



PROKON
Business Review
2020/2022





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. This makes Prokon the only South African company that is internationally accredited by SANAS to conduct inspections on fresh produce.



Affiliated membership of the Produce Marketing Association (PMA)



TRAINING
provided
2020/2022

PROKON
Business Review
2020/2022

INSPECTIONS
conducted
2020/2022

HIGHLIGHTS
for
2020/2022

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Vision

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

Values

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

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.

Goals

To create a level business playing field for the fresh produce industry based on product quality.

Comments by the Chairman

Over the past number of years internationally the food and agricultural sector increasingly had to grapple with major challenges such as climate change, the Covid-19 pandemic and lately the impact of the Russian/Ukrainian conflict to produce food to feed an ever-growing world population with no actual increase in arable land. On the local front the cost of inputs, and even more so the continuous inability of Eskom to provide a stable electricity supply, are having a profound negative impact on sustainable food production and supply.

Covid-19 pandemic

To a greater or lesser extent the Covid-19 pandemic had, and in some instances still have, an adverse impact on all sectors of the global economy, primarily because of the actions taken worldwide in an effort to contain the spreading of the virus. As far as the food and agricultural sector is concerned the supply chain held up well initially, but over time the actions started to disrupt the supply of agronomic food products to markets and thus consumers on a worldwide scale, primarily as a result of restrictions on sea, air and road transport. The pandemic did put a huge damper on the movement of fresh produce because of the limited movement of containers for health reasons. However, not all products suffered the same fate which is especially true in the case of citrus as the whole world, and especially the Far East, expanded their imports thereof as a health component to fight the pandemic.

As far as the South African agriculture sector is concerned, and in particular the fresh produce segment, there was initially a lot of ambiguity regarding the Covid-19 regulations which resulted in significant confusion. For instance the promulgated transport regulations were clear in respect of public transport, but were otherwise extremely vague which disrupted deliveries to markets and thus lower stock levels. The regulations also heavily impacted financially at farm level because of aspects such as the prescribed social distancing in buses and on own trucks transporting farmworkers with limited capacity to 50% and the constant sanitation thereof, synchronization of workforce working hours and



Rudi Heinlein

lunch breaks, providing personal protection items such as masks and ensuring social distancing in the workplace. What was an eye-opener, although it was to be expected, was the innovative and quick response by fresh produce producers to adapt to the changed environment in which they operated to ensure that fresh products were delivered on time to the consumer.

Covid-19 also had a massive impact on the processing industry, especially as far as frozen French fries were concerned because of the closure of outlets, for example, restaurants, take-away businesses, cafés, the warm meal departments of retail outlets and informal kiosks. Although these businesses are at last trading normally again, there are those businesses that will never open their doors again with a consequent loss of fresh produce buyers to the detriment of farmers, as well as loss of entrepreneurial income and jobs, and thus disposable income, that will add to the adverse impact of poverty and hardship.

In respect of consumers their normal access to food was severely disrupted in the blink of an eye which forced them to drastically alter their consumption and purchase patterns. The impact of the closure of informal fast food services should also not be underestimated.

Statistics SA in their report *Measuring Food Security in South Africa: Applying the Food Insecurity Experience Scale* referred to the serious impact Covid-19 in particular had on local food security and nutrition and indicated that in 2020 nearly 23,9% of South Africans were affected by moderate to severe food insecurity and almost 14,9% by severe food insecurity. It must also be accepted that South Africa's significant unemployment rate also negatively affect a household's food security status. Rectifying the problem in South Africa is unfortunately not that straightforward taking into account the country's poor economic growth pattern and increasing unemployment.

Russian/Ukrainian conflict

The impact of the Russian invasion of Ukraine caused significant uncertainty in markets worldwide, and even if South Africa is geographically far removed from these countries, in the current era of globalisation and integration of markets through trade and financial movements the chances are good that the already hard-hit South African consumer will be negatively affected further in terms of spending power which naturally will impact on the purchasing of food stuffs.

RMB Morgan Stanley Research in a recent report on the Russia/Ukraine conflict said that with consumers already under pressure, e.g. job losses and a higher oil

price, the rising cost pressures from increased commodity prices is likely to impact on the production volumes of producers. The intention of the producers will be to pass on all the increased cost and stomach the volume declines. However, the competitive intensity of the industry or category will determine if they are able to pass on increased cost, or not.

As far as fresh produce production in Russia and the Ukraine earmarked for the global export market is concerned, it would not impact on South Africa. Their global impact primarily lies in grain production (barley – 31%, wheat

– 29% and maize (corn) – 19%). In the case of South Africa, it is self-sufficient as far as maize is concerned and thus does not rely on imports. However, in the case of wheat South Africa produces about 50-60% of its consumption requirements with the remainder to be imported. An increase in raw material costs (wheat and maize) together with the increased distribution cost (oil price higher on a y.o.y. basis) are likely to lead to cost pressures, which would require double digit price increases.

A lack of a stable electricity supply in South Africa is having a significant adverse impact on all of us.

Worldwide impact of the challenges

RMB Morgan Stanley Research also referred to the impact of the worldwide poor weather conditions on agricultural yields which took inventories to lower levels. Simultaneously energy prices increased with the acceleration in industrial activity following the imbalances generated by the pandemic with subsequent cost pressures for fertilisers and grain demand for biofuels (diverting supply from food consumption). At production level the particular pressure on fertilisers, where supply and demand imbalances and higher energy costs led to a 200%+ increase in fertiliser prices, started even before the commencement of the Russian/Ukrainian conflict. Unfortunately the higher price could lead to farmers having to content with tighter margins forcing them to use less fertiliser with global yields being affected.

They further indicated that it must be accepted that in respect of the very high food prices and shortfalls in food production relative to demand, the inflationary consequences can result in tremendous damage and human suffering to the most disadvantaged communities and countries worldwide. The persistently high food price levels relative to headline imply that minimum wages will fall behind food prices, reducing the real purchasing power of lower-income households who spend a larger share of their income on food. It thus must be accepted that the latter would have a direct adverse effect on fresh produce sales and thus producer returns.

As far as surging food prices and markedly higher inflation are concerned they indicated that although South African consumers have been spared up to now, it is important not to be complacent because of the pressure on food prices prevalent across the food basket which could lead to an acceleration in food CPI towards 12.5%Y by year-end from the current 7.8%Y.

Lack of a stable electricity supply in South Africa

According to various reports the lack of a stable electricity supply in South Africa is having a significant adverse impact on all of us – from the man in the street to businesses and public enterprises. Examples thereof are job losses, business closures

and the loss of skilled workers as the latter opted for immigration because of their dissatisfaction with poor service delivery.

As far as farmers relying on irrigation to produce food is concerned, AgriSA has indicated that the crux of the matter lies directly in the fact that because of load shedding these farmers, directly, cannot utilize their electrical pumps during their access watering window and/or, indirectly, by load shedding at key irrigation scheme pump stations.

In a statement by AgriSA the organisation said that load shedding will have a negative impact on irrigation-reliant and energy-intensive industries which inter alia include the production, marketing and processing of fresh fruits and vegetables. They added that the aforementioned impact not only affects farmers and processors, but also the end consumers who fulfil a pivotal role towards ensuring food security in South Africa. The significance of ensuring sustainable irrigation-reliant production of foodstuffs is underlined by the fact that more than 25% of the country's food is produced by the irrigation-reliant and energy-intensive sectors.

As far as fresh produce are concerned the products that require ripening and/or having to be stored at a constant low temperature are especially at risk. Examples thereof in the fresh produce supply chain are avocados that require stint in the ripening room and bananas which have to be stored in cold rooms at a specific temperature.

Conclusion

Prokon cannot influence the major challenges brought about by climate change, the Covid-19 pandemic, and lately the impact of the Russian/Ukrainian conflict as well as load shedding and escalating inputs costs, and thus the negative impact it has on consumer spending and accompanying hardships. However, it is in these times that the role Prokon's plays and the importance thereof is experienced by consumers, i.e. ensuring that the fresh products which they purchase comply with prescribed quality standards and offer value for money which, at the same time, will contribute towards convincing consumers to include fresh produce in their food baskets. This is the outcome that the company commits itself to on a daily basis.

Comments by Chief Executive Officer



Etienne Booyens

During the two year's under review Prokon came face to face with a fresh wave of challenges which forced the board and the executive management to think afresh about ways and means to address these challenges and thereby ensure that the company, as official assignee, could continue to fulfil its obligation towards ensuring that the fresh produce which goes into the consumer's food basket, comply with the relevant quality standards and offers value for money.

Impact of Covid-19 on service delivery

Although the impact of the Covid-19 pandemic during the 2020/21 and 2021/22 financial years was less severe than that of the 2019/20 financial year Prokon's inspectors remained in a vulnerable position due to their continuous contact with others during inspections and thus exposure to possible infection. To keep all Prokon personnel as safe as possible the company issued strict directives with the emphasis on maintaining hygiene, the wearing of masks, dividing inspectors into teams, allowing certain financial and administrative personnel to work from home and regular testing, especially if it was suspected they could have been in contact with another person who was or could have been infected. Unfortunately a number of personnel still contracted the virus, but I am relieved to report that none lost their lives. It, however, led to short staffing and thus made it impossible for the inspectorate to fully fulfil its obligations at inspection points, especially at the beginning of 2020. The aforementioned forced management to rethink and adjust its service delivery activities to ensure that inspections do not come to a complete standstill. The success thereof is clearly noticeable in the income derived from inspections as reflected in Prokon's financial position for the two years under review.

Business relations

I am also thankful to say that notwithstanding the



Prokon is set to expand its footprint country-wide.

debilitating circumstances during the period under review we successfully managed to improve cooperation with our client base in the fresh produce industry to find mutually acceptable outcomes that benefitted the total chain without locking horns. This is underlined by the fact that we have managed to retain the agreements reached with the supermarket groups as well as industry representative organisations and even managed to add another such organisation to the list, and that notwithstanding the setting aside of the inspection fees on regulated fresh fruits and vegetables as reported hereunder. As far as the agreements reached with the retail groups are concerned, it went a long way to regulate the inspection process to the benefit of the retail groups and Prokon with special reference to the volumes to be inspected and the timing thereof. What warrants special mention is the significant improvement in the

comprehensiveness of the inspection reports which make them that much more useful in ensuring that the fresh produce made available to the consumer comply with prescribed quality standards. The resulting value added not only improves the image of the specific retailer and its produce range, but also that of the fresh produce industry as a whole.

Although there are still participants that are dragging their feet regarding compliance with marking requirements, the comprehensiveness of the reports has greatly assisted in minimising the number of non-compliances by participants.

Promulgation of new inspection fees

The promulgated inspection fees in respect of statutory inspections conducted on all locally produced and imported regulated fruits and vegetables for sale in South Africa (excluding potatoes) applied until 14 July 2021 on which date the Supreme Court of Appeal of South Africa in its judgement set aside the said inspection fees, particularly as far as the lack of thorough consultation with all affected parties was concerned, as set out in section 4 of the Promotion of the Administrative Justice Act, Act No. 3 of 2000.

After instituting the necessary actions to comply with the stipulations of the said Act, the proposed new categories and inspections fees were published for comment and after due consideration of the comments received, the new categories and inspection fees which were promulgated in the Government Gazette, came into effect on 18 March 2002. In this regard I wish to thank the officials of the Department of Agriculture, Land Reform and Rural Development for their assistance in the matter.

In line with its quality assurance responsibilities as official assignee of the Department of Agriculture, Land Reform and Rural Development, Prokon continued to conduct inspections to the benefit of consumers and suppliers, although no income was derived therefrom.

As far as the new inspection fees are concerned, Prokon started with the invoicing process on 4 April 2022. I am pleased to say that to date Prokon has had excellent cooperation from the majority of fresh produce farmers in paying the fees. Unfortunately there are still a number of farmers who refuse to pay the inspections fees which would unfortunately leave Prokon no alternative but to institute the necessary actions to collect the inspection fees.

Service delivery to importers and local retail trade

Inspections on imported fresh produce have grown exponentially during the period under review. The excellent cooperation that has been established between Prokon and importers is evident from the fact that the relevant association and its members are informing Prokon of the arrival times of containers from harbours at warehouses for inspection purposes and even of other fresh produce importers that are not listed. Prokon is at present also gathering information on fresh produce being imported through inland ports of entry in order to determine the best place for conducting inspections which would best suit the importer as well as facilitate the inspection process. It is also worth mentioning that imported produce that are received at fresh produce markets were identified and reported by Prokon's

inspectors to ensure that it is handled the same as any other imported produce. Unfortunately, as is the case with inspections of regulated locally produced produce, there are individuals that refuse to cooperate as far as inspections and the payment of the inspection fee are concerned, but we are confident that we shall eventually manage to resolve these cases.

Prokon is set to expand its footprint country-wide with the emphasis on appointing more inspectors and secondly opening new offices of which the opening of the Polokwane office, is a clear example. As regards the inspection service provided to the retail trade which is currently largely concentrated in the larger centres, it is the intention to investigate the feasibility of expanding the service to the retail industry in rural areas. This will go a long way to ensure uniform quality standards being applied in the total retail industry to the benefit of consumers, irrespective of where they buy their fresh produce.

Prokon was also made aware of the need expressed by employees in the retail trade who work with fresh produce to learn more about the quality standards products must comply with and it is the intention to dovetail a training course specifically aimed at these employees.

Prokon's financial position is sound

Prokon's financial position is sound and the necessary controls are in place. The company has received unqualified audit reports from Fourie + Botha, its external auditors, in respect of both financial years.

Conclusion

I wish to express my sincere gratitude towards the Prokon Board of Directors, and in particular its chairman, Rudi Heinlein, who I could freely contact at any time for his sound advice and assistance during the past two years. My thanks also goes to the personnel of Prokon who absolutely gave their best under the most awkward and difficult working conditions brought-about by the lock-down restrictions.

