

VOL 5 NO 2 • MAY 2025



agbiz GRAIN
QUARTERLY



Grain storage and food security

BFAP report on malting barley risks

Grain losses due to pests and rodents

Bulk carrier and grain bag transport at sea

SHEQ workshop on pre-emergency fire planning



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The greater purpose

By Dr Charl van der Merwe

My first step into grain handling and storage was at MKB (now part of Overberg Agri) in Moorreesburg, Western Cape more than 20 years ago. As a young agriculturalist, I was assigned to take dust samples in the silos as part of a Southern African Grain Laboratories (SAGL) project to monitor the silos for karnal bunt. I not only got to know the darkest crevices of a silo, but developed a passion for this wonderful industry. From there, my path in grain administration and marketing led to me overseeing the grain division at MKB.

NWK in Lichtenburg was the next stop on my grain journey, where I was the regional manager and responsible for compiling the budgets of the grain handling division. Silobags, bunkers, and dams became an alternative method of storage at the beginning of the 21st century. I learned more about these storage methods at Suidwes Landbou in Leeudoringstad, where establishing new depots was part of my responsibilities.

The past six years I spent working outside the grain handling and storage sector, allowing me to look at grain handling and storage from a different angle while not directly involved in it. I was involved with various non-profit organisations during this period and learned a lot about the concept of the 'greater purpose'. The greater purpose can be defined as the main reason to live or exist. It involves going beyond your personal needs and using your gifts, expertise, and resources to benefit others and contribute to the bigger community, the country, and the world. I believe that grain handling is more than simply having a job, and ensuring that grading and fumigation are conducted correctly, all while delivering a profit at the end of the year.

Grain handling and storage have a greater purpose, including the following:

Providing for the tougher years

Covid-19, the war in Ukraine, and the unstable political situation in the

Middle East have underscored the importance of preparing for unforeseen events. This principle was applied by Joseph in biblical times, when grain was stored for seven years of famine. Hence, the first aspect of the industry's greater purpose is to store grain for the tougher years and ensure a continuous supply.

Food security

While working for Collateral Management International (CMI), a subsidiary of AFGRI in Rwanda, I became acutely aware of the impact of post-harvest losses, with between 20 and 40% of harvested grain lost due to insects, rodents, or spoilage. The second greater purpose aspect of the industry is focussed on the safe handling and storage of grain, which significantly contributes to the availability of grain, the profitability of farming operations, and food security.

Supporting grain trading

Commercial grain storage creates and maintains an effective marketing environment by guaranteeing the quality and quantity of the grain delivered to the facility. The third important greater purpose element is therefore to support the grain trade by providing peace of mind to both the seller and buyer that the grain will be handled and stored safely, and will be available on demand.

Traceability, environmental impact

The pursuit of the greater purpose occurs within a changing business environment. It is becoming increasingly important for consumers to know where and how their food is produced, stored, and manufactured.

Traceability within the grain handling and storage sector, where big quantities of grain from various producers are handled together, is probably a greater challenge than, for example, the fruit or meat industry; however, it will likely become more important in future and will have to receive more attention. The same applies to environmental aspects, including fumigation, the handling of chemicals, and the impact of grain storage facilities on the surrounding environment.



Dr Charl van der Merwe, newly appointed general manager of Agbiz Grain.

People are essential to the operation of storage facilities. Initiatives such as training the next generation of staff and developing auditing standards relating to health and safety will require further development.

Looking forward

My next season in the grain handling and storage sector starts on 1 May, when I take responsibility for the Agbiz Grain Desk. I am excited to be part of this unique family again and to contribute to the sustainability of the greater grain sector. The members of Agbiz Grain are also our clients.

My priority will be to understand the challenges and needs at the depot/facility level, to represent the industry, and provide a service that is on standard and on time, ensuring a return on their investment. [a](#)

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AGBIZ GRAIN GAZETTE

New Agbiz Grain executive committee elected

Agbiz Grain elected a new executive committee on 12 February this year. Jerry Maritz of AFGRI Grain Management was re-elected as chairperson. Francois Froneman of VKB was named vice-chairperson, while Johan Lusse of Overberg Agri will also serve on the committee. Agbiz Grain congratulates the new leadership and expresses confidence in their continued contributions to the South African grain industry. The committee will play a key role in representing member interests and industry advancement. – *Agbiz Grain*

Brazil to modernise grain storage infrastructure

Brazil's National Supply Company (Conab) has partnered with the United Nations Office for Project Services (UNOPS) and Itaipu Binacional to modernise grain storage infrastructure in a bid to boost operational efficiency and food supply management.

Itaipu Binacional, a partnership between Paraguay and Brazil that runs the hydroelectric plant at the Itaipu Dam, would provide US\$10M in funding for UNOPS to conduct infrastructure assessments of Conab's warehouses in Rolândia, Cambé and Ponta Grossa in Paraná state, and Maracajú in Mato Grosso do Sul.

The project is expected to improve the transport of wheat and soya beans to the Port of Paranaguá, located 200km away. The Ponta Grossa facility alone is set to increase its capacity from 300 000 to 420 000 tonnes. UNOPS will oversee the project's execution, beginning with infrastructure assessments later this year, followed by bidding processes. Renovations are expected to begin in April 2026 and take two years.

By significantly expanding the country's grain storage capacity, the initiative will enhance supply management, help control inflation and reduce food prices for Brazilian consumers. – *Oils and Fats International*

Zim launches first AI-powered grain depot

Zimbabwe is ushering in a new era of agricultural infrastructure with the launch of its first AI-powered grain silo in Kwekwe, marking a significant milestone in a US\$500 million national modernisation project. The initiative aims to transform grain storage across the country through the construction of 21 high-tech Grain Marketing Board (GMB) depots, increasing Zimbabwe's strategic grain reserve from 650 000 tonnes to approximately 1,4 million tonnes. Currently, much of the country's grain is stored under tarpaulin shelters, leaving it vulnerable to spoilage and theft.

The Kwekwe facility, now 90% complete, incorporates cutting-edge AI and Internet of Things (IoT) technology for real-time monitoring of storage conditions, load management, and energy use. According to engineer Edwin Zimunga of the Ministry of Lands, the system is designed to detect spoilage and automate key functions, preserving grain quality.

The launch coincides with an expected record harvest of over 3,5 million tonnes of cereals and a projected winter wheat yield of 600 000 tonnes. While the Kwekwe depot will serve as a model, construction at other sites such as Mhangura and Mvurwi is still underway. The government aims to complete 14 smart depots to secure national food reserves for up to three years. – *The Herald*

China finishes batch of inflatable grain silos

China's first batch of three large inflatable grain silos, with a storage capacity of 9 000 tonnes each, was installed in central China's Hunan province in March this year, according to China Coal Construction Engineering Group.

Standing at a height of 33m with a diameter of 24m, each air-film silo offers a 20% increase in storage capacity compared to the previous generation. With technological innovation, the grain silo takes only 33 minutes to fully inflate, nearly three times faster than previous inflatable grain storage facilities.

It boasts multiple innovative technologies, including optimised warehouse dimensions, a hydrophobic and oleophobic coating on the membrane material, and a revamped intelligent air pressure electro-control linkage system. These advancements not only increase storage capacity, self-cleaning performance, and visual appeal, but also enhance the warehouse's waterproofing, thermal insulation, and airtightness.

A total of five inflatable air film silos were constructed and are expected to be ready for grain storage by the end of 2025. – *ECNS*



Ukraine grain export rates lag last year's

As of 14 April, since the beginning of the 2024/2025 marketing year (mid-year, July 2024 to June 2025), Ukraine has exported 33,894 million tonnes of grain and leguminous crops, of which 1,07 million tonnes were shipped in April, the press service of the Ministry of Agrarian Policy and Food reported, citing data from the State Customs Service. According to the report, the total shipment figure was 38,608 million tonnes as of 17 April last year.

It is noted that in terms of crops, since the beginning of the current season, wheat has been exported – 13,423 million tonnes (in April – 300 000 tonnes), barley – 2,242 million tonnes (25 000 tonnes), rye – 10 800 tonnes (0), and maize – 17,718 million tonnes (741 000 tonnes).

The total export of Ukrainian flour since the beginning of the season as of 14 April is estimated at 55 600 tonnes (in April – 2 100 tonnes), in particular wheat – 51 500 tonnes (2 000 tonnes). – *Interfax*

India's wheat stocks reach three-year high

India's wheat reserves have soared to their highest level in three years, easing supply concerns and offering the government more flexibility to manage prices in the months ahead. According to official data, wheat stocks in state granaries stood at 11,8 million tonnes as of 1 April – 57% higher than a year ago and well above the government's target of 7,46 million tonnes.

The surge in stock levels comes as India begins its new crop year, following months of concern over tight supplies and record-high domestic wheat prices earlier in 2024. The improved availability is expected to help contain future price spikes, even if the Food Corporation of India (FCI), the state-run grain buyer, falls short of its procurement goals.

The improved grain buffer should help India avoid imports, which had been under consideration for the first time in seven years. – *The Economic Times*

US maize acreage set to rise

The United States (US) is expected to see a 5% increase in maize acreage in 2025, according to the USDA's latest *Prospective Plantings Report*, released on 31 March. The report projects 95,3 million acres of maize will be planted this year, up 5,1% from 2024. This figure surpassed grain trade expectations and suggests a broader push for increased maize production across key growing states.

Iowa leads with an estimated 13,5 million acres (+4,7%), followed by Illinois at 11,1 million acres (+2,8%), and Nebraska at 10,5 million acres (+5,5%). Ohio is the only major maize-producing state expected to see a reduction (-4,4%).

In contrast, soya bean acreage is projected to fall to 83,5 million acres this year. The sharpest declines are forecast in Iowa, Minnesota, and North Dakota. Wheat acreage is also expected to drop, with spring wheat plantings down to just over ten million acres.

Alongside the planting report, the USDA's *Quarterly Grain Stocks Report* showed maize stocks at 8,15 billion bushels as on 1 March this year – 2% lower than the same time last year. Farmers are holding less maize in on-farm storage, down to 55% from 61% in 2024.

Soya bean stocks rose 4% year-on-year to 1,91 billion bushels, while wheat stocks climbed by 14%, marking the second consecutive annual increase. – *Agweek*

Higher 2025 SA summer crop forecast

South Africa's commercial maize crop for 2025 has been revised upwards to 14,56 million tonnes, representing a 4,65% (or 647 450 tonnes) increase from the previous estimate of 13,91 million tonnes. The updated figures mark a substantial 13,3% rise compared to the 2024 harvest. According to the latest forecast, the country's total maize planting area is estimated at 2,597 million ha, with an average yield of 5,61t/ha.

The Free State, Mpumalanga, and North West provinces are expected to contribute approximately 81% of the total maize output.

White maize production is now forecast at 7,70 million tonnes, up 4,05% from the previous estimate. This crop is planted across 1,6 million ha, with an expected yield of 4,81t/ha. Yellow maize is projected at 6,86 million tonnes – an increase of 5,34% from the earlier forecast – planted on 997 000ha with a yield of 6,88t/ha.

Among other summer crops, sunflower seed production is forecast at 770 500 tonnes (+7,01%), and soya beans are set to reach 2,39 million tonnes (+2,78%). Groundnuts have also been revised upwards to 66 929 tonnes (+2,40%), and sorghum is expected to hit 137 435 tonnes (+6,03%). Dry bean production remains steady at 79 007 tonnes. – *Crop Estimates Committee* 

Grain storage as a method to establish food security

By Susan Marais

Sub-Saharan Africa is grappling with the worst drought it has faced in a century, while the United Nations (UN) estimates that 27,4 million people in this region struggle with food insecurity daily. To add insult to injury, the UN's World Food Programme is closing its regional office doors due to funding shortages.

