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POTATOES SOUTH AFRICA



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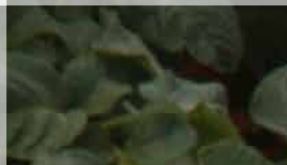
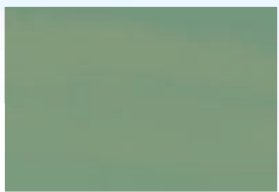
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IDENTITY, VISION, MISSION AND VALUES

IDENTITY

The identity of Potatoes South Africa (PSA) is symbolised by the following:

- The authority of the potato industry which, in particular, refers to the annual turnover of the industry, measured against the total agricultural turnover and which makes it a prominent role-player in agriculture and in the food value chain. In addition, potatoes constitute the biggest fresh vegetable crop in South Africa and represent approximately 50% of the turnover of fresh produce markets.
- The solid character of potato producers, which is characteristic of high-risk takers who, at the same time, can cope with setbacks, remain optimistic and, most important of all, who are entrepreneurs, focussed on innovation and have solid values.
- The essence of the organisation is based on excellence in service delivery to all potato producers, as set out in its mission statement, as well as to all other role-players in the industry. The organisation aims to protect and promote the interests of potato producers in particular and the potato industry as a whole.
- The face of the organisation is representative of young, dynamic leadership, backed by passionate enthusiasm and the pursuance of stronger cohesion, as well as the ability to visualise the bigger agricultural picture and react to it with a clear vision, strong opinions, solid values, as well as the ability to establish a united front, representative of all role-players. The organisation's youthful character and approach create room for innovative thinking and proactive action – to the benefit of the potato industry as a whole. In addition, the organisation symbolises transparency, stability and sincerity in all its activities.

VISION, MISSION AND VALUES

In 2013, Congress adapted the Vision, Mission and Values of PSA, in order to endorse the identity of the organisation.

Vision

Together towards excellence in the potato industry.

Mission

To provide strategic support services to a dynamic industry, thereby enhancing the sustainability of potato producers in South Africa in the following way:

- Providing the industry with industry-strategic knowledge and management support.
 - Industry strategic research.
 - Industry strategic information (market information, production information, macro-economic information).
 - Knowledge transfer.
- To provide support services with regard to South Africa's potato consumption.
 - Market development support services.
 - Product promotion support services (e.g. consumer education, awareness creation, information sharing).
- To provide producer development support services.
 - Competency development (knowledge, skills, bursaries).
 - Technical support (best practice, advice, cultivar trials, as well as seed).
 - Industry structure maintenance support.



- To establish internal business excellence within PSA.
 - Business management and leadership via the following:
 - Business planning.
 - Corporate governance.
 - Organisational cultural development.
 - Business performance management.
 - Relationship management/Communication between role-players.
 - Resource management.
 - Human resources management.
 - Financial management.
 - Secretariat.

Core Business Values

PSA pursues excellence in the following ways:

- Being proactive in taking initiative; being innovative, creative, solution-driven and adaptable, as well as by taking charge and ownership, pursue continuous learning and by being development-oriented.
- Demonstrating integrity by being accountable, transparent, honest, ethical, trustworthy and loyal.
- Being objective by acting rationally, analytically, neutrally, impartially and factually, as well as paying attention to detail.
- Providing service excellence by being responsive, willing, taking timeous action, being punctual, productive, accountable, efficient, professional, respectable, disciplined and by following organised business practices, as well as being accessible, diligent, motivated, committed, hardworking, passionate and enthusiastic.
- Engaging in partnerships via collaboration, participation, involvement and team work.



CHAIRPERSON'S REPORT


The period under review, namely 2013/2014, was not only characterised by unique challenges – but also by unsurpassed opportunities. Certain aspects stood out as having had a major effect on the overall agricultural milieu as a whole, namely the changing labour environment; the increased benefits of mechanisation for larger producers in particular; greater protection in respect of imported potato products; and a growing demand for potatoes, accompanied by a subsequent real price increase and a continuous growth in real input costs.

This changing milieu compelled the role-players in the industry to make the necessary adjustments within their specific business context, in order to ensure profitability and focus attention on social and environmental issues.

With regard to our product, potatoes remain firmly at the forefront as the most prominent fresh vegetable currently being cultivated and consumed in South Africa. According to the available figures, potatoes contribute R4.06 billion (3%) to the gross value of agriculture in general, currently standing at R128.21 billion. However, in terms of the subsector in which potatoes primarily compete, namely fresh produce, potatoes' share stands at 53% of the total value of R7.63 billion.

Potatoes' strong position in the fresh produce market can be directly attributed to the product's ability to play a positive role in terms of food security. The consistent availability of fresh potatoes, in addition to their high nutritional value and affordability, ensures that potatoes constitute a valuable resource in terms of preventing a food crisis – not to mention the associated business opportunities on offer, especially in the informal sector.

“I found it essential to give prominent recognition to the success of the Potatoes South Africa Congress 2013, which took place on 11 and 12 September. This was a congress with a difference – with a programme that allowed ample time for panel discussions and, as such, ensured optimal participation by congress delegates.”



With regard to Potatoes South Africa (PSA) as an industry organisation, the period under review will go down in history as the year in which the foundations were laid for the dynamic organisational change process under the leadership of the organisation's Chief Executive Officer, Dr André Jooste.

There is an overarching strategic plan in place, which is already producing excellent results, with the emphasis on the outputs of the various core businesses. As such, I must point out the new logo, depicting the renewed dynamics, which represent PSA as an organisation dedicated to excellent service delivery.

I found it essential to give prominent recognition to the success of the Potatoes South Africa Congress 2013, which took place on 11 and 12 September. This was a congress with a difference – with a programme that allowed ample time for panel discussions and, as such, ensured optimal participation by congress delegates.

In addition, by employing the latest technology, it was possible to do a visual presentation of the combined Chairperson's and CEO's Report, as well as the core business reports, thus providing delegates with a much greater insight into how potato producers in particular, and the potato industry as a whole, have benefited from the spending of statutory funds.

Among the highlights of the year were the Potato Research and the Transformation Symposiums, both of which have grown tremendously in terms of attendance figures, which testifies to the fact that both events hold definite value for the potato industry.

In last year's report, I referred to the implementation of Project Rebirth, aimed at achieving a turnaround in fresh produce markets, which are responsible for the marketing of approximately 50% of the annual potato crop. Of equal importance is the fact that approximately 60% of all potatoes sold at these markets are purchased by informal traders. I take pleasure in reporting that some excellent progress was made during the period under review, which could be ascribed to the direct involvement and participation of, inter alia, relevant government departments, IMASA, SAUFM, APAC, as well as various producer organisations.

With regard to potato production, 49 942 hectares of potatoes were planted in 2013, yielding a harvest of 217

382 945 bags of 10 kg each. This is considerably less than the 2012 record harvest of 224 613 602 bags of 10 kg each. The smaller harvest was one of the main reasons for the increase in the average price of potatoes. In 2013, the average price stood at R33.91 per 10 kg (all markets and all classes), compared to R26.64 per 10 kg (all markets and all classes) in 2012. According to the crop surveys received up to and including the end of the period under review, an increase can be expected in the number of hectares planted in 2014, which will undoubtedly put pressure on prices.

Since the administrative functions of PSA, as well as the activities of the core business units, are discussed in detail in the reports of the CEO and the core business units, I will say only that, by and large, we managed to achieve all the goals that had been set for the year. We owe our success to the hard work of a dedicated team of staff members and the excellent cooperation we have come to expect from other role-players in the industry who, like ourselves, are passionate about protecting the interests and sustainability of the potato industry.

I am proud to report that unqualified audit reports were once again received in respect of both PSA (a non-profit company) and PSA (organisation), indicating that all financial reporting conforms to the specified standards and that the financial management system is effective. Dr Jooste's report will elaborate further on the relevant financial and administrative issues. It deserves mention, however, that the Potato Industry Development Trust saw fit to retain PSA as the preferred administrative body responsible for the management and expenditure of statutory funds, as well as the implementation of the relevant statutory measures.

In conclusion, I would like to thank all potato producers for their continued support of PSA as their representative body and their mouthpiece in the industry. I would also like to express my sincerest gratitude towards the Board of Directors and staff members of PSA, who constitute a most formidable team.

Ernst Yzel
Chairperson

CHIEF EXECUTIVE OFFICER'S REPORT

1 November 2013 marked one year since I joined Potatoes South Africa (PSA) and the exciting challenges and steep learning curves I experienced during this time also characterised the remainder of the period under review.

The dynamic nature of the potato industry and the people constituting the value chain, do not allow for complacency and the organisation is therefore in constant pursuit of practical solutions to problems in view of ultimately ensuring sustainability. PSA is in the fortunate position of being able to rely on an excellent team of people at directorship level, as well as within regional management and administration – all of whom understand and support the principle of cooperation or, to put it differently, “We are a TEAM – Together Everybody Achieves More”.

The overhead strategic plan, approved by the Board of Directors during the previous period under review and adopted at the Potatoes South Africa Congress of 2013, was implemented with great success during 2013 and continues to bear fruit, with the core businesses having developed or revising their own strategic plans accordingly. This plan is not set in stone and we are constantly monitoring developments in the potato industry, in the agricultural sector and in the country as a whole, in order to adapt the plan in ways that will keep PSA at the forefront of change.

“PSA is in the fortunate position of being able to rely on an excellent team of people at directorship level, as well as within regional management and administration – all of whom understand and support the principle of cooperation or, to put it differently, We are a TEAM – Together Everybody Achieves More”



HIGHLIGHTS DURING THE PERIOD UNDER REVIEW

The period under review was successful, thanks to our team's dedication to doing the right thing, on time, within the parameters of the approved strategic plan. Since the highlights of the period under review are discussed in detail in the reports of the core business units, I will only mention some of them.

- Although already mentioned in the report, I would once again like to point out the successful implementation of PSA's strategic plan. At the same time, I must mention the launching of the PSA logo and the revision of the organisation's performance evaluation system, with the latter now serving as a true yardstick to ensure that excellent performance is duly rewarded.
- The marketing strategy, with the focus on the Potato Nation advertising campaign, primarily aimed at our primary target market, namely the LSM 4-7 consumer group. According to market research, the potato was successfully established as the heart of every truly South African meal – a fact that is also reflected in the increased consumption of potatoes.
- The Potatoes South Africa Congress of 2013, with its innovative new presentation format which, according to the delegates, facilitated participation and added real value to their business enterprises. However, the congress was not the only successful platform presented during the period under review. The Potato Research and Transformation symposiums of 2013 once again proved to be valuable and crucial platforms for networking and information-sharing for all role-players in the potato industry.
- In the field of research and development, a project on conservation cultivation practices was launched with great success in the Sandveld. Project proposals were received for an investigation during the new financial year into the rotation programmes in the Eastern Free State and the effect of crop

residues on soil and yield in the South Western Free State. Another project that deserves mention is the study on resource efficiency and the risks associated with potato production.

- The successful effort to increase the number of black potato producers operating on a small-scale commercial basis. The process received an additional boost with the changes in the approach to the establishment of these producers. A more comprehensive approach is now being taken in identifying and empowering potential black potato producers – for instance by means of initiating sustainability studies and business plans.

COMMUNICATION

In light of the value of communication in keeping all role-players informed, the draft Strategic Communication Action Plan was developed during the period under review, with the aim of formulating a strategy and activity framework for organisational communication within PSA over the next couple of years.

One of the action plan's focal areas is that the PSA brand must be promoted at all times during every communication process to position PSA as the mouthpiece of the potato producer. It is therefore essential for the dynamic identity of PSA, as a leader within the framework of the South African agricultural industry, to be strategically reinforced. As with the mission, vision and values, the PSA logo also needed to be transformed, in order to remain relevant as the primary reflection of PSA's identity as a dynamic organisation.

The consolidated logo, as approved by the PSA Board of Directors, is a more practical combination of the Afrikaans and English versions of the former logo, and with a slight addition of colour to the emblem. The option of either light golden brown or dark brown text allows leeway in the use of the logo against backgrounds of different colours.



The three variations of the logo look are shown above.

The PSA website – www.potatoes.co.za – was updated, thus optimising the accessibility and user value of the site. The website continues to allow access to timely and accurate information on daily price movements, as well as providing a wealth of other information of interest to role-players in the potato industry. The core business units were also empowered to upload their own core business information onto the website. The advantage of this is that publication processes are less time-consuming and users of the website have much quicker access to new information.

Regional services remain a priority for PSA, with the emphasis on the importance of the regional offices as a two-way communication link between PSA and potato producers. As such, the period under review saw much work being done to align activities between regional services and core business managers more closely, in an effort to ensure more effective communication and interaction with producers and other role-players.

STAFF

As with any company, the success of PSA depends on highly qualified staff members who have the best interests of the organisation and the industry at heart.

The period under review brought about significant changes in respect of the composition of the PSA personnel corps, especially in terms of the management component. In the Division: Market Development and Product Promotion, Mr Rudolf Badenhorst was appointed as Marketing Manager, while Ms Immaculate Zinde was promoted to Manager: Product Promotion. With regard to the Communication Division, Ms Harrie Greebe was appointed as Manager: Communication. And finally, two new regional managers were appointed, namely Messrs Jaco Botes (Gauteng and Mpumalanga) and Mr Dániel Möller (KwaZulu-Natal and the Eastern Cape).

During the past financial year (2013/2014), other staff movements also took place:

- Ms Mari Munnick assumed duty as Financial Clerk in PSA's Finance Division on 12 August 2013, filling a vacancy left due to a resignation during the previous financial year.
- Mr Albert Bonechans was promoted to the position of Regional Manager, with effect from 1 September 2013.
- Mr Geyer was appointed on a contract basis as editor of the industry magazine, CHIPS, for the period 1 October 2013 to 30 September 2014.
- Ms Marlien Katze resigned as Regional Secretary and the duties of this position were subsequently incorporated into those of the Administrative Officer: Information.
- Ms Francia Wait, the former Administrative Officer: Information, applied for the vacant position of

Debtors Clerk and was transferred in January 2014. This followed the resignation of Ms Monique van der Merwe on 6 December 2013.

- The position of Administrative Officer: Information, left vacant due to the internal transfer, was filled by Ms Laryssa van der Merwe on 15 March 2013.
- In December 2013, Mr Louis Pretorius was transferred to the vacant position of Transformation Coordinator.

During the period under review, PSA's Reward and Recognition Programme was revised in an effort to remain relevant in terms of the latest trends. The category, Regional Manager of the Year, was retained and the award was presented to Mr Louis Pretorius. In the spirit of a newly integrated culture of cooperation with a view to achieve the organisational goals, the award for Team-builder of the Year went to Ms Nicolette Basson. Dr Fienie Niederwieser won the award for Ambassador of PSA, for the diplomatic and professional manner in which she promotes the interests of the potato industry.

FINANCES

PSA's income for the 2013/2014 financial year comprised statutory funds, provided by the Potato Industry Development Trust, as well as income from own reserves.

Statutory income

During the financial year under review, PSA collected R36 292 710 in statutory levies (compared to the previous year's R33 614 890) on behalf of the Potato Industry Development Trust, as well as R313 212 in interest on investments (compared to the previous year's R139 794). The agreement signed with packaging manufacturers regarding the collection of the statutory levies on potatoes remained in effect during the 2013/2014 financial year, which served to greatly simplify and streamline the overall process. This agreement allowed PSA to collect approximately 98% of all levies charged to packaging manufacturers.

With regard to the remaining levies, these were collected as follows, by means of direct invoicing:

- Levies on certified seed potatoes, payable by seed potato growers.
- Levies on bulk purchases, payable by processors and traders.
- Levies on imported processed potato products, payable by importers.

With these systems in place, it proved possible to collect almost 100% of the levies payable on potatoes and potato products. Uncollected levies can mainly be ascribed to bankruptcy of individuals.

The 2013/2014 budget, as approved by the Potato Industry Development Trust, amounted to R36 822 390, of which an amount of R35 639 982 was appropriated. This under-spending of R1 182 408 was primarily due to savings on travel and accommodation costs, general expenses (cellphone and telephone costs) and capacity development. Under-spending on projects amounted to merely 1.84%. Actual expenditure, measured as a percentage of the approved budget, was 3.2% (compared to the previous year's 9.7%). In terms of unappropriated funds, an amount of R1 057 117 was added to the Trust's carry over capital account.

For the reporting period the Potato Industry Development Trust's carry over capital account was R11 804 494 (compared to the previous year's R10 747 379), which will be transferred to the 2014/2015 financial year, where the constructive appropriation of these funds forms part of the approved budget for the 2014/2015 financial year, as a means of increasing the funding available for project purposes.

Statutory spending for the period under review was in compliance with the approved guidelines, as set out in the table on the following page.

Income from own reserves

During the period under review, PSA supplemented the organisation's own funds primarily via a return on investments, as well as the rental income from property and capital assets. Interest of R450 341, earned on investments and loans (compared to the previous year's R409 156) comprises the majority share of this amount. Rental income of R443 990 (compared to the

CATEGORY	AMOUNT (R)	PERCENTAGE (%)
Research and Development	R9 396 714	26.37
Industry Information	R1 841 345	5.17
Market Development and Product Promotion	R9 509 854	26.68
Transformation	R7 101 130	19.92
Industry Services	R5 023 724	14.01
Administration	R2 767 215	7.76

previous year's R442 561) was generated via the renting of property (Dendron building complex) and capital equipment to PSA (a non-profit company).

General expenditure comprised administrative costs, maintenance and security costs at the Dendron building complex, as well as devaluation.

Additional funds received included those generated via the Potato Research Symposium (R225 000) and the Potatoes South Africa Congress of 2013 (R972 425). Additional projects, as mentioned above, were financed by means of the current financial year's additional income, together with reserves transferred, totalling R181 596.

Total funds and reserves amounted to R10 399 507. Properties and moveable assets, based on book value, amounted to R867 770, with investments and loans totalling R7 737 649.

I am proud to state that PSA remains in a healthy financial position overall. Unqualified audit reports were received from KPMG in respect of PSA (a non-profit company) and the Potato Industry Development Trust, as well as from Fourie & Botha, in respect of PSA (organisation). The comments contained in the reports from both auditing firms were administrative in nature and the necessary amendments have already been effected.

The Potato Industry Development Trust retained PSA as the administrative body responsible for collecting and managing the related statutory levies as approved by the Minister of Agriculture, Forestry and Fisheries for the period 2011 to 2015. As part of this management

function, PSA is responsible for the implementation of the core business projects accepted by the Board of Directors and approved by the Trust. In terms of administrative service fees, PSA appropriated 7.76% of the levy fee, which is significantly less than the 10% approved by the Minister.

SECRETARIAL SERVICES

PSA has a comprehensive, industry-focused committee/forum system in place, primarily to ensure that the inputs and interests of the industry are reflected in the decision-making process. Meetings took place during the period under review as detailed in the opposite table.

CONCLUSION

I would like to take this opportunity to thank all potato producers, the PSA Board of Directors, all committee and forum members, the trustees of the Potato Industry Development Trust and the industry role-players, all of whom contributed to our success during 2013/2014.

A special word of thanks goes to Mr Ernst Yzel, Chairperson of PSA, on whom I could rely at all times for advice and the necessary support.

Dr André Jooste
Chief Executive Officer

MEETINGS	ATTENDANCE
Boards	
Potatoes South Africa Board of Directors / National Council	3
Potato House	2
Potatoes South Africa committees	
Management Committee	2
Marketing Committee	3
Information Committee	1
Research Committee	3
Transformation Committee	2
PSA Audit Committee	3
Human Resources Committee	3
Potato Industry Development Trust and committees	
Trust	3
Risk and Audit Committee	4
Technical Research Advisory Committee	4
Bursary Committee	2
Forums	
Potato Industry Forum	1
Seed Potato Traders' Forum	1
Potatoes South Africa Symposiums	
Research Symposium	1
Transformation Symposium	1
Other	
Potato Industry Forum Steering Committee	1
Induction Programme	
Bursary Student Induction Programme	1
Developing Farmer Induction Programme	1

STRUCTURE

Potatoes South Africa (PSA) is a non-profit company, 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.

All potato producers can be members of PSA. On 30 June 2014, 593 active producers were registered.

FINANCING

The activities of PSA are funded by a statutory levy on potatoes, held in the Potato Industry Development Trust. As the appointed Administrator, PSA collects the levy on behalf of the Trust and applies to the Trust for finance for its activities and administration. In accordance with the ministerial guidelines, the funds are appropriated as follows:

- Approximately 70% for the delivery of the core business functions (excluding transformation).
- Approximately 20% for the delivery of the transformation function.
- Not more than 10% for the delivery of the administrative function.

PSA also has own funds 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 PSA Board of Directors.

BOARD OF DIRECTORS

The PSA Board of Directors is representative of the potato producers in the 16 potato production regions, the seed potato growers and black enterprise development

potato producers. As at 30 June 2014, the Board of Directors was constituted as shown in the table on the following page.

In accordance with the company's Articles of Association, the Chairperson of the Audit Committee shall be a non-executive, non-aligned, suitably qualified person. During the period under review, Mr J H du Plessis from the chartered accountants firm, Geysers and Du Plessis, served as Chairperson of this committee.

The following changes in the composition of the Board took place during the period under review:

- Mr J P J (Jan) van Zyl replaced Mr J A (Joos) Engelbrecht as the representative of the Sandveld production region.
- Mr L (Lewellyn) De Kock replaced Mr D (Desond) Hyman as representative of the seed potato growers.

FORUMS AND COMMITTEES

PSA ensures representation across the potatoes supply chain via representation on industry-aligned forums and committees. This structure provides a platform for debate, discussion and decision-making, where all stakeholders can be heard. These forums and committees include the following:

Committees

- Management Committee
- Information Committee
- Research and Development Committee
- Marketing Committee
- Transformation Committee
- National Seed Potato Committee
- Processing Producers Committee
- Potato Industry Forum Steering Committee

DIRECTOR	POSITION	REPRESENTATION
G E (Ernst) Yzel	Chairperson	Independent / Non-aligned
B S (Bernhardt) du Toit	Vice Chairperson	Ceres
J A (Johan) van Zyl	Director	Eastern Free State
J vd (Spuy) Botes	Director	Northern Cape
L A (Leon) Cass	Director	Mpumalanga / Gauteng
J P J (Jan) van Zyl	Director	Sandveld
H P (Henk) Jacobs	Director	South Western Free State
C F (Chris) Potgieter	Director	Eastern Cape
M J (Mike) Green	Director	KwaZulu-Natal
D D (Danie) Kühn	Director	North West
G L (Garnet) Leonard	Director	Western Free State
L (Leon) Rix	Director	South Western Cape
J A F (Johan) van den Heever	Director	Loskop Valley / Processing producers
M J (Johan) van Greunen	Director	Southern Cape
G A (Gary) Vorster	Director	North Eastern Cape
R J (Rudi) Heinlein	Director	Limpopo
L (Lewellyn) de Kock	Director	Seed potato growers
N M M M (Nonie) Mokose Ms	Director	Enterprise development and small farmer producers
Vacant	Director	Chairperson: Audit Committee

Forums

- Potato Industry Forum
- Packaging Forum
- Processing Forum
- Seed Potato Traders Forum
- Exporters Forum

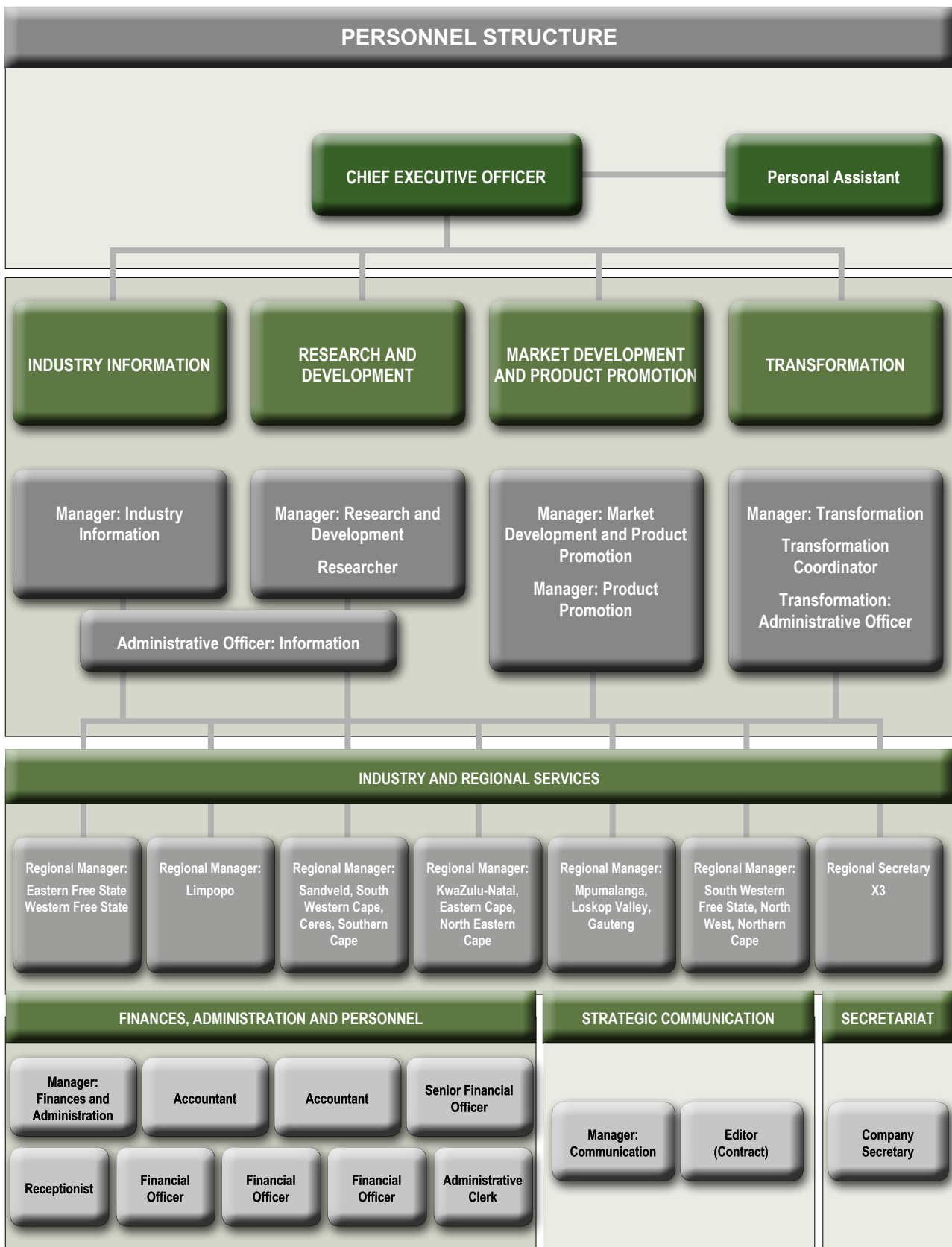
PSA renders the necessary administrative and secretarial services to all forums and committees, with the exception of the National Seed Potato Committee and the Seed Potato Growers Forum, as this service is rendered by the Potato Certification Service. The seed potato growers established the Seed Potato Growers Forum as a platform for debate, discussion and decision-making in respect of matters related to seed potato production.

ADMINISTRATION

During the period under review, PSA employed 30 staff members at its head office in Pretoria and its six regional offices and one sub-regional office to ensure optimum rendering of services to the industry. The services rendered are comprehensively reported on in the core business reports.

The staff is headed up by an Executive Management, comprising the Chief Executive Officer, the Company Secretary and the managers of the five core business departments and the support services departments.

PERSONNEL STRUCTURE





CORE BUSINESSES

Activities of Potatoes South Africa (PSA) are structured in five core businesses, namely:

INDUSTRY INFORMATION

Timely, accurate and relevant information is the key to the success of any business. This is also the case with regard to the farming business of the potato producer. PSA's Department: Industry Information, provides related market and production information, as well as business intelligence to policy-makers, potato producers and to all the other role-players in the potato value chain.

“ That which you cannot measure, cannot be managed.”

These include the following:

- Market information that is made available via SMS and e-mail.
- Farming cost information, such as production costs and trend analyses, which are presented during farmer information days and published in CHIPS magazine.
- Projects, such as resource utilisation, the identification of potato production risks and the effective use of energy in irrigation.