THE COMPANY

Product Control for Agricultural (Prokon) is registered as a non-profit company under the Companies Act, No. 71 of 2008. The company's business strategy is primarily based on ensuring that fresh produce that reach the South African consumer comply with official quality and health standards. To attain this it renders a quality assurance service at key 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 ports 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 17020:2012 accreditation from SANAS for the inspection of fresh produce at fresh produce markets, retail and imports in South Africa. This makes Prokon the only South African company that is internationally accredited 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 two years under review the following persons served on the Prokon board of directors:



Rudi Heinlein
Chairman



Stanley
de Lange



Human
du Preez



Jason
Moonsamy



Dr Sifiso
Ntombela

Personnel

Prokon's personnel component is set out in the organogram on page 15. The personnel manned 17 offices at strategic position across South Africa to ensure a wide as possible quality assurance footprint. The company also accommodated 5 interns during the relevant years as part of its contribution to school young persons for employment in the fresh produce industry.



PROKON organogram

Directorate and management

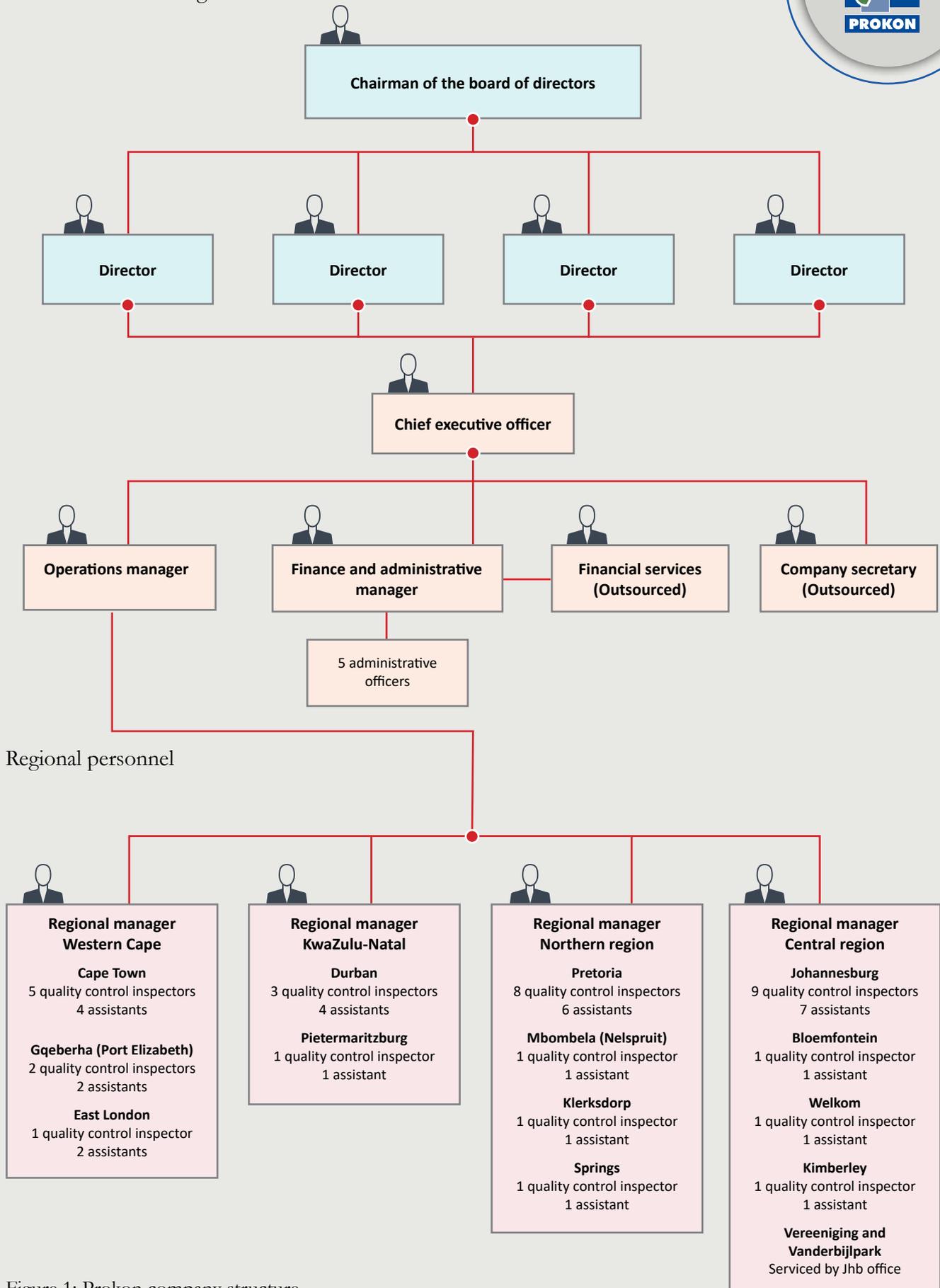


Figure 1: Prokon company structure.

PROKON OFFICES



Gauteng

1. The Hillside office, Pretoria
2. Tshwane office, Pretoria
3. Johannesburg office, Johannesburg
4. OR Tambo International Airport office, Kempton Park
5. Vanderbijlpark office, Vanderbijlpark
6. Springs office, Springs

North West

9. Matlosane office, Klerksdorp

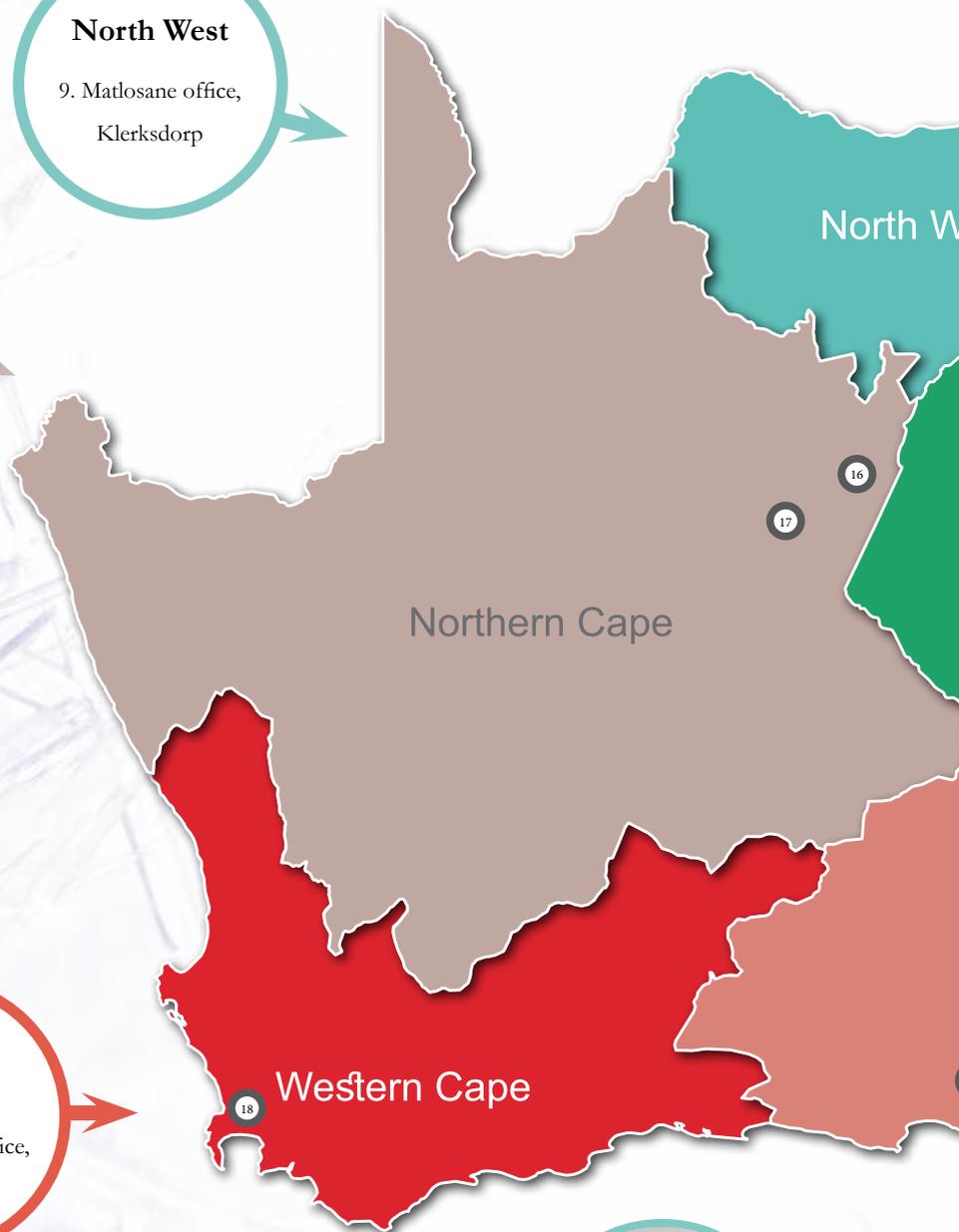
Northern Cape

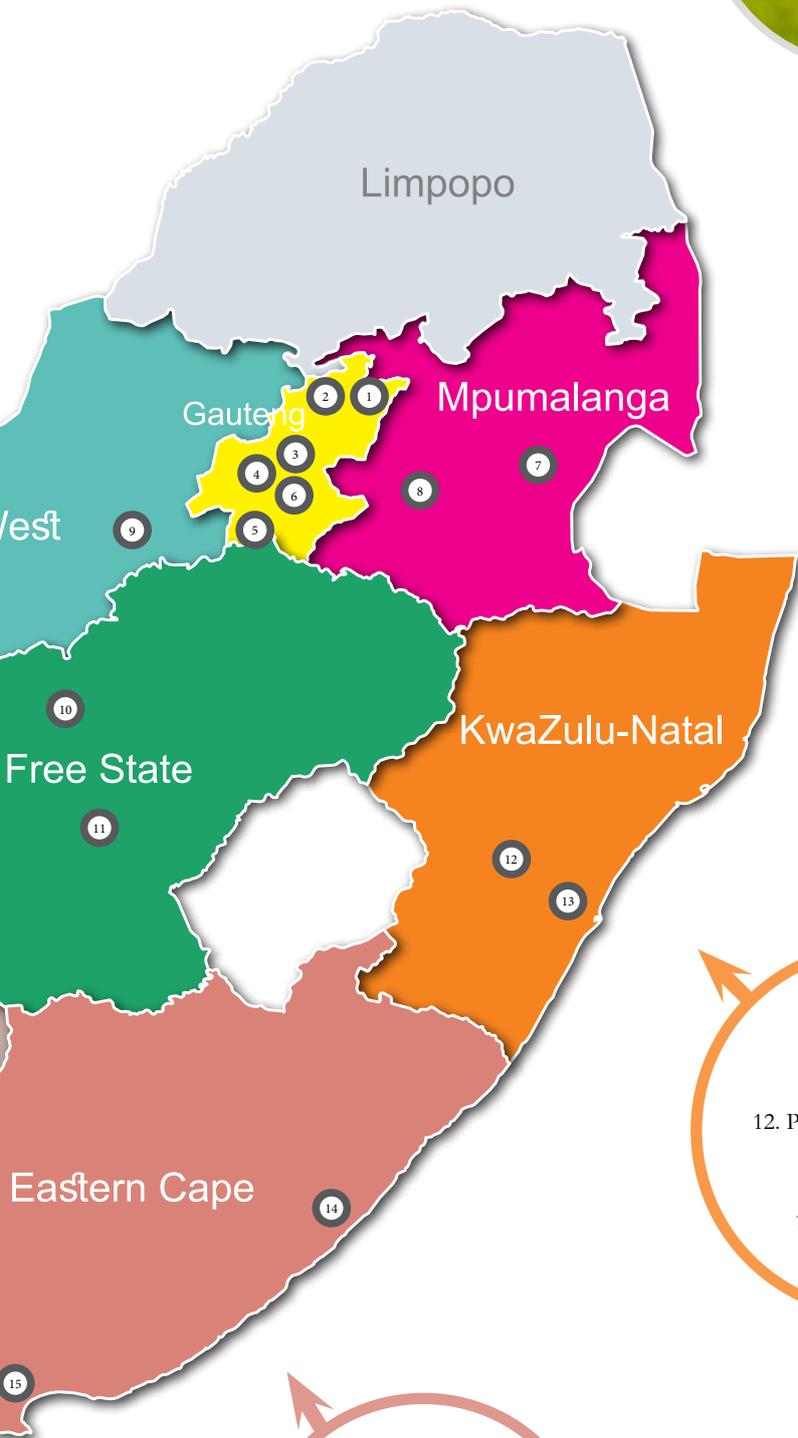
16. Sol Plaatje office, Kimberley
17. Barkly West office, Barkly West



Western Cape

18. Cape Town office, Cape Town





Mpumalanga

- 7. Mbombela office, Mbombela
- 8. Emalahleni office, Emalahleni

Free State

- 10. Welkom office, Welkom
- 11. Mangaung office, Bloemfontein

KwaZulu-Natal

- 12. Pietermaritzburg office, Pietermaritzburg
- 13. Durban office, Durban

Eastern Cape

- 14. East London office, East London
- 15. Gqeberha office, Gqeberha



FEE STRUCTURE

Prokon’s primary source of income is the inspection fee charged in respect of the 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 inspection fees are available on the Prokon website www.prokonsa.co.za

STATUTORY INSPECTIONS AND OTHER SERVICES

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

OUR SERVICES			
			
Quality assurance inspections on fresh produce	Advisory service and market analyses	Stock audits	Food safety – DNA and MLR sampling and testing

OUR SERVICES		
		
Electronic inspection system (Mobile phone app to capture barcodes, photos, etc.)	Providing inspection related statistics and information per fresh produce sector	Training on quality control and food safety. Small farmer and internship training program

INSPECTION PROCESS

Prokon conducts quality assurance inspections on potatoes and all other regulated locally produced and imported fresh fruits and vegetables intended for sale in the Republic of South Africa in accordance with the Agricultural Products Standards Act, No. 119 of 1990 and relevant product regulations as well as 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 respect 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 (EXCLUDING POTATOES)

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.

As far as the inspection fees are concerned, the fees promulgated in the aforementioned Government Notice applied until 14 July 2021 on which date the Supreme Court of Appeal of South Africa in its judgement set aside the said inspection fees, particularly as far as the lack of thorough consultation with all affected parties was concerned, as set out in section 4 of the Promotion of the Administrative Justice Act, Act No. 3 of 2000.

