

ANNUAL

Potatoes
South Africa

REPORT



potatoes
aartappels SA



2018/2019



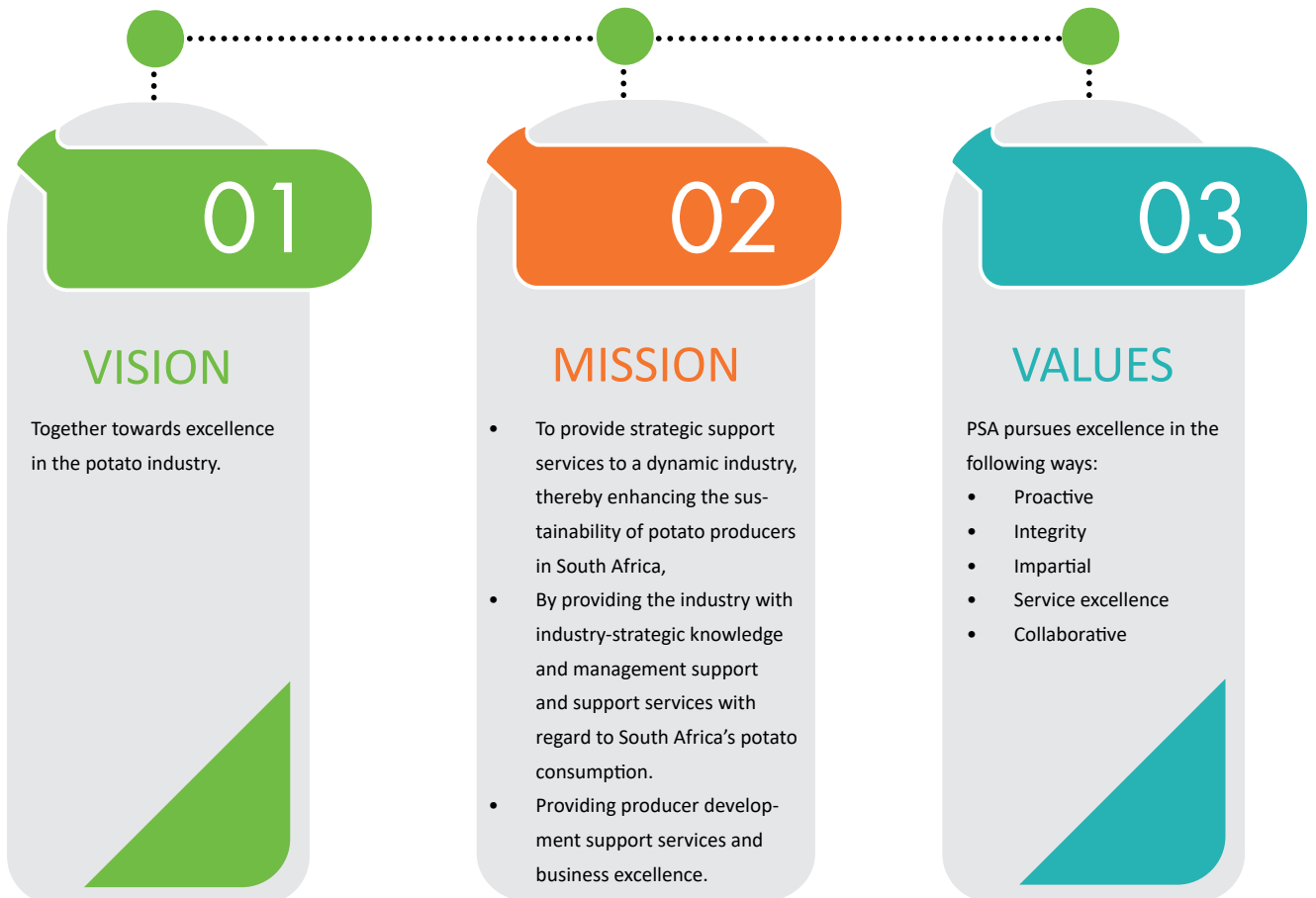
CONTENT

01	About PSA
02	Chairperson's Report
05	Chief Executive Officer's Report
07	Finance and Administration
13	Research and Development
16	Industry Information
29	Transformation
22	Marketing
25	Communication
27	Contacts

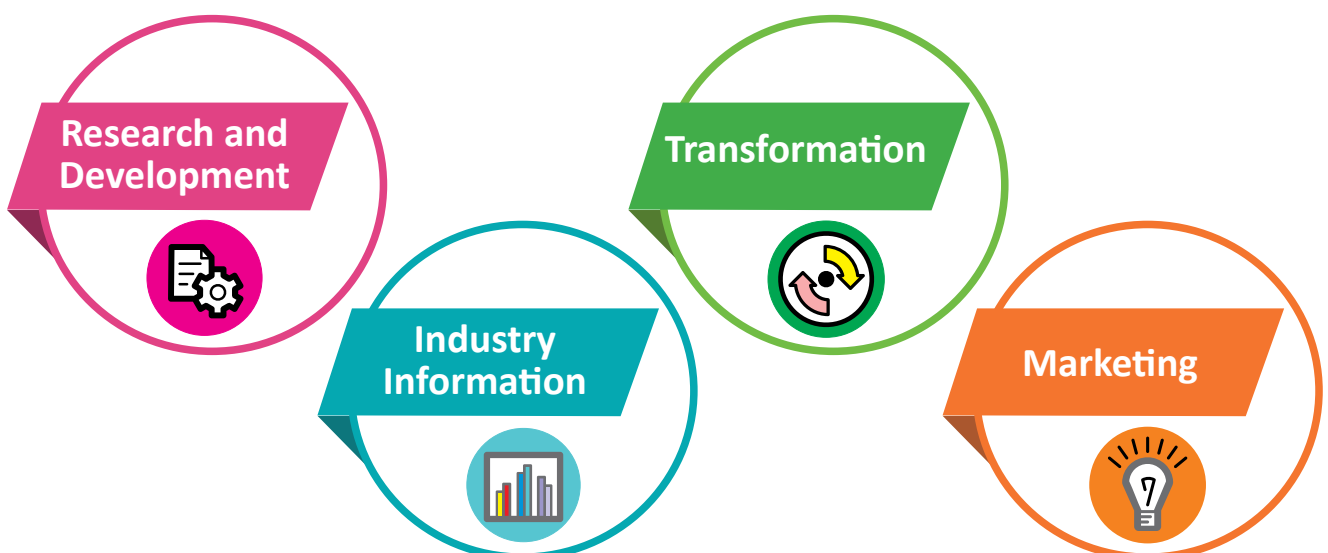


ABOUT PSA

Potatoes South Africa (PSA) is a Non-profit Company ((PSA (NPC)) under the Companies Act 71, 2008 (Act 71 of 2008).



PSA has four core business units that continuously strive to deliver the best service to the potato producer and other stakeholders in the potato value chain.



CHAIRPERSON'S REPORT

Over the past few years, agriculture has been facing various challenges, that in many cases are external to the industry. These include, among other things, adverse and fluctuating climatic conditions, political uncertainty and a poor performing economy. The potato industry is also affected by this. Also the regulatory environment that directly impacts on the potato industry has emerged much more prominently than in the past. It was necessary to reposition accordingly in order to negotiate the best regulatory order for the potato producer.



JF van der Merwe

Over the past few years, agriculture has been facing various challenges, that in many cases are external to the industry. These include, among other things, adverse and fluctuating climatic conditions, political uncertainty and a poor economy. The potato industry is also affected by this. Also the regulatory environment that directly impacts on the potato industry has emerged much more prominently than in the past. It was necessary to reposition accordingly in order to negotiate the best regulatory order for the potato producer.

Despite these challenges, our South African potato producers produce enough potatoes. The slogan of "FEED THE NATION" is definitely carried out and we make an important contribution to food security and job creation in South Africa.

However, potato producers in general are under enormous financial pressure due to the price-cost squeeze effect. It therefore requires potato producers to become increasingly productive and to think differently about their businesses in terms of utilizing resources and marketing channels.

In such circumstances, the potato producer needs all the help to concentrate on his or her core business. It is precisely here that PSA plays a key role.