The Department: Industry Information, is also deeply involved in submissions to the Competition Commission, in order to ensure the provision of market information, as well as the submission on the negative impact that the implementation of VAT would have on basic agricultural inputs.

RESEARCH AND DEVELOPMENT

Worldwide, it is acknowledged that industries that invest in research and development pave the way to ensure competitiveness and sustainability for future generations. PSA's Department Research and Development manages 34 potato research projects, undertaken at national professional institutions. The department is also directly involved in the potato working groups' 18 cultivar evaluation trials, as well as other projects that are essential to the survival of a sustainable and competitive potato industry.

Areas that receive high priority are the following:

- Cultivar evaluation to increase yields
- Soil health, improvement and the protection of natural resources
- Seed quality
- Virus and aphid control
- Weed control
- Water usage and quality
- Cultivation / Agronomy
- Management of soil-borne diseases: Brown scurf, root knot nematode, powdery scurf and soft rot.

Results of the research projects, as well as the trial results of the working group activities are reported at annual research simposiums, published in CHIPS magazine and are also available on the PSA website, www.potatoes.co.za. Not only is this excellent reading material, but it is also of value to farming businesses.

MARKET DEVELOPMENT AND PRODUCT PROMOTION

In supporting the potato producer to make a successful living, it is essential that the approximately 2,18 million tons of locally produced potatoes find the path from the farm-gate to the fork of the consumer. This entails the consumer being convinced to buy potatoes instead of substitute products.



If the increase in the per capita consumption of potatoes in South Africa over the past ten years is taken into consideration, it is clear that the investment in market development and product promotion is bearing fruit. Successes achieved with the Potato Nation campaign are numerous. Activities of the Department: Market Development and Product Promotion are not limited to promotional activities. PSA is directly involved in Project Rebirth, a collective effort by stakeholders to improve fresh produce markets, as well as the establishment of paper specifications for bag manufacturers.

PSA's marketing campaign is also focused on the informal traders who purchase approximately 60% of their produce on fresh produce markets and the LSM 3 - 7 consumer group that they service. These consumers represent more than 50% of the adult population and 40% of all income in South Africa. To a great extent, informal trade provides a service to consumers who mainly live in townships.

The consumer website, <http://potatonation.co.za>, offers comprehensive and informative insights into this core business.

TRANSFORMATION

Transformation remains a challenge. Potato producers make a direct contribution to the progress that has already been made to put black producers in the potato industry on the road to obtain commercial potato producer status. Other industry role-players who took cognisance of the transformation successes, are increasingly becoming more involved with the activities of PSA.

Transformation in the potato industry goes much further than just black producers and communities that plant potatoes. The tertiary skills pipeline makes provision for bursaries to be awarded to students for obtaining agricultural-related qualifications that focus on potato production. Up to the 2014 academic year, 60 bursaries have been awarded to students for graduate and postgraduate studies. The value that this adds to the expansion of the industry's pool of knowledge cannot be

over-stated. Furthermore, farm-based training is also on offer and includes aspects such as tractor maintenance, forklift training, pack-house training and first aid to equip farm labourers to do their work.



INDUSTRY SERVICES

It is essential that potato producers liaise with each other and also have access to a channel through which they can voice their opinions, concerns, etc. – not only on regional level, but also on national level. The six regional offices and the staff members who manage them constitute this channel, which is geared to take cognisance of the unique interests of producers at regional level and to ensure that these interests receive the necessary attention.

INDUSTRY INFORMATION

All that we know about the future is that it is shrouded in uncertainty. A few years ago it was easy to make predictions about the future, but today there are simply too many variables that could have a negative influence on predictions. The greater the uncertainty, the greater the need for information becomes.

The ultimate goal propelling Potatoes South Africa's daily activities is the profitability of the potato industry. We are of the opinion that a competitive free market, which functions effectively, is the best way to convert limited resources into products that the consumer wants to purchase. One of the requirements for the proper functioning of a competitive free market is that industry role-players should have access to uniform and comprehensive information. With this in mind, Potatoes South Africa's industry information service contributes to the support of a competitive free market in the interest of the potato producer in particular and the potato industry as a whole.

To answer to the information needs of the industry, Potatoes South Africa delivers a comprehensive professional information service that is reliable, relevant and timely. The service allows role-players to make strategic business decisions on a daily basis – especially during the production and marketing seasons of potatoes.

The benefit of this information for producers:

- Individual commercial producers are in a position to take market-related decisions when planning production and marketing. It also allows similar

coordinated action to be taken within a specific production area, as well as on a national basis.

- Processors, market agents, market management, pre-packers, supermarkets, hawkers and retailers have daily access to information on the supply of, and the demand for potatoes, as well as prices and quality.
- End-users have a transparent view of the supply of, and demand for potatoes, as well as potato prices and quality on a daily basis.
- Emerging farmers are in a position to benchmark their own potato prices. They can also compare input costs to their potato production volumes and selling prices and thereby be in a position to decide whether potato production is a viable proposition.

The strategic nature and intent of Industry Information Services is determined by the Information Committee whose members are listed in the table below. The table on the following page provides an overview of the different projects of Industry Information Services.

MARKET TRENDS

During the 2013 crop year, 49 942 hectares of potatoes were planted – about 4 300 hectares less than the previous year's plantings. The decrease in hectares led to 2013 yielding a crop of about 217 million 10kg bags, which was nearly eight million 10kg bags less than had been the case in 2012.

NAME	POSITION	REPRESENTATION
Johan van Zyl	Chairperson	Eastern Free State
Human du Preez	Member	Limpopo
André Meiring (Dr)	Member	(Co-opted)
Jan van Zyl	Member	Sandveld
Danie Steyn	Member	KwaZulu-Natal
Gerrit Posthumus	Member	Western Free State

PROJECTS	COMPONENTS
Market Information	<ul style="list-style-type: none"> • Market information is supplied on a daily basis, providing morning and afternoon statistics, as well as weekly, monthly, seasonal and annual information. • Regular harvest reports (production information) are also made available. • Monthly market commentary.
Production Costs	<ul style="list-style-type: none"> • Annual updating of costs is provided for the major potato production regions. • Annual updating of packaging and marketing costs. • Annual updating of the price/yield model for the Eastern Free State. • Trend analyses on production costs are provided in presentation format. Transport costs and accompanying issues are provided in published articles. • Transport cost models for benchmarking.
Agri Benchmark	<ul style="list-style-type: none"> • Annual updating of typical potato farming statistics in four major regions, namely the Eastern Free State, KwaZulu-Natal, Limpopo and the Sandveld. • Comparison: Typical South African farms versus rest of world. • Testing of different scenarios on typical local farms. • Participation in the Agri Benchmark Congress.
Potato Industry Model	<ul style="list-style-type: none"> • Quarterly updating of the Potato Industry Model and testing the impact of "What if scenarios" on the industry.
Building Up and Maintaining a Potato Production Database	<ul style="list-style-type: none"> • All relevant information needs to be collected, processed and disseminated in an orderly fashion. Relevant information is added to the database.
Resource Use Efficiency	<ul style="list-style-type: none"> • Provide inputs into the "Resource Use Efficiency Project" of the Research and Development Department. • Quantifying and analysing of risks involved in potato farming – especially in dry land conditions. • Efficient use of energy in irrigation farming. • Analyse labour and machinery in the potato production process.
Ad Hoc	<ul style="list-style-type: none"> • Competition Commission • Labour Survey

Take note of the major increase in crop size over the past ten years, whereas the number of hectares planted moved sideways. This phenomenon could, inter alia, be ascribed to the introduction of higher yielding cultivars and improved production practices.

In respect of the 2013 crop year, the Eastern Free State production region planted the most hectares (9 989),

which represented 20% of the total hectares planted (see Table 1). The bulk of the plantings were under dry land conditions. Limpopo's 9 619 hectares were the second highest, followed by the Western Free State and the Sandveld. Limpopo realised the biggest crop of close to 45,7 million bags – that is 21% of the national crop. The four major production regions planted 66% of the total hectares and realised 65% of the national potato crop.

Table 1: Potato production in 16 regions - 2013 crop year

	REGION	HECTARES	% OF HECTARES	TOTAL HARVEST IN 10 KG BAGS	% OF HARVEST	AVERAGE YIELD IN TON/HA
1	Eastern Free State*	9 989	20%	33 106 489	15%	33.1
2	Limpopo	9 619	19%	45 721 646	21%	47.5
3	Western Free State	6 776	14%	33 821 401	16%	49.9
4	Sandveld	6 409	13%	28 187 300	13%	44.0
5	KwaZulu-Natal	4 204	8%	18 319 000	8%	43.6
6	Mpumalanga	2 333	5%	10 291 800	5%	44.1
7	North West	1 917	4%	10 538 414	5%	55.0
8	North Eastern Cape	1 590	3%	7 190 009	3%	45.2
9	Northern Cape	1 524	3%	6 099 487	3%	40.0
10	Eastern Cape	1 354	3%	5 385 070	2%	39.8
11	Loskop Valley	1 113	2%	4 787 300	2%	43.0
12	Ceres	1 046	2%	4 483 237	2%	42.9
13	South Western Free State	970	2%	5 088 435	2%	52.5
14	Gauteng	835	2%	3 161 609	1%	37.9
15	Southern Cape	206	0.4%	960 548	0.4%	46.6
16	South Western Cape	57	0.1%	241 200	0.1%	42.3
	* Dry land cultivation occurs	49 942		217 382 945		43.5

Table 1 also indicates the average yields in the different regions. The average yields in the majority of regions fluctuated between 40 and 45 tonnes per hectare. Dry land cultivation primarily took place in the Eastern Free State and, to a lesser extent, in the Western Free State, which naturally had an effect on the average yields of these regions.

In respect of the 2013 crop year, the number of commercial producers (farming units) dropped to 593. This constitutes 42 producers less than in the previous year, when more hectares of potatoes had been planted. Twenty years ago there were just more than 2 000 potato producers.

According to Figure 1, it is clear that approximately 56% of all the potato producers plant fewer than 51 hectares of potatoes. These producers combined plant about 21% of all hectares. On the other hand, 8% of all producers each plant more than 200 hectares of potatoes. The latter group combined plants about a third of all hectares.

During the period under review, the Mondial cultivar retained its position as the number one cultivar. Based on deliveries to markets, Mondial represents about 60% of all deliveries, followed by Sifra with approximately 11% and BP1 with approximately 8%. Of all the hectares planted, Mondial represents 48%, Sifra 8% and Fianna 7%.

During the previous three years, the real market price for potatoes (after provision had been made for inflation) dropped. For a number of years a constant upward trend had been experienced. The significant larger crops exerted downward pressure on real prices. The real market price for 2013 was more than R5 per bag higher than for the previous year. This means a sharp increase in the real price, following a drop in the previous three consecutive years.

Figure 2 shows the distribution of the crop for the 2013 crop year.

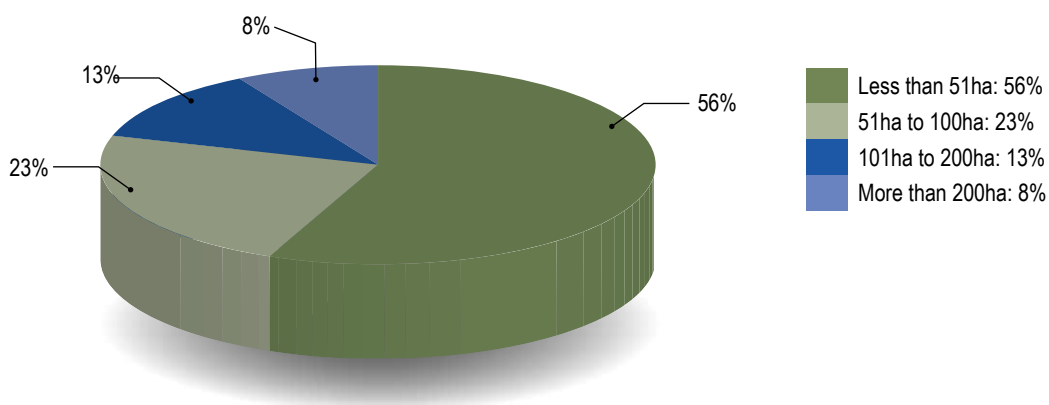


Figure 1: Percentage of producers versus size of planting in hectares (2013)

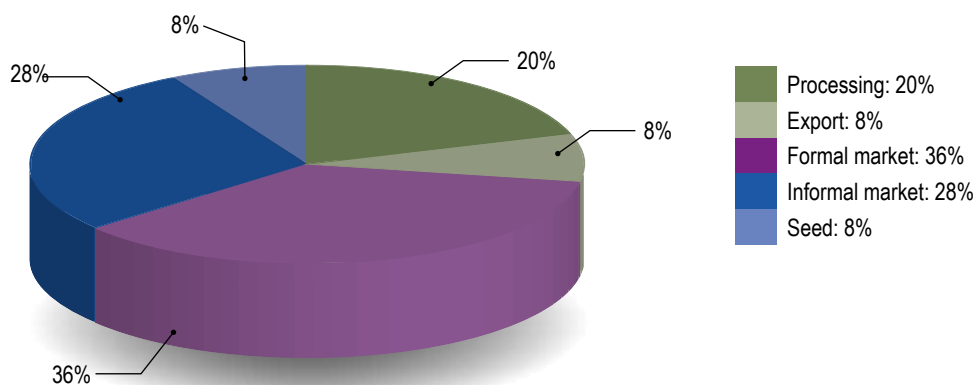


Figure 2: Distribution of total potato crop - 2013 crop year

RESEARCH AND DEVELOPMENT

RESEARCH STRATEGY

The potato industry's research-related needs are met on two levels, namely via projects of national interest that are executed by research partners; and via regional research carried out by working groups under the supervision of the Potatoes South Africa (PSA) research team. The Research Committee is responsible for the identification and prioritisation of research needs, as well as for the recommendation of the budget for approval by the Board of Directors and the Potato Industry Development Trust (PIDT).

The potato industry research strategy was subject to revision during the period under review. This involved the prioritisation of research focal areas, the subsequent

identification of specific projects in consultation with representatives of the respective production regions, as well as with specialists within the industry and in different research institutions. The following focal areas enjoyed priority:

- Cultivar evaluation as a means of achieving a higher yield
- Soil health and soil improvement, as well as the conservation of natural resources
- Seed quality
- Virus and aphid control
- Management of volunteer potatoes
- Water use and quality

The Research Committee

NAME	POSITION	REPRESENTATION
JAF van den Heever	Chairperson	Loskop Valley and Processing Committee
GF Bester	Vice-Chairperson	Eastern Free State
GG Hill	Member	KwaZulu-Natal and North-Eastern Cape
A de Villiers	Member	Sandveld and Ceres
G Gadda	Member	Limpopo
A Coetzee	Member	Western and South-Western Free State and Northern Cape
L Rix	Member	South-Western Cape, Southern Cape and Eastern Cape
PGJ Posthumus	Member	Seed Potato Growers
Vacant	Member	Emerging Farmer Support Programme

PIDT: Technical Potato Research Advisory Committee

NAME	POSITION	REPRESENTATION
JAF van den Heever	Chairperson	Research Committee
Dr FI du Plooy	Member	PIDT: Trustee and Cultivar Development Specialist
Dr FDN Denner	Member	Plant Disease Specialist
Dr R Jones	Member	Nematology Specialist
JJ de V Bosman	Member	Agronomy Specialist

- Cultivation/Agronomy
- Management of soil-borne diseases, such as common scab, root knot nematode, powdery scab and soft rot.

In January 2014, researchers were invited to submit project proposals for specific projects and 14 new projects were recommended for funding by the Research Committee (see table below). Where possible, post-harvest rot and tuber quality will be monitored in support of the potato quality improvement initiative.

PSA's Research Division is guided by the Research Committee in terms of the prioritisation and possible impact of projects based within the industry. The research management process and technical quality are managed, in turn, by the PIDT's Technical Research Committee.

Research budget

Budget allocations are depicted in the figure below. There was a relatively equal distribution of funds during the period under review, with the largest proportion being allocated to the validation of PCR technology, soil-borne diseases, aphid monitoring, cultivation practices, as well as cultivar evaluation and maintenance.

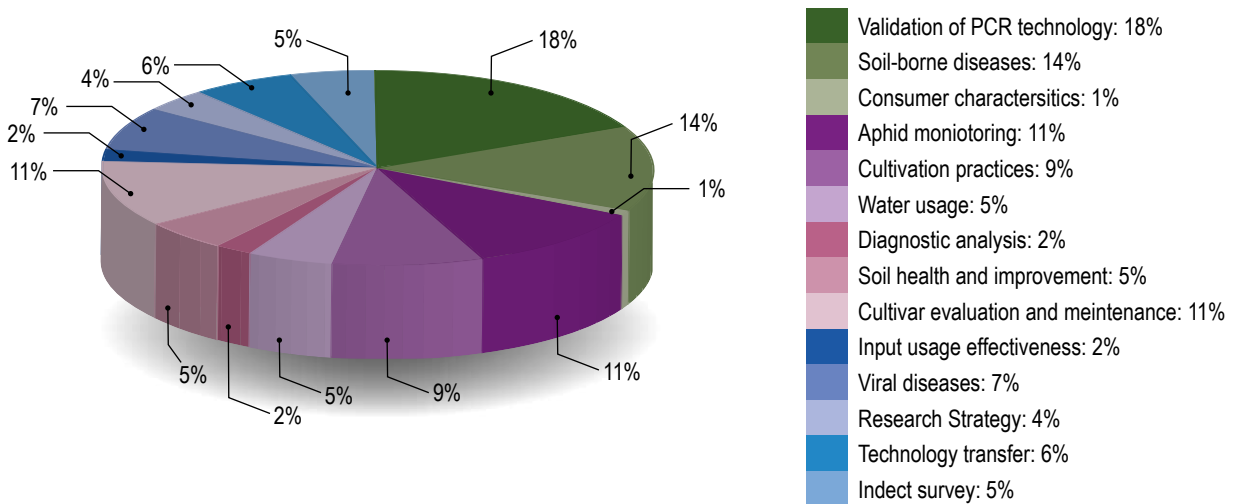
The conservation cultivation project in the Sandveld attracted a great deal of interest. The fact that differences could be observed in terms of soil properties

and yield after just one year was probably a major driving force behind the project proposal for the investigation of rotation programmes in the Eastern Free State and the effect of crop residues on soil and yield. All three projects mentioned above are long-term projects that will be properly evaluated every three to four years.

A study of efficiency in the use of resources and the risks associated with potato production was conducted on the basis of information gathered via questionnaires, distributed to 15% of potato farmers. The study revealed differences in terms of the carbon, water and soil footprints of the different regions, as well as differences in the efficiency of resource use, such as labour, seed potatoes and fertilisers.

The prevailing conditions in the respective regions (climate, time of planting, distance to the market, etc.) also played a role in the situation. Nevertheless, some resources could be used more efficiently in some of the regions. The process of reporting the results within each region is currently underway. The amount of CO₂-equivalent greenhouse gases produced per ton of potatoes varies between approximately 150 kg/t (dry-land production) and 300 kg/t (high-input and irrigated production). In the case of dry-land production, the efficiency of soil use is low but the efficiency of carbon use is high.

The inputs that contribute the most towards the carbon footprint are the pumping of water for irrigation purposes and the transporting of inputs to the farm and potatoes



Spending of fundes for research



to the market. The water and fertiliser footprints of the different production regions vary significantly and are not directly related to yield. This means that there is room for improvement by means of the optimisation of production practices.

Two conferences were attended in foreign countries, namely: the Triennial Conference of the African Potato Association in Kenya and the Green Carbon Conference in Belgium. Reports on both conferences are available on the PSA website.

The resignation of some researchers necessitated the suspension of two ARC projects (the survival of *Pectobacterium* in local soils and the epidemiology of fissure scab), as well as one University of Pretoria project (proportion of aphids infected with PVY and PLRV).

The process of validating PCR technology that is partially funded by statutory levies was concluded. A presentation will be made to the National Seed Potato Committee and possibly to the ICCSP, with a view to utilising the technology on a commercial level in testing laboratories for participating seed potato growers. As expected, the PCR method was found to be suitable for use as an alternative to the standard ELISA test generally used. A major advantage of the PCR technique is that it can detect the presence of viruses in resting tubers. This technique eliminates the need for the usual five-week waiting period, which means that seed potato producers and their clients would have access to the test results much sooner.

Potato Research Symposium 2013

The Potato Research Symposium of 2013 was held at Club Mykonos in Langebaan from 23 to 25 July. As is standard practice, the programme allowed for feedback from scientists on the status of potato research projects funded by PSA/Potato Industry Development Trust (PIDT) and other institutions (There were 25 presentations.) Moreover, the potato working groups were afforded the opportunity to report on the results of the 25 trials conducted during the previous year. The programme included two guest speakers, namely Mr Andre Roux from the Western Cape Department of Agriculture and Dr James Woodall from Great Britain.

The 180 attendees included potato producers, representatives of input suppliers, representatives of institutions involved in research and other activities related to the potato industry, as well as post-graduate students. The continued growth in attendance testifies to the fact that all role-players in the potato industry appreciate the value of this symposium as a communication platform for potato research.



The following individuals received awards for the best presentations: Mr Andre Roux (Western Cape Department of Agriculture) received the award for the best presentation on a research project and Mr Louis Pretorius (KwaZulu-Natal, the Eastern Cape and the North-Eastern Cape) received the award for the best presentation on a potato working group trial. The trophy for best attendance was awarded to the Sandveld Potato Working Group.

Technology transfer

During the period under review, 19 technical articles and 12 reports on the research activities of working groups were published in CHIPS – all of which are available on the PSA website. Green tours, workshops and information days are the kind of regional events normally preferred by producers. Green tours are arranged once the potato working groups' trials have been established.

RESEARCH ACTIVITIES OF POTATO WORKING GROUPS

Potato working groups conducted on-farm research specific to the region. This is a cost-effective way of generating valuable research results for the benefit of farmers in the various regions. The results of the working group trials are statistically analysed and incorporated with reports produced up by the PSA research team.

The enthusiasm with which farmers and other role-players participated in the planting and harvesting of the trials is evidence of the need that exists in terms of research. The evaluation of established and new cultivars is a priority within each region.

Potato working group projects – 2013/14

PRODUCTION REGION	PROJECT
Ceres	Evaluation of table potato cultivars under irrigation (Donkerhoek)
KwaZulu-Natal	Evaluation of table potato cultivars under irrigation (Weenen and Kokstad)
Limpopo	Evaluation of table potato cultivars under irrigation (Polokwane and Tom Burke)
Loskop Valley	Evaluation of table potato cultivars under irrigation (Marble Hall)
Mpumalanga	Evaluation of table potato cultivars under irrigation (Middelburg)
Northern Cape	Effect of growth stimulants on yield and quality under irrigation (Douglas) Effect of different foliar sprays on yield and quality (Douglas) Evaluation of table potato cultivars under irrigation (Douglas)
North-Eastern Cape	Evaluation of table potato cultivars under irrigation (Ugie)
North West	Evaluation of table potato cultivars under irrigation (Louwna)
Eastern Cape	Evaluation of table potato cultivars under irrigation (Patensie)
Eastern Free State	Evaluation of processing cultivars under dry-land conditions (Warden) Evaluation of table potato cultivars under dry-land conditions (Warden, Oranjeville and Marquard) The effect of different foliar feeding programmes under dry-land conditions (Warden and Marquard) Cultivar-specific N requirements (Warden and Marquard)
Sandveld	Evaluation of table potato cultivars under irrigation (Aurora and Graafwater)
South-Western Free State	Effect of seed potato size and spacing on yield and quality under irrigation (Petrusburg) Effect of different calcium fertiliser products on yield and quality (Petrusburg) Evaluation of table potato cultivars under irrigation (Petrusburg)
Western Free State	Effect of different growth stimulants on the yield and quality of potatoes under dry-land conditions (Kroonstad) Evaluation of table potato cultivars under irrigation (Bultfontein) Evaluation of table potato cultivars under dry-land conditions (Kroonstad)

Projects – 2013/14

PROJECT	OBJECTIVE	PROGRESS AND HIGHLIGHTS
Conservation cultivation in the Sandveld (Long-term project)	<ul style="list-style-type: none"> Development of guidelines for conservation cultivation practices in the Sandveld Evaluation of the effect of conservation cultivation on yield and the physical, chemical and biological status of the soil Evaluation of the effect of conservation cultivation on water use efficiency To determine the effect of conservation cultivation on soil microbe populations and the incidence of soil-borne diseases 	<ul style="list-style-type: none"> Significant differences were found with respect to, amongst other things, soil respiration and active carbon levels, with the highest values in the case of minimally cultivated treatments. Plant-parasitic nematodes were found in much higher numbers in the case of maximally cultivated treatments. Yield and size distribution showed that the minimally cultivated sites were those with the highest yield and the best size distribution. Soil penetrometer readings were taken, revealing significant differences at various depths The results point to a positive correlation between conservation cultivation and active carbon, soil respiration, potato yield, free-living nematodes, as well as microbial diversity, and a negative correlation with plant-parasitic nematodes and common scab
Input use efficiency survey (One-year project)	<ul style="list-style-type: none"> To collect information that would enable farmers to measure their efficiency in the use of various inputs compared to the regional and national norms 	<ul style="list-style-type: none"> The results revealed clear differences in the carbon footprint within and amongst the different regions, with fertiliser and irrigation being the greatest energy inputs. Distance to the markets and cold storage (for seed producers) also made a significant contribution towards energy usage and variation amongst the regions. Fertilisation rate and fertiliser use efficiency (kg potatoes / kg nutrients) were found to differ significantly within and amongst the various regions. Yield-gap analyses revealed that 50% of the regions are achieving $\geq 65\%$ of their potential yield, which points to good production practices and land-use efficiency. The average water-use efficiency of the South African potato industry is 80 kg/ha/mm, which compares well to international figures, although actual irrigation in most regions was higher than the irrigation requirement
Development of an integrated management plan for the control of powdery scab (<i>Spongospora subterranea</i> f.sp. <i>subterranea</i>) (Final year)	<ul style="list-style-type: none"> To determine the susceptibility of commercial cultivars to <i>Spongospora subterranea</i> f.sp. <i>subterranea</i> To test the effect of fumigants, soil conditions and biological control agents To develop a user-friendly test to determine whether soil has been infected with the pathogen 	<ul style="list-style-type: none"> Five evaluation trials were conducted. The results revealed that in order to evaluate cultivar resistance, both galling damage to roots and tuber symptoms should be assessed when determining a cultivar's susceptibility to <i>Spongospora subterranea</i> f.sp. <i>subterranea</i> (Ss). A technique to determine the presence of Ss spores in soil was developed and is currently being tested on three farms Chemical control can be applied as part of an integrated control strategy
Characterisation and monitoring of viruses and viral strains in South Africa (Three-year project)	<ul style="list-style-type: none"> Determining the genome sequence of all 20 South African isolates of PLRV from all potato production regions in South Africa in order to determine the difference between the European strain of PLRV and the SA strain of PLRV. To monitor the distribution of PLRV isolates during the growth stage. 	<ul style="list-style-type: none"> Domestic PLRV isolates are more closely related to isolates from the USA and Australia than to European isolates Virus tests revealed that the Polymerase Chain Reaction (PCR) technique is more sensitive than the Elisa technique, and that PCR is able to detect the presence of a virus in resting tubers. Making use of PCR as a management resource in the industry could allow seed-potato growers to obtain the results of virus tests more rapidly.