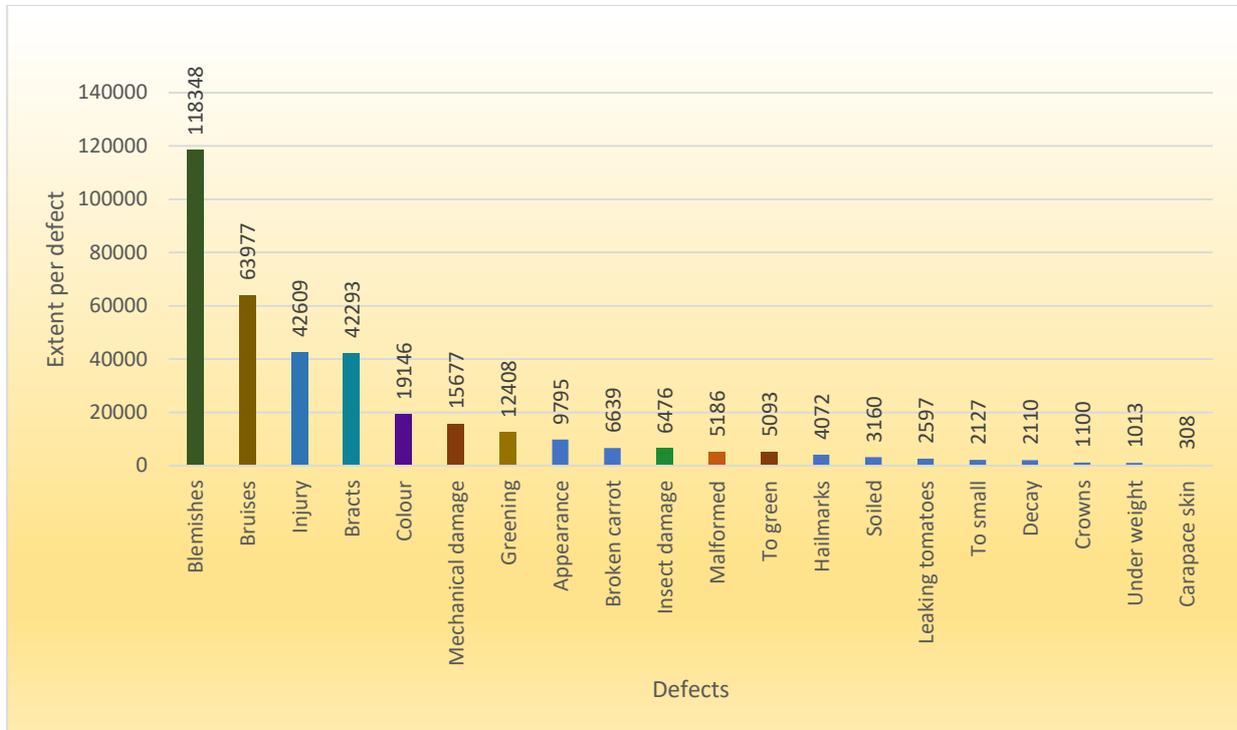
After instituting the necessary actions to comply with the stipulations of the said Act, the proposed new categories and inspections fees were published for comment under Notice 646 of 2021 in Government Gazette 45426 of 5 November 2021. After due consideration of the comments received, the new categories and inspection fees which were published under Notice 877 of 2022 in Government Gazette 46203 of 11 March 2022 came into effect seven days after publication.

The inspections fees are revised annually.

Details of the inspections conducted on regulated locally produced and imported

Locally produced products (markets)

Top 20 defects affecting consignments of regulated locally produced fresh fruits and vegetables inspected on fresh produce markets for the period of 1 July 2020 to 30 June 2021

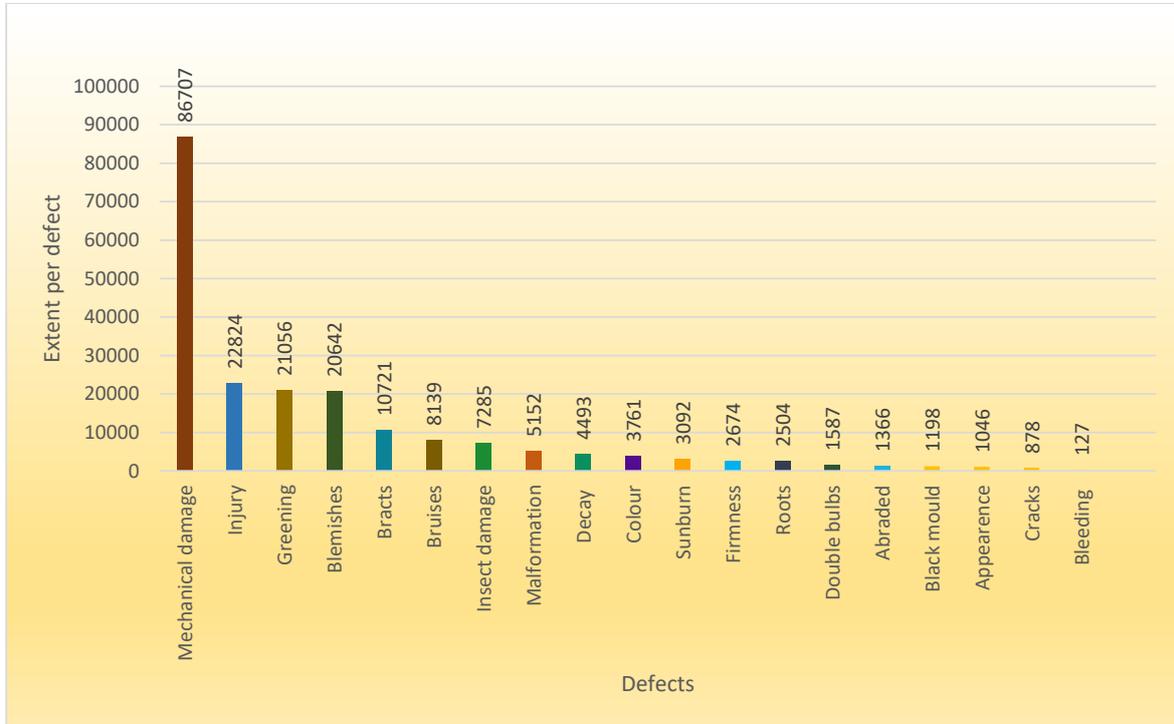


Regulated locally produced fresh fruits and vegetables inspected on fresh produce markets per month for the period 1 July 2020 - 30 June 2021



fruits and vegetables during the years 2020/2021 and 2021/2022

Top 20 defects affecting consignments of regulated locally produced fresh fruits and vegetables inspected on fresh produce markets for the period 1 July 2021 - 30 June 2022

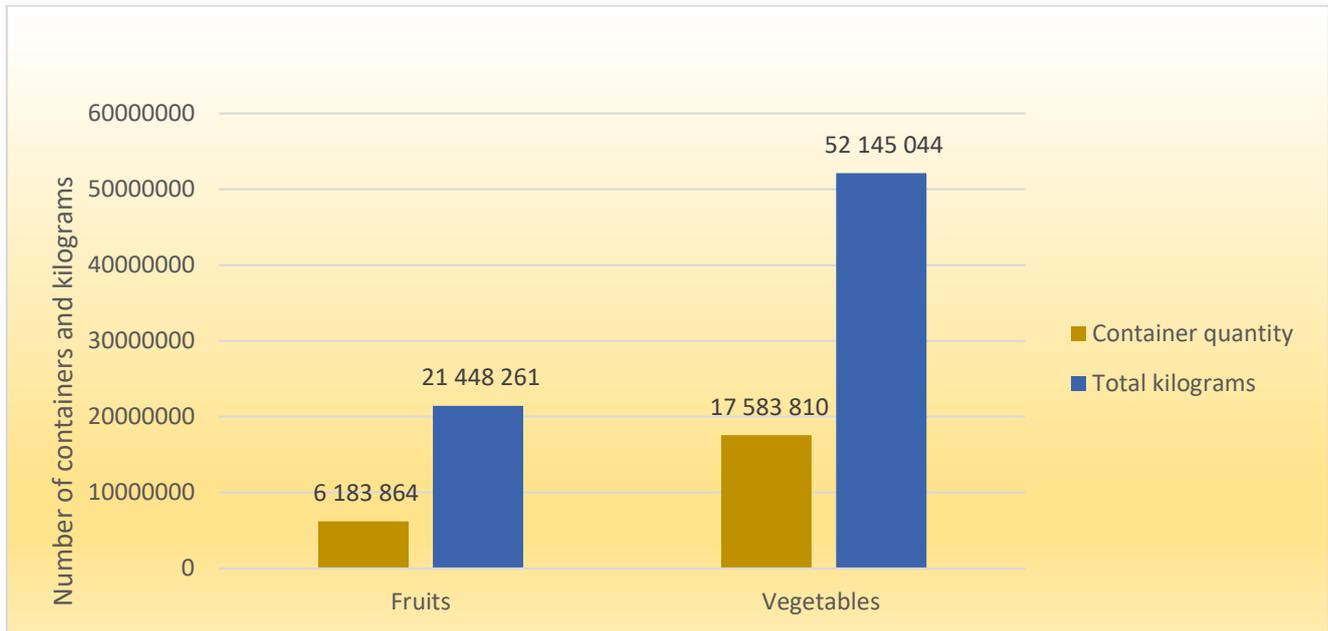


Regulated locally produced fresh fruits and vegetables inspected on fresh produce markets per month for the period 1 July 2021 to 30 June 2022

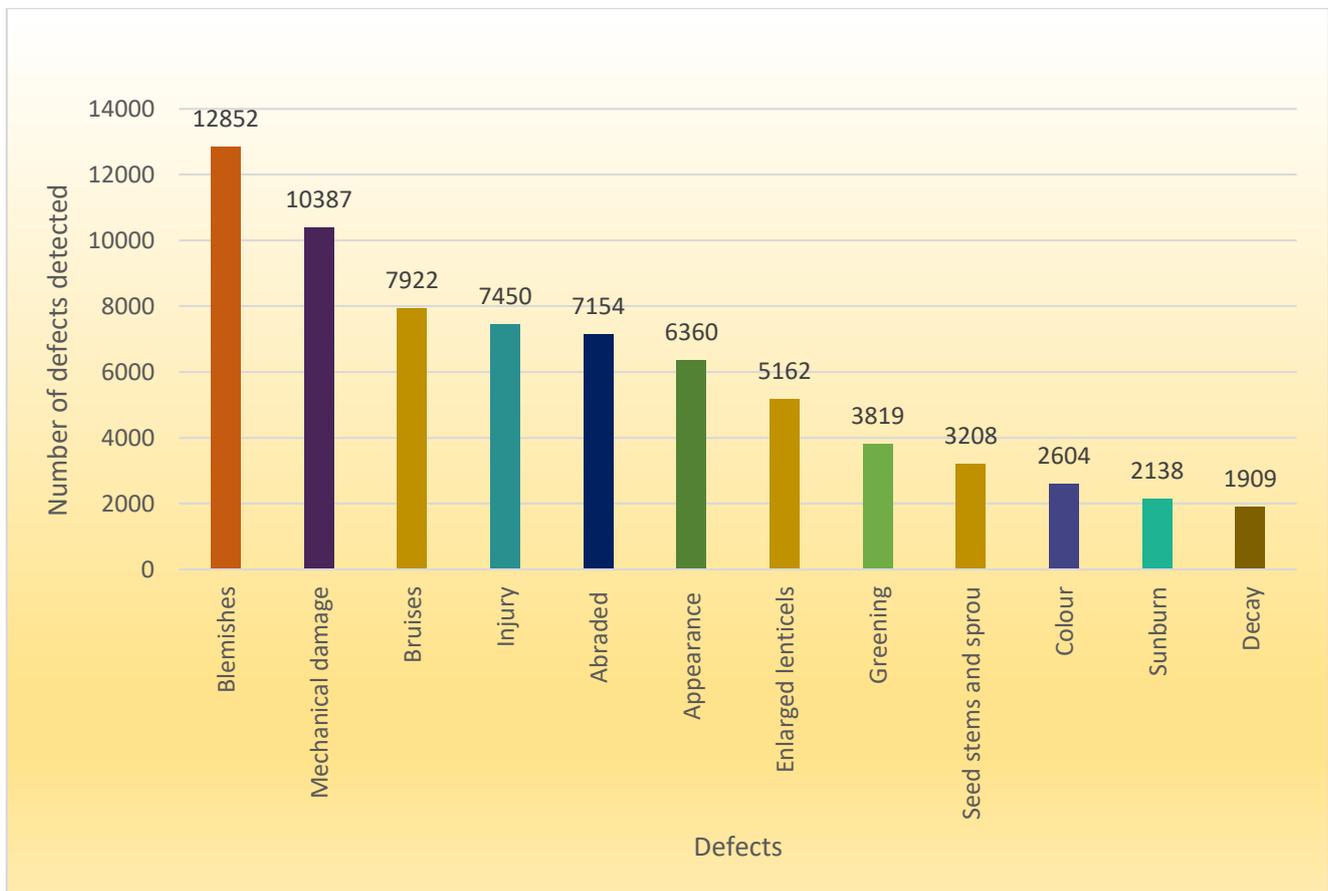


Locally produced products (retail trade)

