software application to make it possible for continuous personnel evaluation in so far as performance is concerned. This is an especially valuable tool to implement immediate remedial actions in terms of performance as well when decisions have to be taken on salary increases, bonuses and promotions.

#### ***Management meetings***

The executive management places a high premium on regular management meeting to ensure cohesion and that managers are all on the same page in respect of service delivery in accordance with the official product standards and the application of uniformity in applying the approved standard operational procedures (SOPs). During the year under review three management meetings / workshops were held for this purpose.

#### ***Administrative matters***

#### ***Financial position***

Prokon experienced a good financial year. Based on the outcome of the external audit conducted by Fourie + Botha, our external auditors, the company's financial position is sound, and the necessary controls are in place. Testimony to this is the fact that Prokon received an unqualified audit report in respect of the 2023/24 financial year.

As far as the collection of the newly promulgated inspection fees was concerned, we experienced a significant increase

in the fees collected compared to the fees collected in terms of the originally promulgated fees. The increase in the number of inspections on imported produce also had a profound impact on the monies collected for the service.

#### ***Risk register***

The introduction of a risk register has proven to be a valuable management tool to continuously keep track of risks facing Prokon and thus be able to introduce measures to counter or at least minimize the impact of thereof. The two aspects identified as major risk are the luring-away of young, recently trained and qualified inspectors by other role players in the industry and the impact of the non-payment of the inspection fee by some farmers.

The Prokon board has approved measures which we believe will counter the resignation of the young inspectors trained by us.

As regards the non-payment of the inspection fee, we are awaiting the ruling from the judge who presided over the court case.

#### ***Prokon Directorate***

The Prokon directorate remained unchanged. In respect of the Risk and Audit Committee Dr SM Ntombela was appointed a member in place of Mr P Moonsamy.

#### ***Conclusion***

The tremendous support we received from the members of the Prokon Board, and in particular the chairman, Mr Rudi Heinlein, and the chairman of the Risk and Audit Committee, Mr Stanley de Lange made our tasks that much easier. I wish to thank you all for your sound advice and support to ensure the professional functioning of the company and its growth as a preferred quality assurance provider. I also wish to thank the personnel of Prokon for their dedication and hard work to improve and expand Prokon's footprint in the fresh produce industry.



## THE COMPANY

Product Control for Agriculture (Prokon) is a registered non-profit company under the Companies Act, No. 71 of 2008. The company's business activities are primarily aimed at ensuring that fresh produce reaching the South African consumer comply with official quality and health standards. To attain this, it renders a quality assurance service at key inspection points that serve as links between the supplier and the buyer, i.e., fresh produce markets, distribution centres and thus retail outlets, as well as inland and seaports of entry.

In terms of its appointment as an official assignee of the Department of Agriculture, Land Reform and Rural Development, Prokon has been rendering a comprehensive inspection service on potatoes since 1994 and since 2017 on all other regulated locally produced and imported fresh fruits and vegetables. These inspections are carried out in accordance with the Agricultural Products Standards Act, No. 119 of 1990 and the relevant regulations. It is furthermore important to note that since 2012 Prokon has been conducting unofficial inspections under contract for various fresh produce industries and retail groups.

On 13 April 2021 Prokon received the internationally recognised ISO/IEC 17020 accreditation from the South African National Accreditation System (SANAS) for the inspection of fresh produce in South Africa at fresh produce markets, in retail outlets and at ports of entry. Following the compliance assessment of Prokon by SANAS on 2 November 2023 it successfully passed the requirements and was granted accreditation for a third successive year. Prokon is still the only South African company with international accreditation to conduct inspections on fresh produce.

## STRUCTURES AND ADMINISTRATION

### Board of directors

The Prokon board of directors is representative of relevant sectors in the fresh produce industry to ensure that all matters that impact on service delivery to the industry, are addressed.

During the year under review the following persons served on the Prokon board of directors:



**Rudi Heinlein**  
Chairman



**Stanley de Lange**  
Vice-chairman



**Human du Preez**



**Jason Moonsamy**



**Dr Sifiso Ntombela**

### Personnel

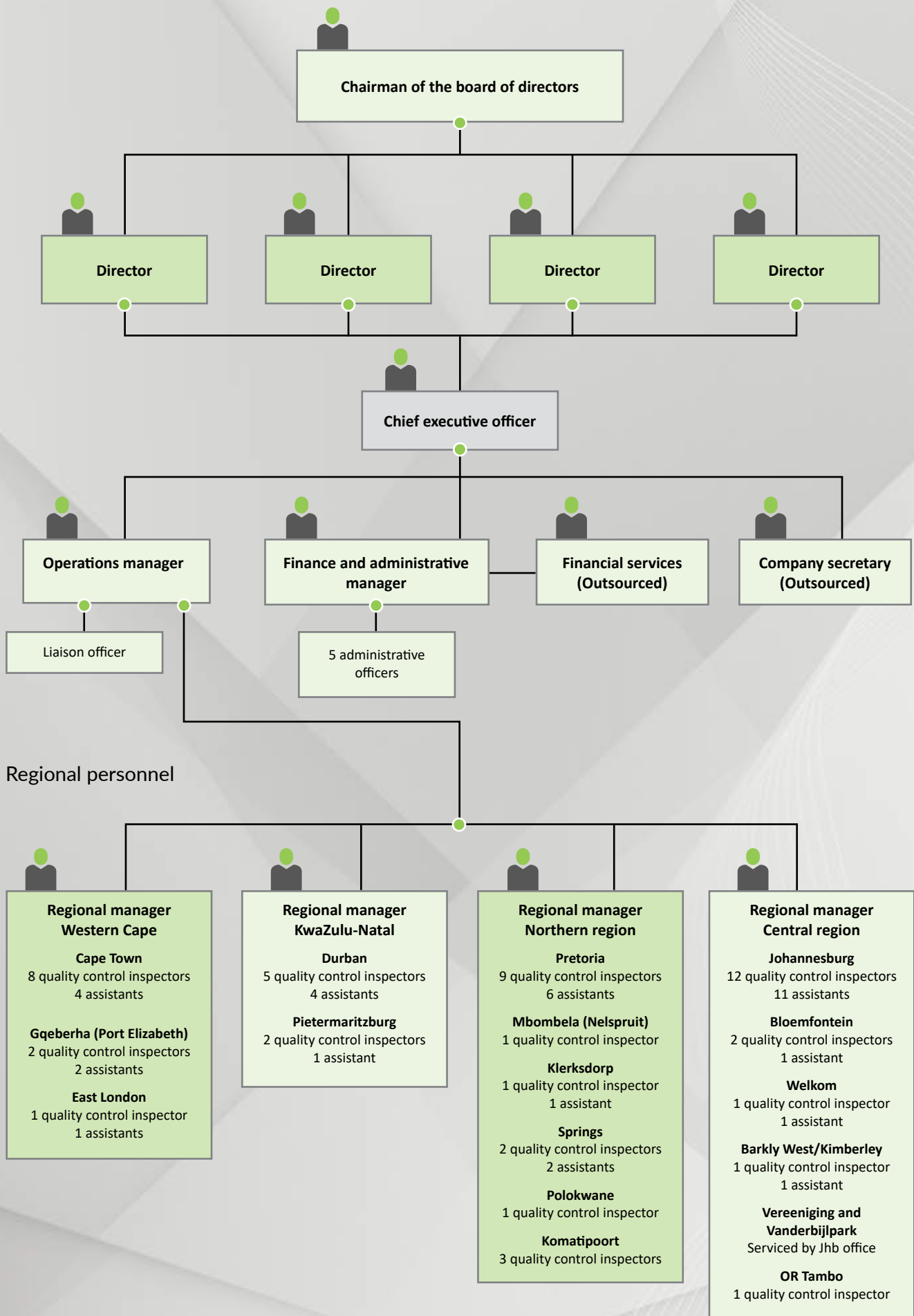
As on 30 June 2024 Prokon had 101 personnel members in its employ. Seven were based at head office in Pretoria and 80 at its 16 strategically positioned offices across South Africa to ensure a wide as possible quality assurance footprint. The latter offices are primarily manned by the company's 51 suitably qualified and trained inspectors and 40 assistants.

The inspectors attend regular local refreshing courses provided by international and local institutions to keep them abreast of the latest developments in the fresh produce inspection environment worldwide. When the opportunity arises, they also attend international training courses such as the Danish sustainable food systems course and meetings such as the KCB-Holland harmonizing meeting to discuss the marketing standards applied by governmental inspection bodies of 21 countries with the emphasis on marking and harmonization of fresh produce.

