

BIENNIAL
REPORT



2020
2022

2020-2022 BIENNIAL REPORT

Agricultural Business Chamber (Agbiz)

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Strategy

Agbiz and its members cooperate positively, dynamically, creatively and with integrity
to foster conditions that will allow the sector to grow inclusively.

Strategic intent

The strategic intent of Agbiz is to enable businesses in the South African agricultural value chains to operate competitively and sustainably in the domestic environment, and on a global basis.

Mission

Agbiz negotiates for and facilitates a favourable business environment in order to enable its members to perform competitively and sustainably.

Agbiz culture and values

Agbiz is a voluntary, dynamic and influential association of businesses operating in agricultural value chains in South Africa. Its members:

- are market-oriented agribusinesses or associations integrated in agricultural value chains;
- have sophisticated governance structures that ensure good corporate governance;
- include the following businesses and associations that finance agribusiness in South Africa: development finance institutions, short-term and crop insurance companies, input providers, off-takers, agro-processors, storage and logistic companies, commodity traders, professional advisory services, commodity organisations and co-operatives providing a range of services and products to producers and various other businesses and associations in agricultural value chains in the country.

The culture of Agbiz is to subscribe to the values of ethical business, accountability, leadership, trust, competence, quality service and excellent communication.

Core strategic objectives

1

Core objective 1:

To influence the regulatory environment where it affects agribusiness activities, through ongoing and professional interaction with all relevant institutions.

2

Core objective 2:

To position agribusinesses and Agbiz as key stakeholders within local communities in the South African economies and even further abroad.

3

Core objective 3:

To improve the commercial and developing agribusiness environment through liaison and cooperation with influential groups within the business environment, both locally and globally.

4

Core objective 4:

To promote inclusive growth and participation in agricultural value chains.

5

Core objective 5:

To create unique, relevant and accessible agribusiness intelligence to support Agbiz programmes.

What is agribusiness? (UNIDO, 2011)

Agribusiness is a broad concept that covers input suppliers, agro-processors, traders, exporters and retailers. Agribusiness provides inputs to farmers and connects them to consumers through the financing, handling, processing, storage, transportation, marketing and distribution of agro-industry products. These activities fall into four main groups:

1

Agricultural input industry for increasing agricultural productivity, such as agricultural machinery, equipment, and tools; fertilisers, pesticides, and insecticides; irrigation systems and related equipment.

2

Agro-industry: Food and beverages; tobacco products; leather and leather products; textiles, footwear and garments; timber and timber products; rubber products; as well as construction industry products based on agricultural materials.

3

Equipment for processing agricultural raw materials, including machinery, tools, storage facilities, cooling technology and spare parts.

4

Various service, financing, marketing and distribution firms, including storage, transport, ICTs, packaging materials and design for better marketing and distribution.

Foreword

by the Chairman



Mr Francois Strydom
Agbiz Chairman

The period in global and domestic agriculture that followed the last Agbiz members' meeting and the biennial report of 2021 can best be described as a varied one. In the earlier months, there was optimism because the world was seen to be recovering from the shocks inflicted by the Covid-19 pandemic and economies were starting to open up further. But towards the end of 2021, the outbreak of the Omicron variant brought renewed fear and disruption to the global economy. Fortunately, the Omicron variant appeared to be less harmful and countries' economies continued to open up from the beginning of 2022.

However, this optimism only lasted until the invasion of Ukraine by Russia further disrupted the global economy since February this year, on top of the pre-existing challenges of high inflation and rising interest rates. Economic prospects appear downbeat. The South African Reserve Bank, in its March 2022 monetary policy statement, forecast global growth in 2022 at 3.7% y/y (down from 4.4%), and for 2023 the forecast was down to 2.8% y/y (from 3.3%).

The agricultural sector has, however, experienced a more positive operational environment over the past two years. After a solid performance of 13,4% y/y in 2020, South Africa's agricultural sector remained on a positive growth path in 2021, registering an 8,3% y/y expansion. This is an accolade coming from a strong base as the 2020/21 agricultural season was one of the best in the history of South African agriculture, with near-record harvests of some crops.

Sentiments in the sector have therefore been broadly positive over the past year. This optimism was supported by large agricultural harvests and higher commodity prices,

specifically in the case of grains and oilseeds. Of course, some subsectors, such as horticulture, wine, livestock and poultry, have not experienced as positive a performance. Still, overall, the past two seasons have been favourable. Allied industries such as agricultural machinery, and to an extent retail, have also benefited from farmers' spending.

A change in sentiment has, however, been notable from the beginning of this year. Following a period of heightened optimism agribusiness confidence moderated from the record levels seen in 2021 but still remained optimistic. This is due to several factors, including the heavy rainfall at the beginning of the season, which caused crop damage in some areas, higher input costs, logistical challenges and the geopolitical tensions that negatively affect trade and agricultural inputs used by the agricultural and agribusiness sectors.

The current rise in interest rates comes at a tricky time for the farming sector. Input costs such as the cost of fertiliser, fuel and animal feed remain elevated and are likely to stay elevated for some time. In 2020, when major central banks, including the South African Reserve Bank, reduced interest rates to record lows in response to the economic damage caused by the pandemic, the farming sector saw significant reductions in debt servicing costs. This was a welcome development for a sector with outstanding debt of R191 billion in 2020. The rising costs of inputs and lending imply that South African agriculture and agribusiness will, in the coming months, have to focus on cost management even more than has been already been the case.

The agriculture and agribusiness sectors are facing monumental challenges. To assist this sector to remain competitive, promote food security, employment and vibrancy of the rural economy, government should focus its energies in the near term on improving the network industries and the functioning of municipalities. Interventions in these areas as well as targeted export promotion will help move our sector forward.



The issue of poor municipal service delivery, a lack of maintenance and decline in network industries such as roads, ports, water and electricity have become a central focus area for Agbiz. Through the Rural Rejuvenation Initiative, Agbiz is drawing on expertise from within the membership as well as other sectors of the economy to share best practice and experience. It is only through cooperation that agribusinesses will be able to improve their operating conditions in rural areas. We are also fostering close ties with Transnet to explore innovative ways in which the sector can assist to improve our logistic efficiencies and tailor logistic corridors to meet the sector's needs. Agriculture's role in South Africa's international trade cannot be overstated. Agriculture dominates the agenda when trade agreements are negotiated and new markets for South African products are continuously sought. Current conditions mean that agribusinesses and farmers have to divert some of their resources to activities that the state would ordinarily have undertaken.

The state therefore also has a critical role to play. Key interventions are needed to ease the pressures in agriculture by tackling the broad challenges such as roads, water, rail and electricity. Increased investment and work in these areas would also promote employment in rural towns, where economic opportunities remain limited. Indeed, a thriving agriculture and agribusiness sector, supported by improved network industry functioning and municipal delivery, would also continue to provide employment opportunities and channel some of its resources into joint-venture projects that enhance transformation in the sector.

Amid this time of unique challenges and opportunities, we must ensure that the sector's growth is inclusive. Agbiz remains a thought leader on land reform, property rights and broad-based black economic empowerment. From a policy perspective, Agbiz continues to drive initiatives that refine policy around AgriBEE, land reform, the release of government land and the creation of blended finance models for new entrant, black farmers. As a founding member of the Agricultural Development Agency (AGDA), we continue to support their good work. Most importantly, many Agbiz members are at the coalface providing support on the ground to our new entrant, black farmers.

South Africa, including its all-important agriculture and agribusiness sector,

faces a range of diverse and critical challenges on the road ahead. Agbiz's approach to both opportunities and challenges is both optimistic and realistic. We intend to remain in the midst and at the forefront of a wide variety of activities, across a wide range of disciplines, to advocate for policies, legislation, regulations and programmes that we believe are in the best interests of, firstly, South Africa, and secondly our members and the agricultural sector as a whole. The past year has also necessitated a hands-on approach to ensure that policies and public services are capable of implementation. This is a huge and possibly daunting undertaking, but at Agbiz we believe – on the basis of evidence – that our efforts and goals are realistic and objective.

Our purposeful approach has contributed greatly to Agbiz being respected and appreciated as an esteemed voice for agribusiness in particular and the economy in general. Our good standing in national platforms such as BUSA and Nedlac would not be possible without the credibility associated to Agbiz. Our members operate within a wide range of economic sectors and subsectors in the agricultural and other value chains, and we are able to speak and take action on many aspects that are not confined to the ambit of a narrow definition of agribusiness. The detailed information in our biennial report is testimony to this.

Membership

Agbiz has again experienced a steady increase in membership over the past year. We extend a warm welcome to our new members and invite you to participate fully in the activities of Agbiz. Our membership now comprises an impressive collective of prominent entities and key role players across the whole spectrum of the food, fibre and wine value chains. The diversity of our membership, which now exceeds 100 members, unified in a unitary agribusiness organisation, underscores the ability of Agbiz to speak with authority and to exercise an impressive mandate on behalf of its members.

The combined contribution of Agbiz members to the total GDP of the country is significant and impressive. As a result,

Agbiz is involved in bodies such as Nedlac, BUSA, various agricultural commodity trusts, and a whole host of other local and international bodies and forums. Sadly, a few members have resigned during the last two years. The reasons for this were followed up and we are satisfied that members that do decide to terminate their membership do so not because they believe that Agbiz does not offer them a value proposition, but rather due to unique factors that may be influencing their businesses. Many members have participated actively in the activities of Agbiz. This engagement supports the efforts of Agbiz to stay abreast of members' needs and to adjust our product offerings to them on an ongoing basis.

Appreciation

First and foremost, I wish to acknowledge our members, whom Agbiz has had the honour to serve. Not only did members regularly attend Council meetings, but they also participated in and contributed to the work that we do in many meaningful ways. Briefings and workshops were attended and valuable inputs were made on vital matters of national and sectoral importance by participating in the work of task teams and furnishing quality information and data when called upon to do so. Special mention must be made of the tremendous support given to Agbiz by the late Melcus Nel. Melcus served Agbiz and the sector with distinction on the AgriBEE Charter Council and his contribution to transformation has not gone unnoticed. Our thoughts are with the Nel family. The contributions of our members are truly appreciated.

The Steering Committee has done sterling work and supported the management of Agbiz. Individual members have often gone beyond the call of duty in representing Agbiz at meetings and their contribution is truly appreciated. Messrs Sean Walsh, Nico Groenewald, Koos Janse van Rensburg and Dr Langa Simela have gone the extra yards – I thank you for that. Likewise, my thanks go out to the members who provide guidance through the Steering Committees of our specialist desks. The contributions made to the welfare of those subsectors are likewise exemplary.

The Audit and Risk Committee functions on a low-key and behind-the-scenes basis. Yet, its role is crucial for the well-being of Agbiz and it provides reassurance and confidence to the organisation and its members by keeping a watchful eye on our financial affairs. The organisation owes the members of the Audit and Risk Committee – Messrs Stefan Oberholzer and André Uys, under the chairmanship of Mr Frans van Wyk – a debt of gratitude.

Agbiz works and interacts with various people and organisations that contribute greatly to our success. Many of these working relationships have developed over time and much of our success is in no small way due to their involvement. My gratitude and appreciation are hereby extended to them.

The staff of Agbiz, under the capable leadership of Dr John Purchase (until his retirement in December 2021), have continued to render outstanding service. They often work unobtrusively behind the scenes, but their contributions are visible in so many ways – both in this country and beyond the borders of South Africa. Agbiz would like to extend its appreciation to the men and women of this very special team. The new CEO, Theo Boshoff, has retained a high-performance team and I am looking forward to seeing him grow and thrive in his new position. I am proud of every member of our Agbiz staff team. I thank you all.

Overview

from the CEO



Dr John Purchase
Agbiz CEO
Retired: December 2021

For the period spanning the years 2020 to 2022, Agbiz has continued to operate in an extraordinarily complex and challenging environment, marked by further waves of the Covid-19 pandemic and the attempted insurrection, especially in KwaZulu-Natal and partially in Gauteng, but also by strong growth in the agricultural and agribusiness environment due to generally favourable environmental conditions. The economic, socio-political and environmental factors impacting on the sustainability of the agribusiness and agricultural environment are dynamic, profound and complex, and require a proactive and evidence-based approach to engagement and problem-solving. With this ingrained approach and culture, Agbiz has continued to make considerable progress in a number of key focus areas emanating from its core objectives.

Basing its approach on strategic and critical thinking, Agbiz has been proactive in addressing the relevant issues and challenges at hand, while Agbiz leadership and personnel have made great strides in positioning Agbiz to constructively and positively influence the South African agribusiness environment for the benefit of not only its members, but also society at large, to ensure improved investment, growth, job creation and food security.

The Steering Committee, comprising Mr Francois Strydom (Chairperson), Mr Sean Walsh (Deputy Chairperson), Dr Langa Simela (Deputy Chairperson), Mr Nico Groenewald, Mr Koos van Rensburg and Dr John Purchase (CEO), met regularly to address governance matters and strategic issues. The Steering Committee also engaged in an Agbiz strategic session in August 2021, as well as embarking on a process to appoint a successor to Dr Purchase, who retired in December 2021. The Agbiz Council similarly met regularly to provide mandates for positions on a range of policy matters and issues in the agribusiness environment, including endorsing the Agbiz Strategic Plan. The Audit and Risk Committee, under the able chairmanship of Mr Frans van Wyk, and including Mr Stefan Oberholzer and Mr André Uys as members, performed their oversight work with a high level of diligence and professionalism.

