

2022 ANNUAL REPORT



Regroup
AND RECALIBRATE

OPPORTUNITY TO *regroup* AND RECALIBRATE

Since the world as we knew it was pandemically shattered to pieces a few seasons ago – timelessly trapped in an almost incoherent mass – the year this report deals with was again the first normalised agricultural season.

Things finally began to take shape again after COVID and the grain industry was ready to meet the needs of a recovering society – transforming from a fragmented state to a new reality.

Amidst good weather conditions and favourable grain price levels, the reporting period posed significant challenges to producers. Excessive input costs, limited stock, logistical challenges and waterlogging damage to plantings threatened to unleash a year of instability.

Thanks to high output prices, the scale has been brought into balance and producers have been given the opportunity to regroup and recalibrate to a full colour in-focus outlook on a new season in agriculture.





Overview



VISION

To influence the macro- and micro-economic environment in order to make sustainable and profitable local grain production and development possible.

MISSION

To ensure and nurture a credible and sustainable, voluntary and inclusive organisation for grain producers that gives impetus to approved strategic actions and includes meaningful partnerships and relationships with role players.

CULTURE AND VALUES

Grain SA creates an empowering environment of care in which passionate, dedicated and expert individuals who enjoy serving the organisation and influencing the broader food value chain can develop. We strive to inculcate trust and build relationships through respectful interaction and open, honest and effective communication. We value continuous, sincere and honest teamwork that leads to sustained, impactful results.

STRATEGIC OBJECTIVES

1. Promoting profitable and sustainable grain and oilseeds production.
2. Creating and supporting commercially sustainable developing grain producers who are proud to stand on their own feet and thus make a material contribution to local food security.
3. Increasing the involvement of the younger generation of producers.
4. Building a wider membership base.
5. Establishing and maintaining key value chain relationships.
6. Promoting efficient and effective communication systems.

LEADERSHIP

Grain SA represents its members in 33 regions in South Africa where grain and oilseeds are cultivated commercially. Each region is represented on the Executive by an elected member (nominated and elected for a term of office during Congress) of the Executive. The management of affairs and all executive competencies vest in the Executive. It is also the highest authority when Congress is not in session.

The Executive elects a Management Committee from its ranks, comprising a chairperson, two vice-chairpersons and additional members. The Management Committee exercises all the powers of the Executive when the Executive and Congress are not in session, subject to such limitations as the Executive and/or Congress may impose on it from time to time.

PERSONNEL

Strategically the staff corps focuses on six main focus areas to ensure that objectives are achieved, which includes the following:

- ▶ Marketing, NAMPO and Research Coordination
- ▶ Applied Economy and Member Services
- ▶ Farmer Development
- ▶ Finance and Corporate Services
- ▶ Company Secretariat
- ▶ Human Resources

GRAIN SA REPRESENTS THE FOLLOWING COMMODITIES



MAIZE



WHEAT



SOYBEANS



CANOLA



SUNFLOWER



SORGHUM



BARLEY



GROUNDNUTS

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Executive



DEREK MATHEWS

CHAIRPERSON

JEREMIA MATHEBULA

VICE-CHAIRPERSON

RICHARD KRIGE

VICE-CHAIRPERSON



JOZEPEH DU PLESSIS

REGION 2

DEON BERGH

REGION 3

DANIE REICHEL

REGION 4

NIËL ROSSOUW

REGION 6

02



SAREL HAASBROEK

REGION 7

JOSEPH SWANEPOEL

REGION 8

ANDRIES GROESBEEK

REGION 9

RYK PRETORIUS

REGION 10



GERRIT ROOS

REGION 11

EBERT DU PLESSIS

REGION 12

WILLEM GROOTHOF

REGION 13

RALF KÜSEL

REGION 14



PAUL ZIETSMAN

REGION 15

WESSEL HATTINGH

REGION 16

PAUL CORVER

REGION 17

NEIL CLAASSEN

REGION 18



Executive (2)



JACO BREYTENBACH

REGION 19

MARIUS GROENEWALD

REGION 20

PIERRÉ VAN ZYL

REGION 21

WILLIE MARAIS

REGION 22



TOM VAN ROOYEN

REGION 23

DANIE MINNAAR

REGION 24

GERHARD BRUWER

REGION 25

ANDRÉ KIRSTEN

REGION 26



JOSE DE KOCK

REGION 27

RAMOSO PHOLO

REGION 28

MUSSA THOMAS SIBIYA

REGION 29

ALFREDA MARS

REGION 30



MASELI LETUKA

REGION 31

ROSSOUW SWART

REGION 32

PATRICK STUURMAN

REGION 33

RAMODISA MONAISA

REPRESENTATIVE FARMER
DEVELOPMENT

VACANT

REGION 1 & 5



Personnel



MANAGEMENT



DR PIETER TALJAARD
CHIEF EXECUTIVE OFFICER

DR DIRK STRYDOM
MARKETING, NAMPO AND RESEARCH
COORDINATION LEAD

CORNÉ LOUW
APPLIED ECONOMICS AND
MEMBER SERVICES LEAD

DR SANDILE NGCAMPHALALA
FARMER DEVELOPMENT LEAD,
PHAHAMA GRAIN PHAKHAMA NPC



CHRISTA HERBST
FINANCE AND CORPORATE SERVICES LEAD

NICO VERMAAK
COMPANY SECRETARIAT LEAD

CORETHA USHER
HUMAN RESOURCES LEAD

SUSARI TEUBES
SECRETARY TO THE CEO

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MARKETING, NAMPO AND RESEARCH COORDINATION



DR DIRK STRYDOM
MARKETING, NAMPO AND RESEARCH
COORDINATION LEAD

TOIT WESSELS
ASSISTANT MANAGER: NAMPO AND MARKETING

LOMBARD VAN DYK
MARKETER

WERNER VOS
MARKETER

PATRICIA ZIMU
ADMIN OFFICER: LEVIES



ALZENA GOMES
COMMUNICATION AND PUBLIC RELATIONS

ELRAY DE KLERK
COMMUNICATION AND LIAISON ASSISTANT

BENNIE ZAAYMAN
GROUNDS MANAGER NAMPO PARK

ANNEMARIE DE BEER
EVENTS MANAGER NAMPO PARK

WIM VENTER
ADMINISTRATIVE OFFICER: HARVEST DAY



MARKETING, NAMPO AND RESEARCH COORDINATION (2)



RIALEEN LOMBARD
SUPPORT OFFICER: HARVEST DAY
MARINA KLEYNHANS
ADMINISTRATIVE CLERK
CARMEN VISSER
SECRETARY
HAILEY EHRENREICH
COMMITTEE OFFICER: WESTERN CAPE



PETRU FOURIE
AGRICULTURAL ECONOMIST
AND RESEARCH COORDINATOR
DR MIEKIE HUMAN
RESEARCH AND POLICY OFFICER
STEFAN LINKS
RESEARCH COORDINATOR

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APPLIED ECONOMICS AND MEMBER SERVICES



CORNÉ LOUW
APPLIED ECONOMICS AND
MEMBER SERVICES LEAD
LUAN VAN DER WALT
AGRICULTURAL ECONOMIST
IKAGENG MALULEKE
AGRICULTURAL ECONOMIST



CHRISTIAAN VERCUIEL
JUNIOR AGRICULTURAL ECONOMIST
HELEEN VILJOEN
JUNIOR AGRICULTURAL ECONOMIST
LUZELLE BOTHA
COMMITTEE OFFICER



FARMER DEVELOPMENT



DR SANDILE NGCAMPHALALA
FARMER DEVELOPMENT LEAD,
PHAHAMA GRAIN PHAKHAMA NPC

LIANA STROEBEL
OPERATIONS AND TRAINING MANAGER

GRAEME ENGELBRECHT
REGIONAL DEVELOPMENT MANAGER: DUNDEE

LUKE COLLIER
REGIONAL DEVELOPMENT MANAGER: KOKSTAD

JURIE MENTZ
REGIONAL DEVELOPMENT MANAGER: LOUWSBURG



JERRY MTHOMBOTH
REGIONAL DEVELOPMENT MANAGER: MBOMBELA

DU TOIT VAN DER WESTHUIZEN
REGIONAL DEVELOPMENT MANAGER (CONTRACTOR):
LICHTENBURG

JOHAN KRIEL
REGIONAL DEVELOPMENT MANAGER (CONTRACTOR):
BLOEMFONTEIN

JEAN ADAMS
SECRETARY OF FARMER DEVELOPMENT LEAD

HAILEY EHRENREICH
COMMITTEE OFFICER WESTERN CAPE



LANALIE SWANEPOEL
OFFICE ASSISTANT: LOUWSBURG

LINDIE PRETORIUS
DATABASE CO-ORDINATOR (CONTRACTOR)

CWAYITA MPOTYI
OFFICE ASSISTANT: MTHATHA

LUTHANDO DIKO
OFFICE ASSISTANT: KOKSTAD



NATHIE MAZIBUKO
OFFICE ASSISTANT: DUNDEE

SMANGALISO ZIMBILI
OFFICE ASSISTANT: MBOMBELA

LEBO MOGATLANYANE
OFFICE ASSISTANT: LICHTENBURG



FINANCE AND CORPORATE SERVICES



CHRISTA HERBST
FINANCE AND CORPORATE SERVICES LEAD

LYDIA KASUMBA
ACCOUNTANT

MADELIE GOOSEN
ACCOUNTANT



LETICIA REID
CREDITORS CLERK

MACHEL KRUGER
FINANCIAL CLERK

ELDA-BETH VAN DEN BERG
DEBTORS CLERK
(appointed in March 2022)



COMPANY SECRETARIAT

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NICO VERMAAK
COMPANY SECRETARIAT LEAD

ELDA-BETH VAN DEN BERG
SECRETARY
(appointed as Debtors Clerk, Finance and Corporate Services in March 2022)

CLARISSA CHINIAN
SECRETARY, COMPANY SECRETARIAT



HUMAN RESOURCES



CORETHA USHER
HUMAN RESOURCES LEAD

LIZZY MOSEHLA
ADMINISTRATIVE ASSISTANT: HUMAN RESOURCES

EVA LEHABE
RECEPTIONIST

LOUISA MOHLALA
OFFICE CLEANER



VOLATILE YEAR PANS OUT AS A SEASON OF *grace*

During the past year, South African grain producers were still dealing with the impact of a worldwide pandemic and the detrimental effect of the ongoing war in Ukraine. Amid favourable weather conditions, grain producers had to face exorbitant input costs and food inflation skyrocketed. It was a volatile year that tested our ingenuity and endurance.

However, by grace high output prices balanced the scale of the economy and agriculture was able to show its strength and together with mining pulled the economy through. During this abnormal time, the government and consumers also came to a deeper realisation of the value of an agricultural sector that provides food security. It was in many respects a blessed year.

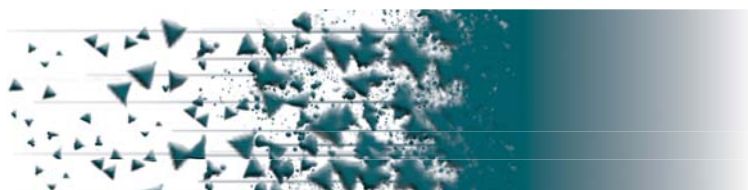
The resilience of our grain producers in facing the challenging agricultural environment of the past year came as no surprise. The determination and innovative mindset of the South African farmer is well-known, and this demands respect.

To continue our unwavering support to Grain SA members, the past year marked the re-evaluation of the strategic role this organisation needs to play to ensure optimal support and success for our members as well as the strategic objectives we need to strive for in this regard.

Our members can rest assured that we will remain dedicated to our core business of maintaining and supporting economically sound grain production to provide sufficient and affordable food to the people of South Africa. Grain SA plays a vital role in its capacity as the centralised mouthpiece of South African grain producers. I can testify first-hand to an inspired Grain-SA team that persistently investigates every possible solution for the challenges that producers face and for this we say thank you.

The time has also come for all role players in agriculture to re-evaluate their relevance and to cooperate in good faith in formulating the way forward as the future success of the grain industry will depend on how successful we can function as team players. Fortunately, there is a greater drive within our industry to work together for future growth.

Grain SA has succeeded in fostering excellent relationships in the agricultural value chain and with political functionaries. I am optimistic that the role players in the grain industry will find compromising solutions to issues that can negatively affect the grain industry.



DEREK MATHEWS
CHAIRPERSON





Of special importance is the continuation of the Grain SA programme that supports developing farmers to become independent, commercial grain producers. Through this programme, the government can be assisted in its expressed need for this part of the sector to contribute substantially to the future food security of the country.

We also have a responsibility towards our young grain producers. We have no option but to address the issues on the table that threaten their future as any industry that has no succession plan in place, has a limited lifespan.

However, as this organisation belongs to its members, we can only be successful if we can rely on them for support and input. In this regard, efficient and effective communication systems need to be in place. With Grain SA's regional meetings and farm visits, we focused on ensuring that Grain SA members take ownership of their organisation as our tasks are guided only by mandates from our members.

It is also important for grain producers that are not part of the Grain SA family to reconsider their position as the successes of this organisation are beneficial for all the grain farmers in this country. This will strengthen our hand through numbers as grain producers in South Africa need to operate as a united and formidable force.

Thank you to the entire Grain SA personnel team who has once again left an indelible mark of excellent support and service to our members and the industry as a whole. Dr Pieter Taljaard is commended for his leadership in steering this organisation through turbulent waters in the past year. I also want to express my gratitude to our elected leaders for their dedication in assisting this organisation through their wise council.

My message to the South African grain producers is to take heart in the knowledge that this organisation has the will and determination to stand steadfast in the trenches to secure a viable future for grain production in our country. This will enable producers to focus on what they do best – to feed the nation.

THE DETERMINATION AND
innovative
MINDSET OF THE
SOUTH AFRICAN FARMER
IS *well-known*





FIRST NORMAL YEAR AFTER PANDEMIC *went well* **DESPITE** CHALLENGES

During the year under review the world had to face the challenge of recalibrating and regrouping from an isolated COVID environment to establish a new normal in our daily existence. At the same time the impact of the ongoing war in Ukraine affected the playing field for grain producers globally and in South Africa.

The challenge was to manage Grain SA's activities in such a way that producers' interests could be served and supported optimally and with continuity under these circumstances in order to go on promoting concerted production and profitability. What a relief it was to be able to return to an in-person Congress, NAMPO, NAMPO Cape, NAMPO Alfa and the Christmas Market!

In the midst of favourable weather conditions grain producers had to deal with extremely high input costs, together with availability problems and logistical challenges regarding imports. Fortunately a large increase in product prices and the top performance of areas with a lower potential balanced the economic scale. However, there were also parts of the western and eastern Free State, Mpumalanga and the Eastern Cape where soils were simply saturated and crops became waterlogged. Agriculture was able to show its steel by helping the mining sector to save the economy. The government and the general public also gained a deeper understanding of the value of the agricultural sector.

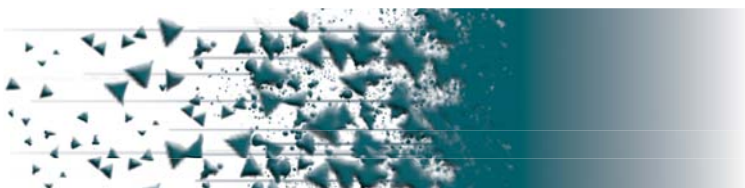
However, every season South African producers are faced by the challenge of producing a better yield than the previous one in order to survive in the midst of the cost crunch that continues to reduce the profit margin. The risks keep on growing in an unstable climate, crime and violence at farm level, uncertainties regarding land reform, lack of government support and deterioration of infrastructure, including the condition of roads, railways and the power supply. Yet, producers are taking a stand and looking ahead with incredible positiveness by embracing new technology and continuously improving farming practices and thus achieving concomitant successes and sustainability – for this we salute you!

A maize crop of 15,3 million tons (9th crop estimate) – the third largest crop ever achieved by South Africa despite above-average rainfall in some production areas in the western Free State and North West and in certain parts of Mpumalanga – did not disappoint. Sunflower also performed well, with the biggest tonnage of 845 550 tons (9th crop estimate) since 2017/2018. The 2021/2022 production season will also be remembered as a record season for soybeans, with a yield of 2,2 million tons (9th crop estimate). However, drier conditions in the Western Cape had a negative effect on winter cereal production, but good rains in the interior indicate promising winter cereal yields.

Under the circumstances it was therefore a blessed year and producers should give themselves even more recognition with a pat on the back for the successes that they achieved in spite of an extremely challenging agricultural environment.



DR. PIETER TALJAARD
CHIEF EXECUTIVE OFFICER





Internal milestones

FINANCE

It is good to be able to report that Grain SA continued its careful financial fiduciary accounting, once again reflected in the unqualified audit we received. The financial results show that funds were again used optimally in every department of Grain SA to promote the interests of the members of the organisation and in line with the strategic objectives.

AGRICULTURAL MASTER PLAN

It is positive that the government's finalised Agricultural and Agro-processing Master Plan (AAMP) took note of Grain SA and other industry role-players' inputs regarding key matters, including infrastructure maintenance and improvements in various fields. Broadly seen it is a good plan with positive overall objectives and principles with which the government can be held accountable. Grain SA welcomes the focus placed on private and public partnerships and the free-market-driven, mixed financing scheme that can serve as main source for development financing. It is clear from the AAMP objectives that the government is serious about food security and is aware of the progress of the sector. The Value Chain Round Table (VCRT) should now be implemented so that the plan can get going and the implementing thereof can be monitored.

RESEARCH

Grain SA continually ensures that industry-oriented and applicable research is conducted. Successful cooperation and integration with the research activities of the government and academic institutions once again bore good fruit this year. A directional investigation regarding needs and gaps in conservation agriculture in South Africa was conducted at the request of the Maize Trust.

A diagnostic clinic that was also established at the UP is supported by various tertiary-education institutions. Producers were encouraged on various occasions over the past year to use this free service.

REGIONAL MEETINGS

A total of 37 meetings were held at regional level and members expressed their appreciation for the interaction and constructive discussions. Because of communication challenges it is extremely important to the Grain SA team to liaise directly with producers at grassroots level and thus to take cognisance of members' needs and suggestions first hand and on an intimate basis. The importance of Grain SA communicating its value proposition at grassroots level on the basis of its activities as organisation, particularly after the limited contact because of the pandemic, came to the fore strongly. Ongoing regional visits, particularly at farmer association level, are envisaged and are regularly attended and addressed by senior Grain SA staff.

SUCCESSFUL APPEAL

The grain industry was saved millions of rands by the successful appeal lodged by Grain SA and other industry role-players against the final notice in the *Government Gazette* regarding the so-called LEAF Services intention to undertake duplicate grain and oilseeds inspection services. The situation is still being monitored so that strategic action can be taken against it. Food safety is and remains vital, but the focus must be on effective monitoring and control.

BIOSECURITY

Grain SA played a decisive role in launching the Biosecurity Centre at the University of Pretoria (UP). This addresses the need for a central point to coordinate all role-players with respect to biosecurity and strengthens the producer's hand in complying with local and international standards with respect to biosecurity.





LOCATION DIFFERENTIAL

The concept of an alternative location differential method was approved by the Johannesburg Stock Exchange (JSE) to be tested on soybeans in the 2023 season. The planned testing period will last for two years, after which the alternative method can be expanded to other crops too. However, the system does have to comply with set criteria before it can be introduced officially.

DIESEL REBATE

Grain SA is disappointed with the one-sided changes that the South African Revenue Services (SARS) made to the diesel rebate, in spite of the opposition to them and the risks involved. The main aim was to address irregularities in the system and Grain SA, which has been involved in the process since 2017, took its mandates to various consulting workshops after its members had been consulted. The intention is to take up this one-sided action with the Minister of Finance and the National Treasury.

FERTILISER

Fertiliser prices reached record levels on local and international markets. Because fertiliser is the biggest variable input cost for grain and oilseeds, it has placed profitability under enormous pressure. Grain SA paid particular attention to the more effective use of fertiliser and also launched various strategic discussion to make South Africa less dependent on fertiliser imports.

With respect to fertiliser purchases, Grain SA put it to input providers that producers no longer want to be commission-bound with respect to a product, but would rather pay for a service provided per ha. The same applies to crop-protection products.

INSURANCE

Grain SA took the lead and, together with other agricultural role-players, negotiated successfully with the South African Special Risk Insurance Association (SASRIA) not to subject agricultural equipment to the same drastic premium increase applicable to heavy vehicles subsequent to the riots in July 2021. This deflected an additional financial burden from the shoulders of producers.

MANAGEMENT STRUCTURE

The reorganisation of Grain SA's internal management structure was implemented successfully this year. In order to ensure that the organisation achieves its objectives, the focus is on six main focus areas, with each area being led by a senior staff member. The annual report is also presented on the basis of the focus areas.

GRAIN SA AND THE PHAHAMA GRAIN PHAKAMA MANAGEMENT STRUCTURE

DEPARTMENT	LEADER
1. NAMPO, Marketing and Research Coordination	Dr. Dirk Strydom
2. Applied Economy and Member Services	Corné Louw
3. Farmer Development	Dr. Sandile Ngcamphalala
4. Finance and Corporate Services	Christa Herbst
5. Company Secretariat	Nico Vermaak
6. Human Resources	Coretha Usher

NAMPO

After an absence of two years the NAMPO Harvest Day could once more be presented at NAMPO Park. In spite of COVID regulations that had to be followed, there was good support, with 73 000 visitors attending. NAMPO Cape also proved its success with more than 32 000 visitors, while NAMPO Alfa made its first appearance at NAMPO Park. The popular NAMPO Christmas Market in Bothaville also boasted the highest attendance in three years.



NAMPO (PTY) LTD

NAMPO (Pty) Ltd was activated as an independent entity so that Grain SA can continue its activities as a non-profit organisation, as determined by its constitution, and to comply with the necessary income-tax regulations. All commercial projects linked to the NAMPO brand will in future fall under this flag.

Grain SA's options to create alternative sources of income are limited and COVID proved that the income derived from NAMPO is subject to certain risks. Consequently, the expansion of the brand was proposed as a long-term vision to counter such risks and to capitalise further on these events. The organisation's primary focus point, namely the protection and promotion of profitable local grain and oilseeds production, will benefit from additional funds.

PHAHAMA GRAIN PHAKAMA NPC

The Phahama Grain Phakama NPC was launched successfully with its activities to support new entrants to the primary grain production industry on their way to full commercial status. The challenge lies in establishing these grain producers, by coordinating available development funding, within a certain period of time as profitable and sustainable commercial grain producers and thus to function independently of financial support.

Such entrance to the industry is essential to our country's continued food security and there is also reliance on the mentorship of established commercial producers. Several successes in this regard have already been achieved and the aim is to communicate these more effectively.

STAFF

Grain SA staff participated anonymously in a climate survey to establish employee satisfaction within the organisation. It was encouraging that the positive feedback received indicated that the organisation has a happy workforce in spite of the sometimes challenging working conditions to which the team were subjected. This points to motivated, competent and dedicated individuals that will keep on adding value for members in future despite volatile conditions.

MARKETING AND COMMUNICATION

The new regional communication strategy was implemented successfully and after a break of two years we could also once again present the Day of Celebration and the ever popular Grain Producer of the Year awards evening. We also greatly appreciate the support of Toyota South Africa with the provision of two Toyota Hilux bakkies for use by Grain SA's marketers in the field and of a Toyota Fortuner for use by Pretoria office staff for official visits.

SA GRAAN/GRAIN MAGAZINE

As a key factor in Grain SA's communication network, SA Graan/Grain once again maintained a high standard in its capacity as a specialist publication and official voice of the organisation.

GRAIN SA WANTS
TO PROMOTE ITS
long-term vision
ON THE BASIS
OF *innovative*
PRACTICES

Focus areas for the future

It is important for Grain SA to promote its long-term vision on the basis of innovative practices in order to prevent stagnation in a complex local and international agricultural environment. The employment of state-of-the-art information technology to the benefit of our members' sustainable and profitable grain production plays a core role here.

Although this is not cheap, technology is one of the only drivers that is deflationary and can therefore reduce costs per unit. The industry cannot afford to lose momentum and influence by waiting until it is forced to make essential changes just because a system is still functional at present. It is therefore necessary to think like a visionary by identifying and implementing adjustments to systems with a view to future effectiveness. The best time to make changes is when the existing product still works, but is starting to show limitations.

An example is the grain grading system, which has been used since the grain industry was de-regulated, and where several problems have arisen about which we are still negotiating to reach consensus. In this regard we will also have to move away from visual grading and replace it with a technology-driven process in order to introduce consistent grading. A further advantage is that technology will also make it possible in the near future to identify a genetic distinction in crops like soybeans and barley.



CENTRAL DATABASE

A further major challenge is to communicate what we are working on and want to achieve to our members and other participants in our industry in an environment in which information overload is the order of the day. We are also currently investigating the possibility of further increasing the effectiveness of Grain SA's communication with and service delivery to its members by creating a database on a central platform that will in the near future also be able to accommodate other agricultural commodities and agricultural services. A similar platform has been developed and implemented successfully by the South African Pork Producers' Organisation (SAPPO).

Participation will occur without detracting from the autonomy of a producer organisation or from its primary responsibility, namely the interests of its members. However, positive interaction with other industries is to the benefit of Grain SA members who generally belong to more than one producer organisation. Such a one-stop service, based on the most recent technology, will strengthen the grain producer's hand in making his management practices more streamlined, to the benefit of his grain production.

We also envisage that a grain passport will be accommodated in such a Grain SA database. In this way an effective tracing system can be established and the value chain and consumers can ascertain the food safety of food products that contain grain and oilseeds. It is to the benefit of producers to take ownership and control in this regard proactively.

GRAIN SA'S RESILIENCE

Attention will in the future also have to be given to the slow tempo at which new input resources, including seed cultivars and crop-protection products, are deregulated and registered. The current process is simply taking too long, to the detriment of producers, who are in danger of becoming uncompetitive.

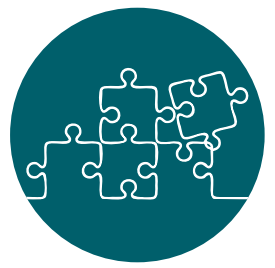
In a complex society and agricultural environment that is constantly changing it is also important for grain producers to remain actively involved with Grain SA. In order to retain resilience, Grain SA must be able to rely on the inputs and support of its members with respect to the objectives to be focused on in future, as well as their successful implementation. Pertinent attention should also be given to the views, innovative thinking and involvement of the younger generation of producers.

Grain SA as an industry organisation will continue to strive for wider cooperation and representation in the value chain and promote partnerships and consensus through mutual trust. It is essential for all agricultural organisations to reach out to each other continuously with respect to overlapping points of contact. A fragmented agricultural environment is detrimental not only to all producers, but also to the sustainability and profitability of food production in the country. Without a spirit of unity commercial agricultural cannot exert its influence optimally to face future challenges as a united front.

I gratefully thank our chairperson, Derek Mathews, the vice-chairpersons - Richard Krige and Jeremia Mathebula - and the rest of the members of the Grain SA Executive and Executive Committee for their abundantly clear support and guidance in the face of difficult decisions to be made in a year in which both a pandemic and a war thoroughly tested the inventiveness and perseverance of the organisation.

The final praise goes to our heavenly Father who richly blessed our grain producers with crops that not only provide in the needs of South Africa, but also contribute to food provision in the rest of the world.





PACKED MOMENTUM YEAR FOR NAMPO, *marketing* AND RESEARCH

NAMPO

NAMPO HARVEST DAY

Grain SA's annual agricultural show, NAMPO, was presented with great excitement again this year for the first time since 2020 after the COVID-19 pandemic. NAMPO is the biggest private agricultural show in the southern hemisphere and attracted approximately 75 000 visitors over a period of five days this year.

Despite uncertainties, the NAMPO team succeeded in arranging an extremely successful show and made a strong return to NAMPO Park. All Personnel and a large number of executive members assisted in making the week as successful as possible. It is an enormous blessing that NAMPO could take place this year in spite of all the challenges. Grain SA trusts that the non-profit organisations and neighbouring communities benefited from this year's NAMPO Harvest Day.

NAMPO CAPE

The third presentation of NAMPO Cape – and the biggest yet – ended on 18 September. Grain SA, together with Bredasdorp Park NPC, is grateful for the record number of 32 640 visitors to NAMPO Cape over the four days to view the more than 500 exhibitions. Visitors and exhibitors were blessed with wonderful weather, in spite of the rain that the grain producers in the region needed urgently. There were also new activities like the Elim wild-flower exhibition, the Merino Classic, and the large number of innovative farmers plans.

The Overberg Regional Youth Show was another highlight during the programme on Saturday. It is one of eight regional competitions in the Western Cape in which learners can participate to qualify for the Western Cape Youth Show Championships taking place in March 2023, and an incredible 176 entries were received in 14 classes.

NAMPO ALFA

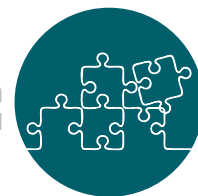
The first NAMPO ALFA was held at NAMPO Park. This is the first livestock, hunting and outdoor exhibition to be presented in the rural areas on this scale. Despite the challenges with foot-and-mouth disease outbreaks and changes to regulations, NAMPO ALFA could still offer a high-quality livestock programme with some of the best animals in the country.

NAMPO ALFA is a new initiative focusing on the stock, hunting and outdoors industry and has the potential to become one of the biggest expos in the country. The show was a success and had 183 high-quality exhibitors, who serviced approximately 6 385 visitors. The expo is practice-oriented and even had an accredited shooting range where visitors could test firearms. The national cross-country rally also took place here and Grain SA thanks the producers who helped to prepare routes, and for the access to farms.

SA Graan/Grain-magazine

Grain SA distributes the SA *Graan/Grain* magazine every month to roughly 18 000 readers. This full-colour publication is used to empower South Africa's producers of grains and oilseeds with knowledge. Suppliers of input products and services in the agricultural industry also continuously utilise the magazine as an effective advertising medium to reach their client base.

As a specialist publication and official mouthpiece, SA *Graan/Grain* promotes the image of Grain SA to its members, the public and opinion formers in the industry and in government circles.



The editorial content reflects a balance of appropriate industry information as well as technical and research-based articles. Topics like grain market trends, an input overview, tips on good labour practices, the climate and even political and economic comments are offered. The serious side to farming is alternated with popular articles (and even humour) on people and events in the grain industry.

The magazine also has a focused electronic strategy in place and has shown remarkable growth over the reporting period. The electronic numbers of the magazine grew from 11 000 readers in September 2020 to 51 000 visitors in March 2022.

SA *Graan/Grain* focuses on being a leading news and information platform for the grain and oilseeds industry. Through the magazine readers can also get to know Grain SA better as a trendsetting organisation.

The magazine is supported by the contributions of all the advertisers, and Grain SA therefore wants to thank every advertiser for their continued support.

Levy division

COMMODITY LEVY

The income obtained from Grain SA member levies remains one of the main sources of income to the Grain SA structure. The member levy not only funds many of the Grain SA activities, but also plays a vital role in the mandate of the organisation to negotiate on behalf of grain producers in South Africa. The levy income places Grain SA in a position to prove to the relevant institutions (government and private sector) that the organisation has the necessary mandate to negotiate on behalf of the grain producers.

The agricultural environment remains challenging and the margins in the grain industry are limited. Grain SA therefore wants to thank every member who pays their levies to Grain SA. This income enables the organisation to look after the interests of grain producers. However, members of Grain SA can be assured that the income received from the member levies is used effectively to protect the interest of producers in the grain industry.

MEMBERSHIP OF GRAIN SA

Grain SA's constitution makes provision for commercial as well as study-group members. According to the constitution, membership for commercial members is subject to the payment of a commodity levy per ton on all grain produced. During the 2022 annual Grain SA Congress an increase in levies was approved. The levies per ton below include the non-recurring special levy of R1,50 per ton, given the fact that no income was received from NAMPO for two years. Study-group members currently pay R50 per member per year.

The levy per ton per crop for **2021/2022 production year** is as follows:

CROP	LEVY PER TON
Summer grains	
Maize	R5,20
Sorghum	R5,20
Soybeans	R8,80
Sunflower	R8,80
Groundnuts	R14,10
Winter cereals	
Wheat	R5,80
Canola	R7,30
Barley	R5,80
Oats	R5,80
Other grains	R5,80

* The above amounts exclude VAT.

IT ENABLES
GRAIN SA *to act*
ON BEHALF
of producers



New Era Producers (emerging producers) who produce more than 100 tons of grain for the commercial market can also become commercial members of Grain SA by paying the prescribed fees as above.

Grain SA looks after the interests of grain producers in South Africa and in most cases it is difficult to quantify the work done by Grain SA. In some cases, like the maintenance of the diesel rebate system, changes to grading and Grain SA's involvement in the opposition to LEAF Services, the monetary value it holds for producers can be quantified. The main focus of Grain SA remains to keep grain producers on the farm in a profitable and sustainable manner, whether the results can be measured or not.

In addition to the work Grain SA does to look after the interests of grain producers, there are also exclusive benefits for which Grain SA members qualify. These benefits include the following:

- ▶ Action Ford Roodepoort offers special prices to Grain SA members on any vehicle.
- ▶ Tax-free savings plan with Corporate Guarantee.
- ▶ Free NAMPO, NAMPO Alfa and NAMPO Cape tickets, plus allocated parking.

COLLECTION OF LEVY

Grain SA is a voluntary organisation and the levy is therefore collected via different methods. The two most common ways for collecting the Grain SA levy are through collection agents and direct payments to Grain SA.

By collection agents

Collection agents are mainly companies that are involved in trading, handling, storage and processing of grain. Grain SA concludes contracts with these companies, who then collect the levy from producers and pay it over to Grain SA.

As the Grain SA levies are voluntary, these companies react in response to permission by the producers to collect the levies. However, it is important for producers to make sure that they give their authorisation to all companies where grain is delivered so that the levies are collected and paid over to Grain SA.

The logos below show the partners who currently collect Grain SA levies. It is also important for Grain SA to expand the network of agents and therefore Grain SA continues to reach out to businesses in the grain value chain to approach them as agents for Grain SA.

COLLECTION AGENTS



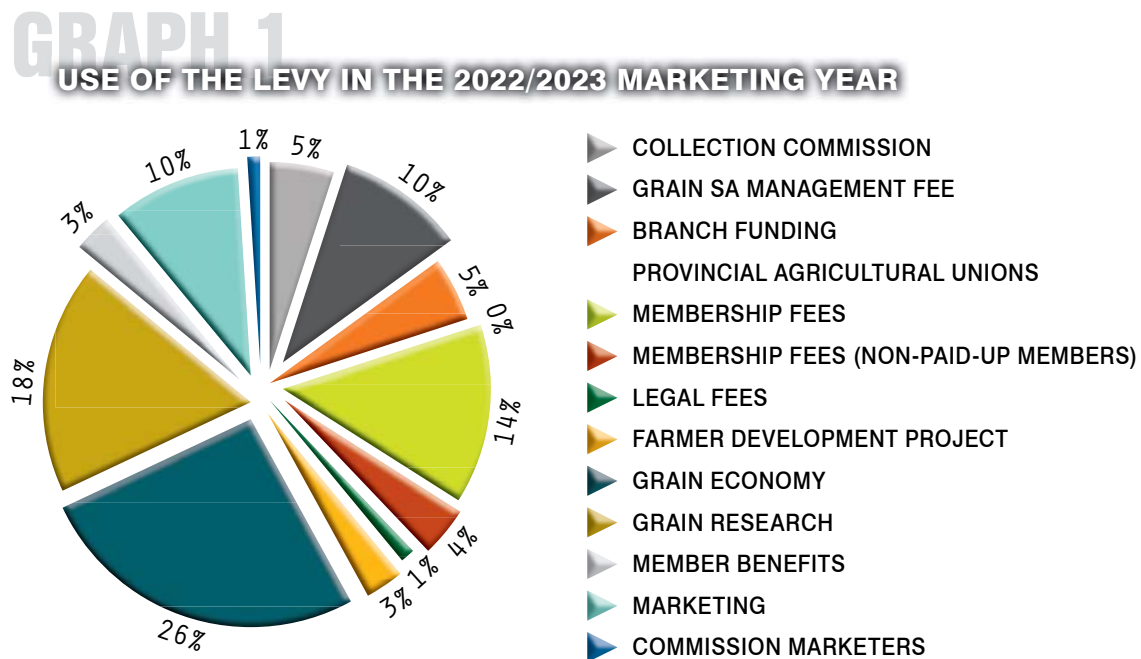


Direct payments

Grain SA members may also, if they prefer, make direct payments to Grain SA. With direct payments the producer can inform Grain SA of the number of tons delivered and Grain SA will then issue an invoice to the producer. This method of payment is particularly suitable where producers deliver grain to companies that do not currently form part of the collection agents.

EMPLOYMENT OF LEVY

The levies that Grain SA receives from producers are used for specific purposes and the budgets for these are approved by Congress on an annual basis. However, this means that the producers who pay levies have input into how it is applied. The figure below indicates how the levies were employed in the 2019/2020 season.



The biggest part of the levy fund is used for grain economics and research. This is done by the commodity services (mainly economists) and the research team. The aim is to ensure that the market and input environment functions optimally in order to also ensure the sustainability of the producer. Research plays an important role in gathering the necessary expertise to ensure that producer-driven research enjoys priority and that research funding is utilised optimally.

The levy fund is further used for marketing actions, member benefits and commission for the collection agents helping to collect the levies for Grain SA. Marketing actions are launched throughout the year to develop and promote the image of Grain SA and agriculture as a whole.

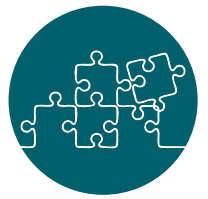
Members can be assured that the levy is used purely to promote members' interests, and Grain SA feels strongly that the use of the funds must be driven by the members who are represented by the organisation.

MEMBER STATISTICS

Grain SA

Only grain producers can be members of Grain SA. The total active members on the Grain SA database for the 2022 Congress year was 7 439 in total. Grain SA is still trying to make the member database more accurate to ensure that it is workable, correct and efficient. It is particularly important to have accurate member information for the distribution of documentation and other important information from the organisation to the members.

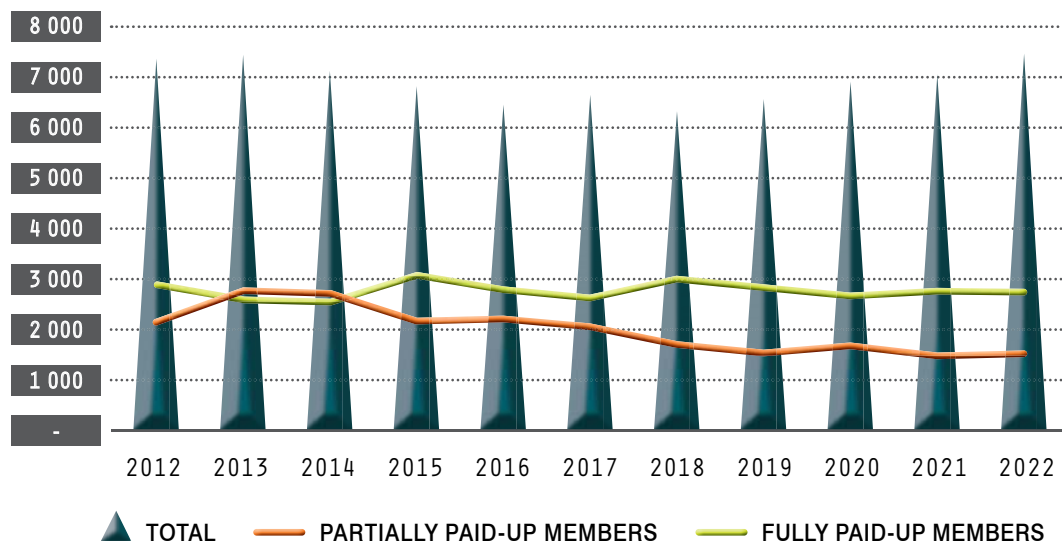
The number of members who pay the Grain SA levy continues to move laterally relatively constantly. The collection of the member levy remains the biggest focus of the levy marketing team and will also remain the biggest focal point in the future to ensure the financial sustainability of the organisation.