The company also accommodated five interns during the relevant year as part of its contribution to school young persons for employment in the fresh produce industry.



# PROKON company structure





## PROKON OFFICES

### Gauteng

1. Head office, Pretoria
2. Tshwane office, Pretoria
3. Johannesburg office, Johannesburg
4. OR Tambo International Airport office, Kempton Park
5. Springs office, Springs

### North West

9. Matlosane office, Klerksdorp

### Northern Cape

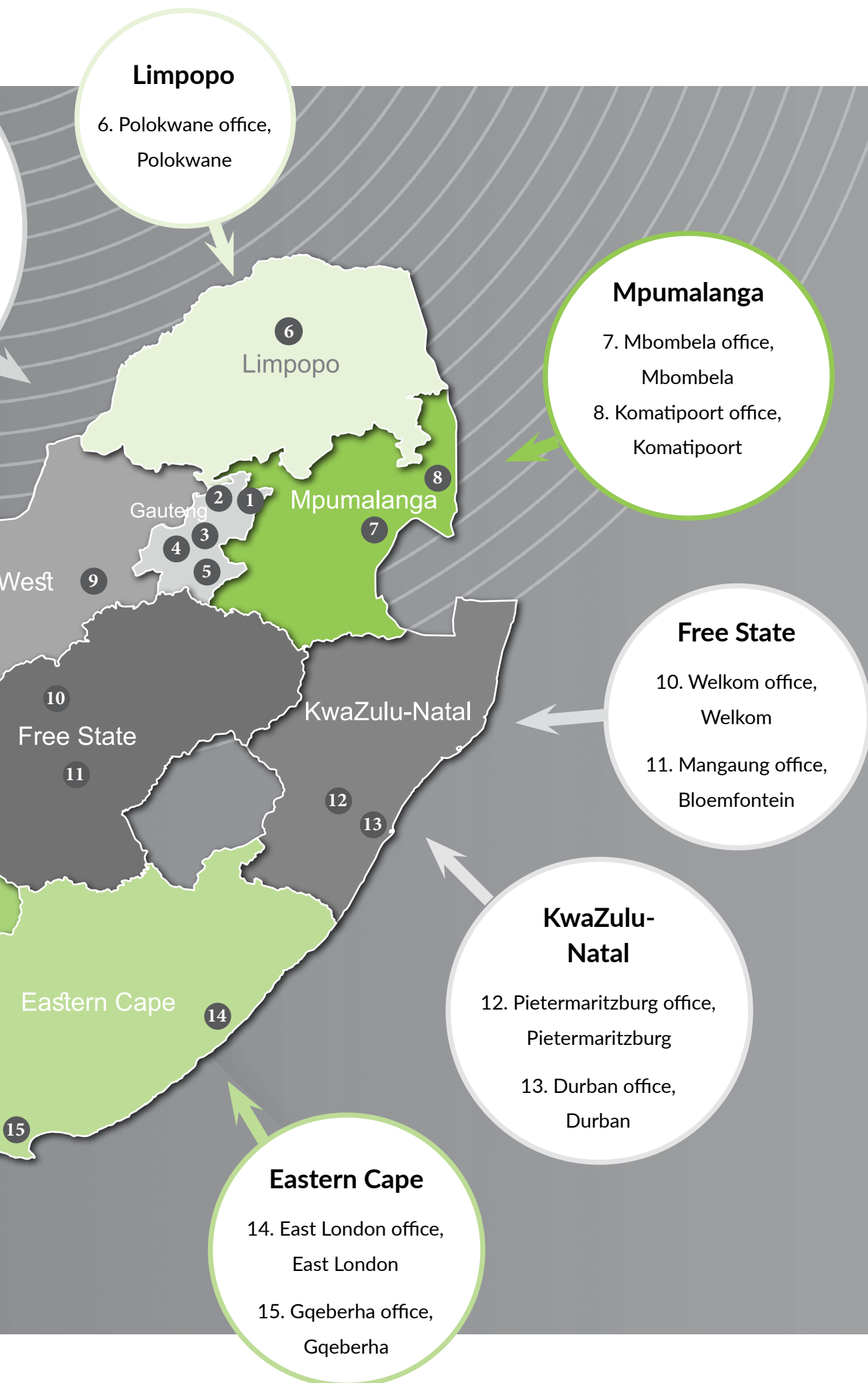
16. Barkly West office, Barkly West/  
Sol Plaatje office, Kimberley

### Western Cape

17. Cape Town office, Cape Town









## FEE STRUCTURE

Prokon's primary source of income is the inspection fee charged in respect of inspections conducted on potatoes as well as on all other regulated locally produced and imported fresh fruits and vegetables destined for sale in the Republic of South Africa. It operates on a cost recovery basis and the determination of the fees is based on objectivity, fairness, reasonableness, and equity and have been benchmarked with other inspection agencies, rendering similar services.

The current inspection fees are available on the Prokon website [www.prokonsa.co.za](http://www.prokonsa.co.za).



## STATUTORY INSPECTIONS AND OTHER SERVICES

The statutory inspections and other services rendered by Prokon encompass the following:

<div>Our services</div>	Quality assurance inspections on fresh produce.
	Advisory service and market analyses.
	Stock audits.
	Food safety – DNA and MLR sampling and testing.
	Training on quality control and food safety.
	Electronic inspection system.
	Small scale farmer and internship training programmes.
	Providing inspection related statistics and information per fresh produce sector.



# INSPECTION PROCESS

Prokon is to conduct quality assurance inspections on potatoes and all other regulated locally produced fresh fruits and vegetables intended for sale in in the Republic of South Africa in accordance with the relevant product regulations and the company's SANAS ISO 17020 accreditation with the emphasis on compliance with the company's:

- Mandate given by the Department of Agriculture, Land Reform and Rural Development to ensure consumer protection and instil consumer confidence in the quality and consumption of regulated fresh produce.
- Standard operating procedures (SOPs) and quality management system (QMS) in terms of its SANAS accreditation.



During inspections the inspectors, for example, check for the following based on the regulation applicable to the specific product.

What inspectors check for



## Marking requirement conformity

Supplier details, correct and misleading product information as well as traceability.

## External quality

Colour, shape, cosmetic, defects and chemical residues.

## Internal quality

Condition, colour, defects and maturity.

## Size

Weight, diameter and length.

## Ripeness and firmness

Brix (total soluble sugar), pressure and moisture content.



# INSPECTIONS ON ALL REGULATED LOCALLY PRODUCED AND IMPORTED FRESH FRUITS AND VEGETABLES

- 01

The regulations pertaining to the statutory inspections on all locally produced and imported regulated fruits and vegetables for sale in South Africa (excluding potatoes) were published under Government Notice 1 in Government Gazette No. 40537 dated 6 January 2017, and are revised when necessary.
- 02

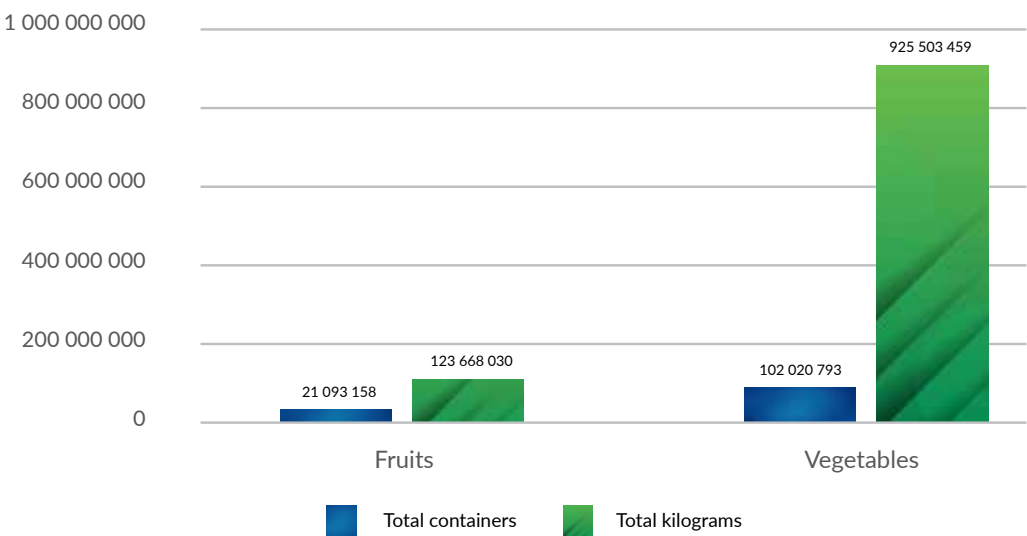
The categories and inspection fees published under Notice 877 of 2022 in Government Gazette 46203 of 11 March 2022 came into effect seven days after publication.
- 03

During the year under review the regulated locally produced fresh produce consignments were inspected at fresh produce markets, distribution centres, wholesalers, and retailers. In respect of regulated imported produce, it was inspected at inland and seaports of entry and designated inland facilities.

