

VOL 2 NO 3 • AUGUST 2022



agbiz GRAIN
QUARTERLY



Alternative energy resources: Possibilities

WBA: Collaborative action

Grading of sunflower seed

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Impact of the energy crisis on the grain handling and storage industry

By Pieter Malan, managing executive: Grainlink Industry, Senwes

The grain handling and storage sector is an indispensable link in the grain value chain, as it secures the flow of well-maintained grain and oilseeds to millers and processors over a twelve-month, or even longer, period. This sector is therefore crucial in maintaining food security in South Africa and beyond.

The ongoing collapse of infrastructure such as roads, railways and energy supply are of great concern, as it has a major impact on the sustainability of the role-players in the agricultural value chain, as well as the cost of food produced for consumers.

The country is in desperate need of continued economic growth and is therefore dependent on a stable and reliable electricity network. There is a definite correlation between the uninterrupted availability of electricity and economic growth, unemployment, as well as large-scale foreign and domestic investments.

Impact on the storage sector

The commercial handling and storage industry is not excluded from this challenge. In addition, the increase in electricity tariffs over the next ten years is expected to be much higher than the Reserve Bank's inflation target of 4,5%.

The sustainable supply of electricity to silo complexes, mills and feed manufacturers is vital. It impacts not only the direct rate of deliveries from the farm to the silo during harvesting, but also the rate of out-loading of physical stock to the consumer. In addition, storage operators must comply with minimum standards concerning the out-loading of stock to remain registered as a JSE delivery point.

Grain is conditioned by using aeration and with continued electricity interruptions, the risk increases substantially. Storage operators in rural areas either receive

electricity directly from Eskom or via local municipalities. (A large number of the smaller municipalities are dependent on the income received from electricity sales.)

Eskom tends to keep to load shedding schedules and storage operators are managing to operate efficiently within the pre-determined limits the majority of the time. Unfortunately, a vast number of silos are supplied by municipalities, and they do not fare well as municipalities fail to keep to load shedding schedules.

As a result, storage facilities (storage operators) incur material losses while labour costs increase. Power outages during load shedding also impair security, which means that grain theft is becoming an even greater concern.

Alternative energy sources

As the demand for electricity is set to increase at storage complexes, the energy supply needs to be affordable, reliable and sustainable.

Storage facilities are exposed to unique challenges and certain cost items are not always taken into consideration within current storage rates. Annual storage rates increase by an average of between 5 and 7% compared to a weighted average cost of more than 16% for electricity alone. This excludes the cost of diesel and normal operating costs for generators used during load shedding.

New generation capacity at silos requires a significant capital investment and it may



Pieter Malan.

not be economical to generate the full energy demand from solar installations only. However, storage operators will continue investigating alternative energy sources.

Despite the challenges mentioned, storage operators have invested in generators and other solutions in order to ensure that the commercial storage sector, despite increased operational costs, remains not only relevant, but continues to be part of a value chain that secures and supplies grains and oilseeds to the grain and oilseeds market. [a](#)

For more information, phone Pieter Malan on 066 275 4436 or email Pieter.Malan@senwes.co.za.

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On the cover:
Sunset at the VKB Wilgespruit bunker.
Photograph supplied by VKB.

CONTENTS

01 Preface

04 News

TOPICAL ISSUES

9 Agricultural matters at the 2022 Agbiz congress

15 Rising to global challenges together ... for tomorrow might be too late

17 Alternative energy resources: What are the possibilities?

ECONOMY OF THE GRAIN STORAGE SECTOR

21 Striving for excellence is a way of life

22 Collaborative action to drive sustainable transformation

25 Grading of sunflower seed: *Sclerotinia sclerotiorum*

26 National reporting of grades now announced weekly

29 Decarbonising the food system: Time is running out

RESEARCH & TECHNOLOGY

30 Balancing food and nature: Getting to net zero emissions by 2050

REGULATIONS & OPERATIONS

32 Introducing the Agbiz SHEQ Forum

33 Latest developments regarding expropriation and the Expropriation Bill

36 A spiritual health check-up



New MD to lead SACTA

Andrew Bennett was appointed as the new managing director of the South African Cultivar and Technology Agency (SACTA) effective 1 May 2022. Gert Heyns resigned as the managing director of SACTA with effect from 1 August 2022.
– *Agbiz Grain*



Andrew Bennett.

Amendment of grading regulations

An industry-wide dispensation was granted by the Department of Agriculture, Land Reform and Rural Development (DALRRD) concerning the grading of maize effective from 1 May 2022.

Despite the earlier consensus, some forum members have retracted their assent after the announcement of the dispensation, and expressed concerns that the following aspects concerning water-damaged and discoloured kernels were not considered sufficiently: hardness of maize, quality of maize meal, mycotoxins and fungal growth, applicability of Roff mill versus commercial mill, and impact on wet milling.

During a follow-up industry meeting late in May, it was clear that the reinstatement of the dispensation during the marketing year was not supported.

Agbiz Grain supports the agreed proposed amendments to the grading regulations, as submitted by the Forum Steering Committee on 11 August 2021. The voluntary nature of a dispensation, the fact that it is not legally enforceable, and that it can be withdrawn render a dispensation impractical.

During the forum discussions, it became evident that there is no consensus in the value chain

regarding the new proposed grading regulations. Recent concerns were raised by other role-players, stating that all relevant aspects were not supported by sufficient scientific research.

Agbiz Grain supports that consensus is reached between all stakeholders in the value chain. As soon as the grading regulations are published in the *Government Gazette*, thereby replacing the 2009 regulations, they will be regarded as being applicable only from the start of the next marketing year on 1 May. The 2009 regulations will remain applicable until new regulations are published.
– *Agbiz Grain*

First Sorghum Cluster Initiative meeting

The first Sorghum Cluster Initiative meeting is set to take place in September. A decision was made to schedule this meeting prior to the Sorghum Trust trustee meeting in order to make recommendations at the Sorghum Trust meeting with regard to the establishment of the Sorghum Cluster Initiative.

The clustering approach is aimed at encouraging strategies that create closer market linkages, improve supply chains and foster co-operation among value chain participants. The objective of the Sorghum Cluster will be to promote the growth and development of the industry through the strengthening of these relationships, as well

as the upward and downward linkages within the industry value chain.

The hybrid meeting will be held on 12 September from 10:00 to 12:00 in the Grain Building auditorium.

[Click here to access the Zoom meeting link](#)

Syngenta announces leadership transition

Hendrik van Staden has been appointed as Syngenta's seeds business unit head of sub-Saharan Africa as of August 2022. "In his new role, Van Staden will guide the organisation in its mission to foster the current momentum and to drive further growth of the seeds business in Africa, and advance our commitment to regenerative agriculture," Kobus Lindeque, former seeds business unit head of sub-Saharan Africa, said.

Lindeque was instrumental in the integration process between Sensako and Syngenta in South Africa, and the development of a summer crop growth strategy to support the extremely successful Sensako wheat seed business. This growth strategy of Syngenta's seeds business in Africa will be the foundation for future growth. As an expert business mentor, Lindeque will remain available in the capacity of a business consultant and mentor and will work closely with Van Staden in the onboarding process. – *Press release, Syngenta*



Hendrik van Staden.



Ukraine resumes grain exports

The Razoni, laden with 26 000 metric tons of corn, was the first ship to recently head out of the port of Odessa in Ukraine since Russia's invasion. It was the beginning of a 120-day deal brokered by Turkey and the United Nations to transport Ukraine's grains from behind a Russian naval blockade. Ukraine, one of the world's largest grain exporters, will begin shipping an estimated 18 million metric tons of grains that have been trapped in the country since Russia's invasion in February.

The revived shipments have the potential to alleviate what experts have been calling a global food crisis in the making. At the time of writing, there were 16 more full ships lined up to depart from Ukraine carrying corn, wheat, and sunflower seed and oil. – *The Washington Post*

Establishment of single grain forum stalled

The purpose of a single grain forum should address the need identified by the respective sectors to introduce an independent authoritative body, to represent the grain sector in meetings and collaboration with the government on common issues. It is expected that an independent chairperson will direct the respective meetings, while a full-time appointed and experienced CEO will execute the identified needs and actions.

Consensus is currently outstanding on specific aspects of the proposed business model. – *Agbiz Grain*

Positive news for EC grain storage facilities

The government is seeking investment in existing or new storage infrastructure in the Eastern Cape (EC). Black producers plant their crops in the communal and irrigation areas of the province, producing soya bean and maize for household consumption, and selling surplus for income generation.

To store surplus maize and soya beans, the construction of new storage facilities, or the refurbishment of existing facilities in the Eastern Cape is required to

support the farming community and meet government's vision of expanding the country's primary agriculture footprint.

The government is currently investigating the most appropriate business model to release these assets to the private sector for investment and long-term operations, maintenance, and commercial viability. Interested storage operators are invited to contact Agbiz Grain to be introduced to the relevant government department. – *Agbiz Grain*

DALRRD inspection services: The way forward

DALRRD withdrew the standard operating procedures (SOPs) in early 2022 so that the consultation procedure with the grain and oilseeds sector would start from scratch. The grain and oilseeds industry agreed with DALRRD to come up with drafting principles aimed at trying to agree on principles that would guide the process going forward, one which the wider industry is comfortable with.

Agbiz, in collaboration with the industry grouping, facilitated the finalisation of the principles that they would like to use as a basis for engagement with the department for the regulation of grains and oilseeds under the *Agricultural Product Standards Act*. The principles were discussed with DALRRD, as the principal, on 5 August to

clarify differences. The meeting took place in a good spirit and was constructive.