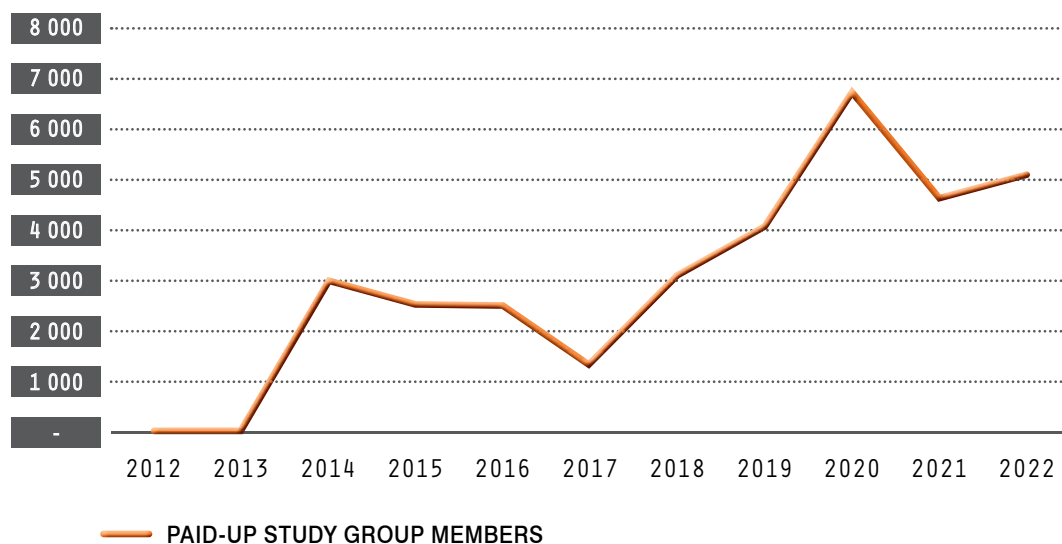
The number of paid-up study-group members also increased since the previous term.

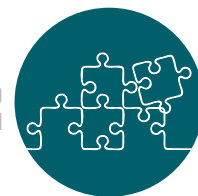
Grain SA thanks every member for his/her contribution to an organisation that plays a critical role in the sustainability of grain production in South Africa.

GRAPH 2 PAID-UP GRAIN SA MEMBERS FOR THE 2022/2023 MARKETING YEAR



GRAPH 3 PAID-UP STUDY GROUP MEMBERS





STAKEHOLDERS

- ▶ Department of Agriculture, Land Reform and Rural Development (DALRRD)
- ▶ Department of Trade and Industry (the dti)
- ▶ National Treasury
- ▶ South African Revenue Services (SARS)
- ▶ International Trade Administration Commission (ITAC)
- ▶ National Agricultural Marketing Council (NAMC)
- ▶ National Crop Estimates Committee (CEC)
- ▶ South African National Seed Organisation (SANSOR)
- ▶ CropLife
- ▶ Fertilizer Association of Southern Africa (FERTASA)
- ▶ South African Agricultural Machinery Association (SAAMA)
- ▶ Commodities forums
- ▶ Protein Research Foundation (PRF)
- ▶ Bureau for Food and Agricultural Policy (BFAP)
- ▶ Agribusinesses
- ▶ Input providers
- ▶ Grain traders
- ▶ Levy collection agents
- ▶ NAMPO exhibitors
- ▶ Agricultural Writers of South Africa
- ▶ Agri SA
- ▶ Provincial unions
- ▶ Southern African Grain Laboratory (SAGL)
- ▶ South African Grain Information Service (SAGIS)
- ▶ JSE – Safex
- ▶ National Chamber of Milling (NCM)
- ▶ South African Cereals and Oilseeds Trade Association (SACOTA)
- ▶ Agbiz
- ▶ Animal Feed Manufacturers Association (AFMA)
- ▶ Commodity organisations
- ▶ Commodity trusts
- ▶ TAU SA
- ▶ SA Cultivar and Technology Agency (SACTA)
- ▶ Agricultural Research Council (ARC)





Communication and Public Relations

During the reporting year, the communication and public relations initiatives of Grain SA focused significantly on networking and awareness activities. In order to advance and proactively approach communication activities, various initiatives have been implemented to encourage and promote collaboration and a culture of sharing information internally among employees and Grain SA members, and to promote a better understanding of the organisation and the reason for its existence.

When the COVID-19 crisis first erupted, many organisations, including Grain SA, experienced such uncertainty that it was hard to comprehend what would emerge intact. Following that, the road ahead remained difficult, but the organisation's focus shifted from whether to return to normal to how to do so. In general, the organisation was confronted with cycles of disruption and adaptation as most activities and regular engagements were only confirmed in the second part of the reporting period. Clear and concise communication was central to ensuring the success of all internal and external activities, events and engagements in this phase.

The organisation had to communicate effectively to keep stakeholders and producers united and informed, even when it did not have answers yet. The organisation remained committed to showcasing the importance of the grain producer in the context of national food security for all.

BACK TO BASICS

The focus areas for the first part of the reporting period aimed to communicate with purpose in our grain community-led world. Reaching producers with relevant information where and when it mattered remained a top priority. Doing the right thing and being true to the values of the organisation when communicating and engaging with key stakeholders were even more important in the changed environment. When everything opened up, life quickly went back to pre-COVID times, while everything that had started amidst COVID stayed. As a result, planning, activities and communication needs escalated tremendously.

Going back to basic principles in difficult times often results in renewed and focused direction. In this regard, the communication and public relations for the reporting period aimed:

- ▶ To, within its regional member channels, position the value-adding role of Grain SA in serving the grain producer through delivering communication messages that were significant, up-to-date and authentic in order to assist them with decision-making.
- ▶ To engage with role-players and industry leaders to promote grain producers' role in ensuring sustainable food security while highlighting the value-adding of the industry throughout the preceding two years of COVID.
- ▶ To continuously remain involved with members to ensure that they were well informed about the activities of the organisation.
- ▶ To ensure that policies of and actions taken by the organisation that advanced the community interests of grain producers were communicated to all members.

In addition, communication efforts further aimed to enhance Grain SA's:

▶ Media management and planning

Focusing on ongoing media liaison support by providing consistent and timeous feedback to members on the priorities and progress of the organisation.

▶ Event participation and management

Focusing on support for key events like Congress, NAMPO, NAMPO Cape, NAMPO ALFA, the Day of Celebration, Grow for Gold and the Grain Producer of the Year.

▶ Communication research and knowledge management

Focusing on developing public relations strategies around key calendar events, providing access to background material and resources required by media stakeholders and overseeing the effective functioning of the Grain SA, NAMPO and Grow for Gold websites.





Our public relations activities in the year under review successfully achieved the following:

- ▶ Established a communication channel for every grain-producing region through which communication needs could be met.
- ▶ Utilised a wider social and online platform for disseminating information.
- ▶ Continued to reach as many producers as possible and the public at large through the live streaming of most of the activities of the organisation where feasible.
- ▶ Expanded the online footprint of the organisation through targeted information dissemination.
- ▶ Continued to emphasise the importance of integrity and compassion through transparent and honest communication.
- ▶ Persistently rolled out content across the various platforms with a focus on the audience's needs and not solely addressing organisational objectives.
- ▶ Expanded the online footprint of the organisation further through its communication channels and platforms.

Media liaison remains a significant function to cultivate and maintain the best image of the organisation and highlight matters affecting grain production. To achieve this, the organisation continued to build relationships with reporters and offered resources and knowledge systems throughout. As a member organisation, Grain SA is competing for a share of a voice in a current media environment that is cluttered, inconsistent and unpredictable. As it is easy for an organisation's voice to get lost or be misinterpreted, positive media liaison interactions remain crucial to achieving the objectives of the organisation, producers and agriculture as a whole.

OUR COMMUNICATION

As an organisation, Grain SA needs to constantly, consistently and with strategic focus re-tell and reiterate what the organisation stands for and what it does for its members to ensure the long-term objectives of creating a distinctive and enduring reputation for grain producers in the country. Communication focused on showcasing the good work that producers do and the role they play in the economy of South Africa. To achieve this, communication efforts further concentrated on grain producers having access to communication mediums, being exposed to the messages and ensuring messages were understood. The member communication of the organisation, facilitated through various channels, includes a newsletter, ad hoc electronic communication, news flashes and digital media offerings through social media.

Grain SA electronic communication

The *Perspective* newsletter is distributed electronically to members and a selected group of interested stakeholders. It aims to share information, events and important dates, and to further provide a platform to communicate industry news timeously. The *News Flash* is utilised to distribute important and relevant information to members timeously. This is particularly useful in instances where updates on important matters such as agricultural production conditions and biosecurity are communicated. Member communication newsletters and informative pieces are published periodically as the need arises.

Publications

Grain SA publishes *SA Graan/Grain*, a specialist monthly publication and official mouthpiece of the organisation, which is regarded as one of the leading agricultural publications. The magazine is used by readers as a knowledge partner and benchmark tool for sustainability in the grain industry. In the year under review, Grain SA also published the *Pula Imvula* – a monthly publication in five languages aimed at developing a new era of commercial grain producers. The annual Grain Guide, with useful contacts and reference articles on seed, implements, fertilising, integrated pest management, livestock, money and financial services and, last but not least, Grain SA information, important contacts and an updated calendar for the coming year, is published annually as a value-add to grain producers.



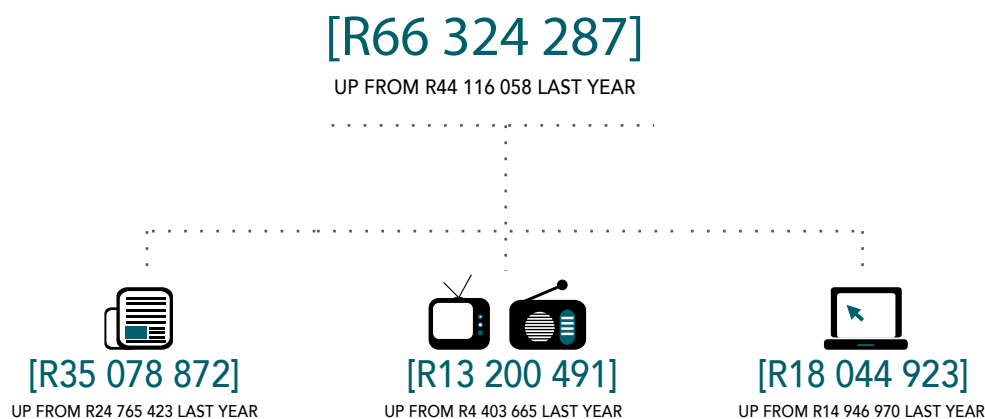


MEDIA LIAISON

The media community remains one of the organisation's key stakeholders as they are the most effective means of informing the public about the activities of the organisation. Engagements with the media across all platforms, social, digital and traditional channels were used to ensure improved accessibility and increased activity of the organisation's strategic focus areas.

Issued press releases were fully utilised, resulting in numerous regular interviews across print, broadcast and online platforms, as was general news coverage valued at an advertising value equivalent (AVE) amount of R66 324 287, up from R44 116 058 during the previous reporting period. This coverage comprises an AVE value of R35 078 872 (up by 42%) for print media coverage; an AVE value of R13 200 491 (up by 200%) for broadcast coverage; and R18 044 923 (up by 21%) for online media coverage. The resulting numbers are the equivalent of what the organisation would have paid if it placed an advertisement of that size or for that period. By assessing media coverage in this way, and aggregating the calculations, a value can be assigned to the coverage received within a specified period.

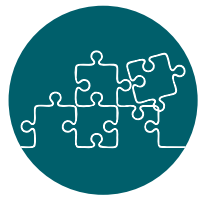
FIGURE 1 GRAIN SA'S ADVERTISING VALUE EQUIVALENT SPEND



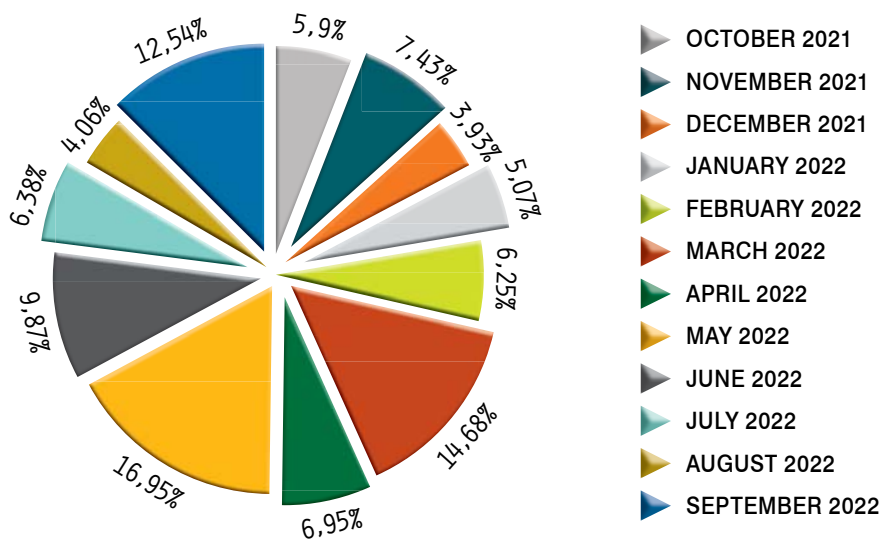
Throughout the reporting period, Grain SA's media coverage month-on-month indicates the majority of print, broadcast and online coverage circulated during October 2021, March 2022, May 2022 and August 2022.

Media traction in October surrounded the poor timing of the fuel price increases and the effect of the diesel prices on the winter grain harvesting season. Favourable traction was generated by Grain SA's Grow for Gold National Yield competition, the only event the organisation could present in 2021 under government regulations pertaining to the COVID-19 pandemic. Fertiliser and fuel prices affecting consumers' pockets made headlines in November, while in late December 2022 coverage highlighted fears of heavy rainfall raising the risk of crop failure and disease outbreaks. The new year kicked off with reports of heavy rain putting a damper on South Africa's maize crop estimate and reporting the declaration of a national disaster, which was announced after heavy rains.

In March, breaking news announcing that the 2022 NAMPO Harvest Day, themed 'Experience it!' would go ahead generated mixed yet mostly favourable traction for the organisation. Attention also turned to high fertiliser prices, which raised concerns about wheat plantings towards the end of March. The month further generated coverage of the effect of the Russia-Ukraine war on South African consumers, with concerns about bread prices being expected to rise. Favourable media coverage during the measurement period was received for the NAMPO Harvest Day as the organisation discussed the success of the event, even amidst the initial negative sentiment that surfaced on some social media posts. NAMPO's positive trend continued through August with coverage surrounding NAMPO Cape in September 2022.



GRAPH 4 MONTH-ON-MONTH MEDIA COVERAGE



Furthermore, Grain SA's circulation on all print, broadcast and online news platforms accumulated to R622 million, combined over the 12 months with most of the coverage generated by Grain SA topics of interest quoted in the media (Graph 5).

GRAPH 5 GRAIN SA MEDIA COVERAGE MENTIONS

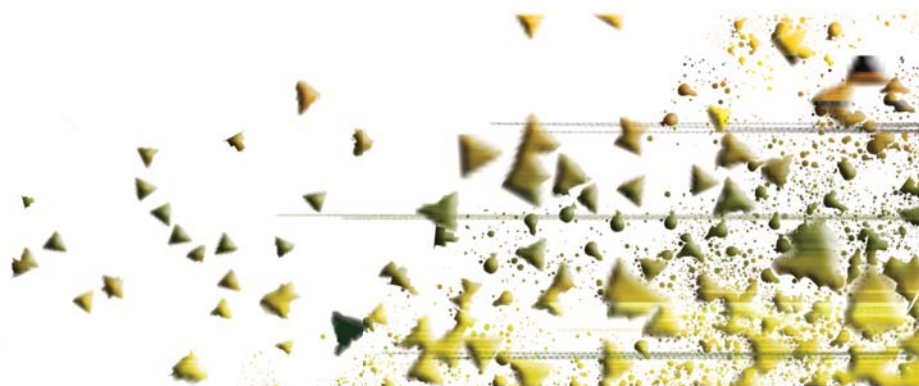
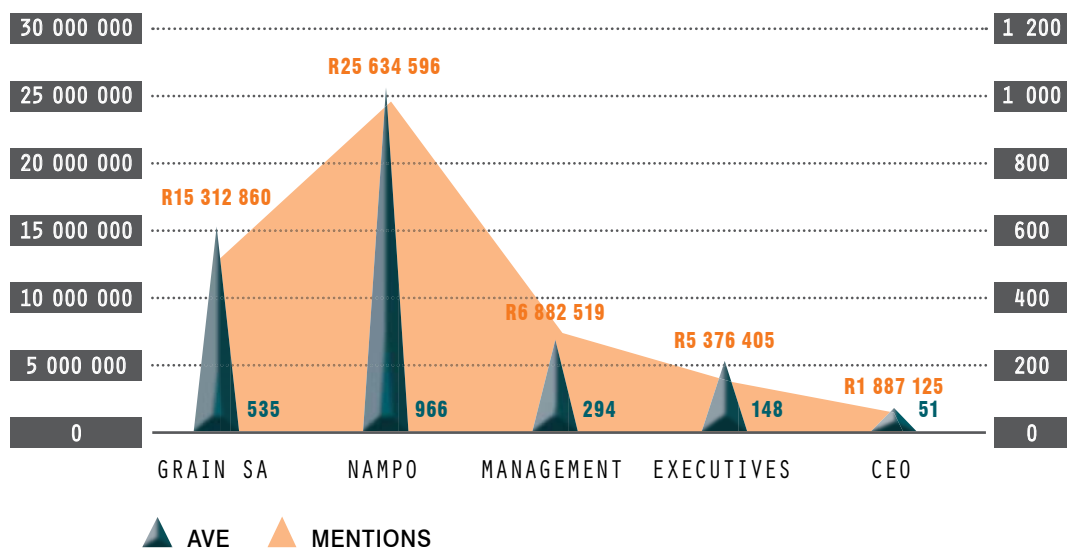




FIGURE 2 GRAIN SA WORD CLOUD



GRAIN SA WORD CLOUD 2020/2021

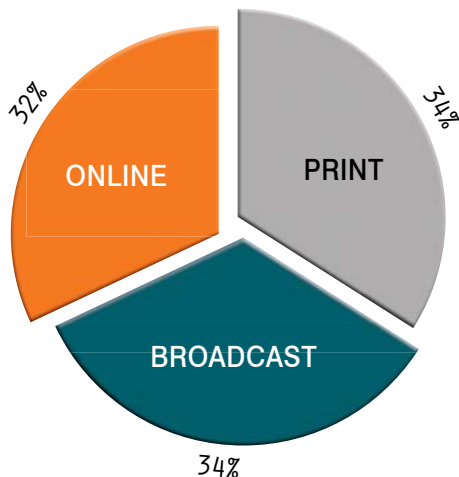


GRAIN SA WORD CLOUD 2021/2022

PRINT AND BROADCAST MEDIA

For the period under review, Grain SA's overall media coverage increased by 59%. The print media count increased by 215 (39%) clippings to 772. Broadcast media mentions increased by 397 (101%) to 789, and online media coverage increased by 235 (48%) articles to 728. The total combined media coverage for the reporting period increased to 2 289 from the 1 442 of the previous year. These increases are a direct result of the opening up of events following the national lockdown.

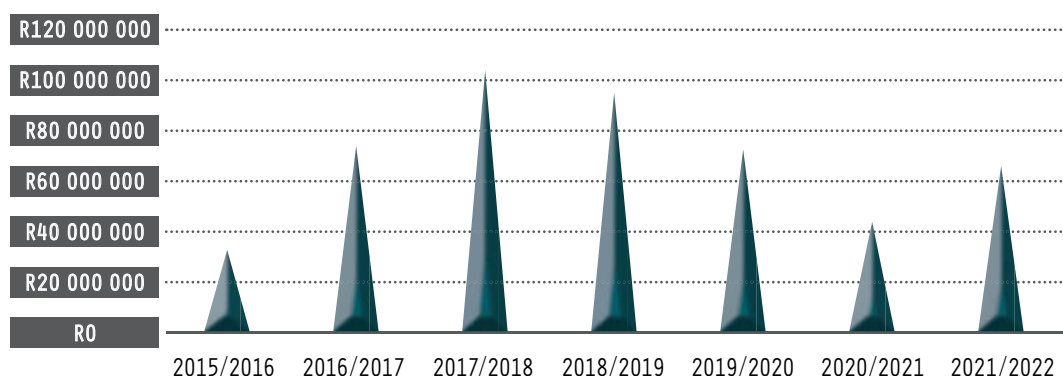
GRAPH 6 GRAIN SA MEDIA COVERAGE



Consumer magazines contributed to 36% of print media coverage, followed by local rural newspapers with 25%, with business-to-business magazines and local newspapers contributing 10% and 14% respectively. Radio contributed to 51% of the broadcast media coverage and television contributed to 49%. Industry websites carried 51% of online news coverage, followed by current affairs websites with 26% and community and entertainment websites with 5% respectively.

Individual results for print, broadcast and online media's advertising value equivalency (AVE) had a combined total monetary AVE value of R66 324 287 million, with a 42% increase in print, 200% increase in broadcast and 21% increase in online media. Grain SA's AVE has increased over the past reporting period, as is illustrated in **Grafph 7**.

GRAPH 7 GRAIN SA AVE TENDENCIES

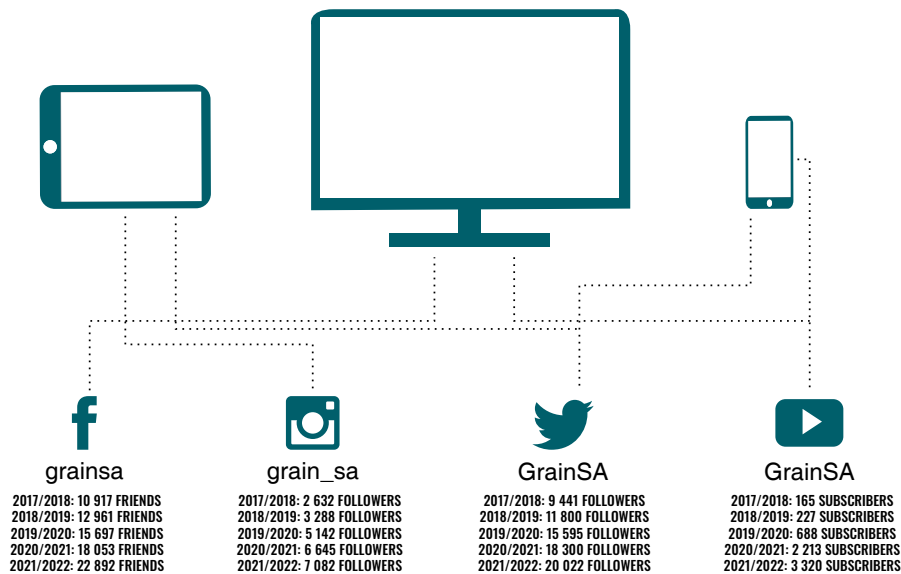




SOCIAL MEDIA

Grain SA continued to strengthen its online platforms and utilised its social media communication channels fully. The digital media strategy was assessed and revisited following the tremendous feedback – positive and negative – following the NAMPO social media outcries. The strategy focused on information transfer, engagement, community building, brand awareness and reputation management, education and building a far-reaching online presence by simplifying content sharing between our target audience and their networks. Grain SA was active on five key platforms (Facebook, Twitter, Instagram, YouTube and LinkedIn), with over 53 300 fans and followers across all platforms – a 17,5% increase for the period under review.

FIGURE 3
GRAIN SA'S SOCIAL AND DIGITAL MEDIA PLATFORMS



During the year under review, activity on all the social media accounts increased, and with the integration of the Grain SA social media and web platforms, cross-sharing has been simplified. The Grain SA Facebook page remains the more popular platform, albeit marginally, with members interacting with the organisation and fellow social media users daily. Interactions with community members and effect of these interactions have increased substantially.

EVENTS AND OCCASIONS

Following a three-year hiatus, Grains SA was once again able to host a multitude of events and leverage the opportunity to communicate and network with the media, government representatives, suppliers, agri-businesses, partners and the public at large. Entering into a couple of new ventures and partnering with existing ones, Grain SA is grateful to have had a busy events calendar in the second part of the year under review.

Grain SA Congress

Grain SA members and guests gathered at NAMPO Park for its annual Congress, themed Responsibility in Change. 2021 was a year in which the pace of change was phenomenal and producers had to keep up or be left behind. Although South African producers are known for their adaptability, another difficult year of COVID has forced farmers to take stock of the responsibility that rests on every farming business to adapt, add value and continue sustainably. Likewise, Grain SA accepted the challenge of a combined Congress (in person and virtually), and on 2 and 3 March 2022 members, government officials, role-players,





academics, partners and stakeholders gathered at NAMPO Park to discuss the theme Responsibility in Change. On top of the presence of the delegates and guests at NAMPO Park, Grain SA made a live Congress broadcast available on YouTube for those interested – with the first day already having 469 visitors.



NAMPO Harvest Day

The long-awaited and highly talked about NAMPO Harvest Day exceeded expectations with a solid attendance of 73 000. The week was characterised by an energetic atmosphere that prevailed among exhibitors, producers and visitors – which confirms that NAMPO was missed as a shopping, socialising and networking event during the past two years.

The Harvest Day week started with a visit by Thoko Didiza, Minister of Agriculture, Land Reform and Rural Development. With nearly 150 of the 800 exhibitors new, the Harvest Day catered to every visitor's need. Over the course of the week, no fewer than 335 planes and 70 helicopters landed on the runway, resulting in 925 visitors passing through the airspace. The discussion topics of the Nation in Conversation Forum focused on the state of the economy, the responsible use of chemicals, infrastructure and logistics, the regeneration of rural communities, diversification and integration of livestock, data in agriculture and the future of agriculture.



NAMPO Cape

The third hosting of NAMPO Cape, and the biggest yet, happened at Bredasdorp Park from 14–17 September 2022. A record of 32 640 visitors enjoyed the four-day show and its more than 500 exhibitors. The popular Nation in Conversation platform addressed several relevant topics: Infrastructure: opportunities amid the obstacles; Rural revival: new energy; Economic bumper car: driver or passenger?; Winter grains: a boost for barley; Rural Safety: YOU are the difference, in collaboration with Agri Western Cape; and Youth: technology and strategies for the future.





Gala awards

Grain SA celebrated the successes of its grain producers during two prestigious and jubilant celebratory events, held at NAMPO Park and in Boksburg on 21 September and 21 October 2022 respectively. These events were attended by a wide variety of stakeholders and emerging grain producers, offering Grain SA the opportunity to honour the development, growth and achievements of its developing and commercial grain producers.

DAY OF CELEBRATION

Consisting of four categories, the Day of Celebration honours subsistence, smallholder, potential commercial and new era commercial producers and their contribution to the food security of the country. The respective categories differentiate between the subsistence category (grain producers who farm up to 3 ha), the smallholder category (grain producers who farm on 3 ha to 35 ha), potential commercial producers (grain producers who farm on more than 35 ha and produce less than 250 tons) and new era commercial producers (grain producers who produce more than 250 tons of grain).



GRAIN PRODUCER OF THE YEAR

Grain SA celebrated excellence in grain production at its annual gala awards evening. The 2022 awards night recognising distinguished grain producers was presented for the 21st year to the most effective and efficient South African grain producers who, in addition to being a true role model in the community, has also mastered the art of promoting profitable and sustainable grain production. The event was attended by senior government officials, representatives of the various agricultural trusts, organised agriculture as well as captains of industry and the grain-producing guests of honour.

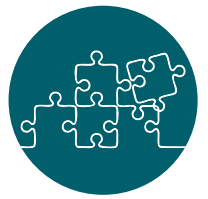
2022 Gala Awards winners

- ▶ **Grain SA/Syngenta Grain Producer of the Year**
André Brink, Groot Pheasantkraal, Durbanville, Western Cape
- ▶ **Grain SA/Absa/John Deere Financial New Era Commercial Farmer of the Year**
Mapidianye Phillip Manoto, Lichtenburg, North West
- ▶ **Grain SA Potential Commercial Farmer of the Year**
Bheki Isaac Mabuza, Piet Retief, Mpumalanga
- ▶ **Grain SA/Standard Bank Smallholder Farmer of the Year**
Joseph Tuelo Mokaleng, Delareyville, North West
- ▶ **Grain SA/Absa/John Deere Financial Subsistence Farmer of the Year**
Khuphukile Vinah Mazibuko, Dundee, KwaZulu-Natal





MARKETING, NAMPO AND
RESEARCH COORDINATION



Inspiration Award

In addition to these awards, Grain SA also used the opportunity to honour Mr Jannie de Villiers, retired chief executive officer of Grain SA, with the 2022 Grain SA Inspiration Award. The award was presented in appreciation of his leadership, his role as a mentor to young leaders and for his dedication to the agricultural industry.

Golden Grain Award

Grain SA's highest honour, the 2022 Golden Grain Award, was awarded to Mr Kallie Schoeman, a retired Grain SA executive. The award was presented for outstanding leadership in the organisation as well as in various policy structures on a national level.

GROW FOR GOLD

The endeavours of Grain SA to promote sustainable and profitable grain production and the 2022 Grow for Gold National Yield Competition presented on 28 September 2022 highlighted actual potential growth achieved by various crops through innovative production practices. Crop yield is an important metric to understand as it assists with understanding food security and can explain why the cost of a crop can fluctuate year on year. The 2022 event yielded two new maize records in KwaZulu-Natal and the Eastern Highveld regions, and five soybean records in KwaZulu-Natal, the Eastern Highveld, Eastern Free State, and Central and North West regions respectively. The newly introduced category of sunflower oil yield per hectare and the oil percentage further enhanced the profile of the competition.





NAMPO ALFA

The very first NAMPO ALFA Livestock, Hunting and Outdoor Expo took place at the end of September 2022. Given the challenges brought on by COVID that limited preparation time and the foot-and-mouth disease outbreak that provided its own challenges, the organisation was nonetheless pleased with positive feedback and participation. The NAMPO ALFA expo will be hosted annually at NAMPO Park with considerable growth in both exhibitor and guest participation foreseen in the future.



Other events

In addition to these events, Grain SA further participated in the Senwes Future Focus, Kragdag, Farmer and Golf days and various Women in Agriculture initiatives with the provincial agricultural women's unions.

SUPPORTING INITIATIVES

Marketing communication

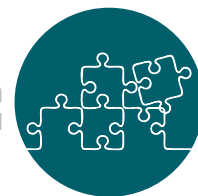
In support of stakeholder and member engagement interventions, various branding materials and corporate gifts were produced and distributed to targeted audiences in the second part of the reporting period as events opened up. The majority of marketing communication elements are distributed as gifts with selected items used during promotional activities.

Being online

Grain SA continued to utilise its website to effectively communicate electronically with its members, stakeholders and the general public. The website content is updated continuously and articles and press releases on the organisation's activities, including its collaborations and partnerships with the government, academia and public structures, are publicised. The Grain SA website is maintained daily with information reviewed regularly in support of communication strategies.

Measuring performance

In order to ensure the relevance of the communication and public relations activities, monitoring and evaluation of all marketing communication activities and initiatives are ongoing. Grain SA monitors its media mentions as well as those of its executives on a daily basis, providing the opportunity to respond where necessary and to keep abreast of local and international news. The public relations function will focus on implementing an integrated approach to communication that ensures maximum penetration, awareness as well as an understanding of Grain SA's organisational imperatives.



Research coordination

CONSORTIA AND MULTI-STAKEHOLDER PARTNERSHIPS

Grain SA's main research priority focus areas are crop improvement, plant health and climate resilience. The primary objective of the Grain SA Grain Research and Policy Centre is to establish research consortia that drive innovation to enhance the productivity, profitability and sustainability of South African grain and oilseed producers and benefit the industry as well as South Africa. An additional focus point is to develop human capital through student training and the appointment of technicians – especially in scarce skills fields such as breeding, agronomy, plant pathology and nematology. The research team is also involved with coordinating national cultivar evaluations for maize and sorghum and ensuring producers' research needs as they pertain to conservation agriculture (CA) are addressed.

Key to the success of the Grain SA Grain Research and Policy Centre is the partnerships the team has fostered with various funders over the years. Through the Agricultural Bioeconomy Innovation Partnership Programme (ABIPP), the Department of Science and Innovation and Technology Innovation Agency has made significant contributions to Grain SA's research portfolio. The commitment from the industry to co-fund research initiatives has been a cornerstone of the partnership developed with the government to fund research of value to grain and oilseed producers. Industry co-funders are the Maize Trust, the Oil and Protein Seeds Development Trust, the SASOL Trust and the South African Winter Cereals Industry Trust. Over the past few years, Grain SA has also made significant contributions to the research consortia.

Crop Improvement Consortium

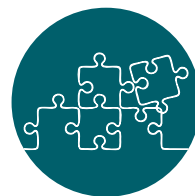
WHEAT BREEDING

Under the theme of crop improvement, a Wheat Breeding Platform (WBP) was established. South Africa's area planted to wheat has decreased with an alarming trend over the past 30 years. The Wheat Breeding Platform (WBP) was established in 2014 and speaks to national priorities of sustainability and food security. This initiative is coordinated by Grain SA, but numerous role-players are involved, ranging from the industry to breeding companies, researchers and the government. The WBP incorporates experts from both the public and private sector to assist local breeding efforts for improved yield.

TABLE 1
OVERVIEW OF THE CROP IMPROVEMENT CONSORTIUM

OBJECTIVE	SUBOBJECTIVES
Conducting pre-breeding to develop inbred lines with improved yield potential	Sourcing and characterising newly acquired germplasm
	Incorporating new germplasm into local nurseries
	Conducting multilocality field trials to identify germplasm traits of interest
	Making use of phenotyping and genotyping to improve selection of traits
Supporting local breeding efforts	Distributing germplasm to local breeding programmes
	Screening commercially available cultivars for tolerance to pre-harvest sprouting
Building local plant breeding capacity	Training students in plant breeding
	Training graduates as technicians





The WBP has made significant contributions to the breeding programmes of the three local breeding companies, namely Syngenta, Corteva and the Agricultural Research Council – Small Grains (ARC-SG). Stellenbosch University collaborates locally and internationally to promote wheat breeding in South Africa and to access diverse germplasm from international sources. Germplasm obtained is characterised genotypically and phenotypically to enable crosses to be made to deliver pre-breeding material with the potential for higher yield, adaptation to local conditions and other desired traits, for example, disease resistance. The WBP has significantly contributed to the wheat industry, as breeders have access to high-yielding germplasm that can be used to further develop cultivars that can increase the production of wheat in South Africa.



CONTRIBUTION TO AGRICULTURE

Over 1 200 entries were distributed to each of the recipient seed companies over the past five years. The ARC-SG, Corteva and Syngenta all took up 2022 nursery material from the pre-breeding germplasm and also indicated that multiple selections had been made from the 2021 nursery and that historical selections (prior to 2021) were still being used in their programmes. This consortium is a key component of improving wheat production in South Africa. The programme has made important contributions to local wheat breeding programmes and to building plant breeding capacity in South Africa.

Plant Health Consortium

Summer grains play an essential role in both the food security and in the economy of South Africa. Pests and diseases hamper the optimal production of these crops. The outcome of agricultural research and development (R&D) can support significant gains in agricultural productivity by revealing the best strategies for the management of these threats. Therefore, the Plant Health Consortium (PHC) fosters collaboration between the research community, the government and industry stakeholders to address national priorities such as food security and sustainable production.

TABLE 2
OVERVIEW OF THE PLANT HEALTH CONSORTIUM

OBJECTIVE	SUBOBJECTIVE	PARTNERS
Conducting surveys of the summer grain production region to identify prominent pests and diseases	Conducting pest and disease surveys	ARC, UP, NWU, CropWatch Africa
	Providing diagnostic and extension services to producers	UP, ARC, NWU, CropWatch Africa
Reducing build-up of soilborne pests and disease inoculum	Developing improved strategies for plant protection	UFS, NWU, UWC
Providing support to the regulators on biosecurity issues	Establishing a biosecurity hub to cooperate with the DALRRD and coordinate the participation of the industry in biosecurity efforts	DALRRD, DSI, CropWatch Africa, GSA, UP, UFS, PhytoSolutions Consultancy



THE NATIONAL GRAIN RESEARCH PROGRAMME

The National Grain Research Programme (NGRP) is made possible by collaboration between the government, the industry and research institutions. The NGRP is established to drive solution-oriented, industry-relevant research through multidisciplinary and multi-institutional collaboration. A board consisting of relevant stakeholders from the industry, the government and academia has been established and the first research day was held on 9 May 2022. Current activities are focused on assembling an overview of current research initiatives at public research institutes.



SOUTH AFRICAN SCLEROTINIA RESEARCH NETWORK

The occurrence of Sclerotinia in South Africa is becoming more prominent as adequate control is lacking. Therefore, the South African Sclerotinia Research Network (SASRN) was established to provide a platform for dialogue to take place between researchers, the industry and producers, as well as to approach research projects in a concerted manner.

The SASRN website (<http://sclerotinia.co.za/>) hosts a diverse collection of articles and provides opportunities for producers to submit questions and interact with researchers directly. Current research is focused on investigating disease epidemiology and screening local and international soybean germ-plasm for resistance to Sclerotinia. Results from these studies will contribute to effective management strategies for this pathogen.

A Sclerotinia day was held on 13 October at which the industry, producers and researchers discussed management options for Sclerotinia on soybean and sunflower. Panel discussions were held in which planting density, planting dates, cultivars and climate were discussed. Effective chemical control and production practices to manage the disease were also discussed. Outcomes from the day are available here (<https://sagrainmag.co.za/2022/11/28/tactics-to-disrupt-sclerotinia/>).

BIOSECURITY

Biosecurity is a priority shared between the government and the industry. As such, an opportunity is available for the government, the industry and the research community to jointly work towards ensuring that biosecurity threats are identified and dealt with in a timely and appropriate manner through co-funding and shared expertise. The Department of Agriculture, Land Reform and Rural Development as well as the Department of Science and Innovation launched the National Biosecurity Hub (<http://www.ia.up.ac.za/index.php/research-platforms/biosecurity-hub/e-journal>) at the University of Pretoria on 11 October 2022.

This launch signals the commitment of the government to collaboratively work with the industry and the research community to ensure that adequate and timely biosecurity measures are put in place to safeguard the country against biosecurity threats. The vision for the biosecurity hub is to significantly increase the capacity currently available to the sanitary and phytosanitary (SPS) regulatory authorities of South Africa to deal with biosecurity issues. The hub will facilitate collaborative working arrangements between the government and stakeholders directly affected by biosecurity threats rather than having these groups act in isolation.

CONTRIBUTION TO AGRICULTURE

The Plant Health Consortium enables the government, the industry and academia to jointly work towards assisting producers to decrease disease incidence, improve crop yields and, ultimately, increase food security for South Africa.