The inspections fees are revised annually.

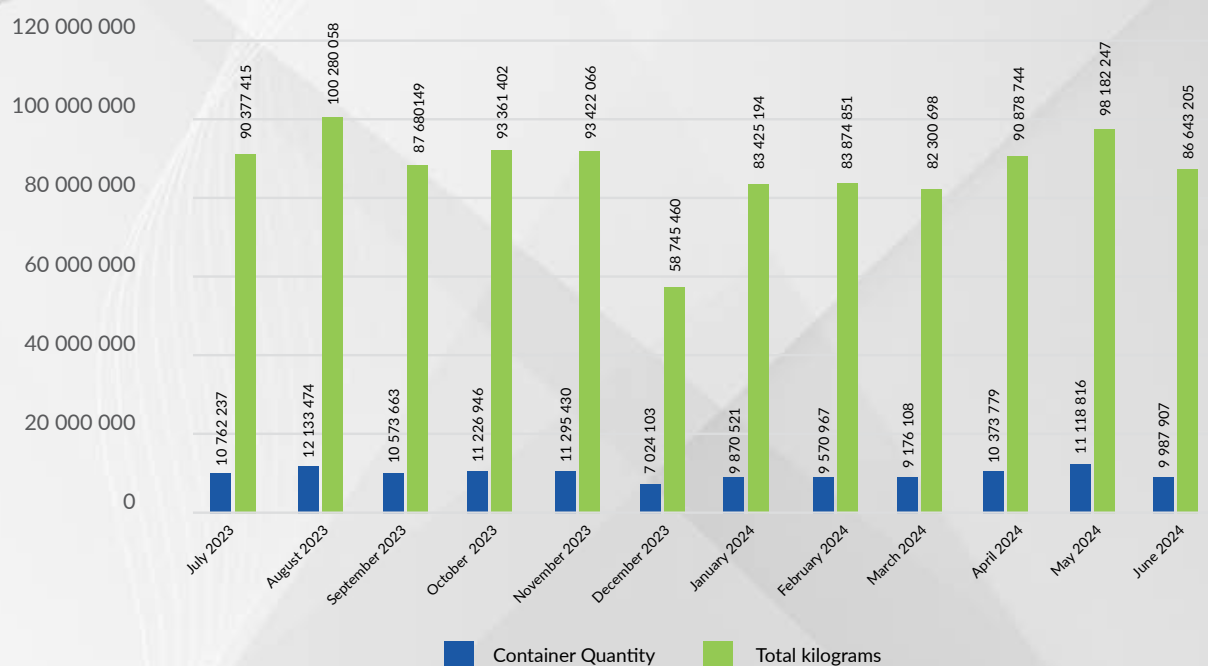
## Details of the inspections conducted on regulated locally produced and imported fruits and vegetables for 2023/2024

### Regulated locally produced produce (Markets)

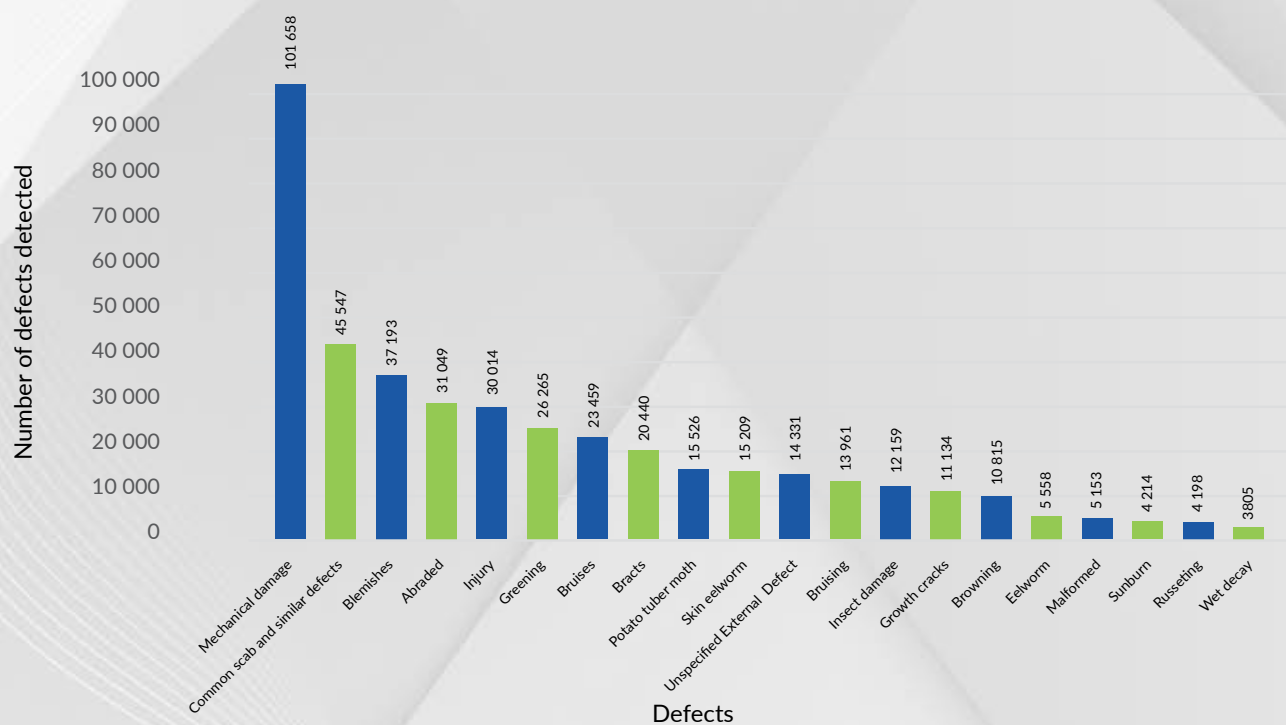


Regulated locally produced fresh fruits and vegetables inspected on fresh produce markets for the period 1 July 2023 to 30 June 2024.



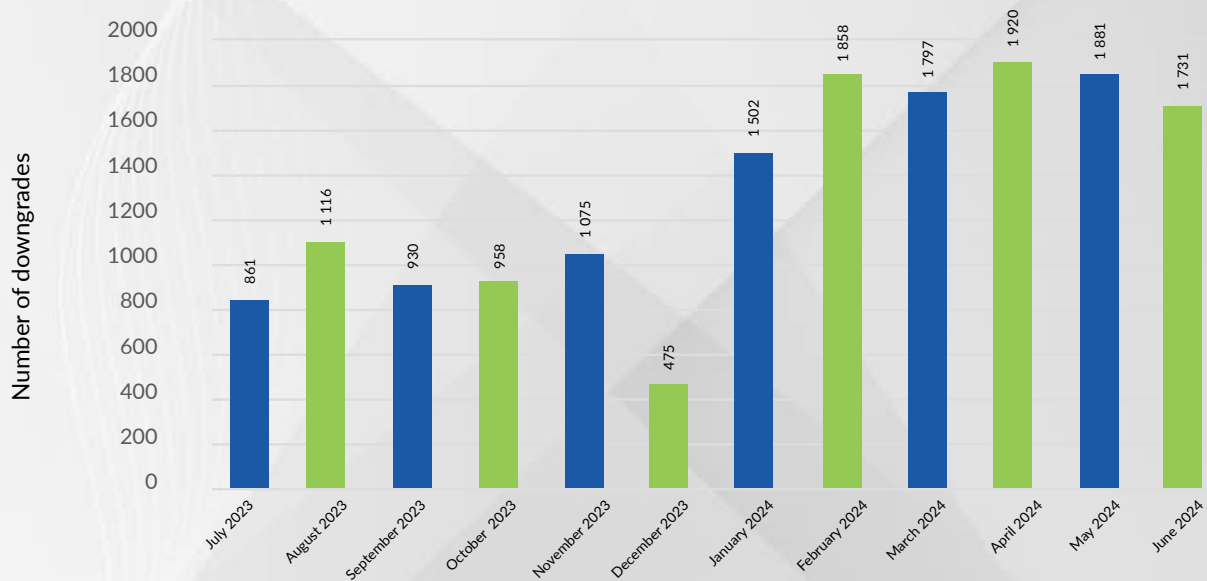


Regulated locally produced fresh fruits and vegetables inspected on fresh produce markets per month for the period 1 July 2023 to 30 June 2024.