The issue is not about a lack of production, but rather a lack of retention. According to the Food and Agriculture Organization (FAO) of the UN, roughly a third of all food produced globally is lost or wasted. This includes a loss of around 30% of grains and 20% of oilseeds.

Overall, on a per capita basis, the FAO has found that much more food is wasted in the industrialised world than in developing countries. It is estimated that the per capita food waste by consumers in Europe and North America is between 95 and 115kg per year, while the figure in sub-Saharan Africa, and South and Southeast Asia is only 6 to 11kg/year.

The causes of food losses and waste in low-income countries are mainly connected to financial, managerial and technical limitations in harvesting techniques, storage and cooling facilities in difficult climate conditions, infrastructure, packaging, and marketing systems.

Given that many smallholder farmers in developing countries live on the margins of food insecurity, a reduction in food losses could have an immediate and significant impact on their livelihoods. Therefore, the FAO states that food supply chains in developing countries need to be strengthened by encouraging small-scale farmers to organise, diversify, and upscale their production and marketing. Investments in infrastructure, transportation, food industries, and packaging industries are also required.

Private sector involvement

While the FAO believes that both the public and private sectors have a role to play in achieving this, the South African reality is that this role falls mainly on the

shoulders of the private sector. Petru Fourie, operations manager of the Animal Feed Manufacturers Association (AFMA), says South Africa follows a free-market approach in which the private sector – from producers and agribusinesses to traders and processors (such as millers and feed manufacturers) – takes full responsibility for the buying, selling, storage, and management of grain.

“This system promotes competition, price transparency, and a responsive market environment. In such an environment, government stockholding is unnecessary and could interfere with private sector participation or distort overall market dynamics.”

Fourie's comment is supported by the latest annual grain and feed report that Dr Dirk Esterhuizen, senior agricultural specialist at the United States Department of Agriculture's (USDA) Foreign Agricultural Service in Pretoria, released at the end of March 2025.

“South Africa's storage capacity for grain and oilseeds exceeds 20 million metric tonnes, and stocks are primarily stored by producer-owned agribusinesses (formerly co-operatives), traders, and processors,” Dr Esterhuizen reported. “Unlike many other countries in Southern Africa, there is minimal interference by the South African government in the local maize market. As a result, the South African government refrains from holding any maize stocks or mandating specific stock levels through regulations.”

Who stores and why?

Apart from 'traditional' grain storage operators, in most countries three parties are likely to store grain and oilseeds, namely producers, traders, and governments. While smaller farmers will store grain to ensure household food supplies, many producers in wealthier regions will also store it as a form of savings, to cover future cash needs or for speculative reasons, the FAO reports.

While some producers may hold on to stock until a favourable price emerges, this is something that mostly happens in

more affluent regions where producers' financial circumstances make it easier for them to sell at the best possible price. Speculative considerations are even more important in the storage decisions of large-scale commercial producers.

However, despite producers' desire to store grain to cover food requirements and future cash needs, many sell a large proportion of their produce as they harvest, and often when prices are low. This is frequently the case with deficit producers, who must satisfy cash needs immediately after the harvest. Many of these producers may then need to buy food again later in the season.

According to the FAO, there is an ongoing debate about whether producers are forced to sell because of debt and economic dependence on others, or whether they sell because they regard storage as too costly (in terms of time), too risky (given the risk of losses and unpredictability of future prices), or unprofitable in relation to other investments such as cattle.

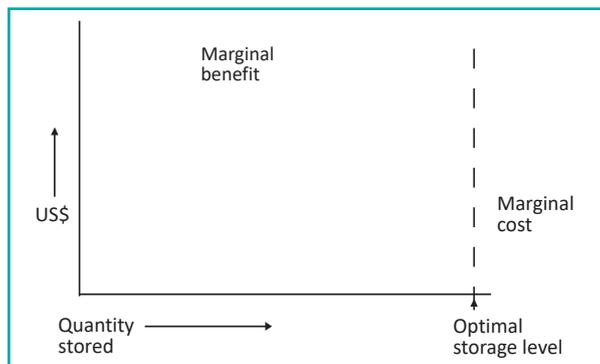
Storage by traders

The reason why traders worldwide store grains differ vastly from crop type to crop type, and region to region. In most African countries, traders carry out very little interseasonal storage of coarse grains, but buy and sell quickly, earning a moderate profit on each transaction.

The FAO expects future storage behaviour in African countries to likely evolve towards the Asian pattern. The organisation believes that the liberalisation of grain markets will encourage the development of private trade. Reform in banking systems should gradually increase traders' access to capital markets, and increased urbanisation and sophistication of tastes would favour the emergence of large milling enterprises.

In addition, governments may increasingly become involved in storage for the purpose of stabilising prices and farmer revenues. Related to this is an overriding concern for national food security, which is fundamental to political stability.

Figure 1: Benefits of commodity storage must balance with the costs involved. (Source: FAO)



Governments that are involved in storing commodities use it to balance national supply and demand over time, and to minimise the risk of politically embarrassing shortages. They are thus attempting to supplement, and in some cases replace, market mechanisms. This is based on the assumption that the market can only achieve the balance with an unacceptable degree of supply and price fluctuation.

Another possible reason for governments involving themselves in the grain market

is to reward or placate lobbies or sectional interests. In developed countries, producers' interests are often given high priority in government decisions, disproportionate to their numbers. High 'support prices' encourage production in excess of demand, and surpluses have to be stockpiled at taxpayers' expense.

In many developing countries, the interests of the civil service and ruling party often take priority. Large national food reserves tend to be supported by the civil servants whose job it is to manage them, and by politicians who sometimes use their procurement and distribution as a means of dispensing patronage.

Incentive to store

Both producers and consumers benefit from stable prices, which reduces the uncertainties associated with planning farm investment and household expenditure, according to the FAO.

However, storage involves costs, and the only way in which these costs can be recuperated is through a price spread.

For storage to be profitable, people who store grain must receive a price on sale which at least covers the costs of storing the grain since harvest (Figure 1).

These include:

- The cost of the physical storage space.
- Labour and supervision.
- Pest control.
- Storage and spillage losses.
- Cost of capital invested in the grain.

As a rule of thumb, storage costs go hand in hand with the commodity stored, the type of storage system, and unpredictable and variable factors such as pest incidence and climate conditions. Storage costs also depend on the circumstances of the person, the business, or the institution doing the actual storing. The most variable component of storage costs is the cost of capital.²

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Early impressions of the soya bean multiple reference point location differential

By Susan Marais, Plaas Media

Grain differential has long been a topic of contention among industry role-players involved in the storage and handling of grain commodities and oilseeds. Longstanding grievances and concerns regarding unfairness compelled the Johannesburg Stock Exchange Commodity Derivatives Market (JSE CDM) to trial a multiple reference point location differential model for the soya bean futures contracts. The two-year trial commenced in March 2024.

There are a few key points to understand regarding this trial:

- No other commodities are being considered for inclusion in this model.
- All export and import demand points are excluded from the trial.
- Only facilities with a minimum crush volume of 5 000t/month are included. This decision was made to reduce the impact of crushing plants withdrawing or suspending crushing activities.

The third point was only included at the end of 2024, and therefore the JSE decided to exclude Delmas, Nasrec, and Winterton (Aerodon) from delivery points for the 2025/26 marketing season.

Agbiz Grain Quarterly asked a few key role-players to share their insights regarding the experiment's progress and impact so far.

Agbiz Grain

According to Jerry Maritz, chairperson of Agbiz Grain, it is important to note that Agbiz Grain's members generally provide handling, storage, and marketing services to the grain and oilseeds value chain and therefore render services to producers, buyers, and the processing industry.

"We see our role in the grain and oilseeds value chain as an indispensable link between producers, buyers, and processors," Maritz says, adding that

these role-players are represented by several industry bodies, such as Grain SA, the Sunflower and Soybean Forum, the South African Cereals and Oilseeds Trade Association (Sacota), and the JSE. Driven by one of these forums, the decision was made to test the multiple reference point system.

"As a service provider to role-players on both sides of the grain value chain, Agbiz Grain is in favour of any adjustments that lead to improved market efficiencies and therefore we support the decisions by value chain role-players. However, Agbiz Grain will only provide input regarding the practical feasibility of industry suggestions. So far there hasn't been any issues with the trial's feasibility. It would be interesting to determine whether the trial has unlocked intrinsic value for our members."

Grain SA

According to Heleen Viljoen, economist at Grain SA, the JSE published a set of seven success factors against which the model would be measured. "Not all of these factors are quantifiable, but of those that can be measured, the initial results are generally positive."

One of these factors is that there should be no higher re-deliveries of silo certificates, especially not in the specified zero zones. Although re-deliveries outside

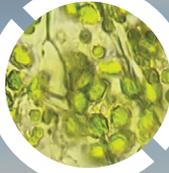
the zero zones were seemingly higher, the number of times a certificate is re-delivered, in addition to the build-up of stocks at a specific silo, indicate that higher deliveries require closer scrutiny. The silos with high re-deliveries also correspond to silos that had high re-deliveries in the past.

One of the other measurable factors is the open interest in specific contracts. "Comparing the open interest for March 2024 (the first month of testing the model) and May 2024 (first major delivery month) to that of the previous few seasons, the model shows strong interest," Viljoen says. "Although the 2025 contracts are underperforming, the market must also consider that the size of soya bean contracts has doubled and that this change has not necessarily been well received by all market players, thus affecting interest in the contracts."

While the technical aspects of the model are quite complex, Viljoen says the overall functioning thereof is easy to understand. "Essentially, the total supply and demand factors pertaining to a specific silo complex will determine the final economic value needed for the grain to flow."

One of the biggest positive results from the trial is that the additional silos took delivery of soya beans in a season

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marked by significantly lower production. "This leads to a spread of soya bean deliveries, which reduces concentration risk. Concentration risk is a particular concern in seasons with low supplies."

Another remarkable aspect of the additional silos is that soya beans were delivered in a season that saw a decline in production of 23%. Ten new silos have registered as JSE soya bean delivery points for this new season.

Sacota

Dr André van der Vyver, CEO of Sacota, says it is important to firstly state that Sacota has never been in favour of the multiple (zero) reference point location differential system, and still isn't. "There are too many unanswered questions," he says.

The standard differential system is still being phased in, he explains. "Differentials were supposed to be phased in at 25% in 2021/22, 50% in 2022/23, 75% in 2023/24, and 100% in 2024/25. The multiple reference point location differential was implemented before a 100% implementation could take place from 1 March 2024."

According to Dr Van der Vyver, the system was flawed from the start since it is not possible to move soya beans from a zero differential zone to a nearby crushing plant at zero cost, because transporters would argue that it costs substantially more than R100/t to start an interlink truck, drive to a silo, load, drive to a crushing plant, and offload the truck.

"The challenge with the current system is that the JSE has now taken on even more responsibility to manage the market by attempting to acquire silo volumes delivered, crushing volumes, export volumes (which is then switched to import volumes midway through the season), and closure of crushing plants for a period of time."

This is in addition to calculating transport rates for the season, which has become even more volatile over a 12-month period than in the past,

Dr Van der Vyver states, adding that the problem with data for silo deliveries, stocks, and crushing volumes is that nobody has access to the complete data set. "Transparency is key to the long-term growth of a market.