Climate Resilience Consortium

The Climate Resilience Consortium was established with the aim of investigating the impact of climate change and variability on agricultural production and building resilience to ensure food and nutrition security for the future.

Climate change has the potential to devastate food and nutrition security in southern Africa. Grain serves as the dominant staple food in sub-Saharan Africa, with South Africa exporting large amounts of grains within southern Africa. South Africa therefore plays a major role in stabilising food security in southern Africa. Since this region is highly dependent on climate-sensitive economic activity, sub-Saharan Africa is said to be one of the regions that are most severely affected by climate change. Climate change places an immense burden on food security in southern Africa and most urgently calls for mitigation and adaptation strategies to be put in place.

TABLE 3
OVERVIEW OF THE CLIMATE RESILIENCE CONSORTIUM

OBJECTIVE	SUBOBJECTIVE	CURRENT PARTNERS
Building ground-level data on the impact of climate change and variability on production	Improving understanding of the challenges and opportunities posed by climate change	UFS, UP, ARC
Building resilience to ensure food and nutrition security for the future	Building climate resilience and adaptive capacity to respond to climate risks and vulnerability	Syngenta
	Building agronomy research and capacity	UFS, SU, Potatoes SA, UP, UWC

AGRONOMY

Agronomy has been a key focus area in the Climate Resilience Consortium. A workshop was held on 18 August 2022 to bring local grain role-players together with the aim of getting an overview of the current status of agronomy-related research, brainstorming the future of agronomic research, and exploring collaborative opportunities. Aligning the research and training needs between the industry and the research community was explored (<https://sagrainmag.co.za/2022/12/12/agronomy-day-set-to-boost-collaboration/>).

Long-term agronomy trials have been established with various partners. The collaboration with Potatoes SA focuses on a crop rotation trial in the eastern Free State. The first full cycle has been conducted and findings from this study have contributed towards the long-term goal of interpreting the crop rotation effects on soil and plant health. Findings from this study have been published in the SA *Graan/Grain* magazine in a two-part series:

1.



2.





CONTRIBUTION TO AGRICULTURE

The potentially devastating effects of climate change and variability on the food and nutrition security status of South Africa are concerns shared by the government and the industry. Therefore, the Climate Resilience Consortium addresses challenges faced by producers and seeks opportunities to build resilience to climate change and variability.

Cultivar evaluation trials

Cultivar evaluations provide producers, seed companies and agricultural advisers with independent, unbiased and scientifically accurate information on the performance and adaptability of cultivars relative to the current commercial cultivars grown under local conditions. Grain SA coordinates the maize and sorghum cultivar evaluations in partnership with industry stakeholders.



MAIZE CULTIVAR EVALUATION TRIALS (MCET)

The 2021/2022 season was the third year that Grain SA, SANSOR and seed companies formed a consortium to execute the MCET. During the past season, cultivars entered into the trials were again coded for anonymity. Results from the 2021/2022 season are available from the Grain SA website and the October issue of the SA *Graan/Grain* magazine.



SORGHUM CULTIVAR EVALUATION TRIALS

The sorghum cultivar evaluation trials have been completed successfully for the seventh consecutive year. This is a major milestone as annual data that depicts cultivar performance across different regions is now available. Information from the trials is distributed through seed companies and the various communication channels of Grain SA (SA *Graan/Grain* magazine and working groups).

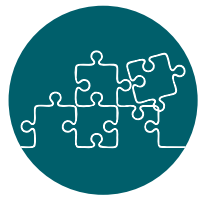
CONTRIBUTION TO AGRICULTURE

The correct choice of cultivars, taking the diverse climatic conditions into consideration, is of the utmost importance to producers since it affects yield. Through support to producers in their choice of adaptable cultivars, optimum yields can be obtained and the risk for yield losses can be managed better.

Conservation agriculture

During the period 2016 to 2020, the CA Farmer Innovation Programme (FIP) was successfully implemented under the banner of Grain SA for accessing and managing CA funding (and projects). However, in a strategic move by Grain SA and the Maize Trust to sustain and scale up the activities of the CA FIP, activities from 2020/2021 and later will be coordinated under the banner of ASSET Research. ASSET Research is keen to work with Grain SA in the advancement of both the relationship between the entities and that of the development of appropriate CA systems. As such, producers can contact the research team with specific CA research needs. Further information on ASSET Research can be found at the following link: <https://assetresearch.org.za/>.

THE *correct*
CHOICE OF CULTIVARS
IS **OF THE UTMOST**
IMPORTANCE
for producers



STRATEGIC PARTNERSHIPS



36





Grain economy OVERSHADOWED BY RECORD INPUT PRICES

Grain Economy

INPUT PRICES

The reporting period was characterised by record input prices, but also by high international grain prices. The side effects of the COVID pandemic definitely still had an impact on supply and value chains. The situation was aggravated by the Russia/Ukraine war. Grain SA's leadership held discussions about the unsustainability of the record input prices not only with umbrella organisations, but also with individual companies. Energy prices (crude-oil and natural-gas prices) rose sharply and caused fuel and fertiliser prices to reach new records on international and local markets.

JSE MATTERS

This season, the JSE appointed a technical committee from the advisory committee. The technical committee consists of absolute experts from the commodity market. Among other things, the technical committee focused on the outloading capacity of silos and the alternative location differential. The adjustment of rules and regulations on physical delivery and increased inspections of JSE silo certificates were some of the main actions prioritised by the JSE.

The process of accomplishing changes in rules and regulations regarding physical delivery contracts at the JSE was completed and communicated to the market via a market note. One of Grain SA's proposals, that independent inspections of JSE silo certificates should be increased and that the results should be communicated regularly, is now being implemented by the JSE via regular market communication. Since the JSE investigation and the increased number of inspections, all the inspections have been clean.

Strategic focus areas

- ▶ Sustainable profitable production
- ▶ Promotion of transparent market information
- ▶ Monitoring of input industry (price, quality and availability)
- ▶ Expansion and development of markets
- ▶ Influencing of grain policy environment

Highlights

- ▶ Record-level grain prices and input costs.
- ▶ Pressure of rising input costs on margins.
- ▶ Export protocol for soybean exports signed and implemented.
- ▶ Fertiliser monitoring project – results improving over time.
- ▶ Approval of new soybean technology and progress as a result of breeding and technology levy.
- ▶ Negotiations with respect to new diesel rebate system, as well as handling of interpretations of legislation – specifically with reference to keeping logbooks.
- ▶ Progress with the alternative location differential.
- ▶ Grading of maize.
- ▶ Transparency of grain market – statutory reporting of grades (producer deliveries and stocks) and import and export intentions of wheat.
- ▶ Barley contracting process.
- ▶ Grain SA also assisted members with disputes.
- ▶ Sustained communication regarding fundamental market information.



SAGIS INSPECTION REPORT OF PHYSICAL STOCK

Grain SA also requested SAGIS to publish their inspection report, and this is currently available to interested individuals. According to the SAGIS report there were 437 inspections – of which 433 were physical inspections – from March 2022 up to and including September 2022. According to this report, the majority of the deviations found were understated, and the average understatement figure was 0,12% and the overstatement figure 0,09% for the period. This report offers the market the opportunity to see how many inspections were done and what the net effect was.

The industry also requested SAGIS via the Maize Forum to report, through statutory measures, the weekly producer deliveries and the national monthly stock levels on the basis of grades. This will support the market to obtain more transparent information, but also to see on the basis of quality what the stock levels in the country are.

The industry's request that SAGIS release a report, through statutory measures, on the weekly producer deliveries and the national monthly stock levels on the basis of grades succeeded. This information is currently being released to promote transparent information and therefore a better functioning market.

LEAF SERVICES

LEAF Services was appointed by the Department of Agriculture, Land Reform and Rural Development in terms of agricultural product standards legislation to inspect grains and grain products. Their inspection involves grading unprocessed grain and grain products – something that is already being done by the industry. It would therefore mean the current self-regulating grading system is being duplicated.

Grain SA, with the mandate of Congress, expressed its opinion against this duplication not only of services, but also of costs. Together with various other role-players in the industry, Grain SA appealed against the introduction of LEAF's proposed levy per ton. By participating in the discussions and ensuring that producers are not affected by unnecessary additional costs, Grain SA had already saved producers ±R500 million in costs by the end of the reporting period.

The first attempt by LEAF Services was thwarted by the cooperation of a large number of role-players in the industry. The industry successfully appealed against the introduction of levies by LEAF Services. Currently, LEAF is in the process of consulting with the industry from the beginning again regarding the delivery of the inspection service. LEAF as inspection service in terms of the agricultural standards legislation cannot be kept away permanently, but Grain SA and other role-players are doing everything they can to get this inspection service in a format that will have the smallest impact on producers and the industry.

CONCERN REGARDING STORAGE OF BARLEY

The barley industry was under considerable pressure this year because of various reasons. The most recent of these was the risk regarding the storage of barley. There were various disputes between buyers and storage facilities, which led to one of the storage facilities indicating that they could not reach a settlement to establish a contract for the season. This had an impact on the Swartland and irrigation production areas in particular. Although this is an issue between a buyer and storage facility, it has significant consequences for the producer. Grain SA consulted with both parties on an ongoing basis to find solutions and reduce the risks for producers as far as possible.

EXPORTS

Favourable production conditions are always accompanied by the challenge of maintaining a balance between the supply of and demand for grains. A part of this challenge is to make sure that exports take place effectively. Grain SA made sure that the markets remained open for maize and soybeans and that the system functioned effectively. Although the exports were above average, there were still many logistical challenges and bottlenecks to be resolved as quickly as possible. Grain SA was involved in discussions with all the role-players at all times to ensure effectiveness. Grain SA also approached Transnet to discuss the possibility of a larger quantity of grains being transported by rail.

GRAIN SA
made sure **THAT**
MARKETS FOR MAIZE AND
SOYBEANS REMAINED *open*
FOR EXPORTS



A delegation from Grain SA, led by the CEO, Dr. Pieter Taljaard, visited the port themselves. The objective of the visit was to improve their knowledge on the day-to-day operational aspects of the port and to build contact with role-players in the port to try and improve communication and the effectiveness of grain exports.

There was also an oversupply of soybeans and Grain SA worked hard to ensure that export markets were open and to establish new markets. It was confirmed that permit markets were open for exports and the Chinese protocol was approved by technical teams by November 2021, and the next step was for the ministers from both countries to sign the protocol. Grain SA was also proactive and had already met with the authorities and storage facilities to make sure that all the regulatory actions to comply with the export protocol were in place when it was time to start planting. The protocol was signed by the respective ministers in June 2022, therefore exports to China are open. Through the sustained work of Grain SA, together with that of other role-players, soybean exports have increased strongly so far in the 2022/2023 marketing season.

A part of the agricultural master plan discussions and negotiations is also to make the logistics system more effective and manage it better. One of the actions is to make upgrades to the port infrastructure.

SEED COMPLAINTS INVESTIGATED

During the 2021/2022 planting season Grain SA investigated various seed enquiries and complaints on behalf of our members. On specific occasions Grain SA had the seed tested itself to ensure quality.

GRADING REGULATIONS FOR MAIZE

In August 2021 the Maize Forum applied for amendments to the maize grading regulations. This application came after consultation with industry role-players since January 2019 and included research by the SAGL. The reason for the revision of the grading regulations was to make cosmetic changes and reduce grey areas in the grading regulations.

Some of the main proposals were to remove discoloured and water-damaged kernels as defective kernels (although the definitions remain in the regulations), and to provide a better description of frost-damaged kernels.

At the beginning of 2022 it was realised that the Department of Agriculture was progressing slowly with the consultations on the changes and the Maize Forum applied for a temporary dispensation. At the end of April 2022 a dispensation was granted to the industry. However, at the beginning of May the dispensation was withdrawn by the department as a result of a request by the forum, as some of the role-players did not agree with it. After several urgent meetings of the forum and the technical committee, consensus about the proposed changes could still not be reached. However, the forum decided that the grading application had to follow the normal course and that individual role-players had to comment separately.

On 31 October 2022 the Department of Agriculture published the grading regulations as submitted in August 2021 for comment.





ALTERNATIVE DIFFERENTIAL SYSTEM

The alternative differential system was a major discussion point of the JSE's advisory committee and the JSE's technical committee this year. The advantages, disadvantages and concerns of the model were discussed in depth. It was agreed that the model would be tested on soybeans for a period of two years, after which the JSE would assess the model in terms of the criteria laid down in order to introduce it permanently.

PASSPORT SYSTEM

Consumers are increasingly demanding more careful management of food safety. This has resulted in processors and dealers in the value chain showing a greater need for a degree of traceability. In bulk crops like maize and wheat this is a challenge, however, and not so simple.

Although Grain SA supports safe food production, it is important to approach and use such a system in a responsible manner. It is important for it to be well defined and practically executable and based on the Congress mandate. It is important to get good-practice systems in place, rather than a broad-spectrum statement. Good progress was made in the industry with regard to what is feasible for every link in the value chain to move closer together. The industry accepted Grain SA's proposed statement, which is mainly a confirmation that producers comply with Act 36 of 1947.

DIESEL REBATE AUDITS AND INTERPRETATION

In addition to negotiations and discussions on a new diesel rebate system, several of our members were assisted with regard to SARS's handling of audits. There were various challenges regarding the interpretation of legislation in the light of electronic logbook systems and SARS's views on logbook requirements to qualify for the rebate.

SARS also published the new diesel rebate system on 18 March 2022. However, the implementation date still has to be announced. Grain SA and Agri SA are uncomfortable with quite a number of the changes and are discussing them with SARS and the Treasury.

Grain SA limits SASRIA premium increases

SASRIA announced rate increases for 2022 in circular 510 of 14 September 2021. One of these increases, Category M8 – Heavy Vehicles, includes tractors, self-propelled sprayers and harvesters. Grain SA argued that these rate increases did not apply to agricultural vehicles as agricultural vehicles seldom use public roads. Grain SA, together with other industry role-players, subsequently objected to these increases. SASRIA agreed to place agricultural vehicles in a separate category with separate rates.

THE ALTERNATIVE
diff-model
IS TESTED ON
soybeans
FOR TWO YEARS



OUR STRATEGIC FOCUS SHIFTED TOWARDS FULL *commercialisation*

Farmer Development Programme

PROGRAMME BACKGROUND

In a world radically challenged by a disastrous pandemic with a tentacle-like, far-reaching negative impact on world economies and employment opportunities and ensuing hardship, the prioritisation of sustainable agricultural development has never been more important. While there are a great number of subsistence producers enrolled in the programme, the greater strategic focus is on taking the new era of commercial producers towards full commercialisation.

With commercialisation becoming more important and a more targeted strategic focus point of the development programme, we are continuously in search of partners that are well aligned to ensure the sustainability of the development initiatives for which millions of rands are spent annually. By working together, the Farmer Development Programme and its collaborators are effectively providing the developing farming community with a broad range of information relating to best practices and the latest technologies.

At the same time, we offer mentorship and advisory services to producers through key communication platforms such as study group meetings, individual producer mentoring, the Pula/Imvula magazine, training courses and other activities like trials and producer days. The mission of the Farmer Development Programme is to contribute towards increasing capacity and building resilience in the broader developing producer sector towards sustainable, profitable farming units, regardless of scale.

The mission of the Farmer Development Programme is to:

- ▶ Develop and capacitate sustainable grain farming enterprises in South Africa.
- ▶ Ensure increased access to sustainable funding for producers.
- ▶ Ensure the commercial viability of advanced producers towards self-sustainability.
- ▶ Increase hectares under grain production under the custodianship of emerging producers.
- ▶ Support the inclusion of both young producers and female producers in the grain sector.
- ▶ Ensure the employment of good agricultural practices on all agricultural land under production.
- ▶ Increase the emerging producer contribution to national food security.
- ▶ Support the diversification of grain farming enterprises.

The mission of the programme is to develop capacitated and sustainable grain producers and to contribute to household and national food security through the optimal use of the land available to each producer.





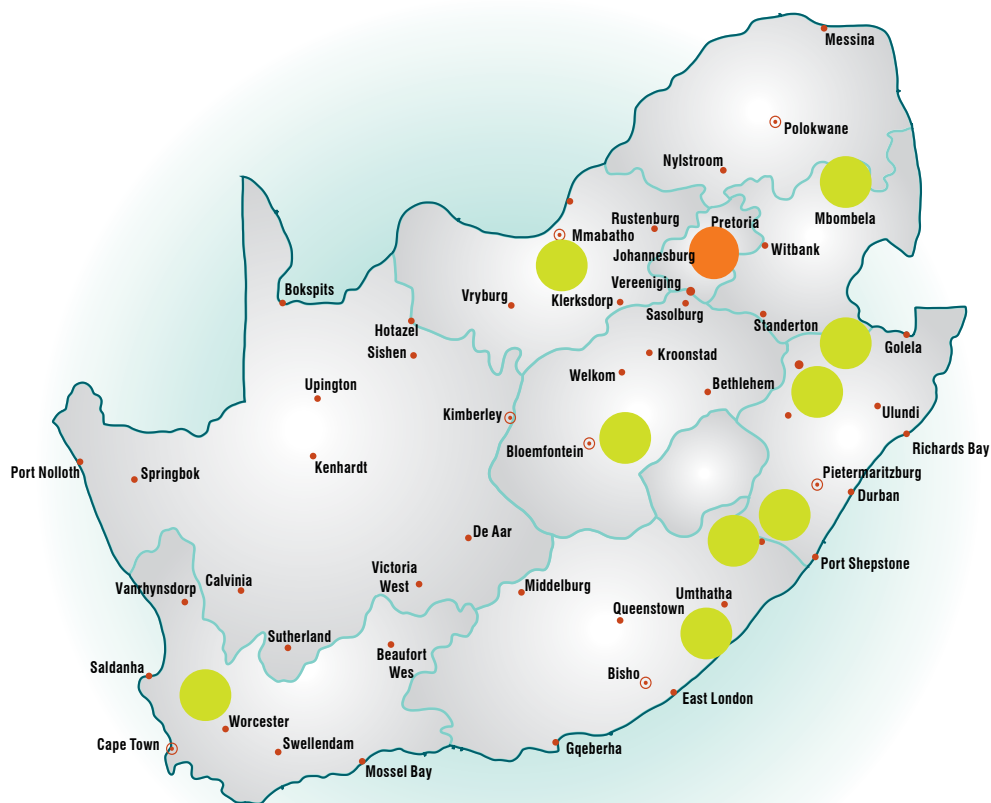
FARMER DEVELOPMENT REGIONAL OFFICES

Since the early 2000s, Grain SA has been dedicated to the sustainable development of emerging producers from subsistence to commercialisation. Our programme is about 'producer' development, so our primary aim is to assist active grain producers in growing grain profitably, using the best available technologies and practices for sustainability. Despite the challenges and many other changes over the years, the heartbeat of the Grain SA Farmer Development Programme remains unchanged. We care about agricultural development in South Africa, and we care about producers growing their enterprises even within a challenging environment – we always strive to make a positive difference wherever we place our footprint. Our vision is to contribute to the development of an inclusive rural economy in which all producers should have greater opportunities to meaningfully participate in the economic, environmental and social opportunities on offer.

After many years of footwork at grassroots level, we now have a well-established footprint with regional development managers, mentors and administrative staff in place to meet producers and identify their needs in order to offer adaptive and responsive developmental support.

The team is led by Dr. Sandile Ngcamphalala from the corporate office of Grain SA in Pretoria. Sandile is supported by Liana Stroebe as the training and operations manager and Jean Adams, who is responsible for the day-to-day coordination and support of the Farmer Development field teams and other secretariat services for the programme.

At the regional development level, the footprint of the Grain SA Farmer Development Programme at present extends to nine development regions, with each presenting its own unique character and needs.



Johan Kriel

Regional development manager – Free State (Bloemfontein)

Jerry Mthombathi

Regional development manager – Mpumalanga/Limpopo (Mbombela)

Office assistant – Smangaliso Zimbili

Jurie Mentz

Regional development manager – Mpumalanga/KwaZulu-Natal (Louwsburg)

Office assistant – Lanelie Swanepoel



Graeme Engelbrecht

Regional development manager – KwaZulu-Natal (Dundee)

▶ Office assistant – Nkosinathi Mazibuko

Liana Stroebel

Acting regional development manager – Western Cape (Paarl)

▶ Office assistant – Hailey Ehrenreich

Du Toit van der Westhuizen

Regional development manager – North West (Lichtenburg)

▶ Office assistant – Lebo Mogatlanyane

Luke Collier

Regional development manager – Eastern Cape (Kokstad en Mthatha)

▶ Office assistant – Luthando Diko (Kokstad)

▶ Office assistant – Cwayita Mpotyi (Mthatha)

During the reporting period from 1 October 2021 to 30 September 2022, Grain SA had a total of **16 301 active developing producer members** supported in the programme:

REGIONAL OFFICE	NUMBER OF ACTIVE PRODUCERS
Bloemfontein	526
Dundee	1 076
Kokstad	1 898
Lichtenburg	285
Louwsburg	1 682
Maclear	1 335
Mthatha	4 104
Mbombela	5 369
Paarl	26

In some regions like North West and the Free State we service a number of larger producers who are categorised as the potential commercial and new-era commercial producer categories. While there are a large number of potential commercial and new-era producers located in the eastern provinces of the country too, it must be noted that most of the subsistence and smallholder producers dominate the Mpumalanga, Limpopo, KwaZulu-Natal and the Eastern Cape provincial regions.

*Trainers AND
MENTORS
ARE OUR
last mile team
FOR SUPPORTING
producers*

As we strive to encourage continuous learning and adapting to ensure sustainability and relevance, we are always committed to attracting good talent across our responsibility programmes. Trainers and mentors are our last-mile team for supporting producers. We also strive to continuously develop collaborating relationships with well-aligned industry partners to strengthen our efforts, accelerate growth and develop a network of support for producers locally.



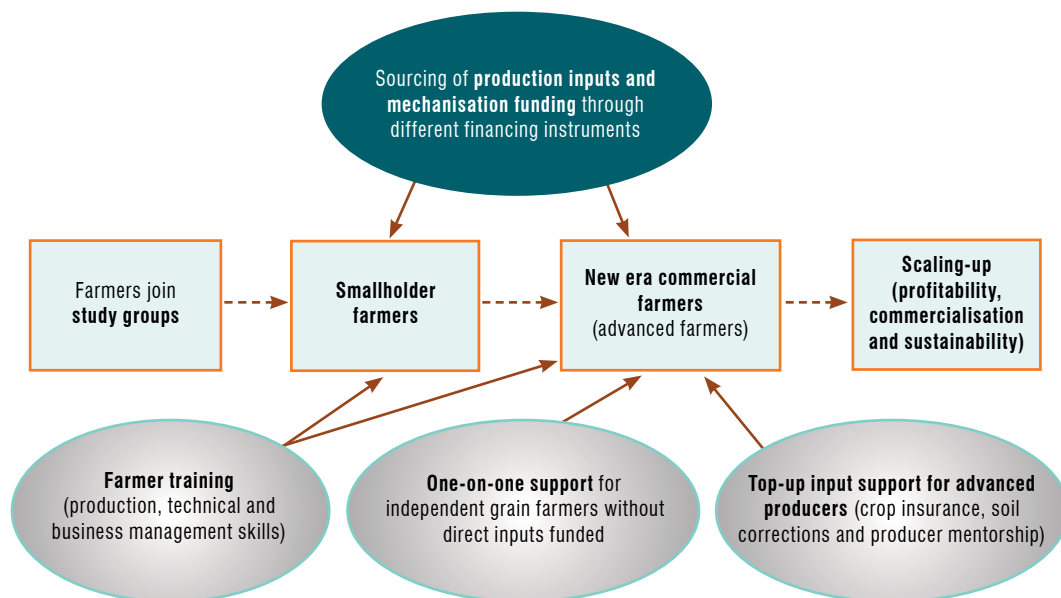
CORE INTERVENTIONS OF THE FARMER DEVELOPMENT PROGRAMME

The Farmer Development Programme's engagement with producers is designed so that producers are enrolled into a study group as the first point of contact. Through the study groups, monthly meetings are hosted with producers, where information on various grain production topics is shared and discussed intensively. In addition, producers are trained theoretically and practically through field trials and producer days. At this stage most of the producers are expected to go on to implement lessons independently.

Over the years, however, the need to focus on growing individuals became apparent. In this regard there are often two groups of producers: 1) Those whose production inputs are funded through different collaborating partners. In this regard, mentorship support is provided to ensure performance efficiency and thus repayment of loans, and 2) those who have access to their own inputs but could benefit from information shared at study group meetings and on a one-on-one support basis provided through the programme's regional offices. Overall, these two groups of producers are the strategic focus towards commercialisation of the Farmer Development Programme.

Farmer development impact model

Producers start at the study group level and then progress from there – not all producers can or wish to increase the size of their cropping enterprise, but ALL do wish to increase the yields that they are attaining from their farming activities.



The ultimate mission of the programme is to develop capacitated profitable and sustainable grain producers. To realise this mission, funding remains one of the biggest gaps and challenges for developing black producers. Through study groups, producers are supported with information and training to get them into a higher state of productivity and to cultivate a basic understanding of the grain industry. However, there are often producers who grow beyond the type of support accessible through the study group structures. These producers are already farming on a semi-commercial scale, but are not independent. Their margins are relatively small and additional assistance remains key to support increasing their production capacity in terms of the amount of land put under production. These producers also do not have enough funds to cover costs relating to soil corrections (such as lime), crop insurance and enterprise-wide mentorship support, including production planning, farm management, financial management and marketing support, among other things.



Harvest time for the Sophumelela study group producers who are mentored and supported by regional manager Luke Collier from the Kokstad office.



Servicing grain producers' study groups

The study groups are always the first point of entry into a new area. Through the study groups our regional development managers have access to the producers on a regular basis and they are able to train the producers on all aspects of production, marketing and general management. The study groups also form the contact points for the planting of demonstration trials, hosting of producer days, identification of producers for the advanced producer programme and recapitalisation programmes of the state and general information sharing in the industry, etc. However, as the producers become more advanced, they express the need for more advanced information.

At the same time, the progressive producers assist the less advanced producers to progress. Servicing producers in a group is more cost-effective than servicing them on an individual basis, and they learn more from the questions of the other producers. Having the producers in groups makes it possible to include them in other initiatives that offer them support.

Our experience demonstrates that most subsistence producers (0,5 - 10 ha) experience the following types of challenges:

- ▶ Making use of outdated production practices
- ▶ Working on depleted and eroded soils
- ▶ Having limited to no access to high-value inputs and technology
- ▶ Having limited skills and training to apply new practices and to utilise new technology
- ▶ Having limited access to markets and processing facilities
- ▶ Displaying a lack of household food security
- ▶ Displaying a lack of local economic activity and job creation



Producer development interventions at this level are aimed at encouraging developing producers who have access to land to form study groups that meet regularly to access training and information relating to the maize industry. Producers start at the study group level and then progress from there – it is not all producers who can or wish to increase the size of the land they are planting, but all would like to increase the yields they are attaining from their activities. We are also finding that as producers graduate from the programme, they become invaluable members of the study groups as they can pass on first-hand experience to the other producers. To address the grain farming challenges that are faced by subsistence producers in South Africa, the programme employs the following interventions:

- ▶ **Study groups:** organised producer groups where training, group mentorship and planning are facilitated.
- ▶ **Planting and maintenance of demonstration trials:** demonstrating new technologies and crop management strategies.
- ▶ **Producer days:** hosting producers to demonstrate different farming practices and performance of different varieties, etc.
- ▶ **Mentorship support to producers:** providing 1:1 mentorship support to individual subsistence producers throughout the production season.
- ▶ **Information dissemination:** *Pula Imvula* producer's advisory magazine published monthly.



DUNDEE REGIONAL FARMER DEVELOPMENT

The Dundee Provincial Development Office is managed by development manager Graeme Engelbrecht. The office is situated centrally to the grain producers of northern KwaZulu-Natal. The map below highlights the footprint of this office.

- ▶ **The Dundee Development Office currently hosts 26 study groups with a total attendance of 670 producers.**
- ▶ **103 meetings have been held in the reporting period.**
- ▶ **A total attendance register of 1 139 attendees is recorded.**

KOKSTAD REGIONAL FARMER DEVELOPMENT

Luke Collier is the regional development manager based in Kokstad. Agricultural potential here is high and could create many much-needed jobs and secure food sovereignty in the region.

- ▶ **The Kokstad Development Office currently hosts 30 study groups.**
- ▶ **157 meetings have been held in the reporting period.**
- ▶ **A total attendance register of 2 864 attendees is recorded.**

LOUWSBURG REGIONAL FARMER DEVELOPMENT

Jurie Mentz manages the Louwsburg Regional Development Office, which services producers distributed from Louwsburg and Vryheid in KwaZulu-Natal to as far north as Bronkhorstspuit and Middelburg in Mpumalanga.

- ▶ **The Louwsburg Development Office currently hosts 14 study groups.**
- ▶ **37 meetings have been held in the reporting period.**
- ▶ **A total attendance register of 1 307 attendees is recorded.**

MACLEAR REGIONAL FARMER DEVELOPMENT

Maclear is in the Eastern Cape, where agriculture is an important livelihood activity for many rural citizens. The Maclear Farmer Development Office services an extensive area and manages study groups, training and mentorship to producers from Elliot and Cala to Mount Fletcher and Maclear, along the foothills of the Drakensberg escarpment.

Agricultural potential around Maclear is high, and furthermore has the potential to create many much-needed jobs as well as secure food sovereignty in the region.

- ▶ **The Maclear Development Office currently hosts 13 study groups.**
- ▶ **49 meetings have been held in the reporting period.**
- ▶ **A total attendance register of 887 attendees is recorded.**

MTHATHA REGIONAL FARMER DEVELOPMENT

Here agriculture is an important livelihood activity for many rural dwellers. The office services an extensive area and manages study groups, training and mentorship to producers distributed from the south near East London and Willowvale to as far as Queenstown and Cofimvaba and Mthatha.

- ▶ **The Mthatha Regional Development Office currently oversees 30 study groups.**
- ▶ **There have been 437 encounters with these producers in the reporting period.**
- ▶ **A total attendance register of 2 462 attendees is recorded.**

MBOMBELA REGIONAL FARMER DEVELOPMENT

The Mbombela Farmer Development Office is managed by regional farmer development manager Jerry Mthombothi. The office services an extensive area of Mpumalanga and into Limpopo. It manages study groups, training and mentorship to producers distributed from the east of Pretoria to the Swaziland border and further east to the borders of the Kruger National Park. The farming activities here are generally on a subsistence and smallholder farming scale but this industry contributes significantly to household food security as well as household income. Agricultural potential here is high due to favourable rainfall and high-potential soils.

- ▶ **The Mbombela Development Office currently hosts 32 study groups.**
- ▶ **122 meetings have been held in the reporting period.**
- ▶ **A total attendance register of 1 542 attendees is recorded.**





LICHTENBURG REGIONAL FARMER DEVELOPMENT

The Lichtenburg Regional Development office is headed by regional manager Du Toit van der Westhuizen, with support from Lebo Mogatlanyane. This office is located in the heart of a primary grain-producing region and the developing producers here need more individualised support. In the light of the fact that the producers in the region are largely bigger potential commercial and new-era producers, this office has been mandated to primarily focus on services and support to individual producers. The developing producers in the region have, however, expressed their need to continue with study group contact sessions as well. The latter half of the year saw the Lichtenburg team holding seven study group meetings with seven different study groups.

- ▶ **201 study groups are currently being serviced by expert agriculturalists and trainers.**
- ▶ **Agricultural support services have been provided to producers who are active members of the groups listed above and 10 259 attendances have been recorded.**
- ▶ **There has been a total of 1 041 study group meetings in this reporting period.**

Beyond Abundance: One Hectare Project

This season the Beyond Abundance project has **involved 2 780 active producers**. The producers are receiving on-going support, field visits and training from Grain SA and other stakeholders in the sector who have offered discounted inputs. The producers have all put their own 'skin in the game' by contributing their own funds towards the programme. The majority of the crops performed well this season. Some regions had problems with too much rain, while some producers are still battling with weeds. On average yields are still better than have been seen traditionally by these producers. The harvest was definitely compromised as a result of heavy rainfall and this particularly affected the grading of the maize at the silo door.

TABLE 1
PARTICIPATING PRODUCERS AND AREA PLANTED
IN THE 2021/2022 SEASON

REGIONS	NUMBER OF PRODUCERS	NUMBER OF HA
Dundee	272	391
Louwsburg	302	622
Maclear	294	296
Kokstad	803	844
Mthatha	660	1 044
Limpopo	209	428
Mbombela	240	372
Total	2 780	4 047

→ Project support was also given to these farms in the form of input discounts by Kynoch, Farm Ag, Bayer and the Sasol Trust.



With more and more maize being produced, most producers have struggled to manage the post-harvest load manually. There has been an increasing need to support the automation of the harvesting and threshing for producers. To support these producers Grain SA, with support from Bayer, was able to procure maize threshers for at least nine study groups.





Support to advanced black commercial producers

There is still a gap between the more advanced developing producers and the commercial producers, although progress is being made in this regard. Through the study groups, the producers are supported with information and training – this to get them into production and to cultivate a basic understanding of the maize industry. However, there are producers who are now beyond the type of support that they get through the study group structures. These producers are already farming on a semi-commercial scale, but they are not in a position to be left entirely to their own devices in the commercial world. These are mostly the smallholder producers (10 ha to 250 tons). The purpose of this programme is to support the outstanding candidates who have emerged from the study group system. These producers need one-on-one support in terms of production planning, management, support in terms of financial applications and reporting, etc.

In line with the interest to grow, advanced producers (smallholder to potential new-era commercial) are faced by some of the following challenges:

- ▶ High cost of equipment and capital goods.
- ▶ Economies of scale and expansion barriers.
- ▶ Most of these producers do not qualify for multi-peril insurance and where they do, the guarantee is not enough to secure the loan.
- ▶ Many producers do not meet the security requirements of the lending institutions to access operational and capital finance.
- ▶ In many areas, mechanisation is not available. In cases where there is mechanisation, the conditions and implementation are often very poor. The government has provided some areas with shared equipment and the management of this leads to poor productivity. Contractors using this equipment are spread across a wide area and there are huge challenges relating to this, which include the timing of operations, the quality of the work being done and the high costs involved (only the contractor ends up making money).

Development interventions targeted at the advanced producers are aimed at supporting the outstanding candidates who have emerged from the study group system. These producers need one-on-one support in terms of production planning, management, support in terms of financial applications and reporting, etc. One of the main challenges faced by developing producers is the access to production credit. Every effort is being made to assist these producers to access production loans from various institutions.

EVERY EFFORT
IS BEING MADE
TO *assist these*
PRODUCERS
TO ACCESS
production loans
FROM VARIOUS
INSTITUTIONS

At the advanced producers' level the needs are different, and the programme objectives are structured to respond to this:

- ▶ To identify and give on-farm service to individual producers.
- ▶ To give these identified producers intensive training and support.
- ▶ To access all the relevant information on these producers to assist them with applications for funding, and to draw up a business plan for each producer.
- ▶ To access recapitalisation opportunities where possible through the Department of Rural Development and Land Reform in order to fast-track their development.
- ▶ To assist producers to access production loans wherever possible so that these producers can use the land available as well as possible.
- ▶ To assist the producers with access to mechanisation in cases where this is a challenge.

The purpose of this programme is to support the outstanding candidates who have emerged from the study group system as potential commercial and new-era commercial producers. These are producers who may still need some level of mentorship or training in terms of their business development, for example, production planning, business management, support in terms of financial applications, drawing up business plans and reporting, etc. The main aim



of this project is to provide intensive one-on-one support to outstanding candidates who have come out of the study group system in terms of production planning, management, making financial applications and reporting, etc.

- ▶ A total of **118 producers** are currently being supported in this reporting period and they have received **1 556 on-farm visits** with one-on-one mentorship. Over time these individuals have proved themselves on a number of levels, including commitment, competency and potential. It is believed that with intensive one-on-one support they could grow their farming enterprises further.

The following collaborating projects help to deliver support to advanced producers in the programme.

STIMULUS – DEPARTMENT OF AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT (DALRRD)

This season saw the implementation of **26 projects** with developing commercial producers. Grain SA managed joint accounts and budgets with the participating producers. The regional offices involved were Bloemfontein, Lichtenburg and Louwsburg. These producers received **209 farm visits**, which included business plan development and management, mentorship, crop monitoring and budget tracking support from the Grain SA producer development team mentors.

SOUTH AFRICAN CULTIVAR AND TECHNOLOGY AGENCY (SACTA)

This reporting period has seen the project involved with **35 producers** managed by the Bloemfontein, Dundee, Kokstad, Lichtenburg and Louwsburg regional offices. These producers had **520 farm visits** from the Farmer Development team. The production input support is based on a revolving three-year term loan for growing maize and soybeans in rotation. The project has run smoothly and the crops have done well this season, so the producers' potential to pay back the loans is promising.

STANDARD BANK AND THE KGODISO DEVELOPMENT FUND

Grain SA/PGP has managed **11 projects with producers** who successfully applied for Standard Bank production loans to grow maize, sunflowers, soybeans and sugar beans. The project is aimed at producers who have the potential to become fully fledged commercial producers. The team at Grain SA worked very hard to compile complete business plans for each enterprise, which is no small feat. The regional offices that managed these projects are Bloemfontein, Dundee, Lichtenburg and Louwsburg. These producers received a total of **206 farm visits** from the Grain SA Farmer Development team.

Since this season a new partner, **the Kgodiso Development Fund, an independent fund founded by PepsiCo Inc., has been collaborating with this project towards the full-scale commercialisation of producers.** The fund aims to support the broad socio-economic imperatives of education, SMMEs, emerging producers and enterprise development. They have seen fit to collaborate with Grain SA Farmer Development in the Standard Bank project and now contribute to the producers participating in this project alongside Standard Bank on a 50/50 basis.

SOUTH AFRICAN BREWERIES (SAB)

AB Inbev has prioritised the development of black commercial producers and had been collaborating with Grain SA/PGP towards establishing a project which has this goal in view. The funds are donated to individual producers who benefit from production input support, mentorship and project management administration per hectare. This year, 46 producers participated in the Grain SA/SAB project and they received a total of 555 visits from the Farmer Development team.





Producer of the Year Competition

The Grain SA Developing Producer of the Year competition has become an important event on our calendar. The aim is to put the spotlight on producers who have proven to be exemplary in some way and are considered role models who could serve to inspire other producers – a moment to celebrate learning, development and growth.

School visits

This initiative aims to encourage and inform the youth about the agricultural sector. We try to alert young people to participate as future producers or in other careers in agriculture. Africa is a young continent with 65% of the population below 35 years of age and 10 to 12 million young people who are estimated to enter the work force every year. The schools programme involves visits to Grade 9 learners during the first three quarters of the year.

Appointments are usually made during February, and visits then commence from March onwards. Schools were hesitant to make appointments with our facilitators this year due to the uncertainty of COVID rules and regulations in the first two quarters. However, the schools' programme was able to continue in some provinces in the third quarter as COVID regulations eased and children returned to school. Despite the challenges, 103 schools were visited this year. These visits comprised a combination of presentations as well as supplying schools with educational posters on agriculture to keep awareness alive.



September 2022 – Day of Celebration. Grain SA's Sandile Ngcamphalala and regional manager Du Toit van der Westhuizen with winner of the New Era Producer Award, Mapiadye Phillip Manoto.



Capacity building

Farming in rural South Africa has too often been characterised by high numbers of people involved, significant financial input and human effort but low outputs and poor profitability.

The critical impact of training on producers can be summarised into at least six major benefits, namely increase in work quality, increase in farm production, cost savings, time saving, improved income potential and improved networking opportunities.