PROJECT	OBJECTIVE	PROGRESS AND HIGHLIGHTS
Aphid monitoring in five seed-potato production regions (Long-term project)	<ul style="list-style-type: none"> To monitor aphid populations in order to determine the influence of climate on the pressure and intensity of plant virus vectors in the Sandveld, Ceres, Northern Cape, Western Free State and Kwazulu-Natal 	<ul style="list-style-type: none"> The relationship between aphid populations and rainfall was confirmed during the past season, as was the fact that planting after April poses the lowest risk for virus infection in the Sandveld The incidence of <i>R. padi</i> and <i>Aphis</i> spp. differs amongst regions. The incidence of <i>R. padi</i> normally peaks in October/November and again in February/March, depending on the region. In the case of the Western Free State suction trap, and one of the suction traps in KZN, <i>Aphis</i> spp. populations peaked in February/March. Over the past few years, <i>Myzus persicae</i> (peach-potato aphid) populations were low in all the regions monitored. <i>M. persicae</i> is the most effective aphid vector
Promotion of irrigation scheduling practices in the Sandveld and Limpopo (Three-year project)	<ul style="list-style-type: none"> Evaluation of different irrigation scheduling products on a number of farms in the Sandveld and Limpopo production regions To promote irrigation scheduling in an effort to improve water use efficiency and to reduce electricity costs 	<ul style="list-style-type: none"> The hardware, recommendations and services of two commercial products were tested on four farms in Limpopo Commercial irrigation scheduling products were tested on six farms in the Sandveld
Groundwater monitoring in the Sandveld (Long-term project)	<ul style="list-style-type: none"> To determine the impact of water usage for potato production on the groundwater levels in the Sandveld 	<ul style="list-style-type: none"> Observations since 2004 revealed a general reduction in groundwater level and quality during dry cycles, but with a recovery in water level and quality during cycles of high rainfall



PROJECT	OBJECTIVE	PROGRESS AND HIGHLIGHTS
<i>In vitro</i> maintenance of open potato cultivars (Long-term project)	<ul style="list-style-type: none"> Maintenance of open and licensed ARC cultivars <i>in vitro</i> To make nuclear material available for mass production at commercial tissue culture laboratories 	<ul style="list-style-type: none"> <i>In vitro</i> plants of BP1, Up-to-Date, Hertha, Van der Plank and Buffelspoort were supplied to five commercial laboratories Open cultivars were successfully maintained for another year Selected new clones of Hertha, Darius and Buffelspoort were successfully established <i>in vitro</i> and tested for forbidden bacterial and viral diseases, as well as variety purity by means of DNA analysis
Effect of calcium fertilisation on potato production in South Africa (Three-year project)	<ul style="list-style-type: none"> To determine the effect of calcium in irrigation water on potato yield and quality 	<ul style="list-style-type: none"> Initial trials pointed to a relationship between Ca application concentration, tuber initiation, tuber size distribution and total yield Over the course of the past year, four cultivars in three soil types were evaluated, with Ca applied at 125 dpm, 200 dpm and 400 dpm The highest total yield under these conditions was achieved from plants in loamy soil with a Ca application rate of 200 and 400 dpm
Management of volunteer potatoes (Three-year project)	<ul style="list-style-type: none"> To evaluate an alternative herbicide that can preferably be employed pre-emergence in order to control volunteer potato plants before they become a problem 	<ul style="list-style-type: none"> During the past season, 12 herbicides and one fumigant were evaluated in terms of their effect on the Mondial and Sifra potato cultivars in a greenhouse trial
Nitrogen fertilisation (Two-year project)	<ul style="list-style-type: none"> This study focused on determining the effect of different combinations of nitrogen quantities and application times on tuber initiation, tuber numbers, final yield, size distribution and quality of three cultivars 	<ul style="list-style-type: none"> Results after one year revealed that a nitrogen application of 240 kg/ha, with 70% being applied at planting and 30% ±3 weeks after germination, is the optimum application to ensure acceptable results. The trial will be cultivated for a second year before final recommendations are made or conclusions are drawn
The development of an integrated strategy for the control of common scab (Four-year project)	<ul style="list-style-type: none"> The effect of green manure crops on the soil inoculum and disease progression 	<ul style="list-style-type: none"> Preliminary results indicate that green manure crops can influence soil microbe populations and, with repeated planting, can suppress common scab. The trial will be cultivated for another year
Insect pest survey (Long-term project)	<ul style="list-style-type: none"> The purpose of this survey is to confirm the accuracy of information in respect of the pest status of individual pests in the different production regions 	<ul style="list-style-type: none"> Thus far, the survey has been carried out in seven regions. In all regions, the potato moth was identified as the most problematic insect pest In the Western Free State, the most problematic pests are the potato moth, leaf miner, nematodes and aphids. The most problematic pests in the North West are the potato moth and nematodes
Rapid assessment of the suitability of cultivars for slap chips production (Three-year project)	<ul style="list-style-type: none"> The purpose of this study was to determine which characteristics of potato cultivars play a role when making twice-fried potato chips 	<ul style="list-style-type: none"> A trained sensory panel of 12 members evaluated potato chips prepared from 11 of the most common cultivars. Over the course of three training sessions, the panel members developed descriptive terms for the evaluation of potato chips Significant differences were found in the oiliness of potato chips prepared from floury and waxy potatoes. The conclusion was drawn that all 11 cultivars tested conform to the informal market requirements for potato chips

PROJECT	OBJECTIVE	PROGRESS AND HIGHLIGHTS
PCR validation (Two-year project)	<ul style="list-style-type: none"> The aim of this project is to follow a proper validation process (development, optimisation and evaluation) in the creation of a commercial in-time RT-PCR test specifically for PVY and PLRV, to be used and applied commercially in the potato industry. 	<ul style="list-style-type: none"> Initial results generated in the comparison between the virus-specific ELISA tests currently in use and the RT-PCR test confirm the improved detection of a virus present at lower levels (as occurs during in-season infection) for both PVY and PLRV Results from secondary infected material are comparable when the PCR and ELISA methods are used in parallel
Integrated management of the root knot nematode	<ul style="list-style-type: none"> To conduct a literature study in respect of the incidence of plant-parasitic nematodes in soil, as influenced by factors affecting soil health 	<ul style="list-style-type: none"> Soil use and management practices have a significant effect on the biological, chemical and physical properties of any given soil. Negative effects on the three key features of the soil lead to an increase in the plant-parasitic nematode population In an effort to effectively control plant-parasitic nematodes and improve soil health in the potato industry, this study investigates certain simple yet effective methods that can be used to restore soil health and control plant-parasitic nematodes
Determining the resistance of commercially cultivated South African potato cultivars to PVY ^{NTN} (Four-year project)	<ul style="list-style-type: none"> To identify any commercial cultivars with a degree of resistance to the most common virus in South Africa, namely PVY^{NTN} 	<ul style="list-style-type: none"> Following the artificial mechanical infection of the leaves, the previously developed RT-PCR was used to determine the rate at which the virus was spread in the potato plants. By means of this project, it was possible to determine the rate at which the PVY^{NTN} virus was spread in six potato cultivars, namely Hermes, BP1, Mondial, Avalanche, Van der Plank and Up-to-Date Hermes allowed the virus to spread rapidly through the plant, while the remaining cultivars were ranked as follows in order of fastest to slowest spreading of the virus, i.e. most susceptible to least susceptible: Hermes, BP1, Mondial, Avalanche, Van der Plank and Up-to-Date
Cv evaluation (Long-term project)	<ul style="list-style-type: none"> To evaluate early cultivars on a national basis, in respect of adaptability, yield and quality 	<ul style="list-style-type: none"> Nine cultivars were evaluated during the previous season Synergy achieved the highest yield, followed by Mondial and Valor. High specific gravity (SG) values were recorded throughout for Fiana and Diva, while low values were recorded for Synergy. With regard to the fresh-market cultivars, relatively high values were recorded for Triomf. Valor was found to have the most stable yield



MARKET DEVELOPMENT AND PRODUCT PROMOTIONS

FOND FAREWELLS AND NEW BEGINNINGS

The 2013/14 financial year was the year in which the previous Potatoes South Africa (PSA) Marketing Strategy came to a close. The strategy period commenced in 2011 and PSA celebrated numerous marketing successes during the three-year period.

However, as the one strategy period drew to the close, so did the planning start for the next period commencing during the 2014/15 financial year.

WHAT ARE WE GOING TO DO FOR THE NEXT FOUR YEARS? STRATEGIC MARKETING AND PRODUCT PROMOTIONS PLAN

PSA formulated a four-year Strategic Generic Marketing and Product Promotions Strategy.

The Generic Market Development and Product Promotions Strategy of PSA aims to increase the demand for potatoes in South Africa and abroad, by supporting and aligning itself with PSA's overall strategic goals and objective frameworks, focussing specifically on the following two strategic goals:

1. Providing the industry with strategic knowledge management support, including:
 - Industry strategic information:
 - Acquisition of consumer intelligence
 - Acquisition of trade intelligence
 - Knowledge transfer.
2. Providing services towards potato consumption, comprising the following:
 - The development of a potato value proposal (based on the intelligence acquired above), which aims to educate both consumers and the trade (in a manner applicable to each) with

regard to the benefits of potatoes (as elaborated upon in the strategic goals below).

- Dissemination of this value proposal to consumers via generic product promotions.
- Dissemination of the potato value proposal to trade and industry, via the development, maintenance and support of industry and trade relations.
- Expansion of the South African potato industry beyond South Africa's borders via properly planned and orchestrated market access activities (Foreign Market Development).

This is all driven by an underlying need for:

- a better understanding of the consumer and consumer needs;
- a better understanding of the potato trade and the dynamics of the demand and supply drivers within the potato industry;
- the development of a potato value proposal to both the consumer and the trade; and
- the dissemination of the potato value proposal to both the consumer and the trade.

Ultimately, the objective is stimulating demand, as well as increasing per capita annual consumption and thereby increasing the attractiveness of the industry with regard to further development.

KNOW YOUR CLIENT – CONSUMER/ BUYER BEHAVIOURAL STUDY

PSA conducted a consumer/buyer behavioural research survey to determine how consumers have been influenced during the last strategic period, as well as to further determine how PSA must strategically position itself to support potato consumption.

The strategic recommendations from the study included the following:

1. Work on the strategic positioning of potatoes of being “good for you” – i.e. tempering the negative perceptions that potatoes should be used in moderation.
2. Find innovative ways to influence the “love-hate relationship” that consumers have with potatoes positively.
3. Increase point of purchase (POP) initiatives to entice spontaneous potato purchases
4. Focus on cultural eating patterns of especially the LSM 3 to 7 income groups, so as to bring about stronger competition with maize meal and rice products.
5. Track the following five key strategic marketing measurements every 12 to 24 months:
 - Quality perceptions regarding potatoes
 - Knowledge of the health benefits of potatoes
 - Knowledge of potato types and cultivars
 - Price perceptions
 - Purchase frequency or purchase volume

LET’S MAKE MARKETS WORK – PROJECT REBIRTH

Project Rebirth, a joint effort between the stakeholders operating and overseeing national fresh produce markets, aimed at improving the overall trade environment of these markets (for all parties involved).

Codes of best practice were agreed upon amongst the Steering Committee members, which outline the suggested roles and responsibilities of the following parties:

- Fresh produce market authorities
- Market agents and agencies
- Producers

The CoBP outlines each role-player’s responsibility in terms of the following ten focal areas:

- Regulatory environment
- Communication
- Consignment control

- Safety and security
- Hygiene, cleanliness and food safety standards
- Infrastructure: Maintenance and capital expenditure (Capex)
- Information management
- Risk and financial management
- Transformation
- Human capital development

The implementation in, and enforcement of the Code of Best Practice (CoBP) on national fresh produce markets will allow for an effective, efficient and transparent market environment, where all role-players can prosper together, and thereby furthering the development of the fresh produce industry in South Africa.



AS WE BID FAREWELL TO ANOTHER SUCCESSFUL YEAR OF PRODUCT PROMOTION

The 2013/14 financial year commenced with the consolidation of the Potato Nation Campaign, which originated in 2011. The campaign was built on the understanding that there are many things that South Africans can do without but, as for potatoes, they definitely cannot do without them. Whether you are gazing at the splendour and magnificence of Table Mountain while enjoying potatoes prepared in true Malay style, driving through the Garden Province and home of the Zulu nation, snacking away on batata vadas (potato fritters) or chasing your dreams in the City of Gold and living on mash and mince ... potatoes truly constitute the heart of every South African meal.

However, potatoes compete in a market of strong and aggressive brands. Desktop research was carried out to take a closer look at PSA's competitors, which resulted in the following analysis:

COMPETITOR STRENGTHS

1. Enjoy the opportunity of promoting brand rather than product attributes.
2. Enjoy a strong brand presence.
3. Were able to use brand image to establish emotional connections.
4. Became household favourites, e.g. Tastic, Albany bread, Fattis & Monis.
5. Enjoy a huge marketing spent.
6. Were able to diversify their product lines to create variety and novel ways of product consumption.

It is with the above in mind that the 2013/14 strategy was created. The strategic focus for the last leg of the Potato Nation was first and foremost based upon the following:

DEFINING THE POTATO NATION: WHAT IS IT ALL ABOUT?

From *kasi hot pots* and *shisanyamas* to a backyard BBQ, from curry and rice to traditional Cape style fish

and chips, potatoes undeniably constitute the heart of every true South African meal. The rationale/purpose for creating the Potato Nation was for:

- South Africans to celebrate potatoes as a key part of their culture;
- South Africans to embrace potatoes as the heart of every South African meal; and for
- South Africans from **ALL DIVERSITIES** to join the Potato Nation AS ONE.



Positioning statement for the Potato Nation 2013/14

John F. Kennedy once said: "We are not afraid to entrust the American people with unpleasant facts, foreign ideas, alien philosophies and competitive values. For a nation that is afraid to let its people judge the truth and falsehood in an open market is a nation that is afraid of its people".

Identified Potato Nation Values

Young	Vibrant	Modern	Diverse
Loyal	Lovable	Friendly	Relevant
Honest	Daring	Quirky	Healthy
Simple	Understanding	Playful	Proud
Funky	Straight Forward	Not Perfect	Passionate
100% South African and Proudly So...			

There are so many misconceptions and a few unpleasant truths about potatoes but also, great ideas and competitive values from which potatoes can be promoted and used to inspire love of, and a true passion for the product. PSA's approach is not to deny consumers the gospel truth about potatoes, but to empower them by educating them about the true nutritional benefits and cooking characteristics of the various potatoes; by dispelling myths and reinforcing facts. In light of this, key attributes and values that resemble potatoes were developed to be communicated across all campaigns to truly drive consumption and increase per capita consumption. The key values that were determined are shown in the table above.

The values were developed to be of a personal nature and to touch the very core of every South African's heart and soul. The values were developed to showcase potatoes as a true South African product, produced by proud South African farmers, who are passionate about what they do but, most importantly, who are committed to producing a quality product for all South Africans all year round.

It is from the above values that the priorities for 2013/14 were defined and put into perspective as shown above.

PRACTICAL TOOLS AND TACTICS

More than anything else, PSA wanted the 2013/14 campaign to be:

- Inspirational
- Consistent
- Energetic and dynamic
- Informative
- Engaging
- Daring

SO, WHAT MADE 2013/14 A SUCCESSFUL YEAR?

It was a year of firsts in many ways. PSA is constantly striving to re-invent its efforts in order to stay relevant to its consumers. Below is a summarised breakdown of the exceptional year that 2013/14 turned out to be.

IN-STORE PROMOTIONS

It is said that every brand that ignores the opportunity to target consumers at their point of purchase, does so at its own peril. In-store promotions aim to provide experiential learning to targeted consumers in order to shift negative attitudes and perceptions. The 2013/14 campaign was launched in partnership with Tiger Brands in Checkers stores nationally. The campaign was all about potato packaging. Remember consumers buy with their eyes! In fact, the FAO summarises packaging as being able to fulfil the following:

1. If adequately packaged, the shelf-life of local surpluses of food may be extended and this allows the food to be distributed to other areas. In so doing, consumers are given a wider choice in terms of food that is available; food resources can be more equitably distributed; and rural producers may be able to generate an income from surplus produce.
2. Correct packaging prevents any wastage (such as leakage or deterioration), which may occur during transportation and distribution.
3. Good packaging and presentation encourage consumers to buy products.

Having said this, PSA cannot ignore the power of attractive packaging. The Best Spud Buds Campaign was based on the branding of all 2kg Boil & Roast, Mash & Bake, as well as the Chips line. It kicked off in coastal regions on 27 May 2014 and ran until 6 July 2014, with the kick-off in inland regions scheduled for 24 June 2014.

Consumers were not only wowed with attractive packaging designs on preselected potato lines specially for the promotion, but they were met by slip-sleeve stands, wobblers, island header boards, washline banners and recipe leaflet holders across all participating stores. To heighten the exposure of the campaign and increase participation from consumers, in-store tastings were carried out in selected Checkers and Checkers Hyper stores in Gauteng and the Western Cape.

An SMS competition was interlaced into the campaign to inspire the purchase of potatoes and any of the saucy Crosse & Blackwell products.


MARKETING COMMUNICATION

The Marketing Communication project was divided into public and media relations; a new consumer website launch; and bi-monthly industry and market articles by Hester Vermeulen from BFAP. It is with great pride that PSA announces that all projects went off exceptionally well in the financial year under review. The consumer website went live and can be visited by following the link: <http://potatonation.co.za/>



Part of constructing the website was to ensure there were sufficient recipes for consumers to explore and try out. The services of Masterchef SA's executive producer, Mr Arnold Tanzer were secured to develop 16 scrumptious potato recipes to use on the website and across all marketing communications.

PSA's website is a key communication tool with its consumers. For this reason the importance of having



“Our children are the rock on which our future will be built, our greatest asset as a nation. They will be the leaders of our country, the creators of our national wealth, those who care for and protect our people.”

- Nelson Mandela

current, accurate and relevant information on the website cannot be over emphasised. Now, more than ever, it seems that consumers are hungry for information on nutrition. Leigh Ann Silber, a registered dietician, was roped in to spice up the nutrition content and tell nothing but the gospel truth about potatoes, with the focus on potatoes and chromium; potatoes and pregnancy; potatoes and a healthy heart; potatoes and sport; potatoes and GI; and, of course, the topic on everyone’s lips: To low-carb or not?

PSA relies heavily on strong media relations to promote potatoes and get them into the public domain.

The year 2014 commenced with media visits in both Cape Town and Johannesburg, where several meetings were held with various media houses to find out what they require, in order to give PSA exposure in both print, broadcast, as well as in the online space. PSA can confirm that its media efforts, which started in November 2013, resulted in free media exposure to the value of R4.7 million at the end of April 2014.

Youth Marketing

Another first for Product Promotion was the schools campaign, which took the format of PSA’s participation in school exhibitions, held in various parts of the country:

- 12 February – Soweto
- 3 March – Mamelodi
- 4 June – Kathlehong
- 26/27 February – Polokwane
- 12/13 March – Rustenburg
- 14/15 May – Witbank
- 18/19 June – Gaborone
- 24/25 July – Nelspruit
- 29/30 July – Bloemfontein
- 17/18 September – Harare

It is estimated that a reach of 30 000 learners and an average reach of 200 schools per region was achieved at the close of the campaign. Based on the regions already visited, PSA can confirm that the Potato Nation was the ultimate hit for schools and learners. Everywhere the crew went learners were asking for more – a sign that PSA is on the right track as far as connecting and interacting with the youth of the country.

Social Media

We have been able to inform, educate and remind our 9000+ followers about the nutritional and versatility nature of potatoes through our social media platforms.



Sport, Sport and more SPUDS!!

In its pursuit to position potatoes as a superior carbo-loading product for participating in sport, the period under review saw PSA taking up exhibition space at the Two Oceans Marathon in April 2014, as well as the Comrades Marathon. Both stands were occupied by a nutritionist who interacted with runners and provided advice on incorporating potatoes into a healthy diet and for carbo-loading purposes.

A soccer tournament was held in Soweto at the Nike Sports Facility, where soccer fans, soccer players and soccer legends were in attendance and treated to a day of a Potato Nation soccer tournament.

Informal Trade Activation

The 2013/14 informal trade campaign saw PSA for the first time penetrating the Mpumalanga province and roping in Epping Market as a strategic partner. The project objectives for the 2013/14 fiscal year were to:

- resonate with the consumer (feel good vibes, tell a story, establish connections, etc.);
- inspire consumers to purchase more potatoes than they are currently purchasing;
- persuade consumers to fall in love with potatoes; and to
- truly educate consumers (in a light-hearted yet penetrating manner) on:
 - the nutritional benefits of potatoes;
 - potato varieties and their cooking characteristics; and
 - the many ways in which potatoes can be cooked and consumed.

The campaign was launched in the Eastern Cape, the Western Cape, Gauteng and Mpumalanga. It kicked off on 28 July 2014 and ended in November 2014. The campaign pursued a two-pronged approach where the demand for potatoes was driven via taxi rank activations, competitions and a social media drive. With regard to the traders, promoters spent a week on the market floor, where they shared information on the campaign, encouraged informal traders to increase their sales during the campaign period, as well as shared some educational information.

TRANSFORMATION

The role of transformation within commodities is viewed as of utmost importance. For years, Potatoes South Africa (PSA) has been involved in transformation projects and the results are slowly starting to show. The number of hectares of potatoes planted by black farmers is definitely on the increase and there are farmers who have already been identified as having the potential to farm commercially. They are currently receiving support from PSA.

During the period under review, Potatoes South Africa focused on the following projects in respect of transformation:

- Enterprise Development
- Small Grower Development Programme
- Tertiary Skills Pipeline
- Farm-based Training
- Western Cape Commodity Projects Allocation Committee (CPAC)

The activities of the Transformation Department is overseen by the Transformation Committee whose members are listed in the table below.

ENTERPRISE DEVELOPMENT

PSA continued with its enterprise development programme, which is aimed at targeting black farmers in assisting them to establish viable potato producing enterprises. The period under review constituted the fourth year since the commencement of the enterprise development programme.

The objectives of this programme are as follows:

- Developing a programme that is aimed at sustainable potato production by small-holder farmers, in order to utilise available land and assist these farmers to reach the maximum benefit from an integrated production system.
- Developing small-holder farmers to grow and produce commercially in a sustainable way.

The fourth group of farmers identified were from KwaZulu-Natal, the Eastern Cape and Limpopo, following an intense selection process. The number of enterprise development farmers grew to 18 and this number is expected to increase every year. During the financial year under review, some R2 200 000 were spent towards enterprise development.

NAME	REPRESENTING
Ms Nonie Mokose	Chairperson
Mr Lucky Khumalo	Small holder farmer, KwaZulu-Natal
Mr Siseko Vikilahle	Small holder farmer, Eastern Cape
Mr Gary Vorster	Commercial Table Potato Producer / Mentor
Mr Gavin Hill	Seed potato grower
Mr Arnold G Selokane	Processors
Mr Deon van Zyl	Institute of Market Agents of SA
Mr Stanford Manthata	Department of Agriculture, Forestry and Fisheries, Deputy Director: Marketing Infrastructure
Mr Madime Mokoena	Department of Agriculture, Forestry and Fisheries (by invitation), Director: BBBEE Charter Compliance
Mr Zama Xalisa	National Agricultural Marketing Council
Ms Tsepiso Khati	National Agricultural Marketing Council
Mr Len Brandt	Mechanization
Mr Israel Mashile	Commercial company
Mr Tsepo Maeko	Fertilizer Company

During this period, the Transformation Department received approval from the trustees to conduct pre-feasibility studies as part of the process of identifying prospective new farmers. Once these farmers have been identified by means of pre-feasibility studies, full business plans are compiled as part of the process to assist new farmers.

SMALL GROWER DEVELOPMENT PROGRAMME

The Small Grower Development Programme involves farmers who plant potatoes mainly for food security, with the remaining crop sold to the immediate community. The aim is to provide farmers with practical training in good potato production practises, harvesting and marketing. This is done via the planting of demonstration trials in the different identified areas. An amount of R210 000 was spent towards small grower development in the KwaZulu-Natal and Eastern Cape regions. The Small Grower Development Programme in these areas also receives support from the Department of Agriculture and it is expected that this programme will expand as

government is placing more emphasis on small holder farmers and on the Zero Hunger Programme.

TERTIARY SKILLS PIPELINE

The Potato Industry Development Trust annually awards bursaries to deserving students studying towards an agricultural-related qualification, with the emphasis on potato production. The undergraduate bursary programme is primarily aimed at developing the skills of young talented farmers at existing potato enterprises. Their development is facilitated via tertiary education at universities and agricultural colleges.

The post-graduate bursary programme, on the other hand, is aimed at making a contribution towards ensuring that sufficient post-graduate students are produced to address the relevant research areas affecting the industry, as well as increasing the industry's pool of appropriately qualified scientists. PSA's Research and Development Department, in conjunction with the Transformation Department, are jointly responsible for funding and identification of post-graduate students.