A number of committees, usually made up of producers from different production regions, meet several times a year to discuss the challenges facing the potato industry and to devise action plans to address these challenges. These committees report to the Board of Directors and the National Council of PSA (NPC) and PSA (Voluntary) to ensure that the best interests of the potato producer are served.

I can say with great confidence that the PSA structures are financially sound and PSA (Voluntary) and PSA (NPC) have received unqualified audits for the past two years. The Audit Committee designated by you as producers, as well as the Risk and Audit Committee of the Potato Industry Development Trust (PIDT), oversee the spending of statutory funds and PSA (NPC) is also annually audited by the Auditor-General.

Various aspects are addressed in the four core business units of PSA (NPC), namely Marketing, Information, Research and Transformation. Through



well thought out advertising campaigns by PSA (NPC), the consumption of potatoes per capita increased over time. The question is whether the real price of our product beats the inflation associated with production costs? In addition to the supply and demand mechanism that determines prices, the information shows that we are currently experiencing sideways real prices, while production costs are rising faster than inflation. This situation remains a challenge, but promotional campaigns cannot be ignored because it will make the situation worse. Even more important is that as the economy grows stronger, the consumer already has a good relationship with potatoes. The generic product promotion campaigns are aimed at stimulating the demand for potatoes in the medium to long term. Consumers spend R1 billion more on potatoes today in real terms than 10 years ago.

PSA (NPC) is working on various projects to assist our producers to produce sustainably. Here we think of the effective use of resources project and the transport cost model. Large inputs are also made

with the cultivar trials, plant stand trials, tillage trials and fertilization trials. The results of trials are also constantly communicated to producers. Every three years, research priorities are determined from the ground level and the research done makes an excellent contribution to making potato production more sustainable. Efforts are also being made to bring international experts to South Africa to share their knowledge with us. For example, Professor Richard Falloon of New Zealand visited South Africa regarding powdery scab. Efforts are constantly being made to convey the necessary knowledge regarding potato production to our producers.

The new structure also aims to serve you as producer with faster and more specialized knowledge. Electronic tools must be utilised more, and more effectively. Today, it is easy for a producer to take a picture of a sick or infected plant with his cell phone and send it from the field to an expert staff member and quickly get an answer.

We are currently working hard to perfect the flow of market data to our producers. The SMS system, daily



e-mails and latest market information are available on your smart phone. An informed producer can make better decisions.

To stimulate the demand for potatoes, PSA (NPC) is constantly researching consumer preferences.

The results of a study on the informal market will help shape the strategy that should be followed to stimulate potato consumption in the informal sector. This sector buys almost 60% of our product in the fresh produce markets. PSA also strives to concentrate as much as possible with our advertising projects on the target market, where the best value for money is obtained. The consumer of potatoes is becoming increasingly sophisticated. Specific cultivars are also increasingly being sought. Some aspects that we as producers should not overlook. A rand or two per bag is the difference between a profit or loss.

Efforts to keep the smaller municipal markets open and running also take up much of the staff's time. "Project Rebirth" requires tremendous input. PSA

(NPC) considers the markets of great importance to both commercial and emerging producers.

Providing our product to rural areas is just as important for market expansion. PSA (NPC) is also proactively involved in the development of New Era producers. We realize that they need to be taken care of and assisted. There are already producers who have graduated from the PSA (NPC) programme into successful commercial enterprises. These are success stories that we can be proud of. I must take this opportunity to thank the producers who act as mentors for your dedication and, also the agribusinesses working in partnership with PSA (NPC). This is a pillar of strength for us.

Finally, a word of thanks to all the producers involved with PSA (NPC), at whatever level. Your time and input is appreciated and together we can make a difference to take the potato industry to higher heights.

JF van der Merwe
Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

The value of the primary potato industry amounted to about R8 billion and the secondary industry about R25 billion in 2018. Since 2015, the crop size moved between 245 and 250 million 10 kg bags sideways with the exception of 2016 when the crop dropped below 220 million 10 kg bags due to poor climate conditions. The hectares planted in potatoes in South Africa have been moving sideways over the last 10 years between 50 000 hectares and 54 000 hectares, which is less than 1% of the land used for agricultural purposes but creates between 8% and 10% of jobs in the primary agricultural sector.



Dr André Jooste

One of the biggest challenges the potato producer faces is the ongoing increase in production and marketing costs at a rate higher than inflation, while potato prices in real terms have moved more or less sideways over the past decade. However, since 2015, there has been a rising trend in real potato prices, which, together with rising consumption, is beneficial to the potato industry. PSA (NPC) invested deliberately in various models to quantify the impact of cost increases on the potato industry. It enables PSA (NPC) to communicate the impact of, for example, administered costs such as fuel, labour and electricity on the potato industry to government institutions and organized agriculture.

PSA (NPC) is committed to potato producers in

South Africa and serving their best interests. The activities of PSA (NPC) are the direct outcome of decisions by potato producers due to a system of regional meetings and committees on which potato producers serve. The commitment of potato producers to be involved in operating activities and structures unlocks the value proposition of cohesion and co-operation to their own benefit. The benefits are competitive advantage through the optimal use of resources, a unified voice, credibility, creating a platform to give back to the broader community and visibility on industry issues.

The structure on how PSA (NPC) delivers services to producers and other industry stakeholders has been changed. PSA (NPC) now delivers a demand orientated service, is more cost effective in service delivery, provides opportunities for increased capacity building and became more efficient in terms of staff management. As with any such changes one can expect some challenges, but PSA (NPC) is working hard to resolve any potential problems. The appointment of

Bernice Manana as Chief Operating Officer will go a long way to ensure PSA (NPC) has a smart and efficient business model.

The **Research** Strategy is reviewed every three years based on producers' needs. Without timely research and the answers provided by it, the industry would

have looked quite different today. It is an investment in the future - something we can't afford not to invest in.

In the field of **Information**, more work is being done on the producer's side of the farm gate, in addition to the normal information that is distributed daily, weekly and monthly. These projects have proven that it provides producers with good information to adapt farm-level practices and benefits them financially.

Transformation remains a priority. The strategy has changed to focus on fewer Enterprise Development producers but rather on increasing the number of hectares per producer to shorten the time it takes to graduate as commercial farmers. There was also a focus on building partnerships with a number of institutions and companies as well as on mentorship.

Generic Product Promotion remains a key aspect in our efforts to promote the consumption of potatoes. There is no doubt that the generic product

promotion activities have contributed to increase the spending on potatoes by R1 billion in real terms compared to 10 years ago. In **Market Development**, PSA (NPC) remains very active in the regulatory environment. The Board of Directors has approved that PSA (NPC) can become involved in cross border activities to increase market access for local producers, product innovation and development.

Thank you to the Board of Directors of PSA (NPC) and the PIDT for their absolute dedication to the potato industry and to PSA (NPC). Their input and guidance is invaluable and ensures that the industry is well served.

Potato Greetings,

Dr André Jooste
Chief Executive Officer



FINANCE AND ADMINISTRATION

STRUCTURE

PSA is a non-profit company (NPC), incorporated in terms of the Companies Act, 2008 (Act No. 71 of 2008), established to serve, protect and promote the interests of the South African potato industry. It operates as an organisation with an integrated structure that comprises a network of industry-orientated forums and committees on which participating role-players and individuals have a seat. This structure ensures that the organisation executes its mandate to render a comprehensive service to the potato industry as a whole.

FINANCIAL MATTERS

The activities of PSA (NPC) are funded by a statutory levy on potatoes, held in the PIDT. As the appointed administrator, PSA (NPC) collects the levy on behalf of the PIDT and applies to the PIDT for funds to finance its activities and administration. In accordance with the ministerial guidelines, the funds are appropriated as follows:



On 30 June 2019 PSA (NPC) ended off the fourth year of the fourth statutory period. Every year an amount in the form of bridging capital is transferred to the next year. This is simply done to continuously maintain a positive cash flow as the PIDT continuously have a high debtors' book. This is the result of the inevitable time lag for bag manufacturers to recover the levy from their debtors (producers).

To address this issue, for the potato industry as well as other industries, the National Agricultural Marketing Council (NAMC) decided on 29 May 2018, during its Council meeting, to adopt a guideline that when making recommendations to the Minister of Agriculture, Forestry and Fisheries regarding carry-over funds, depending on the merit of each case, a maximum of two months of levy income in a relevant industry, be used to cover running expenditure of administrators which operate as a going concern. The remainder, if any, can still be used for transformation projects.