Training courses are held close to the producers and the groups of trainees are small. The courses are structured to address **theory and practical** application and **training is delivered in a language that the producers understand**, so our trainers are all able to communicate in appropriate indigenous languages.

To cement the training, at least 16 producer days were held in the reporting period. These were attended by 402 producers.

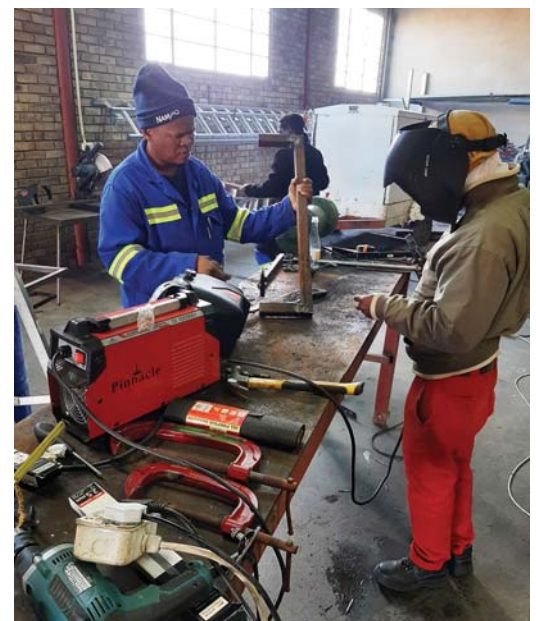
ACTIONS TAKEN AND PROGRESS MADE

A total of **152 courses** have been held thus far in this reporting period.

- ▶ Dundee Regional Office – 12 courses
- ▶ Kokstad Regional Office – 12 courses
- ▶ Ladybrand/Bloemfontein Regional Office – seven courses
- ▶ Lichtenburg Regional Office – seven courses
- ▶ Louwsburg Regional Office – 14 courses
- ▶ Maclear Regional Office – one course
- ▶ Mthatha Regional Office – seven courses
- ▶ Mbombela Regional Office – 90 courses

→ These courses have been attended by 2 957 attendees.

Fanie Pienaar presented the course Practical skills – On-farm maintenance and support welding at NAMPO Park. 20 learners attended.





Course attendees learn about the importance of accurate boom-sprayer calibration.



Practical skills. Trainees learnt the basics of arc welding, spray painting and the handling of power tools.



Course attendees watch how to dig a profile hole and take soil samples while learning about the importance of soil health and the nutrients that it makes available to the maize plants.



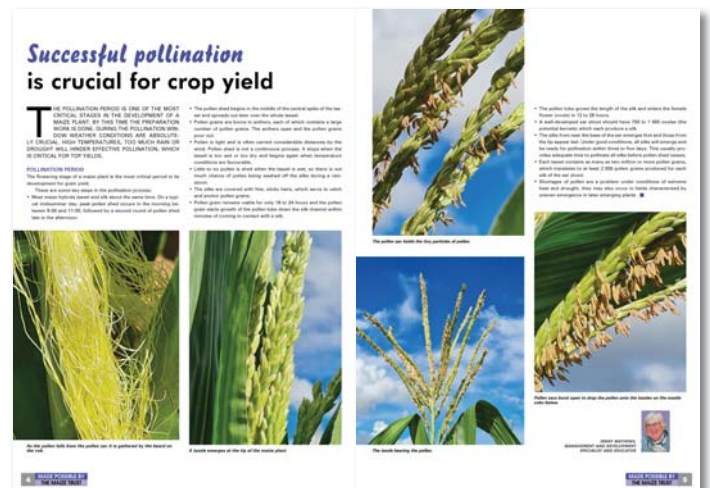
FARMER DEVELOPMENT

PULA IMVULA NEWSLETTER

Grain SA has wide experience in pursuing best agricultural practices through its close relations with successful commercial producers, agri-businesses on the cutting edge of new technologies and many input supply networks. We are in a unique position to link developing producers to relevant knowledge systems that are compatible with their unique farming realities. The *Pula Imvula* publication is integral to the process of disaster risk management insofar as it serves as a publication available in hard copy and remains with the producers as a point of reference for the long game.

The full-colour magazine has always been published monthly. The current distribution statistics as at **September 2022** as supplied by our project coordinator, Infoworks, are as follows:

PULA IMVULA	ENGLISH	SESOOTHO	TSWANA	ISIZULU	ISIXHOSA	TOTAL
	2 243	1 960	1 075	4 815	5 675	15 759





Considering the critical importance of the role of maize in the South African producer's toolbox, we believe this publication has an important role to play in the developing agriculture arena.

The information is published in time to address seasonal issues and create awareness of potential problems or monitoring processes that should be happening on the farm. The articles are written in easy-to-understand terms, which are not intimidating to the new producer.

The project aims to disseminate industry information to all interested and involved parties in the developing agricultural sector through the monthly newsletters distributed in English and other indigenous languages, namely Sesotho, Setswana, isiZulu and isiXhosa.

Acknowledgement of funding and collaborating partners

Financial support for the programme comes in the form of donations, sponsorships and management fees contributed to ensure that the programme has operational capacity to support producers who otherwise would not be able to afford such development support. In this regard the main expenses relate to issues such as the costs to run the different regional development offices, support to study groups, planting demonstration trials, hosting producer days and providing training and skills development. The whole farmer development intervention is therefore driven by donors, sponsors and collaborating partners on different levels. These include different input providers, commercial banks, processors and government departments. The direct financial and in-kind contributions, for example, expertise and discounted access to inputs, are key to the sustainability of the programme.

DIRECT FUNDING SUPPORT

- ▶ AB InBev
- ▶ Bayer
- ▶ Corteva
- ▶ Department of Agriculture, Land Reform and Rural Development Jobs Fund
- ▶ Maize Trust
- ▶ Oil and Protein Seeds Development Trust
- ▶ Pannar
- ▶ South African Cultivar and Technology Agency
- ▶ Standard Bank
- ▶ Winter Cereal Trust
- ▶ Sasol South Africa
- ▶ Sasol Trust

DISCOUNTED INPUT SUPPLIERS

- ▶ Kynoch
- ▶ Farm SA International
- ▶ Bayer
- ▶ South African Breweries

CAPACITY DEVELOPMENT SUPPORT

- ▶ AFGRI
- ▶ Maize Trust
- ▶ Department of Science and Innovation
- ▶ Southern African Grain Laboratory (SAGL)
- ▶ Oil and Protein Seeds Development Trust
- ▶ Winter Cereal Trust

COMPLEMENTARY INPUT SUPPORT DIRECTLY TO PRODUCERS

- ▶ Eastern Cape Department of Rural Development and Agrarian Reform
- ▶ Limpopo Department of Agriculture and Rural Development
- ▶ Mpumalanga Department of Agriculture, Rural Development, Land and Environmental Affairs

➔ On behalf of the Grain SA team and the producers whom we support, we wish to extend our heartfelt appreciation to each and every one of our partners who have contributed towards Farmer Development this year.

**THE WHOLE FARMER
DEVELOPMENT INTERVENTION
IS THEREFORE DRIVEN
by donors, SPONSORS
AND COLLABORATING
PARTNERS ON
different LEVELS**



POSITIVE FIGURES, *positive* TEAM

Overview

Grain South Africa is in the fortunate position to end this financial year with a surplus. This is due to the opportunity to host NAMPO, NAMPO Cape and NAMPO Alfa again. Our members also had a significant role to play due to their dedication and levies paid to the organisation. The results are visible in the financial statements.

Results

The past two years were challenging and we ended the financial years with a deficit of R5,4 million and R17 million respectively. However, we are grateful to report that the current year ended with a surplus of R7,1 million. Our cash flow statement included in our financial statements is positive. Total assets exceed total liabilities. Equity increased by R7,1 million due to our surplus for the financial year.

Grain South Africa remains a moderate investor and our investments achieved an average performance for the financial year under review. We update our risk register regularly to ensure everyone is aware of our risks. This also enables us to manage and circumvent our risks.

We gladly present the 2022 financial statements included on pages 104 to 133 and an unqualified audit opinion issued by PwC.





Good GOVERNANCE PRACTICES ENSURED AT all levels

Introduction

Following his appointment on 1 September 2021 the new chief executive officer (CEO), Dr. Pieter Taljaard, reconfirmed good governance practices, compliance with all applicable legislation and adherence to fiduciary duties in the Grain SA group of entities as a clear strategic intent.

The reorganisation of the support structure in the organisation enabled the establishment of a dedicated company secretariat as from 1 December 2021.

In terms of the King IV Report on Corporate Governance for South Africa (2016), 'corporate governance' is the exercise of ethical and effective leadership, resulting in the following outcomes:

- ▶ An ethical culture.
- ▶ Good performance and value creation.
- ▶ Effective control.
- ▶ Legitimacy.

Therefore, both ethical and effective leadership forms the foundation of an appropriate corporate governance framework in the organisation.

Good corporate governance is not merely a tick list of actions to complete, or directives on what not to do, but must be aligned with the organisation's culture and values.

Therefore, good governance practices on all levels of the Grain SA group of entities are imperative to actively support the mission of Grain SA as being a credible, sustainable and inclusive producer organisation that drives mandated strategic actions, including meaningful stakeholder relationships.

The Grain SA group of entities

GRAIN SA AS A NON-PROFIT ORGANISATION

Nature: Grain SA is a voluntary association for commercial and developing producers with members paying an annual membership fee consisting of a minimum amount and voluntary levies as approved by Congress.

The **objectives** of Grain SA are set out in the constitution of the organisation. In essence, Grain SA acts as mouthpiece for commercial and developing grain producers.

Tax status:

- ▶ SARS confirmed tax exemption for Grain SA in terms of section 30B of the Income Tax Act (SARS letter dated 25 May 2020).
- ▶ The condition for tax exemption provides that no more than 15% of Grain SA's income should be from other resources, while at least 85% of Grain SA's income must be from member-related resources.
- ▶ These principles and reference to section 30B of the Income Tax Act are also contained in the constitution of Grain SA. Therefore, the elected Executive has a fiduciary duty to comply with the conditions for tax exemption as set out in the constitution as well as in section 30B of the Income Tax Act.



The founding document for the organisation is the constitution, as amended from time to time.

PricewaterhouseCoopers (PwC) is appointed as external auditor. The book year of Grain SA is from 1 October to 30 September annually.

The audit committee has an independent chairperson (a person not serving on the Executive of Grain SA). The audit committee evaluates potential risks to the organisation and also reviews the annual audit findings and financial reports, for recommendation to the Management Committee of the Executive (MCE) and the Executive.

The Grain SA Executive is elected by their respective regions and serves for a term of two years.

NAMPO (PTY) LTD

Nature: Nampo (Pty) Ltd is registered as a private company and therefore cannot trade shares on the JSE.

Objective: The objective of the company in terms of the memorandum of incorporation (MOI) is to manage commercial projects, inclusive of Nampo, Nampo Cape and Nampo Alfa, as well as the magazine and functions at Nampo Park.

Tax status: The company is fully taxable on all income. Nampo (Pty) Ltd was established to manage commercial projects in the Grain SA group of entities to ensure that the tax exemption conditions applicable to Grain SA in terms of section 30B of the Income Tax Act are being adhered to.

Founding document:

- ▶ The founding document is the MOI.
- ▶ Currently, Grain SA is the sole shareholder.

Grain SA (the Executive) is the nominating body for the board of directors.

The objective of the company can only be amended with approval of the Grain SA Congress.

Financial and administrative services will be managed with a service level agreement (SLA) between Grain SA and the company.

The **external auditors** appointed are PwC. The financial year runs from 1 October to 30 September.

The Grain SA audit committee has oversight over the financial statements of Nampo (Pty) Ltd to prevent any duplication of committees in the Grain SA group of entities.

The board of directors consists of:

- ▶ Derek Mathews
- ▶ Richard Krige
- ▶ Pieter Taljaard

PHAHAMA GRAIN PHAKAMA NPC

Nature: Phahama Grain Phakama is a non-profit company.

Objective: The objective in terms of the MOI of the company is the development and training of developing producers. At least 51% of beneficiaries must be black producers.

Tax status: The tax status confirmed by SARS per letter 22 March 2022 approved tax exemption for the company as a public benefit organisation, but with limited provisions for donors to qualify for section 18A benefits. Currently, only the Beyond Abundance project qualifies for section 18A benefits, given that this project complies with requirements for poverty alleviation.

The **founding document** for the company is the MOI, which determines that there are no shareholders or members. It further determines that Grain SA is the nominating body for directors of the company.

PwC was appointed as **external auditor**. The financial year runs from 1 October to 30 September.

The **Grain SA audit committee** has oversight over the financial statements of the company to ensure that there is no duplication of committees in the Grain SA group of entities.

THE AUDIT COMMITTEE
evaluates
POTENTIAL RISKS
AND REVIEWS THE
audit findings AND
FINANCIAL REPORTS



A **migration agreement** is in the process of being concluded to transfer assets, rights and obligations from Grain SA to PGP NPC. The legal process to compile such an agreement was completed, but the final figures for the loan account to be noted in the agreement are being awaited. These figures will be made available once the trial balance for the Grain SA financial year has been concluded by the end of October 2022.

SLA: Administrative and financial services are being rendered by Grain SA in terms of a SLA. This agreement must be amended once the migration agreement has been concluded.

The board of directors consists of:

- ▶ Jeremia Mathebula
- ▶ Ramodisa Monaisa
- ▶ Derek Mathews
- ▶ Richard Krige
- ▶ Jaco Breytenbach
- ▶ Willem Groothof
- ▶ Sarel Haasbroek

COMMERCIAL PRODUCERS TRUST

Nature of the entity: The Commercial Producers Trust manages trust funds that originated from the internal Maize and Winter Cereals Trusts, which were consolidated into one trust during 2021.

Objective: The objective of the trust is to fund research and information projects to the benefit of maize and winter cereals producers.

Tax status: Tax exemption was approved for the trust by a SARS letter dated 4 October 2022.

The **founding document** is the trust deed. In terms of the trust deed, reports must be made available to the Maize and Winter Cereals working groups on an annual basis. The Maize and Winter Cereals working groups also nominate trustees. The chairperson of Grain SA and the CEO serve as ex officio trustees.

SLA: Financial and administrative services are being rendered by Grain SA in terms of a SLA.

The Ashton Group was appointed as **external auditor**. The book year runs from 1 March to 28 February.

The **Grain SA audit committee** has an oversight function over the financial statements of the trust, but the fiduciary duties remain with the trustees to consider and approve the financial statements on an annual basis.

The current trustees serving on the board of trustees are:

- ▶ Derek Mathews
- ▶ Marius Groenewald
- ▶ Neil Claassen
- ▶ Richard Krige
- ▶ Jose de Kock
- ▶ Pieter Taljaard





SUMMARY AND CONCLUSION

Grain SA accepted focusing on good governance in the Grain SA group of entities as a strategic intent. These entities must each be managed according to its own founding documents and applicable legislative environment, inclusive of the Trust Property Control Act of 1988, as well as the Companies Act of 2008.

Group governance framework

It is imperative to benchmark and maintain good governance practices applicable in the Grain SA group of entities. External experts are being involved to guide and conclude:

- ▶ A King IV gap analysis with an application register.
- ▶ A governance framework for the group of entities.

Adv. Annamarie van der Merwe and the FluidRock Governance team lead the project.

The objective of the Grain SA group governance framework is to strike a balance between acknowledging the separate existence of each legal entity in the group with its unique compliance requirements and own governing body and governing processes on the one hand, while the legitimate interests of Grain SA as holding entity are also recognised with respect to group-related matters such as culture, risk management, technology, information, remuneration, compliance and assurance.

EACH
entity WITHIN
THE
GRAIN SA GROUP
HAS *its own*
GOVERNING BODY

Every entity in the Grain SA group, including Grain SA as holding entity and every subsidiary, is recognised as a separate legal entity that, based on the nature and operations, is subject to various laws and regulations that it must comply with in its own right. However, while separate, each of these entities also forms part of the group, being the Grain SA group of entities.

Each entity within the Grain SA group has its own governing body, namely the Executive of Grain SA, the board of directors of PGP NPC, the board of directors of Nampo (Pty) Ltd and the trustees of the Commercial Producers Trust. The group governance framework addresses the roles and responsibilities of the Executive and its committees in the capacity of Grain SA as a holding entity in respect of each subsidiary.

It also addresses the authority, roles and responsibilities of the Executive, the directors or trustees as separate legal entities that are required to ensure compliance with the provisions of various statutes and regulations.

The report and recommendations resulting from the group governance framework were presented to the Executive at their meeting on 2 February 2023 as part of a training session.

King IV gap analysis and application register

As was mentioned above, a project is also in process to compile a King IV gap analysis with an application register for the Grain SA group of entities.

A draft report with findings and recommendations has been made available to the lead team for comments and inputs and will be presented to the MCE by the FluidRock Governance team during their meeting on 17 January 2023.

It is noted that King IV guidelines apply to all organisations in South Africa, notwithstanding legal structure, size, complexity or industry. The outcomes (ethical culture, good performance, effective control and legitimacy), as well as the principles as set out in the King IV report, are applicable to all entities. However, the way that these principles are applied will differ to be appropriate for and relevant and applicable to each organisation.

The main purpose of the independent review and the report is to provide guidance and a roadmap, based on the King IV report, to the leadership of Grain SA to further strengthen the corporate governance framework and practices throughout the Grain SA group of entities. Various recommendations are contained in the report and the application register. This will also be referred to the Executive during a scheduled training session on 2 February 2023.



CONCLUSION

Considering the four outcomes advocated by the King IV report and the main focus areas of the project, observations and findings in respect of each outcome will be presented with reference to:

- ▶ An ethical culture
- ▶ Good performance and value creation
- ▶ Effective control
- ▶ Legitimacy

in the Grain SA group of entities.

Induction and training: Grain SA Executive

INDUCTION SESSION

The induction work session was presented to newly elected members of the Executive on 15 March 2022. The programme included overviews of strategic focus areas for the various departments and for Grain SA as a whole.

The induction was attended by the chairperson, vice-chairpersons, the CEO and the lead team. After each session, a question-and-answer opportunity is also allowed for the newly elected persons.

In the info pack that is handed to each elected person at Congress, the following documents are included:

- ▶ A welcome letter.
- ▶ Policy and procedure for elected persons, inclusive of the code of conduct.
- ▶ The calendar for working groups.
- ▶ Declaration of interests form.
- ▶ Beneficiary form for group cover.
- ▶ Personal details to be contained in the person's file.
- ▶ Name, address and contact details of all the Executive members.
- ▶ The constitution of Grain SA.

TRAINING TO MEMBERS OF THE EXECUTIVE

A course on effective directorship was presented on 30 and 31 May 2022 to the MCE, the lead team and members of the Executive serving in external entities. This two-day work session was presented by Adv. Annamarië van der Merwe from the FluidRock Governance team. The role, responsibilities and function of serving as a director in the Grain SA group of entities, as well as in external entities, were conveyed during the training session.

A shortened version of the course was also presented to the Executive and senior staff attending Executive meetings on 27 July 2022.

MEETINGS OF THE EXECUTIVE, THE MCE, THE AUDIT COMMITTEE, PGP NPC, NAMPO (PTY) LTD AND THE COMMERCIAL PRODUCERS TRUST

Meetings for the Executive were presented as follows:

- ▶ 4 February 2022
- ▶ 3 March 2022 (after Congress)
- ▶ 27 and 28 July 2022
- ▶ 22 September 2022





Meetings for the MCE were presented as follows:

- ▶ 18 January 2022
- ▶ 4 - 6 April 2022 (strategic planning session)
- ▶ 9 June 2022
- ▶ 6 September 2022
- ▶ 26 October 2022

Meetings for the audit committee were presented as follows:

- ▶ 13 January 2022
- ▶ 30 August 2022

Meetings for Phahama Grain Phakama NPC were presented as follows:

- ▶ 15 February 2022
- ▶ 18 August 2022
- ▶ 6 September 2022

Meetings for Nampo Commercial (Pty) Ltd were presented as follows:

- ▶ 12 July 2022
- ▶ 26 October 2022

Meetings for the Commercial Producers Trust were presented as follows:

- ▶ 2 February 2022
- ▶ 19 July 2022
- ▶ 16 August 2022

Nomination committee

The nomination committee comprises the chairperson, two vice-chairpersons, the CEO and the company secretary. The nomination committee meets annually in February, whereafter proposals are prepared for persons to serve in external entities.

Immediately after Congress adjourns the Executive, including newly elected members, convenes to constitute the Executive.

At this meeting the recommendation from the nomination committee for persons to serve in external entities serves before the Executive for their consideration and approval.

When a nominated person is not available to serve in a certain position, nominations are requested in that instance and the Executive then votes to appoint persons to serve in external entities. The nomination committee has the authority to add additional persons to committees when needed (for example when there is not sufficient expertise in a committee). Furthermore, persons are nominated from the break away sessions at Congress to be co-opted in working groups should sufficient expertise in a specific commodity committee not be available. It is mainly the practice for smaller commodities, as most Executive members produce maize and serve in the Maize Working Group.

The Executive can choose in which internal working group they want to serve.

PERSONS ARE
nominated
AT CONGRESS
to serve **IN**
WORKING GROUPS



Congress 2022

The Grain SA Congress was presented on 2 and 3 March 2022. A total number of 230 delegates registered to attend Congress in person.

The theme for Congress was responsibility in change.

The key focus area of Congress was on the escalating input costs that have a material impact on sustainable grain and oilseeds production in South Africa.

Two panel discussions were presented, namely:

- ▶ The first panel, with the CEO, Pieter Taljaard, as facilitator, discussed research, development and innovation with regard to crop protection and agrochemicals in the seed environment. Participants in this panel discussion were Jozeph du Plessis (Executive member from Region 2), Frank Rothweiler, global corn strategy and portfolio lead, EMA and APAC from Bayer (Pty) Ltd, Steve Reno, president, Global Seed Business Platform from Corteva Agri-science, and Mr Dipepeneng Serage on behalf of the DALRRD.
- ▶ The second panel discussion focused on rising fertiliser prices. Corné Louw, applied economics and member services lead, facilitated the panel discussion. Participants in the panel were André Kirsten, Executive member from Region 26, Louis Strydom, marketing director from Omnia Fertiliser, Johannes Louw, vice-president for planning and optimisation from Sasol, Mrs Nkomisa Mxhalisa, chief director for agro processing from the Department of Trade, Industry and Competition (DTIC), and Mr Kgampi Bapela, head of agro processing and agriculture from the Industrial Development Corporation (IDC).
- ▶ The details of the discussions and resolutions passed are contained in the minutes of Congress and are also available on the Grain SA website.

Congress also concluded statutory requirements, including the approval of financial statements, considering and approving the levy budget as well as the voluntary levy applicable to each commodity, approval of minutes and the appointment of auditors.

On Day two of Congress, delegates participated in commodity breakaway work sessions for maize, winter cereals, sunflower, sorghum, soybeans and groundnuts. Resolutions adopted at these breakaway sessions were referred to the various working groups of the Executive to action and to implement.

Congress was concluded with a presentation by Dr. Morné Mostert on future scenario planning.

After each work session, ample time was afforded to delegates for questions and answers.



RECOGNITION FOR EXCELLENCE

Recognition was given to various persons for their lifelong dedication and service to agriculture. Dr. John Purchase, former CEO of Agbiz, Nico Hawkins, former CEO of SAGIS, and Ernst Pelsner, former CEO of SSK, received awards for dedicated service.

The Inspiration Award was awarded to Leon du Plessis, administrator of the Maize Trust and various other industry bodies, for his services to the grain industry.

Recognition was also given to Jannie de Villiers, former CEO of Grain SA. It was announced that the Inspiration Award would be handed to Jannie during the function for the Grain Producer of the Year that was scheduled to take place in October 2022.



Management Committee of the Executive (MCE)

The Management Committee of the Executive was elected by the Executive after Congress. The chairperson (Derek Mathews) and two vice-chairpersons (Jeremia Mathebula and Richard Krige) serve ex officio in the MCE. The following persons were elected from the ranks of the Executive to serve in the MCE, namely Jaco Breytenbach, Sarel Haasbroek, Danie Minnaar and Ramoso Pholo.

The MCE held a strategic planning session on 4, 5 and 6 April 2022. During this working session, the vision, mission, culture and values of Grain SA as an organisation were confirmed. Various strategic proposals were also formulated, and the proposals then served before the Executive for consideration and approval during the July 2022 meeting.

The Executive also officially approved the vision, mission, culture and values of Grain SA during their meeting in July 2022.

Relationships with funders of Grain SA projects

Grain SA annually submits projects to the Maize Trust, the Sorghum Trust, SACTA, the Oil and Protein Seeds Development Trust and the Sasol Trust. Interim and annual reports are submitted to the respective funders in accordance with their policies and procedures. Factual findings by the Ashton Group of Auditors support reporting to external funders.

Grain SA expresses its gratitude to all these trusts for the continued support.

Review of policy and procedures

HR POLICY AND PROCEDURE

The review of the HR policy and procedure was completed and it was also referred to be reviewed by independent labour law experts. The final document with recommendations will be made available to the remuneration committee for approval, whereafter all staff will be consulted/informed.

ADMIN/FINANCE/CORPORATE POLICY AND PROCEDURE

The review of this policy and procedure is in the process of being finalised, whereafter it will be made available to the MCE for consideration. Internal work sessions will follow early in 2023 to finalise this policy and procedure.

Conclusion

In terms of section 76 of the Companies Act of 2008 a director (including board or committee members) must exercise his powers and perform his duties:

- i) In good faith and for a proper purpose.
- ii) In the best interest of the company.
- iii) With the degree of care, skill and diligence that may reasonably be expected.

These fiduciary duties are applicable to the members of the Executive, trustees or directors who serve on boards in the Grain SA group of entities.

Grain SA as a voluntary membership-based organisation works with the most valuable of all commodities, and that is the trust of grain and oilseeds producers who joined as members. Therefore, it is imperative to ensure good governance practices at all levels of the Grain SA group of entities.





TRAINING AND DEVELOPMENT

A MAIN *focus area*

Staff complement

Grain SA and Phahama Grain Phakama have a combined staff of 58 employees at our eight offices countrywide. These offices are based in Pretoria, NAMPO Park, Paarl, Lichtenburg, Kokstad, Mthatha, Dundee and Louwsburg. We were fortunate enough to only have three employees leaving our employment during this period.

Temporary workers at NAMPO Park vary throughout the year. This year we employed 95 employees during NAMPO 2022.

Skills development and training

A skills development plan was submitted to AgriSETA for the period 1 April 2021 to 30 March 2022. A skills development committee meets quarterly.

Staff training and development was one of the main focus areas for Human Resources during this reporting period and 48 employees received training in various fields, such as:

- ▶ corporate governance
- ▶ life skills
- ▶ technical skills
- ▶ leadership development
- ▶ human resources
- ▶ presentation skills
- ▶ computer skills
- ▶ statutory training

Mentoring and on-the-job training take place on an ongoing basis in all the departments.

Injury on duty

No injuries on duty were reported during this period.

Employee wellness

The mental health and wellness of our staff are important. An anonymous online corporate climate survey was conducted with a response rate of 71%. Many of the suggestions from the survey were implemented. Most of the employees had one-on-one interviews with the HR lead where various topics were discussed openly.





Employment equity

As per the statutory requirements of the Department of Labour in terms of the Employment Equity Act, No. 55 of 1998, an employment equity plan was submitted. An employment equity committee meets quarterly.

Health and safety

Grain SA complies with the Occupational Health and Safety Act. Statutory training in this regard was done regarding first aid, firefighting and health and safety representative courses being attended at NAMPO Park and the Pretoria offices.

Retirement funds

The retirement funds are managed by 4D Employee Benefits. A pension fund benefit committee is selected by employees and oversees decisions made on behalf of the fund members. Feedback on fund performance was given to all members by 4D Employee Benefits.

Medical aid

The administration of the medical aid fund is managed by 4D Employee Benefits.





EXCESSIVE RAIN FOR SUMMER AREAS; *winter regions* DRYER

Production conditions in the 2021/2022 production season for summer grains and winter cereals

The 2021/2022 production season was not without its challenges. Summer grain producers were subject to excessive rains during planting and harvesting, while winter cereal producers experienced below-average rainfall during the production season. Producers farmed amidst the La Niña weather cycle for the third consecutive year.

The planted area for oilseeds increased this season – soybeans by 12% (98 200 hectares) and sunflowers by 40% (192 200 hectares). Winter cereals in general showed an increase in planted area this season. Planting of all the crops was affected by high input costs, which affected planting decisions.

MAIZE

The total area planted for the 2021/2022 season was reduced a little to 2,62 million hectares. This is 132 400 ha (4,58%) less than in the 2020/2021 season, and 92 400 ha (3,65%) more than the ten-year average. Total maize production decreased somewhat to 15 259 800 tons year-on-year (-6,47% compared to the 2020/2021 production season). Production was 2 132 400 tons (1,62%) higher than the ten-year average. Plantings were affected by high input costs this season. Producers' planting decisions were affected by the relatively cheaper production costs of soybeans. More hectares of white maize than yellow maize were planted this season. Of the total planted area, 60% was white maize and 40% yellow maize. **Graph 1** shows the total production of white and yellow maize, as well as the ratio between the white- and yellow-maize production from the 1990/1991 season up to the 2021/2022 season. **Table 1** contains a production overview of white and yellow maize in the 2021/2022 season.

GRAPH 1 MAIZE: TOTAL AREA PLANTED, PRODUCTION AND YIELD

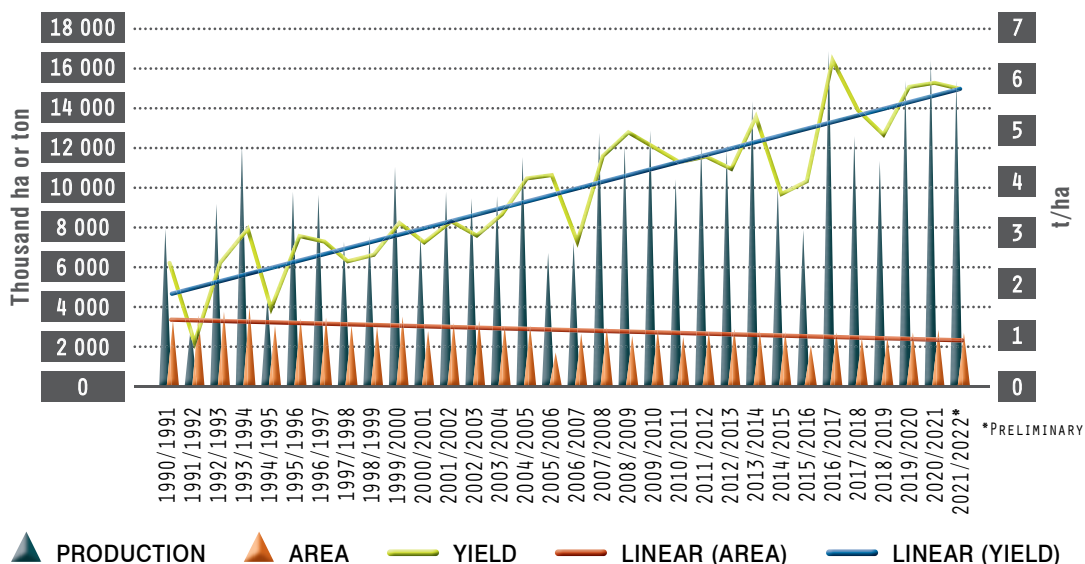




TABLE 1

PRODUCTION OVERVIEW FOR MAIZE (2021/2022)

	2020/2021	2021/2022	5-YEAR AVERAGE	10-YEAR AVERAGE
Total planted (hectares)	2 755 400	2 623 000	2 521 700	2 530 600
White	1 691 900	1 575 000	1 489 940	1 472 400
Yellow	1 063 500	1 048 000	1 031 800	1 058 200
Total production (tons)	16 315 000	15 259 800	14 132 000	13 127 400
Average yield (tons/ha)	5,92	5,82	5,60	5,19

Graph 2 shows the producer delivery for the 2021/2022 season. The graph shows that producer deliveries were somewhat lower than the trend for the previous seasons. The season was characterised by excessive rainfall during planting and harvesting. The excessive rain and moisture had a negative effect on white-maize gradings. Table 2 compares the 2021/2022 white-maize gradings with those of previous seasons.

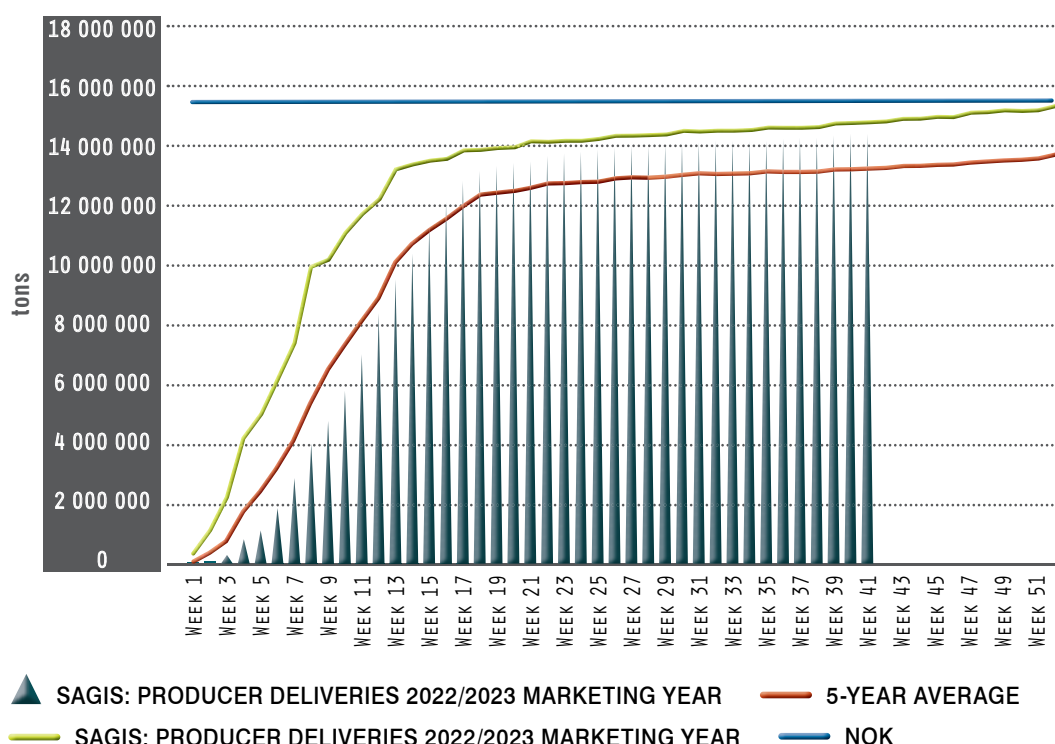
TABLE 2

WHITE-MAIZE GRADINGS FOR THE 2021/2022 PRODUCTION SEASON

	WM1	WM2	WM3	WMO
2021/2022 production season	72,93%	22,50%	4,51%	0,06%
2020/2021 production season	96,42%	3,26%	0,30%	0,02%
Five-year average	91,45%	6,64%	1,54%	0,38%

GRAPH 2

CUMULATIVE PRODUCER DELIVERIES FOR TOTAL MAIZE FOR THE
2022/2023 MARKETING YEAR (1 MAY TO 30 APRIL)





SOYBEANS

The 2021/2022 season was a record year for soybeans. The hectares planted grew by about 12% from 827 100 ha to 925 300 ha. The total tons harvested showed an increase of 16% from 1 897 million tons to 2 201 million tons. This improvement can be attributed to favourable growth conditions and the ability of soybeans to handle excessive water well. Yield showed an increase of 4% from 2,29 t/ha to 2,38 t/ha. **Graph 3** shows the total area planted, production and the average yield of soybeans from the 1995/1996 season until now. **Table 3** contains the production overview for soybeans in the 2021/2022 season. Figure 3 shows soybean exports over the past three seasons. South Africa currently produces soybeans to the extent that large quantities can be exported.

GRAPH 3
SOYBEANS: TOTAL AREA PLANTED, PRODUCTION AND YIELD

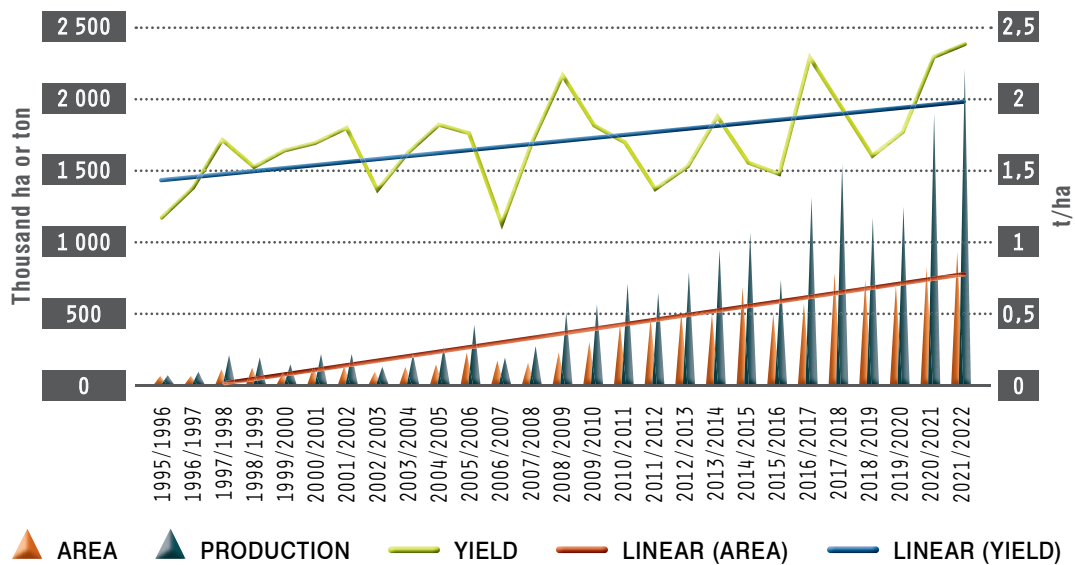


TABLE 3
PRODUCTION OVERVIEW FOR SOYBEANS (2021/2022)

	2020/2021	2021/2022	5-YEAR AVERAGE	10-YEAR AVERAGE
Total planted (hectares)	827 100	925 300	724 750	630 525
Total produced (tons)	1 897 000	2 201 000	1 433 769	1 136 335
Average yield (tons/ha)	2,29	2,38	1,98	1,77





SUNFLOWER

The largest number of hectares of sunflowers since the 2015/2016 season was planted in the 2021/2022 production season. The total number of hectares increased by 40% to 670 700 hectares and total production rose by 25% from the 2020/2021 season. This increase can be attributed to wet conditions where it was not possible to plant maize, as well as to the high input costs of maize. The yield for sunflower decreased from 1,42 t/ha in the 2021/2022 season to 1,26 t/ha, largely because of widespread Sclerotinia. **Graph 4** shows the total area planted, production and the average yield of sunflower from the 1995/1996 season until now. **Table 4** contains the production overview for sunflower in the 2021/2022 season.