BURSARY STUDENTS: UNDERGRADUATE AND POST GRADUATE: 2013 ACADEMIC YEAR INTAKE		
STUDENT	INSTITUTION	FIELD OF STUDY
S Maleka	Potchefstroom Agricultural College	Agri Diploma
M Managa	Potchefstroom Agricultural College	Agri Diploma
M Mokoena	Potchefstroom Agricultural College	Agri Diploma
N Mkhwanazi	Elsenburg Agricultural College	Agri Diploma
C Engelbrecht	Stellenbosch University	BSc Food Science
L Mohlala	Lowveld Agricultural College	Agri Diploma
T Mphahlele	Lowveld Agricultural College	Agri Diploma
K Matshabela	Glen Agricultural College	Agri Diploma
G Pretorius	University of Pretoria	MSc: Pectobacterium
C Van Niekerk	University of Pretoria	MSc: Potato Classification
F Ntimeni	University of Pretoria	Honours: Plant Production
C Makwaeba	University of Pretoria	Honours: Pest Management
L Ngwane	University of Pretoria	Honours: Extension
N Majozi	University of the Free State	Honours: Agricultural Management
R Murovhi	Tshwane University of Technology	MSc: Disease Management
T Nghondzweni	Tshwane University of Technology	MSc: Reduction of Post Harvest Decay

SMALL GROWER DEVELOPMENT PROGRAMME: EASTERN CAPE PROGRESS REPORT

PROJECT NAME	AREA	DATE OF PLANTING	CULTIVAR PLANTED	EVALUATION OF PLANTS	FERTILISER USED	CHEMICALS USED	TILLAGE PRACTICE	HARVESTING DATE	GENERAL REMARKS AND COMMENT
Mthatha	0.3 HA	11/08/2013	Sifra	Good plant stand but needed water. Soil very dry on 23 Jan 2014. Plants were small	2:3:4(30) LAN	Sultan, Bravo, Ridomil, Kemprin	Planted by hand and ridged at LAN application	Mar 14	Dry lands that was very dry in season good rain during end of January followed. Yield 25 t. dry land. Harvest day 5-3-14.
Mqanduli (Elliotdale)	0.3 HA	12/11/2013	Sifra	Good plant stand, needed more moisture Weed control was good	2:3:4(30) LAN	Sultan, Bravo, Ridomil, Kemprin	Planted by hand and ridged at tuber forming + LAN	Mar 14	Dry land. Good follow up rain is need for a good yield. Yield 21 t. dry land. Harvest day 5-3-14
Qumbu	0.3 HA	12/11/2013	Sifra	Plants in fair condition. No virus detected. Needed more rain	2:3:4(30) LAN	Sultan, Bravo, Ridomil, Kemprin	Furrows opened by tractor and planted by hand	Mar 14	Quality of seed supplied is good. Yield 33 t. dry land. Harvest day 5-3-14
Tsholo	0.3 HA	14/11/2013	Sifra	Plant stand was good. Dry lands needed more moisture	2:3:4(30) LAN	Sultan, Bravo, Ridomil, Kemprin	Furrows opened by tractor planted by hand	Mar 14	If good rains follow the yield will be good. Yield 29 t. dry land. Harvest day 5-3-14
Libode	0.3 HA	29/10/2013	Sifra chats	(70%) of plants in very good condition. Sprayed regularly for blight	2:3:4(30) LAN	Sultan, Bravo, Ridomil, Kemprin	Planted by hand by whole community	Feb 14	Yield is expected to be good. Dept of Agriculture also visit project. Yield 39 t. dry land. Harvest day 5-3-14
Ngqeleni	0.3 HA	12/11/2013	Sifra chats	Condition of plants not good	2:3:4(30) LAN	Sultan, Bravo, Ridomil, Kemprin	Planted by hand	Feb 14	Plants not sprayed for blight / Lands very dry. Yield 12 t. dry land. Harvest day 5-3-14
Port St John	0.3 HA	30/10/2013	Sifra	Condition of plants not good	2:3:4(30) LAN	Sultan, Bravo, Ridomil, Kemprin	Furrows opened by tractor and planted by hand	Feb 14	Crop not well managed. Chemicals were supplied but not applied well. Yield 4 t. dry land. Harvest day 5-3-14
Lusikisiki	0.3 HA	31/10/2013	Sifra	Plant stand was good but available irrigation was not used. Plants stressed	2:3:4(30) LAN	Sultan, Bravo, Ridomil, Kemprin	Furrows opened by tractor and planted by hand	Feb 14	Met extension officer at land 22-01-2014 and requested that project be irrigated. Yield 25 t. dry land. Harvest day 5-3-14
Flagstaff	0.3 HA	20/11/2013	Sifra	Seed quality was good. Plant stand was good	2:3:4(30) LAN	Sultan, Bravo, Ridomil, Kemprin	Planted by hand and ridged	Apr 14	Yield 27 t. dry land. Harvest day 5-3-14

SMALL GROWER DEVELOPMENT PROGRAMME: PROGRESS REPORT KWAZULU-NATAL

PROJECT NAME	Ha	SEASON	DATE OF PLANTING	CULTIVAR PLANTED	PROGRESS				HARVESTING DATE	GENERAL REMARKS AND COMMENTS
					EVALUATION OF PLANTS	FERTILISER USED	CHEMICALS USED	TILLAGE PRACTICE		
Mtwalume	0.2	Winter	05/12/2013	Mondial 10 Sifra 5	Plants were in good condition	KCL 2. 2:3:4 (30) LAN (50kg bags)	Dual, Sancoor, Karate, Bravo Ridomil, D 45	Furrows opened by tractor planted and ridged by hand	15/8/2013	Harvest and market day held 15/8/2013. Market presentation & grading training
Uzumbe	0.3	Winter	13/5/2013	Mondial 10 Sifra 5	Project irrigated. No weeds and good blight control	KCL 2. 2:3:4 (30) LAN (50kg bags)	Dual, Sancoor, Karate, Bravo Ridomil, D 45	Furrows opened by tractor. Planted and ridged by hand	2013-03-10	Harvest and marketing info day 11/9/2013. Market presentation & grading training
Port Edward	0.3	Winter	16/5/2013	Mondial 10 Sifra 5	Very good no weeds or blight. Crop very well managed	KCL 2. 2:3:4 (30) LAN (50kg bags)	Dual, Sancoor, Karate, Bravo Ridomil, D 45	Furrows opened by tractor. Planted and ridged by hand	2013-08-10	Harvest and market day held 8/10/2013. Market presentation & grading training
St Lucia	0.3	Winter	17/5/2013	Mondial 10 Sifra 5	Crop very well managed. Later farmer passed away and community harvested. Excellent crop management. Strong healthy plants	KCL 2. 2:3:4 (30) LAN (50kg bags)	Dual, Sancoor, Karate Bravo Ridomil, D 45	Furrows opened by tractor. Planted and ridged by hand	30/10/2013	Plants in very good condition. No blight or weeds. Yield estimated at 42 t/ha
Cato Ridge and Cliffdale	0.2	Winter	15/6/2013	Mondial 10 Sifra 5	Excellent crop management. Strong healthy plants. No blight, insect damage or weeds	KCL 2. 2:3:4 (30) and LAN (50kg bags)	Dual, Sancoor, Karate and Bravo Ridomil, D 45	Furrows opened by tractor planted and ridged by hand	18/10/2013	Harvest and market day held 18/10/2013
Applesboch	0.3	Summer	14/8/2013	Mondial 10 Sifra 5	Very well managed crop. Strong plants good seed no virus or blight	KCL 2. 2:3:4 (30) LAN (50kg bags)	Dual, Sancoor, Karate Bravo Ridomil, D 45	Furrows opened by tractor. Planted and ridged by hand	2014-09-01	Harvest and market day held 9/1/2014. Yield 46 T Ha
Nqutu	0.3	Summer	01/04/2014	Mondial 10 Sifra 5	Plants in good condition and irrigated. Blight control and weed very good	KCL 2. 2:3:4 (30) LAN (50kg bags)	Dual, Sancoor, Karate Bravo Ridomil, D 45	Furrows opened by tractor. Planted and ridged by hand	18/2/2014	Community and Dep Agriculture present at each visit. Info day held 18-2-2014 35
Wartburg	0.2	Summer	21/8/2013	Mondial 10 Sifra 5	Very well managed crop	KCL 2. 2:3:4 (30) LAN (50kg bags)	Dual, Sancoor, Karate Bravo Ridomil, D 45	Furrows opened by tractor. Planted and ridged by hand	29/1/2014	Best ever managed project. Yield 45 t/ha. Market info day held 29-1-2014
Urecht	0.2	Summer	16/9/2013	Mondial 10 Sifra 5	Crop managed very well. Stand in good and plants in good condition	KCL 2. 2:3:4 (30) LAN (50kg bags)	Dual, Sancoor, Karate Bravo Ridomil, D 45	Furrows opened by tractor. Planted and ridged by hand	2014-12-03	Info day held 12-3-2014

During the 2013/14 financial year, bursaries were awarded to 16 students from various institutions of higher learning in South Africa. Eight students from this group received funding for their post-graduate studies and their research has to be potato-specific and to the benefit of the potato industry.

INTERNSHIP AND WORKPLACE EXPERIENCE

The internship programme is primarily aimed at providing experiential training opportunities to bursary recipients whose study disciplines require practical training and exposure as part of their qualifications. The workplace programme is aimed at affording students the opportunity to obtain workplace experience, so as to enhance their employment opportunities. PSA advertises the available opportunities for internships to potential employers in particular, via CHIPS magazine. During the period under review, students were placed at the following institutions: Potato Seed Production (PSP), Prokon: Pretoria, Prokon: Cape Town, the North West Fresh Produce Market, the Potato Certification Service (PCS) and Western Free State Seed Growers.

FARM-BASED TRAINING

An amount of R820 000 was set aside for farm-based training. These funds were used to provide farm-based training to farm labourers, in order to ensure increased production. The training that was provided included tractor care, forklift training, pack-house training and first aid.

WESTERN CAPE COMMODITY PROJECTS ALLOCATION COMMITTEE (CPAC)

(PSA) is involved with the Western Cape Commodity Project Allocation Committee. The aim of this committee is to disburse government funds to vegetable projects that are BEE compliant. The Department of Agriculture made an amount of R10,5 million available to the Vegetable CPAC and all the funds were distributed



Bursary students of 2014

amongst projects that had applied and met the criteria – including potato projects. This model has proved to be successful, as government is now able to utilise the funds allocated to them and the CPAC ensures that the projects that are approved for funding would be sustainable.

INDUSTRY SERVICES

Potatoes South Africa’s Division: Industry Services provides a comprehensive regional-based service to potato producers; serves as the link in two-way communication between potato producers and Potatoes South Africa; and functions as an extension of Potatoes South Africa’s core business units. The table below lists the six regional offices that serve the 16 production regions, as well as the services they encompass.

REGIONAL SERVICES

During the period under review, the regional offices were responsible for establishing and maintaining the necessary structures and platforms at regional level. These include all regional meetings – i.e. meetings of the regional and sub-regional management committees and potato working groups, as well as information days and research days, which provide potato producers and other role-players a platform to meet, to discuss matters of common interest, to share information and to reach decisions on matters of regional and national importance. A total of 164 meetings and farmer days took place during the period under review.

The regional managers and officers serve as an extension of Potatoes South Africa’s core business in terms of executing the core business-related activities within the potato production regions. In terms of these activities, the emphasis is on communication and the transfer of technology.

In addition to producer meetings, one-on-one meetings with producers are an important part of the services provided by regional staff members.

Meetings with producers not only constitute an opportunity to verify the accuracy of production statistics, but also allow for the following aspects to be addressed:

- Information on production and marketing trends, used by producers in the planning of their planting, harvesting and marketing strategies.
- The provision of technical support, regarding matters such as problems relating to pests and diseases, as well as recommendations on fertilisation practices.
- Feedback on the core business and general activities of Potatoes South Africa.
- The identification of producers’ needs in terms of regional and national affairs, with such matters being referred to the regional management committees and, if necessary, to the Potatoes South Africa Board of Directors.

In addition to the 1 254 meetings held with individual producers during the period under review, specialised support services were provided to 54 potato producers. In all cases the relevant issues were resolved within the allotted time-frame.

Figure 1 depicts the number of meetings/events on a monthly basis.

REGIONAL OFFICE	REGIONAL STAFF	REGIONS SERVED
Pretoria	Jaco Botes	Mpumalanga, Marble Hall and Gauteng
Piketberg	Terence Brown Hanlie Rabe	Sandveld, Ceres, the South-Western Cape and the Southern Cape
Pietermaritzburg	Daniel Möller	KwaZulu-Natal, the Eastern Cape and the North-Eastern Cape
Bethlehem	Attie van den Berg Santa Bronkhorst	Regional Management Coordinator on a national level, as well as for the Eastern and Western Free State
Kimberley	Herman Haak	The Northern Cape, North West and the South-Western Free State
Polokwane	Albert Boneschans	Limpopo

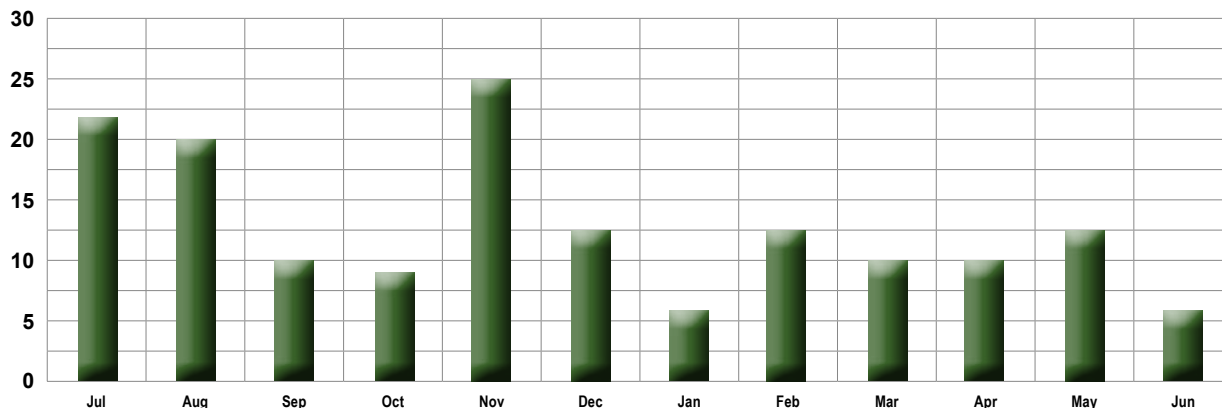


Figure 1: Meetings per month

CORE BUSINESS SUPPORT SERVICE

Industry information

With regard to industry information, regional staff members are responsible for gathering the production statistics in relation to the various production regions for incorporation into phase reports. This information is converted into intelligence and shared with the industry as a whole in the form of market trends, such as fortnightly crop estimates and monthly newsletters, which contribute towards a sustainable farming environment. Crop estimates during the year were of a high standard and deviations were therefore minimal.

Market development and product promotion

Regional staff members also visited the fresh produce markets within their respective production regions. On these occasions the following actions take place:

- Production and marketing trends are communicated.
- Complaints and problems are resolved.
- The quality of producers' products is monitored.
- Quality and stock control is done, if necessary.

Staff members visited the various markets, serving the respective potato production regions, 68 times during the period under review.

During this period, the regional offices were also closely involved in product promotion by means of agricultural

shows, promotional days, media articles and media liaison, as well as via connections with various partners in the potato value chain. Events included the Vivo Farmers' Day, the Sandveld Media Day, the Comrades Marathon and the Ceres Soccer Tournament. A publicity piece on potato production was also published in Landbouurger.

Figure 2 depicts the number of times that staff members visited market agents on a monthly basis.

One of the key functions of the regional staff members is to visit and interact with the national fresh produce markets, private markets, wholesalers, packing companies, retailers and the processing industry.

Refocus: National fresh produce markets

The aim is to liaise on a regular basis with market authorities and agents in order to address production, marketing matters and the needs of producers.

Staff members visited various marketplaces with a view to:

- conduct audits in conjunction with market authorities;
- monitor supply shifts, sales and price setting in conjunction with market authorities;
- ensure that potatoes deemed unfit for human consumption were handled in accordance with the prescribed regulations and procedures;

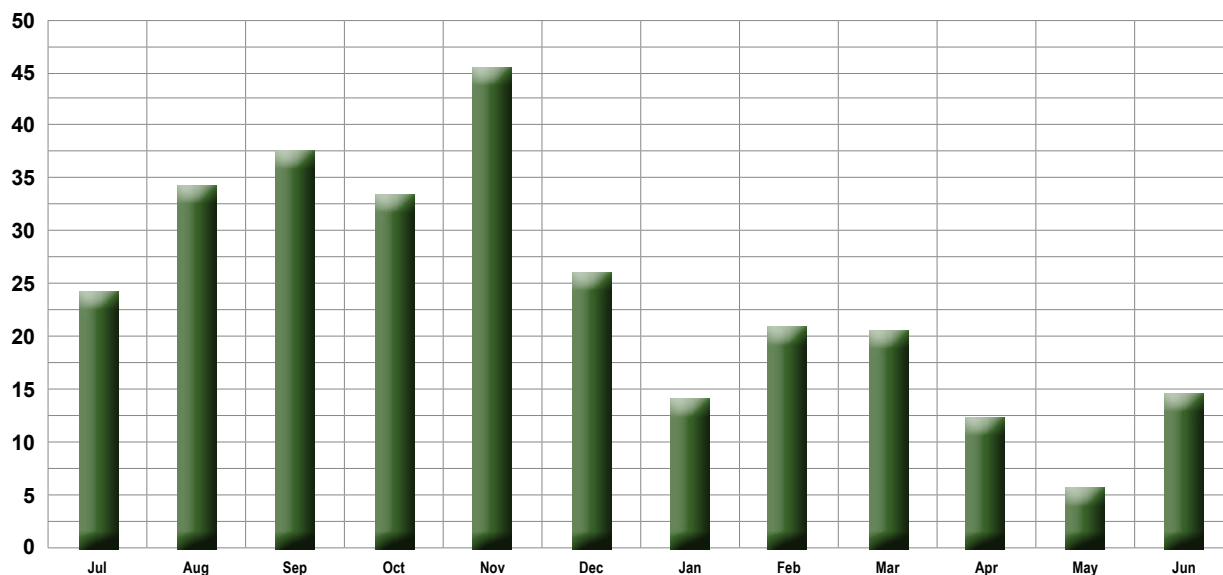


Figure 2: Market agents visits per month

- ensure that potatoes lost due to theft and other losses are handled in accordance with the appropriate market system regulations; and to
- ensure that producers' queries in respect of the above matters are addressed in a professional manner, in conjunction with market authorities and market agents.

Staff members regularly visited potato processors in order to address the product, demand, cultivar requirements, quality and processing trends.

They also visited wholesalers, retailers and packaging companies in order to determine the supply from the respective production regions and monitor the different packing methods, consumer needs and trends.

Research and development

With regard to research and development, regional staff members are key players in the effective functioning of the potato working groups.

During the period under review, 42 trials were conducted by 13 potato working groups. In addition, six green tours/ research days took place, during which the trials and resulting data were explained to producers. The results

of the trials were also presented during Potatoes South Africa's Research Symposium of 2012.

The two impact assessment instruments purchased by Potatoes South Africa in 2010 were again put to use during the regional harvesting seasons. During the period under review, these instruments were used at 56 packaging plants, representing approximately 15 200 hectares. In most instances, it was possible to identify and rectify any problem areas.

TRANSFORMATION

In light of the importance of transformation as a core business of Potatoes South Africa, a comprehensive national programme was instituted.

At regional level, regional managers and officers managed the following activities within their respective regions:

Farm worker training

The organisation and coordination of farm worker training constitute an important aspect of transformation involving regional staff members. In 2012/2013, a total of 256 farm



workers in the various regions underwent training. The need for this service continues to grow and the number of farm workers receiving training is expected to rise.

Potato production projects

One important strategic goal of Potatoes South Africa's transformation programme is the establishment of six new commercial black farmers per year.

In order to achieve this goal, two different programmes were instituted:

- ***Small holder development project***

The first programme comprises small projects of 0.2 hectares each, serving as an incubator for the second programme, referred to as the Business Development Programme. This is in line with the aforementioned strategic goal.

These social projects are attracting a great deal of attention and generate support for the people in the rural areas of Kwazulu-Natal and the Eastern Cape. Regional staff members based in these areas are

mainly concerned with the provision of support to these projects in terms of sourcing inputs, as well as providing information on the planting, harvesting and marketing of potatoes. This is done in conjunction with the appropriate mentors, departmental extension officers and input providers. A number of information days were scheduled to coincide with the planting and harvesting of potatoes.

- ***Business development projects***

These projects vary between three and five hectares in size. There are currently 16 small-scale black farmer projects underway, and farmers are supplied with certified seed potatoes for a period of four years. Mentors are also assigned to manage the projects. The regional staff members of Potatoes South Africa are directly involved in the projects, in an effort to ensure their success.

Training of government extension officers

In view of developing the capacity to provide an improved service to rural communities in terms of



potato production, government extension officers play a functional role in accordance with a Memorandum of Understanding between the Kwazulu-Natal Department of Agriculture and Potatoes South Africa. A number of regional managers played a prominent role in the training of more than 80 extension officers by means of specific workshops in this regard.

Transformation symposium

The second Transformation Symposium, held in May 2013 at the Cedara Agricultural College in KwaZulu-Natal, was deemed to be an overall success. Potatoes South Africa's Pietermaritzburg regional office played an assisting role in terms of general arrangements, while also supervising the arrangements for the mechanisation presentation.

Administration

Regional managers and officers dedicated 34% of their time to administrative matters during the period

under review. Such administrative matters included the following functions:

- Organising meetings and speakers, as well as compiling agendas and minutes.
- Processing production data with a view to compiling crop estimates and phase reports.
- Compiling and distributing newsletters and information articles.
- Compiling monthly reports as a means of improving both internal communication and the coordination of activities.
- Budget control.
- The administration related to the resolution of complaints and problems.
- General administration processes, such as responding to telephonic enquiries and requests, scheduling appointments and fostering good relations with role-players.
- Attendance of a GlobalG.A.P. training course.





POTATO CERTIFICATION SERVICE



CHAIRPERSON'S REPORT

The functions of the Board and Executive Committee of the Potato Certification Service (PCS) are primarily focused on finance and personnel matters. These include budgeting, as well as management and policy development.

My report is aimed at informing shareholders how the management of the PCS managed your business during the period under review.

As you all know, our budget is based on surveys on the number of hectares reported by growers to be planted during a PCS financial year. An unforeseen reduction in hectares could have a dramatic effect on PCS's income. In conjunction with this, we would like to retain staff members and extend our level of expertise in order to provide a professional service to you and the industry as a whole. However, increases in levels of expertise and experience are resulting in staff salaries increasingly becoming a greater expense.

So, you should be in agreement with me that it is a substantial challenge to do the right things in South Africa's rapidly changing seed industry. Factors, such as economy of scale, a challenging working environment and cost pressures contributed to an approximate 20% decrease in seed potato plantings over the past two years. And we once again lost staff members who had sought their salvation elsewhere.

“Various cost-saving initiatives were considered and implemented and, in conjunction with innovative management, we were able to run the company without any job losses.”



I would like to thank the directors for their time and positive inputs that contributed to PCS being in the position to certify a world-class product.

Frank Osler, as the technical manager of PCS is involved in the training, testing and evaluation of staff members. I thank you for your valuable contribution and expertise that enabled us to remain at the forefront of service delivery.

Sanette Thiar, our Managing Director, deserves special thanks for her positive, dedicated and professional

management style. PCS will, no doubt, be a less successful business without your energy and input.

I thank you all.

Gerhard Posthumus

Chairman: Board of the Potato Certification Service



MANAGING DIRECTOR'S REPORT

Thomas Carlyle, the respected Scottish philosopher, once said: "Permanence, perseverance and persistence in spite of all obstacles, discouragements and impossibilities: It is this that in all things distinguishes the strong soul from the weak".

I wish to salute strong souls in this report.

Given the difficult start to this year, as we ended the previous financial year with a loss of more than R700 000 and the loss of three certification officials, we persevered in spite of financial difficulties and loss of expertise. We cut down on expenses wherever we could. We lost a further six certification officials and we only appointed two new trainee certification officials.

Under Frank Osler's guidance and with his assistance, Jamie Jansen van Vuuren and certification officials from other regions supplied the necessary services to seed potato growers in the Western Free State and Northwest regions – in addition to their own work. You are a formidable team who did not give up when the mountain of work and the limited number of staff members to do the work seemed an impossible obstacle to overcome. I realise that we made it through the period under review as a result of the total commitment, perseverance and persistence of a dedicated team.

The upgrading of our database also proved to be much more difficult than expected, due to the complexity of the data and the archaic system that was in use. Yolanda Louw continued to struggle, together with the programmer, so as to improve the database. Notwithstanding lots of disappointments, she had no choice but to keep going and she is still keeping up her efforts to improve the system.

To all my staff members, I thank you from the bottom of my heart for persevering under extreme work pressure. From the certification officials on the farms, to the bookkeeper and payroll administrator, data staff, office administrators and secretaries, I am tremendously proud of you.

Secondly, I want to thank our seed potato growers who also had to persevere under difficult circumstances. The challenges ranged from obtaining the right variety and extreme climatic conditions to pressure brought on by diseases. Not to mention the increases in fuel prices, labour and electricity. I have the greatest admiration for farmers, as you have to be engineers, plant pathologists, electricians, mechanics, soil scientists and labour experts – to name but a few. Thank you for planting potatoes and taking



the utmost care to certify good quality planting material for our commercial farmers. I am happy to report that, in the period under review, we received no major seed complaints.

Thirdly, I want to thank all our Board members, and especially Gerhard Posthumus as Chairman, for his guidance of the Board and the Executive Committee. I appreciate the time and commitment that he and all the other Board members give so freely in their dedication to ensure that Potato Certification Service (PCS) is run in the best interest of its members. "Thank you" is a tiny phrase to convey so much gratitude.

I also want to express my appreciation to the Department of Agriculture, Forestry and Fisheries, Ms Joan Sadie, the Registrar of the Plant Improvement Act and Mr Ernest Phoku, Deputy Director: Inspection Services, for your important role in the seed potato industry.

Lastly, I thank God for being the steering wheel of this company and not the spare wheel. Every time we stand amazed at what He does for our company. We are humbled by His grace and love.

THE COMPANY: POTATO CERTIFICATION SERVICE

Potato Certification Service (PCS) is contracted as the service provider for the certification of seed potatoes by the Independent Certification Council for Seed Potatoes (ICCSP), appointed as the authority by the Minister of Agriculture, Forestry and Fisheries. PCS is audited by the Department of Agriculture, Forestry and Fisheries (DAFF), as the work is conducted on behalf of the Minister.

The management of the company is set out in the company's Memorandum of Incorporation and Board Charter. The Board Charter is evaluated and reviewed annually to ensure that PCS is managed in accordance with good corporate governance.

At the company's Annual General Meeting in November 2013, Desmond Hyman's resignation as Director and Chairman was noted. Gerhard Posthumus was elected as Chairman with Tiekie de Kock as Vice-Chairman. The Executive Committee comprises the Chairman, Vice-

Chairman and Managing Director. Two Executive Committee meetings were held during the period under review.

Johan van Greunen and Abrie Genade also resigned as directors. The Southern Cape no longer meets the criteria for an independent seed potato region, but the Eastern Free State does. Paul van Niekerk is representing the Eastern Free State region on the Board of Directors. Jakkie Mellet was appointed as a Director, representing the Mpumalanga and Limpopo regions. All the new directors received training with regard to their responsibilities and duties and we wish them all the best of luck with their new responsibilities.



Furthermore, it is satisfying to report that PCS has Level 6 B-BBEE status and is recognised as a value-adding service provider. The company was scored on the guidelines for the agricultural sector, which resulted in PCS being evaluated on five instead of four elements.

MEMBERS OF THE COMPANY

The members of the company comprise all the active seed growers – in other words, all the growers who, for the past four years, registered plantings for the certification of seed potatoes under the South African Seed Potato Certification Scheme (the Scheme). Currently there are 218 active seed growers, of whom 112 have registered plantings for the 2013/14 financial year. During the same period, one new grower joined the seed potato industry.

POTATO HOUSE

PCS has a 26% share in Potato House and Potatoes South Africa (PSA) has a 74% share. The building was originally purchased for an amount of R4 124 243, to which PCS contributed a loan to the value of R1 072 303. In November 2012, the building was valued at R8 771 800.

Considerable attention was paid to improvements lately. All the floor tiles were replaced and the kitchen area was upgraded. There are still some finishing touches to be done, but it already looks very professional. Additional gutters were installed, which will hopefully make a big difference in draining excess water away.

STAFF

During the period under review, PCS had no fewer than six resignations. This had a huge impact on service delivery in the Western Free State and Northwest regions, where two fully qualified certification officials resigned simultaneously during peak season. Wessel Stapelberg (Piketberg) and Werner Loots (Christiana) left PCS at the end of August 2013, and Murray Sanders (Underberg) at the end of September 2013. At the end of January 2014, another three, namely Pierre Botha (Middelburg), Jaco Botes and Dániel Möller (Christiana) also left PCS's employment.

In light of the decrease in our hectares, only two positions were filled. Heinrich Steyn joined the company in February 2014 and André Murray in March of the same year. Both are stationed in Christiana. The new

appointments are given the maximum exposure in order for them to gain significant experience to qualify in all aspects of certification.

PCS is committed to accommodate transformation students who need practical training to obtain their degrees or students who need workplace experience. Mukhethwa Mutele is a workplace experience student in Christiana, where he is exposed to all aspects of certification. He already obtained his degree in Mixed Farming at the Potchefstroom Agricultural College.

Renier Viviers is an internship student in Piketberg. He requires this practical training to complete his Diploma in Agricultural Management. Renier also gets exposed to all aspects of certification. He passed his open-book examination and was authorised to carry out sampling. He already assisted with sampling in Christiana. We wish him all the best with his studies.

Since February 2014, PCS has hired a furnished apartment in Christiana as accommodation for certification officials from other regions who are helping out in Christiana.

Frank Osler, Technical Manager and Jamie Jansen van Vuuren, Regional Manager in Christiana, as well as all the certification officials who deliver the necessary services to the growers on time deserve special mention for their positive attitude and willingness to assist. Thank you to the growers who agreed to be serviced by more than one certification official. Everyone's cooperation indeed ensured a heart-warming experience.

FINANCE

The budgeted total income of R14 547 590 for the period under review, was based on 8 896 hectares to be registered (invoice date). The actual registered hectares came to only 8 860, which was 36 less than expected. This resulted in an income of R13 945 146, which was R602 444 less than expected. All efforts were made to cut down on expenses. We were able to limit expenses to R13 676 291 instead of the budgeted R14 541 439, which resulted in a saving of R865 148. The above-mentioned savings resulted in a net profit of R268 855 instead of the budgeted profit of R6 151.

REGION	BUDGETED HECTARES	ACTUAL HECTARES	DEVIATION
Douglas	900	642	-258
Christiana	4 910	5 066	+156
Pietermaritzburg	1 303	1 665	+362
Piketberg	1 170	747	- 423
Middelburg	613	740	+127
TOTAL	8 896	8 860	-36

The budgeted hectares, actual hectares and the difference in the various regions are indicated in the table above.

PCS is a going concern that continually strives to deliver a professional and cost-effective service amidst fluctuating hectares.

COMMITTEES AND FORUMS

The committees and forums within the potato industry constitute organised platforms where the majority of communication with growers and other stakeholders in the industry takes place. Aspects that need to be considered are tabled by the regional seed potato committees to the National Seed Potato Committee. The various aspects are then debated and, if it is in the national interest, the committee refers recommendations and resolutions to the relevant bodies and committees involved in the seed potato industry.