It was agreed that the meeting does not constitute a consultation in respect of the fee determination by the assignee as required by the *Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)*, or the *PAJA*. DALRRD and the industry stakeholders agreed on the purpose of these guidelines, which is to jointly develop a set of principles to guide the assignee in the process of inspection and fee determination. The principles are supported by Agbiz, Agbiz Grain, Grain SA, AFMA, SACOTA, the National Chamber of Milling (NCM), Pepsico, and the South African Chamber of Baking (SACB). – *Agbiz & Agbiz Grain*

Two new industry courses on the way

Agbiz Grain plans on hosting a workshop concerning the outstanding requirements applicable to training institutions for the final introduction of the grain depot manager and grain grader course to the market. We are also considering registering Agbiz Grain as the centre for examination at the Grain Building in Pretoria.

Keep an eye on your inbox for an invitation to attend the workshop. If you are not registered yet, please do so now by registering your contact details with annelien@agbizgrain.co.za, especially if you qualify as a training service provider who would like to attend the workshop. – *Agbiz Grain*

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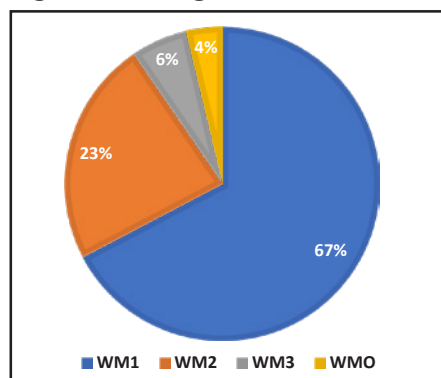
Measures to improve data collection and reporting

The National Agricultural Marketing Council (NAMC) investigated the application of two statutory measures by the Maize Forum received in March 2022. Full support from affected groups was proven.

Ministerial approval of the following was granted on 2 June 2022:

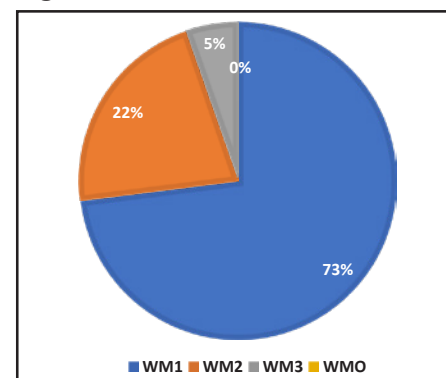
- That the existing statutory measure in respect of the monthly declarations to the SA Grain Information Service (Sagis) on maize, oilseeds, sorghum and winter cereal, as published by *Government Notice No 606* of 4 June 2008 as amended, be amended again to include that monthly maize deliveries and stock levels be reported on per class and grade of maize on a national basis. The first report was published in June 2022.
- Furthermore, the minister approved the proposed establishment of a

Figure 1: Closing stock June 2022.



new statutory measure, namely Records and Returns, on weekly producer deliveries of maize, wheat, soya beans and sunflower seed. The measure leads to an improvement in the ease of timely returns and an increase in the number of stakeholders submitting returns.

Figure 2: Producer deliveries June 2022.



Agbiz Grain members received fierce criticism since notifying the sectors in 2020 that their weekly returns will not be submitted by 2022 unless they become statutory and inclusive. The outcome of this bold action has a positive turnout for Sagis and all stakeholders involved. Both statutory measures are administered by Sagis and will lapse on 30 April 2024. – *Agbiz Grain*

Energy security: Storage operators keep close watch

Our producers harvest the sun by utilising this energy to convert rainfall, inputs and labour with precision, and without interruption, into valuable starch and oils. Storage operators store the harvest safely by utilising electricity generated from coal-fired plants distributed directly by Eskom or municipalities. However, the cost of storage is becoming exorbitant as the reliable supply of affordable electricity dwindles year after year.

Not only must the energy supply be affordable, it also needs to be sustainable. In addition, there is a global energy transition from fossil fuels (coal) to renewable energy sources that coincides with digital transformation. The latter needs a sustainable supply of sufficient electricity and the demand for sufficient and reliable electricity supply will therefore increase at storage complexes. The storage sector's basket costs are exposed to unique challenges

and specific cost increases that are yet not fully reflected in storage rates.

The availability and cost of electricity play an extremely important role in the storage sector and the weight of this cost item (excluding diesel cost for diesel generators) compared to the total storage cost is 13,1%. This cost item is expected to increase annually by an average of 5,4%, which is considerably higher than the inflation target of the Reserve Bank of 4,5%.

Storage operators are keeping a watchful eye on electricity as a cost item and will ensure that they recover the energy costs in their rates for storage sufficiently. In the future, the countryside may witness the development of solar energy plants that co-generate energy for a hub of say 20 storage complexes with their micro electricity grid completely off the grid. – *Agbiz Grain*

WBA to stimulate change in South Africa

Agbiz Grain recently met with Viktoria de Bourbon de Parme, food transformation lead at the Amsterdam head office of the World Benchmark Alliance (WBA). The Food and Agricultural Benchmark measures and ranks 350 keystone companies on key issues underpinning the food systems transformation agenda. The aim is to achieve the sustainable development goals by 2030. (Read the article in this issue of *Agbiz Grain Quarterly*.)

Transformational change is needed from farm to fork. Food systems transformation requires large-scale and fundamental action led by those companies that drive environmental, health and social pressures in the system. The benchmark aims to stimulate the most influential food and agriculture companies to apply sustainable business practices through their operations, as well as use their influence to encourage value chain partners to do the same.

The WBA is currently reviewing its benchmark methodology for South Africa. – *Agbiz Grain*



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Agricultural matters at the 2022 Agbiz congress

By Phillip Crafford and Deidré Louw

The Agricultural Business Chamber (Agbiz) hosted its annual congress from 24 to 26 June at Sun City for the first time in four years.

The congress boasted world-renowned speakers such as Dr Kgosientsho Ramokgopa (head of the Investment and Infrastructure Office in the Presidency), Kuben Naidoo (South African Reserve Bank), André de Ruyter (CEO of Eskom), Malefetsane Setaka (Transnet), Mooketsa Ramasodi (Department of Agriculture, Land Reform and Rural Development), Niki Kruger (Department of Trade, Industry and Competition), Anton Kruger (Fresh Produce Exporters' Forum), Richard Smith-Bingham (global team leader at Marsh McLennan), Prof Mills Soko (Wits Business School) and Dr Mmatlou Kalaba (Bureau for Food and Agricultural Policy).

All the speakers touched on various aspects of the congress theme: "Building resilient and sustainable agri-food systems." There were also panel discussions during three parallel sessions touching on market access, horticulture, grains, oilseeds, livestock and agro processing.

Francois Strydom, chairperson of Agbiz and group CEO of Senwes, opened the congress by highlighting some of the challenges the agricultural sector is facing. Strydom's address was followed by a presentation by Nico Groenewald from Standard Bank. Groenewald stressed the importance of securing Africa's food basket amid challenges such as the Russia-Ukraine conflict and the Covid-19 pandemic. He also introduced Standard Bank and Hello Choice's OneFarm Value Proposition programme, which will be a secure and transparent way to channel food directly to those who need it.

Infrastructure in South Africa

Dr Kgosientsho Ramokgopa addressed the current state of infrastructure in South Africa and how this challenge needs to



Theo Boshoff, Agbiz, André de Ruyter, Eskom, and Francois Strydom, Agbiz/Senwes.



Francois Strydom, Group CEO of Senwes, with Esté and Dr John Purchase, former Agbiz CEO, and Theo Boshoff, current CEO of Agbiz.

be addressed, especially in view of the proposed National Infrastructure Plan 2050 (NIP 2050). The plan aims to resolve current issues relating to freight transport, energy, water and digital communication as it pertains to logistics.

Ramokgopa stated that there are acute levels of underspending and poor planning at municipal level, which pose a serious

threat to food security in South Africa. The NIP 2050's main objective is to flip the current ratio of freight transport and logistics of 80% road and 20% rail, to 80% rail and 20% road.

The South African economy

Kuben Naidoo discussed the South African economy and how it is reaching pre-Covid levels of growth. Naidoo stated



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Daneel Rossouw and John Hudson, both from Nedbank.



Santam's Niel Esterhuysen, Daniel Stevens and Hanlie Kroese.



Dawie Maree, head of Agriculture Information and Marketing at FNB, with Andries Wiese, head of agri insurance at Hollard.

that although corporate borrowing has picked up, household borrowing remains moderate. This pattern, along with the switch between services to products due to Covid-19, has influenced national inflation.

The Russia-Ukraine conflict has affected fuel prices, which has added to increased commodity and input prices, making South Africa's staple food, maize, more expensive. Naidoo highlighted the fact that the Reserve Bank does intervene by curbing the chain effect of inflation and high commodity prices (this increase in prices is also known as second round inflation).

The energy crisis

André de Ruyter gave a presentation on the current energy crisis and Eskom's contingency plan. He referred to Eskom's 1998 white paper requesting funds for expansion of energy generation, which was ignored until 2007. In terms of current energy requirements, an extra four gigawatt of electricity has to be added to the grid to curb loadshedding. The Russia-Ukraine conflict has also given rise to some corrupt practices, such as the purchase of sub-standard coal from importers.

Eskom and the South African government are under pressure to reduce its carbon footprint and adhere to the minimum emission standards (MES). De Ruyter added that Eskom is exploring alternative energy generation sources and technologies, and that these opportunities can attract foreign investors. The use of sustainable and carbon-free technologies will assist the agricultural sector with having to pay less carbon tax on exports to the European Union.

Logistic challenges status update

Malefetsane Setaka gave a status update on the logistical challenges Transnet recently faced with the floods in KwaZulu-Natal. South Africa has a transport intensive economy due to the country's geography and the fact that its main economic hub is in Gauteng – agricultural products must therefore be distributed from production areas to economic hubs.