GRAPH 4 SUNFLOWER: TOTAL AREA PLANTED, PRODUCTION AND YIELD

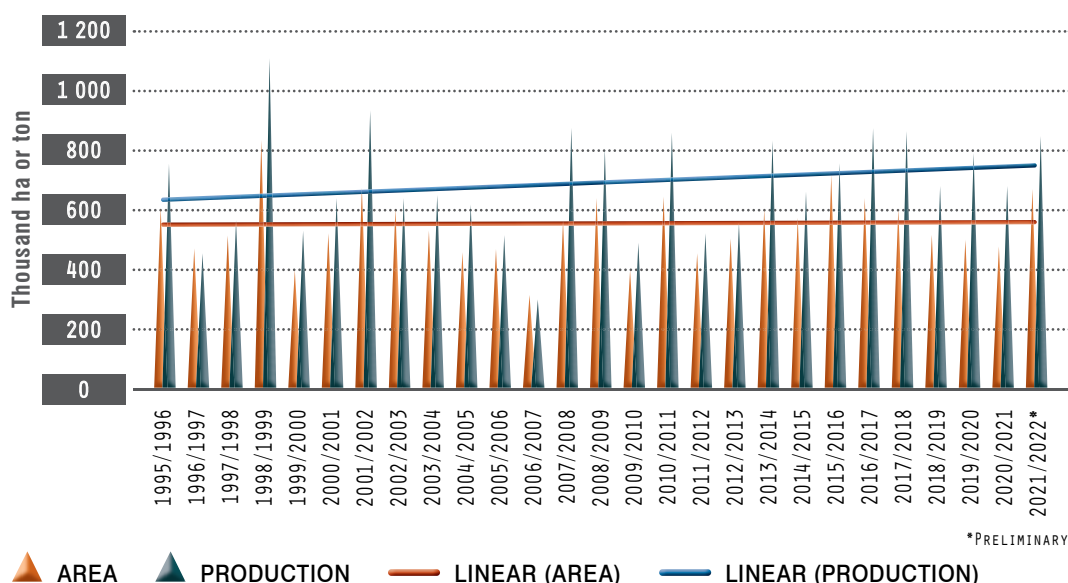


TABLE 4 PRODUCTION OVERVIEW FOR SUNFLOWER (2021/2022)

	2020/2021	2021/2022	5-YEAR AVERAGE	10-YEAR AVERAGE
Total planted (hectares)	477 800	670 700	546 140	558 220
Total produced (tons)	678 000	845 550	776 100	720 950
Average yield (tons/ha)	1,42	1,26	1,42	1,30



SORGHUM

Sorghum experienced a difficult season during the 2021/2022 production season. The hectares planted declined from 49 200 ha in 2020/2021 to 37 200 ha in 2021/2022 (-24%). In the same period, sorghum production dropped by 49% from 215 000 tons to 110 700 tons. This can largely be attributed to a poor yield, which declined by 32% from 4,37 t/ha to 2,98 t/ha. **Graph 5** shows the sorghum area planted, the production and average yield since the 1995/1996 season. **Table 5** contains the production overview for sorghum in the 2021/2022 season.

GRAPH 5 SORGHUM: TOTAL AREA PLANTED, PRODUCTION AND YIELD

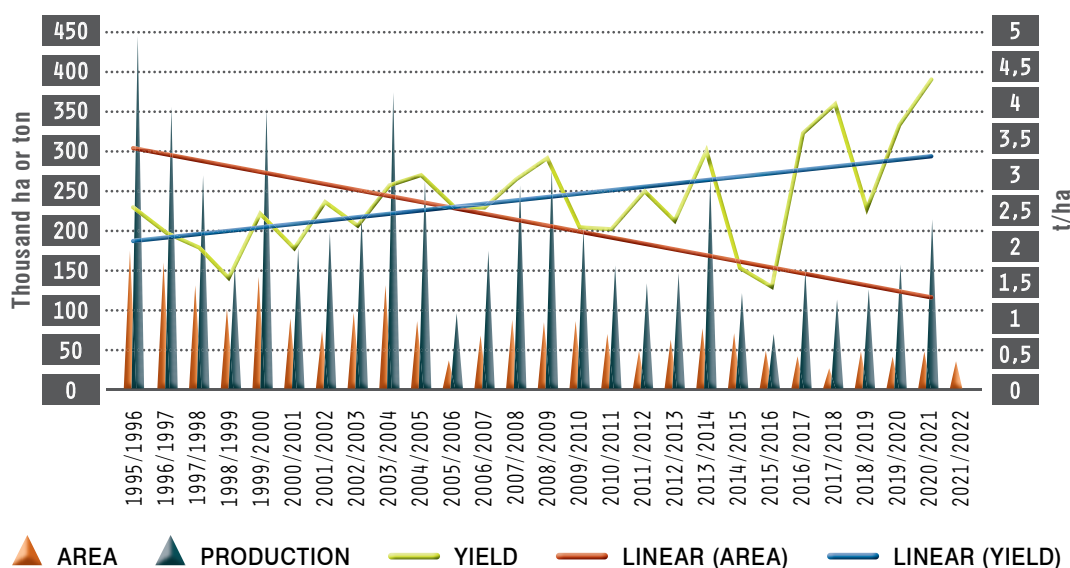
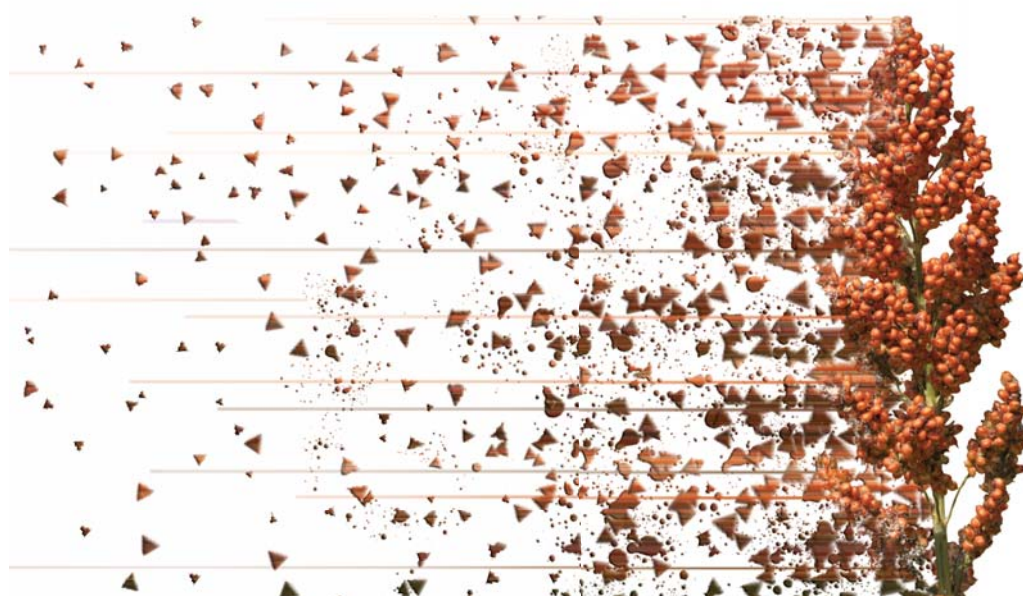


TABLE 5 PRODUCTION OVERVIEW FOR SORGHUM (2021/2022)

	2020/2021	2021/2022	5-YEAR AVERAGE	10-YEAR AVERAGE
Total planted (hectares)	49 200	37 200	42 670	52 237
Total produced (tons)	215 000	110 700	153 400	151 125
Average yield (tons/ha)	4,37	2,98	3,64	3,00





GROUNDNUTS

Graph 6 shows the area planted, production and the average yield for groundnuts in South Africa since the 2002/2003 season. Groundnuts had a difficult season because of unfavourable growing conditions. The yield for the 2021/2022 season reached a three-year low and declined by 32% from 1,67 t/ha in the 2020/2021 season to 1,13 t/ha in the 2021/2022 season. The total area of groundnuts planted in 2021/2022 improved because of the bigger yields in the previous season and ensured an increase of 13% to 43 400 ha. Production dropped by 24% from 64 300 tons to 49 000 tons. **Table 6** contains the production overview for groundnuts in the 2021/2022 season.

GRAPH 6

GROUNDNUTS: TOTAL AREA PLANTED, PRODUCTION AND YIELD

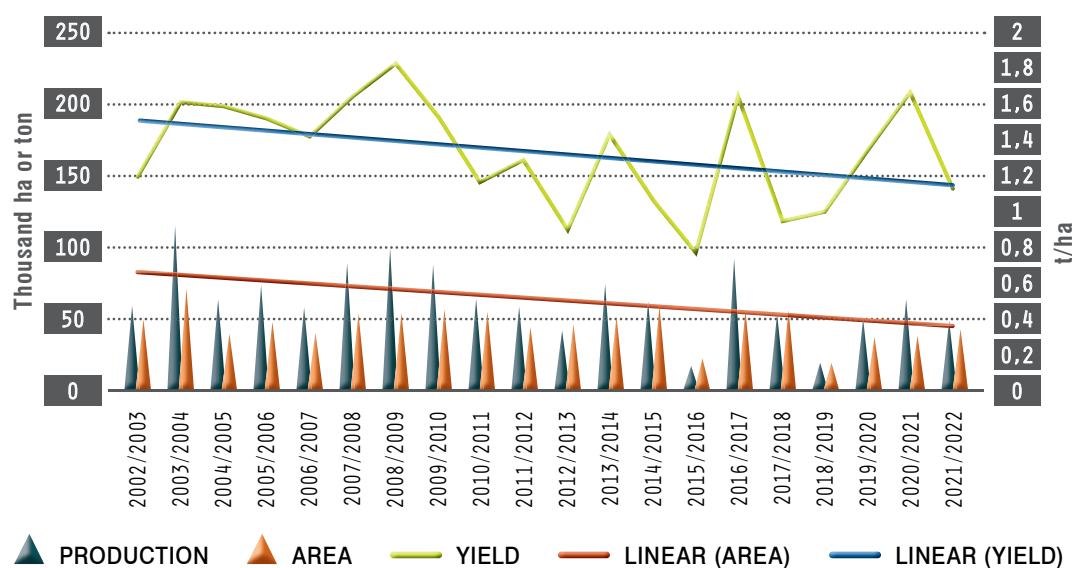


TABLE 6

PRODUCTION OVERVIEW FOR GROUNDNUTS (2021/2022)

	2020/2021	2021/2022	5-YEAR AVERAGE	10-YEAR AVERAGE
Total planted (hectares)	38 550	43 400	41 680	43 348
Total produced (tons)	64 300	49 00	56 566	54 450
Average yield (tons/ha)	1,67	1,13	1,33	1,22



WHEAT

Graph 7 shows the area planted, production and the average yield of wheat in South Africa since the 1990/1991 season. The total area of wheat planted during the 2021/2022 season amounted to 523 500 hectares. This showed an increase of 2,69% in the total area planted since the 2020/2021 production season. The total production for the current season was estimated at 2 285 000 tons, with an average yield of 4,36 t/ha. **Table 7** contains the production overview for wheat in the 2021/2022 season.

GRAPH 7

WHEAT: TOTAL AREA PLANTED, PRODUCTION AND YIELD

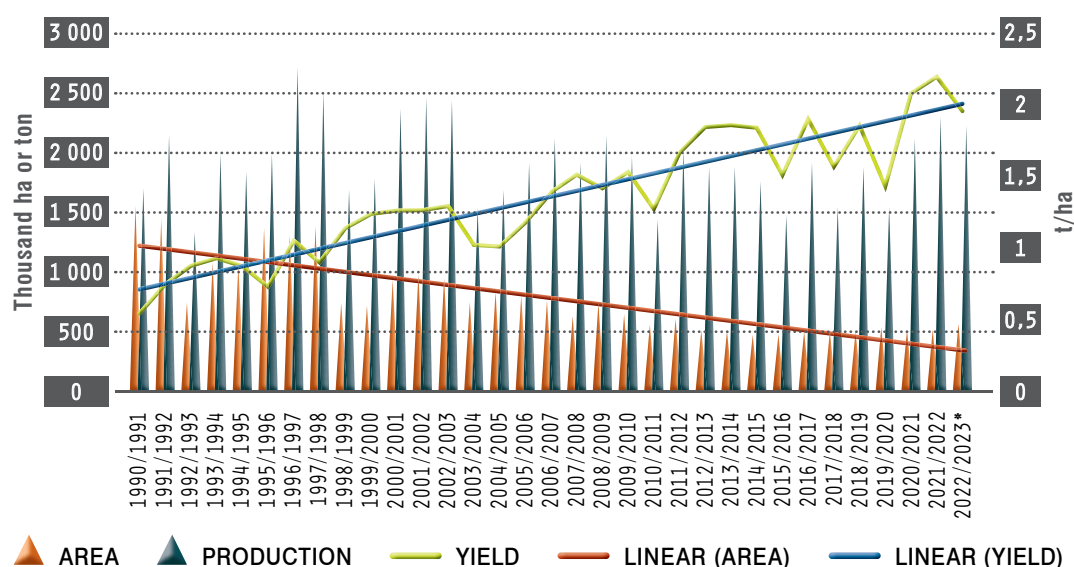


TABLE 7

PRODUCTION OVERVIEW FOR WHEAT (2021/2022)

	2020/2021	2021/2022	5-YEAR AVERAGE	10-YEAR AVERAGE
Total planted (hectares)	509 800	523 500	513 650	505 200
Total produced (tons)	2 109 100	2 285 000	1 866 420	1 818 900
Average yield (tons/ha)	4,14	4,36	3,64	3,60





MALT BARLEY

Graph 8 shows the total area planted, production and the average yield of malt barley since the 2000/2001 season. The planted area of malt barley in the 2021/2022 season was recorded at 94 650 hectares. This shows a marked decline of 33,11% from the 2020/2021 season. The total production was recorded at 356 140 tons, with an average yield of 3,76 tons/ha. **Table 8** contains the production overview for malt barley up to the 2021/2022 season.

GRAPH 8

MALT BARLEY: TOTAL AREA PLANTED, PRODUCTION AND YIELD

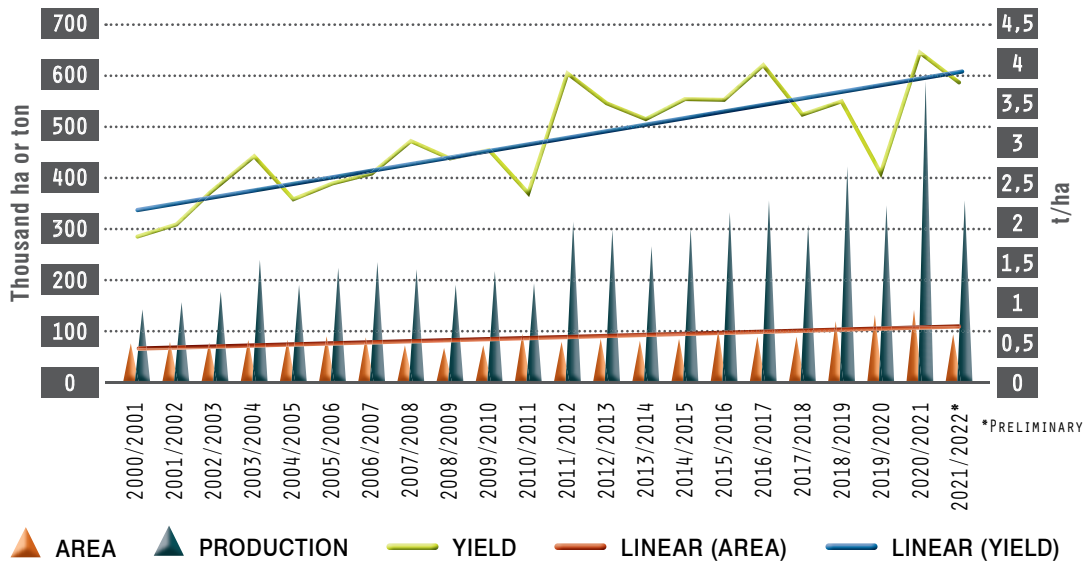


TABLE 8

PRODUCTION OVERVIEW FOR MALT BARLEY (2021/2022)

	2020/2021	2021/2022	5-YEAR AVERAGE	10-YEAR AVERAGE
Total planted (hectares)	141 500	94 650	115 690	101 230
Total produced (tons)	586 680	356 140	403 220	357 060
Average yield (tons/ha)	4,15	3,76	3,48	3,53



CANOLA

Graph 9 shows the area planted, production and average yield of canola from the 1998/1999 production season up to the 2022/2023 production season. The average yield for the 2021/2022 season was 1,98 t/ha, with a total production of 198 100 tons for the entire season. The average yield per hectare declined somewhat from the average yield of 2,23 tons/ha in the previous production season, as well as the 10-year average yield of 1,58 tons/ha. The CEC predicts a record harvest for the 2022/2023 production season, with a planted area growing from 100 000 hectares to 123 510 hectares. The 10-year average planted area is 76 700 hectares. **Table 9** contains the production overview for canola in the 2021/2022 season.

GRAPH 9

CANOLA: TOTAL AREA PLANTED, PRODUCTION AND YIELD

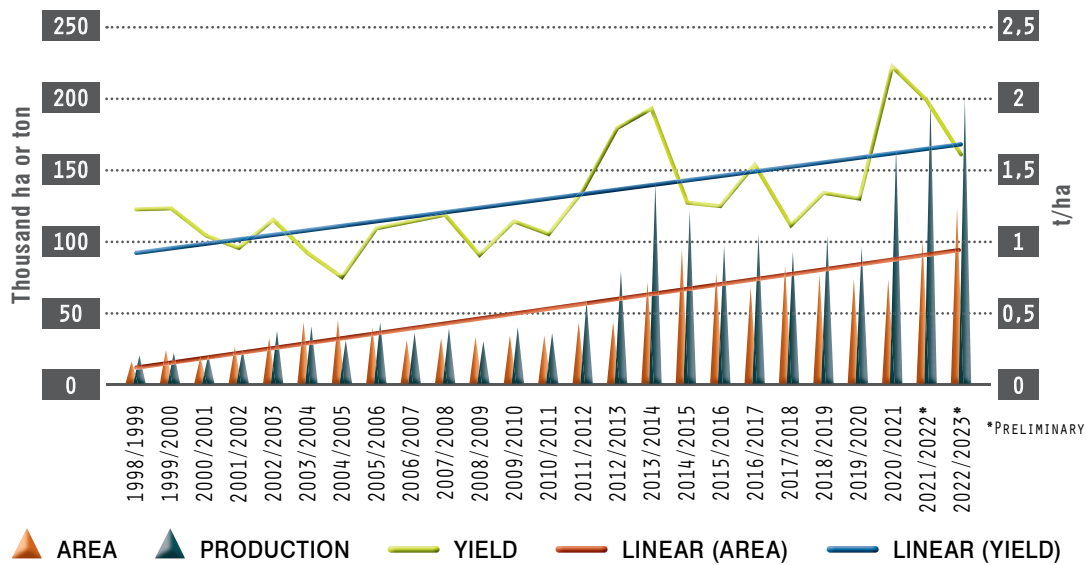


TABLE 9

PRODUCTION OVERVIEW FOR CANOLA (2021/2022)

	2020/2021	2021/2022	5-YEAR AVERAGE	10-YEAR AVERAGE
Total planted (hectares)	74 120	100 000	81 800	76 700
Total produced (tons)	165 200	198 100	131 500	120 000
Average yield (tons/ha)	2,23	1,98	1,60	1,58



DISRUPTED TRADE FLOWS AFFECTED MARKETS *directly*

Input environment

INTRODUCTION

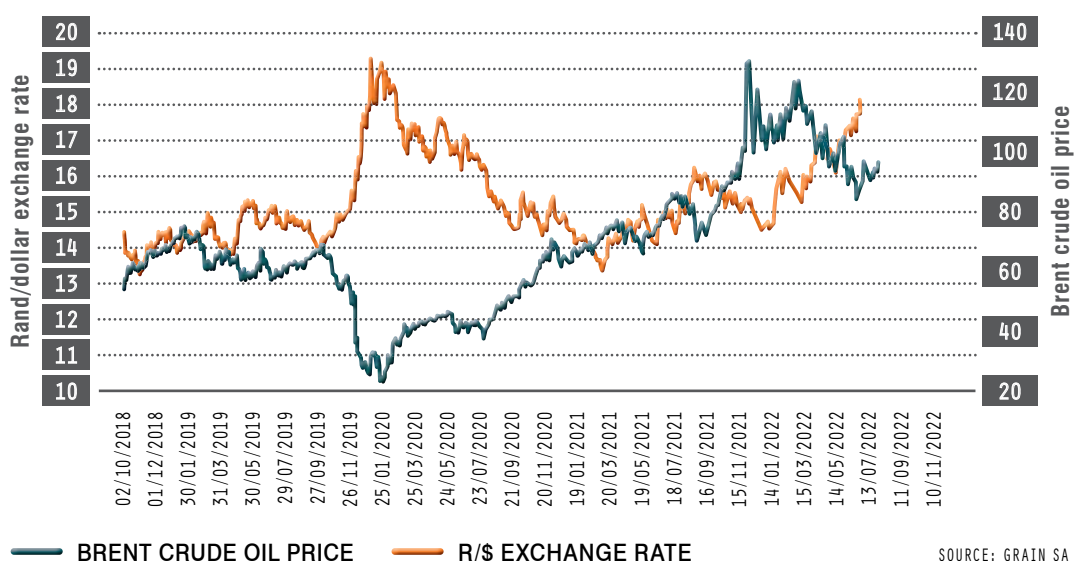
South Africa's reliance on the import of production inputs has shown how vulnerable the local market can be to price and availability changes in the international market. Prices spiked on the global oil market after Russia invaded Ukraine, which triggered a wave of international sanctions against Russia, one of the world's leading exporters of crude oil.

Except for the Brent crude situation, the world experienced an exceptional increase in natural gas prices due to the sanctions and Russia therefore restricting the flow of natural gas to Europe, which pushed international natural gas prices to new highs. The above disrupted trade flows directly affected international and local markets, especially energy markets.

During the reporting period, the rand weakened by 20,3% from R14,59/\$ in September 2021 to R17,55/\$ in September 2022, which resulted in even higher local input prices. Brent crude oil prices increased throughout the same period from \$74,74 in September 2021 to \$90,37/barrel in September 2022 (20,9%). The purchasing of inputs was very challenging due to the exceptional increase in international market prices and the uncertainty of supply. **Graph 1** indicates volatility in the exchange rate and the Brent crude oil price.

GRAPH 1

RAND/DOLLAR EXCHANGE RATE AND BRENT CRUDE OIL PRICE



Dispute resolution

As a member benefit, Grain SA assisted various members during the reporting period – particularly with respect to dispute resolution. Disputes on seed quality, agrochemical damage, VAT, the diesel rebate and fertiliser quality were dealt with in collaboration with Grain SA members.



THE SEED INDUSTRY

Seed is an important production input and depending on the plant density, constitutes between 10% and 17% of a maize producer's variable production costs. Given excellent research in genetics and technology, seed remains one of the most important inputs to increase yields and productivity in the grain industry. Grain SA continues to monitor seed prices annually to maintain transparency and competitiveness in the industry. Ongoing discussions with seed companies and SANSOR are also held to communicate the needs and concerns of Grain SA members. The consistent increase in seed prices remains a major concern to grain producers and some seed companies might start experiencing resistance to high prices. Therefore, this message is conveyed to seed companies before they decide on seed prices for the coming season.

Seed prices

There are twelve wheat cultivars and 22 irrigation cultivars in total available for the northern dryland production areas, while there are eight different cultivars commercially available for the Western Cape. There are four barley cultivars from which producers in the Western Cape can choose.

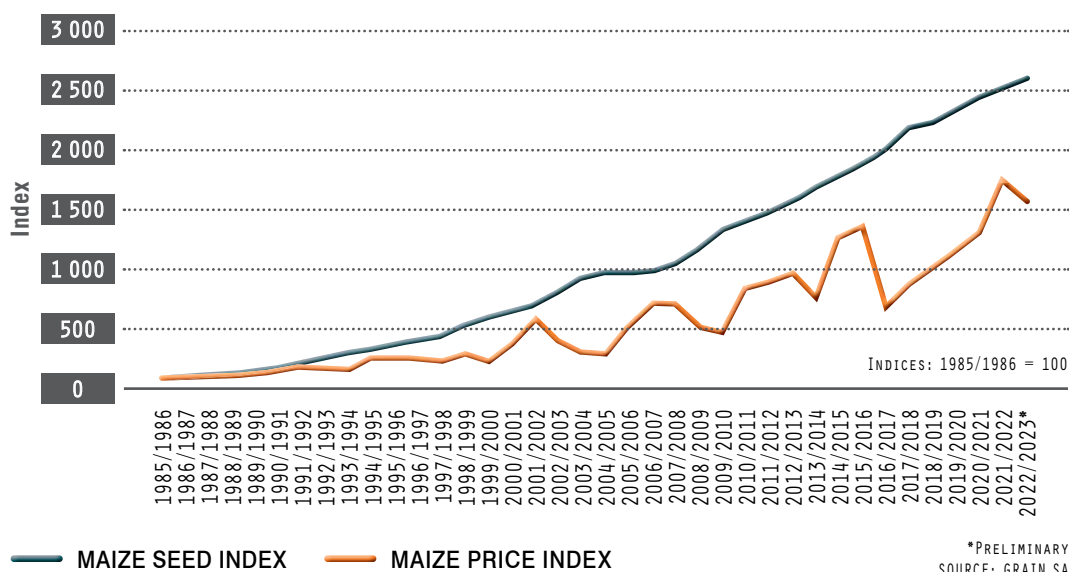
Wheat seed prices increased by 9,06% on average in 2022. Some cultivars increased by as much as 14,5%, while the cultivars of other companies increased by a total of 5%. What is interesting is that in the northern production areas, wheat seed costs R463 per 25 kg bag on average, while seed prices in the Cape amount to R503 per 50 kg bag. Barley seed prices increased by 9,5% on average.

There is a total of 10 cultivars commercially available for canola producers to choose from. Three new canola cultivars were commercially available to producers in 2022. The prices of canola seed increased by 18,7% in the 2022 season.

Maize seed prices for the 2022/2023 production season rose by 3,3% on average. Sunflower seed prices rose by 2,5% on average, sorghum seed prices by 4,9% and soybean seed prices by 4,7%. A good barometer for assessing price increases is the producer price index (PPI). Up until May 2022, when seed prices were published, the PPI was 11,9%. On an average basis seed prices therefore increased at a lower rate than production cost inflation.

Maize seed prices can be analysed further by comparing them with maize prices. Since the 2001/2002 production season the maize price index (**Graph 2**) weakened significantly compared to the maize seed price index. With an estimated average producer price^[1] of R3 667 per ton for the coming season (2022/2023), thanks to the commodity boom, a general divergence remains between the maize price index and maize seed prices, with a widening gap between the two.

GRAPH 2
INDICES OF THE PRICE OF MAIZE SEED AND THE PRODUCER PRICE OF MAIZE



^[1] Average producer price = Safex, July 2023 price, less (average differential cost + handling costs)



Breeding and technology levy

The breeding and technology levy is well established now and has been implemented for more than six years for wheat and barley and \pm four years for oats and soybeans. Starting from 1 October 2021, a breeding and technology levy has also been implemented for lupines to attract new and better cultivars to the South African market.

It is very important for Grain SA to monitor the success of the breeding and technology levy. This applies not only to producers who are paying the levy, but also to seed and technology companies that need to invest. Both parties need to be satisfied with the working of the system and trust that the system would have the desired outcomes. For producers it would be measured in, for example, new, higher-yielding cultivars and technology that increases efficiencies. For seed companies on the other hand, trust that their investment would have returns if their seed performs well is important. If the desired outcomes are not achieved, it is important to be transparent about it and address the problems or re-evaluate the system all together.

The success measured so far with the breeding and technology levy can be summarised as follows:

For winter cereals:

- ▶ Two new companies have entered the wheat seed market.
- ▶ 26 new cultivars have been commercially released.
- ▶ 14 other cultivars are also in the final release stages.
- ▶ Of the 26 released, 15 was for irrigation, three for the Western Cape and eight for the northern dryland areas.
- ▶ Of the 14 in the final release stage, eight is for irrigation and six for the Western Cape.
- ▶ New technology: A BioCeres (HB4 gene) drought-tolerant gene is to be tested on wheat.

For soybeans:

- ▶ Many new cultivars have entered the market.
- ▶ New technology has been approved and is being commercialised – the Intacta RR 2 gene, which is bollworm resistant. Corteva has also applied for approval for their Concesta E3 technology, as well as a drought-tolerant gene from BioCeres (HB4 gene) that is being tested for its second year.
- ▶ New seed companies entering the South Africa market, for example, Don Mario.
- ▶ Greater competition between companies and cultivars creates a healthy environment for producers.

Annual meeting with SANSOR

Grain SA met with SANSOR on 19 September 2022 for our annual meeting.

Liaison with SANSOR on a regular basis is important to ensure that problems can be solved together. At the same time, greater efficiencies in grain and oilseed production can be achieved. Important issues that were addressed with the representative body of the seed industry include:

- ▶ Market trends and production costs for the grain and oilseed industry
- ▶ Maize seed exports to the USA
- ▶ Breeding and technology levy
- ▶ Sclerotinia on sunflower and soybean seed
- ▶ Alternaria on sunflower
- ▶ New cultivars versus new active ingredients
- ▶ Maize cultivar trials
- ▶ Possible alternative for thiram seed treatment
- ▶ New breeding techniques/plant breeding innovation
- ▶ Grow for Gold Yield Competition
- ▶ Endorsement for the disposal of polypropylene seed bags
- ▶ Certification of groundnut seed





THE FERTILISER INDUSTRY

South Africa imports more than 80% of its fertiliser needs, therefore local and international prices are expected to follow a similar trend. Local fertiliser price movements are mainly influenced by international fertiliser prices and the value of the rand. The fertiliser market experienced a lot of pressure over the past two years. The Russian invasion of Ukraine in March 2022 influenced the international market, as Russian fertilisers did not find their way around the world. Russia is the second largest producer of ammonia, urea, and potash and the fifth largest producer of processed phosphates. In terms of their share of the global export market, Russia accounts for 23% of ammonia, 14% of urea, and 21% of potash, as well as 10% of processed phosphate exports. Russia further supplies approximately one-third of Europe's natural gas, the main feedstock to produce nitrogen fertilisers. Because of Russia's large fertiliser production and its role as a global fertiliser supplier, the removal of Russian products from the global marketplace has had an enormous impact on the international supply and prices.

The Chinese government also imposed a ban on fertiliser exports, which further caused uncertainty in the international fertiliser market. Due to the above-mentioned, international fertiliser prices increased significantly over the past year and local fertiliser prices followed a similar trend.

Fertiliser prices

From September 2021 to September 2022 international prices of fertiliser increased significantly with double digits – between 16% and 64%. **Table 1** shows the year-on-year changes of international fertiliser prices in dollar terms.

TABLE 1
INTERNATIONAL FERTILISER PRICES IN DOLLAR TERMS

International fertiliser prices in dollar terms			
FERTILISER	SEP 2021 DOLLAR/TON	SEP 2022 DOLLAR/TON	% CHANGE
Ammonia (Middle East)	587	964	+64,2
Urea (46) (Eastern Europe)	490	610	+24,5
DAP (USA Gulf)	673	784	+16,5
KCL (CIS)	533	738	+38,5
Rand/dollar exchange rate	14,59	17,55	+20,3

During the period under review, the exchange rate weakened by 20,3%. Fertiliser prices in rand terms followed a similar trend to that of the dollar pricing, but the effect of a depreciation in the rand from R14,59/\$ in September 2021 to R17,55/\$ in September 2022 caused further increases in rand value. **Table 2** indicates international fertiliser prices in rand terms, with the effect of the weaker exchange rate on prices. **Graph 3** (on page 78) also indicates the sharp increase in international fertiliser prices for the past year.

TABLE 2
INTERNATIONAL FERTILISER PRICES IN RAND TERMS

International fertiliser prices in rand terms			
FERTILISER	SEP 2021 RAND/TON	SEP 2022 RAND/TON	% CHANGE
Ammonia (Middle East)	8 564	16 918	+97,5
Urea (46) (Eastern Europe)	7 149	10 706	+49,7
DAP (USA Gulf)	9 819	13 759	+40,1
KCL (CIS)	7 776	12 952	+66,6



Because South Africa is a major importer of fertiliser, international availability and the price of fertiliser have a direct impact on a producer's bottom line. International fertiliser prices have hit record highs. Some of the contributing factors for the dramatic increase in fertiliser prices are the Russian-Ukraine war, which in effect had an impact on the availability of raw material, imposing of fertiliser bans, closing of processing plants as well as drastic natural gas price increases.

GRAPH 3

LOCAL FERTILISER PRICES

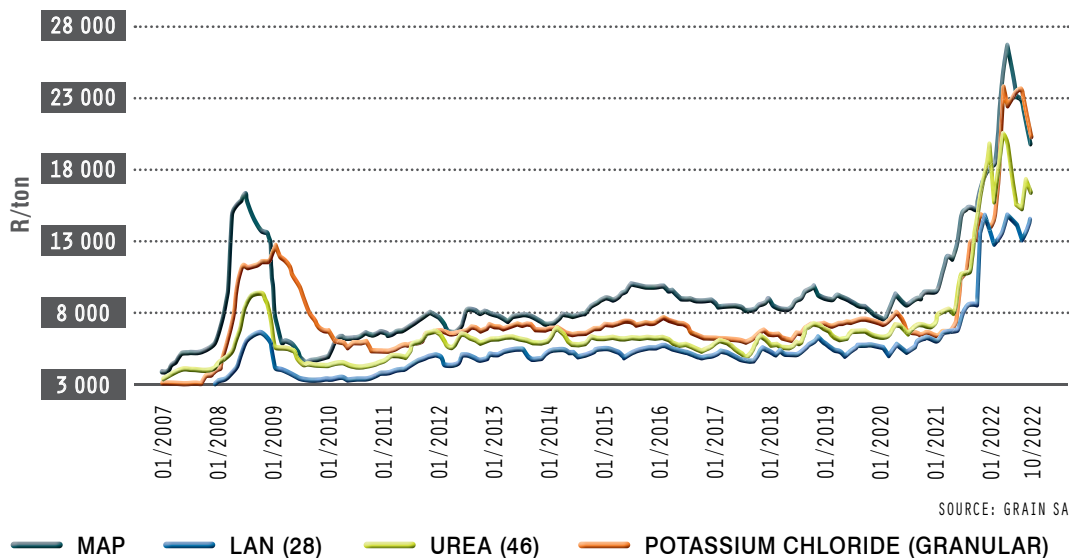


TABLE 3

LOCAL FERTILISER PRICES

Local fertiliser prices			
FERTILISER	OCT 2021 R/TON	OCT 2022 R/TON	% CHANGE
LAN (28)	8 715	14 577	+67,3
Urea (46)	13 878	16 451	+18,5
MAP	15 286	19 812	+29,6
KCL	13 190	20 321	+54,1

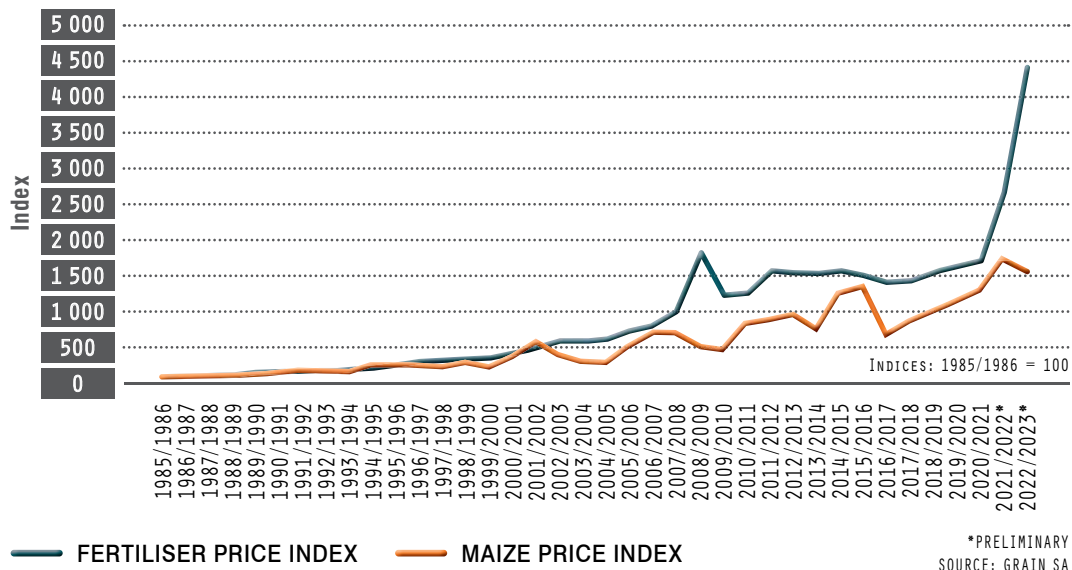
Graph 4 (on page 78) shows the fertiliser price index compared to the maize price index since the 1985/1986 production season. At an estimated average producer price^[2] of R3 667 per ton for the coming production season (2022/2023), the gap between the maize price index and the fertiliser price index continues to widen. This is no surprise given the sharp increase in fertiliser prices.

^[2] Average producer price = Safex, July 2023 price, less (average differential cost + handling costs)



GRAPH 4

INDICES OF THE PRODUCER PRICE OF MAIZE AND THE PRICES OF FERTILISER



SITUATION AT FOSKOR

Foskor has the ability and capacity to supply the entire southern Africa with phosphates. Foskor also probably has the best quality phosphates in the world. Foskor should therefore be a strategic asset to South Africa, but because of various reasons – including inefficient production, problems with rail transport from Phalaborwa to Richards Bay and municipal challenges in Richards Bay – South Africa has had to import increasing amounts of phosphates.

Several discussions were held with Foskor in the reporting period and their plant in Richards Bay was also visited. It is good to report that Foskor is implementing a turnaround strategy that includes ongoing maintenance. In the reporting period Foskor's production was considerably better and they manufactured to their capacity.

Annual meeting with FERTASA

The annual meeting between Grain SA and the Fertilizer Association of Southern Africa (FERTASA) took place on 25 July 2022.

Important matters discussed at the meeting include:

- ▶ Market trends in the grain and oilseed industry and production costs for the 2022/2023 production season
- ▶ Fertiliser debate during Grain SA Congress and South Africa's dependency on imports
- ▶ International and local situation in the fertiliser industry
- ▶ The availability of fertiliser and transport logistics
- ▶ Imports versus local production
- ▶ FERTASA symposium (24 and 25 August 2022)
- ▶ Lime industry trends
- ▶ Fertiliser Bill
- ▶ The fertiliser and lime-monitoring project
- ▶ Diagnostic services
- ▶ Agronomy

FOSKOR'S PRODUCTION
is considerably
BETTER **AND THEY**
manufactured TO CAPACITY



AGROCHEMICAL INDUSTRY

Prices

Almost 100% of the active ingredients required to manufacture local agricultural chemicals are imported to South Africa. Therefore, the international prices and exchange rate are monitored as these play an important role in domestic price trends.

Table 4 shows the international prices of the active ingredients of five herbicides used in maize. The prices are in both dollar terms and in rand terms. Except for trifluralin, all international herbicide price trends show increases year-on-year. From September 2021 to September 2022, international prices of glyphosate increased by 7,3%, acetochlor by 31,1% and atrazine by 33,5%, whereas metolachlor increased by 50,8%. In the same period under review, the rand/dollar exchange rate weakened by 20,3% and the impact of the depreciation can be seen when international dollar prices are converted to rands, which means the trends increase even more in rand terms than in dollar terms.