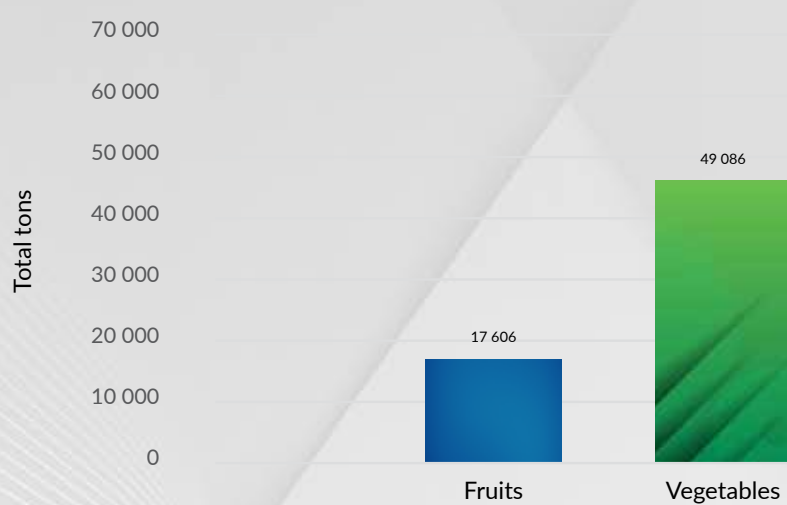
Top 20 defects affecting consignments of regulated locally produced fresh fruits and vegetables inspected on fresh produce markets for the period 1 July 2023 to 30 June 2024.





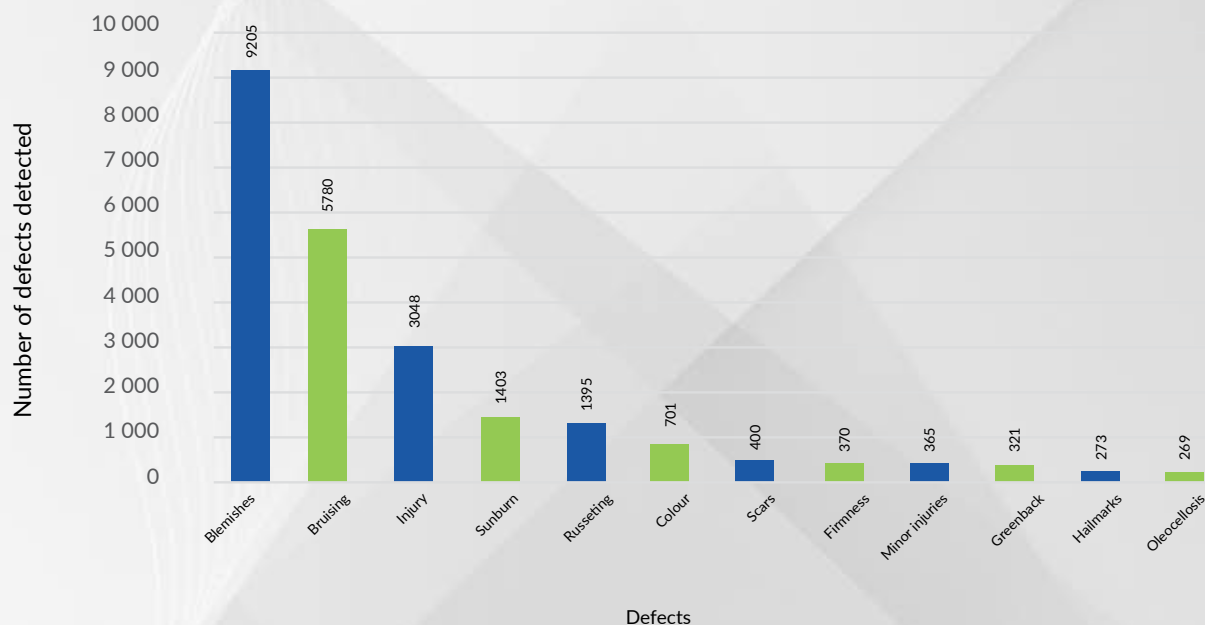
Total downgrades of regulated locally produced fresh fruits and vegetables on fresh produce markets per month for the period 1 July 2023 to 30 June 2024

### Regulated locally produced produce (Retail trade)



Regulated locally produced fresh fruits and vegetables inspected in the retail trade for the period 1 July 2023 to 30 June 2024





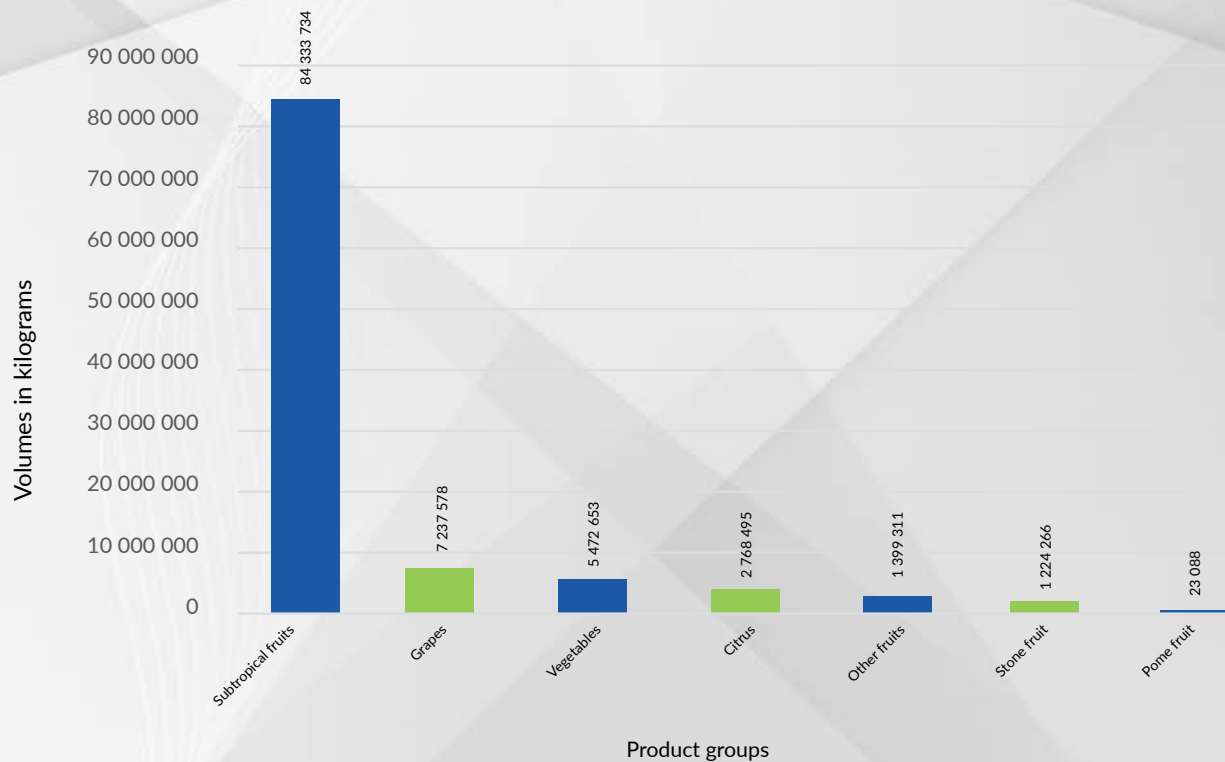
Top 12 defects detected on regulated locally produced fresh fruits in the retail trade for the period 1 July 2023 to 30 June 2024



Top 12 defects detected on regulated locally produced fresh vegetables in the retail trade for the period 1 July 2023 to 30 June 2024