During the period under review, the need to have the Scheme and Protocol legally scrutinised, in order to ensure that there would be no misunderstandings regarding interpretation, was identified. This will result in numerous changes to the Scheme. The Council already approved for the Scheme to be amended as follows: The isolation distance for the presence of Table 1 crop plants from a registered unit should be 50 meters.

On behalf of the company, as well as the seed potato growers and our clients, the commercial potato growers, I thank each committee member for his/her valued inputs during meetings. Considering your other commitments, the distances you have to travel to attend the meetings

and time spent away from home, your commitment to, and passion for the potato industry are admirable. A special word of thanks is extended to Dr Dave Keetch who, in spite of an operation, was committed to fulfil his duties to the full. Thank you for your unbiased opinions, inputs and sound judgment. Your role on the Technical Committee and Council Executive Committee is highly appreciated. We wish you good health for many years to come.

GENERAL

As the company experienced tremendous financial pressure during the 2012/13 financial year, due to reduced hectares, we were prepared for this in 2013/2014, but the spate of resignations by qualified certification officials resulted in tremendous pressure with regard to service delivery. Be assured that we are strong souls who are able to show permanence, perseverance and persistence in spite of all obstacles, discouragements and situations that seem impossible to overcome.

I wish you all a very prosperous 2014/2015 season, with blessings from our heavenly Father's treasure chest.

Remember my message: The only seed potatoes to plant are certified seed potatoes!

Sanette Thiar
Managing Director

POTATO CERTIFICATION SERVICE

STRUCTURES

Potato Certification Service (PCS) is a non-profit company, established in 1995, with a mandate to certify seed potatoes.

PCS's vision is to play a leadership role in the pursuit of a sustained supply of healthy planting material for the South African potato industry.

PCS's mission is to be an industry-related service, which supports the South African potato industry to perform optimally by ensuring the availability of high-quality planting material.

PCS strives towards excellence by living the following values:

- Client trust and satisfaction
- Effective utilisation of resources
- Equal opportunities
- Performance orientation

PCS is contracted by the Independent Certification Council for Seed Potatoes (ICCSPP) as the Authority to manage and administer the South African Seed Potato Certification Scheme. The Scheme was promulgated in terms of the Plant Improvement Act, 1976 (Act No. 53 of 1976).

The purpose of certification is to certify seed potatoes that have a phyto-sanitary status in terms of diseases and pests falling within predetermined norms and that are true to type. The Scheme requires each generation of seed potatoes to comply with specific quality standards. In order to ensure the sustainability of seed potato production in South Africa, the Scheme is based on disease-free material (zero disease tolerance) as base material.

The aim of the application of the rules, as set out by the Scheme, is to minimise the build-up of diseases in seed potatoes and the concomitant building up of diseases in the soil.

The company's Head Office is located in Potato House in Perseus Technopark, Pretoria, with five regional offices

located throughout the country, namely in Piketberg, Douglas, Christiana, Middelburg and Pietermaritzburg. The regional offices and staff members were strategically placed in order to render the best possible service in the most affordable manner to growers. The structure of the company during the period under review is reflected in Figure 1.

The company is managed under the guidance of a Board of Directors. The directors comprise the chairmen of the respective seed production regions, as reflected in Table 1.

During the period under review, the Board of Directors saw quite a few changes. After nine years as Director and Chairman of the Board, Desmond Hyman submitted his resignation due to other business commitments. During this period, Desmond made his mark in PCS and the potato industry as a whole and his sharp sense for business and his sense of humour are sorely missed. Gerhard Posthumus was appointed Chairman of the Board, with Tiekie de Kock as Vice-Chairman. The Executive Committee comprises the Chairman, Vice-Chairman and Managing Director.

Jakkie Mellet was elected representative for Mpumalanga and Limpopo. Johan van Greunen resigned due to the fact that the Southern Cape region no longer qualified for representation. Abrie Genade resigned and was replaced by Niekie Visser. The Eastern Free State complied with all the requirements and, as a result, Paul van Niekerk was elected Chairman of the Eastern Free State region. All three new directors followed an induction programme in order to ensure that they fully understand their roles and responsibilities, as well as the company structures and systems.

INDEPENDENT CERTIFICATION COUNCIL FOR SEED POTATOES (ICCSPP)

The ICCSP is designated as the Authority by the Minister of Agriculture, Forestry and Fisheries. The Council

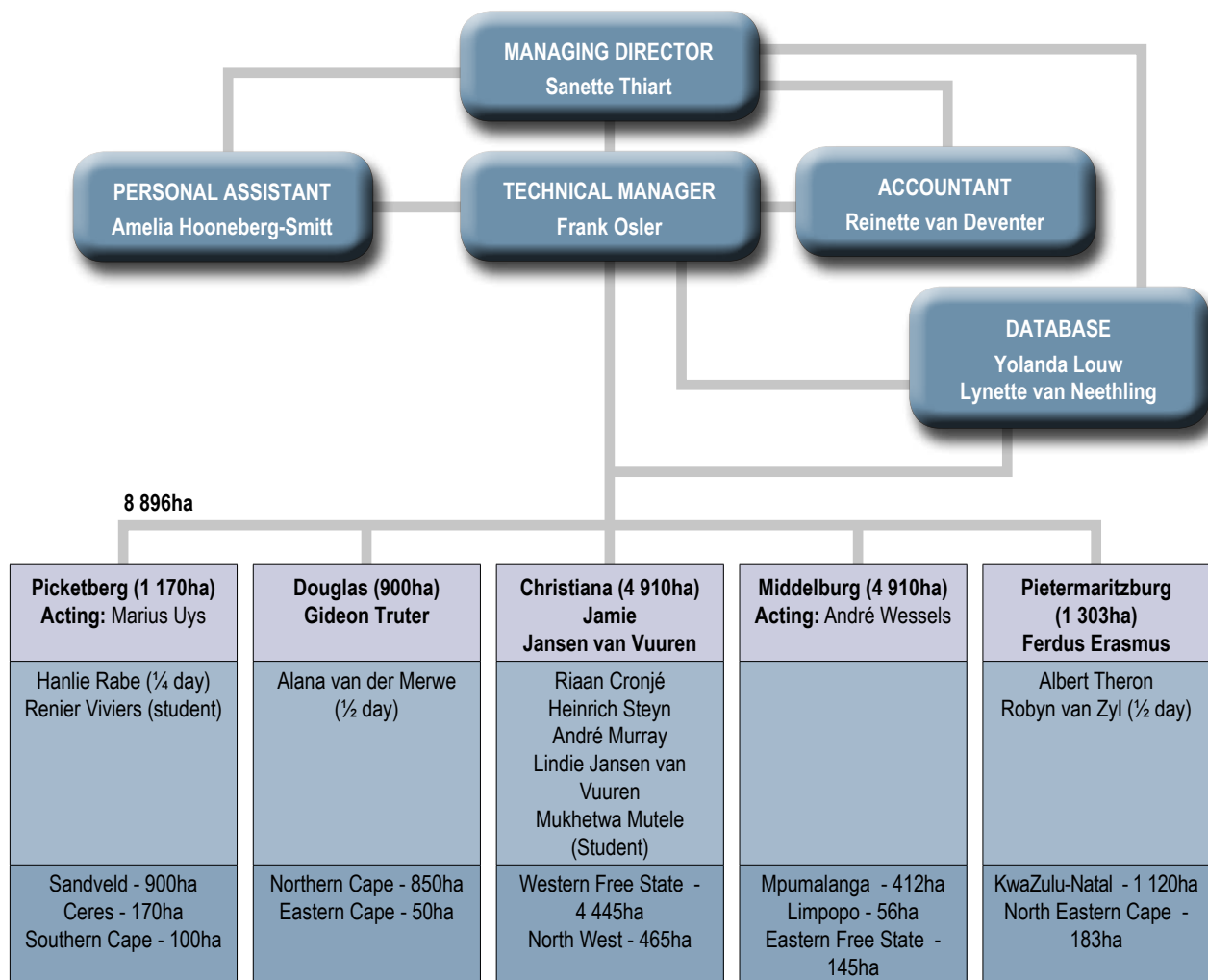


Figure 1: Company Structure

Table 1: Board of Directors

DIRECTORS	POSITION	REPRESENTATIVE FOR
Desmond Hyman	Chairman	Mpumalanga, Limpopo
Gerhard Posthumus	Vice-Chairman	Western Free State
Abrie Genade	Director	Sandveld
JJ van de Velde	Director	KwaZulu-Natal
Van der Spuy Botes	Director	Northern Cape
Llewellyn de Kock	Director	Ceres
Frans Engelbrecht	Director	North West
Johan van Greunen	Director	Southern Cape
Sanette Thiar	Managing Director	Potato Certification Service

comprises democratically elected seed potato growers, representative of the respective production areas; two table potato producers, appointed by Potatoes South Africa (PSA); the Agricultural Research Council (ARC); a representative of the Nucleus Material Producers (NUMPRO), the Manager of Potato Laboratory Services (PLS) and the Managing Director of PCS. The Council has an independent chairman, appointed by the producer members serving on Council. Representatives of the Department of Agriculture, Forestry and Fisheries attend Council meetings but do not have voting rights. Table 2 below reflects the present composition of the ICCSP.

Council is responsible for the formulation of policy guidelines in respect of the Scheme, as well as to ensure that the Scheme is run efficiently and sustainably in the interests of the potato industry as a whole. It is furthermore Council's duty to continually evaluate

the Scheme in order to introduce amendments in the interests of the potato industry and to oversee the application of the Scheme as specified in the Regulations approved by the Minister of Agriculture, Forestry and Fisheries.

The seed potato growers are organised in regional seed potato committees which, in turn, have representation on both Council and the National Seed Potato Committee in terms of the number of hectares registered, the number of bags certified, as well as the number of seed growers per region. During the period under review, the following Council members resigned: Desmond Hyman, Johan van Greunen and Abrie Genade and they were replaced by Jakkie Mellet, Paul van Niekerk and Niekie Visser. In order to fully understand Council's role and have sufficient knowledge of the Scheme and the Protocol, all new Council members have to pass an open-book examination, specifically designed to address Council's role in the supply of good quality seed potatoes to the industry.

Table 2: Composition of the Council

COUNCIL MEMBER	POSITION	REPRESENTATIVE FOR
Dr Dave Keetch	Chairman	Independent
Desmond Hyman	Vice-Chairman	Mpumalanga and Limpopo
JJ van de Velde	Member	KwaZulu-Natal
Gerhard Posthumus	Member	Western Free State
Johan Greyling	Member	Western Free State
Van der Spuy Botes	Member	Northern Cape
Abrie Genade	Member	Sandveld
Llewellyn de Kock	Member	Ceres
Frans Engelbrecht	Member	North West
Johan van Greunen	Member	Southern Cape
Sanette Thiant	Member	Potato Certification Service
Marieta Botha	Member	Potato Laboratory Services
Dr Diedrich Visser	Member	Agricultural Research Council
Dawie Ras	Member	NUMPRO
Gert Bester	Member	Table potato producers
Rudi Heinlein	Member	Table potato producers

REGIONAL SEED POTATO COMMITTEES

Regional Seed Potato Committee meetings ensure communication from ground level upwards to the various organisations responsible for the different aspects that need to be addressed, as well as communication and feedback down to ground level. The Chairmen of the Regional Seed Potato Committees are elected by the growers in the region to serve as the mouthpiece of that specific region and serve on the National Seed Potato Committee, the ICCSP, as well as the PCS Board of Directors.

NATIONAL SEED POTATO COMMITTEE

The National Seed Potato Committee is a committee of PSA and considers matters related to the seed potato industry. It also identifies the demand for seed potatoes and issues related to the selling of seed potatoes.

The identification of research and marketing needs in respect of seed potato production is also the committee's responsibility. The committee furthermore makes recommendations to the ICCSP with regard to national requirements in respect of the certification of seed potatoes and proposes amendments to the Scheme. PCS is responsible for the administration of the National Seed Potato Committee.

Table 3 below indicates the members of the National Seed Potato Committee.

The Chairman of the Seed Potato Traders' Forum attends the National Seed Potato Committee meetings as an observer, in order to address the interests of seed potato traders.

The Chairman of the Seed Potato Growers' Forum is also Chairman of the National Seed Potato Committee and represents the seed potato industry on the National Council and Board of Directors of PSA. When a region registers 2 000 hectares and certifies one million x 25 kg bags for two consecutive years, it qualifies to have a second member on the National Seed Potato Committee. When such a region no longer complies with the requirements for two consecutive years, the right to a second committee member falls away. The Western Free State is the only region that currently complies with the criteria for a second member.

During the period under review, Desmond Hyman resigned as Chairman and Tiekie de Kock was elected as Chairman of the National Seed Potato Committee and Seed Potato Growers' Forum. At the Seed Potato Growers' Forum, held in Johannesburg on 10 September 2013, seed potato growers voted in favour of full membership for the two primary table producers serving on Council. Therefore, Gert Bester and Rudi Heinlein became full members with voting rights.

Table 3: National Seed Potato Committee

COMMITTEE MEMBER	POSITION	REPRESENTATIVE FOR:
Desmond Hyman	Chairman	Mpumalanga and Limpopo
Van der Spuy Botes	Vice-Chairman	Northern Cape
JJ van de Velde	Member	KwaZulu-Natal
Gerhard Posthumus	Member	Western Free State
Johan Greyling	Member	Western Free State
Abrie Genade	Member	Sandveld
Llewellyn de Kock	Member	Ceres
Frans Engelbrecht	Member	North West
Johan van Greunen	Member	Southern Cape
Neels Marais	Observer	Seed Potato Traders' Forum

SEED POTATO GROWERS' FORUM

The Seed Potato Growers' Forum serves as a discussion forum in respect of resolutions related to the seed potato industry. The Forum is responsible for the:

- determination of needs within the seed potato industry;
- identification of research needs;
- identification of needs in respect of the certification of seed potatoes;
- identification of needs in respect of the selling of seed potatoes;
- making recommendations to the National Seed Potato Committee and the ICCSP with regard to amendments to the Scheme;
- referral of resolutions to the respective committees; and
- for the dissemination of information.

Desmond Hyman resigned as the Chairman of the Seed Potato Growers' Forum and Tiekie de Kock was elected as the new Chairman. The chairman is elected for a two-year term.

The 15th Annual Seed Potato Growers' Forum was held in Johannesburg, Gauteng on 10 September 2013, as it was a congress year as well. The respective chairpersons of the National Seed Potato Committee, PLS and the PCS Board of Directors provided feedback on the activities of the past year.

The following topics were presented:

- Contemporaneous issues relating to PBR protection of potato varieties – a panel discussion chaired by Adv. At van Rooy.
- Request: Voluntary downgrading for more than one generation – Gerhard Posthumus.
- The Gospel of Pesticide Labels – Dr Gerhard Verdoorn.
- Legal requirements regarding the weight of seed potatoes and tuber count – Jaco Marneweck.
- An update on the implementation and use of PCR assays in potato certification – Anél Espach.
- Levying of VAT on seed potatoes – Neels Marais.
- Representation of table producers on the National Seed Potato Committee – Gert Bester.
- The statutory levy on seed potatoes – Bernard du Toit.

Table 4: Number of registered hectares in seed potato production areas

Region	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Sandveld	3 230	2 505	2 505	2 118	2 094	1 527	1 708	1 150	728	438	635
Ceres	237	256	254	281	303	287	234	245	233	248	160
Southern Cape	46	104	90	97	135	144	97	95	101	106	146
Northern Cape	1 200	1 065	1 173	1 081	996	790	858	1 129	1 115	630	581
Western Free State	2 003	2 359	2 913	3 420	3 679	3 719	4 055	4 199	4 535	4 446	4 561
North West	91	319	439	366	417	410	620	521	525	461	472
Mpumalanga	598	762	700	628	519	426	423	541	578	443	631
Eastern Free State	289	183	149	166	37	18	144	231	249	234	160
Limpopo	32	45	54	42	42	36	63	143	20	68	76
KwaZulu-Natal	1 614	1 779	1 778	1 986	1 664	1 524	1 787	1 915	2 016	1 655	1 435
Noth Eastern Cape	12	3	61	46	92	93	172	224	267	186	260
Gauteng	-	-	-	-	14	-	-	-	-	-	-
Eastern Cape	30	25	17	27	2	2	6	21	25	83	54
South Western Cape	1	-	-	-	-	-	-	-	-	-	-
Total (hectares)	9 384	9 407	10 134	10 328	9 994	8 976	10 167	10 415	10 393	8 998	9 171

Frans Engelbrecht was awarded the Bayer CropScience Seed Potato Grower of the Year Trophy, with Ivanhoe Farming Co.; Paul Pringle and John Campbell; and Klipfontein Boerdery, Frikkie Engelbrecht, as runners-up.

SEED POTATO CERTIFICATION

During the period under review, 9 252 hectares were registered (planting date), which included 81 hectares registered for mini-tuber production. For the past two years, the number of hectares registered for seed production constituted less than 10 000 hectares. During the period under review, the budgeted income was based on 8 896 hectares to be registered (invoice date). The actual registered hectares only came to 8 860, which was 36 hectares fewer than expected.

Table 4 on the previous page indicates the hectares registered per production region for the planting dates, 1 July until 30 June each year. The hectares in the Sandveld recovered a little since last year, but the Ceres hectares dropped significantly. The hectares in the Northern Cape and KwaZulu-Natal dropped further, while the hectares in Mpumalanga increased again.

The Western Free State is currently certifying almost half of the seed potatoes produced in South Africa. Not all the seed potatoes from the hectares registered in the period under review have yet been certified. Expectations are that KwaZulu-Natal will reach one million bags. KwaZulu-Natal is the region that contributes the second largest portion of certified seed potatoes to the industry, followed by North West (see Table 5 below). The production data, as indicated, reflects the actual number of 25kg bags that were certified on the registered hectares as indicated in Table 4.

The certified yield varied between 5 and 6.5 million bags over the past 10 years, as far as Generations 1 to 8 and Standard Grade were concerned (see Table 5 and Figure 2). It is still too early to calculate the yield for the period under review, as the information on the last plantings done in June 2014 is not yet available. The average certified yield per hectare has increased slightly from 12.41 tons per hectare a decade ago to an average of 13.8 tons per hectare last year. As stated above, the figure for the period under review is not yet available.

Table 5: Certified 25 kg bags of seed potatoes in the respective seed potato production areas (G1 – G8 & Standard Grade)

Region	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14*
Sandveld	1 653 034	1 078 453	1 175 407	1 080 278	987 511	802 415	796 610	470 504	271 964	175 556	149 052
Ceres	222 259	118 206	201 502	163 959	163 919	91 208	137 162	116 233	134 887	57 819	46 777
Southern Cape	32 371	38 812	57 388	52 933	55 119	63 114	55 689	54 329	48 832	48 483	33 951
Northern Cape	585 496	391 555	437 486	390 493	299 101	218 762	307 653	504 215	505 856	315 802	352 330
Western Free State	897 628	1 268 936	1 715 749	1 696 116	2 054 442	2 245 981	2 338 402	2 208 216	2 288 561	2 321 196	2 743 725
North West	61 803	197 597	269 313	287 896	502 014	553 995	551 015	565 071	737 251	793 147	800 577
Mpumalanga	584 639	628 723	355 221	415 149	402 792	245 763	294 841	413 475	446 813	266 069	357 193
Eastern Free State	44 832	31 381	36 187	34 618	18 926	15 947	64 954	88 577	96 909	126 673	114 944
Limpopo	36 791	31 750	38 244	7 347	55 173	16 907	50 735	81 355	16 200	80 405	20 376
KwaZulu-Natal	1 271 366	1 306 242	1 466 788	1 174 649	1 236 151	1 292 496	1 696 776	1 428 962	1 337 837	1 256 036	997 580
North Eastern Cape	1 491	1 044	22 180	19 558	40 840	67 746	149 838	145 885	81 251	91 505	135 325
Gauteng	-	-	-	-	-	-	-	-	-	-	-
Eastern Cape	19 207	4 329	8 621	-	219	437	3 129	9 067	13 104	24 816	20 887
South Western Cape	-	-	-	-	-	-	-	-	-	-	-
Total (25kg bags)	5 410 917	5 097 028	5 784 086	5 323 296	5 816 207	5 614 771	6 446 804	6 085 889	5 979 465	5 557 507	5 772 717

* Not complete

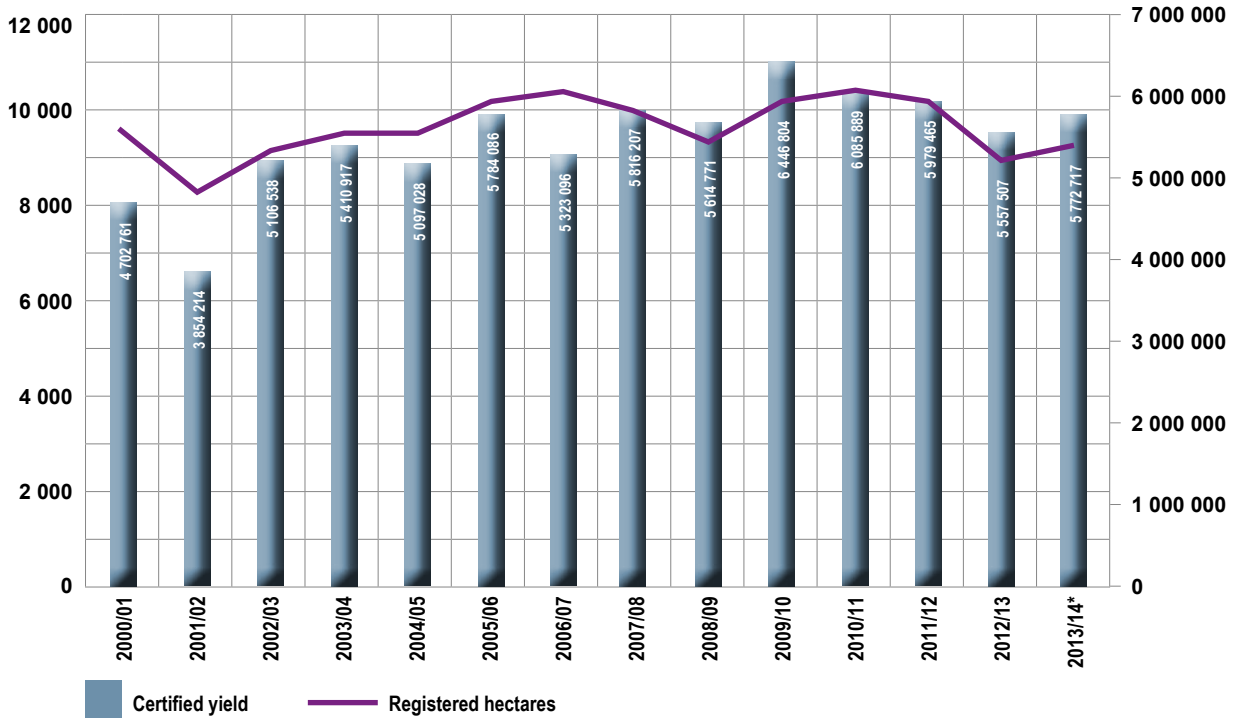


Figure 2: Registered hectares (G0 to G7) and certified yield (G1 to G8 and Standard Grade)

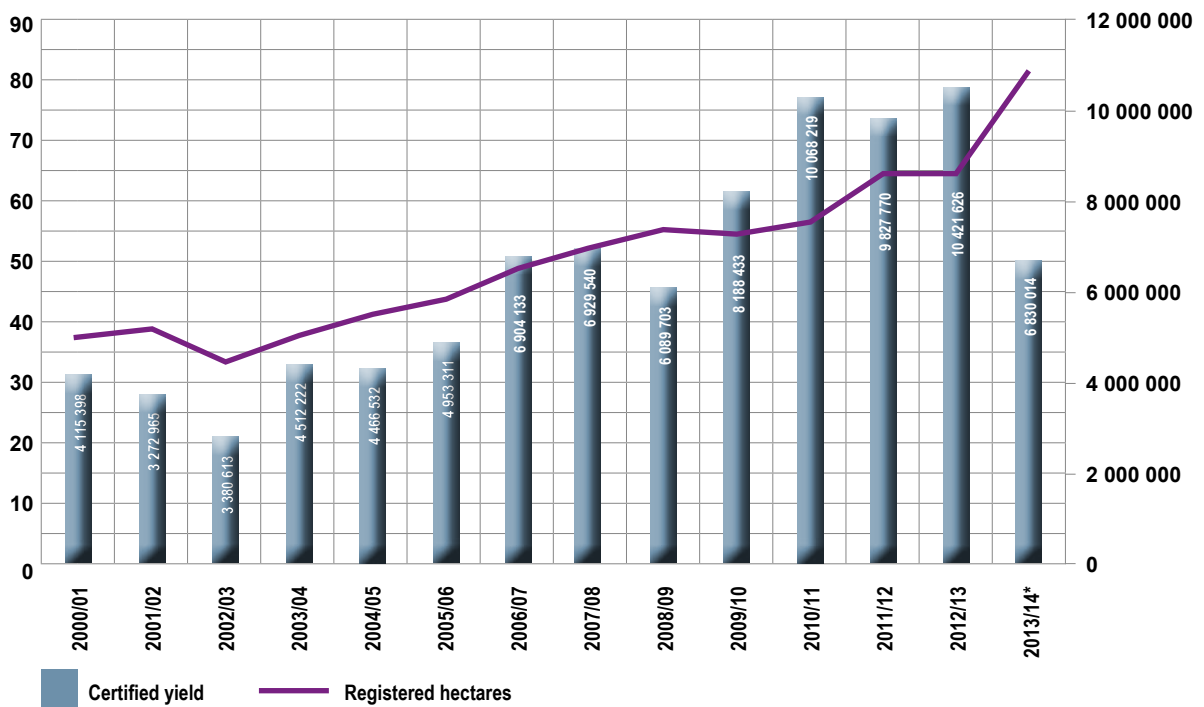


Figure 3: Registered hectares and certified yield for Generation 0 (mini tubers)

Figure 3 on the previous page indicates the number of mini tubers produced on the units registered for the period 1 July to 30 June the next year. All mini tuber plantings registered during 2013/2014 have not yet been harvested – therefore this production figure will still change.

At present, there are eight mini tuber production facilities that are authorised by the ICCSP. They are Rascal Seed Research Laboratories; Potato Seed Production; Advanced Potato Propagation; Ceres Aartappels; Wes-Kaap Aartappelsaad; Super Spud Seed Potatoes; Maluti Mini-Tubers; and Griekwaland-Wes Bpk. These facilities either produce their own *in vitro* plantlets or obtain them

from ARC or Ansabi Mass. The base of clean material (see Figure 3), as the point of departure, is therefore becoming broader. This is also reflected by the increased number of Generation 1 to Generation 4 seed potatoes certified during the past decade (see Figures 8 and 9).

If one looks at the cultivar distribution of the top ten varieties that were certified during the past ten years, as reflected in Figures 4 and 5 below, it is clear that tremendous changes took place. The number of 25kg bags of BP1 certified decreased from 31,86% in 2003/2004 to 2.94% in 2013/2014 – i.e. the period under review.