"The primary role of the JSE CDM as a price risk management institution should be to manage a single national transparent price-discovery mechanism, the so-called Randfontein price, or whatever location is identified as a single, fair representation of the national price. Regional prices (or basis trading) should be left to the market to manage."

Despite this, more analysis is required before a final view can be formed. "This will only be possible after the expiry of the May 2025 contract – the primary delivery contract month."

Sacota believes the JSE CDM's analysis should include deliveries and re-delivery patterns, particularly at the prime zero differential silos that have access to data such as silo stocks and crushing plant volumes, the impact of demand points included (or excluded), and volume (open interest) traded versus crop size.

JSE CDM

As the market platform, the JSE CDM is neither for nor against the trial model, but have invited role-players to share their tentative experience of the trial to start formulating a way forward once the trial has come to an end. However, the JSE has shared an analysis of soya bean trading activity between 2023 and 2024 in a market notice.

The JSE's statistics indicate that actual deliveries of soya beans decreased by 14,61% from 376 100 tonnes in August 2023 to 321 150 tonnes in August 2024. This aligns with the reduction in crop size. In contrast, the number of JSE-registered silos increased. In 2023, only 84 silos facilitated deliveries for JSE certificates, whereas in 2024, this number increased by 47 to 131 silos. These additional delivery points mean a decrease in concentration risk. The JSE also noted that the total re-deliveries

increased by 83,71% year-on-year. However, closer inspection is crucial.

Regarding the zero differential silos, the JSE's data indicates that only 12 silos facilitated delivery, with seven having no re-deliveries. Two silos had re-deliveries of less than 50%, while Buckingham (North West), Oberholzer (North West), and Winterton (KwaZulu-Natal) had re-delivery rates of more than 50%. The JSE is aware of the Winterton crushing plant's ongoing upgrades, which might be one of the reasons for the higher re-delivery percentage at that location.

Overall, the JSE witnessed more re-deliveries at sites outside the zero zone than at those within it. However, the re-deliveries were observed at the same sites as the previous year when the model was not in a trial phase (2023). "The market must consider that frequent re-deliveries are not always indicative of problematic differentials or unpopular sites," the report stated. "The reality is that JSE silo certificates can be exchanged several times until it becomes appealing to the right long position holder to keep and ultimately outload."

The JSE also noted that the reduction in South Africa's soya bean crop in 2024 led to a decrease in trading statistics, with an 18,52% decline in the number of contracts traded. Open interest also declined by 25,1% from August 2023 to August 2024, in line with the decreased soya bean crop.

Another change in the trade environment is the fact that the JSE has changed the contract size for soya beans from 50 to 100 tonnes, which came into effect starting with the April 2025 contract. The change in contract size is another major factor that contributes to a specific contract's open interest. The impact of this on the total tonnages traded will be closely monitored by the JSE.

The trial phase is now in its second year with preliminary data coming through. The JSE has invited parties to give their feedback on or insights into the multiple reference point model, as well as any suggestions to improve the model.^a

For more information regarding the multiple reference point location differential trial, send an email to commodities@jse.co.za or annelien@agbiz.co.za.

South Africa's 2025 budget: A balancing act

By Elmarie Smit, Plaas Media

South Africa's 2025 budget speech delivered by finance minister Enoch Godongwana on 12 April, presents a challenging scenario for the country's economic future. As the country grapples with numerous challenges, including rising debt obligations and persistent economic pressures, the budget reflects a balancing act of attempting to address the need for more government spending while stimulating economic growth and managing the public's tax burden.

However, with several contentious proposals, including an increase in value-added tax (VAT) and the potential for further tax hikes in the future, the budget raises numerous concerns for businesses and individuals alike.

VAT and inflationary pressure

The 2025 budget introduced a 0,5% increase in VAT, with a possible additional 0,5% increase slated for 2026. This decision was expected to raise the cost of living for South Africans, particularly affecting low-income households that are already grappling with inflationary pressures. Given that VAT is a broad-based tax, an increase is likely to affect all sectors, including food, transportation, and housing. Following pushback from various political parties along with a court decision, the VAT increase was declared invalid late in April.

One of the most significant concerns pertaining to a VAT increase is its impact on food security. South Africa, despite having some of the most affordable food in the world, is facing rising poverty levels. According to the recent *Food Security in South Africa in 2019, 2022 and 2023* report from Statistics South Africa (Stats SA), many South Africans spend a substantial portion of their income on food and transport, leaving them vulnerable to any price hikes. For producers, especially smallholder and emerging producers, a VAT increase could lead to higher production costs, adversely affecting their cashflow.

The budget, however, attempted to address this concern by extending the list of zero-rated VAT products to include lower-value portions of all animal proteins. This is seen as a positive move by many in the agribusiness sector, as it avoids market distortions that could have occurred if VAT had been applied to a single animal product. This decision has been welcomed by key industry role-players such as Agbiz and the Red Meat Producers' Organisation (RPO).

Stagnation of tax brackets

Another notable aspect of the budget speech was the decision not to adjust personal income tax brackets, despite inflationary pressures. This means that as salaries rise with inflation, taxpayers will however effectively pay more in real terms, as their income will push them into higher tax brackets (bracket creep). This could further strain household budgets and erode purchasing power.

Government spending is set to increase by 5,6%; however, this increase comes amid rising debt obligations, which now stand at 76% of South Africa's gross domestic product (GDP).

While some economists argue that adjusting tax brackets could undermine efforts to stabilise government finances, the lack of such adjustments raises concerns regarding the fairness of the tax system, especially in a country already burdened by high unemployment and poverty.

Government spending and debt

Government spending is set to increase by 5,6%; however, this increase comes amid rising debt obligations, which now stand at 76% of South Africa's gross domestic product (GDP). The budget deficit has also widened, growing to 5% in 2025.

Sean Walsh, chairperson of Agbiz, emphasised the need for government spending that stimulates economic growth, particularly through investments in infrastructure. However, Walsh stressed that government spending alone is insufficient to foster long-term growth. To achieve sustainable economic progress, Walsh argued that South Africa needs to implement critical economic reforms, reduce wasteful expenditure, and create an environment conducive to private sector investment and job creation.

Economic reforms needed

Reforms are a major theme of the 2025 budget, with significant attention given to areas such as energy, logistics, water, and information and communication technology (ICT). These sectors are vital to the competitiveness of South African businesses, including those in the agribusiness sector. While there have been positive strides in the energy sector, such as the implementation of reforms through Operation Vulindlela, many experts argue that more needs to be done.

Theo Boshoff, CEO of Agbiz, stressed that government must prioritise the implementation of recommendations from Operation Vulindlela, particularly in the areas of logistics, water, and ICT. These reforms would help create a more enabling environment for businesses, reducing operational costs and fostering competitiveness. In particular, Boshoff called for a reformed financial model for local government to address the high costs associated with poor service delivery, which continue to burden businesses across South Africa.

There is also a need for clearer timeframes and concrete actions regarding infrastructure investments. While government has promised infrastructure development in the past, stakeholders in the agricultural sector remain concerned that these investments have not been fully realised. The expansion of the zero-rated VAT list for animal proteins is one of the few tangible results in this area, but many industry role-players are eager to see

further commitments to infrastructure improvements.

Increases in excise tax

Another area of concern for South Africans is the proposed increase in excise taxes. The 2025 budget includes a 4,75% increase in excise duties for cigarettes, tobacco, and non-nicotine delivery systems (vaping), and a 6,75% increase for pipe tobacco, cigars, and alcoholic beverages.

South Africa Wine strongly condemned the minister's decision. According to a statement by the association representing the wine industry in South Africa, the government has ignored the industry's urgent warnings and the devastating impact this will have on jobs, exports, and rural economies. "By pushing forward with these destructive policies, the National Treasury is directly undermining the sustainability of a sector that contributes R56 billion to GDP and sustains over 270 000 jobs.

"This decision will accelerate job losses, drive producers, especially small-scale ones, out of business, and make South African wine uncompetitive in

global markets. Higher excise rates will fuel illicit trade, eroding government revenue rather than increasing it. Instead of implementing existing laws to curb alcohol-related harm effectively, the state continues to unfairly target the legal alcohol sector, which operates within strict compliance frameworks, while failing to address widespread enforcement failures that allow illegal trade to thrive."

The postponement of the inflationary increase to the health promotion levy (HPL or sugar tax) has been seen as a small victory for the sugar industry. The delay gives the industry more time to restructure and respond to regional competition, but many believe that more needs to be done to support agricultural sectors facing significant pressure from both domestic and global competition.

Divided reactions

The political response to the 2025 budget has been mixed. The Democratic Alliance (DA) argues that the proposed VAT increase will leave South Africans poorer and exacerbate the country's already fragile economic situation. The party has called for a reduction in taxes and warned that the budget, as it stands, could put the

future of the government of national unity (GNU) at risk.

On the other hand, the agricultural sector remains divided on the budget's effectiveness. While some welcome government's focus on infrastructure development and reforms, others, such as Agbiz, have emphasised the importance of actually implementing these reforms and addressing the fundamental challenges facing the sector.

The concerns raised by the agribusiness sector highlight the delicate balance between raising revenue and ensuring that businesses and consumers can withstand the economic pressure. With rising debt obligations and a fragile economy, government's challenge will be to enact meaningful reforms while avoiding further burdens on the population. For the budget to truly succeed, government will need to follow through on its promises and prioritise long-term economic growth over short-term fixes. [a](#)

For references, contact the author at elmarie@plaasmedia.co.za.

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BFAP report provides key insights into malting barley

By Christal-Lize Muller, Plaas Media

A report aimed at assessing and quantifying the risks associated with the production, storage, handling, transport, and processing of malting barley has been tentatively released. This follows the South African Winter Cereal Industry Trust (SAWCIT), now the South African Winter Cereal Industry Agency (SAWCIA), commissioning the Bureau for Food and Agricultural Policy (BFAP) in 2023 to conduct an independent, in-depth analysis of the local barley value chain. A draft report has been released to industry for discussion.

The report was commissioned during a period of great uncertainty in the barley industry. Barley production in South Africa stands at a pivotal point. In the pre-Covid period, the South African barley industry grew consistently at an average rate of 2% per annum, bringing the industry almost to a level of self-sufficiency in the market for barley for human consumption (beer).

However, the barley industry has faced a series of hurdles in recent years – from unpredictable weather patterns and rising input costs to the far-reaching impacts of the Covid-19 pandemic. These challenges have disrupted both production and market stability, increasing risk and causing a shift in momentum. Yet, amid these difficulties lies renewed potential to reposition barley as a resilient, competitive, and profitable crop in South Africa’s dynamic farming landscape. The BFAP barley report addresses these challenges and opportunities.

Balancing supply and demand

The South African barley industry is driven mainly by the demand for malting-grade barley, to supply the two large-scale commercial malting facilities owned and operated by AB InBev. Although small volumes of high-quality barley are used in the production of health foods, these volumes remain small in comparison to the volumes required for the brewing industry.

SAB Maltings provides an industry mandate for the barley they require from the local market. The mandate equates

their total requirement. Balancing the supply and demand of barley to malt and malt to beer is a complex process involving multiple supply channels and numerous stakeholders, as well as stringent performance criteria affecting volume, cost, and quality.