Agbiz is the only organisation that serves the **broader and common overarching business interests of agribusinesses** in South Africa.

Raison d'être

The members of Agbiz are the core reason for the existence of this voluntary association and as such the activities of Agbiz are directed at addressing the collective interests of the members and adding value to their business. To this end:

- Agbiz is the only organisation that serves the broader and common overarching business interests of agribusinesses in South Africa.
- Agbiz addresses the legislative and policy environment on the many fronts where it impacts on the agribusiness environment.
- Agbiz facilitates considerable networking opportunities so that South African agribusinesses can play an active and creative role within the local and international organised business environment.



Business affiliation and association

To achieve its challenging and varied goals, Agbiz is affiliated to Business Unity South Africa (BUSA) and is active on both the Economic Policy Committee (EconPol), including on its subcommittees for Energy, Trade and Logistics, Environment and Tax, and the Social Policy Committee (Socpol), attending primarily to labour and developmental matters. The CEO was elected to the position of Chairperson of EconPol in 2021, and also serves on the Board of BUSA.

The CEO of Agbiz is the current Convenor for Business in the Trade and Industry Chamber of Nedlac (National Economic Development and Labour Council); Agbiz also has representation in the Labour Market Chamber, the Development Chamber and the Public Finance and Monetary Policy Chamber of Nedlac. Given the emphasis the President of South Africa, Mr Cyril Ramaphosa, has placed on social dialogue at Nedlac (in part through the master plan process), Agbiz is clearly very well positioned to effectively be of service to its members in addressing the critical challenges facing South Africa, and in particular its agro-food system.

A case in point is the Companies Amendment Bill, arguably the most important piece of legislation for South Africa Incorporated, in which the CEO has played a leading role in engaging with Minister Ebrahim Patel and social partners

through the Nedlac Trade and Industry Chamber. A further issue that has demanded much attention is the Nedlac Liquor Task Team and its focus on dialogue to deal with the successive alcohol bans during the pandemic.

On the global front, Agbiz is an important member of the International Food and Agribusiness Management Association (IFAMA) and serves on the IFAMA Board. Agbiz is also closely associated with various international organisations, such as the World Bank Group, including the World Bank itself, the International Monetary Fund (IMF) and the International Finance Corporation (IFC), the Business and Industry Advisory Committee to the OECD (BIAC), the FAO, the United Nations Development Programme (UNDP), the African Union Commission's Comprehensive Africa Agriculture Development Program (AUC/CAADP), the African Center for Economic Transformation (ACET), and others. The CEO of Agbiz has served as the Head of the Agribusiness Working Group of the BRICS Business Council (SA Chapter). Over the years Agbiz has also built up strong relationships with various key embassies in South Africa, which have benefited the agribusiness environment significantly. Through Agbiz, members participate in a truly global network that is widely recognised as an important, politically neutral and influential role player in the agribusiness sector of South Africa and further abroad.

Key focus areas

Over the past two years, Agbiz has again focused primarily on the following important aspects, which have been identified as key strategic areas that have a direct influence on agribusinesses in South Africa:

- Giving a lead on the development of an Agriculture and Agro-processing Master Plan (AAMP). This is an extremely complex and challenging initiative that has been undertaken, and has demanded a lot of time and patience, as well as coordination between many different interest groupings.
- Economic policy, specifically through the Presidential Economic Advisory Council (Mr Wandile Sihlobo), engagement on the National Development Plan – Vision 2030, but also on various other pieces of legislation, policy documents and Reserve Bank Roundtable meetings impacting on the economic environment. Participation in the work of the BUSA Economic Policy Committee, as well as the Nedlac Trade and Industry Chamber (TIC) and its trade sub-committee (Teselico), is also of profound importance. Mr Sihlobo further serves as a member of the Statistics SA Council, as well as a commissioner of the International Trade and Administration Commission (ITAC).
- International trade and investment, including South Africa's trade policy. Engagement is primarily through

Teselico, which is the trade subcommittee of Nedlac TIC.

- Agricultural and agribusiness finance, with a strong focus on establishing a blended finance system as a Jobs Summit outcome.
- National and global competitive-ness of our respective value chains.
- Broad-based black economic empowerment (B-BBEE), transformation and the promotion of links between agribusinesses and the developing agricultural sector.
- The participation of Agbiz in the recently established Agricultural Development Agency (AGDA) illustrates this commitment.
- Land reform. Various platforms and initiatives, including submissions to parliament on the draft section 25 amendments to the Constitution, as well as on the Expropriation Bill.
- Water management and reform.
- Agro-logistics and infrastructural constraints (now a very high priority due to the deteriorating situation of South Africa's network industries, viz. Eskom, Transnet, etc.)
- New Partnership for Africa's Development (NEPAD) and African issues, through the SADC Trade Hub, NEPAD Agency (CAADP), the FAO, UNDP (AFIM Platform), ACET, Alliance for a Green Revolution in Africa (AGRA), the African Fertilizer and Agribusiness Partnership (AFAP) and other forums.
- Climate change and resource sustainability issues, with a major focus now on the Just Transition, an initiative by the National Business Initiative (NBI), Business Leadership South Africa (BLSA) and BUSA to move South Africa to a carbon-neutral society by 2050.
- Value chain integration and development, and marketing of agricultural produce.
- Innovation in agriculture and the value chain to achieve the necessary productivity and quality gains.
- Labour matters, skills training and general human capital development. A case in point has been engagement with the Department of Labour on the very contentious Employment Equity Bill, especially over the past year.

New initiatives for 2022

In responding to the needs of members, Agbiz has embarked on a series of new initiatives to improve the operating environment for agribusinesses. These include a focus on the following:

- Logistic challenges can pose a significant risk to the export-oriented sector. With this in mind, Agbiz is entering into an Interface Agreement (MoU) with Transnet to jointly identify the scope and requirements for joint ventures between Transnet and the agribusiness sector to improve the agro-logistic network from source to export.
- Agbiz has embarked on a rural rejuvenation strategy to assist agribusinesses operating in rural towns to improve their business environment. A series of workshops will be held in the 2022/23 financial year where experts and agribusinesses can share best practice regarding energy security, buffering against social instability and service delivery.
- Fostering public-private partnerships with the Department of Agriculture, Land Reform and Rural Development (DALRRD). The Agbiz Council has mandated a proposal to engage Tamdev in a special project focusing on capacity building with the department. The costs will be split between Agbiz and any companies or subsectors that will directly benefit. Agbiz is also engaging various value chains

to strategically position themselves for self-regulation within the context of outsourcing regulatory functions to assignees.

- Agbiz will also foster a closer working relationship with the research arm of the Competition Commission in 2022 to ensure that all the relevant factors are taken into account when research papers affecting members are produced.

An incredible amount of work and time goes into all these focus areas in addressing the policy and legislative environment, liaison and interaction with parliamentary portfolio committees, Nedlac (through BUSA), government ministers and senior officials have generally been very cordial, but there have been some exceptions. The past year has seen an improvement in the level of trust between the private sector (which the public servants should be serving) and government, and this is sincerely appreciated. However, the capability of the state in general, but especially at provincial and district levels, as well as within state-owned enterprises, leaves much to be desired. Government officials need to become enablers of economic growth, and not function as disablers to the economy, which the majority are. Policy uncertainty, especially around property rights in general, remains a further area of major concern and government should heed warnings against creating a negative investment environment. Business confidence and sentiment, an important factor in stimulating the economy, is determined by actions of government, not by populist political rhetoric. The forging of sound relationships, both private-public and private-private, is at the heart of creating a basis of trust and cooperation to foster progress and growth in South Africa and abroad. Successfully addressing the above key focus areas would not have been possible without the committed services of certain Agbiz professionals, viz. Mr Wandile Sihlobo, Agbiz Chief Economist, and Mr Theo Boshoff, Manager: Legal Intelligence, both of whom have greatly assisted the CEO.

The dedicated desks, viz. Agbiz Grain Desk, Agbiz Fruit Desk and the WineBiz Desk, have all contributed to making their industries more efficient and competitive. My sincere thanks to Mr Wessel Lemmer and Mr Michael Mokhorro for their dedicated service and contribution.

Communication

Clear and accurate communication, especially to our members, is essential for a member interest body to function effectively, and this has been emphasised by the leadership of Agbiz in strategic sessions and Council meetings. The power of good and clear communication was particularly evident during the Covid outbreak and pandemic, and subsequent lockdown phases. The continued work of Ms Karen Grobler and Mr Theo Boshoff in timeously getting out the regularly gazetted directions and packaging them in an understandable format has greatly assisted our members. This deserves special recognition.

The Agbiz weekly electronic newsletter has continued to be keenly followed and welcomed by all members and key subscribers. Daily market reports, a weekly wrap on relevant *Government Gazette* notices and ad hoc communication to members remain

critical communication platforms.

The www.agbiz.co.za website has been totally revamped and is updated on a daily basis. The visitor count continues to grow strongly as it is a reliable and in-depth source of information impacting the agribusiness environment. Relations with the agricultural magazines, daily press and broadcast media have developed positively over the review period, while invited presentations at a range of high-level conferences (mostly virtual or hybrid in 2021), including a number of international conferences, have further enhanced communication with role players and stakeholders. Ms Karen Grobler, responsible for communication at Agbiz, has played a very significant and professional role in focusing and expanding the Agbiz communication focus, including through the social media networks. Ms Grobler joined Agbiz in 2018 and has become a key member of our highly effective team. Her support, in the field of marketing as well, has been of great benefit to Agbiz and its members.

Financial management and financial sustainability

Agbiz has maintained its sustainable funding model over the past year, with a net growth of both corporate and basic members over the period under review. As Agbiz essentially derives all its income from its members, it remains critically important that Agbiz consistently provides a real value



John Purchase
Chief Executive Officer
Appointed: 2007
Retired: December 2021



Theo Boshoff
Manager: Legal
Intelligence
Appointed: 2017
Chief Executive Officer
Appointed:
January 2022

proposition to its members. The Audit and Risk Committee has played a key role in supporting the Financial Manager, Ms Natasha van Zyl, and the CEO in ensuring good governance and oversight of the Agbiz finances. The 2021/22 Agbiz Annual Financial Statements bear testimony to the responsible manner in which our financial resources are managed.

Office administration and support

Without the able office administration and secretarial support of Ms Liezl Esterhuizen and Ms Annelien Collins, Agbiz personnel would not have been able to function effectively.

Thanks and appreciation

My sincere thanks and appreciation go to the personnel of Agbiz for their continued dedication and support over the review period. Our successes have been the fruits of a collaborative and team approach. My sincere thanks to all our members, our Council and the Steering Committee for their support and participation in the affairs of their business association.



Wandile Sihlobo
Chief Economist
Appointed: 2016



Karen Grobler
Marketing and
Communications
Manager
Appointed: 2018



Liezl Esterhuizen
Office Manager
Appointed: 2019



Natasha van Zyl
Financial Manager
Appointed: 2016



Annelize Crosby
Manager:
Legal Intelligence
Appointed: 2022



Thapelo Machaba
Public Policy &
Advocacy Intern
Appointed: 2021



Michael Mokhoru
Stakeholder Manager
of WineBiz
Appointed: 2015



Wessel Lemmer
General Manager:
Agbiz Grain
Appointed: 2020



Annalien Collins
PA to General Manager
of Agbiz Grain
Appointed: 2016

Functional areas of work

The core objectives of Agbiz are achieved through its work in the following functional areas:

Policy and legislation

Agribusiness research

Linking South African agribusiness to the world

Liaising with business and government

Stakeholder engagement

Human capital development



1. Policy and legislation

1.1 Transformation and farmer development

1.1.1 Land reform

Expropriation without compensation

Since expropriation without compensation (EWC) was first proposed at the ANC policy conference, Agbiz has been closely involved in making inputs and conducting analyses.

Through various inputs, in both formal and other forums, Agbiz has managed to convey the message that the country's failure to bring about meaningful progress in land reform has been due to policy failures and a lack of implementation, not deficiencies in the Constitution. During the period under review, two revised versions of the 18th Constitutional Amendment Bill were published for public comment and controversial amendments were introduced that would see land redistribution take place through the state as custodian.

Finally, when members of Parliament were called upon to vote on the proposed changes, Parliament failed to reach a two-thirds majority and the Amendment Bill fell by the wayside. This was in no small part due to the efforts of the Agbiz team.

Expropriation Bill

The Expropriation Bill sets down a uniform procedure and methodology for calculating compensation for all expropriations. After the president failed to sign a version of the Bill into law in 2018, a revised version was published and sent back through the Nedlac process. The Bill was improved in several respects but still contained the highly contentious clause relating to expropriation for 'nil' compensation.

Agbiz made a joint presentation to the Portfolio Committee of Agriculture, Land Reform and Rural Development with BUSA and the Bill is currently being scrutinised by the parliamentary legal advisers. It is expected that the Bill will pass in the coming year but its real impact may be moderated as the focus shifts towards more creative and less invasive forms of land acquisition.





Property Valuation Act and regulations

The Property Valuation Act and associated regulations were enacted to allow the Valuer-General to determine the just and equitable value of properties identified for land reform according to a set formula. The formula has proved to be problematic as it equates to the difference between market value and the net income from the property.