TABLE 4
INTERNATIONAL HERBICIDE PRICES

International herbicide prices – year to year change (September 2021 - September 2022)

	SEP 2020 USD/t	SEP 2021 USD/t	% CHANGE
Glyphosate (95%)	8 653	9 288	+7,3
Acetochlor (92%)	4 374	5 736	+31,1
Atrazine (97%)	3 790	5 061	+33,5
Metolachlor (97%)	4 975	7 502	+50,8
Trifluralin (95%)	6 835	5 334	-22,0

International herbicide prices – year to year change

	SEP 2020 R/t	SEP 2021 R/t	% CHANGE
Glyphosate (95%)	126 248	162 997	29,1
Acetochlor (92%)	63 813	100 659	57,7
Atrazine (97%)	55 291	88 819	60,6
Metolachlor (97%)	72 587	131 658	81,4
Trifluralin (95%)	99 726	93 604	-6,1

Table 5 (on page 80) indicates international insecticide prices, which are also used in maize production (dollar and rand terms). Generally, international insecticide prices were mixed, with some active ingredients showing a moderate increase, whereas the prices of other insecticides decreased. In dollar terms, imidacloprid and deltamethrin decreased by 3% and 16,3% respectively, whereas lambda-cyhalothrin and carbofuran increased by 0,5% and 2,8% respectively. Due to the weakening of the rand, international prices showed bigger increases in rand terms.



TABLE 5

INTERNATIONAL INSECTICIDE PRICES

International insecticide prices – year to year change (September 2021 - September 2022)

	SEP 2021 USD/t	SEP 2022 USD/t	% CHANGE
Imidacloprid (95%)	23 093	22 410	-3,0
Lambda-cyhalothrin (95%)	26 994	27 142	0,5
Carbofuran (99%)	15 951	16 404	2,8
Deltamethrin (98%)	86 457	72 395	-16,3

International insecticide prices – year to year change

	SEP 2021 R/t	SEP 2022 R/t	% CHANGE
Imidacloprid (95%)	336 921	393 288	16,7
Lambda-cyhalothrin (95%)	393 848	476 344	20,9
Carbofuran (99%)	232 723	287 892	23,7
Deltamethrin (98%)	1 261 403	1 270 528	0,7

Annual meeting with the crop protection industry

On 26 July 2022, Grain SA's Production/input working group met with CropLife, and the following issues were discussed:

- ▶ Market trends in the grain industry and production costs for the 2022/2023 production season
- ▶ The international and local situation in the agrochemical industry
- ▶ Price trends and availability of agrochemicals
- ▶ EU Green Deal and its possible implications for South African agriculture
- ▶ Feedback from CropLife Conference in March 2022
- ▶ Status of backlog with the office of the Registrar of Act 36 of 1947
- ▶ Public/private partnership proposal (Agricultural Input Forum)
- ▶ Draft regulation (including GLP, GHS and GEP implementation dates)
- ▶ Waste management: support for empty pesticide container collection and recycling programme
- ▶ Clear indications of active ingredients on labels for chemicals – uniformity of a product throughout the season and colours of drum caps
- ▶ Glyphosate aerial application
- ▶ Sclerotinia on sunflower and soybeans
- ▶ Palmer amaranth
- ▶ Status of the proposed 'Grain passport'
- ▶ Diagnostic services
- ▶ Agronomy



DIESEL INDUSTRY

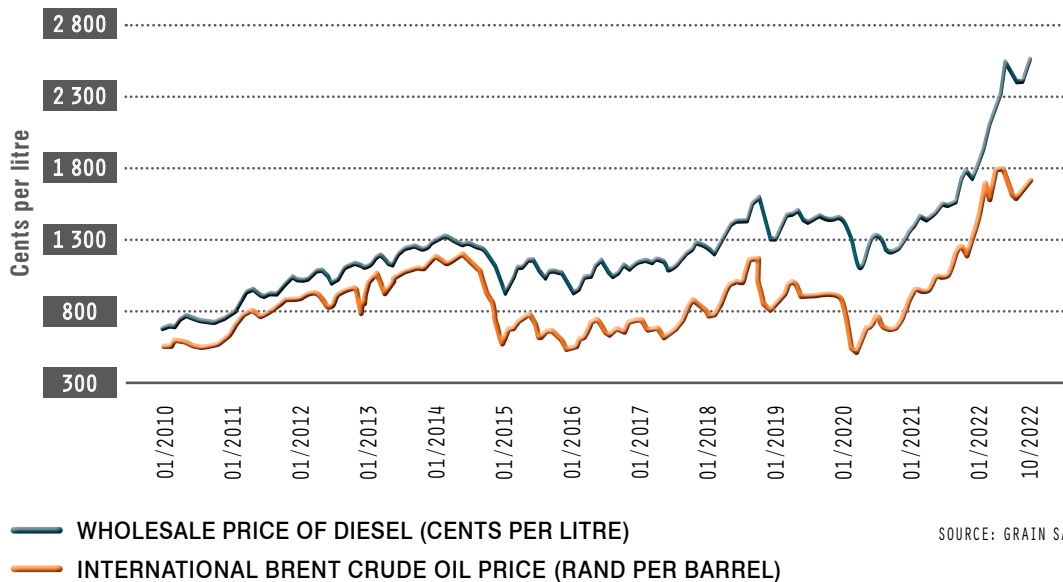
During the reporting period, the domestic wholesale price of diesel in Gauteng increased by 53% from R15,72 per litre in October 2021 to R24,06 per litre in October 2022.

Prices

The factors that influence the local fuel price movements are Brent crude oil prices, the rand/dollar exchange rate and local fuel levies. **Graph 5** below shows the international Brent crude oil prices and the Gauteng wholesale prices of diesel over time. Over a year, Brent crude oil prices increased considerably by 21% from US\$71,74 per barrel in September 2021 to US\$90,37 per barrel in September 2022. Over the same period, the rand weakened against the dollar from R14,59 to R17,55. The significant increase in Brent crude oil prices due to low stock levels on the international markets and the Russia-Ukraine conflict caused the oil price to rise as high as \$129/barrel, a level not seen since 2012. Prices have since stabilised but remain extreme. This drastic increase in the Brent crude oil price contributed to the increase in the domestic wholesale prices of diesel.

GRAPH 5

INTERNATIONAL BRENT CRUDE OIL PRICE AND THE WHOLESALE PRICE OF DIESEL

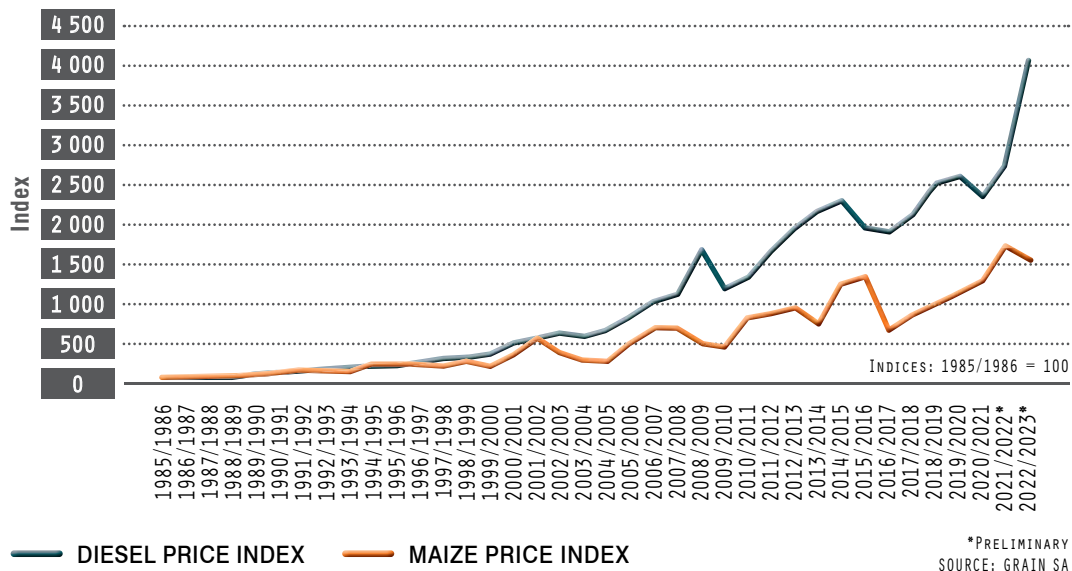




The maize price index and the diesel price index are shown in **Graph 6**. Given an expected producer price ^[3] of R3 667 per ton for maize for the coming season, together with increases in diesel prices, the gap between the two remains wide.

GRAPH 6

INDICES OF THE PRODUCER PRICE OF MAIZE AND THE WHOLESALE PRICE OF DIESEL



Availability of diesel

No serious shortages of diesel were experienced in the reporting period.

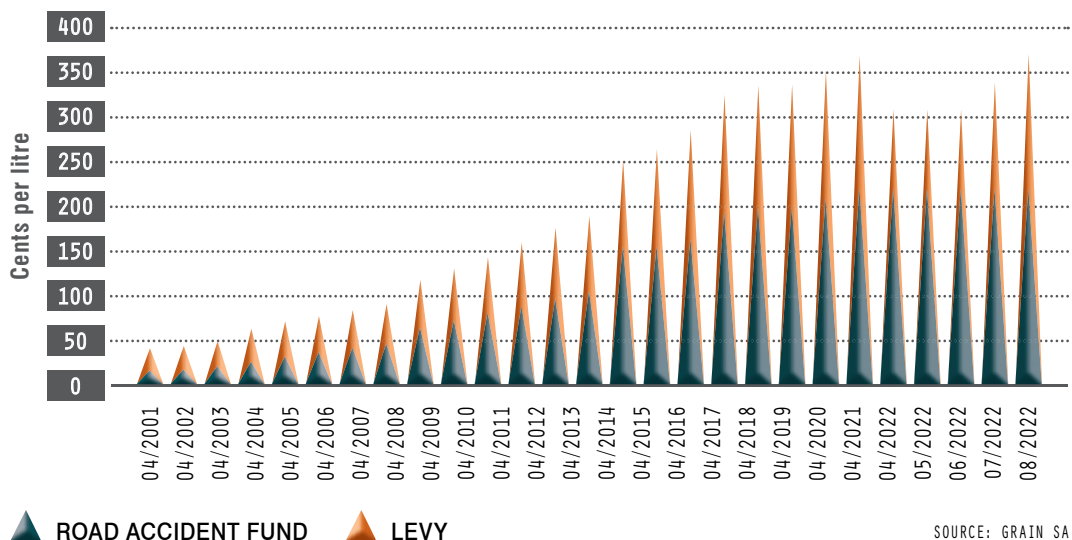
Diesel rebate

The diesel rebate for which producers qualify comprises 40% of the general fuel levy and 100% of the Road Accident Fund levy.

To offer households a degree of relief, the Minister of Finance implemented temporary reductions in the general fuel levy for the period of 6 April 2022 to 31 July 2022. This means that from April to July the diesel rebate fluctuated from month to month as follows: April 366 c/litre, May 306 c/litre, June 306 c/litre and July 336 c/litre. In April 2022 the diesel rebate constituted 14,6% of the wholesale price of diesel. **Graph 7** indicates how the diesel rebate decreased over time, as well as the temporary reductions from April 2022 to July 2022.

GRAPH 7

DIESEL REBATE



^[3] Average producer price = Safex, July 2022 price – (average differential cost + handling costs)



Diesel rebate system

The diesel rebate once again received priority attention during this reporting period. Delays in the payment of the diesel rebate and VAT claims caused producers to experience major cashflow problems. Some delays in pay-outs were without reasons given by SARS, while others were due to audits being done, problems with communication and interpretation of logbook entries. Frequent meetings were held with SARS head office in this regard.

SARS published the new diesel rebate system in the Government Gazette on 18 March 2022, but the implementation date is still awaited.

Grain SA and Agri SA were involved in the review of the diesel rebate system from the beginning, when the process kicked off in February 2017.

The main aim of the review was to deal with irregularities in the current system.

After consultation with our members, Grain SA and Agri SA commented on the proposals and also attended various consulting workshops where these mandates were discussed.

Grain SA and Agri SA are disappointed that SARS unilaterally made certain changes, notwithstanding the objections to them and the risks they involved.

Some of the changes that are being disputed are:

At the time of the consultation there were two very specific 'open' proposals that created uncertainty and could determine the ultimate success or failure of the newly proposed diesel rebate system.

These two proposals were:

1. The extent of the diesel rebate

The extent of the diesel rebate in agriculture is *** cents per litre of the general fuel levy and *** cents per litre of the Road Accident Fund levy of the diesel that is used in eligible agricultural activities.

Grain SA strongly advocated that the diesel rebate should constitute a certain percentage of the general fuel levy and the Road Accident Fund levy, as it is currently (100% of the RAF and 40% of the fuel levy). This would ensure that the repayment remains in line with its aim to offer certain non-road users involved in eligible primary activities relief with respect to the road-related tax burden, and support the competitiveness of agriculture. If this is not done, the intent of the repayment will miss the target.

▶ SARS published the extent of the diesel rebate on 18 March, and it is 32% of the general fuel levy and 80% of the RAF levy. Although there were discussions about the burden of accidents involving farm equipment on the RAF, this burden could not be proven. At the time of the discussions Grain SA made a strong presentation in this regard.

2. Logbooks: storage, use and simplified logbooks

Keeping a logbook is an essential part of the proof of eligible purchases and the use of diesel. In the current diesel rebate system a lot of the grey areas and alleged non-compliance are the result of draconic expectations as to what a logbook should look like and differences in interpretation regarding the expectation of details required in logbooks.

Cognisance is taken that proposed logbooks referred to in Schedule 6 will be published for comment only at a future date. This leaves open a critical portion determining the success of the diesel rebate. A request has been submitted that requirements for logbooks be discussed before the next phase of consultations.

Other critical factors that Grain SA and Agri SA feel were not heard by SARS and the Treasury:

▶ Permitting contractors to qualify for the diesel rebate on a so-called 'wet basis'.

GRAIN SA AND AGRI SA
are disappointed
THAT SARS
unilaterally
MADE CERTAIN CHANGES



In principle, Grain SA is opposed to a 'wet contractor' qualifying for the diesel rebate. The intention and aim of the diesel rebate are to provide certain non-road users involved in eligible primary activities with relief from the road-related tax burden and to support the competitiveness of agriculture in the global environment.

When a contractor (middleman) qualifies for the diesel rebate, the benefit will not necessarily be passed on to the primary producer for whom the rebate is intended.

Other matters that cause concern:

- ▶ What is regarded as a source document?
- ▶ Some of the activities that are excluded as qualifying activities, like transporting agricultural inputs and maintenance, repairs to or re-installation of agricultural equipment, are cause for concern.
- ▶ A 'specialised transport vehicle' should also be better defined to include tractors and specialised trailers that transport grain to silos, for example.
- ▶ The list of dedicated agricultural vehicles must also be expanded (iv).

It is the strategic intention of Grain SA and Agri SA to take up these matters with the Minister of Finance and the National Treasury and resolve them.

THE AGRICULTURAL MACHINERY INDUSTRY

Due to advanced international technology, South Africa imports most of its agricultural machines, once again making the rand/dollar exchange rate an important factor in pricing. The strengthening of the rand therefore contributes to lower agricultural machinery price trends, whereas a weaker rand contributes to higher price trends.

Prices

Table 6 summarises how the individual year-on-year price changes have moved over the past two months for the four classes of agricultural machinery, together with the overall figure. The figures have been 'smoothed' by using the three-month moving average in every case. The prices for agricultural machinery have increased on average by 1,8% from August 2021 to August 2022, and by 3,2% from September 2021 to September 2022. With the value of the rand fluctuating widely in recent months, prices are fluctuating too. More recently, year-on-year price changes have been moving upwards for all machinery classes.

TABLE 6
PRICE CHANGES IN AGRICULTURAL MACHINERY EQUIPMENT

EQUIPMENT CLASS	YEAR-ON-YEAR CHANGE %		TREND
	AUG 2022	SEP 2022	
Tractors	2,7	4,8	Up
Combine harvesters	1,1	1,9	Up
Hay and forage equipment	0,5	1	Up
Implements	1	1,9	Up
General	1,8	3,2	Up

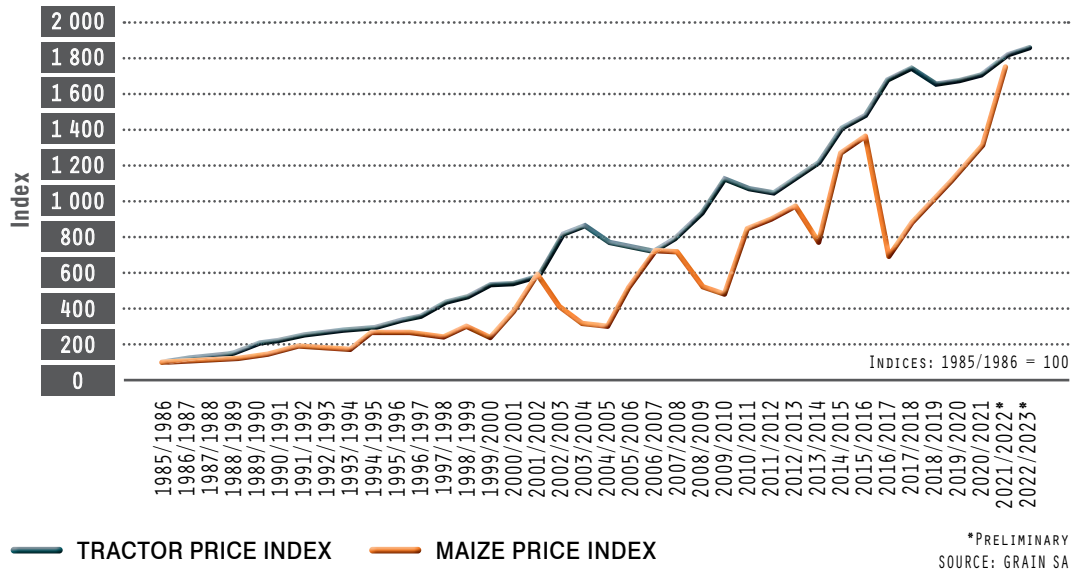
SOURCE: AGFACTS





Graph 8 compares the price indexes of the tractor price and the maize price since 1985/1986. From the graph, the price ratio between tractors and the maize price narrowed the past few seasons, predominantly due to the high maize prices.

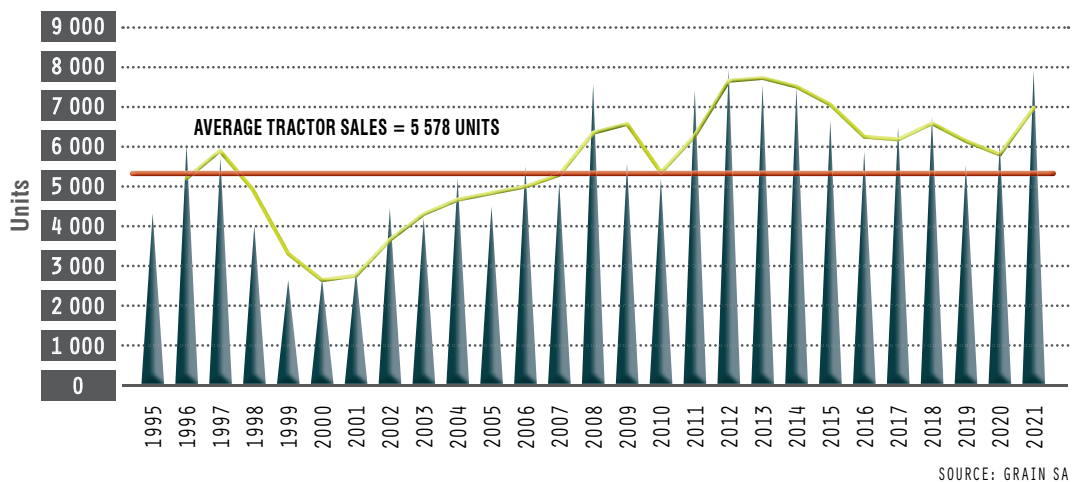
GRAPH 8 INDICES FOR THE PRODUCER PRICE FOR MAIZE AND THE PRICES OF TRACTORS



Tractor sales

Graph 9 depicts what is currently happening with tractor sales in the South African market. Note that these figures exclude exports and include only local sales. Annual tractor sales during this period (1995 - 2022) varied between a minimum of 2 624 units in 1999 and a maximum of 7 899 units in 2012. Between September 2021 and September 2022, tractor sales increased by about 15,5%, from 5 610 units to 6 479 units. Sentiments in the market are still very positive. The market for agricultural machinery remains very active. It appears that producers are taking advantage of the past good summer grain crop and good commodity prices to invest in new equipment and replace older existing equipment. According to Agfacts, with the continued good sales, it looks like tractor sales could exceed 8 500 units for the 2022 season.

GRAPH 9 ANNUAL TRACTOR SALES



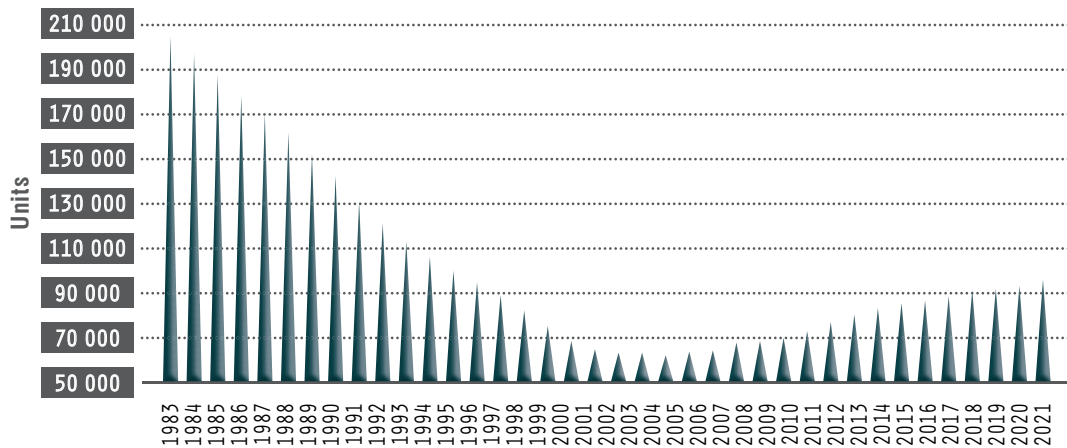


Tractor fleet

Currently, the country's tractor fleet is 96 034 units (**Graph 10**). There has been a notable decrease in the size of the tractor fleet over the years (1983 - 2005) and then a slow but upward trend from 2006 to 2022. The main reason for this is the smaller summer and winter grain plantings over time, as well as the increased sales of bigger than average-sized (kW) tractors.

GRAPH 10

TOTAL TRACTOR FLEET



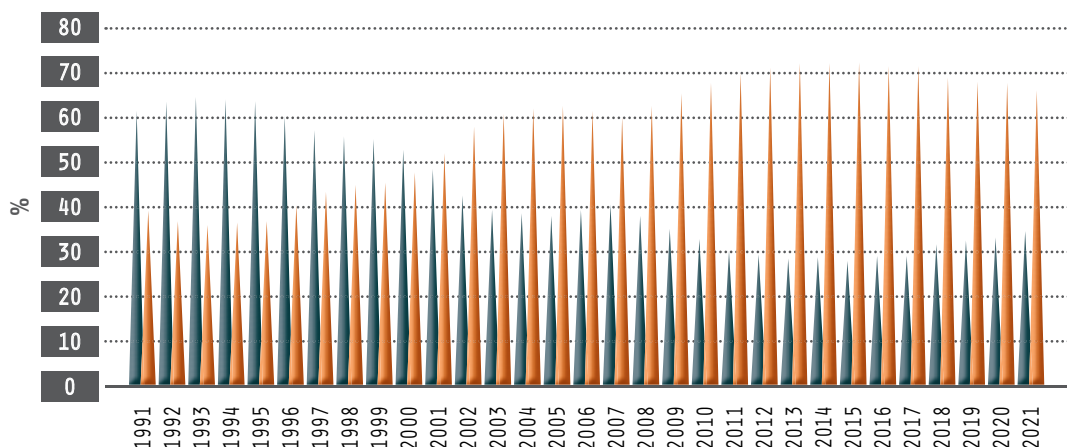
SOURCE: GRAIN SA

Tractor age

- ▶ The average age of the tractor fleet is currently 7,5 years. **Graph 11** below indicates the trend in the distribution of age in the tractor fleet.
- ▶ The current tractor fleet of 96 034 units is 39,8% bigger than the fleet of almost 68 703 units 20 years ago.
- ▶ The tractor fleet is currently 52% bigger than the low reached in 2005.
- ▶ The total number of tractors under ten years is currently about 63 062 units – 66% of the current tractor fleet. The percentage of tractors under ten years was at a low point in 1993, when 35,8% of the tractor fleet was younger than ten years.

GRAPH 11

AVERAGE AGE OF THE TRACTOR FLEET



▲ % OLDER THAN TEN YEARS ▲ % YOUNGER THAN TEN YEARS

SOURCE: GRAIN SA



ANNUAL MEETING WITH SAAMA

On 25 July 2022, Grain SA again met with the South African Agricultural Machinery Association (SAAMA) to discuss mutual challenges in the grain and oilseed industries. Important issues discussed were the following:

- ▶ Market trends and production costs for the grain and oilseed industry
- ▶ Trends in the international and local agricultural machinery industry
- ▶ Logistics of agricultural machinery that cannot be licensed – schedule 5
- ▶ Import rebate on tractor tyres
- ▶ Logistical challenges of parts and tractors
- ▶ Right to repair
- ▶ Motor Industry Ombudsman of South Africa (MIOSA)
- ▶ Working with agricultural equipment – on-farm safety
- ▶ Better planning of equipment purchases by farmers
- ▶ Diagnostic services
- ▶ Agronomy day





Production costs

ACTUAL PRODUCTION COST

Grain SA collected/bought data and information during December 2021 and January 2022 to determine the actual income and production costs of the major maize production area for the 2020/2021 production season. Determining and gathering the historic actual income and production cost figures are important to the industry as the figures identify the actual cost for various inputs and give an idea of the profitability of a crop. Data was gathered from various associations and is kept up to date and redistributed to various role-players in the maize industry.

The actual income and production cost analysis for dryland maize for the 2020/2021 production season can be seen in **Table 7**. The table shows that variable input costs increase from the western parts to the eastern parts of the country. Variable input cost in North West is calculated at R7 692/ton per hectare, while it is around R15 481/ton in KwaZulu-Natal.

TABLE 7
ACTUAL INCOME AND PRODUCTION COST FIGURES
FOR DRYLAND MAIZE (2020/2021 YEAR)

PRODUCTION COSTS PER HECTARE	NORTH WEST	NORTH-WEST FREE STATE	EASTERN FREE STATE	KWAZULU- NATAL
1. Variable costs				
Seed	940,7	1 260,9	2 113,0	2 579,0
Fertiliser and lime	2 124,4	2 897,4	3 251,0	5 136,0
Weed and pest control	1 091,5	891,41	1 338,0	2 128,00
Fuel	664,8	1 086,5	1 073,0	1 025,0
Repairs and parts	663,7	759,7	1 912,0	1 297,0
Crop insurance	47,2	114,7	447,0	360,0
Casual labour	153,5	46,4	35,0	58,0
Permanent labour	363,4	442,7	1 254,0	1 080,0
Licence and insurance	0,0	86,1	0,0	318,0
Marketing cost	25,2	97,2	45,0	0,0
Drying and cleaning cost	0,0	30,2	274,0	0,0
Interest on production credit	536,7	636,5	984,5	1 080,1
Contract work	125,0	266,4	377,0	331,0
Other costs	956,6	507,5	1 007,0	89,0
Total variable costs	7 692,6	9 123,6	14 110,5	15 481,1
2. Capital costs	1 328,48	910,91	1 041,19	1 758,67
Total cost per hectare	9 021,07	10 034,49	15 151,64	17 239,75
Yield (t/ha)	5,5	5,81	5,80	9,40
Income				
Producer price (R/ton)	2 343,36	2 751,88	3 161,00	2 901,00
Producer price (R/ha)	12 935,35	15 988,42	18 333,80	27 269,40
Profit/loss per ha	3 902,26	5 953,93	3 182,16	10 029,65



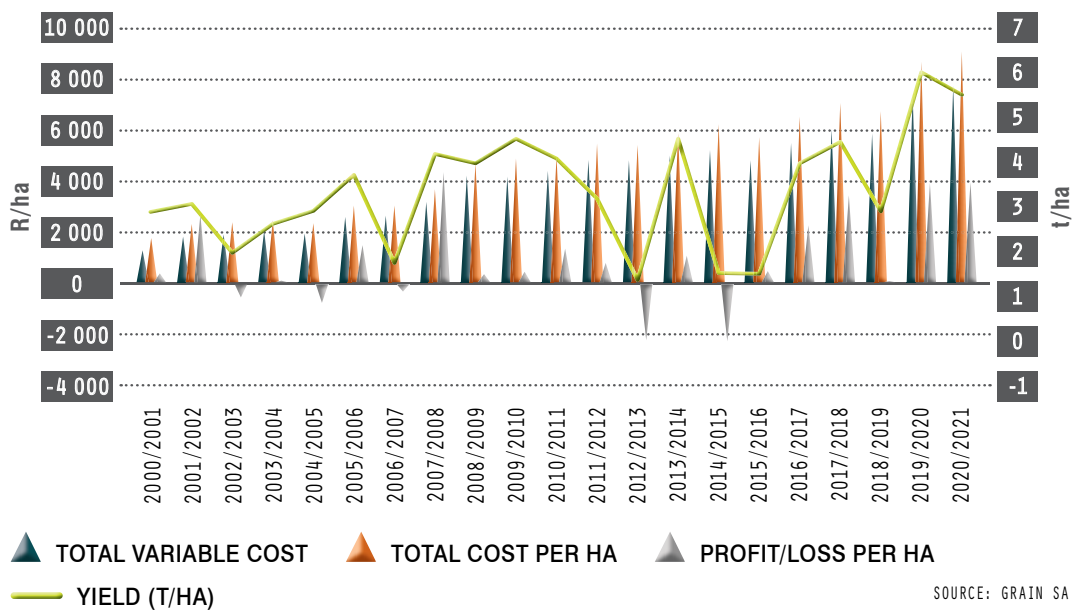


ACTUAL INCOME AND PRODUCTION COST FIGURES FOR DRYLAND MAIZE

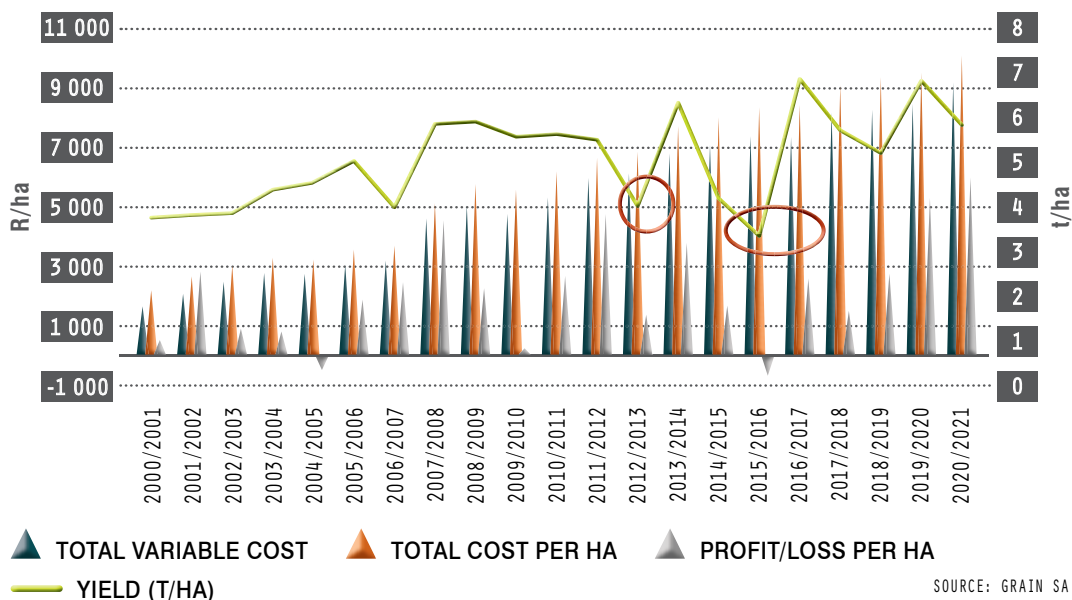
While **Table 7** (on page 88) depicts the actual production figures for the past year for the main different production regions, **Graphs 12 to 15** (page 89 - 90) depict the long-term actual production costs, yields and profit/loss situation of North West, the North-west Free State, the Eastern Free State and KwaZulu-Natal seen since 2000/2001. This is just to illustrate the type of long-term information that is gathered through this project.

From **Graphs 12 to 15** it is clear that production costs are constantly increasing over time. These increases on a year-to-year basis are high and have a huge impact on producers, forcing them to adapt and make adjustments to their current production systems in order to produce maize profitably. The yield unpredictability can be seen in the long-term data presented and indicates the big impact it has on profitability. The 2020/2021 season was generally a very good production year and good yields were obtained. This brought some relief to producers' financial situation, specifically in the western parts of the country.

GRAPH 12 ACTUAL PRODUCTION COST, YIELD AND PROFIT/LOSS OF MAIZE FOR NORTH WEST



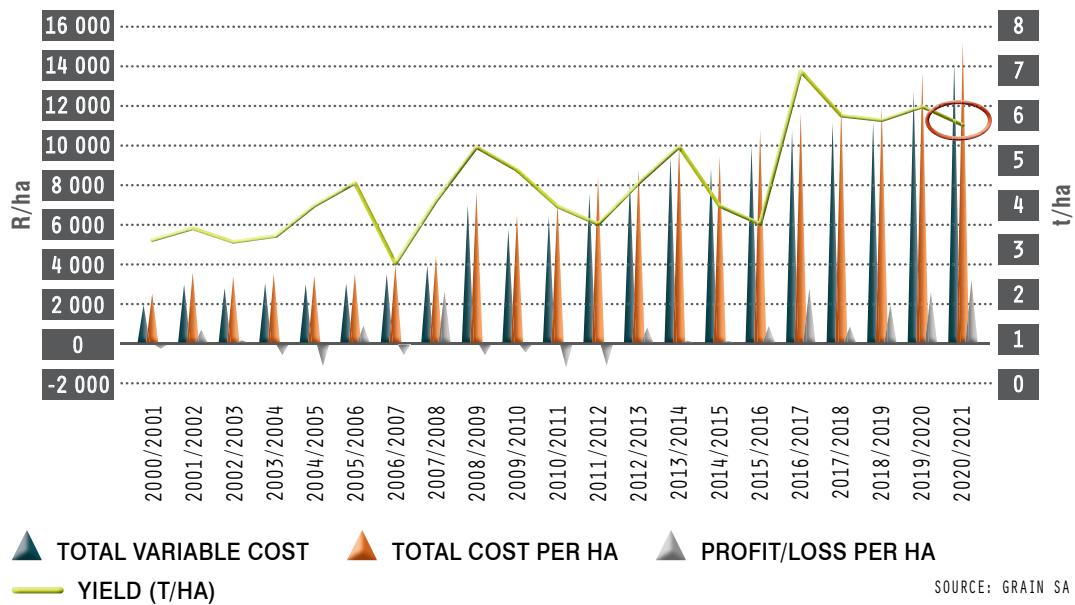
GRAPH 13 ACTUAL PRODUCTION COST, YIELD AND PROFIT/LOSS OF MAIZE FOR THE NORTH-WEST FREE STATE





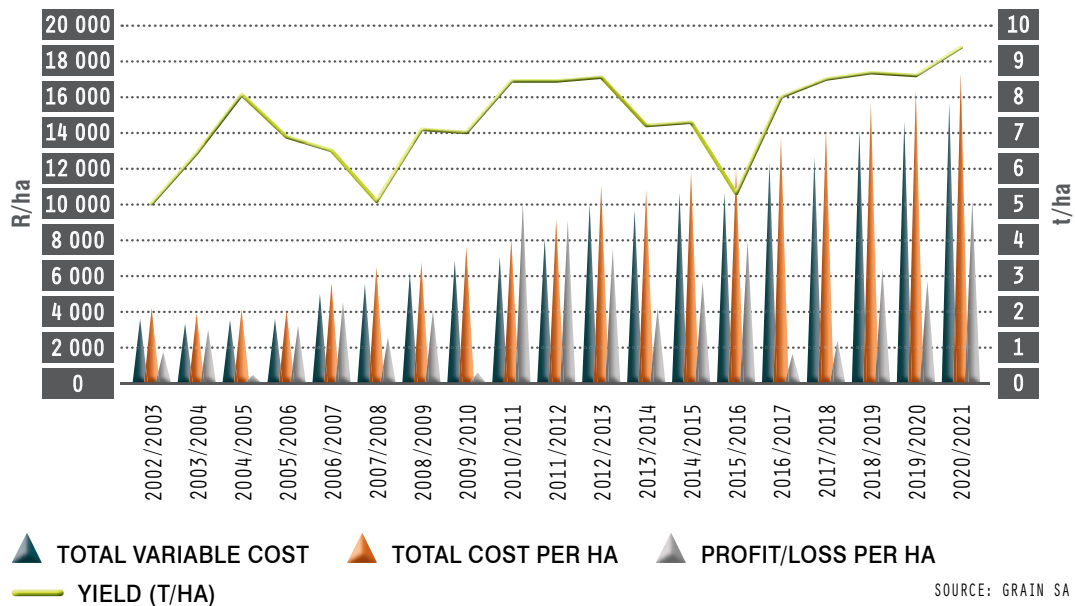
GRAPH 14

ACTUAL PRODUCTION COST, YIELD AND PROFIT/LOSS OF MAIZE FOR THE EASTERN FREE STATE



GRAPH 15

ACTUAL PRODUCTION COST, YIELD AND PROFIT/LOSS OF MAIZE FOR KWAZULU-NATAL



CONTRIBUTION OF DIFFERENT VARIABLE INPUT COST ITEMS TO THE TOTAL VARIABLE INPUT COST OF MAIZE

The main focus of this section is on the variable costs of producing maize and, specifically, to express different variable input cost items as a percentage of the total variable input costs as well as to express the cost increase of a specific variable cost over a time period per hectare.