There are two malting facilities in South Africa: one in Caledon, which is supplied with barley grown in the southern part of the Western Cape; and the other in Alrode, Gauteng, supplied with barley grown under irrigation in the interior of the country. Around 280 000 tonnes of barley are produced on average in the Western Cape under dryland conditions, whereas around 75 000 tonnes are grown in the Northern Cape, Limpopo, and North West. (Barley can be transported from the Western Cape to Gauteng to balance supply and demand requirements.)

If the supply of local barley is not sufficient to meet the demand for malting, barley is imported to ensure that the

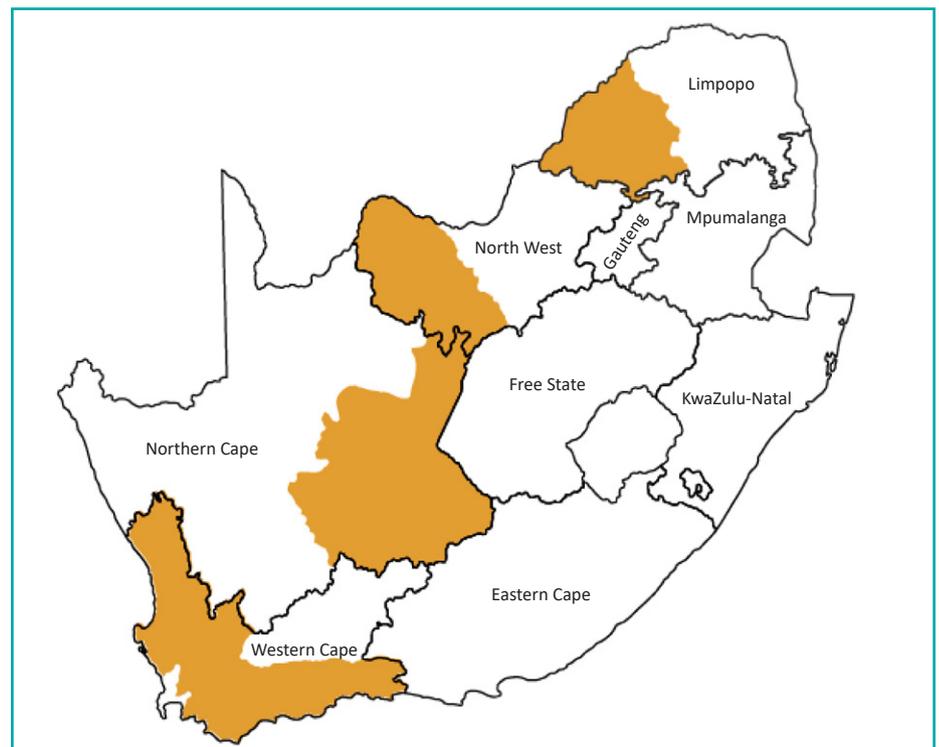
local malting capacity is fully utilised. This market structure holds both benefits and risk for SAB Maltings and producers in that it offers a secure market but with multiple risks, given the specific quality requirements for malting-grade barley and limited secondary market options for the barley that does not meet malting-grade quality.

Collaboration with stakeholders

Prof Ferdi Meyer, managing director of BFAP, explains that the study required collaboration with all industry players to provide time series data for in-depth analysis to identify practical, implementable mitigation measures that will ensure the long-term sustainability and commercial viability of the industry. The independent research emphasised the importance of data sharing, while ensuring data confidentiality and sensitivity.

BFAP worked closely with stakeholders to access and analyse available data across each node of the value chain. The primary goal of the study was

Figure 1: Geographic contextualisation of barley growing regions in South Africa. (Source: BFAP 2024)



to determine the common traits, trends, and practices that – whether independently or collectively – influence quality or increase the risk of barley failing to meet malting-grade requirements. The study aimed to understand the key factors driving barley being downgraded to feed grade, leading to a reduction in price. These data-driven insights into the key factors contributing to barley downgrades will be instrumental in developing mitigation strategies and best practices across the industry.

Prof Meyer says that while conducting the study, challenges arose concerning the sharing of data within the value chain, and not all stakeholders in the supply chain were able to contribute their information. The report is therefore focussed on the analysis and findings from the stakeholders who provided data and other relevant information.

Barley value chain potential

According to Prof Meyer, the barley value chain – not only for beer production but also within the broader beer value chain, which includes feed – has the potential to grow barley for both a growing beer sector and the feed market. This issue intensified during a period of rapid expansion in barley production during which South Africa significantly exceeded the amount of barley that could be consumed by the local beer market.

In the 2020 season, over 550 000 tonnes of barley were produced, marking an exceptional peak in production, increasing by around 60% from the five-year average. During the same season there were numerous downgrades in barley quality, which were then directed to the animal feed market.

Malt-grade barley prices are closely linked to wheat prices, which are traded at import parity, while feed-grade barley is based on the yellow maize price, which trades mainly at export parity due to the market dynamics necessitating exports. This creates a significant price drop, as there is a substantial difference between delivering barley for malting purposes and delivering it for the feed market. Consequently, it does not make economic

sense for producers to grow malting-grade barley and sell at feed-grade prices.

The price mechanism for malting-grade barley was developed considering the competitiveness of barley based on input practices and yield rates, compared to wheat as one of the main winter crop alternatives. The report, he says, delves into the economics of farming, comparing gross margins for wheat, barley, and canola across different regions.

Feed market sustainability

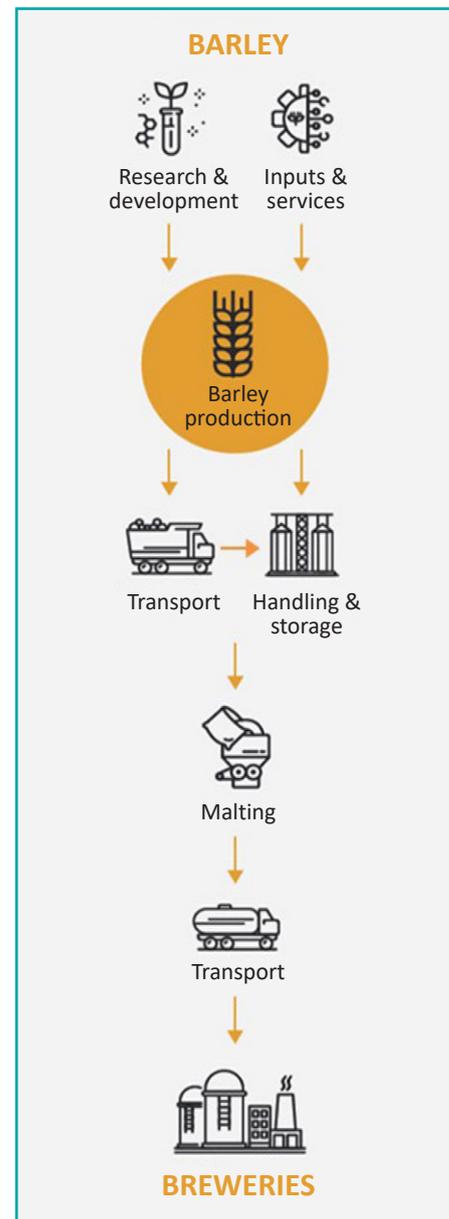
“We also looked specifically at barley for malting versus barley for feed. Through sensitivity analysis, we determined the extent to which malting barley variety yields would need to increase for the feed market to become sustainable. The conclusion was clear: Achieving this goal is challenging.”

Part of the study also looked at the feed market, and aimed to assess how much barley could be accommodated within a consistent and sustainable feed industry. While the feed market is interested in barley, it struggles with inconsistent volumes, primarily due to fluctuations in the amount of barley downgraded each year. Year-on-year variations in the volume of barley that fails to meet malting grade contribute to the feed industry’s lack of development regarding a consistent demand for barley.

Although the current industry structure and relative pricing for feed barley does not provide an incentive for producers to expand barley production for feed, with an innovative and collaborative approach to creating a consistent feed market with stable pricing, the financial impact of not achieving malting-grade barley could be partially reduced for producers and improve the stability of the industry. It remains more profitable for producers to produce malting barley for the beer market, as that is where the greater profit potential lies.

Prof Meyer says the key challenge is to reduce the volume and volatility of downgrades; in other words, to improve the process and practices that influence the quality of the barley throughout the value chain. The downgrading of malting

Figure 2: Simplistic schematic of the barley value chain. (Source: BFAP 2024)



barley to feed remains the biggest risk to the industry.

Essentially, the report identifies at which stage in the supply chain the highest levels of downgrades occur – whether at the farm gate, at handling and storage at silos, or at the malting stage. By pinpointing where the downgrades are most prevalent, the industry can implement targeted interventions to improve barley quality and reduce losses to the feed market. ²

For more information, send an email to prof Ferdi Meyer at ferdi@bfap.co.za, Sandy Jackson at sandy@bfap.co.za, or Heleen Viljoen at heleen@grainsa.co.za.

Grain losses in silos due to pests and rodents

By Carin Venter

The main purpose of a grain silo is to maintain the quality of grain by keeping exterior elements such as pests and undesirable weather at bay.

These iconic structures are a familiar sight in grain-producing countries. The majority of South Africa's silos were constructed after the mid-1970s, according to father-and-daughter team, Hendrik and Kitty van Aswegen, the CEO and general manager, respectively, of the Grain Training Institute (GTI).

They refer to a typical concrete silo with reinforcing steel, which normally has an estimated lifespan of around 30 years before deterioration sets in. Several of these aging giants are facing significant challenges. For example, rust build-up on the rebar leads to cracking and structural weaknesses, creating pathways for water ingress, especially during heavy rainfall. Coupled with inadequate sealing, this results in water leakage and ineffective fumigation. The latter leads to insect resistance due to insufficient gas concentrations, allowing pests in various developmental stages to thrive.

A century of challenges and costs

According to the Van Aswegens grain damage and losses in South Africa in the early 1980s were estimated at 3 to 5% of the crop, a figure far lower than the global average of 10% and significantly less than the 50 to 100% losses seen in other regions in Africa at the time. This disparity highlighted the importance of proper

storage techniques. Initially, grain was received, screened, and cleaned to remove foreign matter and screenings, insect-sustaining food substances. However, with increasing crop volumes, this practice shifted to screening during intake, with storage facilities retaining the screenings.

The dismantling of the former control boards, which previously enforced stringent hygiene protocols with two-week deadlines for insect eradication (and major fines if protocols were not met), marked a turning point. The advent of semi-rigid marketing systems further influenced practices, with cost-cutting measures leading to reduced labour, and diminished cleaning and hygiene efforts.

It is all good and well to maintain and clean a facility, but cleaning an already infested facility presents significant challenges. Fungal and mould growth, exacerbated by moisture, further contributes to spoilage, often outpacing insect damage. In addition, rodent infestation is a largely unquantified source of loss, due to management often overlooking the possible sheer scale of the problem. For example, rodents consume 10% of their bodyweight daily and are potent vectors for diseases. The damage extends far beyond grain consumption and contamination, encompassing significant structural and equipment deterioration.

A widespread practice within the South African grain storage environment is the re-integration of screenings, as long as it adheres to grading standards. This method, however, frequently undermines its own purpose due to the screenings providing a rich environment for insect activity (illustrating the enduring validity of the principle: If you remove the food, you remove the insects).

Going back to basics

"The root causes of crippling losses can often be ascribed to poor hygiene and disregarded storage protocols at storage facilities," says Hendrik. "This underscores the importance of professional inspections where, among others, guidance in personnel retraining and corrective

measures can bring about a remarkable drop in costs, thus initiating huge savings. This includes reinforcing crucial principles such as revised and updated training, prioritising hygiene, and good storage practices, including rodent control, which facilitate a deeper understanding of product quality and infestation."