After a series of court cases, the court confirmed that the Valuer-General's valuations are not binding. Due to a series of defeats in the High Court, the minister has set a comprehensive review in progress and Agbiz has been consulted as a primary source to determine the revised format which the Office of the Valuer-General (OVG) should operate under.

We hope that individual financiers and the department can **reach agreement** and have a blended finance package in place by the summer planting season of 2022.

Blended finance

Throughout 2019 and 2020, Agbiz and the Banking Association South Africa (BASA) negotiated a blended finance model for land reform and farmer development with the Department of Agriculture, Land Reform and Rural Development. After tough negotiations, the parties managed to reach agreement on the detailed modalities and a formal expression of interest was submitted by commercial banks and agribusinesses in May 2021.

Unfortunately, the process stalled significantly and the final pro forma contracts for participating financial institutions were only sent out in April 2022. We hope that individual financiers and the department can reach agreement and have a blended finance package in place by the summer planting season of 2022.

Deeds Registries Amendment Bill

Agbiz participated on the Nedlac Task Team that dealt with the Deeds Registries Amendment Bill. The Bill seeks, among other things, to provide for the recordal of land tenure rights lawfully issued by government or any other competent authority. It also aims to provide for the minister to make regulations in respect of the collection of personal information relating to race, gender, citizenship and nationality for statistical and land audit purposes.



Business was concerned about the level of uncertainty regarding the processes and procedures regulating the way the recordal of these rights will be verified. It recommended that the Deeds Registries Amendment Bill provides for clarity regarding the verification processes that need to take place prior to the recordal of the rights. Further, it was unclear how the Bill would address disputes regarding unregistered tenure rights and the issue of the settlement or adjudication of these disputes before registration can take place. Business requested that the term 'lawfully issued' should be defined. Government did not agree with the business position. The Bill does not indicate under which laws these tenure rights will be issued and whether this would, for instance, include land rights in terms of the Extension of Security of Tenure Act and the Land Reform (Labour Tenants) Act. These are rights that are exercised on private land held in title by another person or legal entity. The registration of such land tenure rights would impact on the rights of landowners and encumber their land titles. Regarding the collection of personal information for land audit purposes, business took the view that the aggregated information should be publicly accessible.

The Nedlac report has been finalised and the parliamentary process will now follow.

1.1.2 Broad-based black economic empowerment

Statutory levies

After a comprehensive process of consultation, the guidance note drafted by Agbiz was finally accepted by the AgriBEE Charter Council in 2022. A letter will now be issued endorsing the practice note and the Charter Council will liaise with the Department of Trade, Industry and Competition (the dtic) to have it published as a final and binding practice note under the relevant legislation.

Possible changes to the B-BBEE framework

In May 2022, Agbiz hosted a workshop to deliberate upon possible amendments to the AgriBEE Sector Code. Proposed amendments emanating from members were interrogated and deliberated upon to form a negotiating mandate for Agbiz's representatives on the Charter Council.



1.1.3 Labour relations, skills development and a social compact

National Minimum Wage Act and Regulations

The National Minimum Wage Act was passed in 2018 and has been revised on an annual basis since then. Despite protests from Agbiz and other organisations, wages for farm workers were equalised with the national standard, resulting in a de facto 16.1% increase.

After equalisation, the dynamics changed somewhat for annual reviews as wages in the agricultural sector were now tied to those in the rest of the economy. Be that as it may, another revision took place towards the end of 2021. Agbiz submitted comprehensive written inputs arguing that any increase should be limited to the CPI as the economy was still in a phase of rebuilding and certain agricultural subsectors, such as the wine sector, were still reeling from the impact of Covid-related restrictions. Despite Agbiz's evidence-based inputs, the national minimum wage was adjusted by CPI+1%, effective from 1 March 2022.



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Employment Equity Amendment Bill

The draft amendments to the Employment Equity Act were proposed by the Minister of Labour in 2018. The main aim of the Bill is to permit the minister to set targets for employment equity at a sectoral level. The contentious amendment was deliberated upon at Nedlac where business agreed to the targets with the following provisos:

- Realistic targets should be set with the agreement of the sectors concerned.
- There should be grounds of justification for employers who are not able to meet the targets despite implementing plans to achieve this.

The latter aspect has constitutional implications as 'targets' are permitted under the Constitution but not 'quotas'. In other words, a hard-and-fast quota cannot be set but targets are permitted as long as companies are not denied their employment equity certificate if they have implemented reasonable steps to achieve the targets but still fallen short.

The Bill is still under discussion in the Portfolio Committee on Employment and Labour but Agbiz nevertheless participated in consultations with the department to deliberate on targets for the agribusiness sector. After consulting human resource

practitioners in the sector and based on the employment equity plans of a representative sample of agribusinesses, Agbiz submitted well-substantiated counterproposals. On the basis of the Agbiz inputs, the department lowered their expectations for top and senior management but there are still concerns about whether companies can reach the revised targets.

Agbiz held a workshop in May 2022 where agribusinesses had the opportunity to deliberate on the way forward, with special emphasis on new appointments and the possible grounds of justification where the targets could not be reached.

Occupational health and safety

With Covid-19 moving from a pandemic to an endemic situation, the Nedlac Task Team responsible for drafting the occupational safety and health (OSH) directions, on which Agbiz is represented, shifted its focus to long-term workplace arrangements post the national state of disaster. These deliberations focused primarily on the vaccine mandate and companies' right to make vaccines compulsory where the risk to other employees and the public justified such a step.

Futures of Work Scenarios

After comprehensive consultations and inputs to the team from Stellenbosch University, Agbiz hosted the official launch of the Future of Work in Agriculture 2035 report. The event was well received by the media and the report will feature in policy discussions going forward.

Labour Migration Policy and the Employment Services Amendment Bill

A draft National Labour Migration Policy (NLMP) and the draft Employment Services Amendment Bill were published in the *Government Gazette* towards the end of February for public comment. A BUSA task team has been constituted to come up with a BUSA position on the policy and Amendment Bill. Agbiz is represented on the task team.

Critical skills list

Agbiz participated in the Nedlac negotiations on the revised national skills list. The list controversially removed hand and machine shearers from the list as these professions were not deemed to require specialist skills. Through collaboration with members, Agbiz made an evidence-based case for including the shearers but was ultimately unsuccessful. The department did, however, agree to an interim process whereby shearers would be dealt with via the corporate visa mechanisms while the parties establish a platform to look at long-term solutions.

National labour migration policy

The proposed policy aims to achieve a balance between the following:

- The population's expectations regarding accessibility to work for South Africans, given worsening unemployment and a perception that undocumented foreigners are distorting labour market access;
- South Africa's labour market needs, in particular the need for critical skills not locally available;
- the protection of migrant workers and their families, in accordance with international standards and guidelines; and
- regional integration and cooperation imperatives.

The policy does not cater for low-skilled foreign workers, and on Agbiz's request BUSA has now included low-skilled workers in its comments. The BUSA draft comments state, among other things: 'While protecting local markets and enabling South Africans access to work, suitable mechanisms are needed for skills mobility, recruitment of critical skills and recognition of the need for timeous employment of valued skilled and low-skilled foreign nationals, in a well-regulated environment, which controls and deters the steady growth of irregular migration.'

The proposed amendments to the Employment Services Act aim to limit the extent to which employers can employ foreign nationals in possession of a valid work visa. A quota system for skilled foreign workers is proposed. BUSA is not in favour of the quota system.

Employee ownership schemes task team at Nedlac

Organised labour has initiated a task team within Nedlac to look at best practice and enablers for employee ownership schemes. Among its proposals, labour wants to amend both the B-BBEE Act and the Income Tax Act to provide incentives for employers who provide shares to employees either free of charge or at a 0% interest rate. Flowing from these proposals, BUSA will consult with members to develop counterproposals setting out the conditions under which such a proposal might appeal to business, if at all. The proposals could affect agribusinesses as such schemes are commonplace in the sector. Agbiz has been asked to lead the business delegation in these discussions.

1.2 Natural resources regulation

1.2.1 Water policy and legislation

Water use licence templates

Through the BUSA water subcommittee, we have been privy to the new templates for water use licence applications (WULA) currently being drafted by the Department of Water and Sanitation (DWS). Aside from a number of technical inputs made to the draft templates, we have noted that the department intends to expand on the transformation requirements as contained in section 27 of the National Water Act. A potential challenge is that the requirements deviate from the B-BBEE framework, which may cause uncertainty. Agbiz has taken the matter up and is seeking to secure a meeting with the DWS's legal team.

Recently, the **Supreme Court of Appeal confirmed that water rights could be conditionally surrendered** under the National Water Act in favour of a third party's application.

Sale of water rights

The transfer of water rights has been a contentious issue resulting in litigation of late. Recently, the Supreme Court of Appeal confirmed that water rights could be conditionally surrendered under the National Water Act in favour of a third party's application. However, it remains in the discretion of the Department of Water Affairs and Sanitation to determine whether the applicant meets all of the requirements for a water licence, including the transformation requirements. The state has appealed this judgment to the Constitutional Court and Agbiz will monitor the legal arguments closely.

Preservation and Development of Agricultural Land Bill

Agbiz led the business delegation at Nedlac through a long and protracted process on the Bill. The Bill seeks to protect scarce agricultural resources by permitting the state to declare national and provincial protected agricultural areas where restrictions on land use would apply. The Bill has now been tabled in parliament and Agbiz will again make a plea to protect the sector's natural resources as soon as public comments are invited.



1.2.2 Farm planning regulations

Published under the Conservation of Agricultural Resources Act, the draft farm planning regulations sought to introduce a compulsory farm plan for each agricultural landholding. In its written submission, Agbiz proposed that the regulations be qualified to apply only where the state has subsidised soil conservation practices. Agbiz has undertaken to assist the department with the drafting process to accommodate Agbiz's inputs.

1.2.3 Carbon Tax Act

After the Carbon Tax Act was promulgated, Agbiz provided written inputs via BUSA to shape a number of subsidiary regulations, including the carbon sequestration regulations, trade exposure regulations, benchmarking regulations as well as the amended greenhouse gas reporting regulations published under the National Environmental Management: Air Quality Act. The most controversial element remains the escalation of carbon tax for companies that exceed the permissible greenhouse gas emissions listed in their carbon budget.





1.2.4 Climate Change Bill

The Climate Change Bill has now been tabled in Parliament. We are awaiting a call for public comments but have already assisted BUSA with draft inputs. The biggest challenge remains the punitive measures linked to higher carbon tax rates for entities that do not meet their carbon budgets. From a sectoral point of view, the sectoral emission targets also remain a focal point in ensuring that no additional regulatory burden is placed on companies but that the emphasis falls instead on policies and measures from the department that promote the reduction of greenhouse gas emissions.

1.2.5 Electricity and direct payment to Eskom

Many Agbiz members operating in rural municipalities have grappled with electricity supply issues where entire municipalities have their supply disconnected due to non-payment by the municipality. Agbiz drove a process of engagement with the National Energy Regulator of South Africa (NERSA) and Eskom through BUSA to determine whether agribusinesses could pay Eskom directly in exchange for an undertaking that supply to their municipality would not be cut off.

Although Eskom was in favour of such an arrangement, NERSA indicated that they could not interfere in the contractual arrangements unless the municipality in question consented thereto or was so ordered by a court of law. Unfortunately, several agribusinesses therefore had to obtain court orders permitting them to pay Eskom directly but the South African Local Government Association (SALGA) is now challenging this in the High Court.

Agbiz is keeping a close eye on developments and also held a workshop on energy security in May, with a focus on long-term projections relating to the cost of electricity and the feasibility of self-generation.



1.2.6 Waste exclusion regulations

The minister responsible for the environment has enacted regulations under the Waste Act aimed at reducing the percentage of single-use plastic and paper that goes to landfill. As such, all manufacturers of single-use paper or plastic packaging, as well as local companies that import products packaged in single-use plastic or paper, must join a producer responsibility organisation (PRO). The deadline for joining a PRO was set down as 5 November 2021 although companies that did not do so still have the opportunity to join. The PRO is responsible for drafting plans whereby these products are collected and recycled. Prior to the 5 November deadline, Agbiz met with the PRO for plastic packaging as there are concerns about whether their plans can accommodate the collection of products that end up on-farm. At the time, it was decided that companies should be encouraged to join (at no fee) to comply with the legislation. Agbiz will now seek to interact with the PROs to determine the suitability of their plans for the sector.

1.2.7 Just Transition pathways

The Just Transition team has released the preliminary findings on Agriculture, Forestry and Other Land Uses (AFOLU). Agbiz requested the opportunity to make additional inputs as the forecasts did not take consumer trends in South Africa's major export destinations into consideration. A meeting is being arranged to allow for additional inputs. The initial findings were also shared with members in 2021. Agbiz is continuing its participation as one of the champions of the study.

1.3 Economic environment

1.3.1 Plant breeders' rights

Agbiz lodged an internal appeal in terms of section 19 of the Genetically Modified Organisms (GMO) Act 15 of 1997 in November 2021. The appeal was against a public notice issued in October 2021 by the GMO Council, declaring that the risk assessment framework prescribed under the GMO Act will in fact apply to all products of new breeding techniques. 'New breeding techniques' is a non-specific collective name for a wide and evolving range of techniques aimed at modifying the genomes of organisms and/or gene expression. It should be recognised that the so-called new breeding technologies (NBTs), including genome editing (GEd), and their divergent products could not have been contemplated when the GMO Act was drafted in the mid-1990s.