Setaka provided insight into Transnet's segment positioning and how it assists the agricultural sector with maintaining its export cold chain. In this regard, he gave feedback on the reconstruction of

Bayhead Road, the main route to the Durban port. The floods, he said, taught them some valuable lessons, including that more resilient infrastructure is needed, along with multiple access routes to the Durban container terminals and island view complex at the Durban port.

Panel discussion

Wandile Sihlobo, chief economist at Agbiz, led a panel discussion alongside Anton Kruger, Niki Kruger, Mooketsa Ramasodi and Malefetsane Setaka. Various topics such as the Agricultural Masterplan (AAMP), market access, market expansion and trade agreements were discussed.

Ramasodi said the AAMP will improve competitiveness and that infrastructure improvements must be done accordingly. Anton Kruger alluded to the fact that South Africa is the biggest exporter of fresh fruit in the southern hemisphere and that market expansions into Asia are being explored. However, new markets such as China has its own challenges, such as the implementation of trade agreements and the approval of import items.

Niki Kruger added that tariffs are not the main issue in agriculture with the EU's 'farm to fork' policy complicating matters – many countries in the EU are focussing on supporting local produce, which hampers exports. She stressed that current markets must still be serviced while expanding into new markets.

In terms of transport, Ramasodi said the department of agriculture is in constant communication with Transnet and the Department of Transport. This communication is vital, as South Africa exports 51% of its local produce and is an important sector for the economy. Setaka concluded by saying that Transnet is addressing the logistic challenges to prevent further delays with exports and that increased capacity at local ports are possible.

Agbiz student case competition

Agbiz hosted an interesting student case competition. The competition was open to students from various South African universities and offered them the opportunity to conduct an in-depth case study into Karoo lamb, with a specific focus on how to establish Karoo lamb as a trademark in accordance with legislated regulations. Participating students from

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Stellenbosch University, the University of Pretoria and the University of the Free State gave presentations.

The case study also considered abattoirs and how to structure investment proposals for the purchase of abattoirs. The presentations focussed on attracting investors to invest in abattoirs in the Northern Cape.

Agricultural outlook – parallel sessions

The congress offered three parallel sessions on horticulture, grains, oilseeds, livestock and agro processing. The sessions also offered the opportunity to have a panel discussion regarding important issues in the respective segments.

The sessions covered industry specific issues, the AAMP and logistic challenges. The conclusions reached during the sessions is that the agricultural sector



Keneilwe Nailana, manager of Agribusiness at Standard Bank, and Nico Groenewald, head of Agriculture at Standard Bank's Business & Commercial Clients division.



Wandile Sihlobo, chief economist at Agbiz, and Seatla Nkosi of the IDC.



Lucky Magakwe, Jennifer Roets and Ntshimane Mochaki from Shell SA.



The Agbiz team are Theo Boshoff, Liezl Esterhuizen, Karen Grobler, Dr John Purchase, former Agbiz CEO, Wandile Sihlobo, Natasha van Zyl, Annelize Crosby, Thapelo Machaba and Wessel Lemmer.

must work together with stakeholders and government to ensure the AAMP's success and to bridge logistical challenges.

Global risk challenges

Richard Smith-Bingham from Marsh McLennan focussed on key global risks and how to enhance national and organisational resilience. He stated that it is difficult to secure prices due to the global situation (post-Covid pandemic era and the Russia-Ukraine conflict). In the scope of current world events, it is important to understand that there are three types of risks – manageable, unmanageable and unknown risks – that need to be managed throughout. Factors such as supply chain delays, increasing input costs, changes in the employment market and infrastructure challenges also play a key role.

Geopolitics and South Africa's role

According to Prof Mills Soko from Wits Business School, the Russia-Ukraine conflict

has affected the global economy and intensified existing United States-China tensions. Bilateral relations are tense due to factors such as intellectual property theft, forced technology transfers and local government subsidies being used unfairly in China, thus benefiting Chinese companies over third parties.

Soko said that Africa offers arenas for geopolitical advancements through technological frontiers, global supply chains and intra-Africa trade. South Africa's 'neutral stance' regarding the Russia-Ukraine conflict is not in the country's national interest, he said, and has caused the country to lose international respect and moral authority. [a](#)

For more information, visit the Agricultural Business Chamber's website at www.agbiz.co.za.

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Rising to global challenges together ... for tomorrow might be too late

By Izak Hofmeyr

Let's accelerate impact together. That was the theme of the 2022 Bühler Networking Days held in Uzwil, Switzerland, at the end of June.

Peter Bakker, CEO of the World Business Council for Sustainable Development, summed it up succinctly in his keynote address on the first day when he defined the three biggest challenges of our time as the climate emergency, loss of nature and biodiversity, and mounting inequality.

"I think most of you would by now have gotten the memo on climate change," he told delegates. "I would argue that you are not yet comfortable with your role when it



The Bühler Networking Days started in 2016 and are held every three years.



Bühler Group CEO, Stefan Scheiber.

comes to inequality. When we are back in this room in three years' time, inequality will be as urgent as climate change is today. Society is no longer going to put up with big differences in wealth and deep structural differences in access to opportunities."

He warned that the time has come for businesses to start talking about inequality, system transformation, the need to innovate, behavioural change and financial flows.

A sustainability-driven future

Some 1 000 representatives from the world's leading companies from 95 countries gathered at the Bühler Group's global headquarters in Uzwil to discuss the urgent need for businesses to accelerate the transition towards sustainability.

Representing companies that between them feed four billion of the world's population, delegates attending the 2022 Bühler Networking Days event heard from leading academics, business leaders, entrepreneurs and innovators about how businesses can best meet today's global challenges.

Opening the event, Bühler Group CEO, Stefan Scheiber, told guests from the food, animal feed and mobility sectors that despite businesses facing countless obstacles, the examples of vaccine research, advances in digitalisation, and the development of communication at scale during the lockdown all demonstrated the capacity of businesses to meet global challenges when required.

"We have experienced the power of science and innovation with industries collaborating on a new scale," said Scheiber. "In our industries – animal nutrition, food and mobility – the innovation rate has never been as high as it is today, which creates impact because we need new technologies and widespread collaboration to tackle new challenges and secure the future of our



Bühler Chief Technology Officer, Ian Roberts.



Peter Bakker, CEO of the World Business Council for Sustainable Development.

businesses in a responsible way. We need technologies, collaboration and responsible leadership to shape the future."

Accelerating impact together

Bühler's networking days were launched in 2016 and is held every three years. The 2022 event, with the motto "accelerating impact together", focussed on leadership, the need for corporate purpose, education, technology and innovation, along with examples of how companies are leveraging technology to protect biodiversity, improve food security and promote social equality. [a](#)

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Alternative energy resources: What are the possibilities?

By Christal-Lize Muller

South African grain storage operators play an imperative role in storing the national harvest safely, but in order to do so they depend on a reliable and stable electricity network. In addition, the steep cost of storage remains a major challenge for most operators, especially in rural regions, due to the dwindling supply of affordable electricity.

A recent article titled “Load shedding – What is the impact on silo operations?” by Wessel Lemmer, general manager of Agbiz Grain, Theo Boshoff, CEO of Agbiz, and Tiaan Mocke, group executive of Engineering and Property Assets at Senwes, pointed out that storage complexes making use of municipal electricity have registered between 50 to 100 electricity interruptions in the first month of the current marketing year. This article focusses on load shedding and its impact on silo operations.

[Click here to read to the full article.](#)

Micro-grid solutions

According to the article, grain storage operators need to become self-sufficient

in terms of energy supply. They are considering alternative energy sources in the form of micro-grid solutions to supply power without interruption to mill or feed manufacturers. This local energy grid generally operates while connected to the grid, but can operate on its own. It can be powered by distributed generators, batteries, and/or renewable resources such as solar panels.

Alternative energy sources are, however, not necessarily the cheapest option and each facility needs to determine the levelised cost of energy (LCOE). The starting point is improving on the efficient use of electricity to ensure that the facility is using as little power as possible. Once this is done, the total cost and benefits of a solar installation can be calculated.

The payback period on solar installations is approximately four to six years and on battery installations between eight and 12 years, depending on the characteristics of the facility and installed system.

Embedding new generation capacity at silos comes at a significant capital cost and it may not be economical to

generate the full energy demand from solar installations only. The costs may vary significantly from site to site.

Going off the grid

Dr Wikus Kruger, senior lecturer at the Power Futures Lab based at the University of Cape Town’s Graduate School of Business, says storage operators need to take some key factors into consideration before contemplating going off the national grid.

The availability of roof space is a key factor to take into account when installing large solar panel systems. Most silo complexes lack available space for this purpose, and therefore need to consider installing solar panels on land adjacent to the facility. Kruger is of the opinion that going completely off the grid is generally a sub-optimal solution, since it requires the installation of massive battery storage or generator facilities. In addition, facilities lose the benefits of the grid connection.

While the use of batteries as back-up for one or two hours during power outages is feasible, taking an entire facility off the grid requires a substantial investment which, at this point, is not economically viable for most operators.



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Kruger says for most businesses the installation of solar power systems is aimed at reducing the cost of electricity. Combining such an installation with a battery solution to maintain supply during power interruptions is currently being widely adopted in South Africa.

Generation licencing

The threshold for companies producing their own electricity without a generation licence, was increased from 1 to 100MW and paves the way for private investment in the electricity sector. Previously, a power generating facility generating 1MW or more had to obtain a generation licence from the National Energy Regulator of South Africa (Nersa).

It was a difficult and protracted process, but after the *Electricity Regulation Act, 2006 (Act 4 of 2006)* was amended last year, any facility (generating up to 100MW) can now proceed without a generation licence. This is applicable for off-grid and wheeling across the grid.