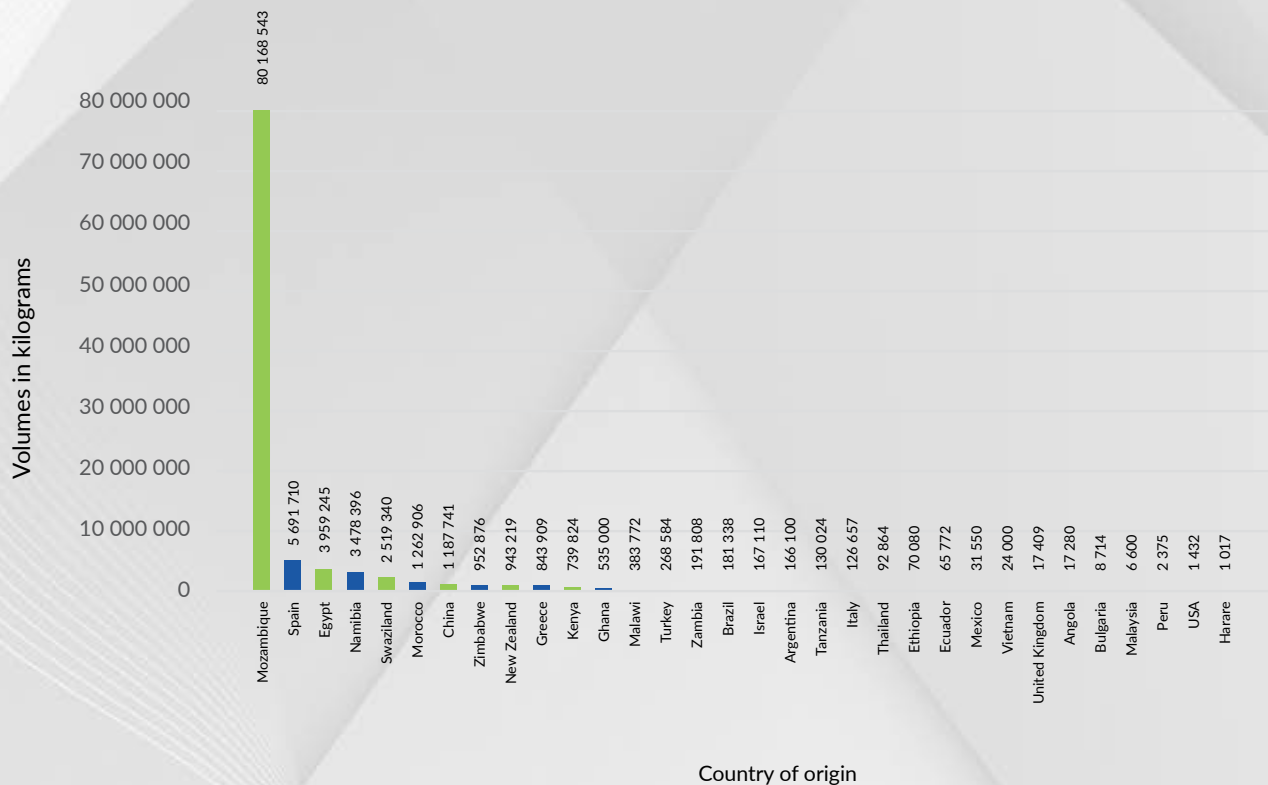


## Regulated imported produce



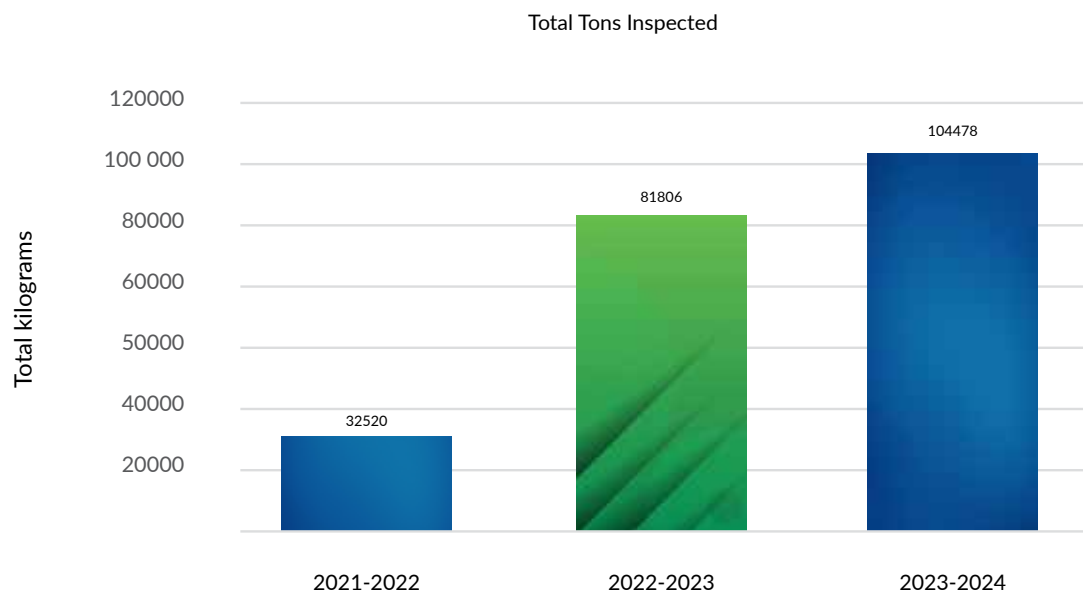
Total kilograms per regulated imported product groups inspected for the period 1 July 2023 to 30 June 2024

Other fruit: Blackberries; Blueberries; Cactus Pears; Cranberries; Dragon fruit; Figs; Gooseberries; Granadillas; Jack fruit; Melons; Pomeranate; Rasberries; Strawberries; Sweet melon; Watermelon.



Total kilograms of regulated imported products inspected per country for the period 1 July 2023 to 30 June 2024





Total kilograms for all regulated imported product groups inspected for the periods 1 July 2021 to 30 June 2022, 1 July 2022 to 30 June 2023 and 1 July 2023 to 30 June 2024.





# INSPECTIONS ON LOCALLY PRODUCED FRESH POTATOES

- 01

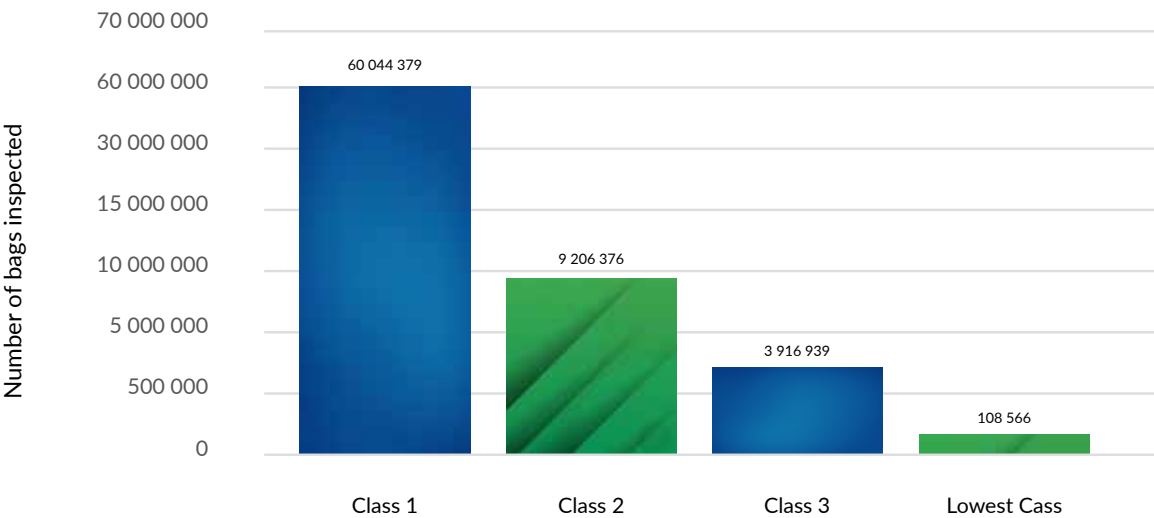
The regulations pertaining to the grading, packing, and marking of potatoes intended for sale in the Republic of South Africa were published under Government Notice R. 273 in Government Gazette No. 42260 dated 1 March 2019.
- 02

The inspection fee on potatoes is revised annually.
- 03

During the year under review the potato consignments received from the 14 potato production regions and non-producing suppliers, were inspected at fresh produce markets, distribution centres, wholesalers, and retailers.