The past financial year was characterized by an increase in volumes, especially in the last two months of the financial year under discussion, that resulted in carry-over funds of R15.41 million. Except for the bridging capital, the extra funds was a deliberate decision to ensure constant funding for project continuity in the view of the decrease in levies in the fifth statutory period.

PSA (Voluntary) also has non-statutory funds available that are supplemented by sponsorships and combined project funding. These funds are used to fund projects and functions in the interest of potato producers in particular and the potato industry in general. Approval for the appropriation of such funds lies with the Board of Directors of PSA (Voluntary).

POTATO INDUSTRY DEVELOPMENT TRUST
Ernst Yzel (Chairperson)
Dr Freek du Plooy
Martin Fourie
Shadrack Mabuza
Deon van Zyl



STATUTORY INCOME AND EXPENDITURE – PSA (NPC)

PSA (NPC) as administrator, collected R51.0 million on behalf of the PIDT in statutory levies during the 2018/2019 financial year. This amounts to approximately 99.8% of all levies recovered that were invoiced by bag manufacturers. A further R507 993 was received in interest on investments.

The 2018/2019 budget of PSA (NPC) as approved by the PIDT amounted to R52.2 million of which R48,53 million was appropriated. The underspending of R3.68 million (7.1%) was attributable especially to personnel costs in light of vacancies which were not filled, as well as savings on other operational costs. There was also an underspending on certain projects due to the postponement of funding to enterprise development farmers due to the conditions that influence the readiness for planting.

Capital in the PIDT transfer capital account started off with R7 454 305 in the beginning of the statutory period on 1 July 2015, which was carried over as per Ministerial approval, and accumulated to R15.41 million on 30 June 2019 and will be transferred to the 2019/2020 financial year, with the necessary approval.

As set out in Figure 1, PSA (NPC) managed to meet the prescripts given by the Minister. According to a PSA Congress decision, equal funds had to be allocated to the two core businesses Research and Development, and Market Development and Generic Product Promotion. The marginal deviations in respect of the above were due to work still in progress in the Research core business. This gave rise to funds being transferred to the 2019/2020 financial year, but still utilised in the relevant core businesses. The decision was taken that a ratio of about 60%:40% between operational and project costs should be maintained. In this regard PSA (NPC) succeeded.

The expenses of approximately R48.53 million was utilized as shown in Figure 1 (rounded off).

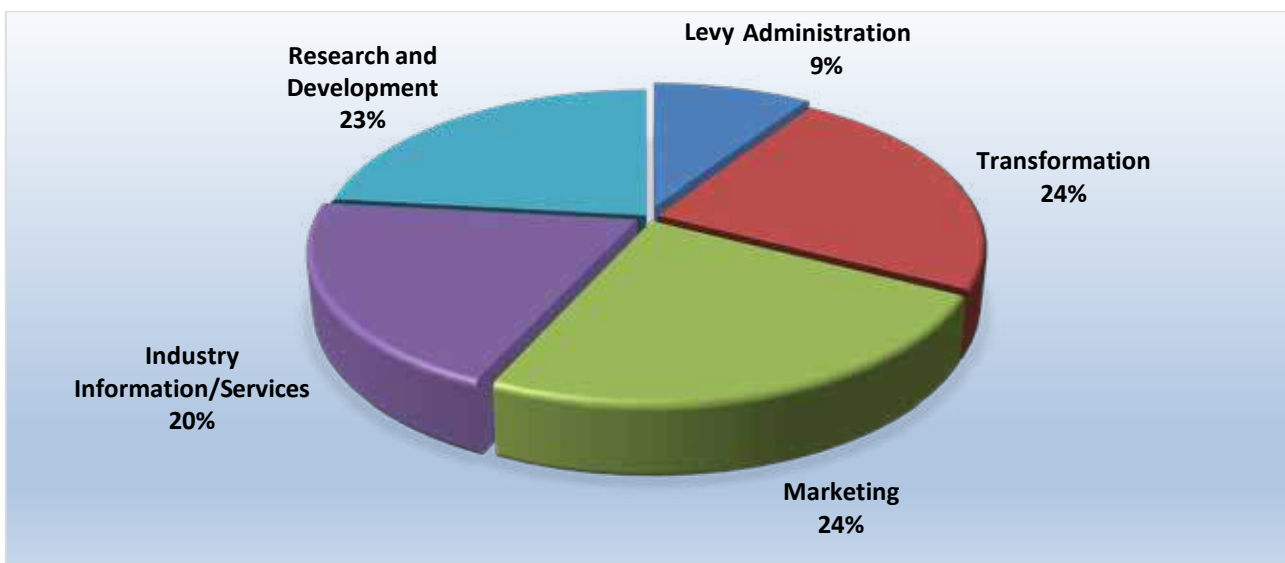


Figure 1: PIDT Appropriation of funds

INCOME AND EXPENDITURE – PSA (Voluntary)

PSA (Voluntary) own funds are mainly supplemented by the following:

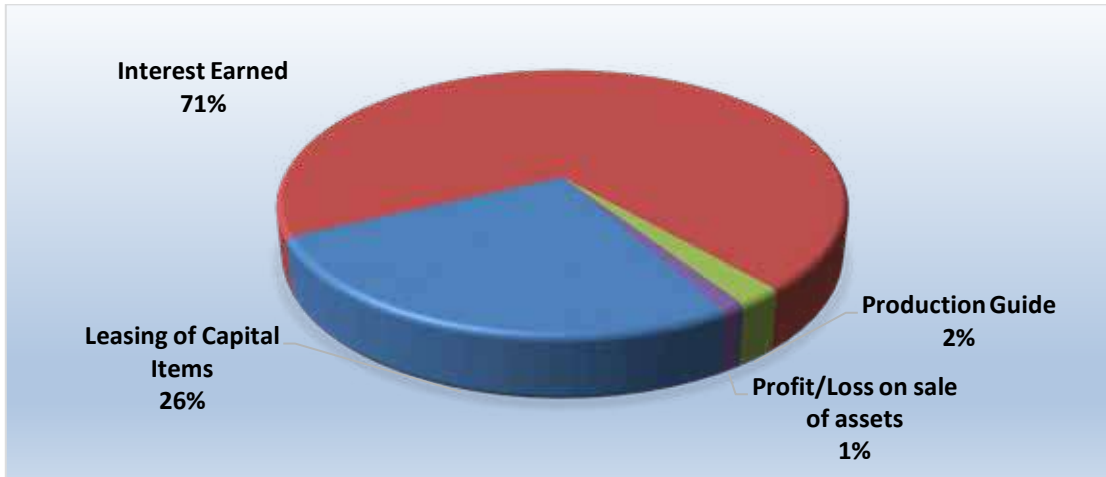


Figure 2: Income PSA (Voluntary)

Expenses related to the normal income as mentioned above are depreciation of assets R221 819, auditing and audit costs R37 310, administrative costs R170 299, corporate and other project costs R162 315 (refer to Figure 3). The Symposiums and Regional Meetings were funded in total by additional income received from sponsors during the year under review.

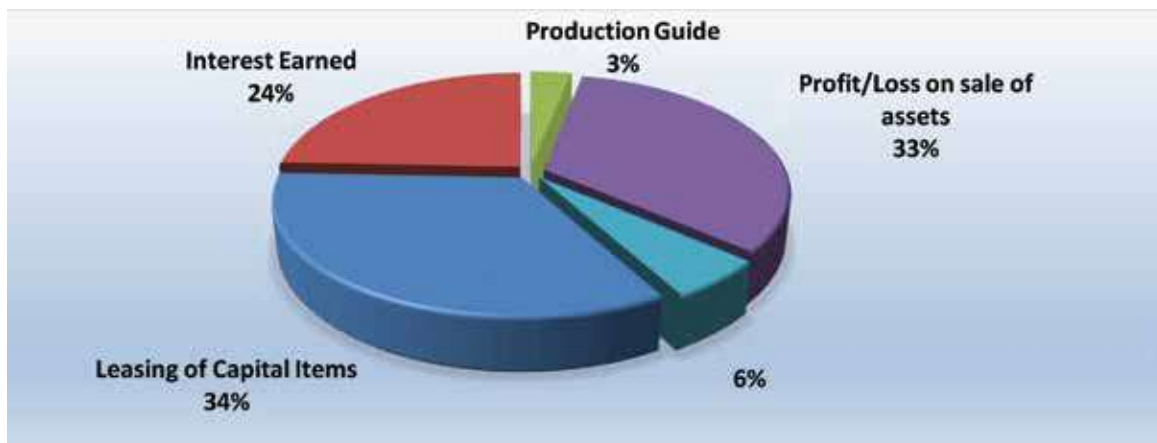


Figure 3: Expenditure PSA (Voluntary)

▶ Total funds and reserves amounted to R14 827 968. Property and movable assets, based on book value amounted to R649 174 and investments and loans to R14 060 291.