The arguments put forward by Agbiz in the internal appeal basically centre around a defective consultation process, a non-scientific interpretation of the definition of 'genetically modified' organisms and the need for alignment with international best practice. The minister is responsible for appointing an Appeal Board to deal with this matter. By the middle of March, this board had not as yet been appointed. Agbiz has made follow-up inquiries with the office of the minister regarding the appointment of the Appeal Board.

1.3.2 Fertilizer Bill

The Fertilizer Bill was drafted to remove fertilizers from Act 36 of 1947 and to allow the Registrar to assign its functions to private entities. Although assignment can help to create capacity there were concerns regarding the scope of functions that could be assigned. The Fertilizer Association of South Africa (Fertasa) has requested Agbiz to assist with advice and help draft the wording for the section in the Fertilizer Bill dealing with assignees. Fertasa is in favour of a system of self-regulation involving audits by accredited organisations that will do the certification. The activities of the accredited organisations can be overseen by the advisory committees. Agbiz will monitor both the Fertilizer Bill and the Animal Feeds and Pet Food Bill and make inputs into the legislative process when required.



1.3.3 Companies Amendment Bill

Notwithstanding the fact that the Nedlac process has not been finally concluded, the Department of Trade, Industry and Competition published the Bill for public comments in September 2021. The most contentious issues remain the compulsory disclosure of income differentials and worker representation on company boards of directors. The former is included in the Bill published in September and the latter will be included in a second Amendment Bill. The BUSA team prepared detailed input with the assistance of top experts on corporate governance, namely Prof. Mervyn King and Adv. Annamarie van der Merwe. The Agbiz submission largely expresses support for the BUSA position but also highlights the specific impact which the disclosure of income differentials will have for agribusinesses.

1.3.4 Transport

AARTO Regulations

Agbiz submitted written inputs on the regulations promulgated under the Administrative Adjudication of Road Traffic Offences (AARTO) Act. Our primary concern related to a 'deeming provision' whereby the owner of a logistic vehicle would accrue demerit points if the driver could not be identified. Fortunately, the regulations were declared unconstitutional.

National Infrastructure Plan 2050

The Department of Public Works and Infrastructure has published the National Infrastructure Plan (NIP) 2050 for public comments. The document focuses broadly on interventions in energy, logistics, water and the digital economy. Agbiz submitted a written input and participated in consultations.



Agbiz submitted written inputs

on the regulations promulgated under the Administrative Adjudication of Road Traffic Offences (AARTO) Act.



1.3.5 Fostering public–private partnerships, research into possible modalities to create capacity

Many members have been experiencing challenges related to a lack of capacity within key regulatory functions performed by the DALRRD. Members have also expressed a desire to assist on a public–private partnership basis. A workshop dealing with public–private partnerships (PPPs) in the context of government regulatory functions was hosted on 1 April 2022. The workshop focused on bottlenecks in processes under Act 36 of 1947, as well as assignees in terms of the Agricultural Product Standards Act. The potential use of artificial intelligence to streamline processes was also discussed.

There are various pieces of agricultural legislation that require government to regulate certain activities and products. Examples of such laws are the Agricultural Product Standards Act, the Marketing of Agricultural Products Act, the Plant Improvement Act, the Meat Safety Act, the Agricultural Pests Act, the Agricultural Produce Agents Act and the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act. Of these, the Agricultural Product Standards Act, the Marketing of Agricultural Products Act, the Meat Safety Act, the Fertilizer Bill and the Feeds and Pet Food Bill make provision for assignment. These different legislative provisions are not aligned. The workshop discussed whether it was desirable to align these and the consensus was that the ‘one-size-fits-all’ approach to assignees was not desirable. However, it is useful to understand the different approaches followed in the different pieces of legislation. With various pieces of legislation currently being amended, there is a window of opportunity to craft wording that will allow industry and government sufficient flexibility to partner going forward.

The outcomes of the workshop will also inform inputs into various Bills related to assignees.

1.3.6 Agricultural Produce Agents Amendment Bill

The Amendment Bill is currently before Parliament. The Bill envisages more control over export and livestock agents in particular. Agbiz members are experiencing a number of problems with the Act, as well as with the Agricultural Produce Agents Council (APAC) and the rules that it has come up with, which are increasing the costs that agricultural produce agents have to absorb. Agbiz is monitoring the parliamentary process and advising members.

The workshop focused on bottlenecks in processes under Act 36 of 1947, as well as assignees in terms of the Agricultural Product Standards Act.

2. Agribusiness research

2.1 Macroeconomic and agricultural economic landscape



We would describe the period from March 2021 to February 2022 in global and domestic agriculture as a mixed picture. In the earlier months, there was an optimistic sense that the world was in recovery as Covid-19 vaccination gained momentum and the economies started opening up further after a prolonged period of lockdowns. But towards the end of 2021, the outbreak of the Omicron variant brought back fear and disruption to the global economy.

Fortunately, as the Omicron variant appeared to be less harmful than preceding variants, the newly introduced lockdowns were short-lived and countries' economies opened up further from the beginning of 2022. The optimism didn't last very long before geopolitics in the wake of the invasion of Ukraine by Russia further disrupted the global economy, on top of the pre-existing challenges of high inflation and rising interest rates. Economic prospects at the time of writing appear downbeat. The South African Reserve Bank (SARB), in its March 2022 monetary policy statement, forecast global growth in 2022 at 3.7% y/y (down from 4.4%), and for 2023 the forecast was down to 2.8% y/y (from 3.3%).

In the domestic arena, after expanding by 4,9% y/y in 2021, the South African economy was expected to slow to 2,2% y/y in 2022. In addition to the negative effects of slowing global growth, certain domestic challenges such as loadshedding, policy uncertainty, and the slow pace of implementation of macroeconomic reforms that were highlighted in the National Treasury's 2019 economic papers are the key constraints on growth in South Africa.

The agricultural sector, however, experienced a more positive operational environment during the period under review. After a solid performance of 13,4% y/y in 2020, South Africa's agricultural sector remained on a positive growth path in 2021, registering an 8,3% y/y expansion. This is unsurprising

The conflict between Russia and Ukraine

has added to the upside price pressure on these agricultural input costs.

as the 2020/21 agricultural season was one of the best in the history of South African agriculture, with near-record harvests of some crops. For instance, the primary grains such as maize and soybeans saw production reaching 16,3 and 1,9 million tonnes, respectively. For maize, this is the second-largest harvest in the history of South Africa. The soybean harvest was also a record. Other field crops also generated high yields in 2020/21 compared with the previous year. Within the horticultural subsector, the South African Wine Industry Information and Systems reported the 2021 wine grape crop at 1,5 million tonnes, 9,0% more than the 2020 harvest. Citrus, deciduous fruit and various horticultural products also recorded big harvests, with a record export volume in the case of citrus. Towards the end of the year the livestock industry was hit by biosecurity challenges, such as foot-and-mouth disease outbreaks and high feed costs. Still, the livestock subsector held up relatively well and benefited from the improvement in the pastures.

The favourable agricultural performance was underpinned by the conducive weather conditions, with relatively frequent higher rainfall, which boosted yields and encouraged farmers to increase the area planted to crops. The year 2021 was also an unusual period of generally higher commodity prices, in a year of large harvests, which was beneficial to farmers, specifically to producers of grains and oilseeds. The higher commodity prices were a global phenomenon and not unique to South Africa. The primary driver of the grain and oilseed prices was the relatively poor harvest in South America and the strong demand in China and India.

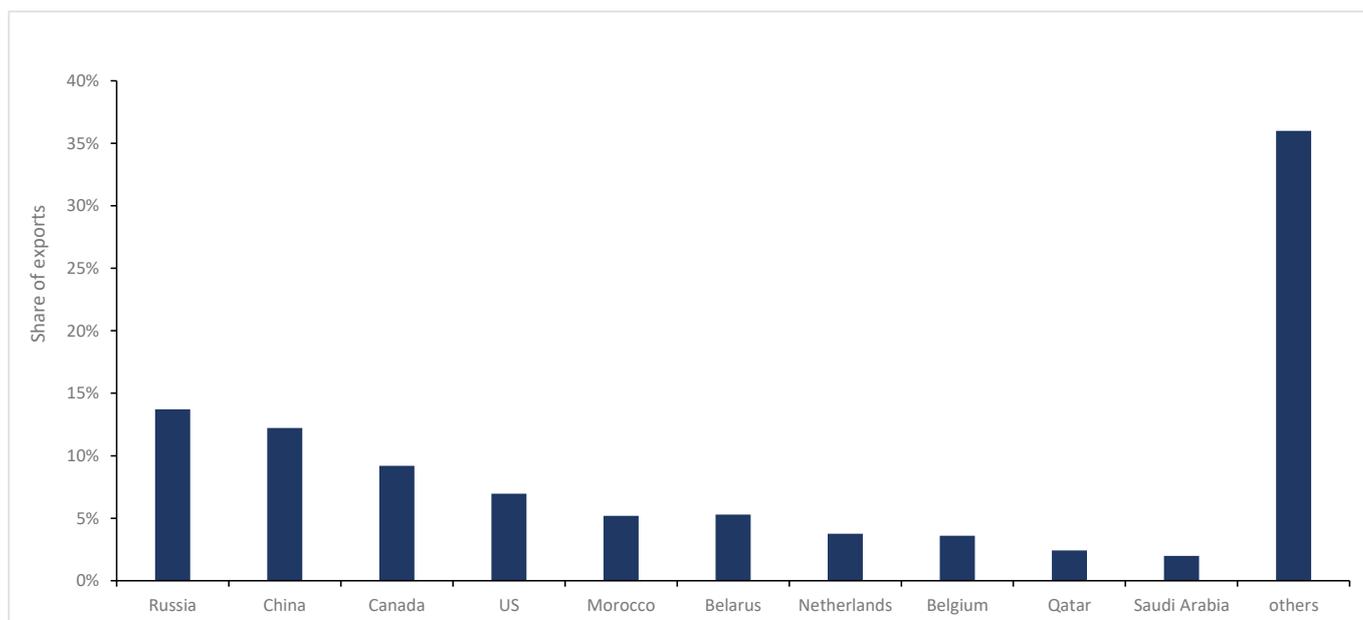
These higher commodity prices helped compensate for the sharp rise in input costs that farmers had to contend with between 2021 and 2022. For example, in January 2022, the fertilizer prices remained elevated, with KAN/LAN (28), urea (46), and potassium chloride prices up by 127% y/y,

182% y/y, and 114% y/y in January 2022, respectively. Herbicides show a similar price trend, with glyphosate, acetochlor and atrazine prices up by 211% y/y, 139% y/y and 143% y/y, respectively. Regarding insecticides, imidacloprid, lambda-cyhalothrin, and acetamiprid prices were, respectively, up by 124% y/y, 45% y/y and 121% y/y. There are many factors behind these sharp input cost increases, such as the supply constraints in critical fertilizer-producing countries, mainly China, India, the USA, Russia and Canada. Rising shipping costs, oil and gas prices are also contributing factors to the price increases, along with firmer global demand from the expanding global agricultural industry. The conflict between Russia and Ukraine has added to the upside price pressure on these agricultural input costs.

Importantly, these fertilizer price increases occurred in the period before the invasion on 24 February, which then exacerbated the general anxiety felt in the agricultural input costs market. Russia is also integrated into global agriculture from an input supply perspective, particularly in respect of fertilizer supplies. Russia is the world's leading exporter of fertilizer materials in value terms, followed by China, Canada, the USA, Morocco, and Belarus (see Exhibit 1). These fertilizer mixtures include minerals or chemicals, nitrogenous fertilizers, phosphoric fertilizers, and potassic fertilizers. At the time of writing the actual disruption

of export activity was not yet fully apparent, but the sanctions, including the agreement to exclude some Russian banks from some global payments systems such as SWIFT, had started to negatively affect trading. The disruption exerted upward pressure on global fertilizer prices, which were already higher. This is a major concern and government started consulting with fertilizer companies and Agbiz during this period. Notably, South Africa's domestic fertilizer production capacity is weak, in part because of the lack of certain input minerals. This exposes South Africa to various shocks in the global market. South Africa imports about 80% of its annual fertilizer consumption and is a minor player globally, accounting for 0.5% of total global consumption. Therefore, local prices tend to be influenced by developments in the major producing and consuming countries, such as Russia and the other major players in the fertilizer industry mentioned above.

Exhibit 1: Share ranking of the world's top fertilizer exporters by value (2016 and 2020)



Source: Trade Map and Agbiz Research

2.2 Agricultural policy landscape

South Africa's agricultural policy yielded some positive results in 2021. The primary focus for the sector was the Agriculture and Agro-processing Master Plan (master plan), which was launched in May 2022. Agbiz remained an active participant in policy developments and consultations in the interests of its members. The success of the implementation of the master plan depends on buy-in from all social partners. Notably, the master plan process has been discussed primarily at the national level, but implementation will have to take place at the provincial and municipal levels. The priority for the government from now on should be to ensure that these local structures have a similar understanding of the division of responsibilities and the same will to implement the plan as the national department, which has led the discussions with social partners. This is particularly important as South Africa's municipalities have become increasingly dysfunctional, which means an additional cost burden for the agribusinesses in some towns as these businesses have had to assume public responsibilities such as road maintenance and water supply.