All that is needed from a regulatory point of view is the registration of the facility with Nersa which, according to him, should be an easy process in principle. Compliance with the grid code in order to connect with the grid, as well as other requirements from funders or technical service providers, would in this case also be applicable.

Energy wheeling

According to Kruger, the local market is moving in the direction of energy wheeling as a solution to the country's electricity woes. In the past months, Nersa has seen a large number of new registrations to generate electricity using wheeling.

Wheeling is the production of electricity in one region connected to a grid that is sold to an end user in another region. Transporting electricity across the grid requires wheeling agreements with the grid owners (such as Eskom, a local municipality or both) and agreements need to be in place with all the related entities. It also entails wheeling costs.

Facilities such as grain storage operators and mines that experience land constraints usually follow the wheeling option. At this stage, he says, there are no clear wheeling frameworks in South

Africa yet, especially when it comes to local municipalities.

Banking industry commitment

Vishay Rabbipal, head of renewable energy at Absa Retail and Business Banking, confirms their commitment and determination to support solutions that contribute towards a sustainable future. This is achieved through creating innovative finance solutions that enable the roll-out of more renewable energy projects. Absa continues to promote the installation of renewable energy technologies by their clients aiming to reduce their energy costs, increase resilience and improve their own competitive advantage.

Absa therefore offers its clients throughout the value chain, including grain storage operators, a range of bespoke financing options tailored to fit their needs, while a project's cash flow and financial requirements is taken into consideration.

"We don't only look at funding of renewables, but to support our clients in rolling out their own innovative practices to remain competitive." This includes funding the adoption of automation, energy efficiency and power generation.

Different financing options

According to Rabbipal, their clients mostly consider solar power systems from an investment standpoint, taking into consideration aspects such as the time it will take for a system to start paying for itself, return on investment, and whether the cost of self-produced electricity is cheaper than purchased electricity.

Once a viable investment opportunity is identified, the client then turns to Absa for funding. This funding can be structured in a way that ensures the client pays less for the loan than what would have been paid for the electricity supplied (while aiming not to tie up their existing collateral).

"Absa's Green Asset Finance product allows for the investment into solar – funding of up to 100% of the cost of the project can be obtained over a term of five to seven years. This structuring often positively impacts our clients' cash flow over time. It is important to note that we lend against the assets and its cashflow without requiring additional security."

Rabbipal says agricultural clients do at times require funding for a period longer than

seven years, in which case Absa can supply funding through its Renewable Energy Term Loan for a period of up to ten years.

The criteria to be met

Rabbipal emphasises the importance of finding a credible solar supplier, as this decision will have an impact on the quality of an installation and the standards that must be met. He suggests taking the following into account when deciding on a supplier:

- The supplier must have a proven track record and experience in solar photovoltaic (PV) installation.
- The supplier must employ or subcontract qualified electricians. The electrician needs to provide proof of registration (a wireman's licence).
- The installer should be able to produce a simulation or feasibility study of the electricity production estimate for the system for a year, taking into account average weather, based on a physical site visit. The installer should also advise the buyer on the size of the components (solar panels, inverter, batteries) needed to meet consumption requirements.
- The supplier must demonstrate its technical capabilities and know-how on how to install a solution that meets the electricity requirement.
- The supplier must have thorough knowledge of Eskom's regulations, municipal bylaws and Nersa registration processes.
- After-sales service or maintenance contracts must be offered.
- The necessary warranties and guarantees for the installation and the various equipment/components of the system (solar panels, inverter, battery, structure of the system) must be provided.
- After completion, a certificate of compliance (COC), signed off by a qualified electrician and certified by a professional engineer (PrEng) must be provided. [a](#)

For more information, send an email to Wessel Lemmer at wessel@agbizgrain.co.za, Wikus Kruger at wikus.kruger@uct.ac.za or Vishay Rabbipal at vishay.rabbipal@absa.africa.



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Striving for excellence is a way of life

By Koos du Pisanie

The core of any business lies in the products it sells, its marketing thereof, and the administrative processes that ensure a smooth process.

Agricultural producers are skilled and experienced, but when it comes to marketing their products, they are often price-takers rather than price-makers. The JSE-operated commodity derivatives market provides the tools to help agricultural sector role-players to market their products at the best possible price. It is a transparent platform that assists participants in price negotiations.

Anelisa Matutu, head of commodities at the JSE, spoke to *Agbiz Grain Quarterly* recently to explain just how the JSE goes about this.

New horizons

"I find myself in an exciting and challenging position as head of commodities. However, I have been at the JSE for quite some time, which works to my advantage.

"The market is dynamic and continuously evolving, and therefore it is important that we respond to our clients' evolving needs. The role of the commodities section at the JSE is far reaching as it does not only focus on operating the derivatives market, but plays an important part in the entire agricultural market in South Africa," she explains.

The primary function of the JSE commodity derivatives market, she says, is to provide a platform for price discovery. This way, value chain participants know what the price of products is, and that there is transparency. Participants negotiate for the best buying or selling price on the platform – the price is not set in cement or prescribed by a council or marketing board, but rather determined by a free market system.

Managing price risk

Another critical purpose of the JSE derivatives market is to offer tools to

manage price risk by locking in the price of a commodity for future delivery. That way, producers are assured of the price they will be paid for their crop.

The derivatives market also unlocks and enhances opportunities for financing. "Banks and other financiers use our platforms and products to manage their risk in financing producers. They lend money to the producer and offset that risk on exchange using our products. This adds to the successes of agriculture."

Future strategies

As the new head of commodities, Anelisa has been focussing on three aspects for the past number of months. The first is the harvest season and physical delivery of product in order to fulfil future contracts. The JSE ensures that it maintains a robust delivery system and should there be out-loading issues, the problem is handled swiftly. This way, credibility is maintained.

The second focus point is to conclude matters pertaining to the location differential methodology and consideration for the proposed multiple reference point methodology. It is envisaged that the new multiple reference point differential methodology would be trialled over a period of two years on the soya bean contract, with a clearly defined success criteria for the trial.

"The JSE received a proposal to consider multiple reference points rather than the existing single reference point model of calculating location differentials," says Anelisa.

The third focus point is investigating the listing of a new product called the basis futures contract, which enables participants to hedge price risk and secure physical delivery at a desired silo location.

Long-term focus

Growing the commodity market in the long term is key. "How can we ensure that we have a transparent, robust and credible market that continues to be



Head of commodities at the JSE, Anelisa Matutu.

trusted? By firstly improving the products that are already available." The market is continuously evolving, and it is important that contracts align with the evolving needs of the market. "Products that are available must meet the needs of our customers."

She is also focussed on growing the business by attracting new local and international clients. Education and awareness are important in this regard. It is critical to make more people in the value chain aware of available tools so that more clients can make use of them.

Other long-term goals include the revival of the options market, investigating new products, and working to ensure that the JSE commodities market remains relevant and globally connected.

Anelisa believes that an exciting time lies ahead. She regards her new role as an opportunity to contribute to the progress of agriculture. Amid a rapidly changing agricultural landscape, she hopes the market will evolve to include the latest technology and draw new entrants to ensure that South Africa enjoys food security. [a](#)

For more information, phone
Anelisa Matutu on 011 520 7000.

Collaborative action to drive sustainable transformation

By Viktoria de Bourbon de Parme, food and agriculture transformation lead, World Benchmarking Alliance

The World Benchmarking Alliance (WBA) is keen to work with allies in South Africa to ensure that it incorporates regional aspects into its analysis, and thus can meaningfully drive forward the important work the country is doing on improving food systems to become more inclusive, healthy and sustainable.

The global population is predicted to reach 9,7 billion by 2050, up from approximately 7,8 billion currently, but food systems are already operating beyond some planetary boundaries, and the need for fundamental transformation of food systems has become undeniable.

Food systems (producers, manufacturers, shopkeepers, etc.) are an intricate web linking supply and demand, but also supporting livelihoods and impacting ecosystems. There are, however, numerous systemic failures, including food waste, land degradation, deforestation, biodiversity loss, malnutrition and social injustice.

Setting the benchmark

WBA is an international non-profit organisation that assesses and ranks the world's most influential companies' performance on the United Nations Sustainable Development Goals (SDGs). The organisation publishes publicly available and free benchmarks that inform and empower business leaders and investors, as well as governments, civil society and other key stakeholders. WBA insights aim to serve as an accountability mechanism, incentivising companies to become successful drivers of change and deliver on the SDGs.

To ensure that the right metrics are measured and the benchmark results are widely used, WBA set up an alliance that includes over 300 multi-stakeholder organisations. It is a diverse and growing group of organisations – from investors,

business platforms, civil society to multilateral organisations and more – working at global, regional and local levels to shape the private sector's contributions towards achieving the SDGs.

After an extensive development phase to understand the business perspective, as well as the scientific and social consequences of our current food systems, WBA created a methodology with a holistic and systemic approach upon which the analysis for the food and agricultural benchmark is based. It builds on existing standards and provides a roadmap for companies by translating the food systems agenda into measurable action.

Company performance assessment

The methodology looks at issues critical for food systems transformation, assessing how companies view their role in driving environmental, health and social solutions across the value chain and acknowledging their responsibility for taking appropriate action. This assumes that a company can contribute through its products, operations and supply chain.

The methodology incorporates company actions that are both positive and negative – encouraging progressive and transformative performance while still calling out damaging behaviours. Although every company in the benchmark has a role to play, the degree of influence and impact on certain topics varies by industry and company.

Transformation in Southern Africa

The food and agriculture benchmark measures and ranks 350 food and agriculture companies selected on the basis of the following four key criteria:

- These companies dominate global production revenues and volumes within a particular sector.
- They control globally relevant segments of production.
- They connect ecosystems globally through subsidiaries.