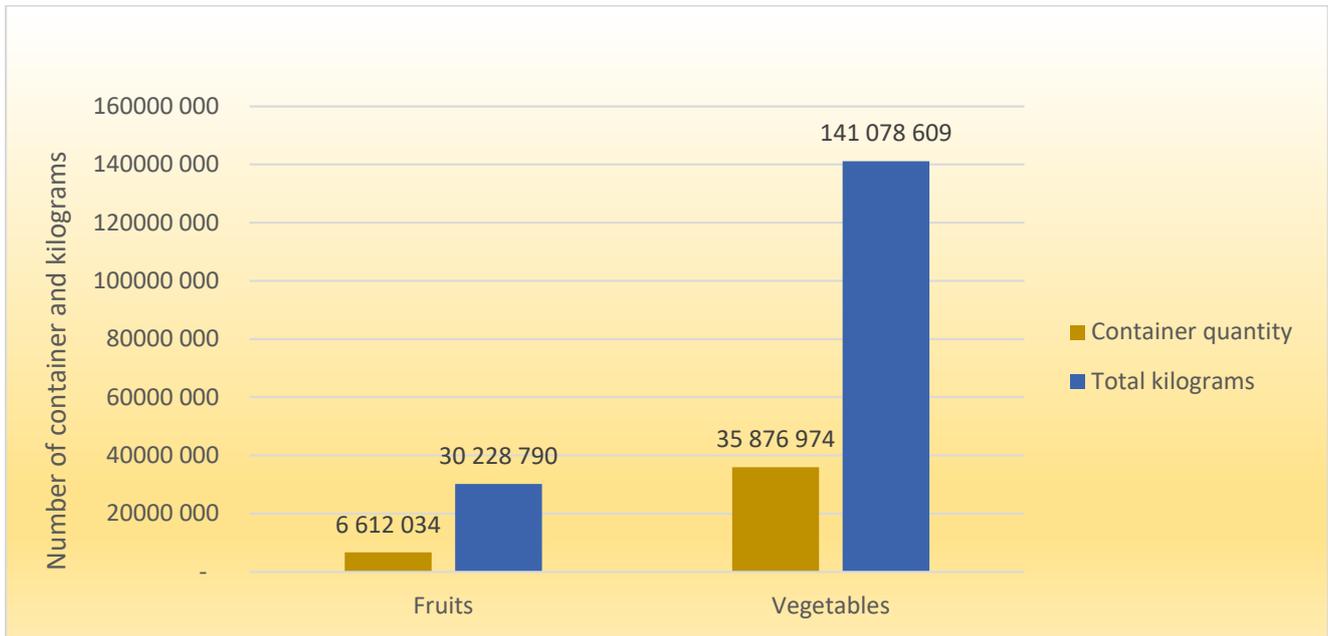
Regulated locally produced fresh fruits and vegetables inspected in the retail trade for the period 1 July 2020 to 30 June 2021



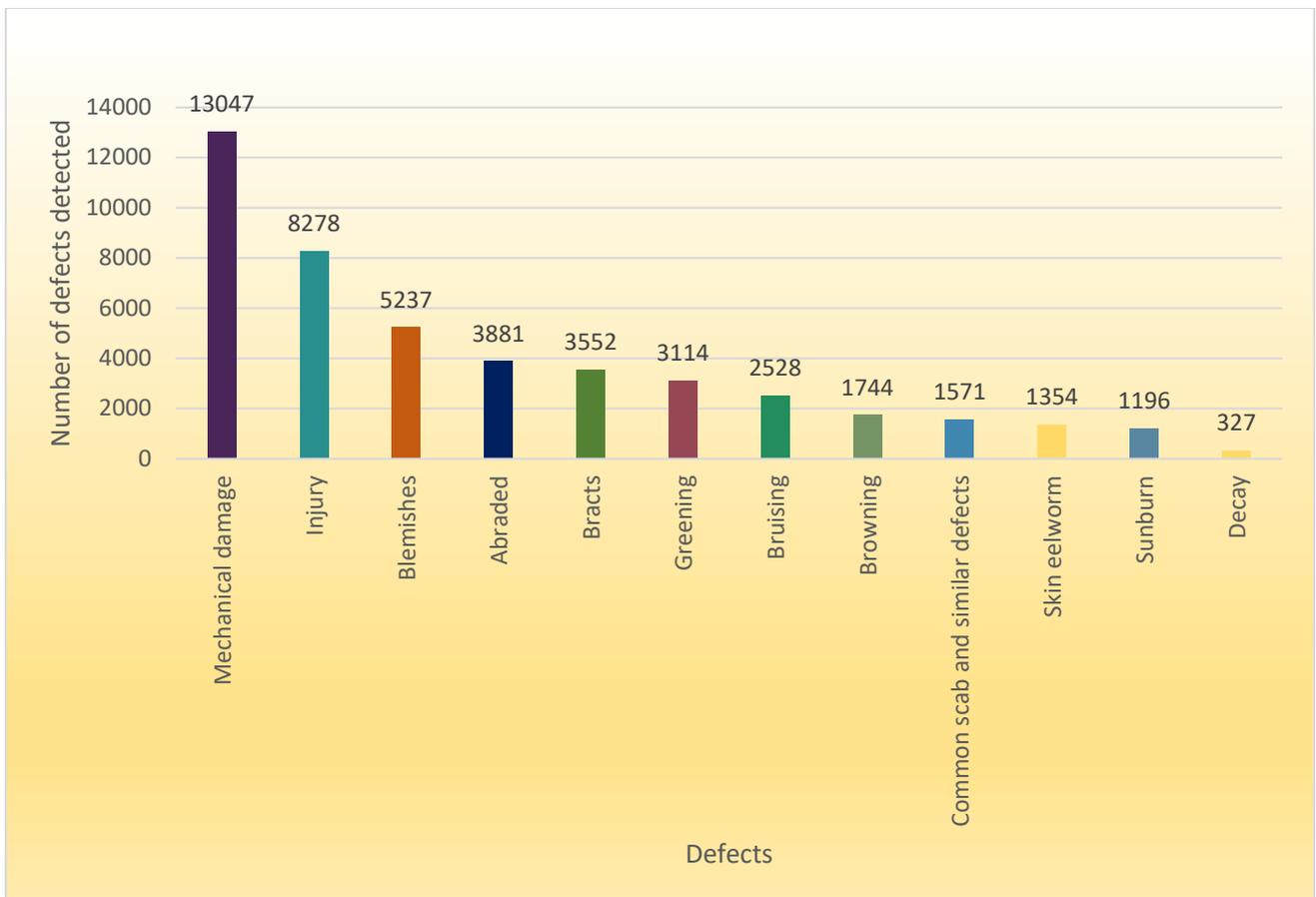
Top 12 defects detected on regulated locally produced fruits and vegetables in the retail trade for the period 1 July 2020 to 30 June 2021



Regulated locally produced fresh fruits and vegetables inspected in the retail trade for the period 1 July 2021 to 30 June 2022

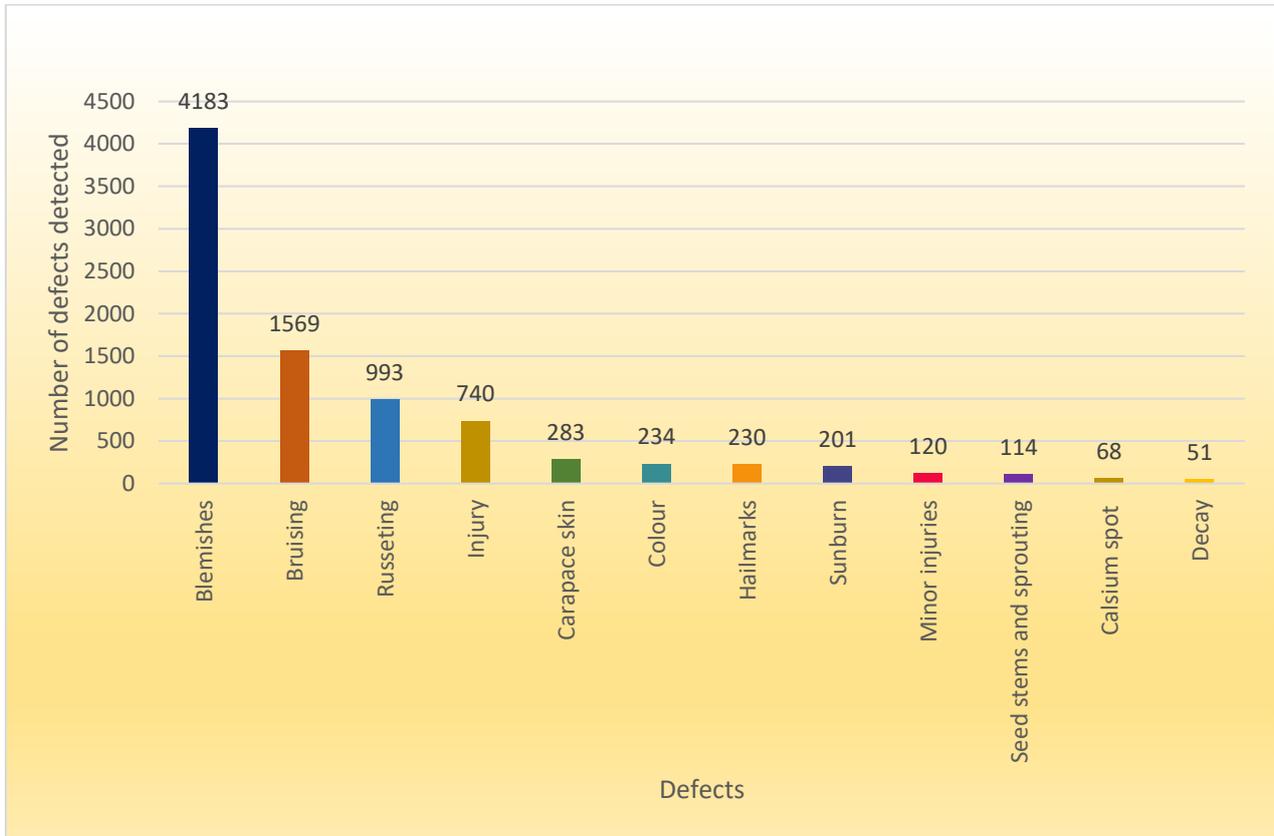


Top 12 defects detected on regulated locally produced fruits and vegetables in the retail trade for the period 1 July 2021 to 30 June 2022

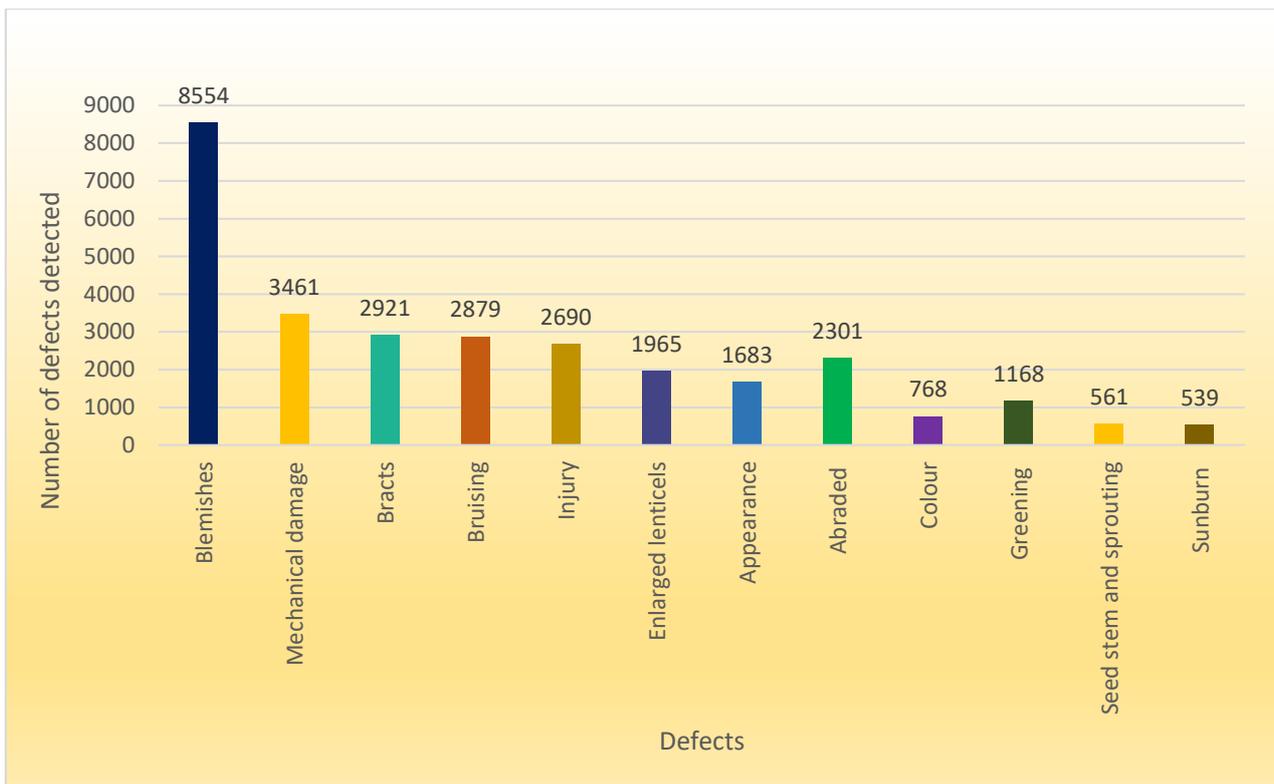


Locally produced products (retail trade)

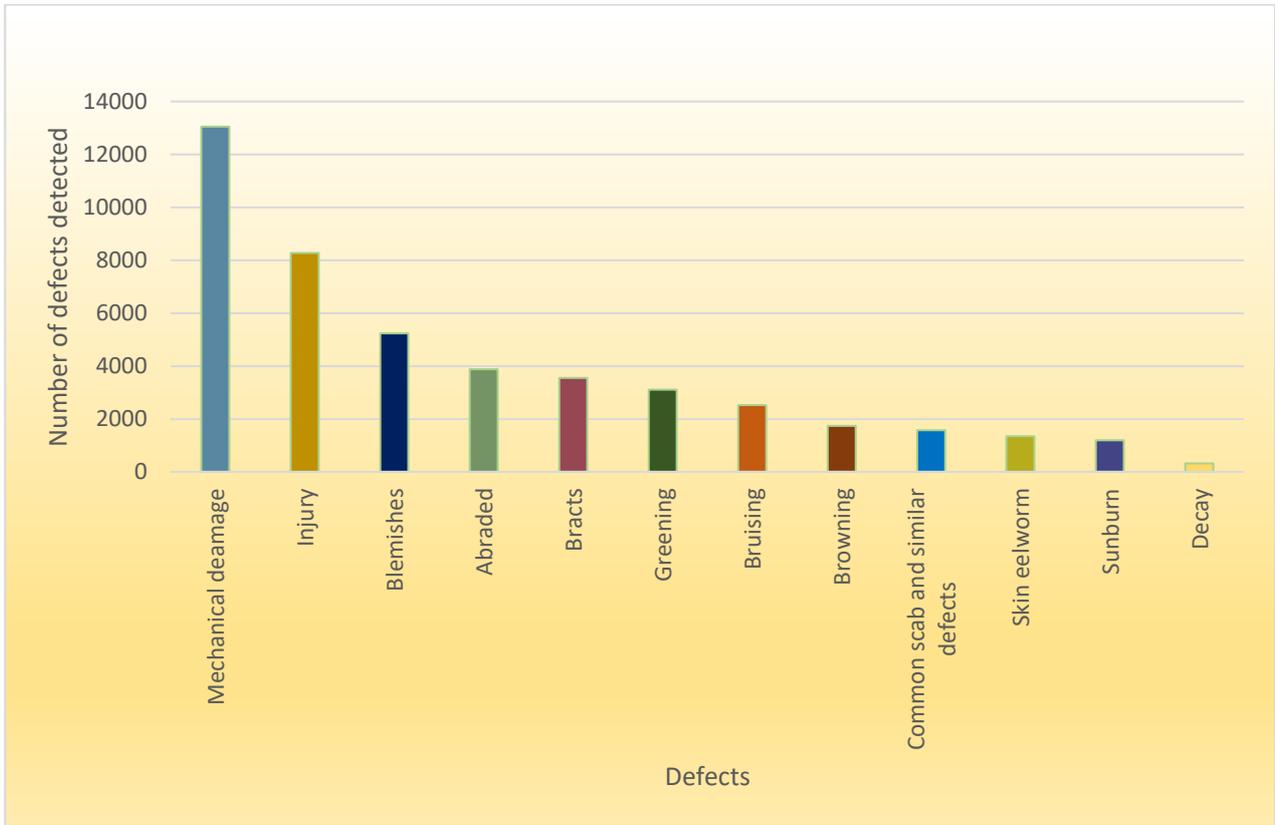
Top 12 defects detected on regulated locally produced fresh fruits in the retail trade for the period 1 July 2020 to 30 June 2021