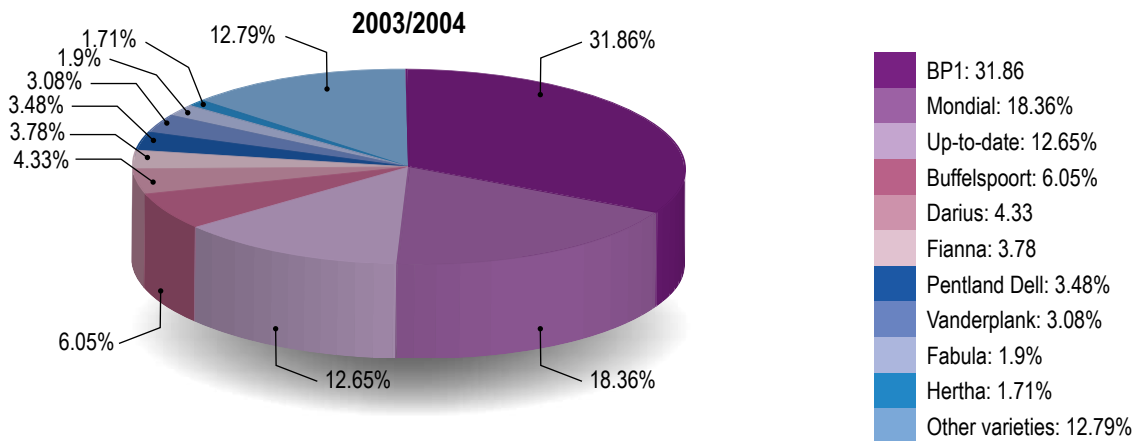


Figure 4: Cultivar distribution as in 2003/2004

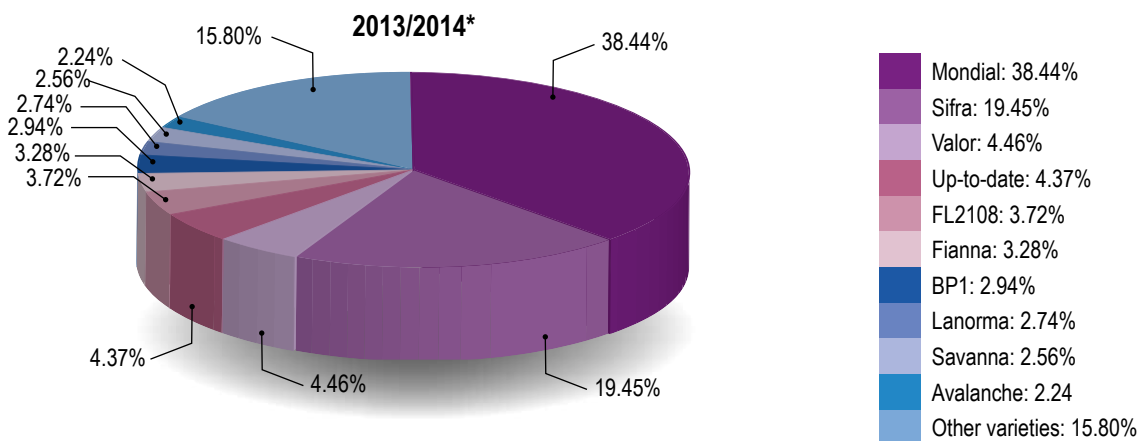


Figure 5: Cultivar distribution as in 2013/2014*

In turn, Mondial increased its market share from 18,36% ten years ago to 38,44% for 2013/2014, which is slightly down from the 2012/2013 period. Sifra did not feature at all ten years ago but now it accounts for 19,45% of all seed potatoes certified. Sifra's share in certified seed potatoes has grown by 5% since the 2012/2013 period. Valor was the third biggest variety certified during the period under review, with 4,46% of all seed potatoes certified.

The other smaller varieties are indicated in Figure 6 (2003/2004) and Figure 7 (2013/2014*). Ten years ago, there were still three sub-licence cultivars, namely Caren, Eryn and Mnandi, but during the period under review only Darius was amongst the smaller noteworthy varieties. During 2012/2013, Pentland Dell had the biggest market share of the smaller varieties, while Innovator took over this position during the period under review.

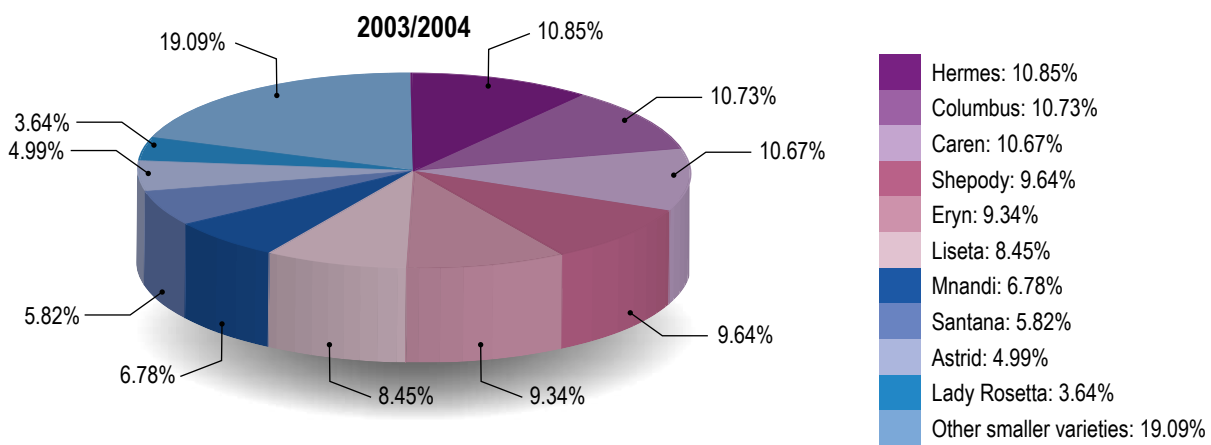


Figure 6: Composition of other smaller varieties in 2003/2004

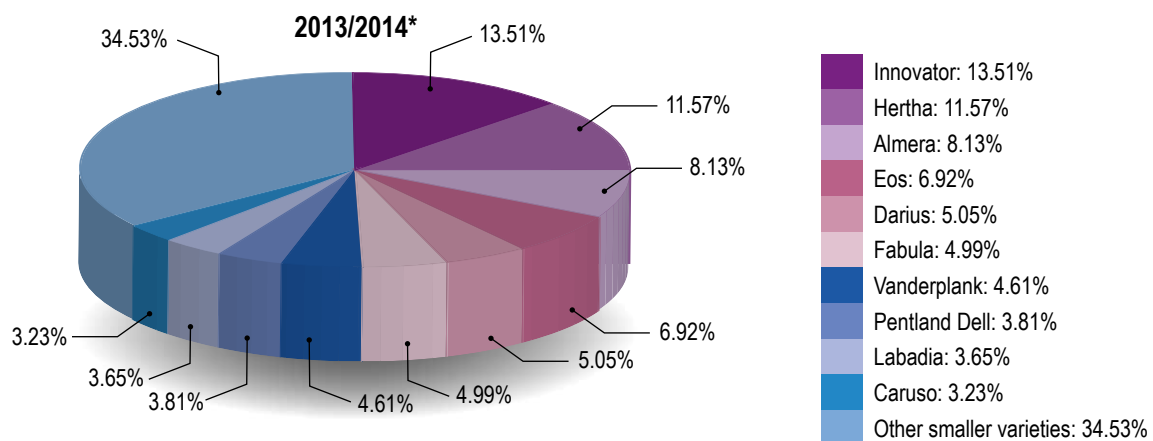


Figure 7: Composition of other smaller varieties in 2013/2014*

The generation distribution indicates that Generation 1 to Generation 4 seed potatoes increased from 3 million 25kg bags to 4.5 million ten years later. It also indicates that G1 to G5 seed potatoes totalled 5.3 million 25kg bags of a total of 5.7 million 25kg bags certified. The number of G6, G7, G8 and Standard Grade certified, decreased from 1 212 996 25kg bags ten years ago to 401 572 during the period under review. This is a clear indication that the seed potato industry is very dynamic

– there are many more early generation seed potatoes available. These figures might change slightly as the final number of bags of seed potatoes certified on the plantings registered in June 2014 is not yet available. The generation distribution is indicated in Figure 8 and Figure 9.

At the Council meeting held in June 2014, the Registrar allowed the voluntary downgrading of seed potatoes

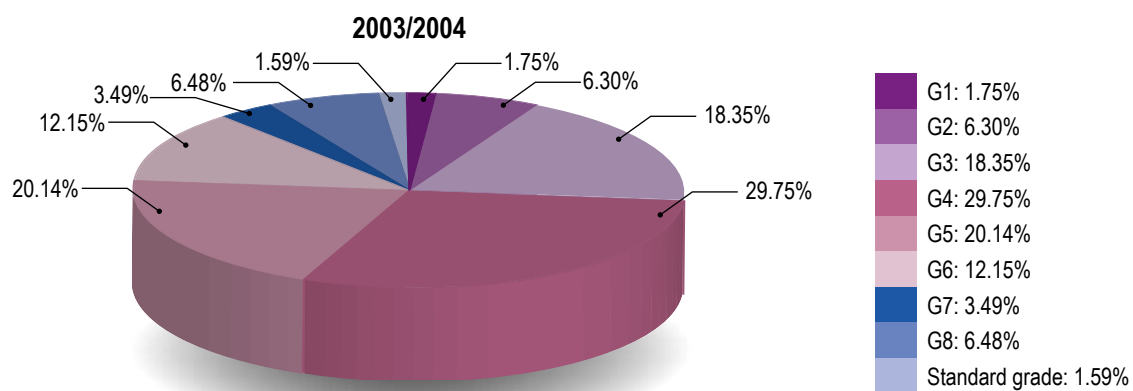


Figure 8: Generation distribution in 2003/2004

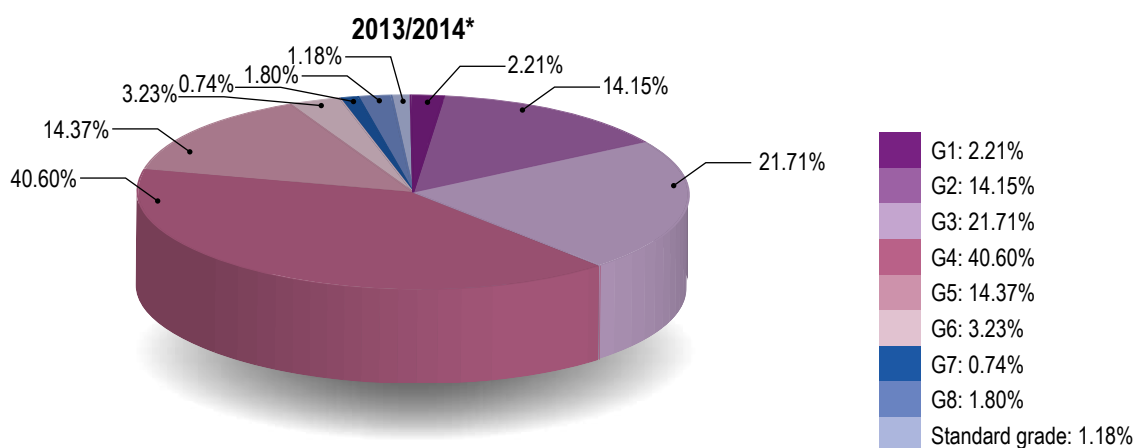


Figure 9: Generation distribution in 2013/2014*

by more than one generation for a period of two years before taking a final decision in this regard. In the 2013/2014 period to the reporting date, 17 212 bags were downgraded, of which 7 074 were downgraded by more than one generation. It was mainly Mondial and Sifra that were downgraded to G8. The seed potato size that was downgraded all constituted 800 counts. This is to provide certified seed potatoes for table potato production to the emerging sector.

With regard to diseases, it is a matter of concern that the number of virus samples that tested free from virus diseases at the testing laboratories is decreasing gradually, as is indicated in Figure 10. However, on a more positive note – there was a slight improvement during the past two years.

During the period under review, no potatoes with Potato Tuber Necrotic Ringspot Disease (PTNRD) were found during 2 644 tuber inspections conducted by the reporting date. PTNRD is caused by necrotic strains of PVY.

Fissure scab, caused by *Streptomyces* spp., was incorporated into the tuber inspection reports. The occurrence of fissure scab is recorded and the tolerance for *Streptomyces* spp. will be used until research

indicates otherwise. As part of the dispensation for the treatment of seed potatoes infected with silver scurf / black dot, a record is kept of all treated seed potatoes certified, in order to have statistics available for the motivation when the dispensation ends in November 2017. During the period under review, 322 883 25kg bags certified, were treated. The regions treating seed potatoes were KwaZulu-Natal, Mpumalanga, the North Eastern Cape and Limpopo.

During the period under review, 691 231 x 25kg bags of seed potatoes qualified for Class Elite, which is the class of seed potatoes with the lowest tolerance for seed-borne diseases.

It is heartening to report that no incidence of bacterial wilt disease was found on registered units during the period under review. The Department of Agriculture, Forestry and Fisheries requested that all units previously found positive for the presence of *Ralstonia solanacearum*, the bacterial wilt disease-causing organism, which are still within the eight-year with-holding period, must be visited quarterly and the findings must be recorded and, where needed, corrective action must be taken.

The Potato Quarantine Pest Committee is the watchdog of the potato industry with regard to quarantine pests.

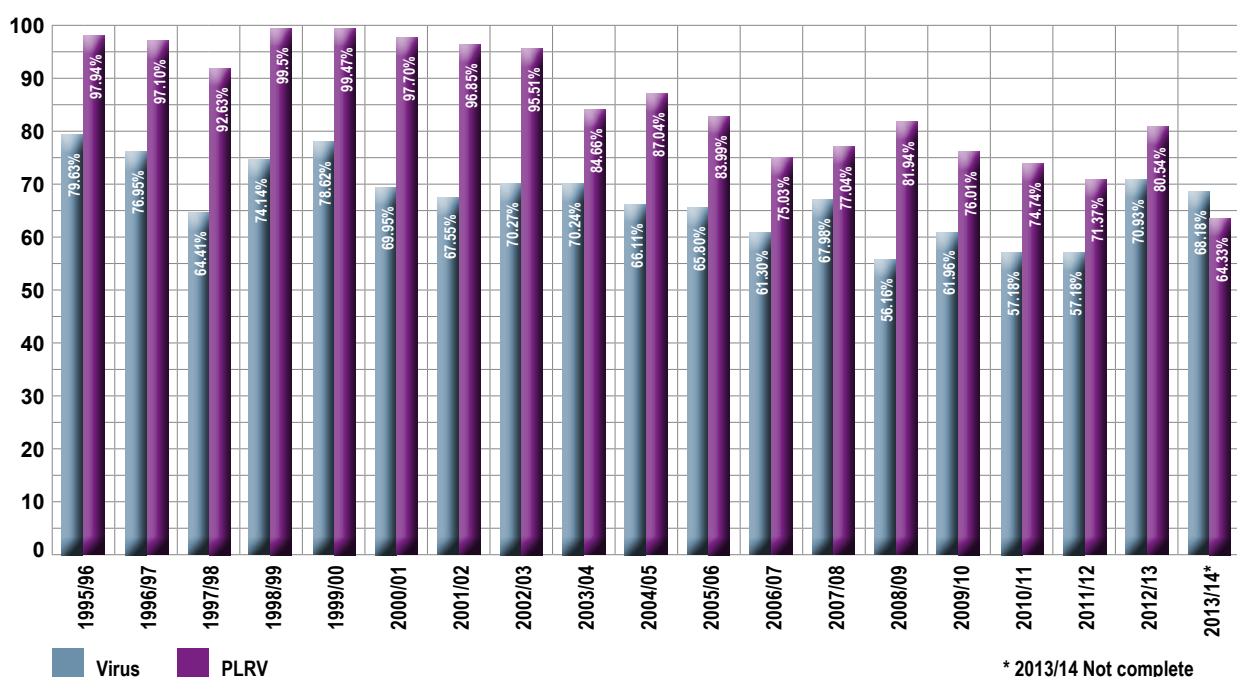



Figure 10: RSA - Virus Occurrence (Field samples: G0 – G7 planted)



Bacterial wilt, caused by *Ralstonia solanacearum*, Potato Cyst Nematode (PCN), *Globodera rostochiensis* and wart disease, caused by *Synchytrium endobioticum*, are officially controlled in terms of the South African Seed Potato Certification Scheme. No incidences of wart disease have been found in South Africa for many years now.

Bacterial wilt is a quarantine disease that is officially very strictly controlled in the seed potato industry, but which is not regulated in commercial potato plantings at all. During the period under review, one incident of bacterial wilt was reported in a commercial planting. However, this figure is greatly underestimated. All possible measures must be taken in an effort to eradicate bacterial wilt. This includes the planting of certified seed potatoes, as well as a proper rotation system that does not include crops such as sunflower, ground nuts, pumpkin, cabbage, tobacco and peppers. In some African countries, yields of less than ten tons per hectares are the result of bacterial wilt infections.

It is noteworthy to report that the Department of Agriculture, Forestry and Fisheries is sampling all units with orders for PCN and, where no cysts are found, the orders will be lifted.

The Scheme is based on phyto-sanitary status, as well as variety purity. Mixing of varieties was only found in 0.02% of all seed certified. Where mixing took place, the grower was notified in writing and the necessary corrective action was instituted. Out of 5.7 million bags certified, mixing detected affected only 13 810 bags.

Owners or agents of varieties, as well as the seed potato growers of South Africa requested that the term for protection in terms of Plant Breeders' Rights be extended from 20 to 30 years for all varieties, irrespective of whether it is already listed or not, in order to bring the national regulations in line with international standards. This request came from all the platforms in the seed potato industry, namely; NUMPRO, the National Seed Potato Committee, the Seed Potato Growers' Forum as well as the ICCSP.

PCS plays a leadership role in identifying needs within the seed potato industry, as well as in identifying and dealing with new diseases and pests. PCS serves as the link between the potato testing laboratories and the seed potato growers of South Africa.

The certification of seed potatoes means that seed potatoes are produced by a registered seed potato grower, who undertook to grow the seed potatoes in accordance with the rules and regulations of the Scheme and the Protocol; that they were sampled, examined and sealed in accordance with the Scheme requirements; and complied with these requirements on the day of sealing.

The risk of using vegetative propagated material is greatly reduced by planting certified seed potatoes. Certified seed potatoes are subject to at least two field inspections and bacterial wilt and virus tests confirm the findings based on visual inspections during the growing period. All inspections, including tuber inspections, are done by qualified certification staff members. Once the certification officials are satisfied that the seed potatoes have complied with all the tolerances, the seed is certified.

Planting uncertified seed potatoes will result in lower yields and reduced quality, due to virus infections, as well as tuber-borne and soil-borne diseases. Planting seed of unknown disease status places the seed potato plantings in the vicinity at risk, as the uncertified seed can be a source of infection, resulting in huge financial losses.

In conclusion, South Africa has a Scheme that is scientifically proven, as well as technically justified and credible, resulting in high-quality certified planting material for the potato industry. The Scheme is applied by qualified staff members, supported by laboratory results generated by approved testing facilities. Planting certified seed potatoes is the best way to ensure good yields of excellent quality, resulting in profitable crops and sustained food security.

Visit www.potatocertification.co.za.





PLANTOVITA



CHAIRPERSON'S REPORT

The one thing on which everyone agrees, is that time is nobody's friend and that the hourglass is emptying ever faster from one season to the next. And naturally every season has its own unique "speed bumps" in respect of which, if one cannot overcome them, one has to find an honourable and acceptable way to circumnavigate them. Here follow some of the "speed bumps" that had to be negotiated this year.

THE QUESTION WITH REGARD TO POST-CONTROL TESTS AND WHY THESE TESTS NEED TO BE UNDERTAKEN AT PLANTOVITA

In short, the conclusion to the investigation was that Plantovita, as PLS' controlling laboratory, did not belong to any specific region, could not benefit from the test results in any way and had been appointed by ICCSP to handle post-control tests nationwide.

Thank you to Ms Joan Sadie, Director of the Plant Improvement Act, who helped to investigate this focal point and find legally correct answers.

A CODE OF CONDUCT WAS ESTABLISHED

The Board of Directors of Messrs. Plantovita also approved a Code of Conduct for PLS. The necessity of this Code of Conduct arose after isolated incidents in regions where results of laboratories were played off against each other.


In this Code of Conduct, a distinction is made between Official and Non-official samples.

THE RESPONSIBILITY OF THE RESPECTIVE LABORATORIES' BOARDS OF DIRECTORS TO UPHOLD INTEGRITY

With due consideration of the privatisation of the regional laboratories and the economy that tends to pinch everywhere, the owners and directors of the laboratory companies sometimes force staff members to implement steps that are contrary to the PLS Protocol.

The guidelines contained in the PLS Protocol enable the laboratory technician to function within the approved measures, of which the purpose is to ensure the scheme's integrity and contribute to the standardisation of activities of ICCSP approved laboratories in the regions.

Should the owners/directors of the laboratory companies wish to implement actions that are contrary to the PLS Protocol, you are reminded that there are procedures that you could follow to have these changes approved. To enforce actions puts pressure on laboratory technicians who have to function within the framework of the PLS Protocol and they



are put in the difficult position to declare any deviations during laboratory audits.

I therefore request of you, as owners of laboratory companies, to always respect the integrity of your company and your staff and to follow the correct and honourable path by submitting requests for changes to existing procedures. Should requests have any merit, you may rest assured that they will be favourably considered.

LABORATORY AUDITS

The rounds of audits of all laboratories have been completed for the present season and, at present, all the laboratories in the PLS Group are enjoying ICCSP approval. Audits are stricter than ever before and the Technical Committee of Plantovita, PCS and Potatoes South Africa (PSA) evaluates the audit reports thoroughly before requesting the ICCPS for an extension of ICCPS approval.

In the same breath it is important to understand that the Chief Executive Officer of Plantovita/PLS, Ms Marieta Botha, as well as the Technical Manager of Plantovita/PLS, Ms Anel Espach, were authorised with regard to ICCSP approval of laboratories to recommend that ICCSP approval be refused, suspended or postponed during a season when the laboratory is placed at risk.

Our staff members often have to rely on the timeous decisions and actions of their managers to implement audit recommendations. You should therefore support your laboratory technician in order to be able to enjoy and maintain ICCSP approval.

LAST BUT NOT LEAST!

When I look at where PLS started out, how times have changed and challenges evolved, I hope that you realise in conjunction with me, just how valuable the addition of molecular technology is to the services rendered by PLS. Obtaining PCR technology was a tremendous step forward enable us to take part internationally on an equal platform.

You must bear in mind that it was never the idea to substitute the PCR test for the ELISA test. The PCR test is a very expensive, specific and accurate test, which can be used positively with regard to saving time (for example in the case of disputes) and absolute results (for example in respect of material from the Gene Bank and seed potato imports). PCR has come a long way in PLS and a great

deal of money was spent and a great deal of time had passed.

My request is that you give thorough consideration to possibilities where this valuable technology could be applied successfully to the benefit of the seed potato growers and table potato producers of the South African potato industry.

I WISH TO CONCLUDE BY THANKING A NUMBER OF PEOPLE

Firstly, the staff of PLS, which includes everyone who works under this banner. I trust that you realise the value of the services that you render with regard to the determination of the disease status of our seed potatoes. An industry that is dependent on disease surveys for its continued existence cannot do without you.

To Ms Marieta Botha and Ms Anel Espach who hold the reins – you proved all the theories, which state that women cannot cooperate, wrong. Over time you have developed into a mean team who support and supplement each other.

And then it was whispered in my ear that the leaders of the respective service rendering groups in our industry, namely Ms Marieta Botha (PLS), Ms Sanette Thiar (PCS) and Mr Etienne Booyens (Prokon) had, on own initiative and at the invitation of Prof. Andre Jooste (Chief Executive Officer of PSA), decided to meet quarterly to, inter alia, improve mutual communication, discuss strategy, identify and manage perceptions and, in short, establish healthy cooperation and support between the main groups in the potato industry. Thank you Andre.

You are the people who move in the front lines and often have to dodge the shots to the head. This unity and support of one another can only strengthen the industry because good cooperation between leaders, like yeast, works through to the staff in general and establishes a feeling of belonging.

God bless this land and the exceptional people who work and live here.

Johan van den Heever
Chairperson



MANAGEMENT REPORT

The period under review was one of change and one in which I had to learn that I cannot control everything. A thicker skin was bound to develop in order to remain standing when the familiar was shaken. I nevertheless regard it as a year in which several issues were addressed – issues in connection with, inter alia, the contents of this report.

One of the major challenges was a full and formal investigation into post-control testing. The most important question in this regard is: Why do these tests have to be conducted at Plantovita? This issue was driven mainly by economic necessity in regions where decreasing hectares were making it increasingly difficult from an economic point of view to operate a laboratory company in a sensible way.

WHAT DID THIS INVESTIGATION REVEAL?

Firstly, that post-control tests have a definite purpose, namely to test whether the Scheme works. In other words, did the seed lot maintain the status (generation) allocated to it at the time of certification?

The use of post-control tests is not unique to the South African seed potato industry. The basic rules and requirements of schemes envisaged in section 24 of the Plant Improvement Act (Act No. 53 of 1976) are based on the international schemes of the Organisation for Economic and Commercial Development (OECD). The OECD scheme on which the South African Seed Potato Certification Scheme is based, describes post-control tests as follows:

A part of every sample of Basic Seed (except as provided for in Rule 8.2) and of a percentage of the samples of Certified Seed, drawn under Rule 7.4.1, shall be checked in a post-control test conducted immediately or in the season following



the drawing of the samples. The test shall be conducted by, or under the supervision of, the National Designated Authority.

It is therefore required of the Authority, namely the Independent Certification Council for Seed Potatoes (ICCSP), to undertake the necessary tests or, should it not do so itself, to appoint someone to do so. Should the role-players (regions) do these tests themselves, the tests will become part of their internal quality control and the purpose and status of the post-control tests will disappear.

Plantovita, as the controlling laboratory of Potato Laboratory Services (PLS), does not belong to any specific region, it cannot benefit from the test results in any way and it was appointed by ICCSP to handle the post-control tests nation-wide.

Thank you to Ms Joan Sadie, the Director of the Plant Improvement Act, who helped to investigate this focal point and to find legally correct answers.

THE ESTABLISHMENT OF MOLECULAR TECHNOLOGY IN PLS

What progress did we make?

It is with pleasure and gratitude that I can report that the PCR validation project was successfully finalised and accepted by the Research Committee of Potatoes South Africa (PSA). I am now going to refer to the next period under review, but I think it is important that you know that the results in respect of the validation samples were also submitted to the members of ICCSP at the ICCSP meeting, held on 12 November 2014.

I believe that more than one of the members were surprised by the comparisons between the results of the two testing methods and that they are hopefully more convinced that molecular technology does, in fact, add value to the industry. ICCSP eventually accepted the validation and implementation of PCR technology as an alternative testing method for certification, with the proviso that the protocol involved be finally evaluated and approved by the Department of Agriculture. The samples used for validation included sprouted virus samples, fresh virus samples (direct tuber testing), leaf samples, in vitro plants and GO material. From the results of the validation it became clear that the foundation material of our potato industry could also be

tested by means of this valuable and sensitive testing method for virus diseases.

Plantovita undertakes to subject samples to evaluation on a routine basis for a few months, in order to build up a database in respect of comparisons between ELISA and PCR results. A second purpose will naturally be to monitor that our trends between the two tests remain standardised. As in the case of the ELISA tests, this will be linked with the laboratories' quality control in order to trace mistakes timeously, as well as identify and investigate abnormal deviations timeously.



Attention is presently been paid to a protocol for testing the bacterial wilt confirmations by means of PCR technology. Which grower will not be grateful if the nail-biting waiting period of 34 days – until the final result in respect of this dreaded quarantine disease is known – can be drastically shortened?

PCR technology enables laboratory services to broaden its services to the industry by means of diagnostic tests and to move closer to the objective of having an entity in PLS that any grower of potatoes could approach for a

quick and accurate diagnosis of diseases which, in turn, could result in quick action and decision-making.

Does the ELISA test still have a place in PLS?

It is important to understand that the PCR Protocol was not developed to replace the ELISA Protocol. The ELISA method will remain the main testing method in commercial testing laboratories on account of the cost and robustness thereof. This serological technique is amongst the most sensitive techniques suitable for large-scale routine testing and it is still used in laboratories world-wide where seed potatoes are tested for certification.

The test kit used at present is imported from Messrs Bioreba in Switzerland and was specifically developed to test tubers. The genome determination survey, conducted earlier in cooperation with the University of Stellenbosch, also confirmed that this test kit traces all the virus strains that could be found in South Africa. PLS enjoys good cooperation with the manufacturer and can rely on technical support from Switzerland at any time.

The shortcoming of the ELISA test comes to the fore when exceptionally low levels of viruses in seed potatoes result in false negatives. The differences between the field and post-control samples that sometimes occur do not constitute a national problem, but they are ascribed to late seasonal infection and the ELISA test could therefore not be blamed.

Therefore, you as growers will soon have a choice between PCR and ELISA. It is important to remember the following ICCSP resolution: Once a testing method (ELISA or PCR) is chosen, that testing method will be used throughout for that particular registration.