The debate concerning the improvement of local governance intensified in 2021 and could be prominent in policy spaces as the inefficiency of municipalities presents a risk to agribusinesses, agriculture in general and other sectors of the economy. This is a key area to watch this year. It also dovetails well with the poor roads infrastructure, which is an additional cost burden for agribusinesses, as some commodities are heavily reliant on road transport. The grain and oilseed industry is a prime example. In this subsector, roughly 80% of the produce is transported by road.

Trade was also a focus for policy discussions in 2021 and will continue to dominate the broader agricultural policy environment in 2022. For South Africa's agriculture and agribusiness, the major focus is on opening export markets in countries such as China, India, Bangladesh, Japan, and Saudi Arabia, among others. In the past year, the government

has had success with exporting pears to China, but the goal is to gain wider access for a range of products. The balancing act by South African policymakers will turn on attempting to widen the export market while remaining focused on localisation policy in the domestic market. Countries that are looking for reciprocity may find the South African approach less than cooperative. This trade policy focus will probably tie up with the logistics challenges, specifically the rail and port efficiencies. The government could increase the security focus on the vandalism of Transnet infrastructure. But the collaboration with business regarding port facilities is likely to remain an important focus this year as Transnet has already signalled its openness to such discussions. The efficiency of South African ports has regressed in the recent past, as illustrated recently by the World Bank's research finding that South African ports are among the least efficient in the ranking of 351.

The land reform debate will remain part of the policy discussion this year. First, the Land Reform and Agricultural Development Agency, which President Ramaphosa first mentioned in his 2021 SONA and referred to repeatedly in 2022, could be launched within the first half of the year. This

agency's focus will probably be land redistribution, while restitution and tenure remain an integral part of the government's responsibility. Moreover, the broader policy could be the remit of the government while the agency's focus would be implementation. This is another crucial area where collaboration between the private sector and the government may be necessary for implementation.

Secondly, the governing African National Congress (ANC) will hold its policy conference this year. One of the contentious issues that emerged from the last conference was the adoption of a policy resolution in favour of expropriation of land without compensation, but with specific qualifications, such as ensuring that the policy doesn't negatively affect the economy and food security upon implementation. While this policy failed to receive support in the National Assembly in December 2021, a favourable outcome in our view, the ANC will probably revisit this discussion at its policy conference later this year. The result of this policy conference is worth watching as it will have implications for the agricultural sector and agribusinesses that extend beyond this year.

Another key area that came in for more intensive attention at the end of 2021 was the institutional capabilities of the government, specifically the inefficiencies at Onderstepoort Biological Products (OBP). The goal should be to recapacitate the institution and invest in infrastructure improvement. The institution plays a critical role in the sustainability of South Africa's vibrant livestock industry. Another institutional reform matter to watch closely because of its importance across the agricultural sector is progress at the Land and Agricultural Development Bank of South Africa (Land Bank), which has a new board that is focused on stabilising the institution and ensuring that it remains one of the pillars of South Africa's agricultural economy and that it also supports transformation, sustainably, in this sector.

Globally (and in this country), climate change will also continue to receive attention. First, this will be underpinned by the devastation we've witnessed in South Africa through the excessive rains at the end of 2021 and into the beginning of 2022. Broadly, the global community is also adjusting its policy. A case in point is the European Green Deal which we highlighted at the end of 2021. The EU has crafted the 'Farm to Fork strategy' to ensure that agriculture, fisheries, and the entire food system effectively contribute to reducing greenhouse gas emissions. The new set of regulations under the EU Green Deal and its Farm to Fork strategy impose additional compliance costs on the South African export-oriented agricultural sector that are likely to negate the benefits of existing preferential trade arrangements.

2.3 South Africa's agricultural trade performance

South Africa's agricultural sector experienced numerous challenges between 2021 and the beginning of this year. The vandalisation of railway lines, poor road networks across the country and congestion at ports caused by a range of factors such as deteriorating infrastructure, cyberattacks, and unrest in the case of KwaZulu-Natal are just some of the challenges an export-oriented sector like agriculture has had to face over the past few months.

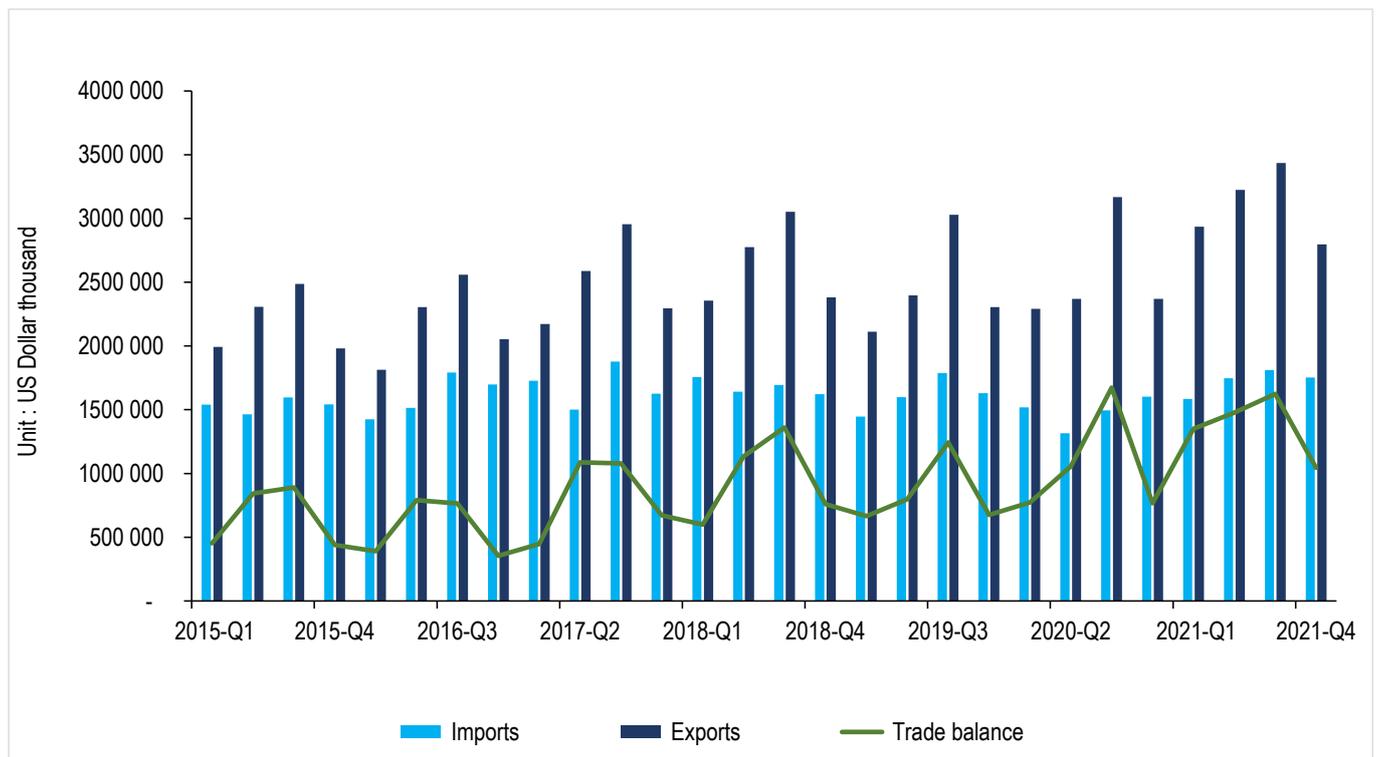
The agriculture and agribusiness industry has since consolidated its relationship with Transnet to focus on the short-term challenges of ensuring that perishable products that have already been harvested are exported efficiently and that due attention is paid to long-term collaboration to improve port efficiencies. This close collaboration has paid off in terms of an export volume and value perspective. For example, in the last quarter of 2021, the value of exports of agriculture, food, and beverages increased by 18% y/y to US\$2,8 billion. This puts South Africa's agriculture, food and beverages exports for 2021 at a record level of US\$12,4 billion. The top exportable products include wine, maize, citrus, nuts, berries, grapes, wool, fruit juice, and apples and pears. The significant factors underpinning this total export value are the sizeable agricultural output in the 2020/21 production season as mentioned above, combined with generally solid global demand, generally higher agricultural commodity prices and large export volumes, specifically in the case of maize, which reached the highest volume since 1994/95, and citrus, which reached a record export volume.

This puts South Africa's
agriculture, food and
beverages
**exports for
2021 at a
record level of
US\$12,4 billion.**

From a destination point of view, the African continent and Asia were the largest markets for South Africa's agricultural exports in the fourth quarter of 2021, accounting for 45% and 23% in value terms, respectively. The European Union was the third-largest market, taking up 16% of South Africa's agricultural exports. Trailing behind these regions was the United Kingdom, with about 6% of South Africa's agricultural exports, and the fourth largest destination if we rank the export destinations by country, not as regions. The balance of 10% of the value was made up by the Americas and other regions of the world.

Also worth highlighting is the fact that South Africa still relies on other countries for crucial food products such as wheat, rice, poultry, palm oil, and sunflower oil. These products dominated the food import bill in the fourth quarter of 2021, as they cannot be sustainably produced at scale in South Africa because of unfavourable climatic conditions. As a result, in the fourth quarter of 2021, agricultural imports increased by 9% y/y to US\$1,8 billion. In sum, South Africa recorded a trade surplus of US\$1,0 billion in the fourth quarter of 2021, which is up by 36% from the corresponding period in 2020. The surplus was primarily underpinned by robust exports (see Exhibit 2).

Exhibit 2: South Africa's agriculture trade



Source: Trade Map and Agbiz Research



2.4 Agricultural confidence levels

The climatic factors were not the sole factor behind pessimism; **policy uncertainty, especially around land reform,** also contributed to a downbeat sentiment in the sector.

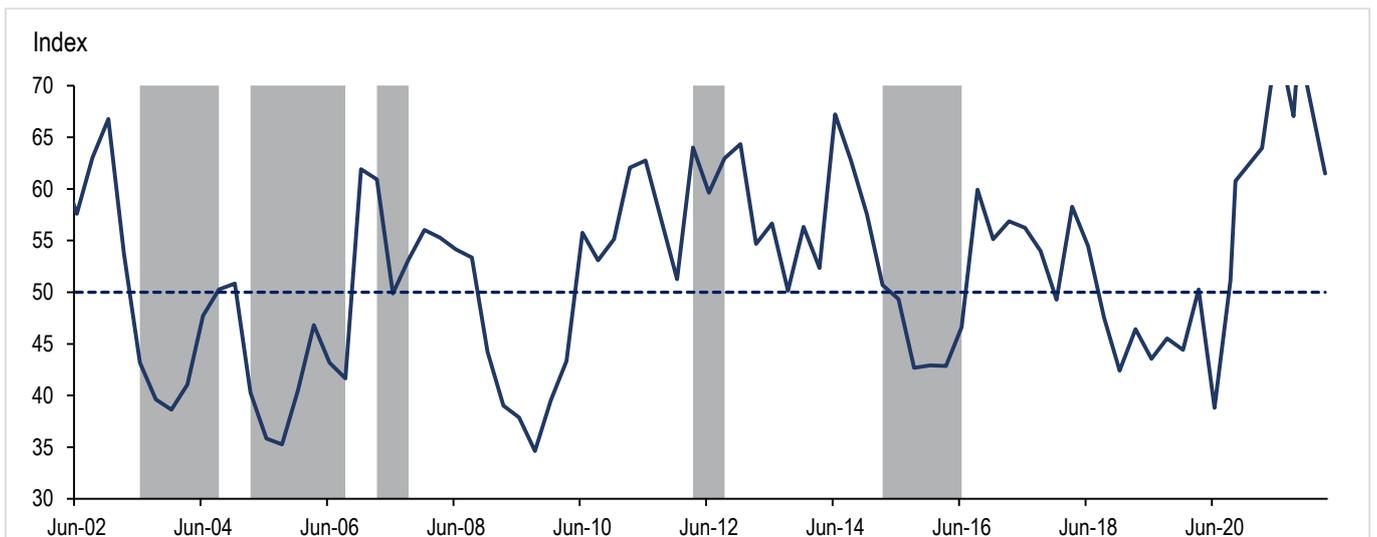
The Agbiz/IDC Agribusiness Confidence Index is one of the important indicators stakeholders observe to help them assess the sentiment in the sector, and is also a lead indicator for growth and fixed investment. In the years of contraction induced by drought – 2018 and 2019 – the confidence index reflected the hardship experienced in the sector and contracted to levels below a neutral 50-point mark for most of this period. A level above the neutral 50-point mark implies that agribusinesses remain optimistic about operating conditions in the country. The climatic factors were not the sole factor behind pessimism; policy uncertainty, especially around land reform, also contributed to a downbeat sentiment in the sector.