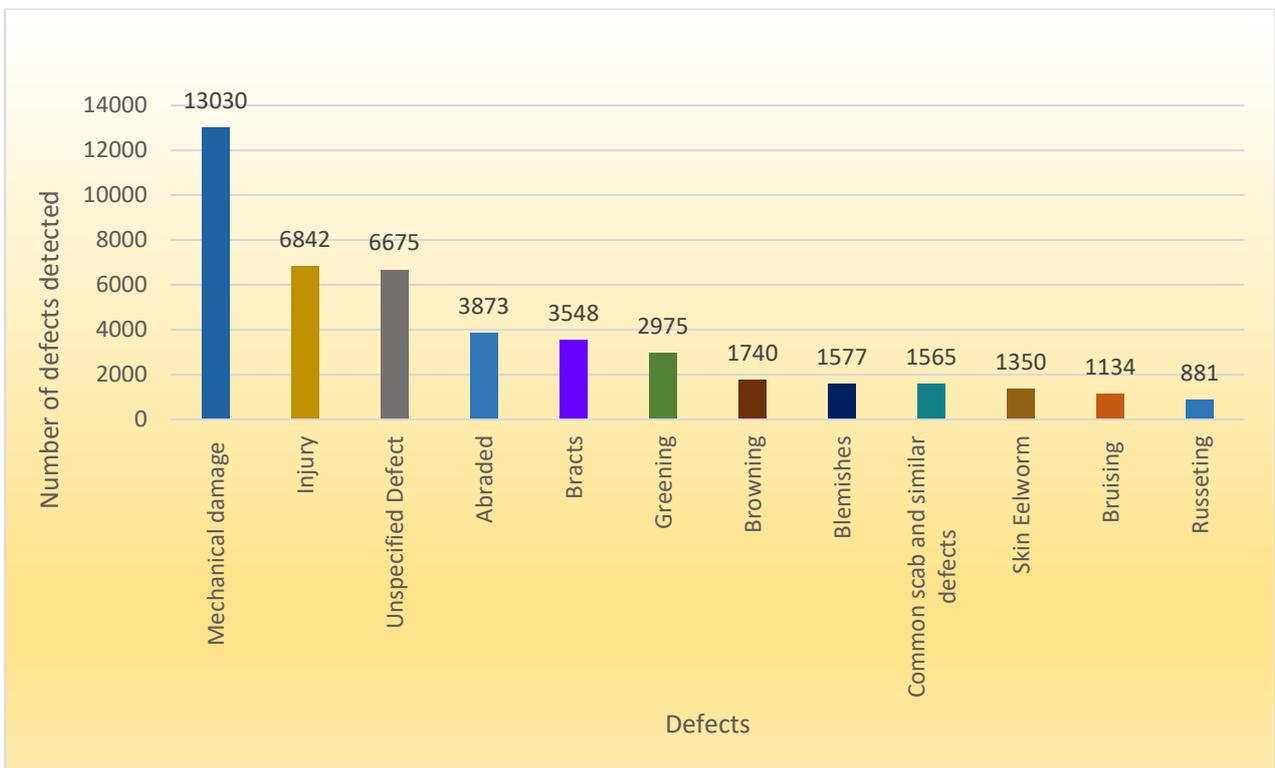
Top 12 defects detected on regulated locally produced fresh vegetables in the retail trade for the period 1 July 2020 to 30 June 2021



Top 12 defects detected on regulated locally produced fresh fruits in the retail trade for the period 1 July 2021 to 30 June 2022

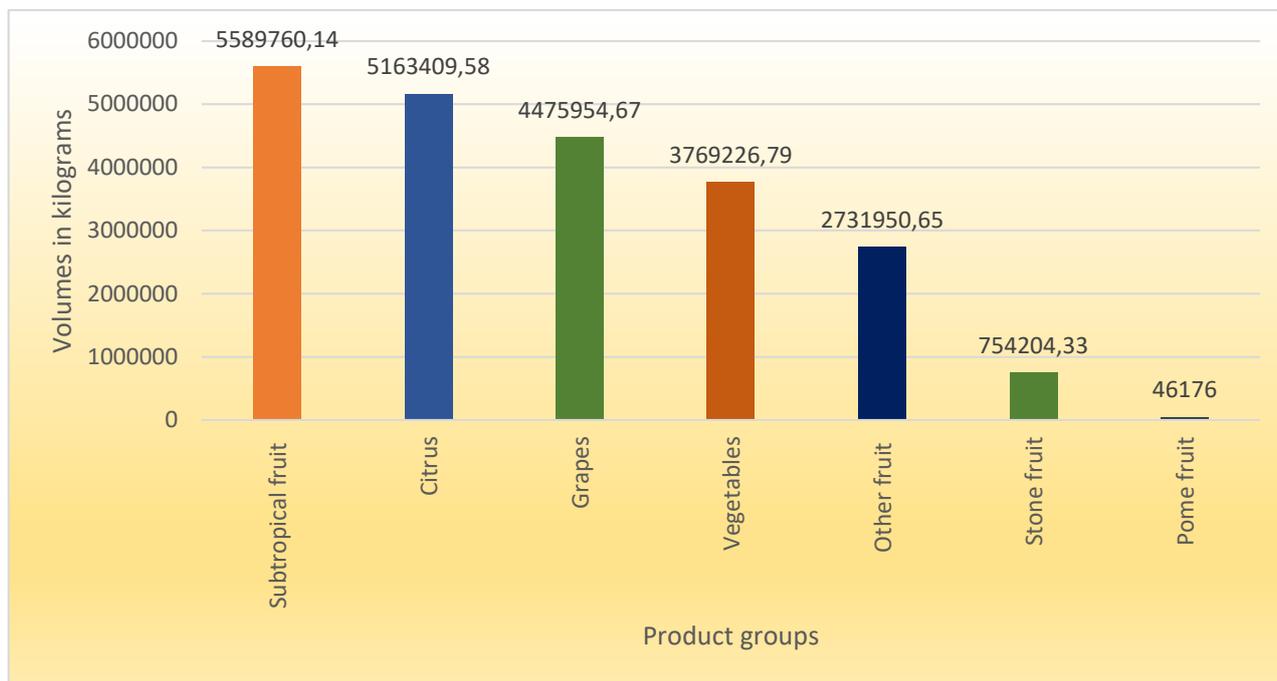


Top 12 defects detected on regulated locally produced vegetables in the retail trade for the period 1 July 2021 to 30 June 2022



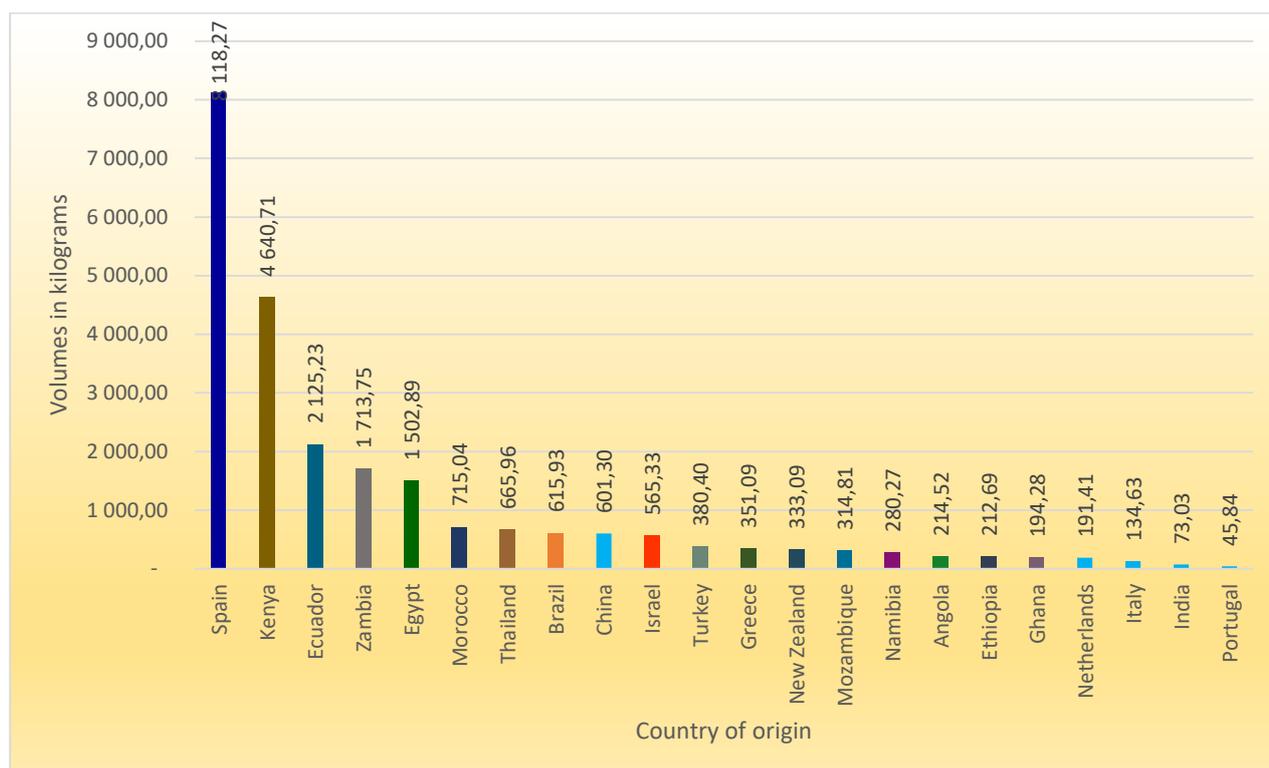
Imported products

Total kilograms per regulated imported product group inspected for the period 1 July 2020 - 30 June 2021

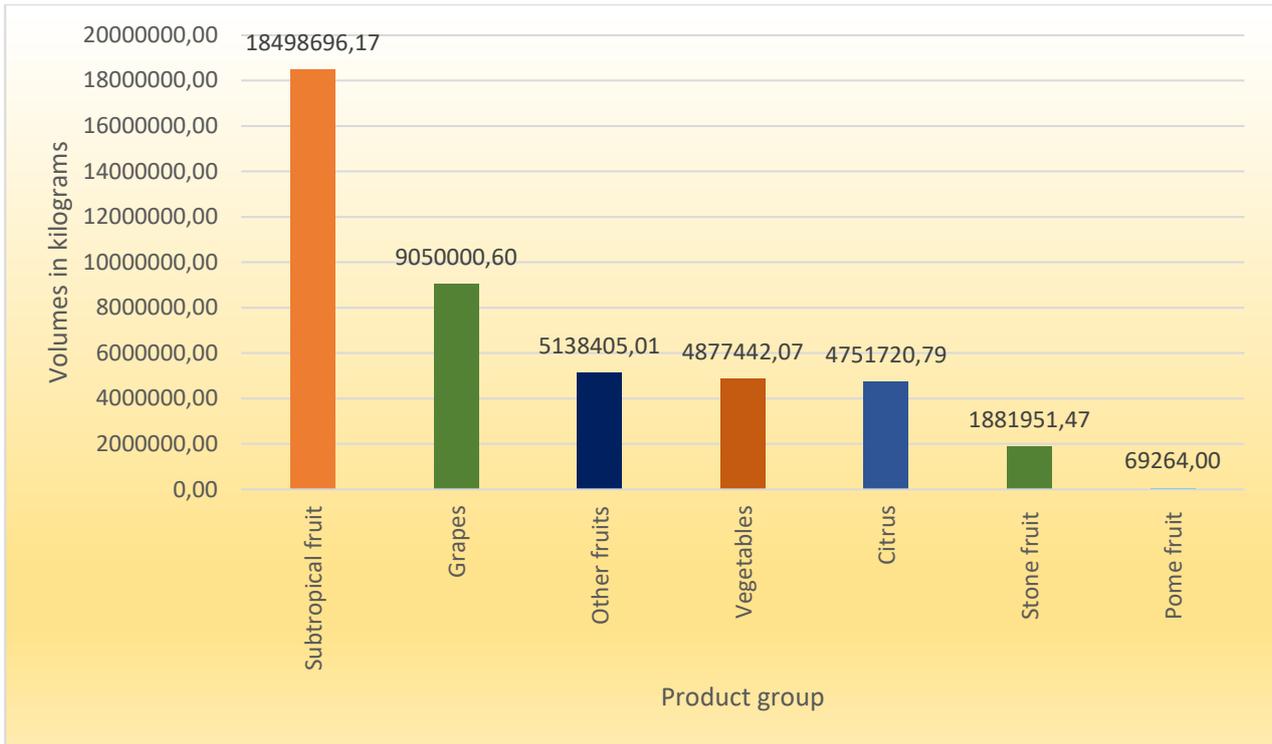


Other fruit: Avocado; Banana; Blueberries; Clementine; Dragon fruit; Figs; Granadillas; Grape fruit; Guavas; Kiwi; Kumquats; Lemons; Limes; Mandarins; Melons; Minneola; Naartjies; Nectarcot; Orange; Papayas; Persimmons; Pineapple; Prunes; Pomelos; Shaddocks; Statumas; Strawberries, Sweet melon; Watermelon.