Your choice between the two available testing methods will be determined by your unique needs, generated by your unique circumstances. In all events, PLS will continually strive to render a service to you that guarantees the following:

- All samples of all clients will be handled with confidentiality and, in this way, the integrity thereof will be maintained and the confidentiality thereof ensured.
- Results generated from any sample will be sent to the client on a confidential basis and records will be

stored securely for a period of five years.

- Records pertaining to sample receipt, processing, testing and test results will be generated, maintained and subsequently stored securely and confidentially.
- All samples will be tested in accordance with the protocols and procedures of PLS.

How are standards in the respective laboratories controlled and maintained?

An attempt is made to unite the staff members of the respective laboratories under the wing of PLS – even if they are employed by different companies.

How is this done?

The most important factor is the annual PLS workshop attendance of which is compulsory. The annual PLS workshop sets out to offer every laboratory technician the following:

- *An exchange of knowledge and experience.*
- *A safe and neutral place where they can express their opinions, as well as share and express concerns.*
- *The opportunity to learn something new,*
- *The opportunity to make a valuable contribution by means of unique and individual inputs.*
- *An opportunity to cooperate as a team.*
- *The opportunity to get to know their colleagues.*

A theme is chosen every year and matters for discussion are identified and dealt with from one workshop to the next. The theme for the period under review was The road ahead in changing times and, as determined by the rotation system, it was the turn of the Sandveld Laboratory to act as host. The following matters were on the agenda:

- *Laboratory audits – importance of audits, performance areas*
- *Proficiency tests / inter-laboratory tests*
- *Administration – inter alia communication with both the Potato Certification Service (PCS) and clients*
- *The Technical Committee and the role of Plantovita*
- *Raw data in respect of ELISA testing for bacterial wilt sent to Plantovita*

- *The Table Scheme*
- *Characteristics of specific pathogens: PVY, PLRV, Ralstonia solanacearum*
- *Diagnostic samples*
- *Performance areas: Dr Niel Theron Floating Trophy*
- *Open-book examinations: ICCSP, the PCS Protocol and the PLS Protocol*

In the workshop programme the opportunity for mentorship was established and, during this round, attention was paid to the following:

- *How to handle bullies in the workplace*
- *The handling of difficult clients*
- *Ownership, attitude to work, your role in your laboratory*
- *The road ahead in changing times*

The PLS workshop is the event at which the winner of the Dr Niel Theron Floating Trophy is announced. The criteria on which the award is based, are the following:

- *Absolute application of the testing protocol*
- *Good laboratory practice*
- *Continual improvements in own laboratory*
- *Implementation of audit recommendations*
- *Ownership*
- *Maintenance and the implementation of rules and regulations (inter alia PCS, Health and Safety)*
- *Heart and soul participation in the PLS group.*

The winner of this round was Plantovita's virus laboratory under the management of Ms Annelie Prinsloo. Annelie and her team distinguished themselves on the following grounds:

- *Precise implementation of audit findings in 2012 and 2013*
- *Laboratory activities that complied with the SANAS standard*
- *Ownership*
- *Professional conduct towards both staff members and clients*
- *Absolute and meticulous conducting of tests*
- *Increased standards, with the result that work and results are of an above average standard.*

Do not harbour any illusions that staff members

approach this competition in a light-hearted fashion. Within the limited framework for promotion within the PLS group, it is a sought-after award and everyone works hard to achieve it.



May any laboratory test samples for certification purposes?

No laboratory may test samples submitted for certification by means of any of the approved testing techniques if the laboratory concerned does not obtain ICCSP approval after inspection, training and approval by, and on the recommendation of the controlling laboratory in PLS, namely Plantovita.

The ICCSP approval of an existing testing laboratory is renewed annually, following the official audit, conducted by the Technical Manager of the controlling laboratory, Ms Anel Espach. This audit takes place during a laboratory's testing season, with a view to investigating whether all the laboratories in the group apply and maintain the prescribed standards.

The grower must have the peace of mind that –

- the test results in respect of a sample – should it be possible to test the sample at different laboratories simultaneously – will be comparable; and
- that the test results reflect the disease content of the specific sample with due consideration of the limitations of the ELISA test and the variation in sampling.

In order to protect the integrity of ICCSP approved laboratories and the Scheme, a Code of Conduct was established

This Code of Conduct was approved by Messrs Plantovita's Board of Directors and is applicable to all the laboratories in the PLS Group. The Code of Conduct determines what an ICCSP approved laboratory may test and has been incorporated into the official testing PLS Protocol at the request of PCS after being approved by the Board of Directors of Messrs Plantovita and ICCSP. The necessity for this Code of Conduct arose on account of isolated incidents in regions when laboratory results were played off against one another.

In this Code of Conduct, a distinction is made between *Official* and *Non-official* samples.

- In short, *Official* samples comprise seed potato samples registered for certification, as well as samples registered in terms of the Table Scheme. Official samples are only tested by ICCSP approved laboratories, provided that such samples originated from registered plantings.
- *Non-official* samples refer to leaf samples, submitted by a grower for virus tests as management resources. Diagnostic samples (single tubers or plants) are also accepted as non-official samples.

Can the ICCSP approval of a laboratory be withdrawn or postponed/suspended?

Yes, ICCSP approval can be refused, withdrawn or postponed/suspended in a season when the laboratory is placed at risk due one of the following reasons:

- Audit recommendations are not implemented within the designated time – here the manager/ owner of the laboratory concerned is often the guilty party.

- When a laboratory does not test samples in terms of the PLS Code of Conduct.
- If it is discovered during the audit that actions, putting the test at risk, take place.
- If it is discovered during the audit that actions, placing the integrity of the Scheme at risk, take place.

Who is authorised to recommend ICCSP withdrawal of a laboratory?

As far as ICCSP approval of laboratories is concerned, the Chief Executive Officer (CEO) of Plantovita/PLS, Ms Marieta Botha, and the Technical Manager of Plantovita/PLS, Ms Anel Espach, were authorised to recommend that the ICCSP approval of a functioning laboratory be suspended on account of one or more of the above-mentioned points. They may also recommend that the suspension be discontinued, following a satisfactory inspection. At present all the regional laboratories enjoy ICCSP approval.

Ownership and management of the controlling laboratory, Messrs Plantovita

I believe that you are already aware of the fact that the ownership of the controlling laboratory is based upon shareholding, namely 10% in the case of the Dry Bean Producers' organisation (DPO) and 90% in the case of seed growers. The seed growers own the shares via the regional laboratories of which they are the owners.

The percentage shareholding differs from region to region and is based on the contribution of each shareholder to Plantovita's turnover over a specified period.

Every shareholder is represented on Messrs Plantovita's Board of Directors by a Director appointed by the company or organisation that owns the shares. PSA is represented by three directors, but does not own any shares. The Chairman of the Board of Directors is elected independently.

Notwithstanding the percentage of shares, every director has equal access and a right to vote as far as decision-making is concerned.



DIRECTOR	POSITION	REPRESENTATIVE OF THE FOLLOWING COMPANY OR ORGANISATION
Johan van den Heever	Chairman	Independent
Jakkie Mellet	Vice-Chairman	Solani Labs (Pty) Ltd
Gerhard Posthumus	Director	Wes-Vrystaat Aartappelmoerkwekers (Edms) Bpk
JJ van de Velde	Director	KwaZulu-Natal Laboratory Services (Pty) Ltd
Johan van Greunen	Director	Sandveld-laboratoriumdienste (Edms) Bpk
Van der Spuy Botes	Director	Noord-Kaap-laboratoriumdienste (Edms) Bpk
Chris Kleingeld	Director	Dry Bean Producers' Organisation
Dr Fienie Niederwieser	Director	Potatoes South Africa
Rudie Heinlein	Director	Potatoes South Africa

There was only one change to the composition of the Board of Directors since the previous report was published, and at present the Board of Directors is comprised as in the table above.

The CEO is appointed by the Board of Directors. This officer also fulfils the role of Manager: Laboratory Services. Ms Marieta Botha fills this position at present.

Plantovita is technically managed by Ms Anel Espach. In the interest of the technical welfare of all the laboratories, Ms Espach also fills the position of Technical Manager of PLS.

THE STAFF OF PLS

Based on my own history in a laboratory, I know that every laboratory technician experiences a percentage of a year when things go wrong and he/she simply wants to run away because he/she understands that he/she is working with a grower's time and money. The laboratory technician is confronted by power failures and untimely schedules of water cuts when the supplier decides to scrub dams during the testing week. They work with biological, and therefore changeable, material and are sometimes confronted by unreasonable clients.

Nevertheless every laboratory technician is the manager of his/her laboratory or section. Laboratory technicians are expected to take ownership, to implement and maintain high standards, to manage problems and difficult clients and to act responsibly.

Mistakes are not made on purpose. On the contrary, when mistakes do occur, this is brought to the notice of Plantovita and it is then the duty of Plantovita to provide technical support until the problem has been solved. Every test has its indicators that gauge its success. A laboratory technician who is worth his/her salt and sees the greater picture will certainly not make results available with a shrug of the shoulders without understanding the impact thereof.

During the period under review, there was only one resignation from the PLS ranks, namely that of Ms Susan Linde of the Northern Cape Laboratory in Douglas. Until the time of writing this report, we were fortunate to retain our staff at the other laboratories. We also hope that the staff turnover will stabilise so that we could have the opportunity in PLS to build up expertise and experience for the industry with regard to these specialised services.

The PLS staff members did their job well and there were very few incidents that could not be explained to the satisfaction of the grower.



IN CONCLUSION

A wagon wheel without spokes is just a round piece of wood zigzagging across the road. In the PLS wheel there are many spokes that keep the wagon upright and on track.

The most important are the staff members of PLS. Thank you very much for your dedication and for doing your best, even when the branches, covered in thorns, scratched you and the stones bruised you. You each have a contribution to make with regard to the progress and success of the laboratories.

As Technical Manager, Anel Espach is certainly any manager's dream. Her dedication, resoluteness, knowledge and hard work provide stability, quality and evolution to the service and value of PLS.

My gratitude can be expanded to all other colleagues in the industry:

Colleagues at the PSA Finance Department, PSA Management and PCS for camaraderie and excellent cooperation.

Dr Fienie Niederwieser, for support and friendship and telephone calls at the right time.

Clive Trent (now retired) for administering the Board of Directors' meetings of Messrs Plantovita and Messrs Solani Labs. The quality of your work is legendary.

Elaine van der Merwe and Lena du Toit from the DPO, whom I find indispensable with regard to the financial management of Messrs Plantovita.

Messrs Plantovita's Board of Directors for their positive attitude and support.

The members of the Technical Committee for their passion and the hours of debating matters that are important for maintaining the integrity of our industry.

My mother, who still feeds cats and takes care of hearth and home when I am elsewhere in the country or the world – for all the prayers and the willingness to listen and the simplifying of matters that sometimes constitute enormous problems for me.

Our Dear Father and all the Angels ... for their patience with, and protection and cherishing of an ordinary person with great responsibilities and a small heart.

Marieta Botha
Manager Laboratory Services

BUSINESS REPORT

THE LABORATORIES IN PLS

In the South African potato industry, there are five laboratory companies that conduct tests in order to determine the disease status of seed potatoes presented for certification. The tests are a requirement of the South African Seed Potato Certification Scheme, in order to investigate whether the seed potatoes, produced by registered growers, comply with particular disease tolerances.

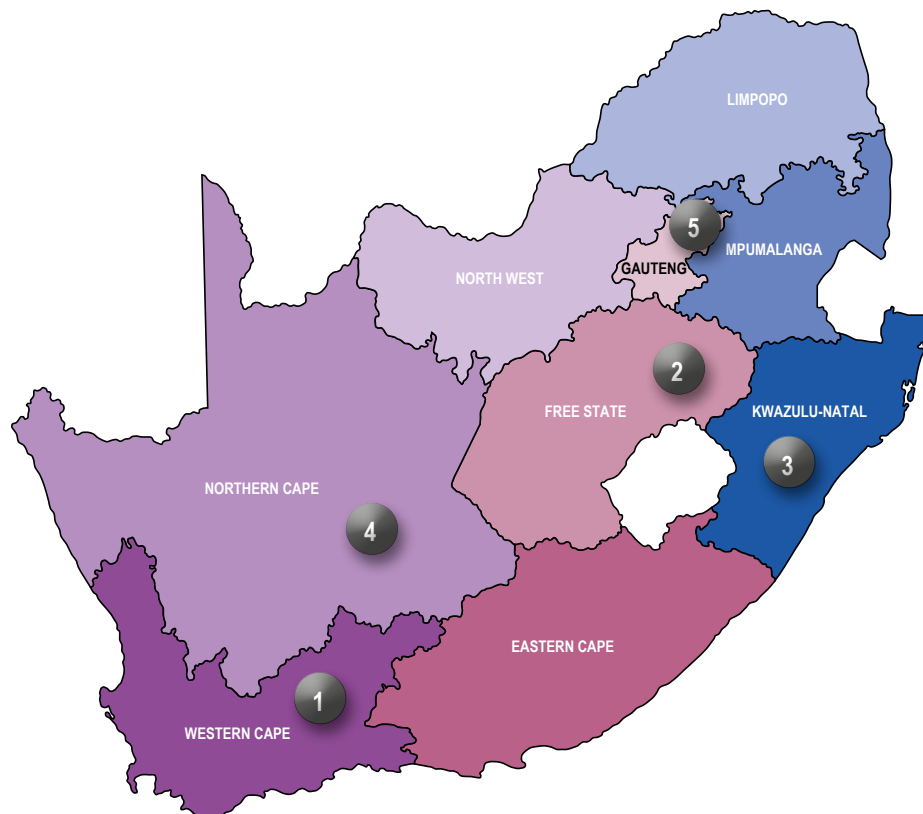
Each of the laboratory companies functions as a private entity and is strategically situated with a view to serving a specific production area. In terms of the Plant Improvement Act (Act No. 53 of 1976), all five companies must be registered with the Department of Agriculture, Forestry and Fisheries as facilities for conducting disease tests.

The term, Potato Laboratory Services (PLS), refers to these laboratory companies as a group and does not influence individual ownership. Plantovita fulfils the role

of the controlling laboratory in this group of companies and must ensure that the standards envisaged in the official PLS testing protocol are maintained continuously by all the laboratories involved.

As the controlling laboratory, Plantovita audits the laboratories annually during the testing season. With due consideration of the recommendation by Plantovita and the audit reports submitted to the Technical Committee, a laboratory earns the authorisation of the Independent Certification Council for Seed Potatoes (ICCSF) from one year to the next, in order to conduct tests as required in terms of the Scheme. The standard for audit requirements is determined in terms of the official PLS Protocol. The protocol was compiled on the basis of international standards (ISO) and good laboratory practice.

There is a sixth laboratory company, Messrs Solani Labs which, in terms of an agreement, makes use of Plantovita's services to conduct disease tests for growers in Mpumalanga, Limpopo, Gauteng and the Eastern Free State. Growers in these regions are shareholders in



LOCATION ON MAP	NAME OF COMPANY, OWNER AND MANAGEMENT	RESPONSIBLE LABORATORY TECHNICIAN AND COMPOSITION OF STAFF	SECRETARIAL SERVICES	ADMINISTRATIVE AND FINANCIAL MANAGEMENT	TECHNICAL MANAGEMENT
1	 Sandveld Laboratoriumdienste Wes-Kaap-moerkwekers-vereniging	Soreen Gouws Laboratory Technicians Laboratory Assistants Contract Workers	Hanlie Rabe (Agreement with PSA)	Marieta Botha PSA – Finances	Anel Espach
2	 Wes-Vrystaat Aartappelmoerkwekers Laboratorium	Cecilia Nel Laboratory Technicians Laboratory Assistant Contract Workers	WVAMK	Gerhard Posthumus	Anel Espach
3	 KwaZulu-Natal Laboratory Services KwaZulu-Natal Seed Growers	Kyla Anne Watt Laboratory Technicians Laboratory Assistant Contract Workers	Robyn van Zyl (Agreement with PCS)	Marieta Botha PSA – Finances	Anel Espach
4	 GWK NOORD-KAAP-LABORATORIUMDIENSTE Griekwaland-wes Korporatief	Susan Linde Laboratory Technicians Contract Workers	Alana van der Merwe (Agreement with PCS)		Anel Espach
5	 Plantovita Plantovita shareholders: Sandveld-laboratoriumdienste Wes-Vrystaat Aartappelmoerkwekers KwaZulu-Natal Laboratory Services Noord-Kaap-laboratoriumdienste Solani Labs DPO	Anel Espach Laboratory Technicians Laboratory Assistants Contract Workers Cleaner	Beverly Palmer	Marieta Botha PSA – Finances	Anel Espach

the company and the Board of Directors was composed with due consideration of this fact. The purpose of this company is to determine a unique PLS registration tariff for this particular service area. This is determined on the basis of the hectares registered and the costs of tests. The Chief Executive Officer (CEO) of Messrs Plantovita is responsible for the management of Messrs Solani

Labs under the leadership of the company's Board of Directors. Plantovita's Technical Manager is responsible for the technical management of these services.

The map on the previous page and the table above offers an overview of the location, service area, ownership and management of every company.

Every individual laboratory company is managed by a Board of Directors, comprising directors elected/appointed by the company's owners/shareholders.

The Board of Directors is at liberty to appoint a manager who is responsible for the financial and administrative welfare of the company. This manager may be appointed from their own ranks or be contracted to render these services.

In the case of the Northern Cape and the Western Free State laboratories, the company structures of owners are of such a nature that these management services can be rendered in-house. As far as Messrs Solani Labs, KwaZulu-Natal Laboratory Services and Sandveld-laboratoriumdienste are concerned, Plantovita's CEO fulfils this function in terms of an agreement. The financial section of Potatoes South Africa (PSA) handles the finances of these three companies in terms of an agreement. Plantovita' CEO is appointed by the company's Board of Directors. This officer also fulfils the role of Manager: Laboratory Services. At present, this

position is held by Ms Marieta Botha. In the interest of the technical welfare of the laboratories, Ms Anel Espach fills the position of Technical Manager of the PLS Group.

THE RENDERING OF SERVICES BY PLS

For the purpose of certification:

The respective laboratory companies conduct the following tests/render the following services with regard to disease determination and other requirements contained in the South African Seed Potato Certification Scheme:

Extended diagnostic services

As controlling laboratory Plantovita, inter alia, strives to render extended diagnostic services to the industry as a centre of expertise. The testing centre was equipped to this end and has the expertise for the rendering of these services.

LABORATORY	PATHOGEN	TECHNIQUE	TYPE OF SAMPLE
Sandveld Laboratory Western Free State Laboratory KwaZulu-Natal Laboratory Northern Cape Laboratory	Virus diseases: PVY, PLRV	ELISA	Seed potatoes: Field samples Leaf samples: G0 and private material
	Bacterial diseases: Bacterial Wilt (<i>Ralstonia solanacearum</i>)	ELISA	Seed potatoes: Field samples
Only Sandveld Laboratory	Golden cyst nematode: <i>Globodera spp.</i>	Steinhorst cyst elutriation	Soil samples
Plantovita	Virus diseases: PVY, PLRV, PVA, PVM, PVX, PVS, TSWV	ELISA PCR	Seed potatoes: Field and post-control samples G0-material: Leaves and seed potatoes Private leaf samples In vitro material Imported material
	Bacterial diseases: Bacterial Wilt (<i>Ralstonia solanacearum</i>) The following <i>Erwinia spp.</i> : <i>Pectobacterium carotovorum subsp carotovorum</i> <i>Pectobacterium carotovorum subsp brasiliensis</i> <i>Pectobacterium atrosepticum</i> <i>Dickeya dianthicola</i> <i>Dickeya dadantii</i>	ELISA AND CONVENTIONAL PLATING OUT METHODS	Seed potatoes: Field samples G0 material In vitro material Imported material Confirmation of all positive bacterial wilt readings country-wide
	Cultivar purity of units presented for certification	DIFFUSED LIGHT EVALUATION	Seed potatoes (for cultivar purity)

To date, Plantovita's Diagnostic Section has identified the following pathogens of physiological deviations:

Bacterial diseases

- *Ralstonia solanacearum* – Bacterial wilt
- *Pectobacterium carotovorum subsp carotovorum*, *Pectobacterium carotovorum subsp brasiliensis*, *Pectobacterium atrosepticum*, *Dickeya dianthicola*, *Dickeya dadantii* – Black leg /Soft rot (non-specific)
- *Streptomyces spp* – Common scab

Fungal diseases

- *Macrophomina phaseolina*: Charcoal rot
- *Sclerotinia sclerotiorum*: White mould
- *Verticillium dahlia* and *V. albo-atrum*: Verticillium Leak
- *Phytophthora erythroseptica*: Pink rot
- *Pythium ultimum var. ultimum* and *P. Debaryanum*: Leak
- *Phytophthora infestans*: Late blight
- *Botrytis cineria Pers.:* Fr.: Grey mould
- *Phoma foveata* and *Phoma exigua var. exigua*: Gangrene
- *Alternaria solani*: Early blight
- *Rhizoctonia solani*: Stem cancer
- *Fusarium spp.:* Fusarium dry rot and Fusarium wilt
- *Alternaria alternata.:* Brown spot and black pit
- *Spongospora subterranea subsp subterranean*: Powdery scab
- *Helminthosporium solani*: Silver scurf
- *Colletotrichum coccodes*: Black dot/Anthracnose

Physiological deviations

- Internal brown spot and heat necrosis
- Hollow heart
- Black heart
- Tuber malformation
- Tuber cracking
- Jelly-end
- Enlarged lenticels
- Elephant hide
- Chill damage

The addition of PCR technology will offer this section the opportunity of expanding further.

Data in respect of tests conducted in PLS during the 2013/2014 period under review is shown in the table below.

The figures in brackets refer to the data of the previous period under review. With the exception of GO and in vitro material, a decrease in the number of hectares had a significant influence on the number of samples tested at the laboratories.

A total of 22 dispute samples originated from the regions and these samples were sent to Plantovita for tests. Dispute samples refer to cases where growers appeal against the virus results in respect of a field sample test. Potato Certification Service (PCS) evaluates the application for a dispute and, if accepted, in the majority of cases a store sample of the unit under dispute is presented for

VIRUS TESTS					
Type of test	Post-control	Greenhouse tubers G0	Field samples 400 G1 – G3	Field samples 200 G4 – G8	In vitro
Number of samples	1 836 (2 046)	16 525* (14 864*)	1272 (2 127**)	477 (673)	405 (406)
NEMATODE/BACTERIAL TESTS					
Type of test	Golden cyst nematode	Greenhouse tubers G0	Statistical (4 605 tubers)	< 4 605 tubers	In vitro
Number of samples	138 (162)	123 300* (97 000*)	467 (534)	29 (32)	512 (565)
DIAGNOSTIC TESTS/BACTERIAL WILT CONFIRMATIONS/ DISPUTES					
Type of test	Bacterial (diagnostic)	Fungi (diagnostic)	Virus (diagnostic)	Bacterial wilt confirmations	Field sample disputes (virus)
Number of samples	13 (20)	30 (30)	8 (4)	12 (16)	21 (31)

* Number of tubers ** Includes store samples

retesting. In exceptional cases, the grower will request that the same samples be retested – which is only possible in the case of PVY. The result of the retest is final.

Diagnostic samples only refer to samples submitted to Plantovita for diagnostic investigations. A few samples were, however, submitted to the regional laboratories for virus confirmations (PVY and PLRV). These were recorded as diagnostic samples.

THE TECHNICAL COMMITTEE

What is the Technical Committee?

The Technical Committee is a committee of Plantovita, the controlling laboratory, and it is representative of Plantovita, PCS and PSA. It is administered by the Plantovita Secretariat. The powers, competencies and responsibilities of the Technical Committee are, from time to time, determined by the Board of Directors of Messrs Plantovita. The function of this committee is, inter alia, to discuss technical matters that promote good cooperation and positive attitudes between Plantovita, PCS and PSA.

What are the Technical Committee's objectives?

- To find joint and workable solutions for any shortcomings that may arise in procedures in or between Plantovita and PCS and which could impede the smooth course of the certification process.
- To identify needs within the testing and certification processes that must enjoy attention, and to propose guidelines in order to maintain and guarantee the credibility of the system as a whole.

- To identify pests and diseases, as well as trends in order to establish precautionary measures and to make recommendations in this regard.
- To identify potential research projects in support of the South African potato industry.
- To advise ICCSP, appointed as the Authority by the Minister of Agriculture, Forestry and Fisheries and, inter alia, responsible for the approval of potato testing laboratories, by establishing approval requirements for potato testing laboratories and ensuring that these requirements are applied in the interest of the potato industry as a whole, as well as for the maintenance of ICCSP approval.
- To continually evaluate technical matters in order to ensure that quality and standards are maintained.
- To draw the attention of the respective committees and the Authority, where necessary, to any issues or decisions arising from the above-mentioned that could involve the Scheme, as well as the testing and certification processes, or require changes thereto.

Should a specific problem require specialised attention, the committee is at liberty to co-opt any other expert to attend a meeting.

Who serves on the Technical Committee?

The Technical Committee comprises the members listed in the table above.

In conclusion, PLS undertakes to render services to the industry –

- based on healthy scientific principles;
- rendered by qualified and trained staff members; and
- which are cost-effective.

ENTITY/OFFICE	COMMITTEE MEMBER
Independent Certification Council for Seed Potatoes/Chairman	Dr Dave Keetch
Potatoes South Africa/Research Manager	Dr Fienie Niederwieser
Potato Certification Service/Managing Director	Ms Sanette Thiar
Potato Certification Service / Technical Manager	Mr Frank Osler
Plantovita and PLS/Chief Executive Officer	Ms Marieta Botha
Plantovita and PLS/Technical Manager	Ms Anel Espach





PROKON



CHAIRPERSON'S REPORT

The period under review was characterised by numerous changes that drastically changed the management of Prokon, the extent of its activities and the way in which things are done. At the forefront of this was the realisation by the Board that Prokon had entered a new epoch – especially with regard to the greater emphasis on quality assurance that, inter alia, necessitated the appointment of a full-time Chief Executive Officer (CEO), as well as the implementation of a new business strategy.


As far as the appointment of the full-time CEO is concerned, it was preceded by a transparent and independent recruitment process to ensure that the right person was appointed to take Prokon to a higher level of service delivery.

Upon completion of the selection process, Mr Etienne Booyens was appointed as full-time CEO with effect from 1 September 2013. Up to his appointment, Mr Booyens acted as part-time Managing Director of Prokon, while also being in the employment of Potatoes South Africa (PSA) as Marketing Manager. We, as the Board of Prokon, are confident that we appointed the right person to the position.

During the period under review, Dr Simphiwe Ngqangweni was appointed as a Director of Prokon in the place of Ms Mina Gill, who had resigned during the previous period under review. Dr Ngqangweni is employed by the National Agricultural Marketing Council as a Senior Manager in the Council's Market and Economic Research Centre. His appointment is regarded as a major benefit for the company in view of his extensive knowledge of agriculture and his position in the industry.

Prokon's Board and senior staff members held a workshop in March 2014 to decide on a commercial and statutory business focus which, inter alia, has to determine the route that the company has to follow to reach its agreed-upon goals. They also compiled the necessary action plans to make all of this possible.

“As Prokon is primarily a service delivery-driven company, its staff is, without a doubt, its biggest asset.”



Inevitably, the personnel corps needed to reach these goals, as well as the performance measurements to monitor progress, also came under the spotlight. At the workshop it furthermore became clear that SANAS accreditation was a key factor to successfully expand Prokon's activities, as well as to establish the company's professional status.

As Prokon is primarily a service delivery-driven company, its staff is, without a doubt, its biggest asset. It is therefore imperative that the staff, and in particular the quality controllers who constitute the skills pool, should be looked after like precious gems to prevent them from being lured away.

Due to the non-competitive remuneration of Prokon's inspection staff, an independent investigation was conducted, which resulted in the decision to adjust their salaries in three phases. The first phase was

It is much too easily accepted that Prokon's service to potato producers is limited to quality inspections at fresh produce markets. Although this is Prokon's main business, it is important to take cognisance of the other support services rendered by the company that are to the advantage of both potato producers and the industry as a whole.