In the period under review, however, the sentiment in the sector was broadly positive. This optimism was supported by the aforementioned large agricultural harvest and higher commodity prices, specifically in the case of grains and oilseeds. The Agbiz/IDC Agribusiness Confidence Index has remained at levels above the neutral 50-point mark since the beginning of 2021. In fact, the change in sentiment has been notable from the beginning of this year. For instance, following a period of heightened optimism supported by favourable agricultural production conditions, the Agbiz/IDC Agribusiness Confidence Index moderated by 12 points to 62 in Q1 2022 after reaching its second-highest level on record in Q4 2021. This is due to several factors, including the heavy rainfall at the beginning of the season, which caused crop damage in some areas, higher input costs, logistics challenges and the geopolitical tensions that negatively affect the agricultural and agribusiness sectors. The effect of geopolitical tension is noteworthy as nearly half of the responses to the survey came after February 24, the day Russia invaded Ukraine. This survey was conducted from the last week of February into the first week of March and covered agribusinesses operating in all agricultural subsectors across South Africa.



Nevertheless, the Agbiz/IDC Agribusiness Confidence Index's first-quarter results present a picture of a sector that is still on a solid footing, despite the uncertainty generated by geopolitical events and the damage caused by the heavy rainfall in various regions of the country. The issues causing the greatest concern at the moment are the rising fuel, fertilizer and agrochemicals costs, which could negatively impact farmers' planting decisions in the coming season. All this is the result of the Russia-Ukraine war and pre-existing supply and logistical constraints caused by the Covid-19 pandemic. We doubt that the higher commodity prices will be sufficient to fully offset the rising costs. This is one area we will keep monitoring and about which we will continue to engage with farmers and agribusinesses in the coming months.

Exhibit 3: Agbiz/IDC Agribusiness Confidence Index ¹



Source: Agbiz Research, South African Weather Service
 (Shaded areas indicate periods when rainfall across South Africa was below the average level of 500 millimetres.)

2.5 Agricultural employment

South Africa's higher unemployment rate forces every sector of the economy to be mindful of the positive impact it could have on job creation – this in the midst of a challenging period of rising input costs and increases in minimum wages for the farming sector and agribusinesses. Nevertheless, South Africa's agricultural sector has recovered from a drop in employment in 2021, which occurred mainly in the Western and Northern Cape as a result of the various bans on alcohol sales which adversely affected the wine industry's finances. By the last quarter of 2021, employment in primary agriculture had recovered by 7% from the last quarter of 2020, with 868 000 people employed. This is well above the long-term agricultural employment figure of 780 000. Notably, there was an improvement in employment across all subsectors of agriculture during this period. The bumper crop harvest and generally favourable reduction conditions were a key catalyst behind the vibrancy of the primary agricultural labour market.

Exhibit 4: South Africa's agricultural employment



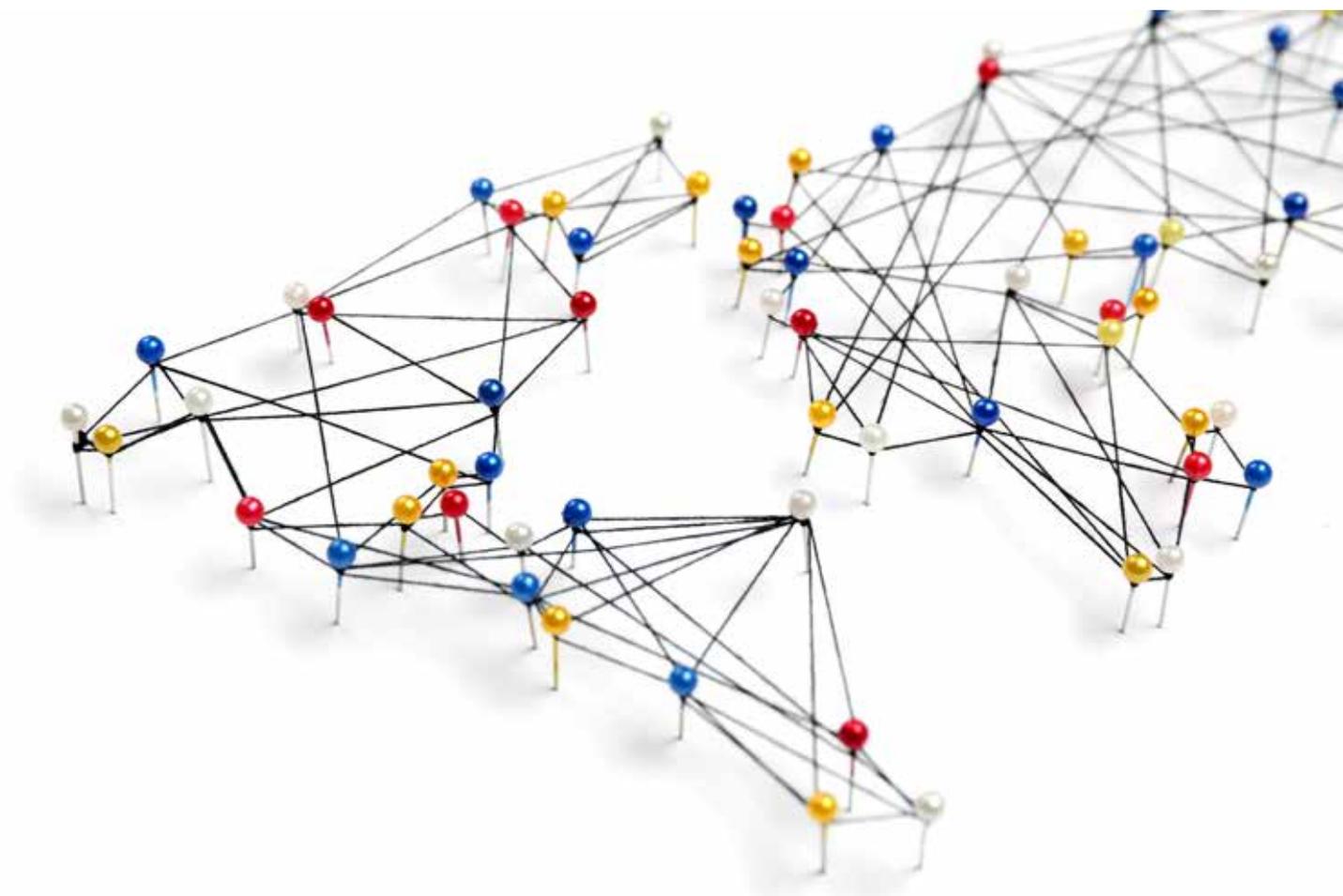
2.6 Liaising with business and government

Agbiz, in line with its mandate, remains involved in various government and business platforms for the benefit of its members. The platforms that Agbiz officials are involved in include the Reserve Bank Economic Roundtable, the Presidential Economic Advisory Council (PEAC), the Ministerial Advisory Council, the Council of Statistics South Africa (Stats SA Council) and the International Trade Administration Commission of SA (ITAC).



3. Linking South African agribusiness to the world

3.1 Global agribusiness



Agbiz promotes agricultural trade and investment for its members by working closely with the Department of Agriculture, Land Reform and Rural Development (DALRRD), the Department of Trade, Industry and Competition (the dtic), the National Agricultural Marketing Council (NAMC), the Department of Health and the International Trade Administration Commission (ITAC), to mention a few.

Information on agricultural trade, investment and opportunities is gathered from industry and government sources, including foreign government sources such as embassies and consulates in South Africa and South African embassies abroad.

Agbiz will continue to establish and maintain excellent working relationships and networks with all stakeholders, both locally and abroad. So far, we have had excellent contact with embassies and consulates of countries such as the United States, the United Kingdom, France, The Netherlands, Mozambique, Malawi, Germany, Japan, Angola, and Nigeria, among others.

4. Liaising with business and government

4.1 Agbiz representation

Agbiz, in line with its mandate, is affiliated with several global and local business organisations, and members of its staff serve on various government and business platforms, in advisory and/or decision-making capacities, for the benefit of its members.

International linkages

- International Bar Association, Agricultural Law Section
- International Food and Agribusiness Management Association (IFAMA)
- Business and Industry Advisory Committee (BIAC) to the Organisation for Economic Co-operation and Development (OECD)
- BRICS Agribusiness Working Group
- Range of embassies active in South Africa

Local linkages

- AgriBEE Charter Council
- Business Unity South Africa (BUSA)
- National Economic Development and Labour Council (Nedlac)
- Presidential Advisory Panel on Land Reform and Agriculture
- Presidential Economic Advisory Council
- South African Statistics Council (Stats SA Council)
- International Trade Administration Commission of SA (ITAC)
- Reserve Bank Economic Roundtable
- Bureau for Economic Research (BER)
- Maize Trust
- South African Grain Information Service (SAGIS)
- CEO Forum of the Department of Agriculture, Land Reform and Rural Development (DALRRD)
- BRICS Business Council
- Agricultural Development Agency (AGDA)



4.2 Agbiz Grain representation



Agbiz Grain

- Agbiz Grain Steering Committee
- Agbiz Grain Executive Committee
- Agbiz Grain Technical Committee: Grain quality (for issues such as grading regulations for maize, wheat, soybean, sunflower, sorghum, as well as food safety (HACCP), disputes and sampling apparatus)
- Agbiz Grain Technical Committee: Training (AgriSETA) and Safety
- Agbiz Grain Technical Committee: JSE / Grain Trading
- Agbiz Grain Technical Committee: Transnet National Ports Authority and Road to Rail

The general manager serves as a director or trustee on the following industry boards:

- Board of the Southern African Grain Laboratory
- Board of the Winter Cereal Trust
- South African Cultivar and Technology Agency (SACTA)

Industry committees

- JSE Agricultural Products Advisory Committee
- Wheat Forum Steering Committee
- Wheat Forum
- Research Technical Committee for Wheat
- Research Technical Committee for Barley
- Maize Forum Steering Committee
- Maize Forum
- Sorghum Forum
- Soybean Working Group
- Sunflower, Soybean and Soyfood Forum
- Sunflower and Soybean Forum
- SA Groundnut Forum
- Crop Estimates Liaison Committee
- Supply and Demand Estimates Liaison Committee



Ad hoc committees

- Single Grain Forum Committee
- SA Winter Cereal Industry Trust Voluntary Levies Committee

Collaborates/interacts with numerous bodies (some constantly, others less frequently):

- Agbiz
- AgriSETA
- Animal Feed Manufacturers Association (AFMA)
- Agricultural Research Council (ARC)
- Bureau for Economic Research (BER)
- Crop Estimates Committee (CEC)
- Department of Agriculture, Land Reform and Rural Development (DALRRD)
- Department of Environmental Affairs (DEA)
- Grain Handling Organisation of Southern Africa (GHOSA)
- Grain SA
- National Agricultural Marketing Council (NAMC)
- National Chamber of Milling (NCM)
- Protein Research Foundation (PRF)
- SA Chamber of Baking (SACB)
- South African Cereals and Oilseeds Trade Association (SACOTA)
- Southern Africa Shippers Transport and Logistics Council (SASTALC)
- Transnet
- Leaf Services

Since June 2020, Agbiz Grain has continuously and extensively
**engaged with the JSE to enhance the
storage operator requirements**
in the Detailed Contract Specifications 2021.
The latter document was published by the JSE in April for final comments.

4.2.1 The JSE

The integrity of the derivatives market

The integrity of the derivatives market is of the utmost importance to all market participants. Storage operators play a very important role in this process by issuing JSE and general silo certificates and ensuring that the relevant stock listed on these certificates is available in the silo. The JSE conducted a thorough investigation during 2020/21 to uncover every transgression that has ever taken place at a silo complex since the introduction of the Safex market. All silo locations belonging to various storage operators were investigated. In addition to the JSE's investigation and inquiries, the JSE also commissioned an independent investigation in respect of silo operators' conduct and adherence to JSE requirements in March 2020. Apart from one issue, there were no breaches of JSE requirements by any other silo belonging to an approved storage operator. The JSE investigation concluded that there have been no instances of any failure by any silo operator (including the storage operator who transgressed) to deliver commodities covered by JSE silo receipts to the owners thereof. Storage operators play a very important role in the functioning of the market and Agbiz Grain assured the media that the members of Agbiz Grain were doing their very best to ensure the integrity of the market.



Revision of the JSE rules/ contract specifications applicable to storage operators

Agbiz Grain collaborated with the JSE to ensure that the revision of the contract specifications by the JSE did not have a major impact on the handling and storage industry. Such revisions can have an impact on the processes/rules regulating the handling and outloading of grain. To ensure price convergence of the futures market, holders of JSE receipts need to access their products within a reasonable period. Based on recommendations received from participants in the grain and oilseed sector, the JSE decided to revisit some of its agricultural contract specifications. A futures contract traded on the JSE expires into a physical contract and the JSE needed to make sure that its obligation concerning the physical contract was taken care of.

After Agbiz Grain had collaborated closely with the JSE in 2020/21, the JSE published the new JSE rules. Agbiz Grain supported the majority of the changes as published but contested certain proposed rules, such as those

that supported the unqualified stricter outloading rate for JSE silo receipts owned and issued by the JSE-approved storage operators.

Agbiz Grain communicated clearly to the JSE before the publication of any rules that the rules should not be anti-competitive, or impractical. Agbiz Grain ensured that the JSE analysed the full implication of the rules and encouraged the JSE to engage with Agbiz Grain before finalising any rules. During the review process, Agbiz Grain ensured that the JSE considered the implications of every rule. The introduction of additional rules should not increase transaction costs or adversely affect the competitive position of future stakeholders.