FINANCIAL POSITION

The pressure on income in the previous year due to the drought has largely recovered and the allocation to projects could be adjusted upwards to optimize the value added to the industry. Tally and control measures are continuously reviewed and tightened to restrain operational costs and thereby ensuring a healthy balance between operational costs and the appropriation in respect of projects. The PIDT accepted the audit reports by Strachan & Crouse. Strachan & Crouse as well as Fourie & Botha issued unqualified reports in respect of PSA (NPC) and PSA (Voluntary), respectively.

No audit misstatements were identified during the audit. PSA (NPC) has been retained by the PIDT as administrator to manage the statutory measures which includes the collection and management of the statutory levies. As part of its managerial responsibilities, PSA (NPC) is also responsible for the implementation and management of the core business projects accepted by PSA's Board of Directors and approved by the PIDT.

BOARD OF DIRECTORS 2017-2019	
Name	Representing
J F (JF) van der Merwe (CHAIRPERSON)	Independent / Non-Aligned
J R (Rudi) Heinlein (VICE-CHAIRPERSON)	Northern Region (Limpopo , Mpumalanga, Gauteng, Loskop Valley)
W A (Wouter) van Amstel	Northern Region (Limpopo , Mpumalanga, Gauteng, Loskop Valley)
J C (Johan) Holtzhausen	Northern Region (Limpopo , Mpumalanga , Gauteng , Loskop Valley)
B S (Bernhardt) du Toit	Southern Region (Sandveld , Eastern Cape , Ceres , Southern Cape , South Western Cape)
J P J (Jan) van Zyl	Southern Region (Sandveld , Eastern Cape, Ceres, Southern Cape, South Western Cape)
N J (Nicolaas) Lourens	Eastern Region (Eastern Free State , KwaZulu-Natal, North Eastern Cape)
M J (Mike) Green	Eastern Region (Eastern Free State, KwaZulu-Natal , North Eastern Cape)
A S (André) Coetzee	Western Region (Western Free State , North Cape, Northern Cape, South West Free State)
J I (Izak) Cronjé	Western Region (Western Free State , North Cape, Northern Cape, South West Free State)
P G J (Gerhard) Posthumus	Chairperson: National Seed Potato Committee
J (Joseph) Bantom	Southern District (Western Cape, Sandveld, Ceres, Southern Cape, South Western Cape)
T S (Siseko) Vikilahle	South Eastern District (North Eastern Cape, Eastern Cape)
N R (Rodney) Mbuyazi	Eastern District (Kwazulu-Natal)
S G (Gift) Mafuleka	Central District (Limpopo, Free State, Gauteng, Mpumalanga, North West)

In terms of the Memorandum of Incorporation of the company, the Chairperson of the audit Committee will be a non-executive and unattached qualified person. During the year under review, Mr J H du Plessis of the chartered auditing firm, Geyser and Du Plessis, again served as chairperson of this committee.

STAFF

In the past financial year, the following personnel movements took place:



RESIGNED FROM PSA

Eugene Strydom
(Information Specialist)
Resigned 31 January 2019



JOINED PSA

Bernice Manana (Chief Operations Officer)
Joined 1 April 2019
Janó Bezuidenhout (Information Specialist)
Joined 1 April 2019
FP Coetzee (Information Specialist)
Joined 2 May 2019

PERSONNEL STRUCTURE



Chief Executive Officer
Dr André Jooste

Industry Information



Manager Industry Information Services:
Pieter van Zyl



Information Management Specialist:
Janó Bezuidenhout



Information Management Specialist:
FP Coetzee



Administrative Officer Information:
Laryssa vd Merwe

Research and Development




Manager Research and Development:
Dr Fienie Niederwieser



Researcher
Chantel du Raan




Researcher
Enrike Verster



Regional Manager
Terence Brown




Regional Manager
Herman Haak




Regional Secretary: **Santa Bronkhorst** (Stationed in Bethlehem)


Finance and Administration




Chief Financial Officer: **Hein Oberholzer**



Accountant:
Nicolette Basson



Senior Financial Officer:
Sue Gibson



Financial Officer:
Michelle Hartzze



Financial Officer:
Anza Delpont



Administrative Clerk:
Petrus Makhonjwa



Janitor:
Joseph Nkosi



Personal Assistant:
Monica van der Merwe

Permanent:	30
Vacant:	1
Temporary:	0
Total:	31

Operations



Chief Operating Officer:
Bernice Manana



Operations Officer:
Mari Munnik

Market Development and Product Promotion



Manager Market Development and Generic
Product Promotion: **Immaculate Zinde**



Marketing specialist:
Yolanda Potelwa

Transformation



Manager Transformation:
Nomvula Xaba



Transformation Regional Manager:
Rotondwa Rathogwa



Transformation Coordinator:
Louis Pretorius



Administrative Assistant: **(Vacant)**



Regional Secretary Pietermaritzburg: **Chantal van Staden**

Secretariat



Company Secretary:
Elsabé Els

Communication



Manager Communication:
Hanrie Greebe




Receptionist:
Zodwa Mnisi


RESEARCH AND DEVELOPMENT

Funding of research projects is determined by priorities of the research strategy compiled through input from producers and consolidated by the Research Committee and is carried out mainly by scientists at universities, the ARC and Provincial Departments of Agriculture. The theory that ground water in the Sandveld is recharged by rain occurring on mountains outside the Sandveld, and that water in Verlorenvlei originates from rain on the Piketberg and not from groundwater, has been proven by a water isotope study. Furthermore, an on-farm study on water and nutrient use showed that it is possible to produce potatoes in the Sandveld without water and nutrients leaching to deeper layers, provided rainfall is moderate. Yield potential is determined mostly by the genetic potential of potato cultivars, hence new cultivars are evaluated in most production regions on farms and in co-operation with seed houses. Thirteen trials were carried out and results were presented during the annual Research Symposium.


RESEARCH HIGHLIGHTS




Research Symposium:
Research Questions -
 Are the temperatures currently used in potato growth models realistic?
 How does potato leaf miner spread?



Discussion document on the potential of new plant breeding technology to develop potato cultivars for the future

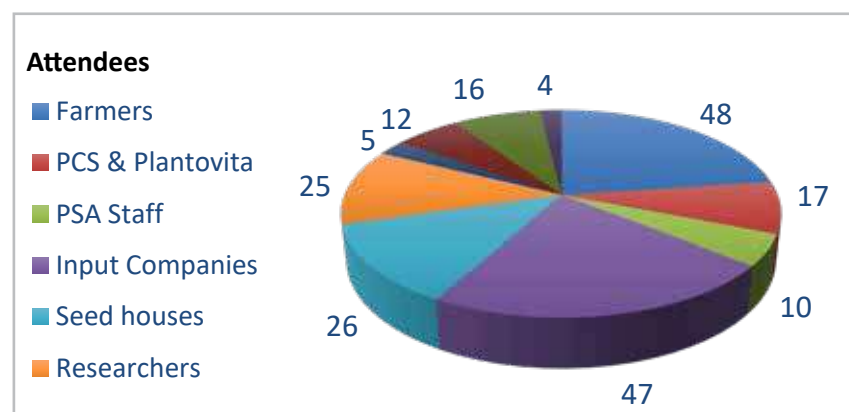


Powdery scab workshop in Sandveld, KwaZulu-Natal and Limpopo with Dr Richard Falloon (NZ)