Regarding the damaging impact of pests and rodents in grain silos, Renier Vermaak, regional manager: fumigation at Senwes, says: "To prevent food products from being contaminated we require proper control of vermin infestations, especially in grain environments and food facilities. While rodents tend to feast more on protein-based commodities, they also target germinating grains, which not only leads to crop yield losses, but also has a negative impact on kernel nutrition and safety."

Diseases can be transmitted from rodents to humans through direct contact with rodents' urine, faeces or saliva, and indirectly through vectors such as fleas and ticks. Rodents, for example, carry *Salmonella* bacteria in their digestive tract and their droppings can cause salmonellosis in humans when contaminated food is consumed. Other common rodent-borne diseases include leptospirosis, plague, and tularemia (also known as 'rabbit fever').

Rodents, including gerbils and rats, can cause substantial damage to maize and other grain crops, both in the field and during storage. A study found that rodents can cause up to 15% crop loss, especially in the rural regions of Africa. In 2012, a Grain SA survey estimated that around 54 377ha of maize were lost due to rodent pests. This number has declined over the years due to gerbil control by encouraging natural predators such as owls and raptors, as well as the destruction of burrows and, as a last resort, using registered rodenticides in bait stations or burrows.

The most common threat

Pests such as grain insects are viewed as probably the most prevalent threat in the grain value chain. In South Africa,



Grain samples of each bin, silobag, or bunker should be taken at least biweekly to check for infestations.



Something as insignificant as a silo light cover could harbour insects.



Poor hygiene at storage facilities encourages the presence of unwanted vermin and insects.

the insects that are commonly known to cause significant grain losses are weevils, moths, and beetles. Weevils and grain borers mostly cause the physical loss of grain. The rusty grain beetle (*Cryptolestes ferrugineus*), which can be difficult to control, is responsible for financial losses in the form of load rejection due to insect infestation.

In addition to some insects having a negative effect on grain quality, they

also prefer grain with a higher moisture content. Due to a demand for higher moisture harvesting, this requires hands-on grain storage management. Insect-damaged grain can also lead to fungi or mould producing deadly mycotoxins, while high insect infestation can create hotspots inside the grain which can lead to moist, heat-damaged grain.

Over the years more private storage facilities have emerged, and proper

training and skills development in pest control for emerging grain storage operators is required. Annually, almost a quarter of the grain yield in Africa is lost due to insects and rodents.

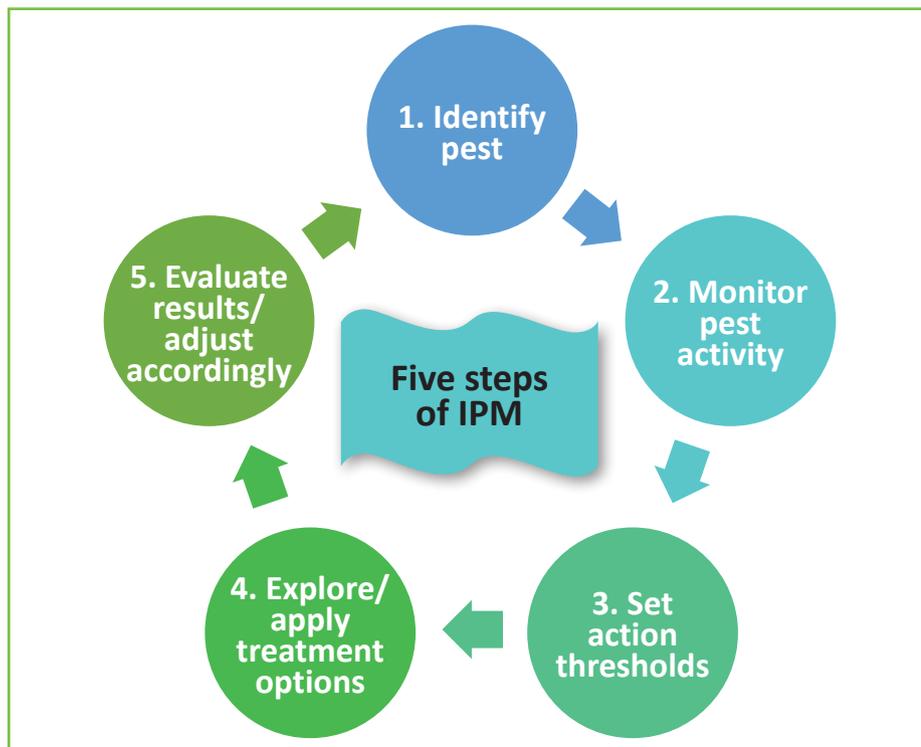
Preventative measures

Rodent-control pesticides, fumigants and insecticides are available on the market. A registered pest control operator (PCO), regulated under the *Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act 36 of 1947)*, may purchase and use agricultural remedies to eradicate pests. The requirement for role-players to be registered as PCOs in terms of Act 36, in order to purchase and use agricultural chemicals, has recently become mandatory. People without the required qualifications will no longer be able to purchase or use these chemicals.

Establishing an integrated pest management (IPM) system is a sustainable measure to control rodents and insects in grain storage structures and is strongly advised (Figure 1).

There are quite a few examples and control measures available on how to manage an IPM system, depending on the type of pest and level of infestation. [a](#)

Figure 1: An integrated pest management system (IPM).



For more information, contact Hendrik or Kitty van Aswegen at 066 555 0682 or kitty@gtinstitute.co.za, or Renier Vermaak at 083 207 7281 or renier.vermaak@senwes.co.za.

Sea transport: A comparison of bulk carriers and grain bags

By Izak Hofmeyr, Plaas Media

Sea transportation of grain to and from South Africa involves significant logistics and careful consideration of the best transport modes. When it comes to bulk shipping, two primary methods are often considered: bulk carriers and grain bags. Each method has its advantages and disadvantages, and the choice depends on a range of factors, including cost, volume, storage, handling, and shipping routes.

Bulk carriers

Bulk carriers are specialised ships designed to transport large volumes of cargo in bulk. For the transportation of grain, these vessels are designed with cargo holds to carry grain in large quantities.

Broadly speaking, according to Japie Snyman, vice-president of grain at Olam Global Agri, three categories of bulk carrier ships are used in South African routing, namely Handysize, Supramax, and Panamax. While the Handysize is a smaller vessel with a capacity of between 15 000 and 25 000 tonnes, the Supramax has a capacity of between 35 000 and 50 000 tonnes. The Panamax is a specially designed

vessel that can pass through the Panama Canal's smallest lock and has a capacity of between 50 000 and 60 000 tonnes.

Flexible storage

Bulk carriers can handle a variety of grain types, and the cargo hold design can be adjusted to accommodate different volumes. A ship typically has five compartments or cargo holds. On the Handysize, the size of a cargo hold would be between 5 000 and 7 000 tonnes, on the Supramax between 7 000 and 8 500 tonnes, and on the Panamax between 10 000 and 15 000 tonnes, for free-flowing grains. The size of the first hold is normally smaller.

Bulk carriers are more economical for large volumes of grain, as the cost per tonne decreases when shipping in bulk. There is no packaging required as the grain is loaded directly into the hold, which reduces packaging costs. Bulk carriers are ideal for long-distance shipping due to their high capacity which allows them to transport a large amount of grain in one voyage. Thus, economy of scale applies.

The risk of contamination and spoilage in these bulk containers are minimal, explains Snyman, as they are sealed watertight, making it highly improbable for moisture to enter the holds. "Many of the newer models of ships can be aerated with blowers and can be effectively fumigated during a long voyage," he explains. There are also probes in the holds to monitor hotspots (insect activity) and possible water ingress.

This makes bulk carriers extremely safe. In fact, it may be as safe as storing grain in silos, bearing in mind the average voyage time is around 30 days. These vessels are therefore not only designed for storing grain, but for safely transporting grain over vast distances and various climate conditions – sometimes even extreme weather conditions.

Although it is true that the discharge process at ports may require specialised equipment and can therefore be more time-consuming at less developed ports, some vessels are equipped with cranes that can be used for discharge at ports that don't have adequate equipment.

While bulk shipping is more suitable for large, consistent volumes, smaller shipments can also be accommodated in smaller holds of 5 000 tonnes. It is also possible, in extreme circumstances, to divide a hold even further by installing partitions.

When to use bulk carriers

- Ideal for large-scale export/imports operations, with a steady supply of grain.
- Cost-effective for countries with a high volume of grain exports/imports.
- Used for long-distance shipments.

Grain bags

Grain bags are typically large, durable sacks used for transporting smaller quantities of grain. Grain is packed into these bags before being loaded onto the vessel, either in containers or other bulk cargo holds.



Table 1: Comparison of bulk carrier vs grain bags for sea transport from South Africa.

Factor	Bulk vessels	Bags in containers
Cost-efficiency	Lower cost per tonne for large shipments	Higher cost per tonne due to packaging and labour
Volume	Best for large, consistent shipments	Better for smaller, irregular shipments
Quality control	Low risk of contamination, moisture, or pests	Less protection against contamination and spillage
Handling and storage	Requires specialised handling equipment at ports	Easier to handle and store, but more labour intensive
Flexibility	Less flexible for smaller shipments	More flexible for varying shipment sizes
Environmental impact	Less packaging waste	More packaging waste (bags, potentially plastic)

When considering bags, says Snyman, a distinction must be made between one tonne bags and smaller bags of, for example, 25kg. The one tonne bags are also loaded in bulk vessels as explained, because they are too large to easily load into a regular container, as these containers only open at the end. Specific containers can be stacked on top, but that is the exception. In countries where one tonne bags are used for transporting grain, the bags are generally decanted into the bulk holds. Bags are seldomly loaded into the holds.

“Higher value products, such as popcorn, non-GM soya beans and non-GM maize are more often loaded into 25 or 50kg bags, which are then stacked in the containers.”

Grain bags: Yay or nay?

Grain bags provide an extra layer of protection against moisture, pests, and contamination, which can be crucial for maintaining the quality of the grain. They also allow for easier handling of smaller quantities of grain, making them ideal for markets with fluctuating demand or irregular shipments.

Grain bags are easier to stack and store in containers, and their contents are easy to handle at both the origin and destination ports. Because the grain is packed in individual bags, the risk of spoilage during transport is lower, and it is easier to manage the quality of the grain.

However, while grain bags offer more protection, the cost of packaging (the bags themselves) and handling is higher than with bulk shipping, making it less economical for large shipments. Loading and unloading grain bags are also more labour-intensive compared to bulk loading, leading

to higher operational costs at ports. In addition, grain bags take up more space, which can result in less efficient use of the vessel's capacity.

The environmental impact of packaging materials (plastic or other synthetic fabrics) could be a concern, depending on local regulations or sustainability practices. The voyage time is also normally longer as container liner vessels have more stops.

When to use grain bags

- Ideal for smaller or irregular shipments.
- Used when grain needs to be handled with extra care or when there are stringent quality-control measures at destination ports, such as possible cross-contamination between GM and non-GM grains.
- Preferred in regions or markets that demand higher-quality standards or have specific import/export regulations.

A final thought

Bulk carriers are the ideal choice when transporting large quantities of grain over long distances, especially when the cost per tonne is the primary concern.

This method is common for South African grain imports and exports to major markets such as Asia, Europe, or the Middle East that require large volumes.