Some examples are the visits to the pack houses of producers to resolve problems, as this has marketing and financial advantages for producers. Furthermore, the access that potato producers have to Prokon's database, which provides relevant individual information on inspection results, deliveries and sales, holds direct advantages for all the role players in the industry.

In respect of finances, we received an unqualified audit report, indicating that the necessary financial control and management mechanisms are in place. I am not going

“The implementation of the inspection service had its fair quota of challenges, this extension of the inspection service will most definitely contribute to ensuring that the bulk of potatoes reaching consumers is measured by the same quality standards.”

implemented during the period under review and we trust that this step will ensure that we will no longer lose staff members, whom we have trained at great expense, to other institutions.

As far as the year's activities are concerned, the implementation of an inspection service at distribution depots, pack houses and packing centres warrants special mention. This service by the Department of Agriculture, Forestry and Fisheries (DAFF), which forms part of DAFF's extension of an audit inspection service in the retail trade, has a fundamental impact on the extent of Prokon's activities. Although the implementation phase had its fair quota of challenges, this extension of the inspection service will most definitely contribute to ensuring that the bulk of potatoes reaching consumers is measured by the same quality standards.

to elucidate on the finances of the company, as the Chief Executive Officer will address this issue comprehensively in his report.

In conclusion, I wish to express my gratitude to the Board and staff members of Prokon for their dedicated and selfless service in a year that demanded a lot from us all. We have grown as a team and through our combined efforts we managed to cement Prokon's position as a key service provider in the agricultural industry.

Garnet Leonard
Chairperson




Word from the CEO

This is my first report as Chief Executive Officer (CEO) of Prokon, since my appointment to the position as from 1 September 2013. The first ten months were characterised by a series of discussions and meetings, aimed at giving shape to a new business strategy, as well as its implementation. This not only required fresh and innovative thinking, but also placed a high demand on the Board of Directors and staff to get the company on course as a preferential service provider in the fresh produce industry. It is my pleasure to be able to report that good progress has already been made in respect of reaching the set goals, as well as to extend the business base.

In respect of the period under review, income for rendering inspection services amounted to R8 129 758, which is about 10.1% higher compared to the previous period. Although the bulk of income is still generated from inspection fees on potatoes traded on fresh produce markets, the growth is primarily the result of the newly introduced inspection service on potatoes at distribution centres, as well as services rendered to other role-players in the fresh produce industry.

Notwithstanding the increase in income, Prokon still reflected a loss of R3 869, which is directly associated with the implementation of the new business strategy. The main contributing factors were the appointment of additional staff members in view of the extended services, the increase in the salary account to bring the remuneration of staff members in line with other comparable service providers and the purchasing and replacement of vehicles to ensure that staff members can execute their duties without problems.

“Good progress has already been made in respect of reaching the set goals, as well as to extend the business base”



It is heartening to be able to report that Prokon once again received an unqualified audit report, which points to excellent financial management by the Board of Directors and the Prokon management, in cooperation with the external company rendering the accounting services.

In terms of Prokon's responsibility to conduct potato inspections as an assignee of the Department of Agriculture, Forestry and Fisheries, its quality controllers inspected 41 415 consignments (95 011 561 bags) received on fresh produce markets during the period under review. As far as distribution centres and depots are concerned, in excess of 2 000 inspections were conducted at potato inspection points.

In addition to the above Prokon provided production region information on deliveries and downgradings to Potatoes South Africa (PSA), which is used to address specific problems in the various regions. Pack house training as well as training black potato producers participating in PSA's business development programme on markets was also provided.

However, the most important activity undertaken by Prokon for the benefit of the potato industry, is without a doubt the paper survey conducted under contract for PSA. In terms of the assignment, the paper used for the manufacturing of potato bags was investigated, following a series of complaints lodged by potato producers. It also included the compilation of paper specifications for the manufacturing of potato bags.

Prokon's services rendered to other role-players in the fresh produce industry included, inter alia, quality inspections for the South African Stone Fruit Organisation, Subtrop, the South African Avocado Growers Association, the South African Garlic Association and the Agricultural Produce Agents Council (APAC). During the period under review, the latter appointed its own inspection staff, which means that Prokon is no longer responsible for determining whether the stocks on the market floor correspond with the information indicated on the market systems. However, APAC still made use of Prokon's services on an ad hoc basis.

With regard to Prokon staff, three staff members resigned and six permanent appointments were made.

The resignations were the result of better offers received by the relevant quality controllers. As far as the relatively large number of appointments is concerned, this was necessitated by the extension of services in accordance with Prokon's new business strategy and to replace those staff members who had resigned.

As at 30 June 2014, Prokon had 53 persons in its employ, which included 26 quality controllers. One of Prokon's major headaches is senior staff members retiring. However, contingency plans have been put in place to address the matter in order to ensure that the high level of service delivery is not negatively affected.

As far as the administration is concerned, it is worth mentioning that a motor policy was introduced which will ensure that company vehicles are used optimally and that they are properly maintained. The vehicles were also equipped with tracking devices that not only hold security advantages, but also ensure that vehicle usage is monitored.

Prokon accepts the fact that in order to grow as a company, it is imperative to extend its business base. Consequently, regular liaison with role-players in the fresh produce industry took place during the period under review, supported by image building activities. As far as the latter is concerned, Prokon's website (www.prokonsa.co.za) was upgraded, making it more user-friendly. We also started to publish more relevant information than the usual delivery statistics in CHIPS which, in my opinion, underlines the fact that Prokon is striving to take its level of service delivery to new highs.

My gratitude and appreciation to the members of the Board, as well as Prokon staff members, for your cooperation and dedication in making the road we have started to walk as smooth as possible. The results achieved to date are indicative of the fact that our combined efforts will take the company to a higher level. However, I will fail in my duty if I do not thank the Chairperson, Mr Garnet Leonard in particular, for his support and guidance in my new role as CEO of Prokon.

Etienne Booyens
Chief Executive Officer

PROKON

Product Control for Agriculture (Prokon) is a non-profit company under the Companies Act (Act No. 71 of 2008) that renders a comprehensive quality assurance, product management and grading service to the South African fresh produce industry. The services rendered by the company can firstly be categorised into services provided as assignee of the Department of Agriculture, Forestry and Fisheries (DAFF) in respect of potatoes and, secondly, commercial services provided to role-players in the fresh produce industry.

Prokon was officially appointed by the DAFF in 1993 as its assignee to enforce the regulations applicable to the grading, packing and marking of potatoes destined for sale in South Africa. These regulations are promulgated in accordance with the Agricultural Products Standards Act (Act No. 119 of 1990).

In terms of its appointment, Prokon provides a comprehensive inspection service on potatoes whereby the quality of the product is continuously controlled and feedback is provided to the producer in order to maintain the standard of this marketable product in accordance with the provisions in the Regulations. In this way, Prokon adds value for the producer in respect of production and the marketing of his or her produce.

The relevant service is supported by a database that is continuously updated. Consequently, the latest information can be made available daily to producers on a confidential basis, as well as in a revised format to Potatoes South Africa (PSA) allowing the latter to address problems identified.

During the period under review, Prokon rendered the following services to producers who marketed their potatoes via fresh produce markets:

- Personal communication with producers in order to ensure that consignments comply with the prescribed regulations. Producers were continuously informed about the age of market stocks, the quality of the produce and the correct application of the prescribed packing, marking and mass requirements.
- Making stock statistics available on markets in respect of class, size groups and packaging sizes that are of importance in the marketing planning and management of the potato crop. Stock and consignment management, which includes the transportation of potatoes, forms an integral part of this service delivery component.

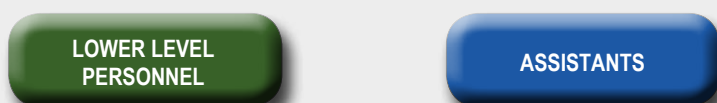
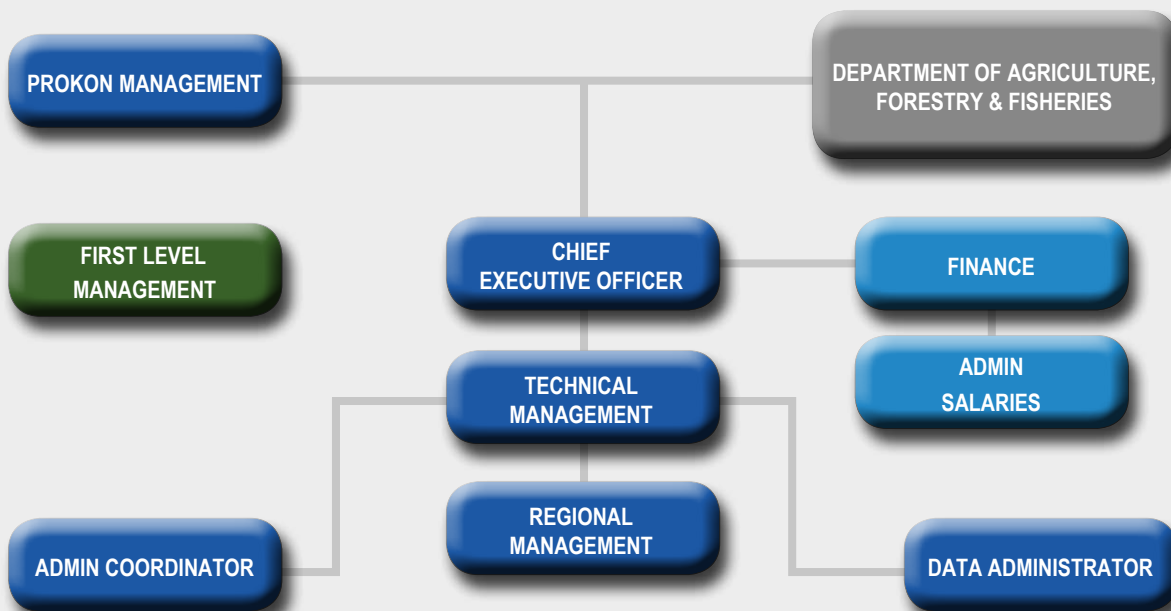
On the one hand, the service ensures that the buyer and the consumer purchase a product that complies with prescribed requirements and, on the other hand, that the producer's trade mark represents quality. The value that this holds for promoting the consumption of potatoes cannot be emphasised enough. The service also ensures that the quality is measurable, which holds financial benefits for producers. At the same time, it should be taken into account that quality and stock levels are primary price determiners on fresh produce markets, which makes the services rendered by Prokon that much more important.

STAFF

At the end of the period under review, Prokon had 49 staff members in its employ, of whom 24 were quality controllers who rendered inspection services on 17 national fresh produce markets. To assist the quality controllers in the execution of their duties, the company had 25 assistants in its employ.

In view of the expansion of services rendered by Prokon, the Board of Directors decided to appoint a fulltime Chief Executive Officer (CEO). Mr Etienne Booyens, who held the position of part time Managing Director, was appointed to the position with effect from 1 September 2013.

ORGANISATIONAL STRUCTURE



POTATO INSPECTIONS ON MARKETS

During the period under review, Prokon inspected 41 415 consignments (95 011 561 bags) on fresh produce markets, which had been received from potato producers in the 16 production regions. Prokon found that some producers still failed to comply with all the prescribed marking requirements pertaining to the bags.

As far as quality is concerned, 7 628 731 bags were marked down to a lower class, which represented 7.73% of

all consignments sold on fresh produce markets. However, there was a decrease in the number of bags that did not reflect the relevant cultivar name – i.e. 320 157 bags compared to the 1 170 979 bags during the previous period under review. Under mass bags were one of the more serious problems experienced. During the period under review, 7 318 838 bags were found to be under mass and, although it was substantially less than the previous period's 8 167 213 bags, it was still alarmingly high.

REASONS FOR BAGS BEING MARKED DOWN DURING 2012/13 IN COMPARISON TO 2013/14

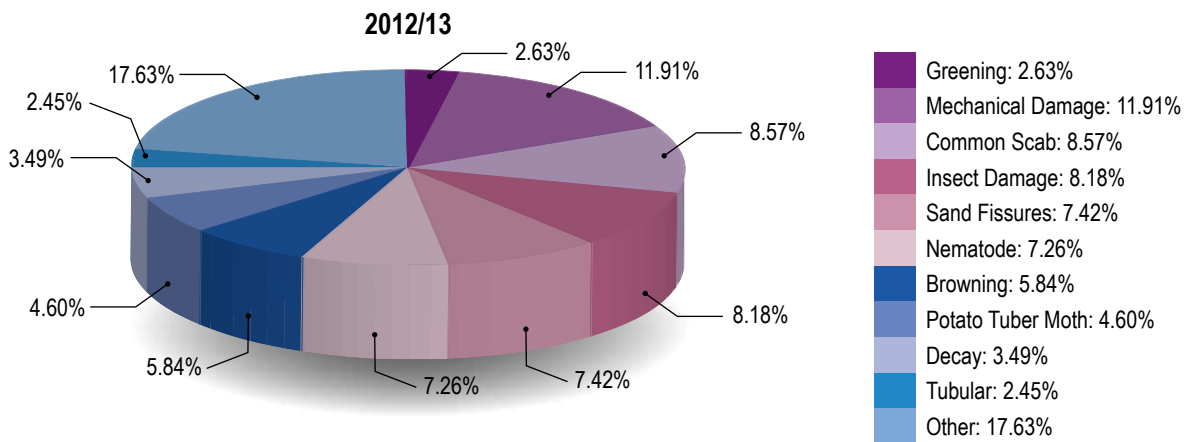


Figure 1: Reasons for bags being marked down at markets and in all regions: 2012/2013

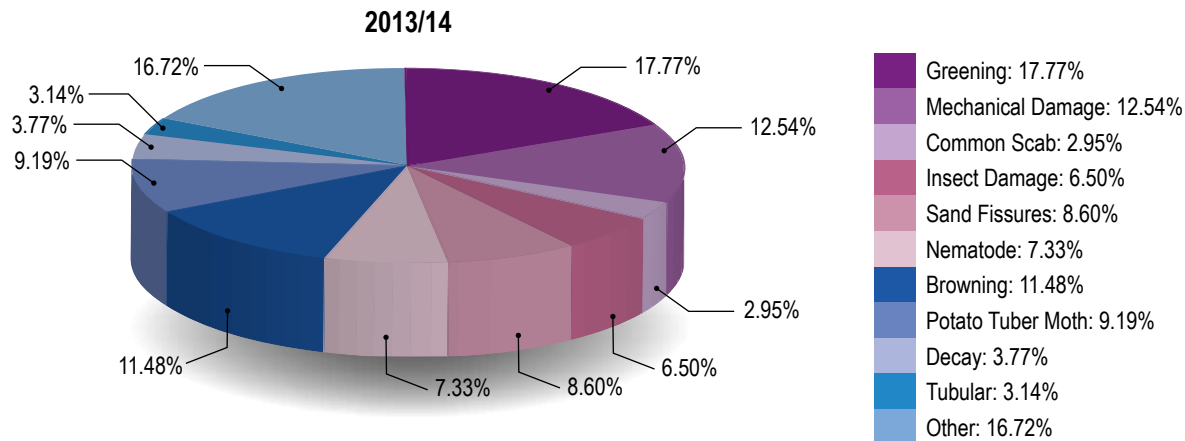


Figure 2: Reasons for bags being marked down at all markets and in all regions: 2013/2014

The three main reasons for the markdowns per region are as follows:

	Common scab	Mechanical damage	Greening	Browning	Eelworm	Growth cracks	Wilting	Water grass	Insect damage	Abraded	Potato tuber moth	Decay	Size	Sprouted	Malformed	Other *	Total degraded
Sandveld			10.2	56.27								6.18				27.35	8.53
Ceres				40.67			13.37			7.75						38.21	3.41
South Western Cape				48.34				6.33		29.98						15.35	13.85
Northern Cape			10.07		39.17						11.08					39.68	13.75
Eastern Cape			53.85					8.02				7.01				31.12	7.15
Southern Cape	25.83				51.67									22.5		0	14.26
North Eastern Cape		14.93	27.65						14.97							42.45	4.94
Western Free State			40.47		9.43	14.83										35.27	7.98
Eastern Free State		17.13							14.49		21.38					47.00	12.66
South Western Free State		15.44			9.68						26.82					48.06	3.11
KwaZulu-Natal			14.40						16.35				23.07			46.18	10.28
Mpumalanga		16.34				15.28					16.32					52.06	10.26
Limpopo		10.75	35.38			12.74										41.13	3.91
North West		13.69	12.17												15.71	74.14	5.27
Gauteng		30.68	10.24	9.87												49.21	15.40
Loskop Valley				19.09	36.65							31.81				12.43	39.36

*Other: Refers to reasons for markdown other than the three main reasons indicated in the table.

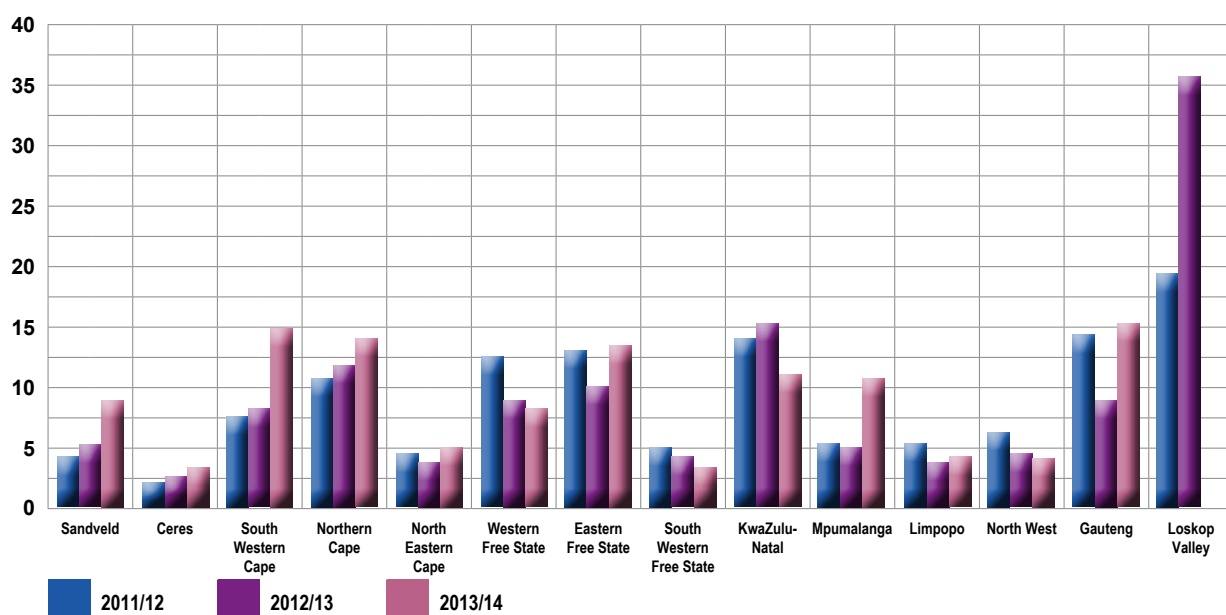


Figure 3: Percentage potatoes marked down per region

POTATO TRADE INSPECTIONS

With effect from 1 October 2013 Prokon commenced conducting potato trade inspections in accordance with the new mandate it had received from the DAFF. This related to three inspections per month being conducted at all distribution centres and warehouses, as well as to five stores that were supplied by each distribution centre. During the inspections strong emphasis was placed on the quality and marking requirements, as prescribed in the Regulations. In total, more than 2 000 inspections were conducted.

The biggest problem encountered during the inspections, was that the marking requirements were not fully complied with, as prescribed in the Regulations. Examples are omission of the cultivar name, size group and class. To a lesser extent it was also found that a smaller letter size was used than what is prescribed. As part of its mandate, Prokon submitted reports to the relevant parties with clear instructions as to the corrective actions to be taken.

REGIONAL AND OTHER INSPECTIONS AT DISTRIBUTION CENTRES AND SHOPS

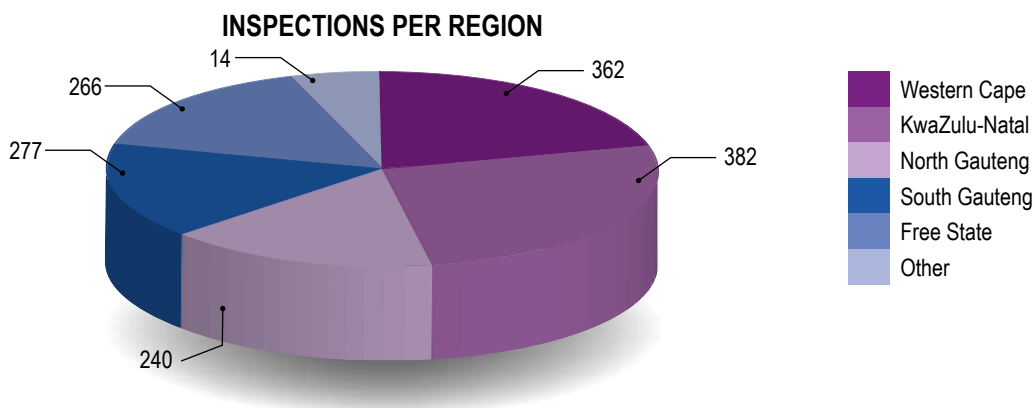


Figure 4: Potato trade inspections per region

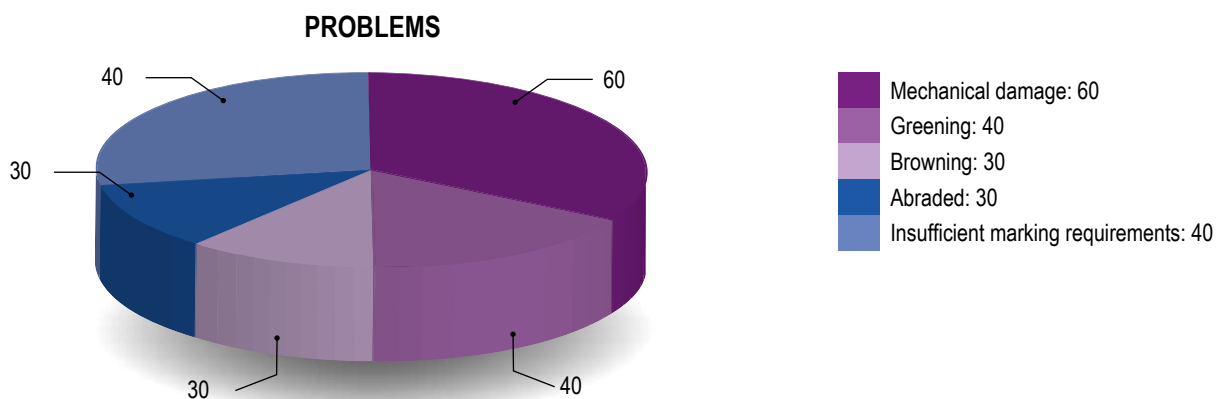


Figure 5: Most common problems found during trade inspections

COMMERCIAL SERVICES

Services delivered to Potatoes South Africa

Provision of information

During the period under review, industry information downloaded onto Prokon's database was provided to PSA on a regular basis. The information is required by the latter to execute some of its industry-related duties. The information supplied entails the volume of potatoes delivered to fresh produce markets per region, inclusive of the various classes of potatoes, cultivars, the volumes marked down per region and the relevant reasons, as well as disease occurrence.

As part of the service, monthly reports on the volumes delivered by a specific region, accompanied by the reasons for and the percentages of potato consignments marked down, were sent to the regional staff members at PSA. This service allows them to discuss the problems that are unique to a specific region with the producers and to recommend corrective action.

Pack-house training

Following a request from PSA, training was provided to pack-house staff, as correct packaging is regarded as one of the most important facets in potato producers' marketing activities. This one-day course was presented on 18 farms in the Eastern Free State production region during its harvesting period. A total of 443 pack house workers were trained.

In order to make the course content as comprehensive as possible, emphasis was also placed on food hygiene and food safety.

The course covered the following aspects, taking into account the importance of food hygiene and food safety mentioned above:

- Why is quality control on markets necessary?
- Potato Regulations (by making use of colour plates).
- Harvesting and processing
 - Reasons for the washing process and quality of the washing water.

- Drying process and what should be focussed on.
- Sizer and the correct setting thereof, as well as the flow tempo for correct operation.
- Sorting on the sorting table
 - Identification of the different size groups and corrective action to be taken to ensure uniformity.
 - Identification of the correct form in the correct class.
 - Identification of defects and the classification of potatoes.
- Marking requirements.
- Correct mass and closing process.
- Packing of palettes and storing.
- The importance of every worker and his/her contribution in the total marketing process.

Training of black potato producers

As part of PSA's transformation activities, black potato producers participating in the organisation's business development programme, were also exposed to the activities on fresh produce markets.

During the period under review, a group of six black potato producers visited the Tshwane Market and Prokon also presented a training session for the producers. As far as the Potato Regulations are concerned, special attention was paid to correct packing, the importance of compliance with the marking requirements on all containers to be offered for sale, as well the importance of quality applicable to the different classes. Emphasis was also placed on the importance of form and uniform sizing of the product, the external and internal quality of potatoes, the various defects that influence quality, as well as allowable percentages for this.

The training was aimed at ensuring that the producers could pack a better product and thereby increasing the price they could realise for their produce. The producers who participated in the programme each received a certificate in recognition of attendance.



SERVICE DELIVERY TO OTHER INSTITUTIONS

Fresh produce markets

Quality assurance on markets

During the period under review, Prokon rendered a quality assurance service to fresh produce markets in Kimberley, Klerksdorp and Vereeniging. The service entailed quality control on all products and controlling marking requirements in accordance with the prescribed regulations. Attention was also paid to general hygiene in a report to market authorities.

Health services

An independent health service was provided to the Klerksdorp and Cape Town fresh produce markets. The service entailed writing off produce of which the

quality had deteriorated to such an extent that it was no longer fit for human consumption. The advantage that this service holds is, inter alia, the establishment of a healthier trading environment in general.

Inspection service to other industries

During the period under review, Prokon rendered inspection services to the following entities:

- The South African Stone Fruit Organisation (quality inspections on peaches, nectarines, plums, prunes and apricots).
- Subtrop (quality inspections on mangoes).
- The Avocado Growers Association (ripeness tests on avocados).
- The Garlic Association (quality inspection of both locally produced and imported garlic).

Image-building and marketing of services

Prokon paid extensive attention to promoting its image as the primary service provider in the field of quality assurance. Various mediums were used, such as liaison with role players in the fresh produce industry, the potato database, the website and articles in CHIPS.

Liaison with role-players in the fresh produce industry

Prokon places a high premium on liaison in order to expand its client base. Consequently, numerous meetings were held with role-players in the fresh produce industry to market the specialist services that can be provided by Prokon. It included meetings with existing and potential new clients, as well government institutions.

Potato database

Besides the inspection service, the potato database is Prokon's biggest asset and it is therefore regarded as an important marketing tool. The information downloaded onto the database offers the user an excellent resource that is of cardinal importance in the production, harvesting and marketing of potatoes. Information most in demand includes the following:

- The number of deliveries delivered per market.
- The number of bags per size group and class delivered per market.
- The volumes delivered per region, as well as nationally to all markets.
- The different cultivars and volumes delivered per region, as well as nationally to individual markets.

Additional available information includes diseases and defects statistics on downgrading, as well as the relevant reasons.

The tracing of diseases and pests during inspections cannot be sufficiently emphasised. This information was made available to both potato researchers and the industry as a whole, with a view to, inter alia, implementing preventative control measures. The value of this lies especially in the fact that the origin of the disease or pest could be traced back to farm level.

Articles in CHIPS

Articles on potato deliveries to fresh produce markets per production region were published in every edition of the industry magazine, CHIPS. During the period under review, a start was made with the publication of articles that are related to the activities of Prokon, with the emphasis on the value it holds for the reader. These articles are also available on the Prokon website at www.prokonsa.co.za



Prokon website

As is the case with all companies, Prokon realises that electronic liaison is imperative to promote its image and convey information. As a result, Prokon upgraded its website (www.potatoes.co.za) with a view to increase its user value and to make it more user-friendly.