Grain storage cost index

Agbiz Grain developed a sector-specific grain storage cost index (GSCI) in 2021. The JSE uses the monthly PPI (producer price index) to adjust the new JSE storage rates. Agbiz Grain recommended that the JSE use the GSCI in updating the annual change in the JSE storage rates. The GSCI is published only once a year compared to the monthly publication of the PPI. The JSE has three different marketing years, starting on the first trading day of March, May, and October. The industry as represented by the JSE Advisory Committee needs to be convinced that the introduction of the GSCI will be an improvement in the interests of all. The JSE also needs to agree on the adoption of the GSCI. The GSCI is less volatile than the respective PPIs applicable to March, May, and October. In the long run, the annual change in the index value of the PPI and the GSCI is very similar. This indicates that the GSCI is an ideal replacement for the PPI. Agbiz Grain commissioned the Bureau for Economic Research (BER) to update the GSCI annually.

4.2.2 Industry forums

Acquisition and utilisation of grain and oilseeds

In May 2020 the administrators of the Maize Forum, the Sorghum Forum, the Sunflower and Soybean Forum, as well as the Wheat Forum, received a request from the South African Cereals and Oilseeds Trade Association (SACOTA) to the effect that there is a need for the monthly information as published by the South African Grain Information Service (SAGIS) to include provision for figures reflecting the acquisition (deliveries from farms) and utilisation (for human consumption and animal feed / industrial purposes) of grains and oilseeds per grade. Monthly figures reflecting acquisition and utilisations of grains and oilseeds per grade will only be allowed to be published on a national level.

Winter Cereal Trust

The administration of the Winter Cereal Trust is experiencing certain challenges. Several of the trustees have been replaced, have retired, or have been laid to rest. The ministerial trustees have since all been replaced by the minister, but have chosen to remain trustees and, as a result, twelve trustees representing the minister are currently attending board meetings. The number of ministerial representatives is causing an imbalance in the composition of the board and is incongruent with the provisions of the trust deed.

The industry is concerned about the administration of the trust. Some of the trustees refuse to accept the conduct of the present trustees and their self-imposed control of the Trust. The objectives of the Winter Cereal Trust and those of SAWCIT (South African Winter Cereal Industry Trust) are identical. SAWCIT was established by industry due to necessity. There is no longer a statutory levy on wheat, which was the reason for the existence of the Winter Cereal Trust. The Wheat Steering Committee is intolerant of the behaviour of the trustees. The Winter Cereal Trust has rendered itself dysfunctional. It is essential to regulate unfair practices that are taking place. The industry supports the following initially requested amendments to the Deed of the Winter Cereal Trust:

- fewer ministerial trustees,
- the removal of the chairperson's casting vote, and
- election of a chairperson from among the trustees appointed by the industry.

These requested amendments from the industry were rejected by a majority vote in the Winter Cereal Trust. The rejection of the industry's requirements is incompatible with the purpose and functions of the Trust. The aim should be to serve the industry and to further its interests, which no longer seems to be the case.

Weekly producer deliveries of soybeans, sunflower seed, maize and wheat

The respective forum steering committees have submitted letters in support of an application to introduce a statutory measure for the weekly producer deliveries of grains and oilseeds. This follows after Agbiz Grain indicated early in 2021 that the voluntary submission of figures for the weekly producer deliveries for soybeans and sunflower seed would be discontinued by the end of February 2022, maize by the end of April 2022, and wheat by the end of September 2022. The voluntary submission of the weekly producer delivery information is not inclusive throughout the industry.



Voluntary industry levies / South African Winter Cereal Industry Trust (SAWCIT), 2022/2023

SAWCIT has managed to collect 64% of the levies on imports and 44% on locally produced wheat as of 31 October 2021. Levies paid to SAWCIT after October 2021 will be included and recorded in the new season (2021/2022). SAWCIT was able to fund all the critical industry services, i.e. SAGIS, SAGL, and the Wheat Forum, as well as pay the outstanding invoice from SAGL in respect of a new cultivar standard. Apart from the termination of a few non-critical projects, all continuation applications for research were approved for funding at either the amount applied for or with a 10% increase on the amount granted by the Winter Cereal Trust in the previous year. SAWCIT intends to institute a marketing campaign to address the confusion within the industry regarding the voluntary levy and the establishment of SAWCIT. It is hoped that this campaign will improve the collection of the voluntary levy for the 2021/2022 season, for which the rate per commodity is to remain unchanged.

Dispute resolution protocol

The trade working group of the respective forum steering committees (maize, wheat, and sorghum) finalised the dispute protocol for acceptance by the grain and oilseeds sector. The trade working group included Agbiz Grain's recommendations in full in the final presentation. The members of the trade working group agree with Agbiz Grain's proposal and the dispute protocol is published on the respective websites of the affected stakeholders in the grain sector.

4.2.3 Transnet Freight Rail

Several meetings were convened by Agbiz, SACOTA, the industry, Transnet Freight Rail, and Transnet Port Terminals. One thousand wagons were promised to the industry for the import and export of grain, of which only 20% were delivered. This percentage has further decreased. The poor export-related performance and distressing service by Transnet are due to cable theft between Bethlehem and Harrismith and locomotive shortages. Transnet called on the private sector to assist in addressing cable theft. The assistance of private partners, including producers (Grain SA) and Agbiz Grain members (Afgri, VKB, and OVK), and SACOTA is critical in significantly addressing cable security.

4.2.4 A general passport system is not possible without total producer support

Agbiz Grain supports the introduction of a general passport system on the condition that all producers collaborate to ensure the successful introduction and management of such a passport system. The purpose of a passport system is to minimise risk to the end consumer in the value chain concerning pesticides used in on-farm production and the storage of products by silo operators and millers. Silo operators cannot guarantee that the product delivered by producers and stored in

bulk will meet the minimum requirements (minimum residue levels and mycotoxin levels) of end consumers. Storage operators are not prepared to guarantee stock delivered by producers without a passport certified by every producer and endorsed by the pesticide company supplying the producer with pesticides for the production of the product. Without the total support of the producers of white maize, yellow maize, sorghum, and wheat, a general passport system is not feasible. It would increase costs in the value chain, especially administrative costs to silo operators, without adding the needed assurance to the end consumer that the product meets the necessary minimum residue limits. The discussion is continuing.

4.2.5 Government

DALRRD inspection services (Leaf services)

Agbiz Grain opposed the introduction of inspection services and argued that the sectors in the grain value chain are sufficiently self-regulated. The Appeal Board that was appointed by the Director-General of the Department of Agriculture, Land Reform and Rural Development (DALRRD) to rule on the implementation of the inspection services for grain and oilseeds found that the processes followed were unlawful and were not procedurally fair.

The Board ruled that the fees cannot be rationally linked to the capabilities that need to be exercised or to the duties that need to be performed. The Board further recommended that the Director-General should consider additional regulations to facilitate appeals of this nature as the current arrangements are inadequate. Agbiz welcomed the final decision by the Appeal Board as it ensures the protection of stakeholders and provides for lawful and fair procedural processes.

Agbiz Grain welcomed the final decision in December 2021 to halt the introduction of inspection services. This ensures the protection of stakeholders and provides for lawful and fair procedural processes. DALRRD requested the inputs of affected stakeholders on the document Draft DALRRD SOP:

Risk profiling of FBO of regulated grains, oilseeds, and grain products for inspection by the designated assignees. Agbiz Grain submitted inputs by 15 February 2022.

Amendment of grading regulations for maize

The amendments to the Grading Regulations were submitted to the Department of Agriculture, Land Reform and Rural Development, pending further amendments that may result from current analyses which are being conducted by the Southern African Grain Laboratories (SAGL). The amendments were expected to be implemented before the commencement of the new marketing season on 1 May 2022.

Agbiz Grain, in collaboration with grading experts, has identified additional elements that could be considered for further revision under the Grading Regulations. It is imperative for the industry to present a united front and to be careful not to create the impression that there are differences of opinion about such vital matters. All industry role players, including Agbiz Grain, will be given an opportunity to comment on the revised regulations before they are implemented. Agbiz Grain has submitted additional recommendations to the Trade Working Group for inclusion in the amendments to the Grading Regulations.

4.3 Agbiz Fruit representation

- BUSA Trade and Logistics Sub-Committee
- Nedlac's Technical Sectoral Liaison Committee (Teselico)
- Agricultural Trade Forum (ATF) of DALRRD



5. Stakeholder engagement

From a corporate perspective, Agbiz defines its stakeholders as individuals, groups or organisations that can affect or be affected by the actions of the business of Agbiz as a whole. Based on their specific characteristics and potential impact, different categories of stakeholders can be identified. These include agribusinesses, agricultural producers and commodity organisations, government, politicians and regulatory authorities, academia, special interest groups, international institutions, consumers and the media.

The communications and marketing department plays an important role in promoting the image of Agbiz and engaging with these stakeholders.

Communication takes place through various channels, such as the weekly newsletter, ad hoc emails to members on relevant issues, the Agbiz website, research reports and other publications. Agbiz staff members also participate in structured member engagements, such as Council meetings, workshops, information days and other industry events.

Reports to our members and other stakeholders include a weekly agricultural viewpoint and highlights from the *Government Gazette*. Other reports focus on what's happening in parliament and provide updates on fuel prices, agricultural machinery sales, the consumer price index, the producer price index and crop estimates. The results of the IDC/Agbiz agribusiness confidence index survey are published quarterly.

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5.1 Digital communication

eNewsletter

This weekly electronic publication represents the views and opinions of Agbiz and includes collective information from various reliable sources in the agribusiness sector. The information contained in the newsletter empowers the target audience to become better informed and more responsible partners in the economic prosperity of the agribusiness sector of South Africa. The publication's target audience comprises senior managers and executives in agribusiness, policy- and decision-makers in government, industry associations, academia and the media.



Introduction of *Agbiz Grain Quarterly*

Agbiz Grain introduced the *Agbiz Grain Quarterly* as an online magazine in 2021. The first edition was published in November 2021. The aim is to enhance communication and improve technology transfer, but most importantly to position the grain and oilseed storage sector.

The second edition, which appeared in February, focused on the technology that could transform the grain management environment for better or worse.

Website

The Agbiz website (www.agbiz.co.za) is an informative, user-friendly and in-time communication tool. Agbiz is extending the range of the website to provide up-to-date information. The website serves as an educational tool that provides historical information, economic indicators, trade information and legislative material for interested parties. It also contains links to a host of other important sources.

The website has undergone a complete makeover during the reporting period, not just in terms of look and feel on the front-end, but also at the back-end, with the integration of an administrative portal, with various functionalities such as member logins, a discussion portal and an RSVP system.

Social media

Agbiz's presence on social media keeps growing. Facebook, Twitter, LinkedIn and Instagram are used to engage with stakeholders on economic, policy, trade and social matters.

5.2 Events

The Covid-19 pandemic and the accompanying government regulations imposed on social gatherings compelled Agbiz to limit in-person meetings. We therefore had to adapt the way we keep in touch with members and other stakeholders. During the reporting period, virtual meetings became the order of the day for all businesses and the Agbiz administration followed suit.

Agbiz hosted the following events during the reporting period:

Agbiz information sessions

Because of the restrictions imposed during the Covid-19 pandemic, Agbiz hosted one hybrid information session with the physical meeting in Pretoria in 2020. The session focused on specific legislation, including land reform, water reform and climate change legislation, as well as important sectoral economic and agricultural economic indicators, with Mr Theo Venter of the North-West University Business School and Mr Ferdie Meyer of BFAP as guest speakers. The Agbiz administration followed a different approach in 2021, and hosted smaller group information sessions in Paarl, Gqeberha, Pretoria and Midrand. Similar sessions will be held in 2022.

Council meetings

During the reporting period, Agbiz administration hosted three Council meetings per year, at which various topical guest speakers gave addresses. Since the outbreak of Covid-19 in March 2020, the Council meetings have been hosted on a virtual platform.

Agbiz Media Day

Due to the Covid-19 pandemic, Agbiz did not host a Media Day in 2020, but scheduled an in-person media day for 2 December 2021 at the Grain Building in Pretoria to discuss the current state of affairs, major developing trends and forecasts, policies and influences in the economy as well as implications for agribusiness.

Unfortunately, the planned meeting coincided with escalating Covid numbers at the start of the fourth wave, and the format had to be changed to a virtual meeting.

Launch of Futures of Work in Agriculture 2035 report

After comprehensive consultations and inputs to the team from Stellenbosch University, Agbiz hosted the official launch of the Futures of Work in Agriculture 2035 report in February 2022. The function was a hybrid event, with the in-person function held at the Grain Building in Pretoria.

Agbiz Grain Symposium

Agbiz Grain held its biennial symposium in September 2021. We are grateful to our facilitators, panel members and the companies who contributed financially to making this symposium a memorable and successful event. The virtual symposium was attended by 279 attendees.

We received support from 16 sponsors. Our sponsors included:

- Diamond: John Deere & John Deere Financial
- Platinum: Absa
- Gold: Nedbank
- Silver: Afgri, Senwes, Standard Bank
- Bronze: AES, BKB, Degesch, GOSA, Microsep, OVK, Ronin, Santam
- International: StoneX

There is little doubt that 2021 will be remembered as a watershed year for South Africa. Our economic recovery depends on the difference we make in the lives of others through our decision making, the optimal management of socio-political challenges in the macroenvironment, and the curbing of unnecessary costs by embracing new technological advancements, and by gaining a clear understanding of the fundamental factors that will determine commodity prices in 2022.