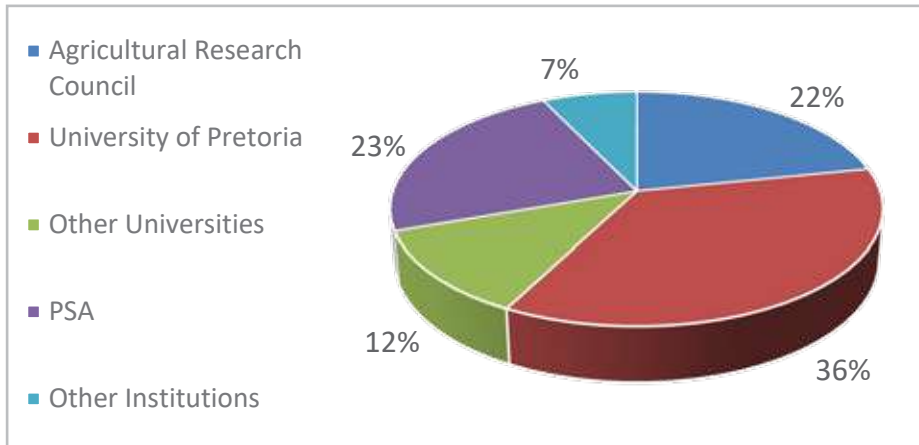
Irrigation scheduling training in Limpopo to Enterprise Development farmers, and in the Sandveld to farm managers in 3 subregions.

Research Symposium, 25-26 July, Parys:



23 formal projects were approved by the PIDT for 2018/2019

Contribution of research partners (% projects)



Research focus areas:

- Evaluation of cultivars
- Water use
- Soil health
- Soil-borne diseases
- Nematodes
- Virus and aphid control
- Insect pests
- Plant nutrition
- Quality
- Foliage disease
- Knowledge transfer



Technology transfer in 2018/2019

Final reports

- Climate change in 13 regions
- Nitrogen fertilisation
- Aphid monitoring 2014-17

Chips articles

- 12 Work group reports
- 18 technical articles

Fact sheets

- Irrigation scheduling
- Fusarium diseases
- Verticillium wilt



Funding in 2018/2019

- Research projects: R 4.3 million
- Workgroup trials: R 200 000
- Fact sheets: R 100 000
- Farmers courses: R 100 000



Industry challenges in the future

- Climate change
- Improved productivity and resource use efficiency
- Consumer demand for safe food
- Consumer preferences
- Society's need for nutritional food



Legend	Type	Legend	Type
■	Cultivar Evaluation	■	Not executed due to drought
■	Plant Population	■	Drowning (too much rain)
■	Demonstration: Plant protection method	D	Dryland
■	Demonstration: Fertiliser products	I	Irrigation

Research Committee 2018/2019	
Name	Representing
André Coetzee (Chairperson)	Northern Cape, South Western Free State, North West
Gerhard Posthumus	Seed Potato Grower, South Western Free State
Johan Holtzhausen	Loskopvallei, Mpumalanga, Gauteng
Gavin Hill	Seed Potato Grower, KwaZulu-Natal, North Eastern Cape
Ross Bergh	Sandveld
Leon Rix	Ceres, Southern Cape, South Western Cape, Eastern Cape
Rudi van Deventer	Limpopo
Gert Bester	Eastern Free State
Ineke Vorster (co-opted)	Processing Industry (French Fries)
Frank Osler	Processing (crisps)
Marieta Botha (co-opted)	Plantovita
Sanette Thiar (co-opted)	Potato Certification Service
Dr Freek du Plooy	PIDT
Dr Fienie Niederwieser	Manager: Research and Development (PSA)
Chantel du Raan	Researcher (PSA)
Enrike Verster	Researcher (PSA)
Elisabé Els	Company Secretary (PSA)



INDUSTRY INFORMATION

Market intelligence forms the backbone of decision-making and PSA is therefore constantly seeking to better align the sources and range of information with the needs of the industry. Different communication channels are used to make market intelligence available as soon as possible. Some of the channels used are the market stats via daily SMS and email, weekly sales stats via WhatsApp messages, regular newsletters and a new Self-Help Information website. The website was launched recently, and it gives users the opportunity to search and analyse current and historic market stats. Simultaneously, our mobile application was launched making real time market stats available to users.

During the financial year, greater emphasis was also placed on satellite technology. Co-workers receive satellite images every 5 days indicating where growth stress appear in their respective pivots. PSA will be able to determine the hectares planted under potatoes, without having to phone each individual potato farmer at least once during a season.

DATA AND INFORMATION GENERATION

01

Price Surveys

Retail Prices:

Different packing sizes in different cities

Hawker Prices:

Different vendors and different packaging in different townships

Why?

To calculate annual consumer spending on potatoes & potato products

To calculate the producer share in different retail prices

02

Production and Market Information

Production Information:

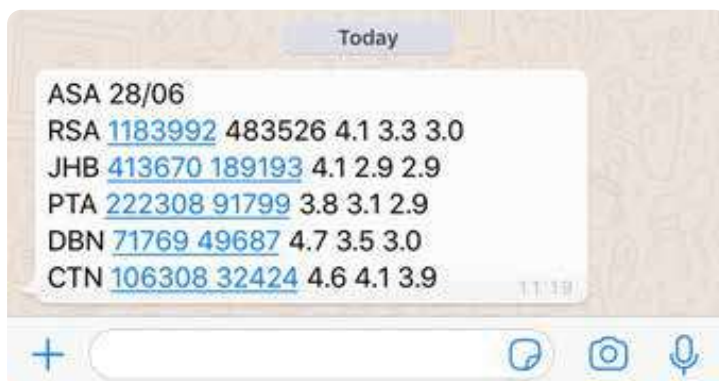
- Crop Reports
- Bi-weekly "Crop Estimates"

Market Information:

- Daily and weekly reports
- Monthly, seasonal and annual information
- Per region and per market
- Trends on Fresh Produce Markets

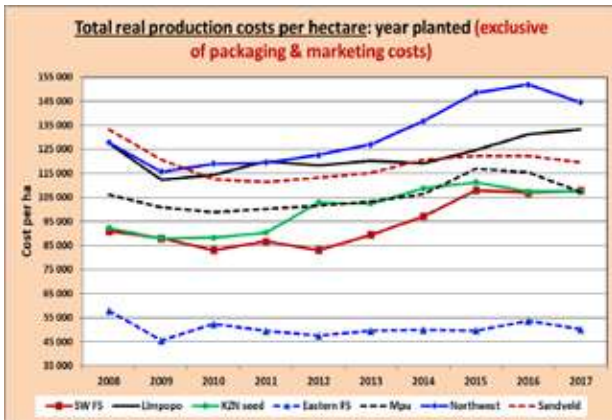
Production and Market Information:

- Monthly and weekly Market Commentary
- Via email and WhatsApp



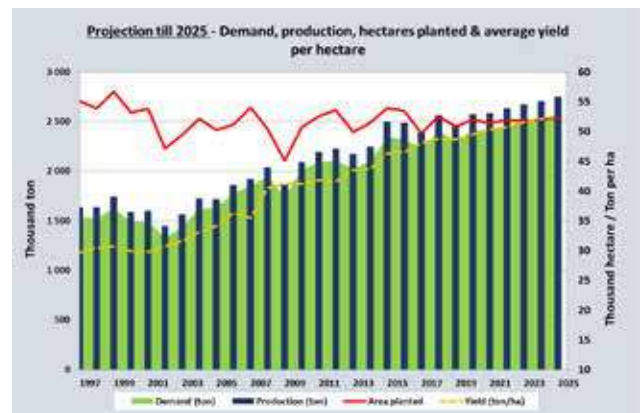
03 Production Cost

- Updating of production costs (major regions)
- Updating of packaging- and marketing costs
- Updating of price/yield model
- Trend analysis and projections
- Transport cost models and accompanying issues



04 Build and Maintain Database

- All relevant information needs to be collected, processed and disseminated in an orderly manner.
- Relevant information is added to the database.



INTELLIGENCE CREATION

01 Potato Industry Model

BFAP model: To present an outlook of potato production for the coming years. By doing scenario analysis or using a different set of assumptions a better understanding of the potato industry is generated.