The choice depends largely on the scale of the shipment, market demand, and specific requirements for grain quality and handling.^a

For enquiries, send an email to Japie Snyman at japie.snyman@olamagri.com.

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The IDC's role in developing new opportunities for industry development

By Mopai Mashatola

The strategic vision of the Industrial Development Corporation of South Africa (IDC) is to drive inclusive and sustainable agro-industrialisation, supporting job creation, rural development, and spatial, racial, gender, and generational equity. Support to the agricultural sector is driven by a number of strategic pathways, namely diversification, decarbonisation and green growth, economic and climate resilience, and regional value chains.

The IDC's role in agro-industrialisation is not limited to financing only, but includes support to industry (master plans and new financing models) and strategic partnering (projects and fund management).

Support to industry

IDC financing is generally done in the form of debt instruments for agro-processing and targeted agricultural production; however, equity instruments can be considered for strategic projects. Blended finance schemes are instrumental in the agricultural sector and the IDC, with its fund management capability, manages programmes for blended finance such as the Agro Industrial Fund and Agro-Processing Competitiveness Fund.

As a strategic partner, the corporation co-develops and funds projects with high direct and indirect developmental impact, particularly catalytic-type investments. The project development funding provides for an equity stake of up to 49% in a project vehicle – with the equity stake or rights determined upfront. The funding supports the scoping, pre-feasibility, and feasibility phases of the project.

The IDC then partners with project sponsors that have the technical and commercial ability, and with institutional capacity, to drive the development and implementation of projects

within the agricultural, agribusiness or related sectors. The development of the berry, table grape, and pecan nut industries (project development support) demonstrates the meaningful role the IDC plays in the diversification of South Africa's agricultural sector.

In addition, the corporation has played key roles in the establishment of certain industries and value chains without project development funding. These include the almond industry and the canola oil value chain. Furthermore, the IDC plays strategic roles in supporting (development and implementation) master plans, such as the reduction of chicken meat imports (poultry master plan), diversification from a sugar-based industry into a sugarcane-based industry (sugar master plan), and increase in fruit exports (agriculture and agro-processing master plan).

Financing options

In terms of new financing approaches, an aggregation funding model which aims to finance primarily small-scale producers through aggregator contractual relationships has been developed. Through this model, an aggregator (processor, off-taker, or stand-alone aggregator) can develop a production programme for specific producers requiring finance and contract directly with IDC. For example, a vegetable processing company that needs to secure produce from several commercial producers (small and large) can

apply for funding at the IDC and ensure sustainable raw material supply.

Future potential projects that enhance existing sectors can be the establishment of intermodal terminals (impact on citrus and grain industries) and the manufacture of sustainable chemicals (impact on sugar industry).

Finally, the IDC effectively combines industry insights and partnerships to provide customised, value-adding funding and advisory solutions, enabling innovative entrepreneurship that advances inclusive industrial development. [a](#)

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The square or rectangular silo: Option or not?

By Koos du Pisanie, Plaas Media

While the world is not getting any bigger, the same cannot be said for the number of people inhabiting it. As a result many countries are facing the challenge of producing enough food, and finding enough space to store it. The question of storing grain effectively is more pertinent than ever and many operators are focussed on improving ways of achieving this.

In European countries such as the Netherlands, France, Germany, Denmark, the United Kingdom and in Scandinavia, producers and storage operators have increasingly been adopting square or rectangular silos. According to those who have adopted this format, a square or rectangular silo has over 25% more storage capacity and saves on space, simply because the surface area is fully used. They also argue that square is the correct shape for storing bulk goods at maximum capacity.

The square shape

Square silos are storage structures with a rectangular or square bottom, usually made of concrete, steel, or even wood. They are generally used for storing agricultural products such as grain, hay, and feed – just like traditional round silos. Square silos are used on farms, agricultural businesses, and at industrial facilities.

The most popular square silos in Europe are modular systems made of steel. It is easy to transport the silo parts, and to assemble and erect it. Modular systems also make it possible to customise the silo according to the user's needs with regard to length, width, height, and cell layout. It also offers benefits in term of adapting to



A set of square silos constructed by Indian company, Invoit. (Image: www.invoitplast.in/square-silos/)

the particular production process. The capacity of square silos generally ranges from 3 to 20 tonnes. Available in both indoor and outdoor models, square silos, like other types, are designed to prevent condensation and moisture ingress, and maintain the stored commodity's quality over the life of its use. Some companies offer tailor-made silages, designed to meet clients' specific needs.

Advantages in a nutshell

- **Flexibility and traceability:** Because of the modular structure and variable cell dimensions, the system makes it possible to store different products and grades, in different amounts and from several origins, at the same time in the same place. It therefore allows maximum flexibility over a minimum surface area.
- **Seamless processes:** Square silos can seamlessly integrate the process in a plant and building, for example drying, grinding, pelletising, mixing, dosing, bulk loading, refining, coating, cleaning, and bagging.
- **Structural parts of the building:** Because of its shape, square silos can become a structural part of a building. Machine floors, stairs, and wall panelling can be connected directly to the silo. In this way, the available space is optimally used for maximum capacity, saving on a lot of material.
- **Sustainability:** Silo parts made from steel are designed to resist all applicable forces, calculated for sustainable existence.

- **Efficient transport:** The parts of the modular square silo system are designed in such a way that it takes up minimal space in a trailer or container during transport. Hence, a square silo can be transported very efficiently.

Disadvantages in a nutshell

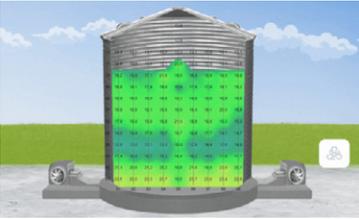
Square silos do pose some disadvantages, which is the reason why it hasn't been embraced by all storers worldwide. The presence of corners seems to be the greatest disadvantage. For example, the flow of materials inside square or rectangular silos may be less efficient than in circular silos with conical bottoms. This is because the square corners can impede proper material flow and create areas in which air accumulate. This, in turn, can lead to uneven compaction.

According to one study, another issue may be wall flexibility and ability to withstand pressure. Most design formulas and guidelines assume silo walls to be rigid, an assumption that is acceptable in the case of rigid wall concrete silos. However, this may be questionable for semi-rigid, flexible wall, square and rectangular metal silos.

There is also a cost factor involved, with square silos generally costing more and having lower overall capacity than circular silos.

In South Africa, there has not been any offtake in the use of square silos although square hopper bins are available on the market. [a](#)

To learn more about square silos, its adoption rates, benefits and disadvantages, email the author for references at koos@plaasmedia.co.za.



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Grain handling equipment has been front and foremost in our line-up of equipment for many years. This refers especially to the tube-chain conveyor (commonly known as 'grain pumps') we've been installing for more than 25 years, as well as conventional

bucket elevators, augers, and chain and belt conveyors.

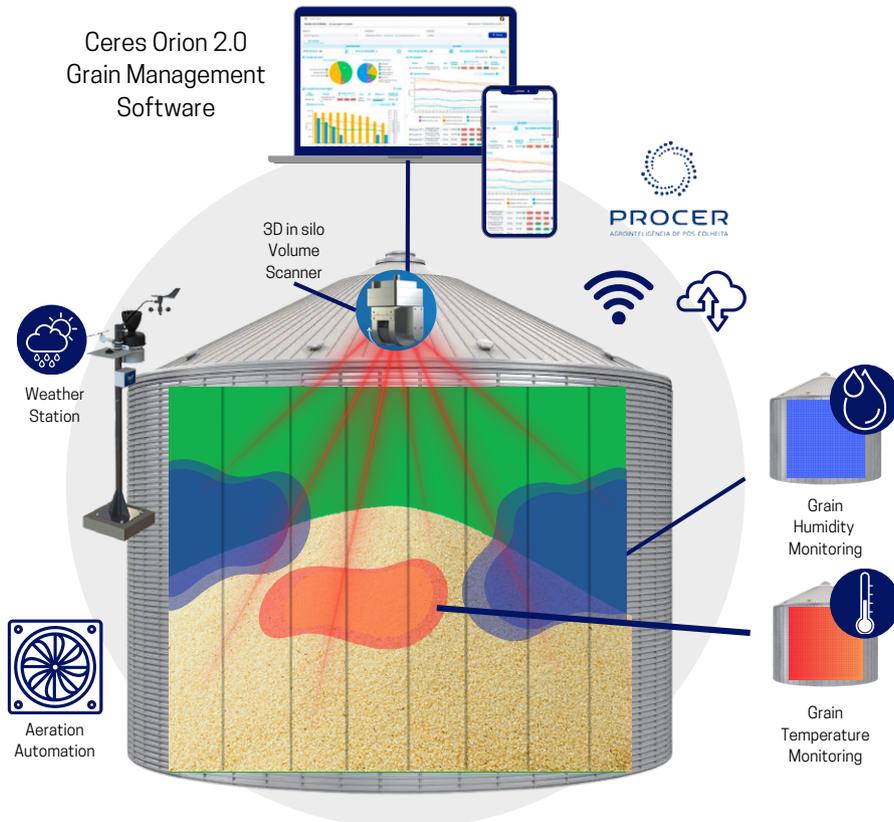
Grain pump advantages

The grain pump has many advantages, whether as a complete silo system, loading and unloading mechanism, or for horizontal or inclined conveyance of any dry free-flowing material over long distances. Its working essence is a chain with paddles running inside a tube, with sprockets at the ends forming a continuous loop with outlets and inlets. It allows for just one or a maximum of two corner drives, and provides capacities between 50tph for a 150mm tube, 100tph for a 219mm tube, and 150tph for a 275mm tube.

Grain damage is minimal, and it is highly efficient with lower power requirements. Electrical installation costs are low, maintenance is extremely low and easy, and it features light catwalks and supporting structures. Maximum vertical lift is 45m and horizontally carries of more than 150m is common.

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Effective preparedness and pre-emergency fire planning

By Christal-Lize Muller

The tenth virtual SHEQ workshop presented by Agbiz and Agbiz Grain centred on emergency preparedness and pre-emergency planning for fires, highlighting its relevance, key objectives, and practical implementation. The session was led by Ruben Els, director of operational risk services at Riskonet, who illustrated key concepts through case studies from fire investigations and post-loss investigations.

These examples highlighted the critical need for detailed, well-structured, clearly documented, and routinely tested emergency plans. Els said that the effectiveness of any emergency response depends on the alignment and integration of all preparedness components. Pre-emergency planning is the proactive preparation for unforeseen events. This includes creating a detailed response plan, training staff, and completing regular drills. Without a proper emergency plan in place, a situation can escalate quickly with serious consequences.

Basic fire response plan

Riskonet is involved in numerous site assessments, which almost always involves an evaluation of the emergency planning manual. In most cases the companies have a basic fire response plan that typically includes notifying the fire marshal, attacking the fire, sounding the alarm to evacuate staff, and calling the fire brigade. This type of plan should be sufficient for most small, basic risks; however, a basic plan is not suitable for all risks. Els noted that plans are only effective if well developed, risk based, communicated, and practised. A plan that exists only on paper is unlikely to succeed in a real emergency.

He also highlighted that understanding different definitions of pre-emergency planning can help organisations design better plans. He focussed on three definitions taken from *NFPA 1629*, the International Fire Service Training Association (IFSTA), and fire chief

Alan Brunacini. All of these have distinct similarities and could be summarised as follows: An emergency plan is a document which is developed prior to an emergency and based on the information collected to assist first responders to manage all possible emergencies at a specific location.