Total kilograms of regulated imported products inspected per country for the period 1 July 2020 to 30 June 2021

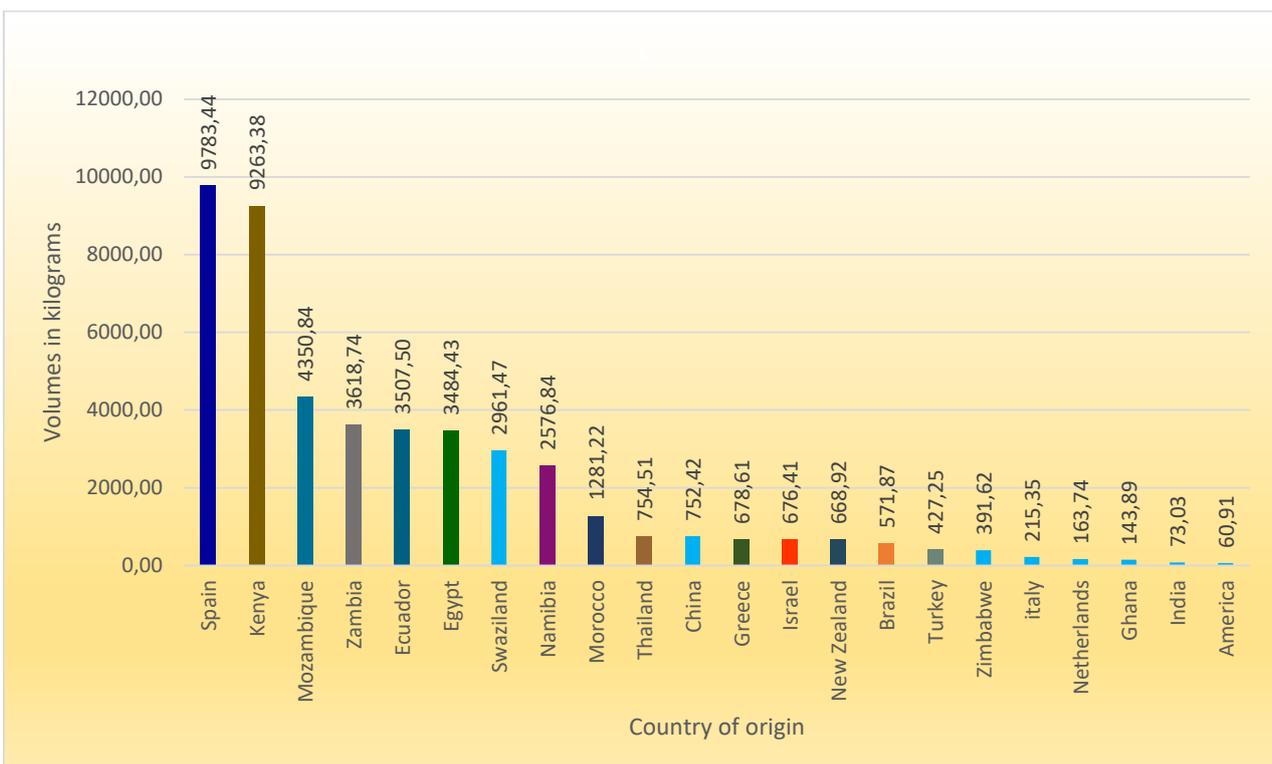


Total kilograms per regulated imported product group inspected for the period 1 July 2021 to 30 June 2022



Other fruit: Avocado; Banana; Blueberries; Clementine; Dragon fruit; Figs; Granadillas; Grape fruit; Guavas; Kiwi; Kumquats; Lemons; Limes; Mandarins; Melons; Minneola; Naartjies; Nectarcot; Orange; Papayas; Persimmons; Pineapple; Prunes; Pomelos; Shaddocks; Statumas; Strawberries, Sweet melon; Watermelon.

Total kilograms of regulated imported products inspected per country for the period 1 July 2021 to 30 June 2022



INSPECTIONS ON LOCALLY PRODUCED FRESH POTATOES

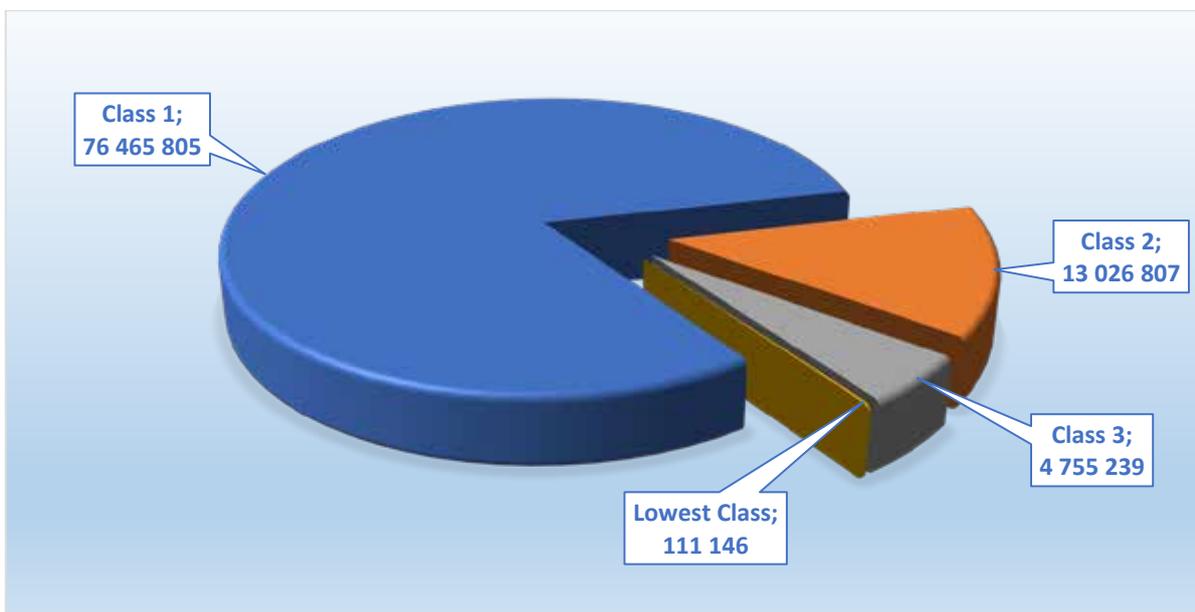
The latest regulations pertaining to the grading, packing and marking of potatoes intended for sale in the Republic of South Africa were published under Government Notice R. 273 in Government Gazette No. 42260 dated 1 March 2019.

The inspection fee on potatoes is revised annually.

Details of the inspections conducted on locally produced potatoes during the years

Fresh produce markets

Classes of potatoes inspected on fresh produce markets for the period
1 July 2020 to 30 June 2021 total - 94 358 997 bags



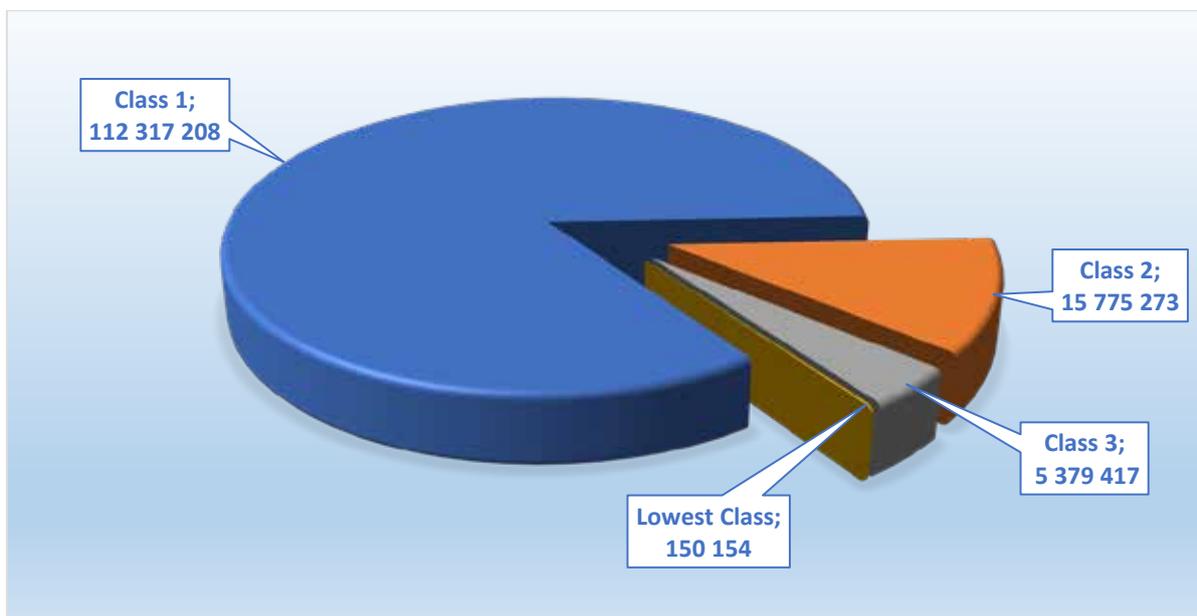
Number of bags of potatoes downgraded on fresh produce markets for the period
1 July 2020 to 30 June 2021 Total - 9 555 106 bags



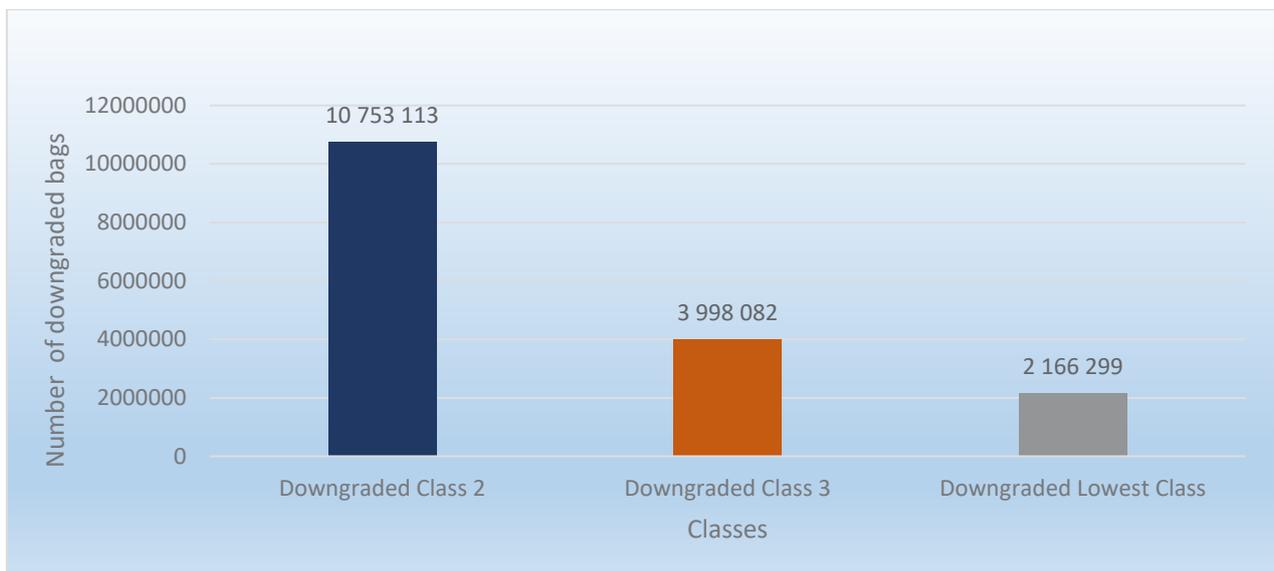
During the years 2020/2021 and 2021/2022 potato consignments received from the 16 potato production regions and non-producing suppliers, were inspected at fresh produce markets, distribution centres, wholesalers and retailers.

2020/2021 and 2021/2022

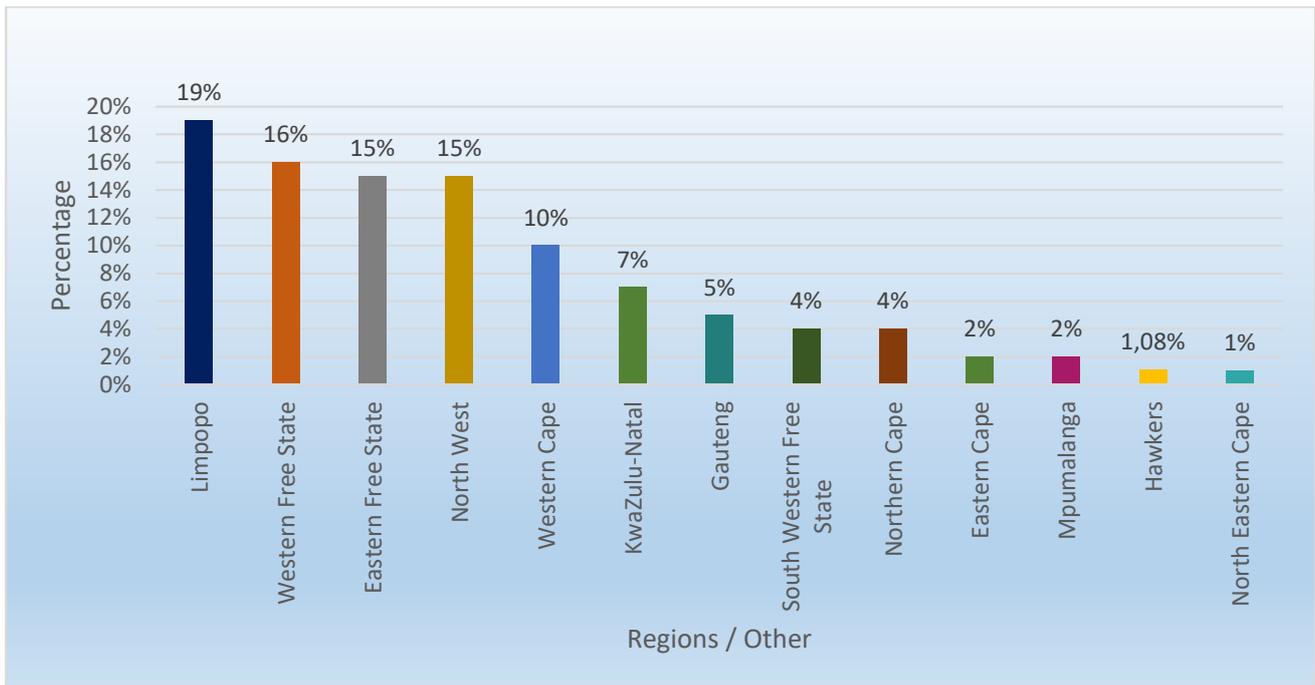
Classes of potatoes inspected on fresh produce markets for the period
1 July 2021 to 30 June 2022 total - 133 622 054 bags