- They influence global governance processes and institutions

These 350 companies account for more than half of the world's food and agriculture revenue, and directly employ over 23 million people. Six of them are headquartered in South Africa, with many more being active in the region (in)directly. The six companies are Tiger Brands, Pick n Pay Stores, Tongaat Hulett, Shoprite Holdings, Bidcorp and RCL Foods. WBA's aim is to stimulate these most influential food and agriculture companies to apply sustainable business practices throughout their operations, as well as use their influence to encourage value chain partners to do the same.

Figure 1: Percentage of companies committed to a sustainable development strategy.

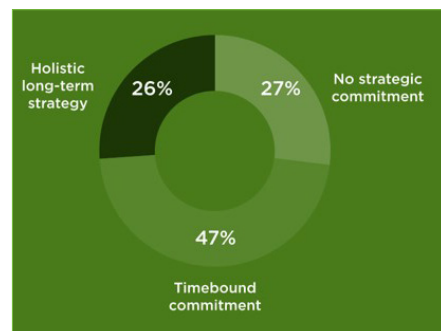
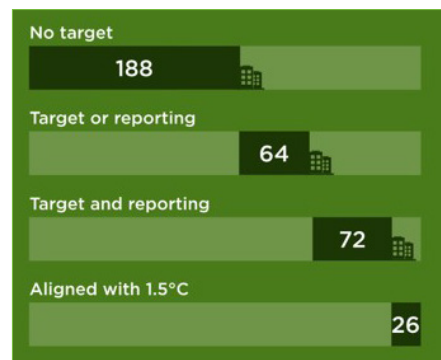


Figure 2: Companies working on greenhouse gas reduction.



The 2021 findings, however, reveal worrying gaps in the industry's preparedness for climate change, progress on human rights, and contribution to nutritious diets. It is evident that we need to mobilise and leverage the power of collective action to truly drive positive business impact.

Developing practical benchmarks

The findings of the benchmark are published along the following four broader measurement areas:

- **Governance and strategy:** An assessment of the integration of sustainable development objectives and targets into a company's core strategy, business model and governance structure.
- **Environment:** Assessing a company's efforts relating to key issues of sustainable food production, greenhouse gas emissions, food loss and waste, soil health and use of plastic packaging.
- **Nutrition:** Assessing a company's performance towards achieving healthy and nutritious diets for all.
- **Social inclusion:** Assessing the extent to which companies have integrated a responsible approach to social issues into its business activities.

Figure 3: Companies addressing accessibility of nutritious food.

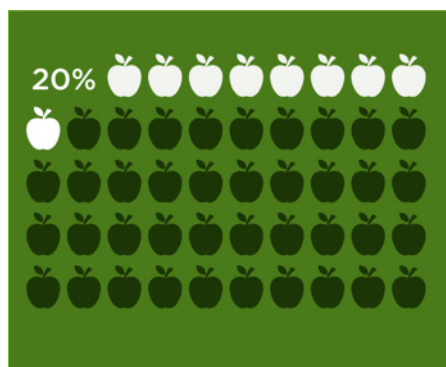


Figure 4: Companies not taking enough action to prohibit child and forced labour.



Figure 5: The top ten companies in the 2021 Food and Agriculture Benchmark.

1	Unilever	71.7 / 100
2	Nestlé	68.5 / 100
3	Danone	63.6 / 100
4	OCP	56.8 / 100
5	Anheuser-Busch InBev	55.2 / 100
6	PepsiCo	54.5 / 100
7	Tesco	53.6 / 100
8	Fonterra	53.5 / 100
9	Diageo	53.0 / 100
10	Firmenich	52.3 / 100

The benchmark approach allows for the identification of companies that are leading the transformation process, and to pinpoint strengths, weaknesses and bottlenecks in sub-sectors across the food system.

Benchmarking for the future

By 2023, WBA aims to have benchmarked 2 000 companies (SDG2000) across seven systems transformations to help put the planet and economy on a more sustainable and resilient path. Social transformation sits at the core of the model due to topics such as human and labour rights that are fundamental to achieving the SDGs, irrespective of the sector or transformation.

The United Nations Food Agencies will be hosting a stocktaking event in 2023, where WBA will share its second food and agriculture benchmark, speaking to the progress made since 2021 and areas where action needs to accelerate in scale and speed to ensure we work towards more healthy, resilient and equitable food systems.

Closer to home

Locally, a food systems roundtable was held on 7 July this year, during which

the WBA Food team elaborated on the benchmarking process and closing the corporate accountability gap. During the roundtable, Leona Archary, CEO of the Agriculture Development Agency, and Andrew Boraine, CEO of the Western Cape Economic Development Partnership, also presented their views on food transformation challenges in South Africa.

It was clear from both presentations that inclusive growth in the food and agricultural sector, along with the strengthening of local food systems, are urgently needed. Especially smallholder farmers require opportunities that will see them have greater access to affordable finance, skills and markets. The role of government and established businesses in this regard was underlined.

Other events and opportunities for African stakeholder engagement include an Agbiz Grain steering committee meeting on 18 August this year, as well as the 2022 AGRF (African Green Revolution Forum) Summit to be held in Kigali, Rwanda early in September this year. During both events WBA will be engaging with role-players from the region and sharing its work. [a](#)

Voice your views

The WBA published its updated 2023 methodology on 12 July 2022. Companies and benchmark stakeholders are invited to share their comments by 26 August 2022.

Comments can be sent to info.food@worldbenchmarkingalliance.org.

The updated methodology can be downloaded by visiting the WBA website and following this link: www.worldbenchmarkingalliance.org/research/updated-methodology-for-the-food-and-agriculture-benchmark-2023/.

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GO FURTHER. TOGETHER



Grading of sunflower seed: *Sclerotinia sclerotiorum*

By Annatjie Swanepoel, AM Grain Solutions (Pty) Ltd

Sunflower is currently graded in terms of the stipulations of Regulation 45 (*Regulations Relating to the Grading, Packing and Marking of Sunflower Seed Intended for Sale in the Republic of South Africa*), published in January 2016, of the Agricultural Product Standards Act, 1990 (Act 119 of 1990).

Regulation 45 provides the following definitions:

- **Damaged sunflower seed** means seed or a portion thereof which is visibly discoloured as a result of external heat or heating due to internal fermentation. Damaged sunflower seed is determined by removing the shell (husk) of the sunflower seed to expose the nucleus.

Figure 1: Sclerotia are hard masses of fungal tissue produced by the fungus *Sclerotinia sclerotiorum*.

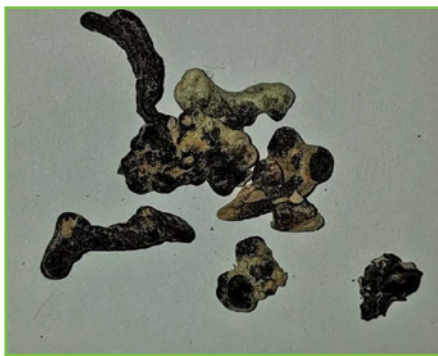


Figure 2: *Sclerotinia sclerotiorum* infected sunflower (a) and healthy sunflower (b).



- **Foreign matter** means (a) loose and empty shells above the sieve that occur in the consignment concerned; and (b) all matter other than sunflower seed and the achene of sunflower seed above the standard sieve. Coal, animal filth, glass and metal shall not be present in the consignment at all.
- **Screening** means all material that passes through a standard sieve.
- **Sclerotia** mean hard masses of fungal tissue produced by the fungus *Sclerotinia sclerotiorum*. The sclerotia vary in size and form and consist of a dark black exterior, a white interior and a rough surface texture.

It is important to note that *S. sclerotiorum* infected sunflower is not a grading factor and is not the same as sclerotia.

Research and data collection

The South African Sclerotia Research Network does most of the research in the country. They conduct research in the field pre-harvest and do not perform any further studies into sunflower seed post-harvest and further up the value chain.

Limited research on *S. sclerotiorum* infection post-harvest is therefore available, but the following has been reported:

- Major losses in sunflower seed yields throughout the sunflower seed value chain.



Damaged sunflower seed is seed or a portion of seed which is visibly discoloured as a result of external heat or heating due to internal fermentation.

- Brown discoloration of the nucleus in sunflower harvested from severely *S. sclerotiorum* infected fields.
- An increase in foreign material and screening during handling and storage due to the husk of the sunflower seed being brittle.

The industry needs to collect data regarding the percentage of *S. sclerotiorum* infected sunflower seeds that have been received and processed, and studies need to include the effect of this fungal pathogen on the nucleus and husk of the sunflower seeds. ^a

For more information, contact Annatjie Swanepoel on 082 329 0778, or send an email to annatjie@amgrainsolutions.co.za or info@amgrainsolutions.co.za.

National reporting of grades now announced weekly

By Wessel Lemmer, general manager, Agbiz Grain

The South African Grain Information Service (Sagis) publishes the producer deliveries per grade every week. This report gives a good indication of the grade composition of the white and yellow maize crop on a national basis. The latest report covers the 13 weeks from 30 April to 29 July 2022 (Figure 1).

White maize receipts

From the information received weekly over the 13 weeks in question, it appears that the average percentage of Grade 1 White maize that has already been delivered at national level is 74%. Grade 2 White maize totals 21%, Grade 3 only 4% and Other almost 1%.

Yellow maize receipts

The information also indicates that the average percentage Grade 1 Yellow maize that has already been delivered at national level is 93%. Grade 2 Yellow maize totals 7%. No Grade 3 or Other Yellow maize had been received.

Total harvest

According to the National Crop Estimates Committee's sixth production estimate, a white maize crop of 7 470 400 tons can be expected. The white maize deliveries that have already been received at commercial silo structures therefore total 56% of the expected harvest. In the case of yellow maize, the percentage of deliveries already received is 71%.