Els outlined several key objectives that every emergency plan should include:

- Gather critical information for use during an incident.
- Highlight site features that influence tactical decisions.
- Develop a flexible plan of attack. Fires are unpredictable, so plans must allow for rapid strategy changes.
- Ensure a predictable start to operations.
- Eliminate guesswork during response.
- Enable immediate and clear actions, giving the incident commander time to assess the situation and plan further.
- Plan for effective use of resources. In remote or resource-limited areas, knowing the available tools – like water sources – and how to deploy them is vital.
- Support primary planning, a management function that analyses hazards and matches resources to risk.
- Identify hazards and response limits. For example, limited water may mean allowing a fire to burn under controlled circumstances.
- Ensure practicality. Plans should be concise, easy to access, and useful to responders. In some areas, local by-laws require site plans to be posted at entrances for quick reference.
- Achieve the ultimate goal to save lives, protect property, and minimise losses.

Fire risk assessments

The development of an emergency plan starts with a detailed risk assessment. In this regard, all potential site risks must be considered, says Els. Assessments should not focus only on isolated incidents, like a small fire in an office or silo, but instead cover a broad range of hazards – key areas to assess include the location of transformers, generators, chemical

storage, fumigation materials, and other high-risk zones. Risks must be evaluated both individually and collectively – for example, in the case of a fire in a poison store, it is critical to assess the potential spread of the fire to nearby areas, such as a control room.

The assessment should establish the following:

- Fuel load in each area.
- Chemical and physical properties of materials.
- Special precautions for fuels or oxidising agents.
- Ignition sources – all must be identified and evaluated.
- Fire spread potential – between or within buildings.
- Structural features that influence fire behaviour.
- Firefighter access – especially in difficult areas like tunnels beneath silos.
- Fixed fire-protection systems – their presence, limitations, and how they interact with manual firefighting efforts.

Considerations

When developing a plan, resources must be considered, such as the availability of water, personal protective equipment (PPE), and the like. The interaction between fire protection systems is



A fire team from Riskonet completing a live fire drill.

also critical to consider – for example, assessing when a suppression or detection system should be activated or deactivated. User responsibilities form an integral part of any fire response plan. All exposures, including any environmental impacts, must be considered as firefighting operations and products involved in the fire, such as pesticides, might result in environmental damage and extensive clean-up operations.

Additional factors to consider:

- The potential impact on neighbours.
- Housekeeping.
- The location of the nearest fire department and their response times.
- The training that staff currently has, and any additional training required.
- Means of escape.
- Maintenance and regular testing of fire safety systems.

Conveyor belts in silos

During the presentation, a question was raised regarding insurance to protect conveyor belts in gantries and on top of silos, especially given the high cost of installing sprinkler or suppression systems. Els explained that, unless there is a legislative requirement for a building that contains a conveyor to be protected, the conveyor might not require fixed fire protection.

It is up to stakeholders to assess the risk and make informed decisions based on key factors, which will influence fire spread, such as the type of material being conveyed, the conveyor belt type, the conveyor design (enclosed or incline belts can influence fire behaviour), business interruption, and contingency plans.

Comprehensive risk assessment

From an insurance and risk management perspective, a comprehensive risk assessment should always be the starting point. While a fire suppression system for a conveyor belt may be costly, the assessment must consider the probability of fire, which is generally low in well-managed facilities with preventive measures like regular roller and bearing inspections, and strong housekeeping, among other things.

The assessment must also take into account the value of the equipment at risk, including the duration of operational downtime and resulting business interruption. The assessment should

further include business contingency plans to reduce business interruption. The cost of fire protection measures must then be compared to the potential losses to assist management in taking the correct steps. This is often used by insurers to determine the need for additional protection, despite the lack of legislative requirements.

There are various ways for organisations to manage fire risks beyond suppression systems and conventional insurance. For facilities with low fire probabilities and strong control measures, companies may choose to retain risk through alternative means.

Rational design

Els shared experiences working alongside silo operators, both locally and internationally. In one case, insurers requested fire protection to be improved in remote areas, which proved to be costly. His team collaborated with the insurer and together they developed a tailored fire protection policy, setting minimum equipment standards. This policy became the basis for a detailed pre-emergency plan. The policy outlined both preventive and active measures and defined the emergency response approach.

Following a question regarding rational fire designs, he explained that in South Africa, buildings must be approved under the *National Building Regulations (T1)*, which sets five requirements: Ensure safe evacuation of occupants, minimise fire spread and intensity, prevent structural collapse, reduce smoke production, and provide means to detect, control, and extinguish a fire.

If it is not possible to comply with *SANS 10400: Part T Fire Protection*, the design must become the subject of a rational design completed by a competent person. Els noted that for special structures like silos, these prescriptive codes are not suitable. In such cases, legislation allows for a rational design involving a fire engineer to demonstrate, through a risk-based approach, how the design meets the five T1 requirements.

He warned that rational design should not be used just to cut costs. When prescriptive codes fall short, it becomes a necessary approach. The fire engineer's role is to interpret the risk, propose suitable safety measures, and ensure



A gas-fuelled fire during the Riskonet drill.

full regulatory compliance through a customised, reasoned solution.

Types of risk assessments

Risk assessments vary in purpose and complexity. Some are simple (identify risks, provide recommendations for managing it, and assign priorities), while others could be a complex qualitative assessment, using probability and consequence to evaluate specific incidents. There is no one-size-fits-all method; each approach must be tailored to the site's unique risks.

A comprehensive risk assessment should aim to identify all hazards, confirm existing risk reduction plans, ensure effective risk management plans are in place, evaluate current controls and their effectiveness, update plans as risks change, raise staff awareness of hazards and controls, and contribute to overall site safety.

Risk assessments must be completed before occupying any premises. A common mistake is failing to update assessments after changes in processes, layouts, or operations. Risk assessments must be integrated into any change management process to ensure ongoing safety and compliance.

Emergency response plan

Els outlined key elements to be included in an effective emergency response plan:

- Exact site location or physical address.
- Water availability for firefighting.
- Fixed fire detection and suppression systems, including how they operate, and user responsibilities when they activate. For example, with gas suppression systems, opening doors too early can release the agent and reduce effectiveness.

Plans should also consider the expected behaviour of both the fire and suppression systems. The emergency response strategy must be well-defined, covering:

- Specific risks and challenges, such as toxic gases and fumigation zones.
- Known on-site hazards.
- A detailed site and floor plan.
- Utility locations and shut-off points.
- Environmental risks and potential exposures.
- Emergency resources available and minimum requirements.
- Staff numbers on-site during operations.
- Contact details for emergency services and relevant specialists, such as environmental consultants.

Developing an effective response plan starts with gathering relevant information, analysing data, and asking 'what if' questions to explore all possible scenarios. The plan should be based on these scenarios, tested, reviewed, and clearly communicated to staff. Regular drills are essential to ensure preparedness. The plan

must be detailed but easy to follow. The plan must also include salvage and recovery plans to help resume operations quickly after a fire. Post-loss assessments are critical to investigate incidents and prevent future losses. A business contingency plan is also vital because it should not only outline who to alert during an emergency and how to respond, but also how to continue or resume operations with the least disruption.

Emergency planning manual

An effective emergency planning manual must cover key elements. It should start with gathering accurate information, setting clear objectives, assessing site preparedness, and mitigation measures. It must outline emergency response actions, recovery steps, post-incident review procedures, user roles, contact lists, staff training, and a management structure.

Once the basics are covered, the risk assessment should list potential hazards that include all possible areas where fires and/or explosions could occur.

Each risk needs its own procedure. Strategies must be developed, tested, adjusted as needed, and shared with all stakeholders. Plans should be updated regularly, especially when changes occur within the organisation.

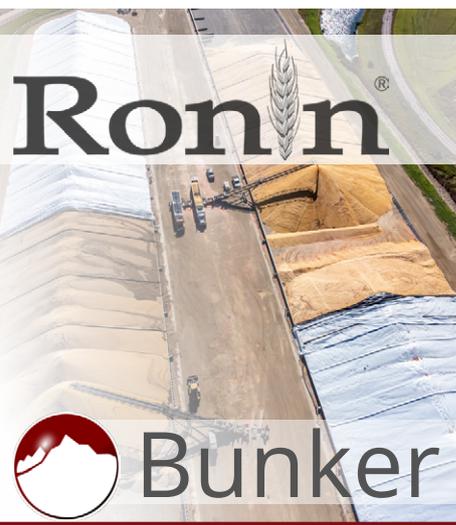
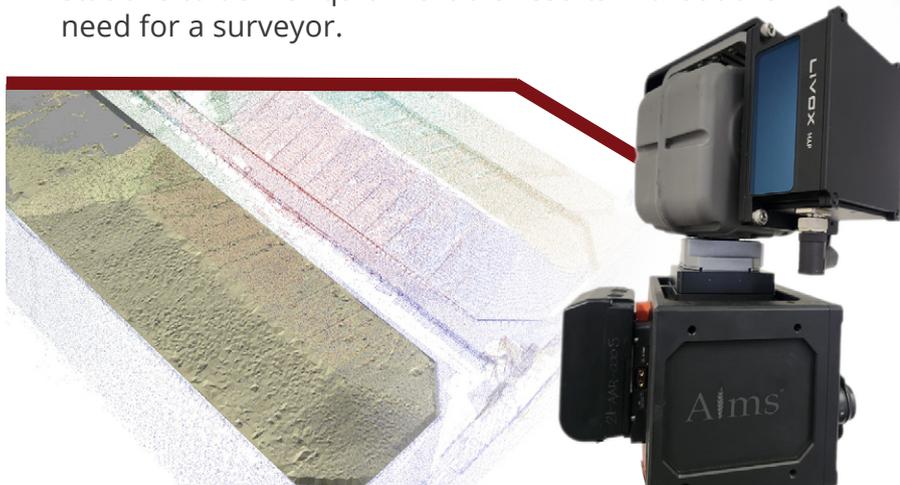
An emergency plan must address three key phases:

- **Pre-incident:** A risk assessment is essential. It identifies hazards, guides mitigation, and ensures proper protection is in place, lowering the overall risk. The roles, responsibilities, system limitations, and fire protection strategy are clarified.
- **During the incident:** A clear plan ensures coordinated actions, improves response time, helps control fires, and ultimately saves lives and reduces losses.
- **Post-incident:** Identify needed actions, start recovery, and communicate with stakeholders. A post-loss review helps improve the plan and feeds into a stronger business continuity strategy. [a](#)

For more information, contact Ruben Els on 082 330 7226 or at ruben.els@riskonet.com.

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Renewed thrust for land reform measures

By Annelize Crosby, head of legal intelligence, Agbiz

The debate on land reform in South Africa does seem like a case of the same proposals coming around again ... and again. Although South Africa has a clear constitutional and legal framework for land reform, a lack of effective implementation of available measures and instruments, coupled with low levels of budgetary allocations for land reform, corruption, lack of political will, and lack of capacity, as cited in the 2017 *Report of the High Level Panel on the Assessment of Key Legislation and the Acceleration of Fundamental Change*, has frustrated progress with the various land reform programmes.

New clauses on the cards

The minister of land reform and rural development, Mzwanele Nkhomo, recently engaged with the portfolio committee on rural development and land reform in parliament. He said, among other things, that the land redistribution programme is moving at a slow pace and that the slow pace of land reform in South Africa has become a source of mounting frustration for millions.