The former CEO of Grain SA, Jannie de Villiers, started each day of the symposium by telling us 'to enquire of the Lord in the heat of the moment'. If we are to lead our country and sector forward into a promising, joyful future we need to make a difference in the lives of others through our decision making.

Dr John Purchase, former Agbiz CEO, led a panel discussion amongst business leaders in the sector on the challenges that need to be successfully addressed to shape our future. The socio-political challenges impacting the sector need to be successfully managed. The panel discussion was conducted by



representatives of the respective role players in the value chain, including producers, storage operators, animal feed manufacturers, traders, and oilseed processors.

Prof. Johann Kirsten, CEO of the Bureau for Economic Research, engaged with service providers and experts on those factors and consumer demands that drive future increases in the cost of handling and storage of grains and oilseeds. Prof. Kirsten facilitated a panel discussion that focused on the



Grain Storage Cost Index and those cost aspects, including the availability and cost of finance, insurance, and electricity, that will contribute to overall handling and storage costs for 2022.

Prof. Ferdi Meyer of BFAP chaired a panel session on the third day of the symposium focusing on new technological advances that are important for the grain and oilseed storage sector. Prof. Meyer facilitated a futuristic discussion among service providers on new technological

advances and potential disruptors that will add value to the local grain handling and storage sector.

Arlan Suderman, chief commodities economist at StoneX, shared his analysis of the global grain and oilseeds market and price expectations beyond 2021. This was on the last day and during the final panel discussion chaired by Wandile Sihlobo of Agbiz.

The recording of the symposium can be accessed by following the link below:

<https://www.agbizgrain.co.za/events/agbiz-grain-symposium-september-2021>

5.3 Presentations

Over the review period, Agbiz gave more than 100 presentations to a range of external and internal stakeholders, including high-level invited participants at local and international events. Numerous presentations were also held for members and stakeholders on critical issues that affect their strategic planning.

5.4 Media engagement

Agbiz's media coverage has improved significantly over the period under review owing to the good relationships it has established with members of the media. Regular interaction with journalists, reporters and editors keeps our stakeholders informed and promotes fair representation of Agbiz in the media.



Print, broadcast and online media monitoring is outsourced and reports of coverage are received daily and published in our newsletter and on the website, as appropriate. In the period under review, coverage focused mainly on the issues of land reform, the drought and food security, investment in agriculture, and international trade. An independent media monitoring company tracks our media and online presence to assist us in meaningful and impactful media liaison.

Staff members write regular columns for *Fin 24*, *Daily Maverick* and *Business Day*, as well as a weekly column for *Farmer's Weekly* and *Landbouweekblad*.

5.5 Agbiz Grain membership

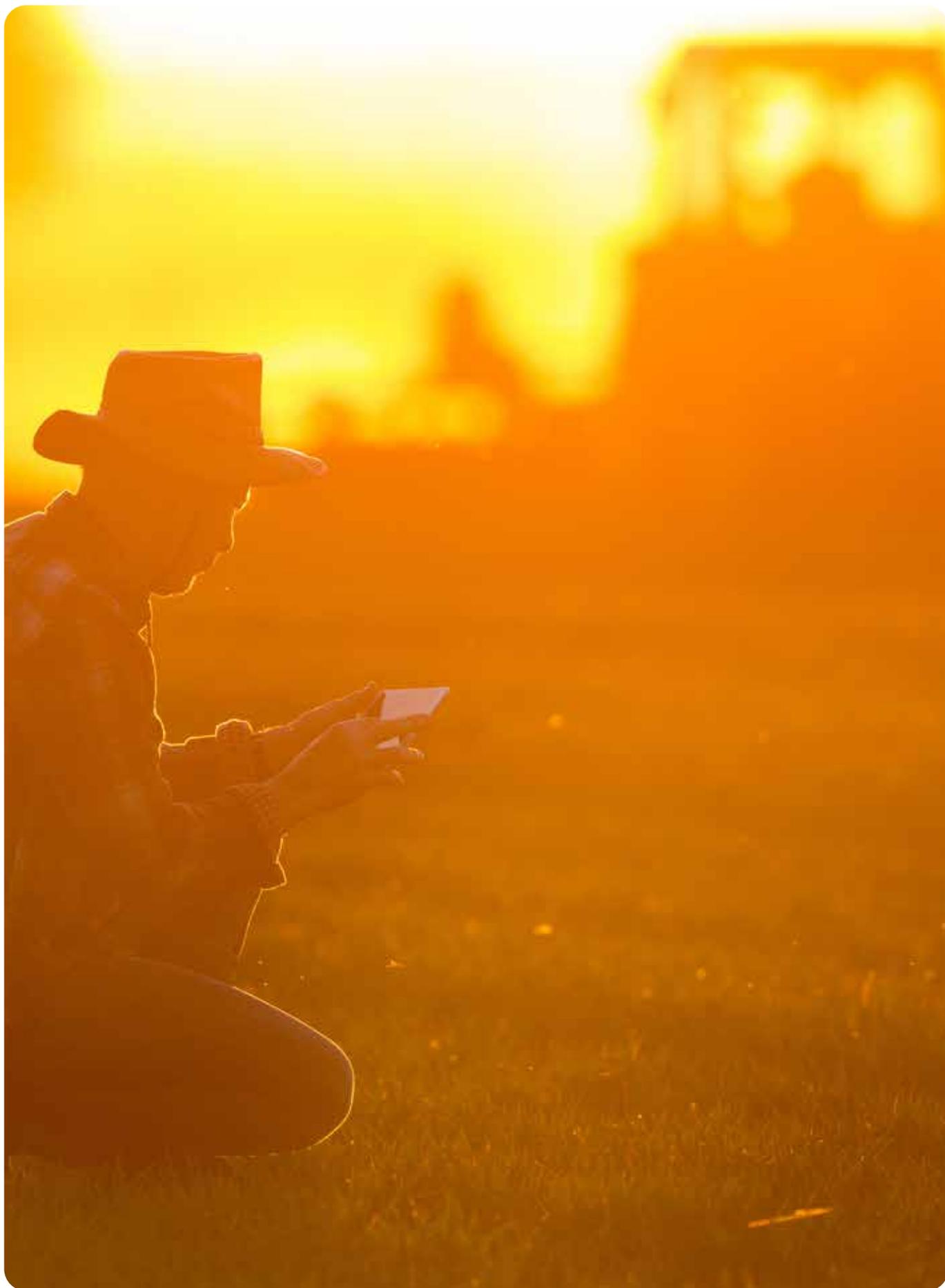
Going forward, Agbiz Grain is excited about approaching the future with its new members and addressing the challenges facing our handling and storage business environment.



Agbiz Grain welcomed Silostrat as one of the main storage members of our association from March 2022. The fact that Silostrat has joined Agbiz Grain has further strengthened our position as the official representative of the grain handling and storage sector.

We have also broadened our membership to allow our value chain partners to join Agbiz Grain. The new associate members include Agri Enviro Solutions, the Buhler Group, Henchem Environmental Management Solutions, Kuphela Environmental Sustainable Solutions, Rhein Ruhr and Santam Agri.





6. Human Capital Development

Attracting young talent to the agricultural sector is a focus area for Agbiz. Several programmes have been put in place to achieve this objective.

6.1 Agribusiness Centenary Bursary

The Agribusiness Centenary Bursary Fund was established in honour of several Agbiz member companies that celebrated 100 years of existence. Postgraduate students in Agricultural Economics or agribusiness-related fields can apply for this annual bursary. Excellent applications were received and the best student was selected on merit. In 2020, the bursary was awarded to Ms Reabetswe Monchonyane, a Master's student in Agricultural Economics at the University of Pretoria. As a result of the disruptions caused by the Covid-19 pandemic, Agbiz did not award a bursary in 2021. In 2022, Ms Bonolo Jafta, a Master's student in Agricultural Economics at the University of the Free State, received the bursary.

6.2 Linking academia with agribusiness

Agbiz made an intentional decision to attempt to link South African academia with agribusinesses. As an outflow of the Agbiz / IFAMA Student Case Competition the case study methodology will be promoted in academia and businesses will be kept in the loop and encouraged to become involved.

Currently, Agbiz seeks involvement with universities wherever possible. Staff members regularly make presentations and give special lectures at several universities.



6.3 Grain Depot Manager Qualification

The grain depot manager qualification was recommended to the South African Qualifications Authority (SAQA) on 11 November 2021 for registration on the National Qualifications Framework under the Occupational Qualifications Sub-Framework.

The registration of the qualification on the NQF (National Qualifications Framework) is expected early in 2022. The accreditation of training providers will resume once the qualification has been registered on the NQF and after SAQA's internal processes prior to registering a qualification have been completed. So as not to delay the implementation of the qualification, skills development providers have been prepared in respect of accreditation requirements

Agbiz Grain, AgriSeta, and the Quality Council for Trades and Occupations (QCTO) are collaborating closely to present an EISA (external integrated summative assessment) online workshop in 2022. The session will be facilitated by QCTO. Members of the Community of Expert Practitioners (CEP), moderators of the curriculum, and AgriSeta will participate in the session. This is the only grain depot manager training material that will be registered by SAQA.

6.4 Human capital development within Agbiz

The following staff members have either completed their studies during the reporting period or are currently engaged in further studies:

Theo Boshoff

In 2021, Mr Boshoff enrolled at the North-West University's Business School and is studying towards a Postgraduate Diploma in Business Management, due to be finalised in 2023. In 2021, the *South African Journal of Human Rights* published an article based on his LLM studies entitled: "The role of the Valuer-General in the calculation of compensation for expropriation: A comparative analysis between South African and Australian Law".

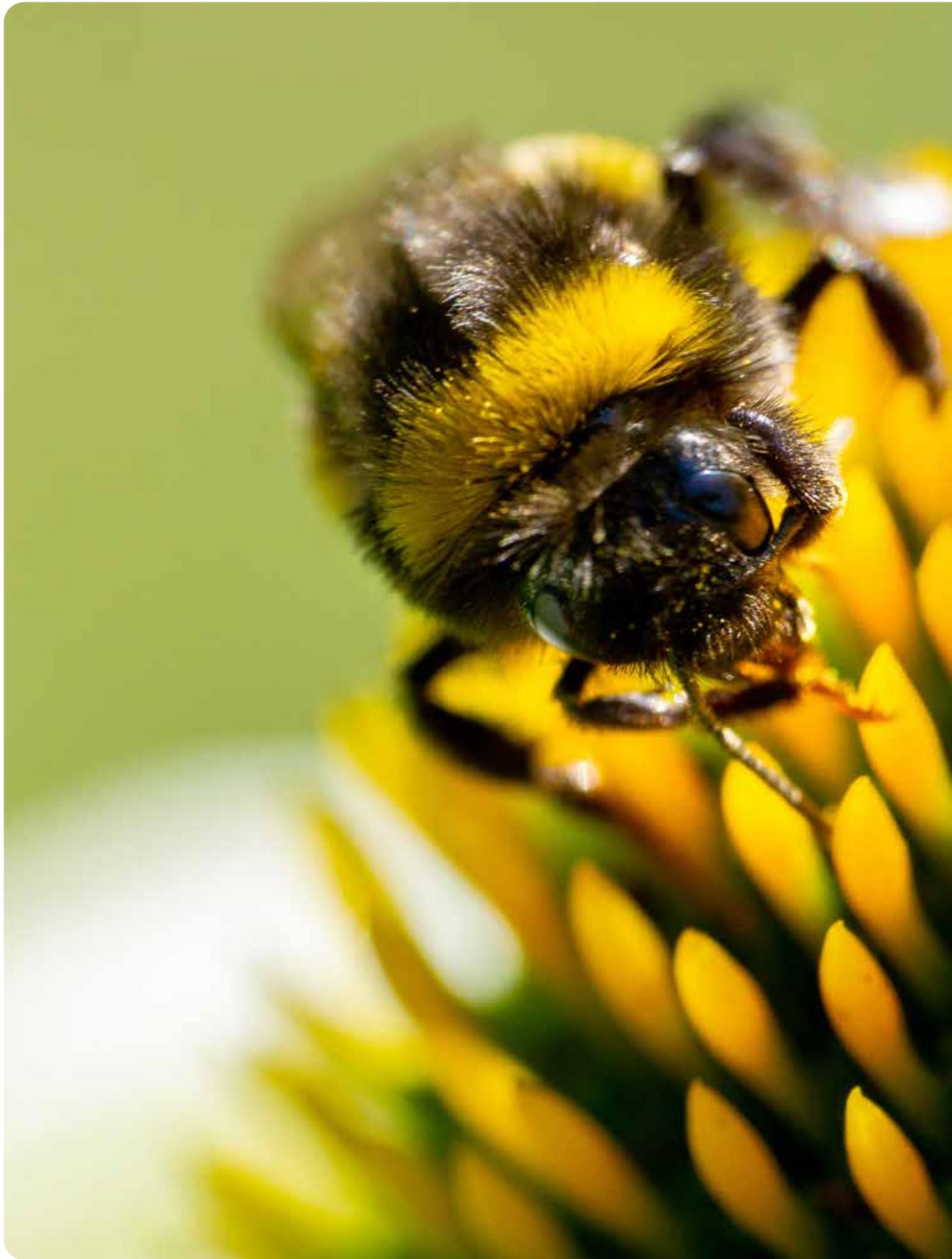
Liezl Esterhuizen

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