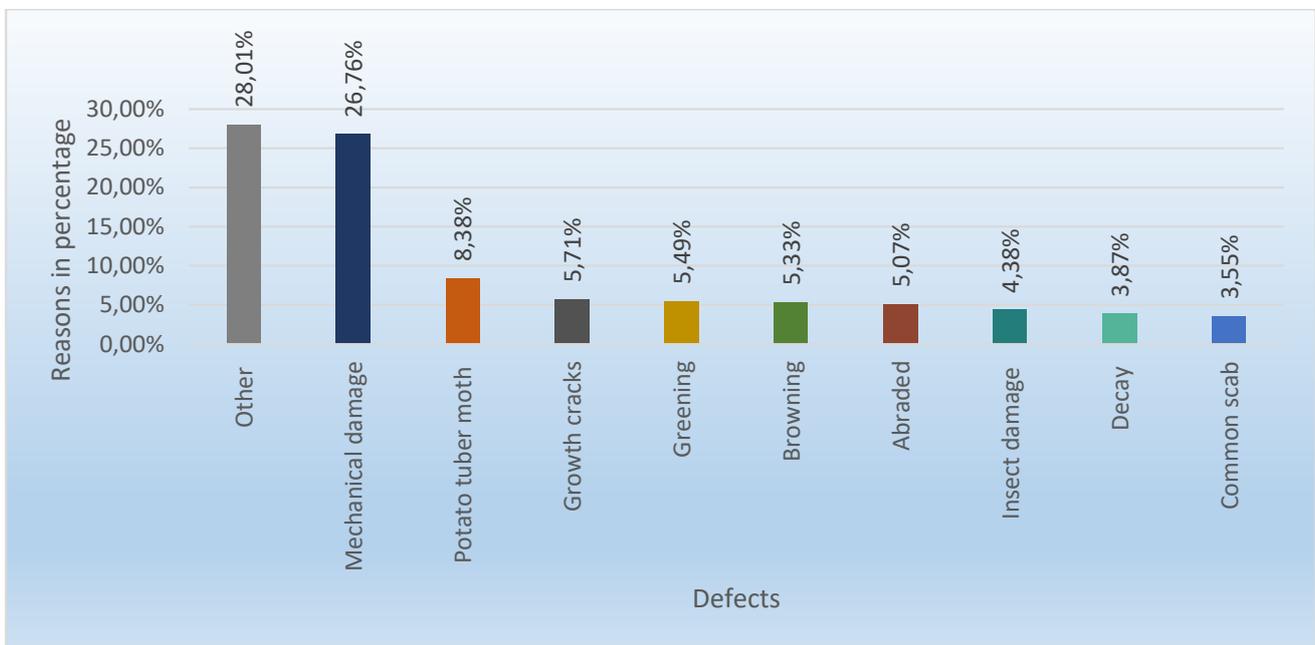
Number of bags of potatoes downgraded on fresh produce markets for the period
1 July 2021 to 30 June 2022 Total - 16 917 494



Potatoes downgraded in % per region on fresh produce markets during the period 1 July 2020 to 30 June 2021

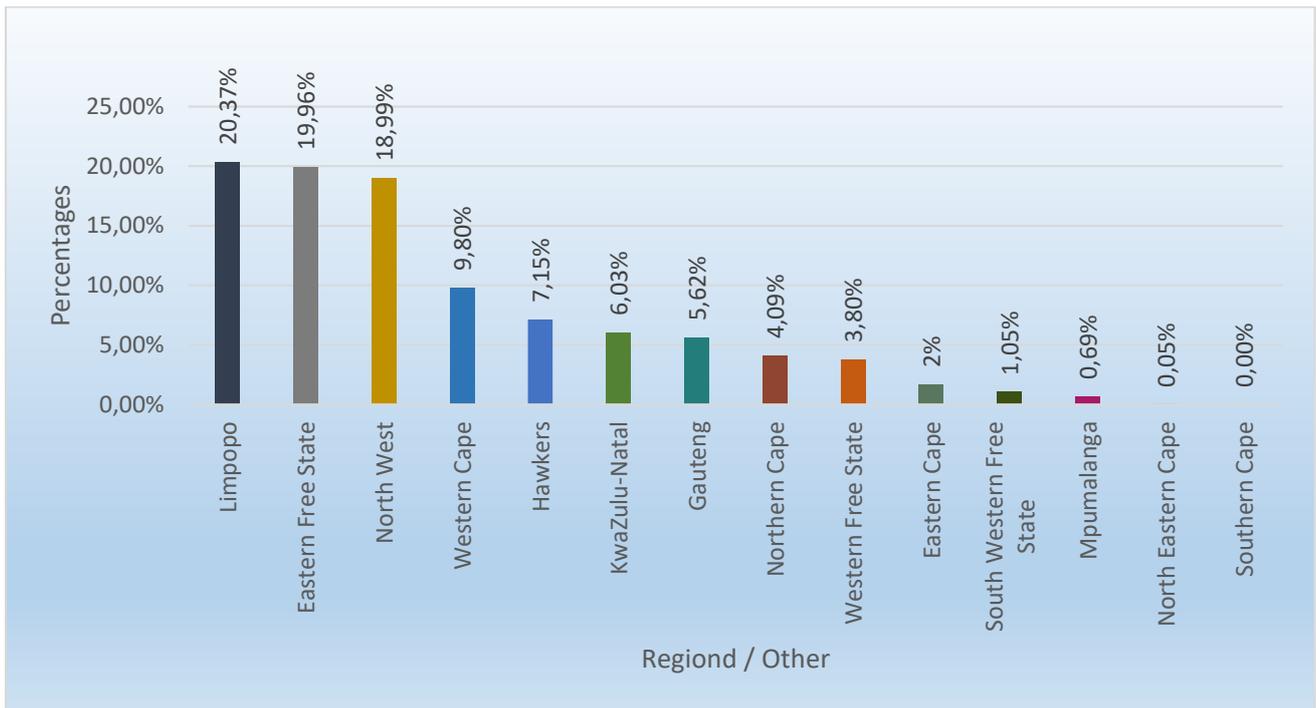


Reasons for downgrading of potatoes on fresh produce markets for the period 1 July 2020 to 30 June 2021

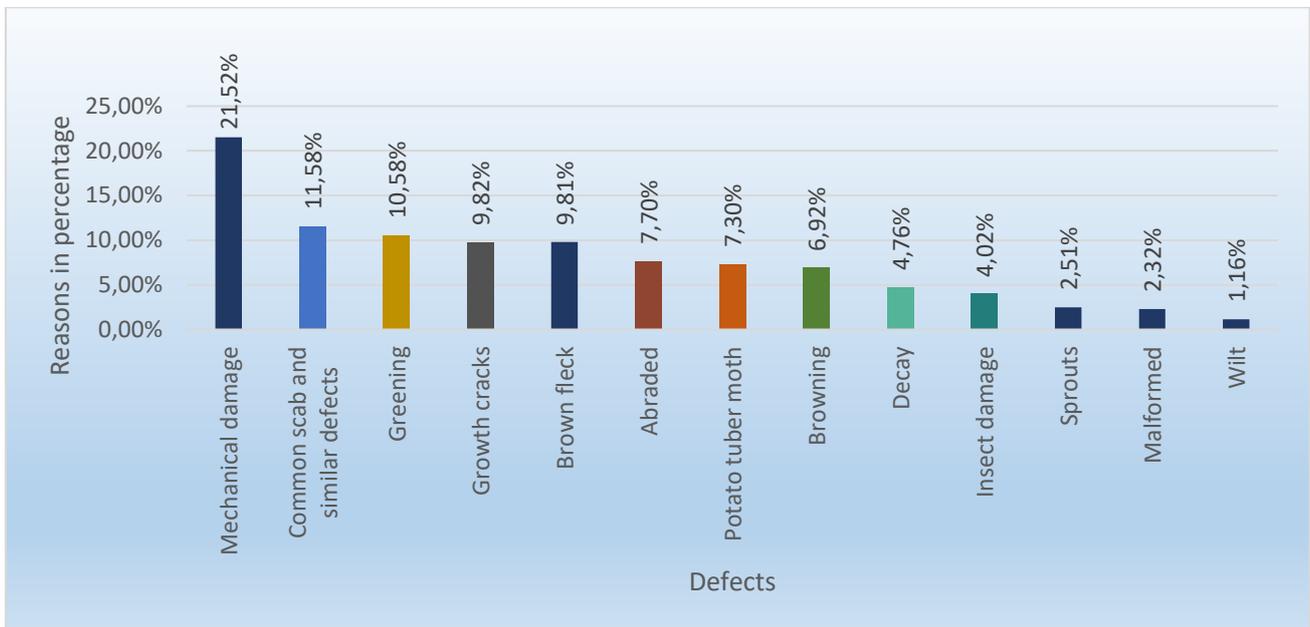


Other Defects: Silver scurf, Enlarged lenticels, Internal brown fleck, Soiled, Hollow heart, Malformed, Dry rot, Broken tubers, Wilted, Skin eelworms, Stem end rot, To small, Cold cracks, Soiled by decay, Watergrass, Powdery scab, Anthracnose, To big, Collective sizes, Rhizoctonia, Appearance, Glassines, Sprouted, Brown fleck, Heat damage, Cold damage, Vascular browning, Wet decay, Unspecified defects, Foreign matter, Wet by decay tubers.

Potatoes downgraded in % per region on fresh produce markets during the period 1 July 2021 to 30 June 2022

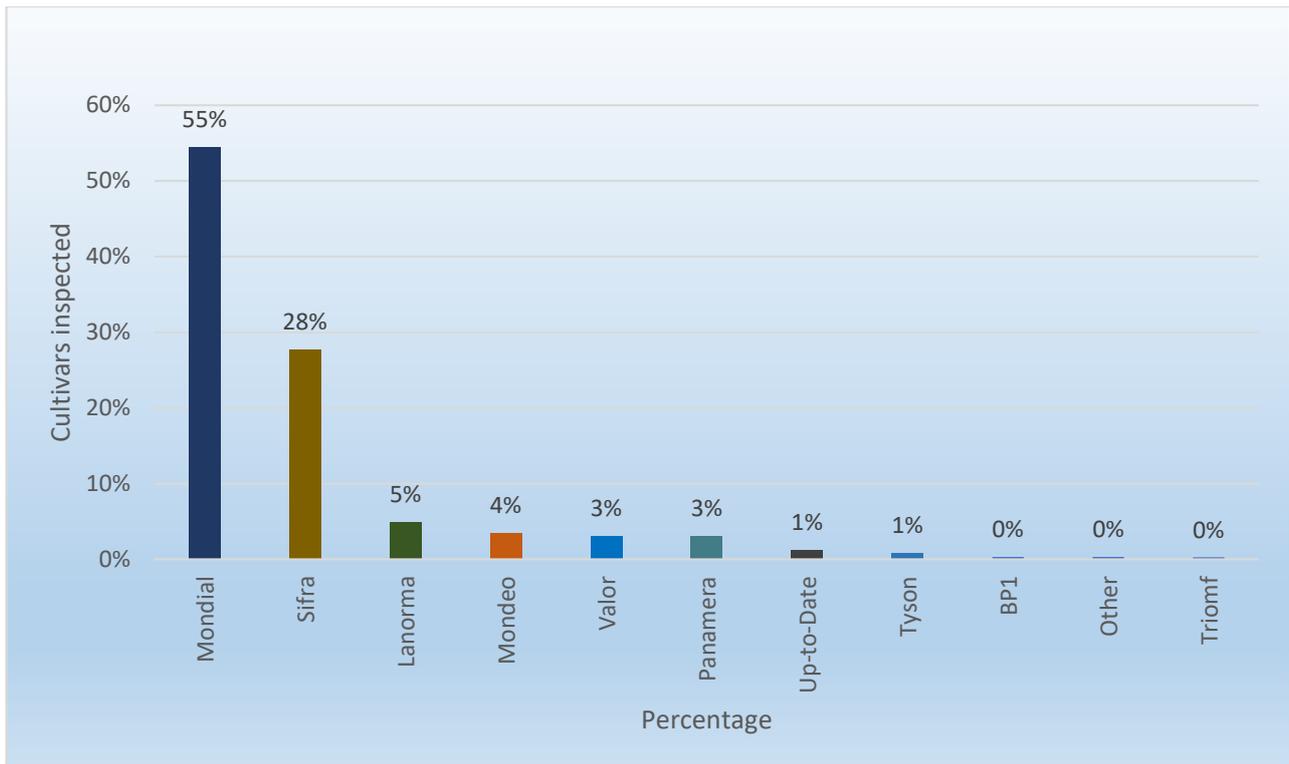


Reasons for downgrading of potatoes on fresh produce markets for the period 1 July 2021 to 30 June 2022