02 Agri Benchmark and Farm Level Modelling

- Updating of a typical potato farm in each of four major regions.
- Comparison of typical potato farms between SA and overseas countries (including resource use efficiency).
- Test “what-if” scenarios on local typical farms: farm level modelling.

03 Potato Value Chain and Policy Analysis

- Determine the following indicators: size of industry, per capita consumption, main varieties, consumer spending, etc.
- Use agri benchmark models, the potato industry model, value chain analysis and other information to analyse the effect of different scenarios on the entire value chain or parts of it.
- Unpacking the complex interactions in the value chain provides insight into the real tangible issues

04

Efficiency in Potato Production

Cost-price squeeze is a reality. Input prices increase faster than product prices. The producer should thus use efficiency throughout his production process.

Efficient use of energy and water in irrigation farming

- Actual irrigation versus irrigation needs
- Actual yield versus potential yield
- Water Usage Efficiency (kg per mm water)
- Efficiency of irrigation system

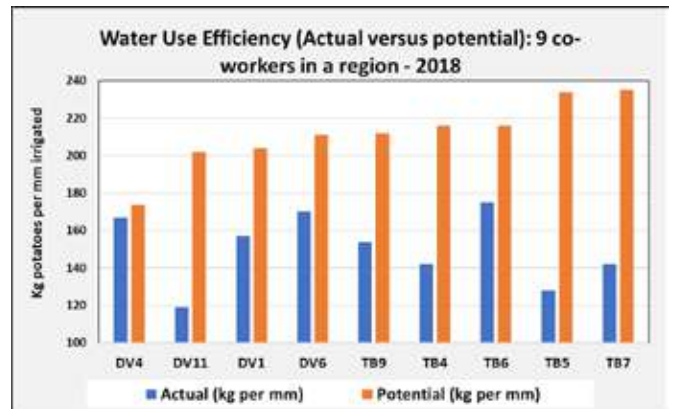
Pack-house and marketing efficiency

- Labour Use Efficiency (norms)
- Market price analysis
- Tuber damage
- "Management evaluation index" – use different criteria to evaluate packhouse management
- Labour versus Capital (machinery)

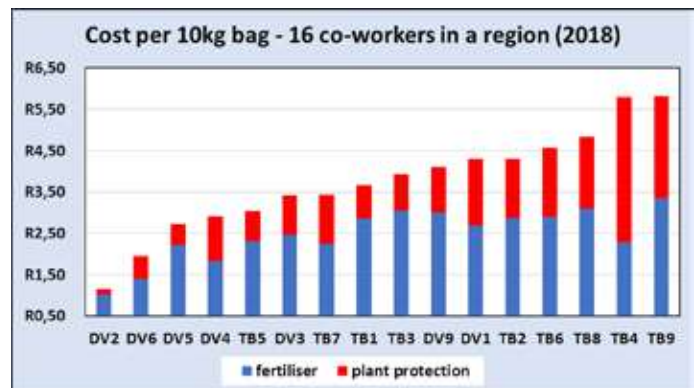
Optimal production and satellite monitoring (new)

- Measure & Compare different production units
 - "If you can't measure you can't manage"
 - Optimum yields versus maximum yields
- Production units: Weekly satellite images indicating vegetation or growth index

Water Use Efficiency

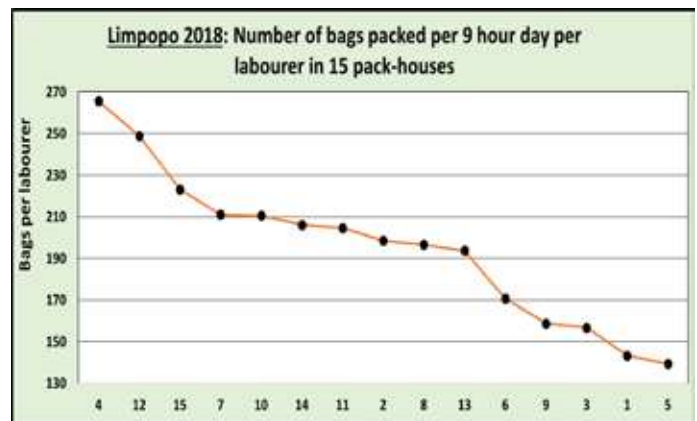


Optimal Production Project

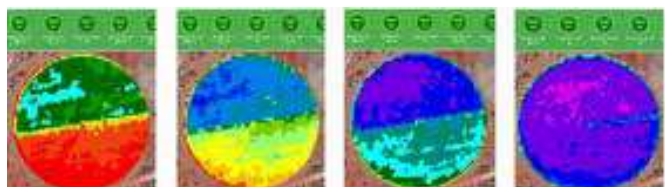


Industry Information Committee	
Name	Region
Jan van Zyl	Chairperson
Wouter van Amstel	Limpopo, Mpumalanga, Gauteng, Loskop Valley
Wessel du Randt	KwaZulu-Natal, Eastern Free State, North Eastern Cape
Charl Nel	North Western Cape, Northern Cape, South Western Free State, Western Free State
Louw Smit	Sandveld, Eastern Cape, Ceres, Southern Cape, South Western Cape
MC Venter (co-opted)	Limpopo
Johan Holtzhausen (co-opted)	Mpumalanga
Rolands Buys (co-opted)	KwaZulu-Natal
Dr André Jooste	CEO (PSA)
Pieter van Zyl	Manager: Industry Information (PSA)
Janó Bezuidenhout	Information Specialist (PSA)
FP Coetzee	Information Specialist (PSA)
Elsabé Els	Company Secretary (PSA)

Labour Use Efficiency



Satellite images



TRANSFORMATION

The role of Transformation within commodities is viewed as being of utmost importance. PSA has, for years, been involved in transformation projects and results are becoming visible. The number of hectares of potatoes planted by Black farmers is on the increase and there are farmers who are already identified as having the potential to farm commercially. These farmers currently receive support from PSA. The Transformation core business carried on forging partnerships with other stakeholders to advance its goals of successfully settling new farmers. Collaboration with processors will, for example, ensure that farmers who do not have pack-house facilities are able to get a market for their potatoes. This year also saw the core business embarking on compiling training DVD's which will be distributed to all the farmers.

The programmes in the Transformation Core Business consists of the following:

 <p>Farm-based Training</p> <p>01</p>	 <p>Tertiary Skills Development Pipeline</p> <p>02</p>	 <p>Enterprise Development</p> <p>03</p>	 <p>Small Growers Project</p> <p>04</p>
---	--	---	---

FARM-BASED TRAINING

Goal: To uplift the skills of Black producers with technical and business skills.

<p>01</p>	<ul style="list-style-type: none"> Short courses, for both Enterprise Development participants: <ul style="list-style-type: none"> Financial management Record and bookkeeping Powdery Scab training In the process of making training DVDs 	<p>Skills development funds for 2018/2019: R 1.26 million</p>
-----------	---	--

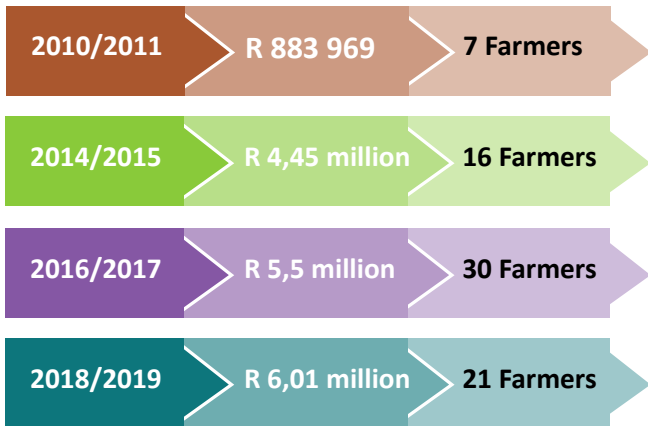
Tertiary Skills Development Pipeline

<p>02</p>	<ul style="list-style-type: none"> 10 Internships and workplace experience 17 Postgraduate students 10 Undergraduate students 	<p>Tertiary Skills Development Pipeline funds for 2018/2019: R 889 500</p>
-----------	--	---

ENTERPRISE DEVELOPMENT

Goal: To develop Black farmers to grow and produce potatoes commercially in a sustainable way.