Deliveries compared to last year

The percentage of Grade 2 White maize received this year from week 1

to 13 totals 21% compared to 3% in the same period of the previous year. Grade 3 White maize totals 4% this year. Until the end of week 13, only 74% of the Grade 1 White maize had been delivered compared to 96% during the same period of the previous year.

Weaker grades

The occurrence of *Fusarium* and *Diplodia* contamination is mainly responsible for the weaker grades (Grade 2 and 3) delivered. Maize downgraded due to water damage is in the minority.

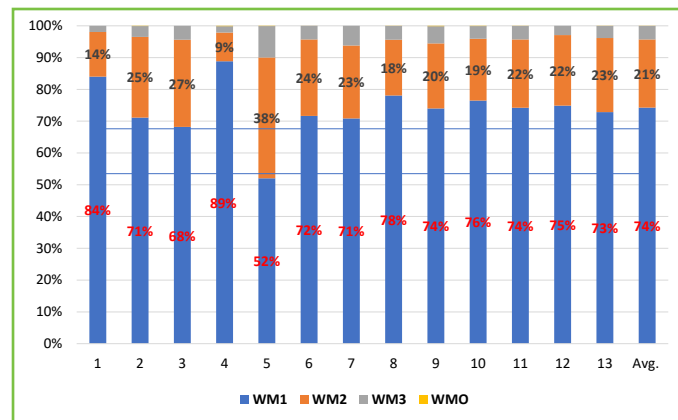
Statutory participation

The submission of the weekly producer delivery figures is no longer voluntary, but statutorily enforceable. As a result, all commercial storage structures are required to submit these figures. Secondly, it facilitates Sagis's tasks.

Those who do not submit the weekly producer delivery figure can be prosecuted. Because of this change, weekly submissions are now submitted more timely than in the past. It also promotes the availability of information regarding the weekly receipts of grades at a national level.

In a wet year such as 2022, defective kernels will have a major impact on quality and the following can be noted:

Figure 1: Weekly producer deliveries per grade.



Defective maize kernels

The maximum allowable deviation for defective maize kernels in a Grade 1 White maize sample is 7% before the maize is downgraded to Grade 2. For Grade 2 White maize, the allowable deviation is 13% before being downgraded to Grade 3 White maize. For a Grade 3 White maize, the allowable deviation for defective kernels is 30% before being downgraded to Other. Note that the percentage in this case comprises the total percentage of defective kernels that occur above as well as below the sieve.

The maximum allowable deviation for defective maize kernels above the sieve in a Grade 1 Yellow maize sample is 9% and 4% below the sieve before the maize is downgraded to Grade 2. For a Grade 2 Yellow maize sample, the allowable deviation is 20% above the sieve and 10% below the sieve before it is downgraded to Grade 3 Yellow maize. For a Grade 3 White maize sample, the allowable deviation for defective kernels is 30% above the sieve and 30% below the sieve before it is downgraded to Other.

Note that the percentage here is the total percentage of defective kernels that occur above as well as below the sieve.

Table 1: Grain deliveries received from week 1 to 13.

	WM1	WM2	WM3	WMO
Week 1 to 13 (2022/23)	74%	21%	4%	0%
Week 1 to 13 (2021/22)	96%	3%	0%	0%
Week 1 to 52 (2021/22)	96%	3%	0%	0%



Defective maize kernels due to water damage (left) and frost damage (right).

What classifies defective kernels?

Defective kernels are maize kernels or portions of maize kernels:

- a. Which are shrivelled, obviously immature, frost damaged, heat damaged, water damaged, mouldy or chalky.
- b. Which are discoloured by external factors such as water and the sun. Provided that discolouration on both sides of the maize kernel is limited to less than a quarter of the lower end of the maize kernel, it is not considered defective. Oxidation-coloured maize

kernels, coffee-coloured maize kernels and pinked maize kernels are not considered defective.

- c. Which have sprouted, including kernels of which the shoot (plume) is visibly discoloured in the germ.
- d. That have cavities in the germ or endosperm caused by insects or rodents.
- e. Is visibly smeared or contaminated by 'smut', fire, soil, smoke or coal dust.
- f. Of which all maize kernels and pieces of maize kernels can pass through the 6,35mm round-hole sieve.
- g. Which are of a subspecies other than *Zea Mays Indendata* or *Zea Mays Indurate*.

Provided that:

- i. The irregularity of the shape and size of maize kernels does not affect the grading thereof.
- ii. 'Chipped' or cracked maize kernels or pieces of maize kernels that are in a sound condition and which are present in a maize sample, but which cannot

pass through the 6,35mm round-hole sieve, will not be considered defective maize kernels under these regulations.


What do water-damaged white maize kernels look like?

The photograph illustrates what water-damaged white maize kernels look like. The kernels have a light-yellow shine from the 'tip cap' in a band around the maize kernel.


In closing

Agbiz Grain has 12 members who collectively handle and store approximately 70% of the grain and oilseeds delivered in the country. The submission of these returns is now inclusive and mandatory. This is a welcome development, as it ensures the timely weekly reporting of grades at national level by all recipients of grain.^a

For more information, email Wessel Lemmer at wessel@agbizgrain.co.za.



The Southern African Grain Laboratory NPC




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- shelf-life testing
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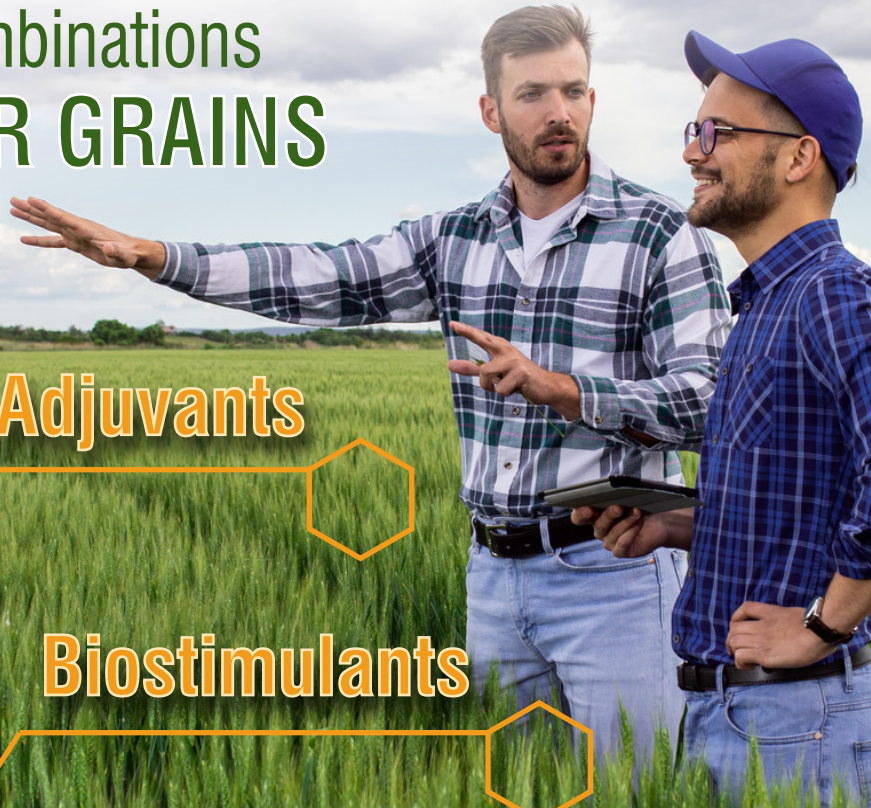
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Decarbonising the food system: Time is running out

By Izak Hofmeyr

The food system is one of the main drivers of global greenhouse gas (GHG) emissions and accounts for roughly 27% of total emissions from all sectors. The agriculture, forestry and land use sectors are responsible for approximately two-thirds of all food-related GHG emissions, while the remaining third comes from processing, transport and packaging. Decarbonisation in the food system therefore remains at the top of the agenda, as governments and the public are demanding change.

Carbon dioxide and other emissions (e.g. methane and nitrogen) must be reduced to achieve the sustainability targets that governments have agreed to. The food system must be transformed to ensure a sustainable future. If net zero (or even carbon negative) emissions are to be realised, we need to rethink how we produce, process and consume food.

This was the starting point of discussions pertaining to the global decarbonising of food production at the 2022 Bühler Networking Days held in Uzwil, Switzerland.

CO₂e footprint quantification

In a discussion on possible solutions to this imminent threat, Jay O’Nien, Bühler’s CO₂e Quantification Programme lead, stated that the need for solutions regarding climate change was clear, and added that businesses must play a role in bringing these solutions forward and making it economically profitable.

In this regard, Bühler, as a global technology company, has two key goals. The first is their 50/50/50 goals – to reduce energy, waste and water in the entire food value chain by 50% (this is what is needed in order to live within planetary boundaries). The second is to support their customers in quantifying

and reducing their greenhouse gases in line with science-based targets.

“In order to do that, we need a strong footprint in quantification. We need to know exactly what we are doing, and the impact that specific solutions would have on reducing emissions. This is what we work on as part of our sustainability efforts in a bid to quantify the impact of various product solutions.”

Bühler is now able to provide a service by working alongside customers to quantify their CO₂e footprint. They conduct product assessments and determine where the processing hotspots are. Once completed, they build action plans to reduce the CO₂e footprint – these are also externally certified. In addition, Bühler is using new technological solutions to track avoided CO₂e emissions.

Deep impact

Reducing emissions is crucial. As examples of how the threat of climate change can be turned into opportunities, two initiatives were showcased. The first came from Deep Branch, a start-up company using carbon dioxide as a sustainable resource to create nutritious protein for animal feed.

Pete Rowe, the CEO and co-founder of Deep Branch, explained how they use microbes to convert carbon dioxide from industrial emissions into high-value protein products, enabling year-round protein production to ensure food security. The protein product they create is called Proton™ and is a radically more sustainable way to bring precision nutrition to animal diets.