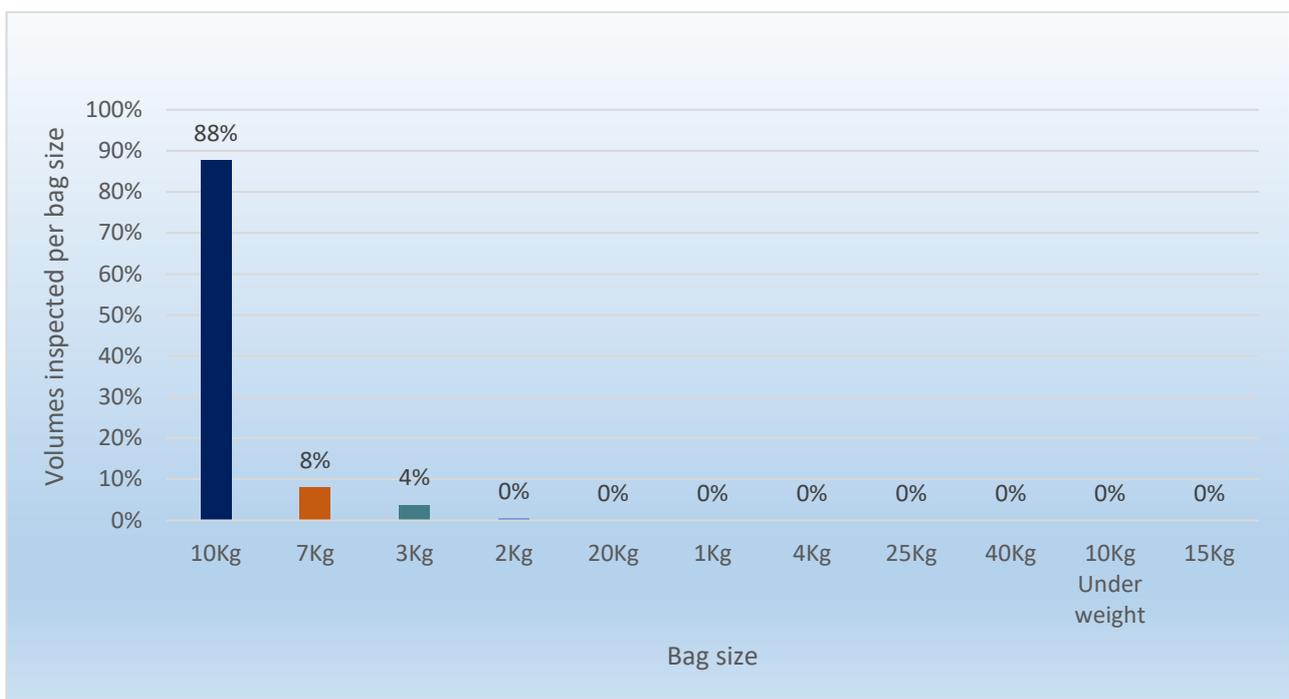
Other Defects: Silver scurf, Enlarged lenticels, Internal brown fleck, Soiled, Hollow heart, Malformed, Dry rot, Broken tubers, Wilted, Skin eelworms, Stem end rot, Too small, Cold cracks, Soiled by decay, Watergrass, Powdery scab, Anthracnose, Too big, Collective sizes, Rhizoctonia, Appearance, Glassines, Sprouted, Brown fleck, Heat damage, Cold damage, Vascular browning, Wet decay, Unspecified defects, Foreign matter, Wet by decay tubers.

Potato cultivars inspected on fresh produce markets for the period of
1 July 2020 - 30 June 2022



Other cultivars: Abby, Allison, Almera, Apache (POWW), AMI, Avalanche, Bellini, Belmonda, Blue star, Challenger, Columbus, Connect, Daisy, Darius, El Mundo, Electra, Fabula, Fandango, Fianna, FL 2108, Flameco, Flamingo, Georgina, Hermes, Hertha, Imola, Innovator, Jelly, Labadia, Lady Rosetta, Laperla, Markies, Nicola, Platina, Rodeo, Ronaldo, Royal, Sababa, Sandvelder, Savanna, Sound, Taisiya, Taurus, Vanderplank

Volumes per potato bag size inspected on fresh produce markets for the period of
1 July 2020 - 30 June 2022





DEVELOPMENTS IN THE INSPECTION MILIEU

Introduction of the E-click software application

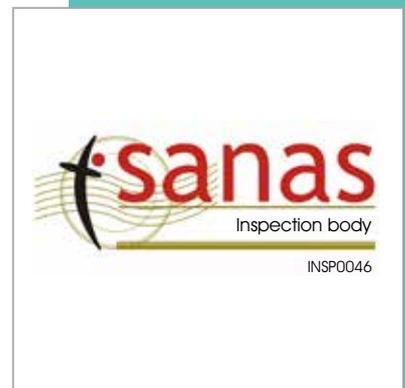
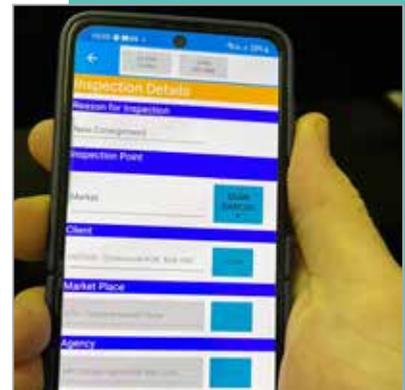
As far as inspections are concerned Prokon has introduced the software application, called E-click which is continuously being updated to expand its diversity and usability. The application has been developed by our software / IT service provider in conjunction with us and is currently the most advanced failsafe application used in fresh produce inspections worldwide. The diverse capabilities of the application which provides in our unique information capturing, conversion, extraction and outset requirements of inspections information, allows for comprehensive factual reporting that is basically indisputable. The E-click can in essence be used by the fresh produce industry stakeholders to whom we render inspection services to add value to their businesses and also for us for internal control and management purposes as well as to continuously improve our level of service delivery. The fact that the reports are safely stored on two different platforms also means that it can be retrieved when the need arises with the push of a button.

Detection of anomalies

Inspections on fresh produce have the added advantage that it is most probably on the front line for the detection of anomalies in the industry. A perfect example thereof was the detection of a new external physiological defect star cracks on potatoes. Part of Prokon's responsibility in terms of its appointment as departmental assignee and its SANAS accreditation is that should there be any shortcoming in the inspection process, it has to be addressed by Prokon. As the aforementioned is not covered in the potato regulations the defect provisionally has been classified under Scab and other defects in the regulations after consultation with Potatoes South Africa's research division to ensure that it is not ignored until it is formally described and included in the regulations. It is now up to the industry to find a solution for the problem.

Limiting food waste

Limiting food waste on fresh produce markets is receiving increased attention with the emphasis on finding alternative uses for products that are no longer fit for human consumption. The benefit of removing these produce from the market floor is in the benefits it holds in



the average prices fetched and thus provide a true reflection of the products true worth. At present the lowest classes distort the true value. At this stage Prokon's primary role in this regard is providing statistics on the discarded produce to enable the relevant industry to determine the feasibility of finding alternative uses for these products.

TRAINING

As a result of the adverse effects on service delivery and limitation on movement ascribable to Covid-19, Prokon had to significantly scale-down its formal external training program which is accredited by the AgriSeta as well as personnel training. It is, however, the intention to restart the training program in full as soon as circumstances permit.

Produce related training

Notwithstanding the aforementioned limitations and restrictions, Prokon still managed to provide training on a limited scale. Examples thereof were the quality and packaging training given to new avocado farmers in cooperation with Subtrop with the emphasis on sizing and marking requirements as well as training provided to farmers in the Sandveld potato production region on quality defects. In respect of the training provided to the avocado farmers, the main benefit thereof is seen as ensuring that new entrants are properly trained to produce quality produce that would benefit not only the specific farmer but also the relevant fresh produce sector.

Personnel training

In respect of own personnel in-house training it did not receive the attention it should have to due to adverse external circumstances. It also meant that Prokon was forced to postpone the training course on compliance with internationally applied fresh produce quality standards, offered by the Dutch institution, Kwaliteits-Controle-Bureau (KCB), an internationally recognised authority in the quality assurance field, until 2023.

Management workshops

Because of the impact of Covid-19 on service rendering and the expansion in the Prokon's inspections, and the teething problems that went with it, regular Zoom and actual management workshops were held to straighten-out problems and also to ensure uniformity in respect of inspections conducted.



NAMIBIAN AGRONOMIC BOARD

The signing of a memorandum of understanding with the Namibian Agronomic Board to provide training in respect of quality assurance inspections.



PROKON STAFF

Prokon staff at Cape Town Fresh Produce Market donated money to purchase and then pack fresh produce combos which were delivered to 45 needy families residing in Kraaifontein Township



HIGHL 2020/

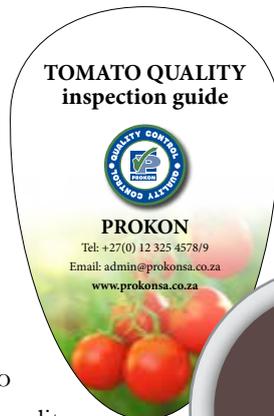
TOMATO QUALITY inspection guide



PROKON
Tel: +27(0) 12 325 4578/9
Email: admin@prokonsa.co.za
www.prokonsa.co.za

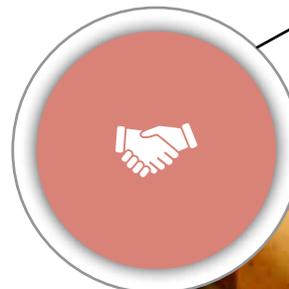
PRODUCTION AIDS

Two production aids, i.e. the potato colour plate book and the tomato quality inspection guide were compiled.



FOREIGN LIAISON

Prokon attended the meeting of 20 inspection bodies offered by Kwaliteits-Controle-Bureau (KCB) in Holland on the harmonisation of quality assurance regulations and import / export standards applied in the different countries.





STATUTORY INSPECTIONS

690 122 statutory inspections were conducted on locally produced and imported designated fruits and vegetable products which represent 2 650 319 tons of produce. Inspections were conducted at 141 inspection points which is indicative of Prokon's broad footprint in the inspection milieu.



PRODUCE RELATED TRAINING

Training was provided to 147 persons, i.e., commercial and small scale fresh produce farmers. This included packaging training to new avocado farmers in cooperation with Subtrop on sizing and marking requirements and training to Sandveld potato farmers on quality defects.



MOISTURE ANALYSERS

The acquisition of moisture analysers for maturity testing of avocados.



PUBLIC RELATIONS AND LIAISON

Public relations

Prokon believes that its responsibility should not be limited to ensuring that consumers receive good quality produce, but that it should also act as ambassador for the fresh produce industry. During the period under review Prokon undertook actions to promote the fresh produce industry as an essentiality on every plate of food on the consumer's table. Unfortunately these actions were limited due to the impact of Covid-19 on movement and direct contact.

Liaison with local fresh produce industry partners

As inspections cover most fresh fruits and vegetables Prokon deems it of paramount importance to liaise with the relevant industry partners on a regular basis to establish relationships that would benefit industry partners, the industry itself and naturally the consumer.

During the year under review Zoom and personal meetings were held with, e.g. numerous representative fresh produce industry organisations, retail trade representatives and producers to promote cooperation and foster closer ties, but especially to reach consensus on the introduction of the revised categories in respect of quality inspections on locally produced as well as imported regulated fruits and vegetables and the payment of the newly promulgated inspection fees.

Prokon is in the process of introducing an acknowledgement system for stakeholders whose products they produce, package, supply and sell are of high quality and would, for example, ensure customer satisfaction, promote brand reputation and less recalls. Stakeholders will be awarded a certificate and mark to acknowledge their good standing.

Liaison with official institutions

Prokon, as official assignee of the Department of Agriculture, Land Reform and Rural Development, had regular meetings with departmental officials on the company's activities relevant to its appointment. It also submitted quarterly reports covering the full spectrum of the inspections conducted on potatoes and the other regulated 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) and the Perishable Products Export Control Board (PPECB). The meetings are especially important in order to ensure that Prokon's inspection activities are at all times in line with the latest guidelines and regulations.



Liaison with foreign fresh produce industry role players

Prokon is adamant that it cannot operate in isolation and it is therefore extremely important to also liaise with foreign fresh produce industry institutions. It includes, for example, the attendance of international conferences, overseas visits to foreign regulatory and quality assurance bodies and membership of agricultural associations. These liaisons afford the personnel the opportunity to converse with the personnel of likewise institution, remain informed in the field of quality assurance and establish contacts. Unfortunately the impact of the Covid-19 pandemic placed a significant limitation on personal liaison. Examples of such liaison are:

- Meetings with the management of the Namibian Agronomic Board followed by the implementation of the memorandum of understanding signed between Prokon and the said board with special reference to the information provided by them on table grapes exported to South Africa and the re-introduction of the training program by Prokon to suitably equip their quality assurance personnel.
- Affiliated membership of the Produce Marketing Association (PMA) which is an ideal platform to liaise with local and international fresh produce role players 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.
- Liaison with foreign quality assurance institutions is of paramount importance in order to keep abreast of the latest developments as far as quality control is concerned on a worldwide level. Prokon, by invitation, participated in the meeting of 20 inspection bodies on the harmonisation of inspection bodies that was offered by KCB in Holland. The purpose of the meeting was to endeavour to harmonise the quality assurance regulations and import/export standards applied in different countries. The meeting also created the ideal platform to exchange ideas and learn from one another.



INFORMATION

Prokon's information package is aimed at providing all fresh produce stakeholders with up-to-date and relevant information that could be especially useful in the marketing of produce with the emphasis on ensuring such produce comply with the Agricultural Products Standards Act, No. 119 of 1990 and 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 the source of the diseases and pests that 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.

With the emphasis on increasing the value of the services it renders to its fresh produce industry client base, the website is being upgraded and expanded to ensure that it becomes an even more useable and valuable source of information.



Production aids

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

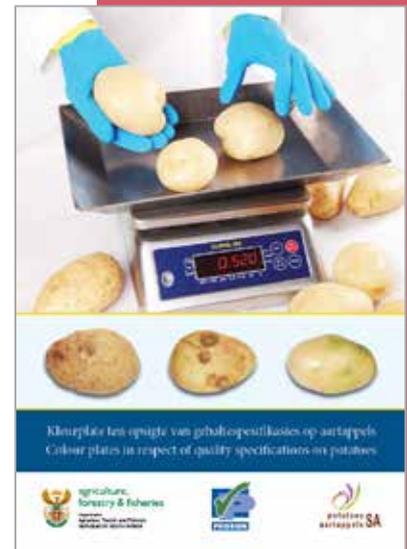
Prokon is currently busy with the compilation of a similar colour plate book on onions.



Promotional activities

Promotional material on Prokon and the services it renders is available in printed format and on the website. This material comes in especially handy during 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 on a regular basis in agricultural publications.



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