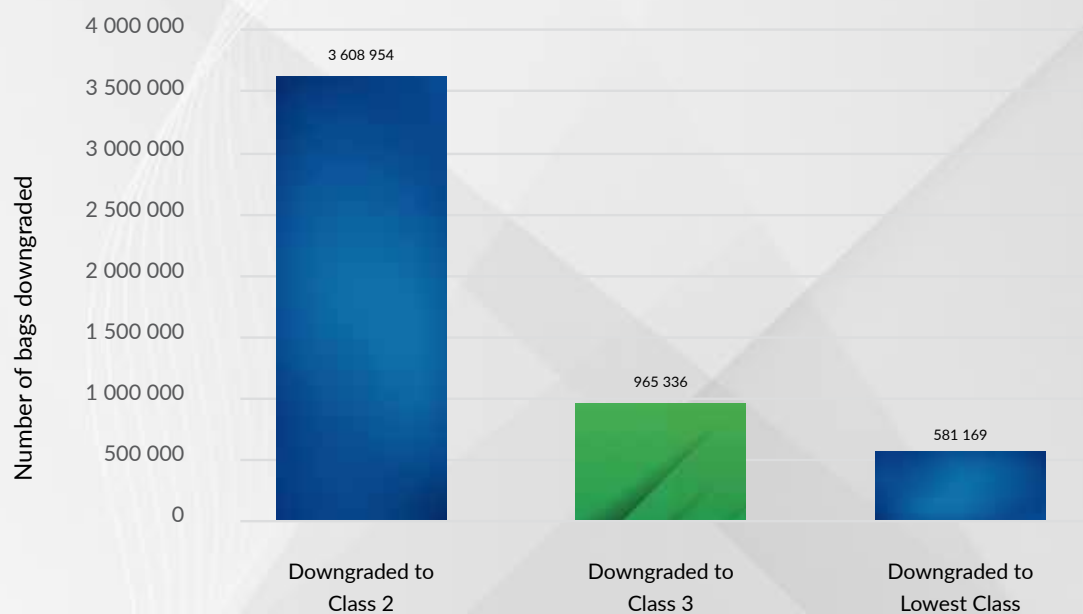
Details of the inspections conducted on locally produced potatoes during 2023/2024

## Fresh produce markets

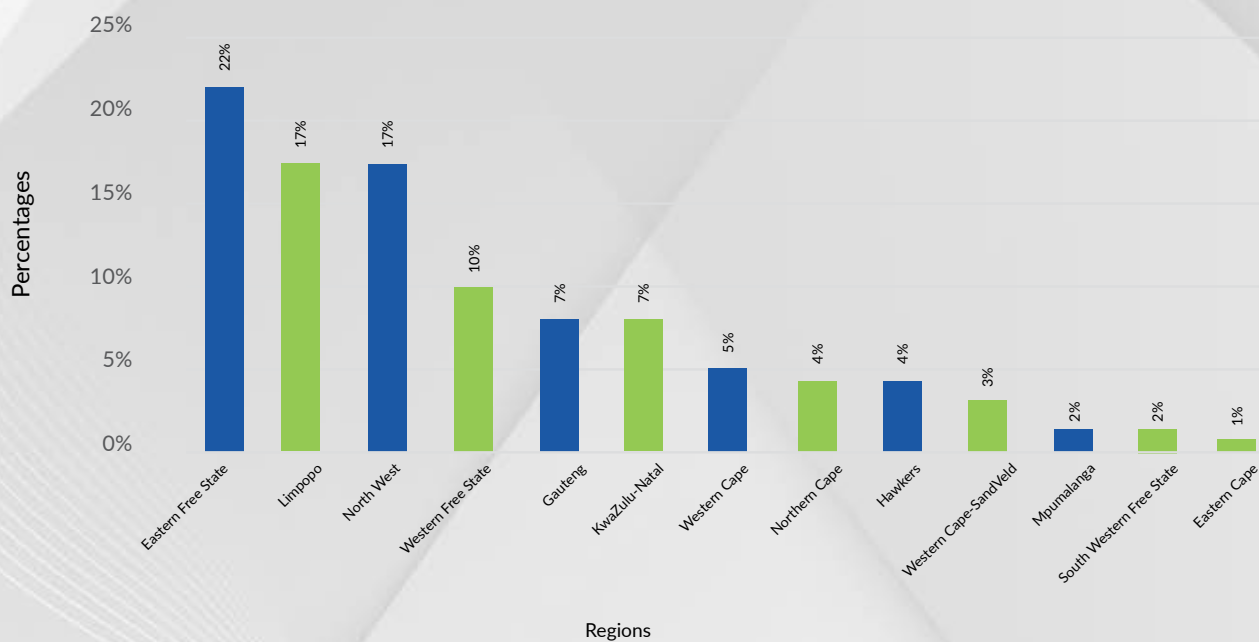


Classes of potatoes inspected on fresh produce markets for the period  
1 July 2023 to 30 June 2024 total - 73 276 260 bags.



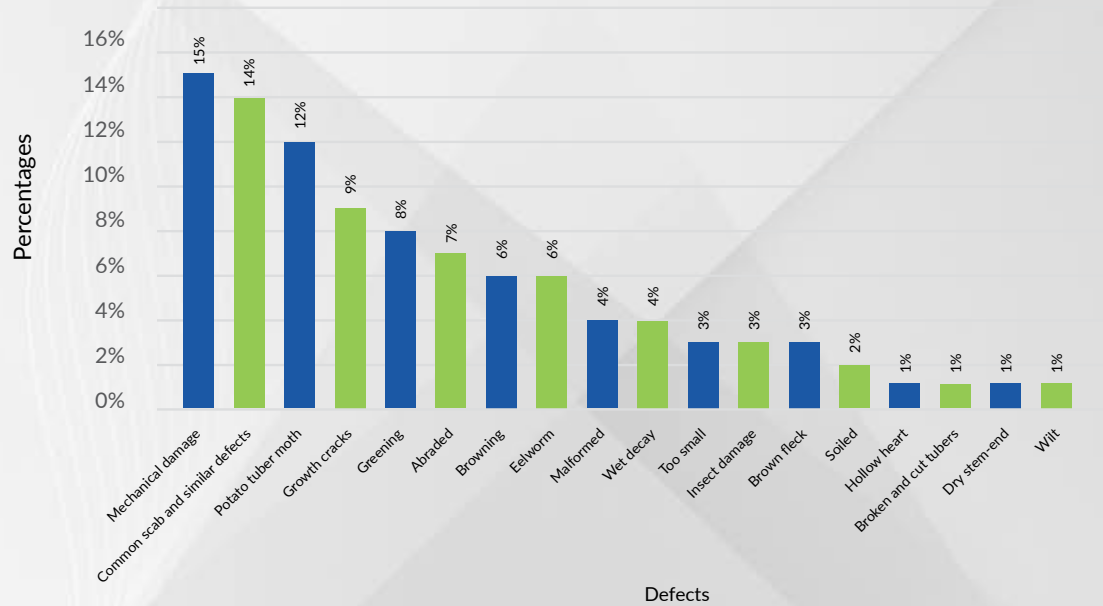


Number of bags of potatoes downgraded on fresh produce markets for the period  
1 July 2023 to 30 June 2024, Total - 5 155 459 bags