Carbon and hydrogen are fed to microorganisms in a fermentation process similar to what is seen in a brewery. The output is a high-value protein that can be dried and converted into feed pellets. “Deep Branch’s CO₂-to-X platform


offers the first scalable route to a truly sustainable protein generation process from a waste product – CO₂ – directly from industrial emissions,” Rowe said.

Biomass-energy conversion

VYNCKE is a clean energy technology company providing solutions that convert biomass into energy. Peter Vyncke, co-CEO of the company, explained that there are two schools of thought around the reduction of carbon, namely carbon capture and storage (CCS), and carbon capture and utilisation (CCU).

CCS, he said, can only be politically driven – if the price of carbon credits is increased, at some point it will become economically viable to capture and store carbon. With CCU (the school of thought he belongs to), there is an economic model behind the utilisation of the captured carbon.

“We go to industries, such as the food industry, and utilise their waste flow to convert into energy. All industries use energy to dry, heat, cool down, extract or to power. We look for a de-centralised solution to utilise available waste and turn it into energy. This means there is a diminished need to use external energy sources. You also don’t need to get rid of the waste. This, in fact, is a CO₂-neutral solution.”

Over the course of more than 100 years, VYNCKE has acquired a lot of expertise in converting biomass and other solids to energy, he said. With more than 4 000 references worldwide, VYNCKE installations provide energy from hot water heaters, steam boilers, thermal oil heaters, multimedia plants (hot gas, thermal oil, steam, power generation in one system), and combined heat and power plants. 

For more information,
visit the Bühler Group’s website
at www.buhlergroup.com.



Balancing food and nature: Getting to net zero emissions by 2050

By Izak Hofmeyr

The world will have to feed ten billion people by the year 2050, and it will have to do so on less agricultural land with less of an impact on the environment. In fact, maintaining the status quo will have devastating consequences for the planet.

This was the underlying theme of the Bühler Networking Days held at the Bühler Group's global headquarters in Uzwil, Switzerland, recently. The theme was "accelerating impact together" and the event highlighted companies that have a tangible impact on mitigating climate change, eradicating poverty, creating employment, protecting and restoring nature, and improving food security.

At the centre of the proceedings the towering question remained: How can the industries represented at the Networking Days enable ten billion people to live a good life within the boundaries set by our planet by 2050?

An urgent need to transform

One of the media sessions focussed on balancing food and nature. Three industry experts of hugely different backgrounds participated, namely Peter Bakker, CEO of the World Business Council for Sustainable Development, operating from

Geneva, Switzerland; Clara Rowe, CEO of the start-up company Restor, a global hub for nature restoration; and Beatrice Conde-Petit, sustainability officer for the Bühler Group.

Bakker set the scene by stating that there were three urgent global challenges facing humanity, namely the climate emergency, loss of biodiversity, and mounting inequality.

"I think most people have now come to understand the urgency of the climate emergency facing us. However, I don't think everybody realises that we have effectively seven years left, if we continue to emit the levels of greenhouse gases as we are currently doing, before we reach the 1,5°C increase in global temperatures. This would take humanity out of the safe operating space on this planet. Realising this makes you understand the urgency."

What one also should understand, he stated, is that it would be impossible, even with all the political will in the world, to get to zero emissions within seven years. "This is why science has come up with this notion that we need to allow emissions to peak by 2025, whereafter we need to halve emissions by 2030, halve them again by 2040, and then get to net zero emissions by 2050."

Achieving this, he warned, would require a radical change in everything we do.

Inequality-driven transformation

The global business community, he continued, should realise that inequality is set to be the next big challenge we will face. "Tensions in society are rising everywhere. Examples are Sri Lanka and Ecuador that are experiencing huge uprisings due to the disruptions caused by the conflict in the Ukraine. Inflation is rampant and we will see more unrest if the issue of inequality is not addressed urgently. We are therefore striving to make this as urgent an issue as climate change and the loss of biodiversity."

This means that systems need to transform fundamentally. "The food system is one of the most urgent, but also one of the most complex systems to transform. About a third of global emissions, about 70% of biodiversity loss, and a huge part of inequality in the world sits in the food system."

None of the transformation needed in these three areas, however, will be fast enough, unless it can be connected to the capital markets. "Unless we change the way in which the financial markets value sustainability, as well as integrate environmental and social risks into their

risk assessment, and risk assessment into the cost of capital, we will not be able to make the changes fast enough.”

New governance to lead integration

A lot is happening on this level, he pointed out. “Governance norms need to change and are set to change. There is a task force for Climate Related Financial Disclosures (TCFD) which is implementing norms on how companies should manage and report on their climate related risks. Then there is the task force for Nature Related Financial Disclosures (TNFD) which is formulating recommendations that will be available by the end of the year. The task force for Socially Related Financial Disclosures (TSFD) will be launched imminently.

“When all these recommendations are in place, companies will have governance norms on how to integrate environmental and social aspects into their decision-making. It will be backed by the ESG Accounting Standards (environmental, social and governance), as well as the International Sustainability Standards Board (ISSB) and the Securities and Exchange Commission (SEC) with its climate ruling.”

The ESG Accounting Standards – the aspects companies will have to report on in terms of their environmental, social and governance performance – are currently being shaped. “I predict this will become mandatory relatively quickly in many countries. Then we will be in a situation where investors and financiers will have comparable disclosures of environmental and social footprints across all companies.

“They would then be able to redirect their capital to where actual solutions are being built. This will cause companies to innovate solutions, while financial markets will re-direct capital to those solutions so they can be scaled up.”

The end game, he concluded, is that the fiduciary duty of boards will be changing to not just financial performance, but also integrated environmental, social and financial performance. “This will incentivise companies to do more, invest more, and innovate more, allowing the system to grow much faster.”

Focus on nature-based solutions

Rowe pointed out that many pathways are needed to address the various challenges that Bakker discussed. Restor, she said,

focusses on one such pathway, which is a nature-based solution.

“The restoration and conservation of nature has huge potential for supporting planetary resilience,” she said. “If we think about forest restoration, we know that it can prevent up to 60% of the predicted species extinction, draw down as much as 300 gigatons of excess carbon (which is almost 30% of the carbon that has been accumulating since the industrial revolution), and improve livelihoods and food security for over a billion people. So, nature-based solutions have a critical role to play in these three global challenges.”

The aim of Restor, she stated, is to unlock this potential. Restor is an open data platform which supports and accelerates nature restoration and conservation by democratising access to data, catalysing public and private investment into nature, and ultimately growing the movement. “Restor brings transparency, connectivity and ecological insights to restoration and conservation efforts around the world. The Restor platform is easy to use, and insights are based on the best available science and technology.”

Restor provides ecological insights and monitoring data to 120 000 conservation and restoration sites across the world, which are managed by a range of stakeholders, including project implementors, funders and governments. Each of these sites forms part of a global network of support, learning and impacts.

The projects on the platform represent a vast range of different biomes, ecosystems and types of interventions. “Restoration,” she noted, “can take many forms. From bringing trees into the agricultural landscape, regenerative agriculture, or changing the way land is managed so there is more carbon sequestered in the soil, or even bringing more pollinator species into the environment.”

Continuing to add value in the nature-based space, Restor plans to expand the kind of user they support on the platform. They want to support companies that are doing work through their supply chains or through nature-based carbon offsets in order to really understand, monitor and share the impact of their work.

They are partnering with governments in supporting farmers to restore land, and

Restor can be used to monitor the impact of that work. They are also bringing new data sources, such as drones, onto the platform to determine the state of a particular piece of land or project more accurately. “We want to make sure projects are not operating in isolation. Ultimately our goal is to support faster, more efficient and more scalable work.”

Nature-food: Striking a balance

Food, said Conde-Petit, is at the centre of all three the challenges facing humans at the moment, but earth is already at the limit of what it can produce to feed the population. “The current business model does not work anymore, considering that billions of additional people will have to be fed by 2050. The challenge is doing this while remaining in balance with nature.”

People, she said, have been very efficient over the past three or four decades in terms of producing the four main crops – soya beans, maize, rice and wheat – that sustain most of the world’s population. Two of these are mainly fed to livestock to produce the meat people eat. “While being very efficient in producing the yield, we have at the same time caused immense destruction, and reduced the diversity and variety on the plates of many people.”

When looking at the effects of this production system and possible solutions, it would be devastating to look only at the climate change aspect and forget the impact on biodiversity. The elephant in the room, she said, is the carbon footprint of the food companies of the world – notably also the agricultural raw materials that come with a massive footprint.

“Our ultimate challenge is how to use land better. This is the true bottleneck when we think of the balance between production and nature: producing more food in the coming years on roughly one third less land.”

The consensus at the end of the discussion was that it is not all doom and gloom. Technology is being developed to produce food in ways that would not impact the natural resources in the way it had before. Accepting these technologies throughout the food system would be the next challenge. ²

For more information, visit the Bühler Group’s website at www.buhlergroup.com.

Introducing the Agbiz SHEQ Forum

By Gerard Ramage

Due to the ever-evolving business environment, compliance legislation changes are inevitable. The Covid pandemic is an excellent example of the type of curveballs that can be thrown at safety, health, environment and quality (SHEQ) in our places of business.

During the pandemic, the SHEQ sector was flooded with questions and new legislation, often resulting in employees and SHEQ professionals alike having to navigate uncertain and uncharted waters. There was no history to fall back on and industry participants had to work timeously to ensure effective implementation of control measures and finding reliable information. It was during this time that we found guidance and support through interpretation from institutional allies such as Agbiz and BUSA.

In the SHEQ environment it can be quite challenging to get operations, management and employees to comply with legislation that is vital for employee and customer safety, and environmental wellness. Fact is, each party has its own angle and view – whether good or bad – of compliance and this impacts on the ultimate success of the compliance to legislative requirements.