03 Funds for the Enterprise Development Programme



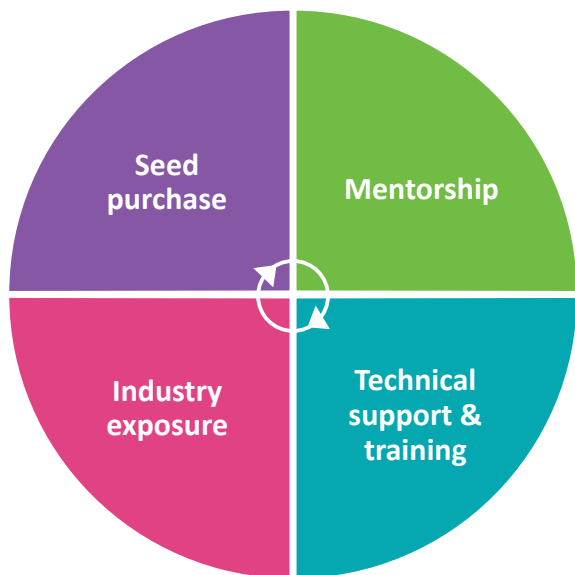
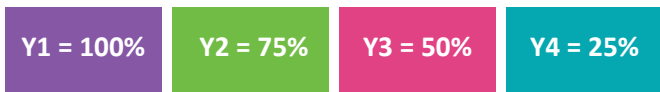
Active participants

Limpopo	13 (2 new, 2 expanded)
KwaZulu-Natal	2 (new)
Eastern Cape	2
Western Cape	2 (1 expanded)
Gauteng & Mpumalanga	2
Total	21

- ### Strategy
- Choose participants based on feasibility studies and business plans
 - Expand hectares of deserving producers
 - Regional meetings to disseminate information

- ### Partnerships to assist participants
- Jobs Fund with NTK, offtake agreements – McCain
 - AECl/Nulandis
 - McCain/Harvest SA
 - Provincial Governments (e.g. Free State and Limpopo)
 - Service Level Agreement with Rural Development
 - AgriSeta
 - Afgri

Provision of seed: PSA (NPC) contribution.



PSA Actions

PSA provides support in the form of seed purchase, mentorship, prefeasibility studies and business plans for New Era farmers. Seed is provided on a four (4) year 25% sliding scale. This is to ensure that at the end of the four-year support period, farmers are able to stand on their own and run a sustainable venture.

SMALL GROWER DEVELOPMENT

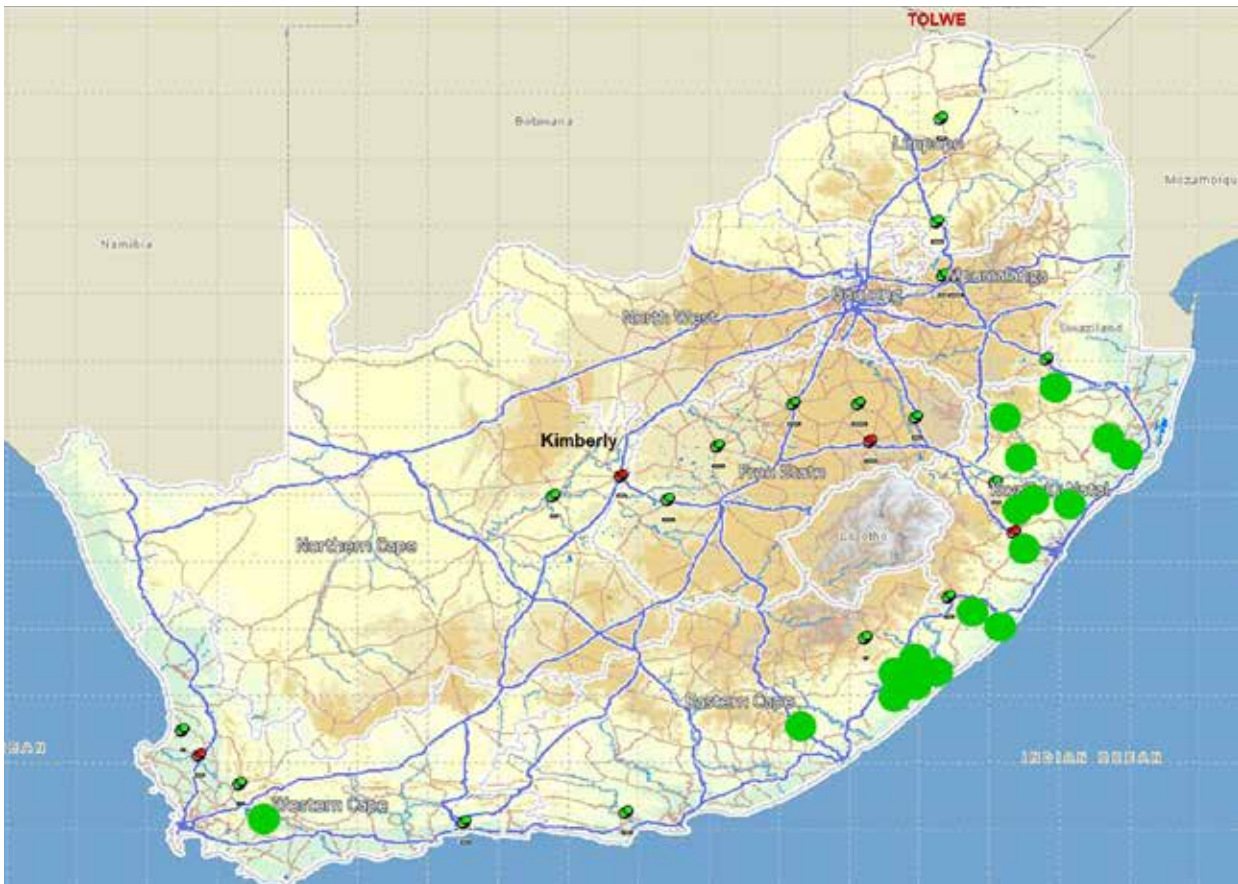
04

Focus on food security, rural development and job creation.
Over 600 participants during past financial year.

Small Grower Development Programme funds for 2018/2019: R 273 000

Information Days:

- Bizana (45 attendees)
- Mthatha (58 attendees)
- Tugela Ferry (60 attendees)



Transformation Committee

Name	Representing
Bernhardt du Toit (Chairperson)	Southern Region (Sandveld, Eastern Cape, Ceres, Southern Cape, South Western Cape)
Joseph Bantom	Southern District (Western Cape, Sandveld, Ceres, Southern Cape, South Western Cape)
Siseko Vikilahle	South Eastern District (North Western Cape, Eastern Cape)
Rodney Mbuyazi	Eastern District (KwaZulu-Natal)
Gift Mafuleka	Central District (Gauteng)
Mike Green	Potato producer (appointed by the National Board of PSA (Voluntary))
Jakkie Mellet	Seed potato producer (as nominated by the National Seed Potato Growers' Committee)
BM Mpyana	National Agricultural Marketing Council (NAMC)
VACANT	Fertilizer Society of South Africa (FERTASA)
Nomfundo Mthimunye	Association of Veterinary and Crop Associations of South Africa (AVCASA)
VACANT	Processors (Crisp)
Riaan Smit	Processors (French Fries)
Stanford Manthata	Department of Agriculture, Forestry and Fisheries (DAFF)
Shadrack Mabuza	Potato Industry Development Trust (PIDT)
Nomvula Xaba	Transformation Manager (PSA)
Louis Pretorius	Transformation Coordinator (PSA)
Elsabé Els	Company Secretary (PSA)

MARKETING

The purpose and existence of PSA's Marketing Core Business is to aid potato growers to promote and sell potatoes both locally and outside the Republic of South Africa. The Marketing core business performs two fundamental strategic functions: *Generic Product Promotion (GPP)* as well as *Market Access & Development (MAD)*.

The GPP function focuses on the local marketing environment and aims to stimulate demand as well as increase per capita consumption. The MAD function looks at product innovation, development and strives to facilitate a seamless trading environment for producers within and outside South Africa.

The Marketing core business perceives its strategic vision as to: *inform, inspire & educate* the South African general public about the positive biological, natural and fun attributes of potatoes. Through this vision, the core business will endeavour to fulfil its strategic mission, which is to *attract new customers, retain current consumers of potatoes and lastly, grow the market share* of potatoes.