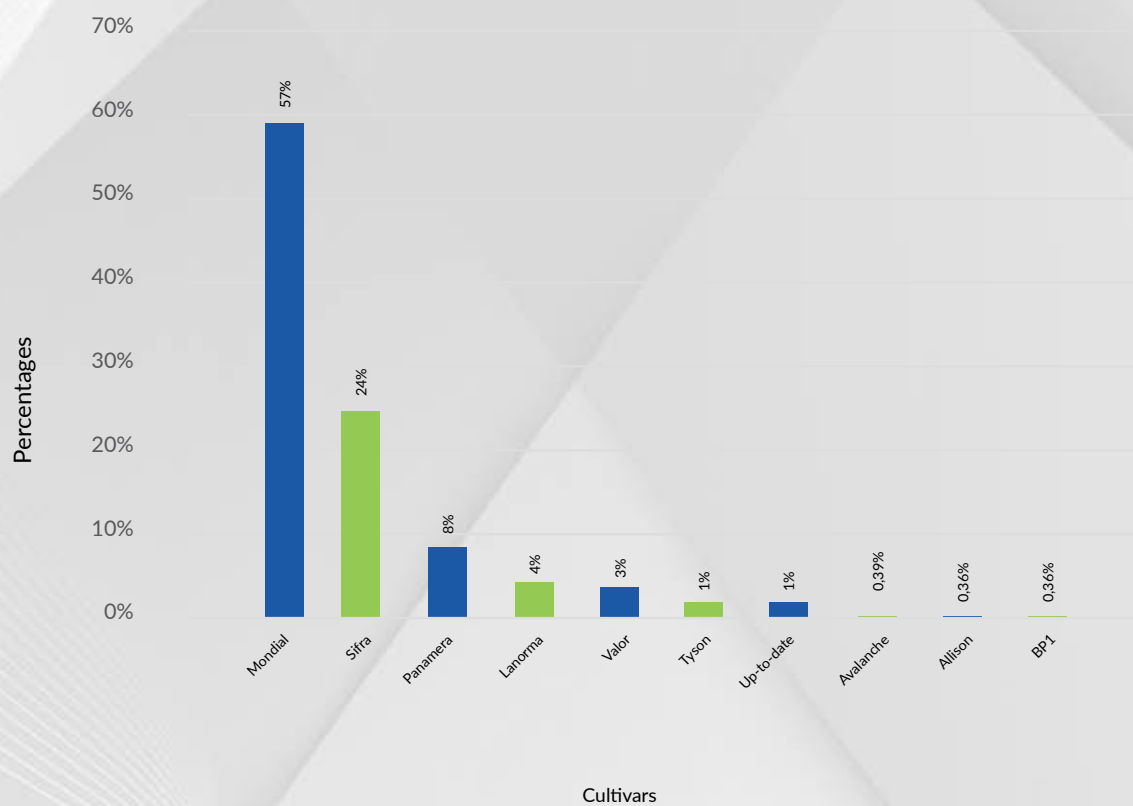


Potatoes downgraded in percentage per region on fresh produce markets during  
the period 1 July 2023 to 30 June 2024



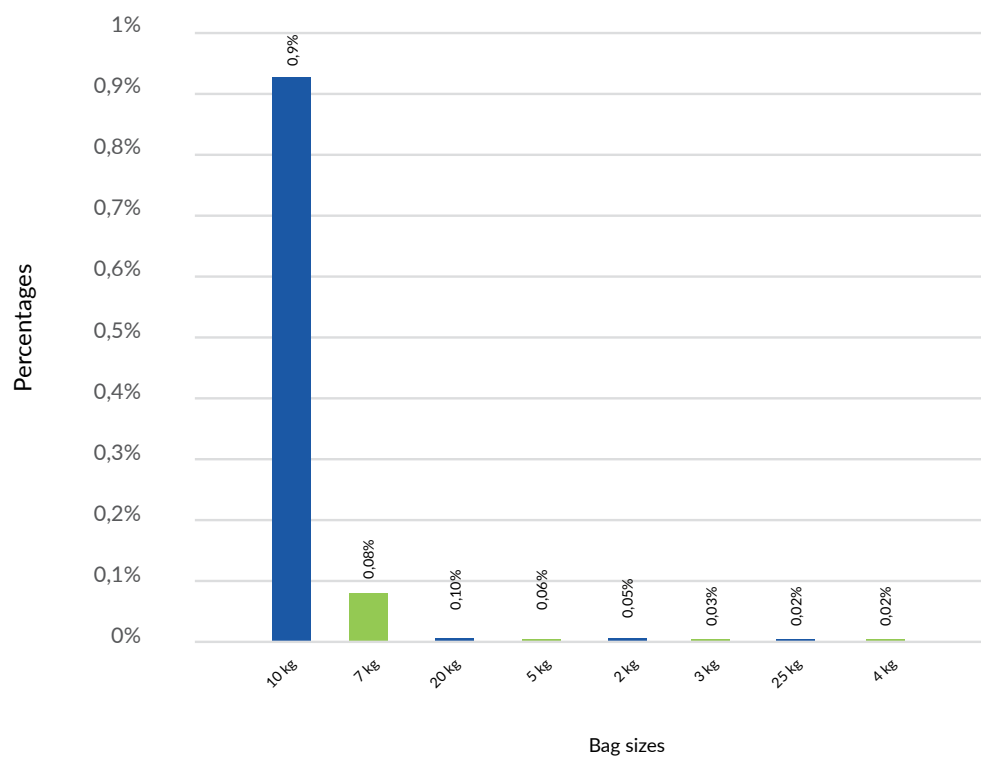


Reasons for downgrading of potatoes on fresh produce markets for the period 1 July 2023 to 30 June 2024



Top 10 potato cultivars inspected on fresh produce markets for the period 1 July 2023 to 30 June 2024.





Volumes per potato bag size inspected on fresh produce markets for the period 1 July 2023 to 30 June 2024





## DEVELOPMENTS IN THE INSPECTION MILIEU

### **Electronical software application: E-Click**

Prokon has enhanced and expanded the capabilities of its software application to ensure that all fresh produce inspected and consumed in South Africa meets the highest quality standards and complies with all packing, marking, and labelling regulations. With access to this advanced software system, traceability is guaranteed, enabling precise identification of any issues or inquiries within the agricultural value chain through electronic inspections, supported by GPS coordinates, registered producers and being proactive in the fresh produce industry.

Currently, 4 747 active registered South African producers and 737 cultivars of various produce are successfully integrated into the system. Regular updates to our software ensure seamless capture and access to historical data, all available with the simple click of a button. “E-Click we foster quick and simple”

### **Improvement of anomalies.**

Using our advanced software application to conduct electronic inspections, has positioned Prokon as a leader in detecting anomalies within the agricultural value chain. Through this innovative approach, Prokon has successfully traced and identified the presence of a new potato virus, Pepper Ringspot, in South Africa. This achievement was made possible with the collaboration of Potatoes South Africa (PSA) and the Agricultural Research Council (ARC).

Additionally, Prokon has identified the pre-harvest cultivation of immature avocados and mangoes sold locally, ahead of their peak season. Without this detection, it could have posed a significant risk to both the producing organisations and consumers.

Ensuring optimal quality remains a top priority for Prokon.

### **Limiting food waste**

Prokon continued to play a vital role to limit food waste on the fresh produce markets by providing accurate statistics on discarded produce to enable relevant stakeholders to determine the feasibility of finding alternative uses for these products.

The participation of two senior Prokon personnel members in the course on sustainable food systems: resource efficiency, food loss and food waste course offered by the Danida Fellowship Centre and the University of Copenhagen (Denmark) in 2024 broadened the company's capabilities to combat food loss and food waste in South Africa.



## TRAINING

### Farmer training

Successful training programs were conducted to focus on the identification of mature avocados prior to harvest, as well as the appropriate post-harvest treatment of avocados. These programs were specifically developed for emerging avocado farmers in the Louis Trichardt region of Limpopo. Prokon, in collaboration with the South African Avocado Growers' Association (SAAGA), played an instrumental role in delivering these training sessions. Plans are in place to continue offering these training programs annually.



### Industry stake holder training

Noteworthy training sessions were held for Nile.ag, a new distribution centre for fresh produce, aimed at maintaining optimal quality in their purchasing processes from the supply chain and ensuring successful resupply to local clients and neighbouring countries. With the support of our highly trained senior inspection personnel, these sessions equipped all attendees with the necessary skills to competently implement basic quality control measures.



### Management training

Two senior personnel have successfully participated in the course Sustainable Food Systems: resource efficiency, food loss and food waste arranged by Danida Fellowship Centre and offered by the University of Copenhagen (Denmark) in 2024 to assist and broaden the company's capabilities to combat food loss and food waste in South Africa.

In June 2024, two of Prokon's inspectors attended the KCB-Holland harmonization meeting in Holland. The meeting focused on the marketing standards applied by governmental inspection bodies across 21 countries, with particular emphasis on the marking and harmonization of fresh produce. This event also provided an opportunity for our inspectors to engage with inspection personnel from these bodies and receive training on ten different fresh produce products.