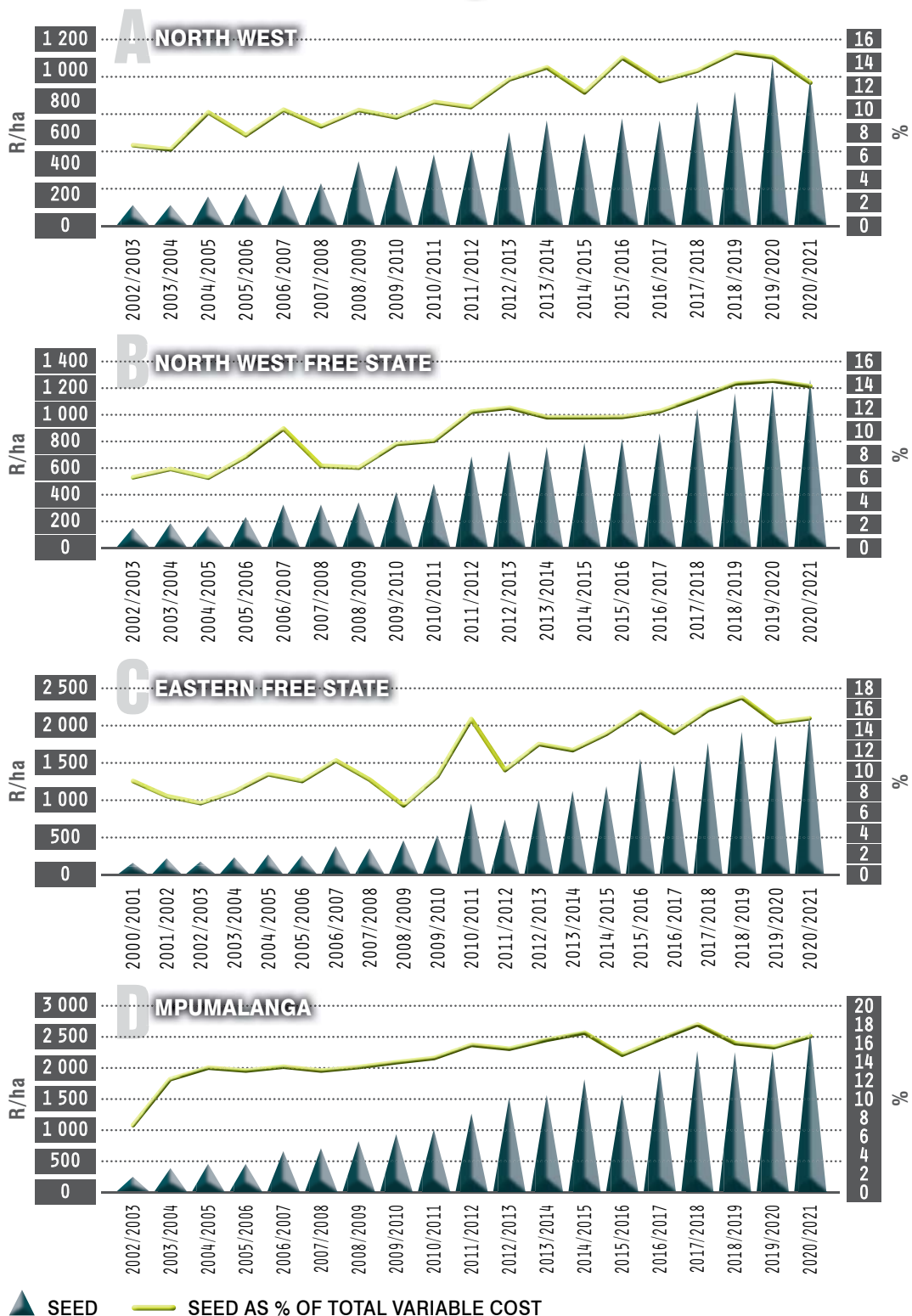


Seed

Graph 16 shows the long-term average percentage contribution of seed as a variable input cost for maize for North West, the North-west Free State, the Eastern Free State and Mpumalanga. Except for the percentage contribution of seed since 2000, the figure also highlights the increase in seed costs per hectare during this 19-year period, for all four regions

GRAPH 16

CONTRIBUTION OF SEED AS A VARIABLE INPUT COST ITEM TO THE TOTAL VARIABLE INPUT COST AS WELL AS SEED COST PER HECTARE TO PRODUCE MAIZE FOR DIFFERENT PRODUCTION REGIONS (2002/2003 TO 2020/2021 PRODUCTION SEASON)



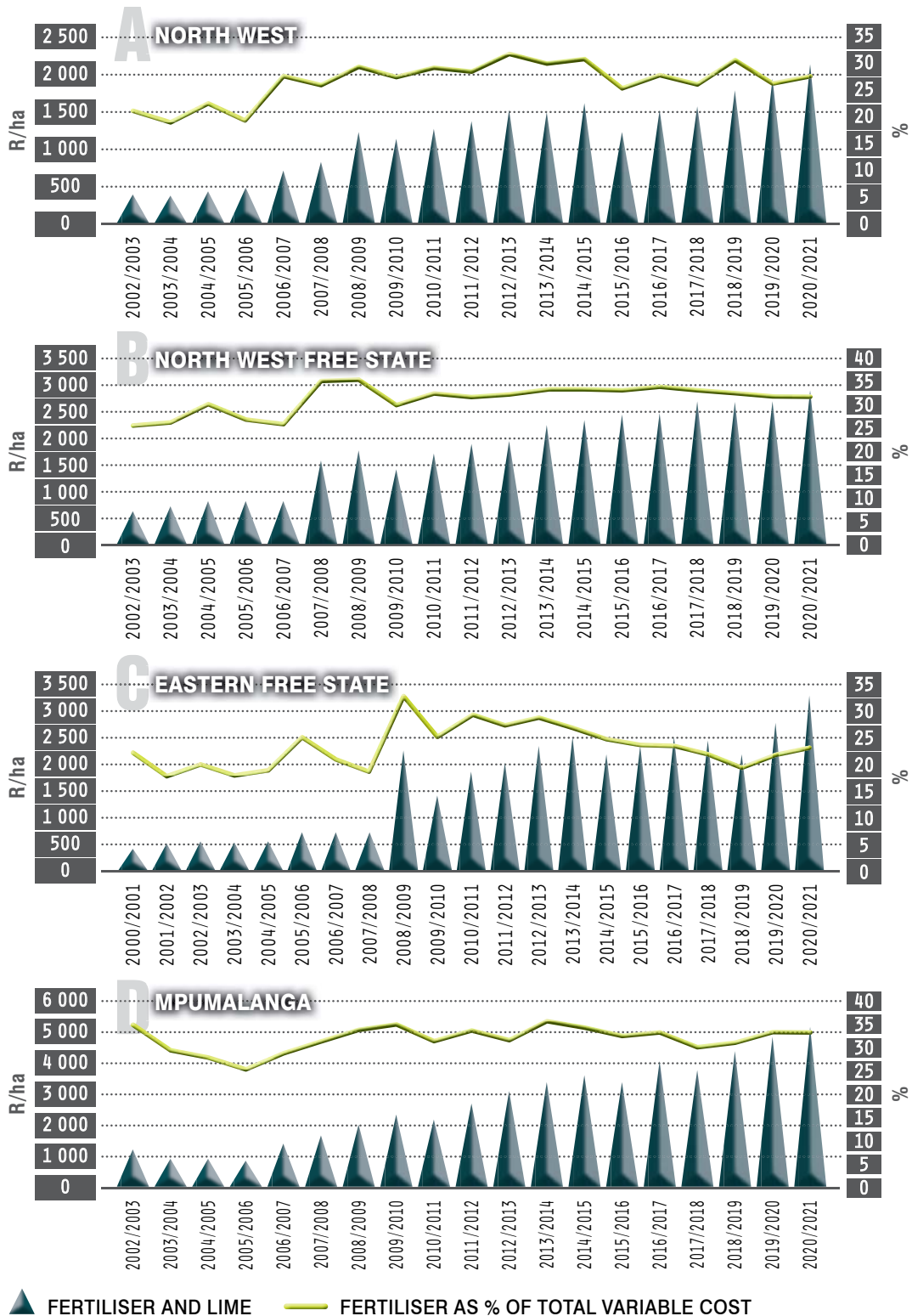


Fertiliser

Fertiliser as production input contributes between 25% and 35% on average to a maize producer's variable production costs, depending on the region. **Graph 17** focuses on the long-term average percentage contribution of fertiliser as a variable input cost for maize for the different regions (North-west Free State, North West, Eastern Free State and Mpumalanga).

GRAPH 17

CONTRIBUTION OF FERTILISER AS A VARIABLE INPUT COST ITEM TO THE TOTAL VARIABLE INPUT COST AS WELL AS FERTILISER COST PER HECTARE TO PRODUCE MAIZE FOR DIFFERENT PRODUCTION REGIONS (2000/2001 TO 2020/2021 PRODUCTION SEASON)





As with seed, the increasing trend in fertiliser costs per hectare can be seen clearly for the different regions.

Budgeted income and production cost figures for maize (2022/2023 production season)

With the 2022/2023 season approaching, it is again time to make some calculations. The analysis of gross margins is a common and popular way of comparing the relative profitability of grains on a farm. This section provides a guideline in terms of the profitability of maize versus sunflower and soybeans. The responsibility still lies with each producer to do his own gross margin calculations because production costs radically differ from neighbour to neighbour. This is due to each grain producer's own unique system, the type of farming unit and the production practices.

KEY POINTS FOR THE 2022/2023 SEASON

Expensive inputs: In South Africa the focus is currently on fertiliser and energy prices (especially fuel prices) due to the large effect these two factors have on input costs. The upcoming season is one in which there are a lot of red lights. Concerns are expressed about local fertiliser prices, which have steadily increased since October 2021 until they reached record levels mid-2022. However, there is reason for this concern as fertiliser costs account for approximately 30% to 35% of a maize producer's variable production costs. If the average increase in fertiliser prices according to an N, P, K ratio is compared from August 2021 to August 2022, fertiliser prices increased by a drastic 57%. Other challenges that grain producers are faced with include that exceptional increases are experienced in the price of glyphosate, which is grain producers' main means of managing weed control.

Good commodity prices: The Safex futures contract price for the various commodities can be crowned 'heroes' when looking at the profitability of the upcoming season. The local grain and oilseed market is strongly supported by the international market.

Weather predictions: With a view to the 2022/2023 production season, it is important to note what weather forecasters predict in terms of rain for the upcoming season. Weather forecasters are optimistic about the upcoming season after it was announced that a La Niña pattern is strengthening, which means the typical weather conditions would be higher rainfall for southern Africa, and drought for East Africa and South America. Therefore, extreme weather events could mean excessive rains in southern Africa, whereas other regions would remain dry. This remains a concern for us, as South Africa experienced episodes of excessive rains at the start of the 2021/2022 summer season, which proved disastrous for grain and oilseed plantings in some areas.

THE UPCOMING
season IS
ONE IN WHICH
THERE *are a lot*
OF RED LIGHTS

COMPILATION OF BUDGETS

Establishing production budgets prior to planting crops is becoming increasingly necessary and should not be taken lightly when making production decisions. No one can accurately predict the future with all its risks and uncertainties, and the budgets are compiled based on some forecasts, historical data, assumptions and experience. Considering this, producers as budget users should be aware that budgets, as well as the assumptions that they are based on, are constantly subject to change.

The cost structure of the budgets consists of variable and fixed costs. If you do not use certain variable costs, you can deduct them from the total variable costs. Although fixed costs vary dramatically from producer to producer, an x amount is provided to calculate an estimated total production cost.

Forecasting the commodity price for the coming year is extremely difficult. The Safex futures contract price used in the calculations is as follows:

- ▶ Maize for delivery in July 2023 = R4 100/ton
- ▶ Sunflower for delivery in May 2023 = R10 000/ton
- ▶ Soybeans for delivery in May 2023 = R8 500/ton

The 2023 futures prices were determined by calculating the average price since the beginning of trading for that particular contract month. A producer price was calculated on the basis of the location differential, handling costs and marketing commission.



► Yield

Due to the uncertainty of climatic conditions, a difficult factor when compiling budgets is determining the yield of the crop for the upcoming year. When crop profitability is compared, questions arise as to which yield scenarios should be used for each crop. In other words, if you were to harvest an average yield of 4 t/ha for maize, what is the equal yield that you could achieve, for example, with sunflower or soybeans in the same climate and soil? Agronomists and specialists in the industry were consulted in determining the comparative yield scenarios of the different crops.

► Input prices

Seed: According to Grain SA's calculations, maize seed prices for the more popular cultivars increased by an average of 5,6% since last year, while the average of all the maize cultivars increased by approximately 3,3%. Sunflower seed prices increased by an average of 2,5% and soybean seed prices increased by 4,7%. An assumption made with the compilation of the soybean budgets is that 50% of the seed had been retained by producers while the other 50% was certified seed.

Fertiliser: Local fertiliser prices are currently at record levels for nitrogen (N), phosphate (P) and potassium (K). Fertiliser prices have risen sharply, especially in recent months. Different assumptions are made when the budgets are compiled. In the case of fertiliser (the largest part of a producer's variable costs), an average of all the fertiliser companies' price lists for N, P and K was calculated and incorporated in the budgets.

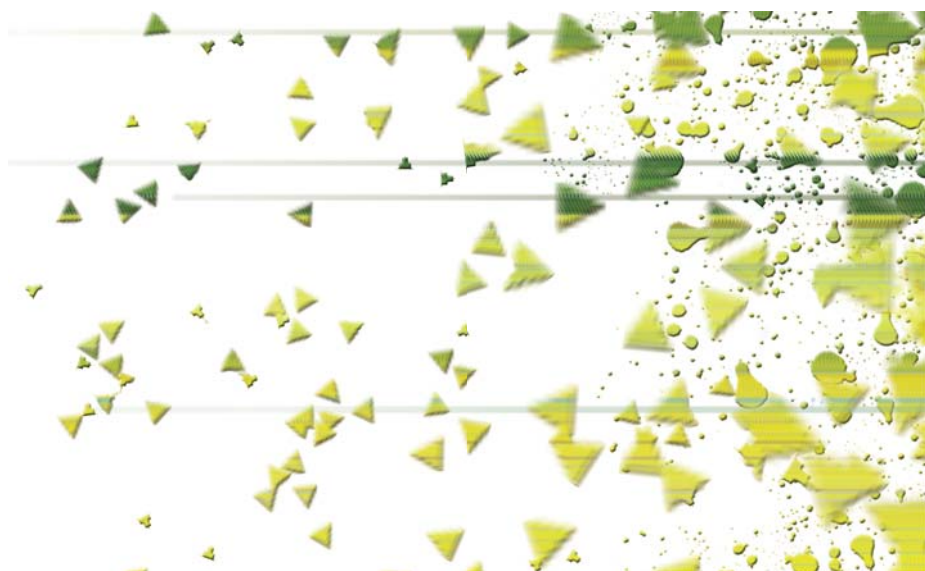
Fuel: When fuel costs are calculated, forecasts are determined using future rand/dollar exchange rates and future crude oil prices (September 2022, December 2022 and June 2023). The future price of fuel is very difficult to determine, but the expectation is that the total fuel cost per hectare will increase by approximately 33% year-on-year.

Chemicals: The increase in the price of chemical products depends on whether it is a herbicide, an insecticide or a pesticide. From data received from various local companies, agrochemical price increases seem high, but in line with other inputs. One active ingredient to keep an eye on is glyphosate, whose price can increase at an average of 147% between the various companies. The other products could increase by between 7% and 26% in the coming season. **No discounts were taken into consideration when the budgets were compiled.**

According to calculations, the total variable cost of maize is expected to increase on average between \pm 34% to 50% year-on-year (mostly depending on the region and time of the purchase of inputs). This estimated increase will differ from producer to producer and from region to region because each producer makes different purchases, has different production practices and so on. We know that producers are price takers and that these higher input costs cannot be passed on to consumers, and that producers must absorb price increases.

► Cost structure of budgets

The cost structure of the budgets is composed of variable and fixed costs. In the budgets variable costs are, for example, seed, fertiliser, herbicide and diesel. These costs differ as more or less of the input is used. The fixed or overhead costs are expenses that must be incurred whether they are produced or not. Although fixed costs differ drastically from producer to producer, an x amount is provided for calculating an estimated total production cost. These costs must be added to the variable costs per hectare to calculate the total production cost.





COMMERCIAL BUDGETS¹

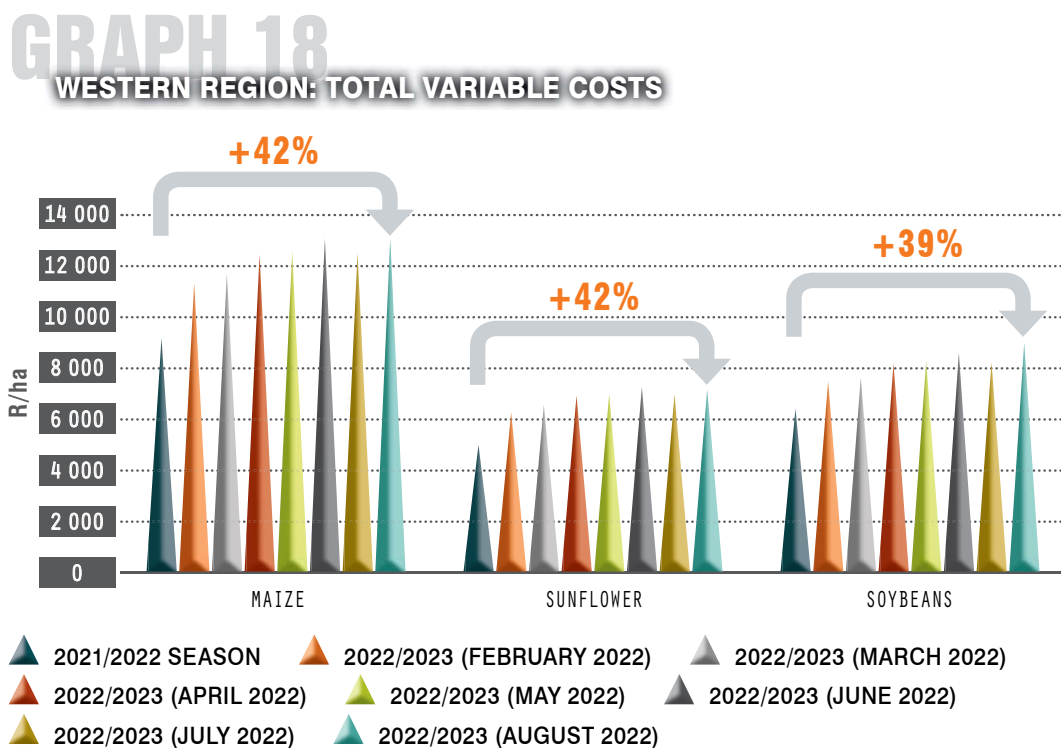
Monthly profitability calculations for the 2022/2023 season

Due to input costs constantly increasing, Grain SA monitored the profitability situation of grain and oilseeds monthly since February 2022. As new information emerges every month, whether it is input costs such as fertiliser or fuel prices or the Safex price, the profitability situation for the upcoming summer grain season was estimated to give producers and the industry an idea of grain and oilseed profitability.

The monthly changes in total variable costs (**Graph 18** and **20** [on page 95 - 96]) and gross margin comparison (**Graph 19** and **21** [on page 96 - 97]) for the western and eastern regions are presented in the following section. These increases are of great concern as grain producers are price takers in terms of input costs and these higher costs cannot be passed on to consumers. Producers therefore absorb any input price increases.

Western parts of the country

Graph 18 shows the estimated total variable costs on a monthly basis for North West, with the first scenario compiled in the 2021/2022 production season and estimated production cost figures for the 2022/2023 production season, as compiled with input costs as available in August 2022. The total variable costs for maize increased from R9 200/ha (as determined for the 2021/2022 production season) to R13 017/ha (August 2022). This is a drastic increase of 42%, of which fertiliser is the biggest contributing factor. According to further calculations, during the same period, the total variable costs of sunflower and soybeans increased by an average of \pm 39% to 42%.



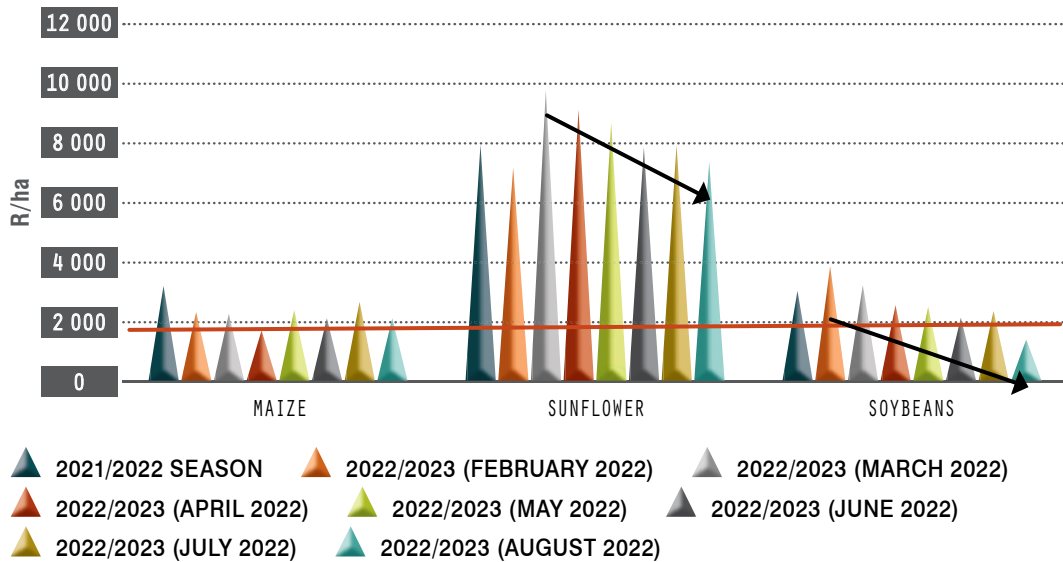
¹ Disclaimer: The information here has been obtained from various sources, and Grain SA does not guarantee the accuracy and/or completeness of this and accepts no liability. Any prices or levels contained in these budgets are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration.



During the determination of gross margins, only variable costs were considered and therefore fixed costs are excluded. In **Graph 19**, a red line can be observed indicating a fixed cost amount of R2 500. If the bar is lower than the red line, it is an indication that producers cannot cover their total costs (variable + fixed costs). Sunflower production in North West seems to be more profitable when compared to maize and soybeans.

GRAPH 19

WESTERN REGION: GROSS MARGIN COMPARISON

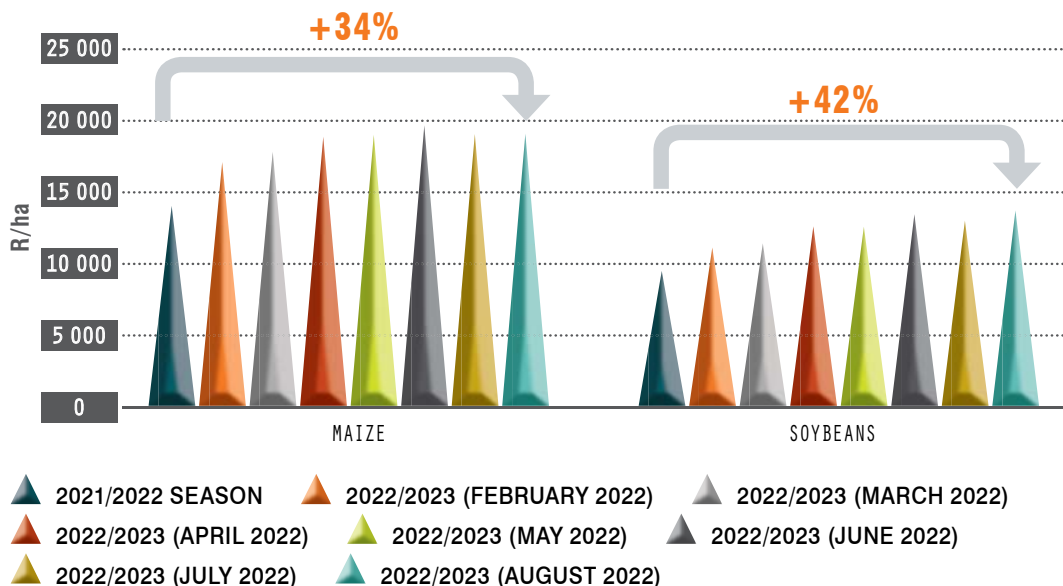


Eastern parts of the country

Graph 20 shows the estimated total monthly variable costs for Mpumalanga, with the first scenario compiled in the 2021/2022 production season and estimated production cost figures for the 2022/2023 production season, as compiled with input costs as available in August 2022. The total variable costs for maize (average yield) increased from R14 100/ha (as determined for the 2021/2022 production season) to R19 040/ha (August 2022). This is a drastic increase of 34%, of which fertiliser is the biggest contributing factor. According to further calculations, during the same period the total variable costs of soybeans increased by an average of 42%.

GRAPH 20

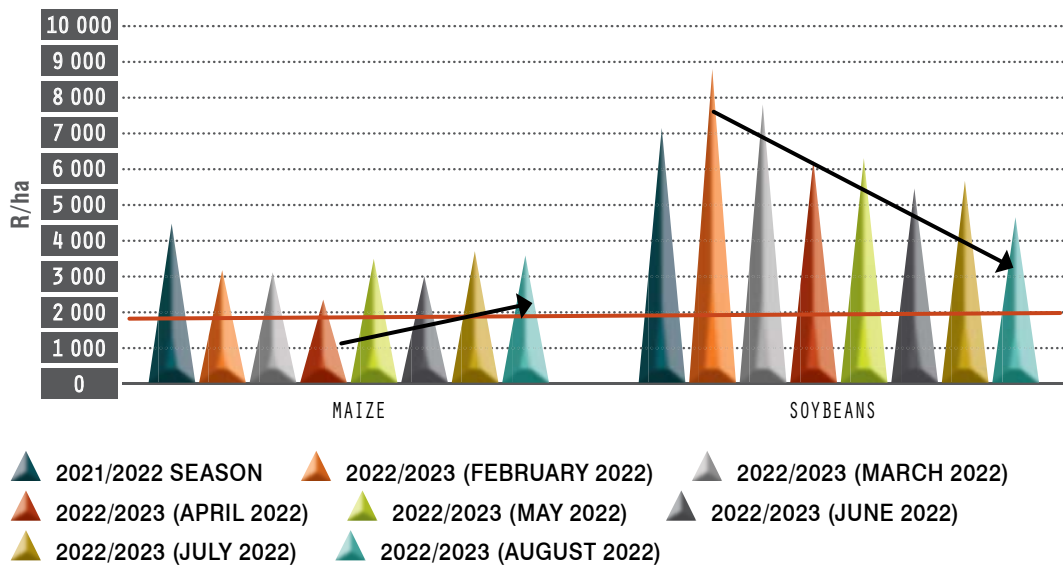
EASTERN REGION: TOTAL VARIABLE COSTS





During the determination of gross margins, only variable costs were considered and therefore fixed costs are excluded. In **Graph 21**, a red line can be observed indicating a fixed cost amount of R2 500. If the bar is lower than the red line, this is an indication that producers cannot cover their total costs (variable + fixed costs). Oilseed prices are currently trading at high levels, which makes the profitability situation for soybeans more favourable when compared with maize.

GRAPH 21
EASTERN REGION: GROSS MARGIN COMPARISON



Profitability calculation for 2022/2023

Grain SA is in the process of finalising the budgets for the 2022/2023 season. An illustration of the maize budgets and their performance against other crops are shown in **Table 8** to **10** (on page 98 - 101). The yield scenarios were based on assumptions for production conditions in different regions. These tables are compiled to show an indication of the difference in profitability between the various summer crops, but it is important to note that these figures may vary from producer to producer.

Western parts of the country

An example of the maize budgets and their performance against other crops is shown in **Table 8** (on page 98). The yield scenarios were based on assumptions for production conditions in the western part of the country (North West and North-west and Central Free State). This figure is compiled to show an indication of the difference in profitability between the various summer crops (maize, sunflower, soybeans), but it is important to note that these figures may vary from producer to producer.

While **Table 8** shows estimated production costs for North West and the North-west and Central Free State, **Graph 22** (on page 99) again illustrates the gross and net margin situation.

The key fact is that sunflower (on paper) remains a stalwart crop for North West, although the occurrence of diseases (specifically Sclerotinia) on sunflower has been affecting yields in the past few seasons. According to calculations and if the Safex prices materialise, summer grain production in the western parts of the country generally seems to be relatively profitable, excluding maize that is planted on soils with a marginal yield potential when total input costs (fixed costs plus variable costs) are taken into consideration.



TABLE 8

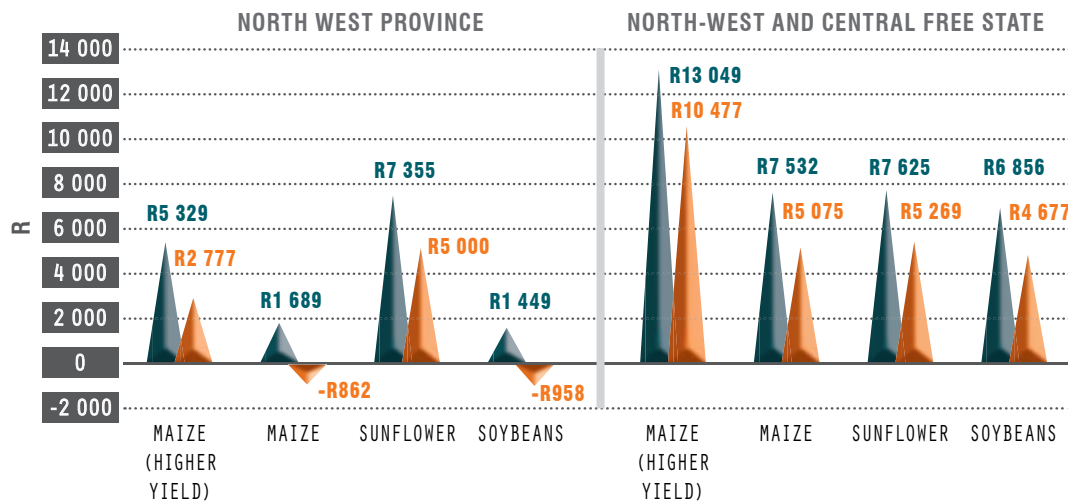
COMPARISON OF PRODUCTION COST BUDGETS FOR SUMMER GRAIN FOR THE 2022/2023 SEASON (WESTERN REGION)

	North West				North-west and Central Free State			
	MAIZE (HIGHER YIELD)	MAIZE	SUNFLOWER	SOYBEANS	MAIZE (HIGHER YIELD)	MAIZE	SUNFLOWER	SOYBEANS
1. INCOME								
Planned yield (t/ha)	6,00	4,00	1,50	1,25	6,50	4,50	1,50	1,75
Safex price (best grade) (R/ton)	R4 100	R4 100	R10 000	R8 500	R4 100	R4 100	R10 000	R8 500
Deductions (R/ton)	R304	R304	R339	R182	R296	R340	R412	R132
Producer price (R/ton)	R3 796	R3 796	R9 661	R8 318	R3 804	R3 760	R9 588	R8 368
Gross income (R/ha)	R22 776	R15 184	R14 492	R10 398	R24 726	R16 920	R14 382	R14 644
2. VARIABLE COSTS								
Seed	R1 841	R1 446	R658	R1 145	R1 457	R1 300	R507	R920
Fertiliser	R7 590	R5 060	R2 509	R2 788	R4 633	R3 207	R1 898	R1 423
Lime	R203	R203	R203	R203	R163	R163	R163	R163
Fuel	R1 912	R1 800	R1 506	R1 250	R1 082	R1 122	R1 130	R1 048
Repairs	R727	R711	R618	R618	R806	R790	R682	R763
Herbicides	R1 218	R1 218	R481	R1 236	R855	R796	R568	R793
Pesticide	R748	R748	R96	R192	R226	R115	R253	R336
Input insurance	R1 025	R683	R283	R203	R356	R247	R259	R240
Grain price hedging	R836	R646	R186	R201	R1 113	R895	R522	R675
Crop insurance	R597	R398	R290	R728	R510	R371	R512	R1 109
Production credit interest	R751	R581	R307	R385	R476	R383	R263	R 317
Total variable cost (R/ha)	R17 447	R13 495	R7 136	R8 948	R11 677	R9 388	R6 756	R7 788
Total fixed cost (R/ha)	R2 552	R2 552	R2 355	R2 407	R2 572	R2 457	R2 356	R2 179
Total cost (R/ha)	R19 999	R16 046	R9 491	R11 356	R14 249	R11 845	R9 113	R9 967
3. GROSS MARGIN (R/ha)	R5 329	R1 689	R7 355	R1 449	R13 049	R7 532	R7 626	R6 856
4. NET MARGIN (R/ha)	R2 777	-R862	R5 000	-R958	R10 477	R5 075	R5 269	R4 677
Break-even (only variable costs)								
Yield (t/ha)	4,60	3,55	0,74	1,08	3,07	2,50	0,70	0,93
Safex price (R/ha)	3 212	3 678	5 097	7 341	2 093	2 426	4 916	4 582
Break-even (variable + fixed costs)								
Yield (t/ha)	5,27	4,23	0,98	1,37	3,75	3,15	0,95	1,19
Safex price (R/ha)	3 637	4 316	6 666	9 266	2 488	2 972	6 487	5 828



GRAPH 22

MARGIN COMPARISON FOR SUMMER GRAIN CROPS IN NORTH WEST AND THE NORTH-WEST AND CENTRAL FREE STATE FOR THE 2022/2023 SEASON



▲ GROSS MARGINS (VARIABLE COSTS ONLY)

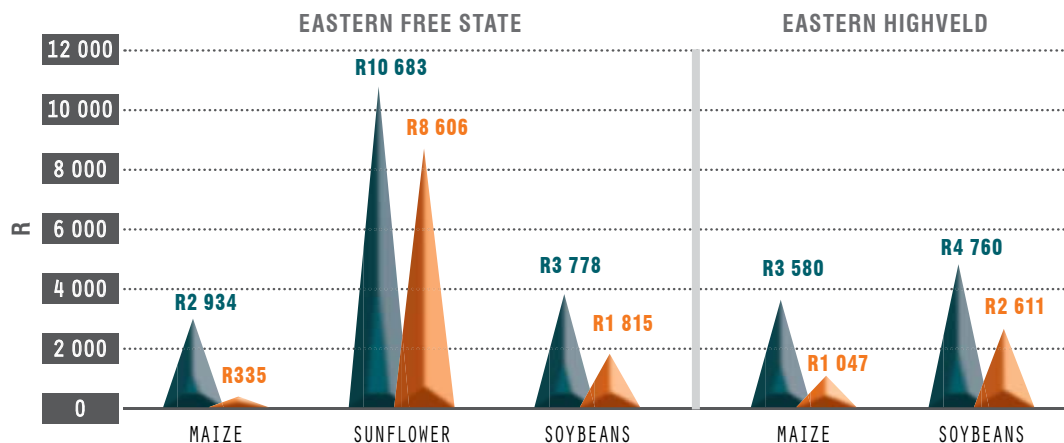
▲ NET MARGINS (TOTAL COSTS = VARIABLE + FIXED COSTS)

Eastern parts of the country

Table 9 (on page 100) sets out the production costs for the eastern parts of the country (Eastern Free State and Eastern Highveld). The production costs of maize, sunflower and soybeans with different yield targets are compared for the Eastern Free State whereas only maize and soybeans are compared in the Eastern Highveld. According to the production cost calculations, the variable costs of producing maize in the Eastern Free State for a yield target of 5,0 t/ha is ± R15 831/ha, while it is ± R19 154/ha for a yield target of 6,0 t/ha in the Eastern Highveld. The estimated total maize variable costs for the 2022/2023 production season have increased between R4 400 and R5 000 per hectare since the previous season for the eastern parts of the country, with fertiliser being the main input component that brought about the increases. If this Safex price is realised at the estimated budgeted input costs (excluding fixed costs), a producer in the Eastern Free State will have to harvest 4,22 t/ha to break even, whereas a producer in the Eastern Highveld needs to harvest 5,06 t/ha. When the break-even yields for the total costs (including fixed costs) are calculated and the total costs of a maize producer are covered, it becomes a serious problem and concern, especially because Safex prices are at exceptionally high levels. If prices are under pressure it would also put the profitability under pressure.

GRAPH 23

MARGIN COMPARISON FOR SUMMER GRAIN CROPS IN THE EASTERN FREE STATE AND EASTERN HIGHVELD FOR THE 2022/2023 SEASON



▲ GROSS MARGINS (VARIABLE COSTS ONLY)

▲ NET MARGINS (TOTAL COSTS = VARIABLE + FIXED COSTS)



TABLE 9
COMPARISON OF PRODUCTION COST BUDGETS FOR SUMMER GRAIN
FOR THE 2022/2023 SEASON (EASTERN REGION)

	Eastern Free State			Eastern Highveld	
	MAIZE	SUNFLOWER	SOYBEANS	MAIZE	SOYBEANS
1. INCOME					
Planned yield (t/ha)	5,00	2,00	1,80	6,00	2,20
Safex price (best grade) (R/ton)	R4 100	R10 000	R8 500	R4 100	R8 500
Deductions (R/ton)	R347	R386	R204	R311	R122
Producer price (R/ton)	R3 753	R9 614	R8 296	R3 789	R8 378
Gross income (R/ha)	R18 765	R19 228	R14 933	R22 734	R18 432
2. VARIABLE COSTS					
Seed	R2 170	R548	R1 248	R2 847	R1 344
Fertiliser	R5 518	R3 289	R3 188	R7 986	R5 773
Lime	R750	-	-	R253	-
Fuel	R1 679	R1 318	R1 336	R1 613	R1 381
Repairs	R936	R795	R751	R726	R552
Herbicides	R1 275	R869	R1 137	R1 672	R1 797
Pesticide	R697	R34	R834	R1 011	R443
Input insurance	R366	R362	R569	R441	R324
Grain price hedging	R750	R263	R216	R924	R308
Crop insurance	R689	R698	R1 499	R858	R1 163
Production credit interest	R1 001	R368	R379	R825	R589
Total variable cost (R/ha)	R15 831	R8 545	R11 155	R19 154	R13 672
Total fixed cost (R/ha)	R2 599	R2 078	R1 963	R2 533	R2 149
Total cost (R/ha)	R18 430	R10 622	R13 118	R21 687	R15 821
3. GROSS MARGIN (R/ha)	R2 934	R10 683	R3 778	R3 580	R4 760
4. NET MARGIN (R/ha)	R335	R8 606	R1 815	R1 047	R2 611
Break-even (only variable costs)					
Yield (t/ha)	4,22	0,89	1,34	5,06	1,63
Safex price (R/ha)	3 513	4 658	6 401	3 503	6 337
Break-even (variable + fixed costs)					
Yield (t/ha)	4,91	1,10	1,58	5,72	1,89
Safex price (R/ha)	4 033	5 697	7 492	3 925	7 313



TABLE 10

COMPARISON OF PRODUCTION COST BUDGETS FOR SUMMER GRAIN
FOR THE 2022/2023 SEASON (IRRIGATION)

	Northern Cape: irrigation		Limpopo: irrigation	
	IRRIGATION MAIZE	IRRIGATION SOYBEANS	IRRIGATION MAIZE	IRRIGATION SOYBEANS
1. INCOME				
Planned yield (t/ha)	14,00	4,00	12,00	3,50
Safex price (best grade) (R/ton)	R4 100	R8 500	R4 100	R8 500
Deductions (R/ton)	R492	R259	R230	R146
Producer price (R/ton)	R3 608	R8 241	R3 870	R8 354
Gross income (R/ha)	R50 512	R32 964	R46 440	R29 239
2. VARIABLE COSTS				
Seed	R5 917	R1 669	R4 787	R2 104
Fertiliser	R21 401	R12 160	R15 849	R3 102
Fuel	R1 719	R1 020	R2 024	R1 737
Repairs	R530	R330	R699	R575
Herbicides	R757	R950	R774	R385
Pesticide	R2 677	R1 365	R52	R390
Irrigation costs	R6 325	R6 325	R5 893	R4 137
Grain price hedging	-	-	R1 684	R361
Contract harvesting	R1 100	R1 250	R850	R850
Crop insurance	R1 004	R1 978	R1 570	R1 608
Aerial spraying	R450	-	R85	R200
Production credit interest	R1 940	R1 201	R1 504	R657
Total variable cost (R/ha)	R43 820	R28 246	R35 770	R16 107
Total fixed cost (R/ha)	R9 443	R5 603	R8 319	R7 120
Total cost (R/ha)	R53 263	R33 849	R44 089	R23 227
3. GROSS MARGIN (R/ha)	R6 692	R4 718	R10 670	R13 132
4. NET MARGIN (R/ha)	-R2 751	-R885	R2 351	R6 012
Break-even (only variable costs)				
Yield (t/ha)	12,15	3,43	9,24	1,93
Safex price (R/ha)	3 622	7 321	3 211	4 748
Break-even (variable + fixed costs)				
Yield (t/ha)	14,76	4,11	11,39	2,78
Safex price (R/ha)	4 296	8 721	3 904	6 782



Table 9 (on page 100) further illustrates the breakdown of input costs to produce soybeans and sunflower. Given the input costs (fixed plus variable costs) as shown in **Table 9** for soybeans at the given Safex price, a yield of approximately 1,58 t/ha in the Eastern Free State and 1,89 t/ha in the Eastern Highveld is required to break even. Oilseed prices are currently trading at relatively high levels, which makes the profitability situation for these crops very favourable.