GENERIC PRODUCT PROMOTION

01

Above the line advertising

Print

Adverts placed in:

- Drum
- Bona
- True Love

Budget spent:

R 481 375

PR Value:

R 84 373 957

Reach:

19 083 712 people



Broadcast

- Radio campaign for Metro FM
- Television campaign for pre-select time slots on DSTV, eTV and eNCA

Budget spent: R 3 million



World Heart Day video clip:



PR Activities

R 290 000 was spent on PR exposure activities. One such activity included spending Potato Nation promotional boxes to various media outlets.



Recipe Development, Health and Nutrition

All nutritional pieces, presentations and demonstrations were carried out in close working with registered dieticians, professional chefs and thought leaders in health and nutrition. To view all articles and recipes, visit: www.potatonation.co.za.



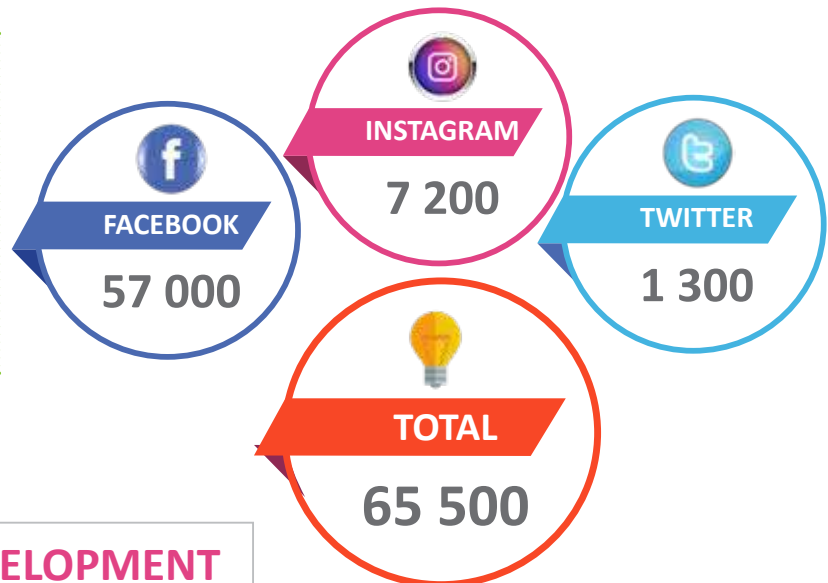
02

Social Media/Digital Marketing

Social Media/Digital Marketing includes:

- Recipe videos
- Heart Health Awareness videos
- Fun Facts
- Recipes

Followers on Social Media:



STRATEGIC MARKET DEVELOPMENT

Rebirth of NFPM

Established to improve the service standards and operations of National Fresh produce Markets.

Potato Standards

To ensure relevance, enable adherence to the APS Act and improve the sale of potatoes locally & outside RSA

- *NEW regulations were published on 1st March 2019*
- *Work on export regulations to commence ASAP*

Heart Mark Endorsement

To tap into untapped markets and to expand market share (e.g. people living with heart conditions)



Trade Remedies (safeguard, anti-dumping, countervailing):

To protect the local industry from harm due to frozen French fries imports:

- Safeguard measure lapsed in July 2016
- Anti-Dumping duty currently in place until 2021
- Sunset review application, pertaining to anti-dumping, submitted in February 2019

Foreign Market Development:

Identifying new markets for the export of potatoes outside RSA:

- South African Vegetable Industry Value Chain Round Table
- Desktop studies: South African Value Chain Analysis, Alternative Markets Study, Egypt Market Attractiveness Study

Harmonisation of Regulations:

- Definitions in local and export standard
- Size groups
- Washed vs unwashed potatoes
- Weight loss



Strategic Marketing Opportunities:

- Market segmentation and targeting
- Product positioning
- Focused and integrated marketing approach
- Maximize return on investment

Strategic Marketing Challenges:

- Working with the entire population
- Product perceptions and attitudes
- Wide project scope
- Resource allocation and prioritisation

Marketing Committee 2018/19

Name	Representing
Rudi Heinlein	Chairperson, Limpopo
Jannie Basson	Sandveld, Eastern Cape, Ceres, Southern Cape, South Western Cape
Nicolaas Lourens	KwaZulu-Natal, Eastern Free State, North Eastern Cape
Johan Holtzhausen	Mpumulanga, Gauteng, Loskopvallei
Werner du Plessis	North Western Cape, Northern Cape, Western Free State, South Western Free State
Gerhard Posthumus	Chairperson: National Seed Potato Growers
Deon van Zyl	Institute of Market Agents South Africa (IMASA), Potato Industry Development Trust (PIDT)
Tutti Rudman	South African National Consumer Union (SANCU)
Mathilda van der Walt	National Agricultural Marketing Council (NAMC)
Elvis Nakana	Department of Agriculture, Forestry and Fisheries (DAFF)
VACANT	SA Informal Traders Association (SAITA)
André Young	SA Union of Food Markets (SAUFM)
VACANT	Consumer Goods Council of South Africa (CGCSA)
Rudolf Badenhorst	Processors' Forum
Dr André Jooste	CEO: (PSA)
Immaculate Zinde	Manager: Marketing and Genetic Product Promotion (PSA)
Elsabé Els	Company Secretary (PSA)



COMMUNICATION

How well we communicate is determined not by how well we say things but by how well we are understood. This statement by Andrew Grove is testament of the importance of the role of the Communication Department of PSA to facilitate knowledge transfer between the organisation and role players in the potato industry. Communication platforms include the website (www.potatoes.co.za) which was upgraded to be smart phone friendly and now includes a document library as well as regional information. The flagship publication of the potato industry, CHIPS magazine, is still 100% funded through advertisements. The electronic monthly newsletter has a broad-based readership both nationally and internationally. Through the media monitoring project it was established that during the 2018/2019 financial year the potato industry received R18 074 826.00 worth in Advertising Value Equivalent (free exposure) in the media. The self help portal and mobile app that offers the benefit of managing your own profile and your own potato information preferences was launched.

COMMUNICATION PROJECTS

01 CHIPS

The only magazine for the potato industry

- 6 editions
- 100% funded through advertising
- Free subscription
- Electronically available on website www.potatoes.co.za



02 Newsletter

- Monthly potato industry related information, etc.
- Upgraded publishing platform
- Data reports on users
- International and national readership



03 Potatoes SA Annual Report



04 Newsflash

- Ad hoc newsflashes on changes in legislation, etc
- Industry wide audience



05 PSA Website

- Upgraded the website
- Smart phone friendly
- Features include:
 - Document Library
 - Regional Information



06 Self Help Portal and Mobile App

This portal offers you the benefit of managing your own profile and your own potato information preferences.

The same one-stop service that is available on the Self Help Portal can be accessed on the Mobile App.



07 Media Monitoring

Daily data reports on potato industry related publicity



08 WhatsApp

- Market Commentary in video on your phone
- Weekly market commentary graphs
- Monthly market related information



CONTACT US



Chief Executive Officer

Dr André Jooste
andrej@potatoes.co.za
083 307 3703

Chief Operating Officer

Bernice Manana
bernice@potatoes.co.za
071 131 4930



Chief Financial Officer

Hein Oberholzer
hein@potatoes.co.za
082 388 0526

Manager: Research and Development

Dr Fienie Niederwieser
fienie@potatoes.co.za
083 634 4848



Manager: Industry Information

Pieter van Zyl
pieter@potatoes.co.za
082 316 7750

Manager: Transformation

Nomvula Xaba
nomvula@potatoes.co.za
082 448 8095



Manager: Marketing

Immaculate Zinde
immaculate@potatoes.co.za
082 314 4582

Manager: Communication

Hanrie Greebe
hanrie@potatoes.co.za
076 116 7206







CONTACT US ...



Tel: +27 (0) 12 349 1906

Fax: +27 (0) 12 349 2647



E-mail: info@potatoes.co.za

Web: www.potatoes.co.za



Potato House | 6 De Havilland Crescent | Persequor

Technopark | Persequor Park | Pretoria | 0020

Private Bag X 135 | Pretoria | 0001