### Inspector training

Nominated senior inspectors visited the Hluhluwe region in Northern KwaZulu-Natal, one of South Africa's leading producers of Queen pineapples. During this visit, the team received in-depth training on the cultivation, harvesting, post-harvesting processes, and control measures involved in supplying South Africa's finest pineapples both locally and internationally. This opportunity provided valuable background information and a comprehensive understanding of the South African pineapple industry.







# PROKON Highlights 2023/2024



# 01

## Sanas accreditation

Following the annual compliance assessment by the South African National Accreditation System (SANAS) on 2 November 2023, Prokon successfully passed the requirements and was granted the internationally recognised ISO/IEC 17020 accreditation for a third successive year. Prokon is still the only South African company with international accreditation to conduct inspections on fresh produce in South Africa at fresh produce markets, in retail outlets and at ports of entry.



# 02

## DFC Scholarship Programme – Denmark

Prokon successfully applied to the Danish Embassy to enrol two of its senior personnel to participate in the 2024 Danish sustainable food systems course offered under their DFC Scholarship Program. According to both participants the course content was extremely relevant to Prokon's activities and broadening their scope of knowledge. It is now being applied fruitfully in their daily activities.





- 01 SANAS
- 02 DFC
- 03 KCB
- 04 FLTS



03

### KCB-Holland harmonizing meeting – The Netherlands

Two of Prokon's inspectors attended the KCB-Holland harmonizing meeting in The Netherlands in June 2024. The marketing standards applied by governmental inspection bodies of 21 countries were discussed with the emphasis on the marking and harmonization of fresh produce. It also afforded them the opportunity to liaise with the inspection personnel of these bodies and received training on ten different fresh products.

In addition, the meeting allowed for Prokon's chief executive officer to meet with the counterparts of the other inspection bodies participating.



04

### Attendance of the 2024 Fruit Logistica Trade Show

The Chairperson and Chief Executive Officer attended the 2024 Fruit Logistica Trade Show in Berlin. It was not only the ideal platform to observe the latest trends, innovations and developments in terms of fresh produce, machinery and technology and logistics, including the organic produce sector and future-oriented areas such as Smart Agri and greenhouses, but also to establish new or renew existing contacts with like-minded industry individuals and companies as well as making global importers aware of the services Prokon does and can render in terms of quality assurance.

Of special interest to Prokon was the range of products and exhibitors specialising in quality control and certification, food safety control and certification, and internet/computer/ inventory management systems and services.



## INSPECTIONS

326 380 statutory inspections were conducted on regulated locally produced and imported fresh fruits and vegetables (including potatoes) which represent 1 212 285 tons of produce. Of special significance was the sharp increase in inspections conducted on imported produce compared with the previous year.

Sector	Total Inspections	Total (ton)
Markets	261 495	1 049 171
Retail and DCs	59 635	68 451
Imports	5 250	94 662
<b>Total</b>	<b>326 380</b>	<b>1 212 285</b>





## PUBLIC RELATIONS AND LIAISON

Prokon takes its self-adopted role as ambassador for the fresh produce industry seriously. During the period under review, it introduced several activations to promote fresh produce as a necessity on the consumer's plate in view of its health and nutritional attributes as well as being affordable with the emphasis on hunger prevention.

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### Liaison with local fresh produce industry partners and producers

Prokon has prioritised regular engagement with partners and producers within the fresh produce industry to establish mutually beneficial relationships that support the industry, stakeholders, and ultimately the consumer. Examples of such initiatives include:

- The appointment of a quality and liaison officer with over 30 years' experience in the fresh produce industry to oversee key tasks and liaise with producers in the Western Cape. This strategic appointment aims to promote collaboration and strengthen relationships with all relevant stakeholders.
  - The holding of Zoom and personal meetings with, e.g., numerous representative fresh produce industry organisations, retail trade representatives and producers to promote cooperation and foster closer ties.
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### Liaison with official institutions

Prokon is the official assignee of the Department of Agriculture, Land Reform and Rural Development, and thus had regular meetings with departmental officials on the company's regulatory-associated activities. It also submitted quarterly reports covering the full spectrum of the inspections conducted on potatoes and the other regulated locally produced and imported fresh fruits and vegetables.

Due to the nature of its activities, Prokon also had regular contact with the representatives of the National Regulator for Compulsory Specifications Act (NRCS), the Perishable Products Export Control Board (PPECB) as well as the South African National Accreditation System (SANAS) and recently the Border Management Authority (BMA). These meetings are especially important to ensure that Prokon at all times operates within the parameters set in terms of its appointment as assignee as well as that prescribed in terms of other related operational activities.

Prokon was also called-upon to appear before the Competition Commission regarding their fresh produce market enquiry as well as to complete and submit a questionnaire in this regard.





## Liaison with foreign fresh produce industry role players

Prokon is of the opinion that liaison with foreign fresh produce industry institutions and role players is of paramount importance. Such liaison is created by attending international conferences and exhibitions, overseas visits to foreign regulatory and quality assurance bodies and membership of agricultural associations. The liaisons afford the personnel the opportunity to converse with the personnel of likewise institutions, remain informed in the field of quality assurance and establish contacts. Examples hereof during the year under review are:

- Attendance of the 2024 Fruit Logistica Trade Show in Berlin, Germany, the biggest trade show of its kind in the world.
- Affiliated membership of the International Fresh Produce Association (IFPA) that provides an ideal platform to liaise with local and international fresh produce role players when attending the annual PMA South Africa conference. As the PMA is an international association, Prokon personnel also attend the association's international conference on a regular basis.
- Participation in the meeting of 21 global foreign inspection bodies on the harmonisation of inspection activities of such bodies, arranged by KCB-Holland.





# INFORMATION

Prokon's information package provides all fresh produce stakeholders with up-to-date and relevant information that is especially useful in the marketing of produce with the emphasis on ensuring such produce comply with the official regulations.

The most important components of Prokon's information package are the data base, website, and production aids.

## Data base

The information loaded onto the data base offers the user an excellent aid which is of primary importance in the production, harvesting and marketing of fresh produce.

Information most in demand included:

- Number of containers delivered per market.
- Number of containers per size group and class delivered per market.
- Volumes delivered per region, as well as nationally to all markets and retail outlets as well as imports.
- Cultivars and volumes delivered per region as well as nationally to all markets and retail outlets as well as imports.

The tracing of diseases and pests cannot be emphasised enough. This information is made available to researchers and industry organisations with a view to, inter alia, implement preventative and control measures. The value lies especially in that the source of the diseases and pests can be traced back to farm level.

## Website

Prokon's website offers the visitor a comprehensive overview of the activities of the company and the services it delivers. It also contains the latest official quality regulations applicable to potatoes and colour plates depicting the quality standards. In respect of the other regulated fruits and vegetables the relevant regulations are available on the Prokon website.

## Production aids

The potato colour plate book and tomato quality inspection guide which have been compiled with the cooperation of Potatoes South Africa and prominent tomato producers respectively and disseminated by Prokon have proven to be very useful to and popular with industry role players such as Prokon's inspectors, producers, market agents and industry quality assurance personnel.

Significant progress has also been made with the compilation of a similar colour plate book for onions.







### Promotional activities

Promotional material on Prokon and the services it renders is available in printed format and on the website. It comes in especially handy during the discussions with representative industry institutions and role players.

To enhance exposure Prokon publishes an article in every edition of the CHIPS magazine in respect of bi-monthly potato consignment deliveries per region to fresh produce markets as well as information on the status of the consignments. Other articles on Prokon activities are also published in agricultural publications.



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### Business relations

Prokon management continued in its efforts to establish new and maintain existing relationships with stakeholders, e.g., retail groups, industry representative associations, and primary agricultural institutions in the local fresh produce sector as well as foreign bodies such as the Namibian Agronomic Board. Of special importance is the establishment of the partnership with KCB-Holland.

Based on the success Prokon's liaison officer had in fostering liaison with stakeholders, the decision to create such a position was undoubtedly the correct one. The direct link established between stakeholders and Prokon management streamlined mutual communication that facilitated addressing critical issues prior to it impacting negatively on the industry as a whole.



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### Inspection service agreements

Prokon has managed to successfully renegotiate existing agreements with retail groups and industry representative bodies for the continuation and expansion of inspections services. In addition, it has managed to sign agreements with six additional industry role players for the rendering of inspection services to them. The aforementioned is testimony of the recognition Prokon enjoys as a key provider of a professional inspection service.



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### Industry training

Specialised training was provided to industry role players and small-scale farmers.





## CONTACT DETAILS



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