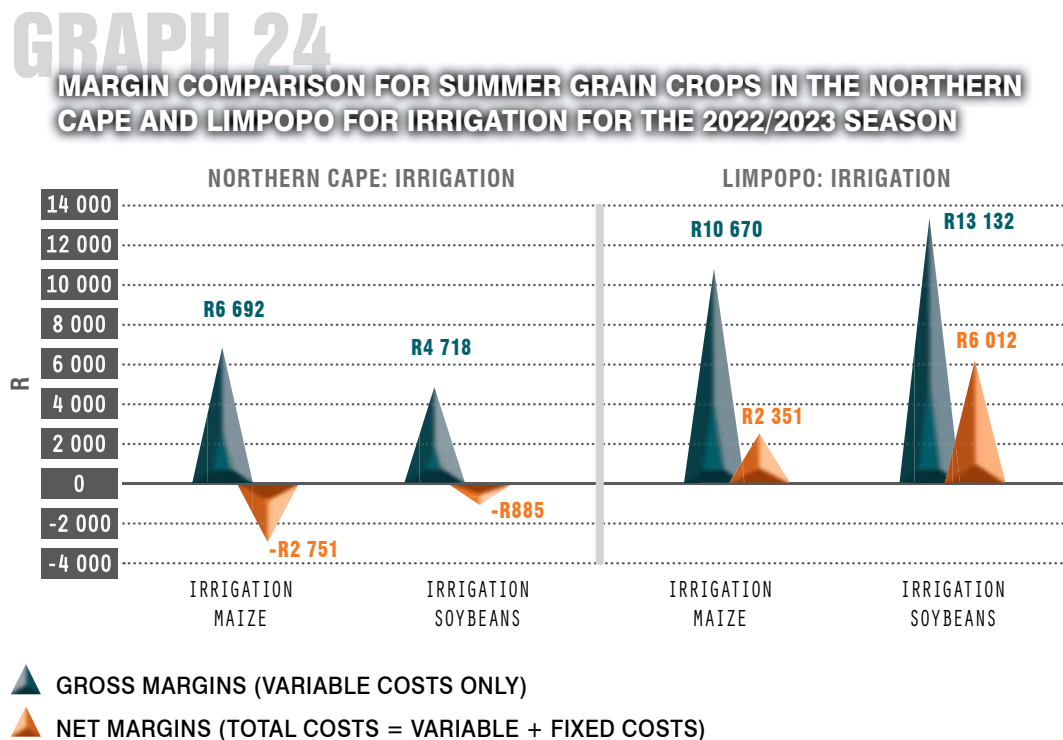
Graph 23 (on page 99) shows the information as illustrated and calculated in **Table 9** in figure format. **Graph 24** shows a gross margin (blue bar – variable costs only) comparison as well as a net margin (red bar – variable + fixed costs) comparison between these crops. In summary, the graph shows that summer grain cultivation in the eastern parts of the country is largely profitable and that the expected higher commodity prices for the upcoming season generally support profitability. In the figure, it is noticeable that the profitability of sunflower and soybeans is better than that of maize. Although sunflower is planted on a small scale in the Eastern Free State, the profitability picture looks relatively good. The profitability situation for oilseeds is therefore better than that of maize.

Irrigation

When the cost per hectare between dryland and irrigation cultivation is compared, there is a significant difference. The difference in variable costs is mainly due to the higher plant density under irrigation resulting in an increase in both seed and fertiliser costs.

Except for the increases in input costs, an irrigation producer is suffering under the constant increase in the cost of, for example, electricity, water and pivot maintenance –to name just a few. **Table 10** (on page 101) shows the estimated production costs for irrigation crops for the Northern Cape and Limpopo for the 2022/2023 production season. According to calculations, the variable costs to produce maize under irrigation in the Northern Cape for a yield target of 14 t/ha is a shocking R43 820/ha, while it is R35 770 for a yield target of 12 t/ha in Limpopo.

If the Safex price as well as the estimated budgeted input costs (only variable costs) realises, it seems as though an irrigation producer would be able to cover his variable costs. According to these figures, producers will be able to cover their variable costs for maize, but the picture looks quite different if the fixed cost component is considered. Given the fixed costs, maize production under irrigation is particularly challenging and must achieve above-average yields.



Disclaimer: The information in these budgets has been obtained from various sources, and Grain SA does not guarantee the accuracy and/or completeness and accepts no liability for this. Any prices or levels contained in these budgets are preliminary and indicative only and do not represent bids or offers. These indications are provided solely for your information and consideration.

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GENERAL *information*

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Grain South Africa is incorporated in South Africa and is an organisation that functions to promote the interests of grain producers within South Africa.
Executive	DJM Mathews (Chairperson) Dr. PR Taljaard (Chief Executive Officer) Assisted and on behalf of the executive members as listed on page 107.
Audit committee	WA Hanekom (Chairperson – independent) JA du Plessis SF Haasbroek RP Krige DJM Mathews TF van Rooyen
Registered office	Alenti Office Park – Block C 457 Witherite Road The Willows Pretoria 0041
Business address	Alenti Office Park – Block C 457 Witherite Road The Willows Pretoria 0041
Bankers	First National Bank Limited
Auditors	PricewaterhouseCoopers Inc. Registered Auditors
Level of assurance	The financial statements have been audited in terms of the Constitution.
Issued	7 March 2023



EXECUTIVE'S *responsibilities* AND APPROVAL

The Executive is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the organisation as at the end of the financial year and the results of its operations and cash flow for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Executive acknowledges that they are ultimately responsible for the system of internal control established by the organisation and places considerable importance on maintaining a strong control environment. To enable the Executive to meet these responsibilities, they set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.





The Executive is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal control can provide only reasonable and not absolute assurance against material misstatement or loss.

The Executive is also responsible for the control over and the security of the organisation's website and, where applicable, for establishing and controlling the process for electronically distributing annual reports and other financial information to the organisation's members.

The Executive has reviewed the organisation's cash flow forecast for the year to 30 September 2023 and, in the light of this review and the current financial position, they are satisfied that the organisation has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the organisation's annual financial statements. The annual financial statements have been audited by the organisation's external auditors and their report is presented on pages 110 to 112.

The external auditors were given unrestricted access to all financial records and related data, including minutes of all meetings of the Executive. The Executive believes that all representations made to the external auditors during their audit are valid and appropriate.

The annual financial statements as set out on pages 113 to 130 and the additional schedules as set out on pages 131 to 133, which have been prepared on the going-concern basis, were approved by the Executive Committee on 7 March 2023 and were signed on its behalf by:

DR. PIETER TALJAARD
Chief Executive Officer

DEREK MATHEWS
Chairperson





Composition OF THE EXECUTIVE

DJM MATHEWS (CHAIRPERSON)
 JM MATHEBULA (VICE-CHAIRPERSON)
 RP KRIGE (VICE-CHAIRPERSON)
 GJ BERGH
 JJ BREYTENBACH
 GL BRUWER
 CJ CLAASSEN
 PH CORVER
 JD DE KOCK
 EE DU PLESSIS
 JA DU PLESSIS
 WJ GROOTHOF
 MJ GROENEWALD
 A GROESBEEK
 SF HAASBROEK
 WW HATTINGH
 AF KIRSTEN
 RJ KÜSEL
 MA LETUKA
 WJ MARAIS
 AS MARS
 JDM MINNAAR
 RE MONAISA
 RE PHOLO
 RB PRETORIUS
 DJ REICHEL
 GL ROOS
 DJH ROSSOUW
 MT SIBIYA
 PM STUURMAN
 JC SWANEPOEL
 RR SWART
 TF VAN ROOYEN
 PW VAN ZYL
 PH ZIETSMAN

End of term

M Bothma (2022/02/28)
 I Mothlabane (2022/02/28)
 JG Pretorius (2022/02/28)
 K Schoeman (2022/02/28)

Vacant regions

Region 1
 Region 5





EXECUTIVE'S *report*

The Executive has the pleasure in submitting their report on the financial statements of Grain South Africa for the year ended 30 September 2022.

1. Nature of business

MAIN BUSINESS AND OPERATIONS

Grain South Africa is incorporated in South Africa and is an organisation that functions to promote the interests of grain producers within South Africa. The organisation operates in South Africa.

There have been no material changes to the nature of the organisation's business from the prior year.

CONTACT INFORMATION

Business address

Block C – Alenti Office Park
457 Witherite Road
The Willows
Pretoria
0041

Postal address

PO Box 74087
Lynnwood Ridge
Pretoria
0040

2. Review of financial results and activities

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The accounting policies have been applied consistently compared to the prior year.

The operating results and state of affairs of the organisation are fully set out in the financial statements and do not in our opinion require any further comment.





3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Cash flow forecasts are prepared and monitored on a continuous basis. The Executive is satisfied that the organisation has a sound financial position and that it has access to sufficient resources to continue trading in the foreseeable future and accordingly the financial statements have been prepared on a going concern basis.

The Executive is not aware of any new material changes that may adversely affect the organisation. The Executive is also not aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation that may affect the organisation.

4. Events after reporting date

A new private company is in the process of being registered which will be wholly owned by Grain South Africa. Grain South Africa's commercial activities will operate in this new private company. Resources will be moved to the new entity. The restructuring of the group will not have an adverse impact on the remaining resources of Grain South Africa nor limit our going concern basis in any way.

The Executive is not aware of any material event which occurred after the reporting date and up to the date of this report that would have a material impact on these financial statements.

5. Interest in subsidiary

NAME OF SUBSIDIARY	% INTEREST HELD
Nampo Commercial (Pty) Ltd	100%
Nampo Commercial (Pty) Ltd is a dormant company.	





INDEPENDENT AUDITORS' *report*

TO THE MEMBERS OF GRAIN SOUTH AFRICA

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Grain South Africa (the Organisation) as at 30 September 2022, and its separate financial performance and its separate cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

WHAT WE HAVE AUDITED

Grain South Africa's separate financial statements set out on pages 113 to 130 comprise:

- ▶ the separate statement of financial position as at 30 September 2022;
- ▶ the separate statement of comprehensive income for the year then ended;
- ▶ the separate statement of changes in equity for the year then ended;
- ▶ the separate statements of cash flows for the year then ended; and
- ▶ the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Organisation in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).





Other information

The Executive is responsible for the other information. The other information comprises the information included in the document titled “Grain SA Annual Report 2022” and “Grain SA Group of Entities Consolidated and Separate Annual Financial Statements for the year ended 30 September 2022”. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive for the separate financial statements

The Executive is responsible for the preparation and fair presentation of the separate financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and for such internal control as the Executive determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Executive is responsible for assessing the Organisation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive.
- ▶ Conclude on the appropriateness of the Executive's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pricewaterhouse Coopers Inc.

PRICEWATERHOUSECOOPERS INC.

Director: H.B. Eksteen
Registered Auditor
Johannesburg, South Africa
7 March 2023





STATEMENT OF *financial* POSITION

AT 30 SEPTEMBER 2022

2022 **2021**

	NOTES	R	R
Assets			
Non-current assets			
Property, plant and equipment	3	26 209 628	28 109 793
Intangible assets	4	426 657	468 631
Investment in subsidiary	5	-	-
Trust funds	6	-	-
Other financial assets	7	20 526 577	22 255 726
		47 162 862	50 834 150
Current assets			
Inventories	8	316 690	136 218
Trade and other receivables	9	9 792 042	6 027 093
Cash and cash equivalents	10	23 699 602	22 028 350
		33 808 334	28 191 661
Total assets		80 971 196	79 025 811
Equity and liabilities			
Equity			
Reserves		8 872 317	8 872 317
Retained surplus		40 600 231	33 439 994
		49 472 548	42 312 311
Current liabilities			
Trade and other payables	12	31 498 648	36 713 500
Total equity and liabilities		80 971 196	79 025 811

The accounting policies on pages 116 to 120 and the notes on pages 121 to 130 form an integral part of the financial statements.



STATEMENT OF *comprehensive* INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2022 **2021**

	NOTES	R	R
Revenue	13	31 988 994	33 114 460
Other income	14	59 420 651	14 923 480
Operating costs	15	(85 182 971)	(57 924 783)
Operating surplus/(deficit)		6 226 674	(9 886 843)
Investment income	16	1 100 247	1 254 077
Finance costs	18	(2)	-
Fair value adjustments	17	(166 682)	3 168 075
Surplus/(deficit) for the year		7 160 237	(5 464 691)
Other comprehensive surplus			
Other comprehensive surplus		-	-
Total comprehensive surplus/(deficit) for the year		7 160 237	(5 464 691)

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STATEMENT OF *changes* IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	RESERVES*	RETAINED SURPLUS	TOTAL
	R	R	R
Balance at 1 October 2020	9 000 000	38 904 685	47 904 685
Total comprehensive deficit for the year			
Deficit for the year	-	(5 464 691)	(5 464 691)
Total comprehensive deficit for the year	-	(5 464 691)	(5 464 691)
Surplus from the Levy Fund utilised	(127 683)	-	(127 683)
Balance at 30 September 2021	8 872 317	33 439 994	42 312 311
Balance at 1 October 2021	8 872 317	33 439 994	42 312 311
Total comprehensive surplus for the year			
Surplus for the year	-	7 160 237	7 160 237
Total comprehensive surplus for the year	-	7 160 237	7 160 237
Balance at 30 September 2022	8 872 317	40 600 231	49 472 548

* Included in reserves is R3 000 000 which was ring-fenced and approved by Congress in 2018. R127 683 of this reserve was utilised in 2021 in line with Congress approval. The remaining balance is R2 872 317.

The accounting policies on pages 116 to 120 and the notes on pages 121 to 130 form an integral part of the financial statements.



STATEMENT *of* CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

2022 **2021**

	NOTES	R	R
Cash flows from operating activities			
Cash receipts from customers		31 988 994	33 114 460
Cash payments to suppliers and employees		(32 480 373)	(42 493 405)
Cash (used in) generated from operations	20	(491 379)	(9 378 945)
Interest received	16	618 273	806 430
Interest paid	18	(2)	-
Net cash flows from/(used in) operating activities		126 892	(8 572 515)
Cash flows from/(used in) investing activities			
Property, plant and equipment acquired	3	(599 491)	(496 379)
Intangible assets acquired	4	(409 925)	(263 534)
Proceeds on disposals of property, plant and equipment		509 335	13 426
Proceeds from other financial assets		315 292	235 201
Investment in other financial assets		1 729 149	(862 338)
Net cash flows from/(used in) investing activities		1 544 360	(1 373 624)
Cash flows used in financing activities			
Proceeds from reserve		-	(127 684)
Net cash flows used in financing activities		-	(127 684)
Net increase/(decrease) in cash and cash equivalents		1 671 252	(10 073 823)
Cash and cash equivalents at beginning of the year		22 028 350	32 102 173
Cash and cash equivalents at end of the year	10	23 699 602	22 028 350

The accounting policies on pages 116 to 120 and the notes on pages 121 to 130 form an integral part of the financial statements.





Accounting POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. General information

Grain South Africa is a non-profit organisation incorporated in South Africa.

Grain South Africa is an organisation that functions to promote the interests of grain producers within South Africa. The registered office is Block C, Alenti Office Park, 457 Witherite Road, The Willows, Pretoria.

2. Basis of preparation and summary of significant accounting policies

These annual financial statements have been prepared on a going concern basis in accordance and in compliance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless stated otherwise.

These financial statements have been prepared under the historical cost convention except for other financial assets measured at fair value and are presented in South African Rands.

2.1 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying accounting policies

Management did not make critical judgments in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Undue cost or effort

The Executive believes that due to the fact that there are no significant stakeholders in the organisation whom the fair value of the investment property will benefit, the obtaining annual valuations for each property, would result in excessive costs (through valuer's fees) in comparison to the benefits that the users of these financials would receive from having the information.

The Executive has therefore applied the undue cost or effort exemption in respect of the organisation's investment properties. As a result, investment property has been transferred to property, plant and equipment and is accounted for in terms of the relevant accounting policy set out in note 2.5.

2.2 INVESTMENT IN SUBSIDIARY

An investment in a subsidiary is accounted for at cost less accumulated impairment losses.

The consolidated financial statements incorporate the financial statements of the organisation and its wholly owned subsidiary. All intragroup transactions, balances, income and expenses are eliminated.

2.3 INCOME

Income is defined as management fees, rental income and members' contributions.

Other income consists of sponsorships, commercial income, other sundry income and cost recovery.



Basis of preparation and summary of significant accounting policies (continued)

Income is calculated at the fair value of the consideration received or receivable and represents the receivables for services provided in the normal course of business, after deduction of value-added tax.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, income shall be recognised only to the extent of the expenses recognised that are recoverable.

Members' contributions are voluntary and are accountable when the funds are received.

Rental income is calculated on an accrual basis in accordance with the essence of the applicable agreements recognised. Rental income is recognised on a straight-line basis over the rental period, even if payments are not made on a straightforward basis, or where payments are structured to increase in line with inflation.

Interest is recognised in profit or loss using the effective interest rate method.

Dividends are recognised in profit or loss when the organisation's right to receive payment has been established, and are shown as other income.

2.4 INVESTMENT PROPERTY

Investment property is land and buildings held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business.

Investment property is initially measured at cost and subsequently at fair value, with changes in fair value recognised in profit or loss. If the fair value of investment property cannot be measured reliably without undue cost or effort, then it is measured at cost less accumulated depreciation and accumulated impairment.

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the organisation holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will follow to the organisation, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes cost incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment when such dismantling, removal and restoration is obligatory.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the organisation and the cost can be measured reliably. Day-to-day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land, which is stated at cost less any accumulated impairment losses.





Basis of preparation and summary of significant accounting policies (continued)

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the organisation.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	AVERAGE USEFUL LIFE	DEPRECIATION METHOD
Land and buildings	0 - 10%	Straight line
Plant and equipment	20%	Straight line
Motor vehicles	20%	Straight line
Furniture and fittings	20%	Straight line
Catering and other equipment	20%	Straight line
Office equipment	20%	Straight line
IT equipment	20%	Straight line

When indicators are present that the useful life and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposable proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

2.6 INTANGIBLE ASSETS

Intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives as follows:

ITEM	AVERAGE USEFUL LIFE	DEPRECIATION METHOD
Computer software	33%	Straight line

2.7 FINANCIAL INSTRUMENTS

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction, in which case it is measured at the present value of the future payments, discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include trust funds, cash and cash equivalents, trade and other receivables and trade and other payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.



Basis of preparation and summary of significant accounting policies (continued)

At each reporting date the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably without undue cost or effort are measured at fair value through profit and loss.

Financial assets are derecognised when the rights to receive cash flow from the investments have expired or have been transferred and the organisation has transferred substantially all risks and rewards of ownership.

2.8 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:

- ▶ another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is on that basis, or
- ▶ the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- ▶ another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- ▶ the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

2.9 INVENTORIES

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

2.10 TRADE AND OTHER RECEIVABLES

Trade receivables are measured at initial recognition at fair value and subsequently calculated at amortised cost using the effective interest rate method. Appropriate provisions for estimated irrecoverable amounts are recognised in profit or loss when there is objective proof that the assets are irrecoverable. Significant financial problems of the debtor, the likelihood that the debtor will be declared bankrupt or undergo financial restructuring and default or arrears of payments are considered as indicators that trade debtors are subject to impairment. The recognised provisions are calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flow, discounted at the effective interest rate method with initial recognition.

The carrying amount of the asset is reduced by the use of a provisioning account and the amount of the asset loss is recognised in profit or loss in operating expenses. Where a trade debtor is irrecoverable, it becomes written off against the provisioning account for trade debtors. Amounts previously written off and thereafter received are recognised as other income.



Basis of preparation and summary of significant accounting policies (continued)

2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as a current liability on the statement of financial position.

2.12 TRUST FUNDS

Trust funds consist of trust funds invested and the corresponding trust creditors for the utilisation of funds for specific projects as approved by Congress.

2.13 IMPAIRMENT OF NON-FINANCIAL ASSETS

The organisation assesses at every reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently gets reversed, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

2.14 EMPLOYEE BENEFIT OBLIGATIONS

2.14.1 Short-term employee benefits

The cost of short-term employee benefits (those payable within twelve months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

2.14.2 Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

2.15 TRADE PAYABLES

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

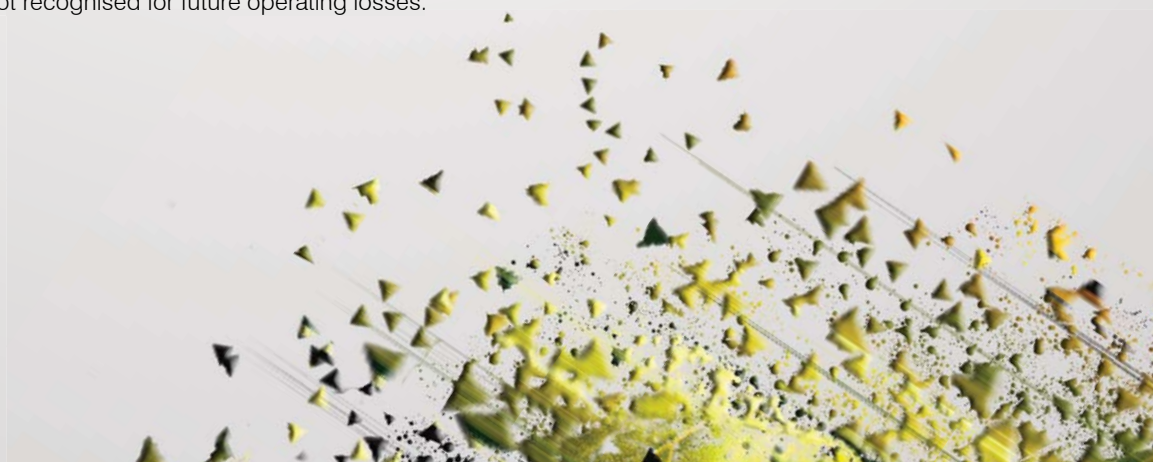
2.16 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- ▶ the organisation has an obligation at the reporting date as a result of a past event;
- ▶ it is probable that the organisation will be required to transfer economic benefits in settlement; and
- ▶ the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.





Notes TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

3. Property, plant and equipment

2022

2021

	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
Owned assets						
Land and buildings	53 335 696	(28 439 344)	24 896 352	53 068 166	(26 942 075)	26 126 091
Plant and equipment	3 375 494	(3 098 263)	277 231	3 602 709	(3 078 017)	524 692
Motor vehicles	189 909	(171 142)	18 767	740 565	(711 798)	28 767
Furniture and fittings	2 661 309	(2 264 588)	396 721	2 887 273	(2 220 797)	666 476
Catering and other equipment	539 316	(459 113)	80 203	536 101	(417 061)	119 040
Office equipment	399 342	(357 283)	42 059	401 656	(305 884)	95 772
IT equipment	3 363 670	(2 865 375)	498 295	3 471 789	(2 922 834)	548 955
	63 864 736	(37 655 108)	26 209 628	64 708 259	(36 598 466)	28 109 793

The carrying amounts of property, plant and equipment can be reconciled as follows:

2022

	CARRYING VALUE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS	DEPRECIATION	CARRYING VALUE AT END OF YEAR
Owned assets					
Land and buildings	26 126 091	267 530	-	(1 497 269)	24 896 352
Plant and equipment	524 692	-	(1)	(247 460)	277 231
Motor vehicles	28 767	-	-	(10 000)	18 767
Furniture and fittings	666 476	3 912	(24 690)	(248 977)	396 721
Catering and other equipment	119 040	3 215	-	(42 052)	80 203
Office equipment	95 772	-	-	(53 713)	42 059
IT equipment	548 955	324 834	(98 742)	(276 752)	498 295
	28 109 793	599 491	(123 433)	(2 376 223)	26 209 628



3. Property, plant and equipment (continued)

2021

	CARRYING VALUE AT BEGINNING OF YEAR	ADDITIONS	DISPOSALS	DEPRECIATION	CARRYING VALUE AT END OF YEAR
Owned assets					
Land and buildings	27 400 838	264 209	-	(1 538 956)	26 126 091
Plant and equipment	824 516	-	-	(299 824)	524 692
Motor vehicles	38 767	-	-	(10 000)	28 767
Furniture and fittings	885 830	45 972	(15 914)	(249 412)	666 476
Catering and other equipment	178 397	-	(200)	(59 157)	119 040
Office equipment	155 429	-	(3 554)	(56 103)	95 772
IT equipment	699 011	186 198	-	(336 254)	548 955
	30 182 788	496 379	(19 668)	(2 549 706)	28 109 793

Land and buildings consists of the following:

1. Remainder of the farm Marthaville 911, Bothaville district, Free State Province;
2. Section 6 (2) of the farm Rietfontein Hart 512, Bothaville district, Free State Province;
3. Remainder of Portion 2 of the farm Rietfontein Hart 512, Bothaville district, Free State Province;
4. The farm Nampo 1203, Bothaville district, Free State Province;
5. Remainder of the farm Doornpan South 858, Bothaville district, Free State Province;
6. Section 3 of the farm Eden 327, Bothaville district, Free State Province; and
7. Unit no. 10, 11, 12 and 13 on Sectional Plan no. SS096/2012 in the scheme known as SS Alenti Office Park, City of Tshwane Metropolitan Municipality, held under Deed of Transfer ST12932/2012.

4. Intangible assets

2022

2021

	COST	ACCUMULATED AMORTISATION	CARRYING VALUE	COST	ACCUMULATED AMORTISATION	CARRYING VALUE
Computer software	2 205 090	(1 778 433)	426 657	1 795 165	(1 326 534)	468 631

The carrying amounts of intangible assets can be reconciled as follows:

2022

	CARRYING VALUE AT BEGINNING OF YEAR	ADDITIONS	AMORTISATION	DISPOSALS	CARRYING VALUE AT END OF YEAR
Computer software	468 631	409 925	(451 899)	-	426 657



4. Intangible assets (continued)

2021

	CARRYING VALUE AT BEGINNING OF YEAR	ADDITIONS	AMORTISATION	DISPOSALS	CARRYING VALUE AT END OF YEAR
Computer software	630 281	263 534	-	(425 184)	468 631

2022

2021

	R	R
5. Investment in subsidiary		
Nampo Commercial (Pty) Ltd	2	2
Impairment of investment in subsidiary	(2)	(2)
	-	-

Nampo Commercial (Pty) Ltd is a dormant entity.





2022

2021

6. Trust funds

Levy Fund

Trust funds	22 529 981	26 194 849
Trust payable	(22 529 981)	(26 194 849)

-

Recapitalisation project (RECAP)

Trust funds	-	1 161 855
Trust payable	-	(1 161 855)

-

Beyond Abundance

Trust funds	-	18 287 231
Trust payable	-	(18 287 231)

-

REID

Trust funds	-	1 948
Trust payable	-	(1 948)

-

Eastern Cape Mechanisation

Trust funds	-	264 800
Trust payable	-	(264 800)

-

AB Inbev

Trust funds	-	13 902 001
Trust payable	-	(13 902 001)

-

SACTA

Trust funds	-	117 839
Trust payable	-	(117 839)

-

Standard Bank project

Trust funds	-	1 607 906
Trust payable	-	(1 607 906)

-

Maize Trust Farmer Development

Trust funds	-	255 903
Trust payable	-	(255 903)

-

OPDT Farmer Development

Trust funds	-	2 851
Trust payable	-	(2 851)

-

All trust funds except for the Levy Fund form part of farmer development activities and were transferred to Phahama Grain Phakama NPC.



2022 **2021**

7. Other financial assets

At fair value

Sanlam Investment portfolio – Grain South Africa	20 286 112	14 591 147
Sanlam Investment portfolio – Farmer Development	-	7 456 177
Agri-bel Limited 32 062 shares @ R6,50 (2021: 32 062 @ R6)	240 465	208 403
	20 526 577	22 255 727

The fair value of the investments is based on the quoted market price.

The Farmer Development Sanlam Investment portfolio was transferred to Phahama Grain Phakama NPC.

8. Inventories

Beverages	316 690	136 218
	316 690	136 218

9. Trade and other receivables

Trade receivables net of provision for bad debts	8 793 234	5 369 422
Prepaid expenses	757 756	452 916
Deposits	180 735	204 755
Value Added Taxation	60 317	-
	9 792 042	6 027 093

The provision for bad debts amounts to R- (2021: R-).

10. Cash and cash equivalents

Cash on hand	9 862	5 870
Bank balances	3 209 297	4 342 111
Bank balance: Money market	13 739 933	12 025 882
Bank balance: Research projects	6 740 510	5 654 487
	23 699 602	22 028 350

11. Commitments under operating leases

The organisation rents several sales offices under operating leases. The leases are renewed annually.

12. Trade and other payables

Trade payables	15 268 362	2 473 439
Value Added Taxation	-	31 396
Income received in advance	12 732 336	30 828 666
Accrued employee cost	2 979 339	3 199 999
Accrued expenses	518 610	180 000
	31 498 647	36 713 500

**2022****2021****13. Income**

	R	R
Management fees	4 086 289	3 417 617
Members' contribution	26 578 637	28 435 826
Rental income	1 324 068	1 261 017
	31 988 994	33 114 460

14. Other income

Commercial income	49 628 431	10 659 634
Cost recovery	2 400 504	867 210
Profit on foreign exchange	13 078	15 757
Profit on sale of fixed assets	385 902	-
Sponsorships	6 068 976	2 562 684
Sundry income	923 760	818 195
	59 420 651	14 923 480

15. Expenses by nature

Operating surplus is arrived at after taking into account the following items:

Income

Profit on disposal of property, plant and equipment	385 902	-
Exchange rate profits on foreign exchange	13 078	15 757
	398 980	15 757

Expenditure

Loss on disposal of property, plant and equipment	-	6 242
	-	6 242

Auditors' remuneration	336 819	314 784
Commercial expenses	25 568 277	11 032 624
Computer expenses	2 432 017	1 727 397
Depreciation/amortisation	2 828 122	2 974 890
Donation to Phahama Grain Phakama NPC	7 141 356	-
Electricity	235 753	218 826
Employee cost	27 270 476	27 705 552
Functions and entertainment	2 843 671	1 379 186
Insurance	596 043	496 049
Levies: office park	718 874	657 593
Marketing and sponsorships	4 207 231	3 008 490
Meeting costs	3 435 967	2 267 402
Membership and affiliation	1 242 358	1 300 810
Professional services	1 224 557	2 009 637
Repairs and maintenance	2 295 761	1 123 775
Training	559 668	222 316
Travel costs and accommodation	486 690	125 401
Other operating expenses	1 926 015	1 360 050
	85 349 655	57 924 782



2022

2021

16. Investment income

Interest income

Interest received: Bank

Interest received: Other financial assets

Dividend income

Dividends received

17. Fair value adjustments

Other financial assets

18. Finance costs

Interest paid – other payables

19. Income tax expense

The organisation is exempt in terms of section 30B of the Income Tax Act and as such all its income is exempt from income tax in terms of section 10(1)(d)(iv)(bb) of the Act.

20. Cash flows from operating activities

Surplus/(deficit) for the year

Adjustments for:

Finance costs

Bad debts

Depreciation/amortisation

Investment income

(Profit)/loss on disposal of property, plant and equipment

Fair value adjustments

Operating cash flow before working capital changes*Working capital changes*

(Increase)/decrease in inventories

Increase in trade and other receivables

Decrease in trade and other payables

Net cash flows used in operations

R	R
618 273	806 430
276 322	233 955
894 595	1 040 385
205 652	213 692
205 652	213 692
1 100 247	1 254 077
(166 682)	3 168 075
(166 682)	3 168 075
2	869
2	869



21. Related parties

RELATIONSHIP

Subsidiary	Nampo Commercial (Pty) Ltd
Entities overseen by key management	Commercial Producers Trust Phahama Grain Phakama NPC
Key management	Grain South Africa Management: PR Taljaard C Herbst CJ Louw S Ngcamphalala DB Strydom C Usher NJ Vermaak The Executive as set out in the Executive's report.

Related party balances and transactions:

	2022	2021
	R	R
RELATED PARTY BALANCES		
Amounts included in trade receivables/(trade payables) regarding related parties		
Phahama Grain Phakama NPC	-	29 096
Nampo Commercial (Pty) Ltd	(2)	(2)
RELATED PARTY TRANSACTIONS		
Income: The Kommersiële Wintergraan Produsente Trust		
Management fees	-	11 326
Research projects	-	65 000
Income: Commercial Producers Trust		
Management fees	183 011	137 403
Research projects	1 923 474	1 711 449
Management remuneration		
Executive Management	2 559 561	1 512 762
Grain South Africa Management	9 907 731	11 164 357



22. Events after the reporting period

A new private company is in the process of being registered which will be wholly owned by Grain South Africa. Grain South Africa's commercial activities will operate in this new private company. Resources will be moved to the new entity. The restructuring of the group will not have an adverse impact on the remaining resources within Grain South Africa nor limit our going concern basis in any way.

The Executive is not aware of any material event which occurred after the reporting date and up to the date of this report that would have a material impact on these financial statements.

23. Post-employment benefit

The permanent employees belong to the pension fund, which is a fixed-contribution plan and is subject to the Pension Funds Act.

24. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Cash flow forecasts are prepared and monitored on a continuous basis. The Executive is satisfied that the organisation has a sound financial position and that it has access to sufficient resources to continue trading in the foreseeable future, and accordingly the financial statements have been prepared on a going concern basis.

The Executive is not aware of any new material changes that may adversely affect the organisation. The Executive is also not aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation that may affect the organisation.





25. Financial instruments by category

2022

	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	EQUITY AND NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
ASSETS					
Non-current assets					
Property, plant and equipment	-	-	-	26 636 285	26 636 285
Other financial assets	20 526 577	-	-	-	20 526 577
Current assets					
Inventories	-	-	-	316 690	316 690
Trade and other receivables	-	8 793 234	-	998 808	9 792 042
Cash and cash equivalents	-	23 699 602	-	-	23 699 602
Total assets	20 526 577	32 492 836	-	27 951 783	80 971 196
EQUITY AND LIABILITIES					
Equity					
Reserves	-	-	-	8,872,317	8,872,317
Retained surplus	-	-	-	40,600,231	40,600,231
Liabilities					
Current liabilities					
Trade and other payables	-	-	28 000 698	3,497,950	31,498,648
Total Equity and Liabilities	-	-	28 000,698	52,970,498	80,971,196

2021

	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	EQUITY AND NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
ASSETS					
Non-current assets					
Property, plant and equipment	-	-	-	28 578 424	28 578 424
Other financial assets	22 255 726	-	-	-	22 255 726
Current assets					
Inventories	-	-	-	136 218	136 218
Trade and other receivables	-	5 369 422	-	657 671	6 027 093
Cash and cash equivalents	-	22 028 350	-	-	22 028 350
Total assets	22 255 726	27 397 772	-	29 372 313	79 025 811
EQUITY AND LIABILITIES					
Equity					
Reserves	-	-	-	8 872 316	8,872,316
Retained surplus	-	-	-	33 439 985	33,439,985
Liabilities					
Current liabilities					
Trade and other payables	-	-	33 302 114	3 411 396	36 713 510
Total Equity and Liabilities	-	-	33 302 114	45 723 697	79 025 811



Detailed INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022	2021
	R	R
Income		
Management fees	4 086 289	3 417 617
Members contribution	26 578 637	28 435 826
Rental income	1 324 068	1 261 017
	31 988 994	33 114 460
Other Income		
Commercial income	49 628 431	10 659 634
Cost recovery	2 400 504	867 210
Dividends received	205 652	213 692
Fair value adjustment	-	3 168 075
Investment income	894 595	1 040 385
Net Levy Fund income (supplementary information 2)	-	-
Net projects income (supplementary information 3)	-	-
Profit on foreign exchange	13 078	15 757
Profit on sale of fixed assets	385 902	-
Sponsorships	6 068 976	2 562 684
Sundry income	923 760	818 195
	60 520 898	19 345 632
Total income	92 509 892	52 460 092
Expenditure (refer to page 132)	85 349 655	57 924 783
Surplus/(deficit) for the year	7 160 237	(5 464 691)

The supplementary information presented does not form part of the annual financial statements and is unaudited.



Detailed income statement (continued)

132

	2022	2021
	R	R
Expenditure		
Auditors' remuneration	336 819	314 784
Bank charges	132 842	74 285
Cleaning	171 209	54 440
Clothing	141 000	138 653
Commercial expenses	25 568 277	11 032 624
Computer expenses	2 432 017	1 727 397
Depreciation/amortisation	2 828 122	2 974 890
Donations	7 141 356	-
Electricity	235 753	218 826
Employee costs	27 270 476	27 705 552
Finance costs	2	-
Foreign exchange loss	2 517	4 253
Fuel	121 115	26 735
Functions and entertainment	2 843 671	1 379 186
General expenses	215 119	82 094
Insurance	596 043	496 049
Investment fee	169 175	204 122
Levies: office park	718 874	657 593
Loss on sale of fixed assets	-	6 242
Market information	93 285	87 800
Marketing and sponsorships	4 207 231	3 008 490
Meeting costs	3 435 967	2 267 402
Membership and affiliation	1 242 358	1 300 810
Printing and stationery	252 324	201 383
Professional services	1 224 557	2 009 637
Refreshments	80 352	68 798
Repairs and maintenance	2 295 761	1 123 775
Security	10 516	10 496
Service agreements	183 733	175 199
Share of loss in investments accounted for using the equity method	166 682	-
Telephone and fax	186 144	225 551
Training	559 668	222 316
Travel costs and accommodation	486 690	125 401
	85 349 655	57 924 783

The supplementary information presented does not form part of the annual financial statements and is unaudited.



SCHEDULES

FOR THE YEAR ENDED 30 SEPTEMBER 2022

	2022	2021
	R	R
1. Levy Fund		
Balance at the beginning of the year	26 194 849	27 011 114
Received from prior year	5 963 910	3 369 088
Receipts/(payments) for the year:		
Levies received	25 397 890	22 941 918
Interest received: FNB	156 544	427 072
Return on investment: Sanlam	995 181	2 425 864
Membership fees	(2 719 000)	(2 731 000)
Membership fees less than R1 000	(724 285)	(673 597)
Industry services	(8 598 545)	(8 484 158)
Farmer development	(551 250)	(525 000)
Member benefits	(567 420)	-
Legal aid	(289 948)	(88 984)
Branch funding	(570 718)	(479 772)
Marketing	(2 076 619)	(858 396)
Grain South Africa management fee	(2 192 219)	(2 409 909)
Levy Fund surplus and special levy to Grain South Africa	(11 322 050)	(7 765 481)
Amount payable to Levy Fund at year-end	(6 566 340)	(5 963 910)
	22 529 981	26 194 849
Levy Fund balance invested at		
FNB	6 982 943	10 895 605
Sanlam	15 547 038	15 299 244
	22 529 981	26 194 849
2. Levy Fund income (other income)		
Income	1 151 725	2 852 936
Expenses	(1 151 725)	(2 852 936)
	-	-
3. Projects		
Income	16 893 282	35 354 882
Expenses	(16 893 282)	(35 354 882)
	-	-

The supplementary information presented does not form part of the annual financial statements and is unaudited.

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