In terms of operations, SHEQ legislation and compliance thereof need to become part of our culture and way of working. Unfortunately, it is often perceived as a hassle standing in the way of getting things done quickly. Where management is concerned, complying with SHEQ requirements should be seen as a tool offering peace of mind in respect of employee safety, brand protection and covering management in terms of legal liability.

The Agbiz SHEQ Forum

It is important for the sector and other agricultural industries to also comply with health, safety, environmental legislative requirements, and food safety standards. The nature of agricultural operations is such that it demands a safe working environment where both employees and management comply with and are assured by the presence and effective risk control implementation of sensible SHEQ regulations.

It is for this reason that we suggest a SHEQ forum where role-players can share reliable information and have access to sufficient data to equip our colleagues working with SHEQ requirements and standards within the grain storage industry to manage their risks.

The forum could serve as a platform on which information regarding various SHEQ matters will be provided and disseminated, and where relevant questions relating to industry compliance can be openly discussed. It will also help to create a better understanding among executive managers within the sector of the value SHEQ can add to their business through effective risk management.

This forum can be the 'go to' for the 'how to'. Speakers and experts can be arranged to elaborate on new legislation or to clarify hard-to-navigate topics. A news feed of industry-specific information could also be created via an institute such as the South African Institute of Occupational Health and Safety (Saiohs).

The forum could also aim to assist in the gathering of industry data such as total injury frequency rates (TIFR) and lost time injury frequency rates (LTIFR), thus providing the industry with measured indicators serving as a benchmark.

Proposed topics

Well-structured discussion points that could benefit SHEQ personnel must be integral to the operation of the forum.

Some of these points could include:

- **Railway safety regulator (RSR):** Training on SANS 30000 aspects, how the RSR operates, how to apply for a railway permit, and industry challenges.
- **Legal liability and SHEQ management:** Legal liability for executive managers, reasons to comply, risks involved

in non-compliance, documentation fundamentals, management system fundamentals, determining TIFR and LTIFR.

- **Mandatory training:** Identifying accredited service providers, frameworks of mandatory OSH Act training, validity periods of training options.
- **Certificate of compliance (COC) and other statutory requirements:** Types of COCs, what to look out for in a COC, occupational hygiene surveys, hazardous classification zoning, compliance of firefighting equipment, firefighting service provider compliance, fire plans, fire clearance certificates.
- **ISO and other legislative requirements and standards:** Food safety, environmental and health and safety legislative requirements, BRC, ISO and PPECB systems and requirements for food safety.

This is not an exhaustive list and as the forum is developed, so will the list of aspects that will be addressed and elucidated by it. While the forum will initially focus on SHEQ in the grain industry, the long-term vision is to cover all agricultural sectors. One advantage of the forum lies in the fact that SHEQ standards and legislative requirements are in the public domain and such a forum will not be biased or present any market related advantage to its participants or company representatives. [2](#)

"This initiative is fully supported by Agbiz Grain," says Jerry Maritz, chairperson of Agbiz Grain. "We will actively participate in the forum and, in addition, *Agbiz Grain Quarterly* will in coming issues be featuring a series of articles focussing on the issues mentioned." More information regarding the forum will be made available in due course.

Latest developments re. expropriation and the Expropriation Bill

By Annelize Crosby, head of legal intelligence, Agbiz

While attempts to amend the *Constitution* to provide explicitly for expropriation without compensation was unsuccessful, the expropriation debate is continuing and the possibility of expropriation without compensation under certain circumstances is still very much on the table. As the 2024 elections draw nearer, the land and expropriation debate is likely to gain new momentum.

The expropriation debate is a highly emotive and politicised one. Expropriation without compensation is seen by some as entirely justified and the solution to South Africa's land problem. At the same time, it is feared by landowners and bondholders who will be affected where the expropriation option is exercised by government. Economists are cautioning about the unintended consequences this will pose for capital formation and the economy.

In certain circles expropriation is regarded as confiscation, while others view it as a completely legitimate government function. It is abundantly clear that expropriation is a loaded term and that there are many misconceptions surrounding it.

The status of the debate

A parliamentary process of almost three years aimed at amending section 25 of the *Constitution* to expressly allow for expropriation, eventually culminated in a vote in Parliament on 7 December 2021, where the required majority to amend the *Constitution* was not obtained. The amendment which would provide for expropriation without compensation, coupled with state custodianship over land and limited access to the courts, would have been disastrous for the agricultural sector, and ultimately for the economy and the country.

The *Expropriation Bill* is, however, still serving before the Portfolio Committee on

Public Works and Infrastructure. This is a separate process from the one that was intended to amend the *Constitution*. The *Expropriation Bill* is ordinary legislation that will have to comply with the stipulations of the *Constitution*.

Section 25 of the *Constitution* requires just and equitable compensation to be paid in the event of expropriation. It also provides for a balance to be struck between the rights of those affected and the public interest. It goes on to list several potential factors that a court may consider in arriving at just and equitable compensation. Note, however, that the factors listed are not the only ones that a court may take into account, but it must have regard to all relevant circumstances.

The *Expropriation Bill* is quite far advanced: public hearings were held, the public comments considered, and a report compiled on public submissions. Inputs were also made by various legal advisors and the members of the portfolio committee went through the *Bill* clause by clause. Certain amendments were proposed during this process and have been incorporated into a so-called A-list containing all the proposed wording changes.

What remains is for the members of the portfolio committee to vote on the *Bill* and report on it, whereafter the *Bill* will go to the National Assembly for debate and a vote. If it is passed in the National Assembly, the process in the National House of Provinces will then follow.

Problematic clauses

The following problematic clauses are still contained in the *Bill*:

- Clause 12(3) which deals with the possibility of awarding nil Rand compensation is not clear enough on the fact that both conditions should be fulfilled before a court can consider nil Rand compensation, namely that

it should be just and equitable, and that one of the factors listed should apply. The list of situations where nil Rand compensation may be awarded is open-ended, which means that nil Rand compensation may be awarded in cases other than just the five-factor list.

- Clauses 12(3)(a) and (e) which are quite problematic and should either be completely reformulated or scrapped, as both are open to abuse.

Improvements and new clauses

All in all, there seems to be better protection for the rights of mortgagees built into the latest version of the *Bill*.

There is a new clause 14 that deals with counteroffers, and a new clause 23 that deals with the repurchase of property not used for the intended purpose of expropriation. However, the portfolio committee could not reach consensus regarding these clauses at the last meeting.

Conclusion

South Africa no doubt needs a new *Expropriation Act*. The current Act dates from 1975 and there have been various attempts since 2008 to come up with a new Act. The fact that the *Constitution* was not amended and that the *Expropriation Bill* can be tested against the protection afforded by section 25 to existing landowners, new landowners, and land reform beneficiaries alike is a great comfort.

There are improvements in the latest version of the *Bill*, especially as far as protection extended to bondholders are concerned. However, the definition of expropriation and the open-ended clauses dealing with circumstances where expropriation without compensation may apply remain a cause for concern.^a

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Points to ponder

By Jannie de Villiers



A spiritual health check-up

I have the habit of visiting the doctor at least once a year for a general check-up, during which he performs several tests and gives me some feedback on my general health condition. Blood tests and testing of my vital organs are all part of his routine. Each time I visit him I ask him two questions – how his health is and whether he is planning on leaving the country (I need to make sure I have a doctor when I need one).

Moving from the physical to the spiritual, I want to pose a different question. How often do you check your spiritual health? We have a medical aid and all manner of routines we can use to check our physical condition, but what about the condition of your soul?

The environment we live in is often a harsh one and not conducive to nurturing our soul. The injustices in the world are overwhelming, and you probably need only a few seconds to name quite a few things you might have seen over the last few days that shows how busy the devil is. After all, the devil is like a roaring lion looking to devour you. It is therefore crucial to make sure your spiritual health remains in a good state.

Identify areas that need attention

The words coming from your mouth are a very good indication of what goes on in your heart. Surely your veins must be full of toxic venom when the only thing you see is negativity, and the only thing you do is criticise others. This requires urgent attention.

How is your relationship with your spouse or children from their point of view, not yours? When last did you have a proper conversation with them about their dreams and struggles? What about your prayer life?

One of the tests that I keep on failing is the one about patience. James 5:7 talks about the farmer who waits for the land to yield its valuable crops, patiently waiting for the autumn and spring rains. Are you patient when it comes to your business investments or your employees?

A healthy body and soul

For the most part, we need a physician to help us see what is going on in our bodies. They are also well qualified to prescribe the correct medicine or treatment to heal what might be wrong. Spiritually, however, we can do most of the introspection ourselves. The Holy Spirit assists us in this regard.

What we need is some quiet time, and an open heart and ear to identify the areas of our life that requires changing. Jesus died on the cross for these wrongs and is waiting for us to confess all that is hurtful. He wants to help us remove all the toxic venom so that we can live a fruitful and healthy life.

There is, however, one important difference I want to point out. It might be quite alright to visit the doctor once a year, but I'm not convinced that a session with the Holy Spirit once a year is sufficient. If you suspect some medical condition, you won't wait a year to visit the doctor. Our country is not in great shape at the moment, and I therefore need to council

my soul frequently to ensure it remains healthy.

“We need to council and awake our soul in times of distress. A healthy body is paramount for survival. This also applies to the condition of our soul.”

David used prayers and worship to refocus his soul on God and His faithfulness to overcome the difficulties that he faced. This also applies to us. In some instances, you might have a spiritual condition that needs a specialist to assist you in overcoming it. My advice is to engage with such a specialist sooner rather than later.

We need to council and awake our soul in times of distress. A healthy body is paramount for survival. This also applies to the condition of our soul. [a](#)

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