He indicated that the *Equitable Access to Land Bill* will address this sluggish progress. Although the *Bill* is still in the drafting stage, the minister and officials in his department have indicated in their presentation to the portfolio committee that the *Bill* may contain clauses requiring landowners to register their race, a register of agricultural land, and land ceilings.

Proposals for land ceilings, a land register, right of first refusal, and restrictions on foreign ownership were contained in the 2011 *Green Paper on Land Reform*. A three-year consultation process took place regarding these *Green Paper* proposals and most of the proposals were not proceeded with at that stage.

As far as expropriation is concerned, the first draft of a new *Expropriation Bill* was done in 2008. The debate regarding expropriation without compensation started in earnest in December 2017, at the ANC policy conference.

The land debate went very quiet after the failed attempt to amend Section 25 of the *Constitution*. It has recently picked up again with the signing of the *Expropriation Act, 2024 (Act 13 of 2024)* and the stated intention to pass the *Equitable Access to Land Bill*.

Frustrations around land reform

The perceived slow pace of land reform to date and the loss in production on land reform farms, as well as the failure to empower people economically through land reform, is a failure of implementation rather than a failure of the legal framework. Generally speaking, land reform as envisaged by the *Constitution* and embodied in the 1996 *White Paper on Land Reform* and various pieces of legislation sets a workable framework for land reform.

Lack of adequate budgeting, policy uncertainty, the lack of comprehensive

and integrated support systems, poor communication with stakeholders, and corruption are the real reasons why land reform has not happened at a faster pace and in a more sustainable manner. The government's approach over many years has not been to focus on fixing these implementation problems, but rather coming up with new laws, policies, and programmes.

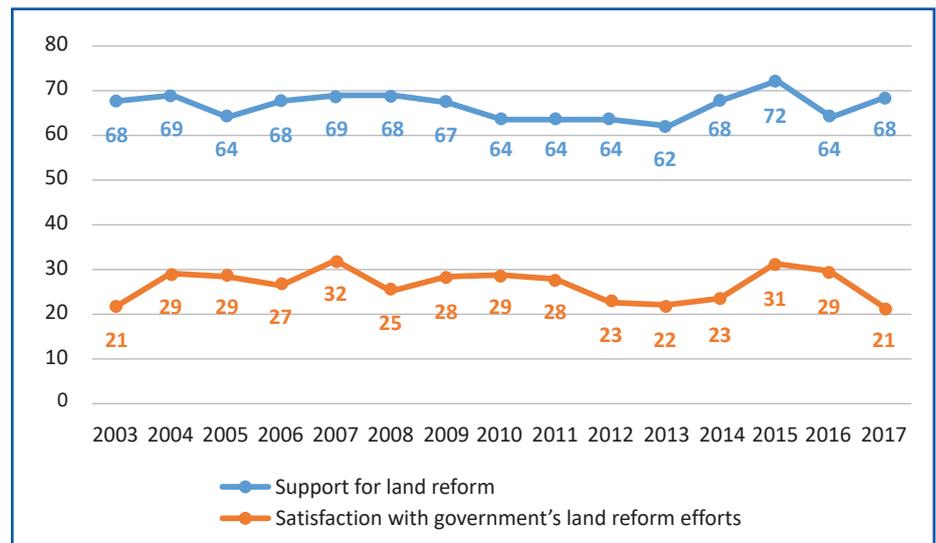
The perception among most of the population is that land reform progress is slow. The Human Sciences Research Council found in 2018 that: "In late 2017, only 21% of adults were satisfied with progress in relation to government's land reform programme, with satisfaction levels fluctuating between 21 and 32% over the 15-year interval". The current level of satisfaction with the implementation of land reform is at an all-time low, which may also partly explain why this policy issue has once again come firmly under the spotlight.

Why the *Bill* might be necessary

But has there really been so little progress made with land reform? My colleague and chief economist at Agbiz, Wandile Sihlobo, and Prof Johann Kirsten, director of the Bureau for Economic Research (BER), have been doing a lot of research on land reform.

They state in a recent article: "Based on our years of work on land reform and agricultural policy, it's unclear to us why such a *Bill* (referring to the *Equitable Access to Land Bill*) is necessary.

Figure 1: The gap between support for land reform and evaluations of state progress, 2003 to 2017 (%). (Source: HSRC South African Social Attitudes Survey (SASAS) rounds 1 to 15, 2003 to 2017)



We believe there are two reasons a new law would be superfluous. Firstly, South Africa already has roughly 16 laws that address the issue of land. Secondly, policymakers tend to ignore the facts on land reform progress. It is hard not to view the obsession with new legislation by every new minister as a distraction from the core issues. The minister should be focussing on distributing the land the government has acquired to black farmers and give them title deeds.”

“The government’s approach over many years has not been to focus on fixing these implementation problems, but rather coming up with new laws, policies, and programmes.”

It is, however, true that South Africa does not have a redistribution law. That is why the *Report of the High Level Panel* recommended that a *Redistribution Bill* be adopted. The draft *Bill* included in the *Report of the High Level Panel*, however, dealt with subjects such as principles for redistribution, target groups, a land demand register, prioritisation, and beneficiary selection. It did not mention land ceilings or a register of agricultural land holdings, which now seem to be part

of the thinking regarding the *Equitable Access to Land Bill*.

Land reform in numbers

Regarding the land reform statistics, Sihlobo and Prof Kirsten state the following: “The mix of government programmes to restore land rights and redistribute land has already addressed 25% of the total area of farmland defined and registered by formal title deeds. This means that 19,5 million ha of the 77,5 million ha of South Africa’s farmland have been affected by the government’s land reform programmes.

“There is an important nuance here: 2,5 million ha have been acquired by the state and are now owned by the state land holding account. Included in the total of 19,5 million ha are private purchases of farmland by black South Africans. We estimate a total of 2,4 million ha have been acquired in this way up to the end of 2024.”

As far as corruption is concerned, Corruption Watch published a 40-page report titled *Unearthing Corruption in the Land Sector* in 2019, where they refer to 706 reports of land-related corruption reported between 2012 and 2018, 60,6% of which relate to housing and 24,3% to land.

One of the findings of the report is: “Due to the complex nature of South African land and property laws, the administrative

red tape related to the acquisition, selling, and administration of land, as well as the overlapping responsibilities among different authorities, e.g. state departments, state-owned companies, the spheres of government, and traditional authorities, a major challenge that is presented in this regard is the identification of enablers of corruption in the South African context.”

Similarly, a master’s degree thesis by Gaopalelwe Mathiba titled *Corruption in Land Administration and Governance: A Hurdle to Transitional Justice in Post-apartheid South Africa?*, found that, “The persistence of corruption in post-apartheid South Africa and the failure to control it adequately, pose a significant threat to the country’s transitional justice project and transformation imperatives.” The study also concluded, among other things, that: “Corruption in South Africa is largely a function and abuse of political power as it occurs mainly in the public sector and through political offices.”

The Zondo commission touched on land-related corruption. Other investigations, including an investigation by the Special Investigating Unit, examined 148 individual land reform projects between 2011 and 2017 and found that one in four was fraudulent.

Unpacking the need for reform

The main need for land is for housing in and around urban areas with

economic opportunities. Research by Prof Ivan Turok from the Human Sciences Research Council (HSRC) indicates: “The legacy of apartheid includes persistent housing shortages, as well as ruinous spatial marginalisation of poor communities from economic and social opportunities.

“Meanwhile, the public sector retains sizeable amounts of vacant and underused land, some in well-located parts of cities with good access to jobs and social amenities. This land is a valuable resource which, through affordable housing, could help address the chronic shortage of such accommodation in desirable locations and counteract the typically exclusionary character of the property market in many urban areas of South Africa.”

Smallholders occupy a considerable area of agricultural land in South Africa, perhaps 23 to 25% (over 20 million ha). In a 2018 Centre for Development and Enterprise (CDE) publication, Profs William Beinart and Peter Delius argue that: “There is great scope for innovative thinking and projects on the land already

occupied by black smallholders in the former homeland areas or on recently transferred land. This may now constitute around 25% of agricultural land, much of it in areas with over 500mm rainfall. It is essential that the current landholders receive upgraded, secure tenure in these areas. Unlocking the productive potential of these areas should be a policy priority.”

The two professors conclude by stating: “A fast-track process to land redistribution is likely to be a disaster. Land reform and agricultural policy should be discussed together with the wider aims of food security, cheap food, expanding production, exports, environmental sustainability, deracialisation of corporate enterprises, and the creation of more employment. This requires supporting the existing commercial, highly capitalised farming economy which can also contribute to the growth of more successful smallholder agriculture.”

Conclusion

Expropriation should be a measure of last resort. It does have a function, but international best practice requires clear and transparent procedures for

forced acquisition of property, and compensation that will ensure that the affected persons are not worse off after expropriation than they were before.

Any proposed legislative changes in the land reform space should take careful note of all the reports on what the root causes of the frustration around land reform are. These include the *Report of the High Level Panel*, the *Report of the Presidential Advisory Panel on Land Reform and Agriculture*, and reports by Corruption Watch, the HSRC, the CDE, and expert commentators such as Prof Kirsten and Sihlobo.

Unless the underlying causes, including corruption, inadequate budgeting, lack of settlement support, and proper beneficiary selection are addressed, no new law will truly make an impact. Care should be taken not to cause unintended consequences to agricultural resources or food security. [a](#)

For references and more information, send an email to Annelize Crosby at annelize@agbiz.co.za.

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Final Nedlac report on the labour law reform processed by governance structures

Issued by the National Economic Development and Labour Council (Nedlac)

Since April 2022, organised business, organised labour, and government, led by the Department of Employment and Labour, have been engaged in a substantive labour law reform process. These negotiations have now concluded, resulting in 47 amendments to the *Labour Relations Act, 1995 (Act 66 of 1995)*, 13 amendments to the *Basic Conditions of Employment Act, 1997 (Act 75 of 1997)*, two amendments to the *National Minimum Wage Act, 2018 (Act 9 of 2018)*, and three amendments to the *Employment Equity Act, 1998 (Act 55 of 1998)*.

The social partners have also agreed to a new *Code of good practice on dismissals*, consolidating the previous two codes of good practice on dismissals and dismissals for operational requirements, while making special provisions for small businesses. This code has now been published for public comment.

Addressing key concerns

The labour law reform process began with submissions on proposed changes from organised labour, business, and government. These proposals aimed to address key concerns, including:

- Changes in the labour market.
- The need to facilitate job creation and retention while providing an enabling environment for small and medium-sized enterprises.
- Bottlenecks in existing systems and improving the efficiency of labour market institutions such as the Commission for Conciliation Mediation and Arbitration (CCMA) and Labour Court.
- Enhancing protection for atypical workers who are often unprotected under existing labour laws.

Consensus on key changes

The Labour Court judge president and the Essential Services Committee (ESC)

chairperson also proposed amendments to improve their respective functions. While the different constituencies sought various, sometimes conflicting, outcomes from the process, the negotiations – although challenging – were ultimately successful, thanks to the guidance of facilitators and support from legal drafters.

Significant consensus was achieved on the following key changes:

- Enhancing the efficiency of the CCMA, Labour Court, and ESC by:
 - Increasing certainty on jurisdictional matters for disputes arising under different statutes.
 - Limiting remedies available to high-earning employees and enabling arbitrators to conduct inquiries to expedite dispute resolution, thereby alleviating strain on the CCMA.
 - Introducing a fee for parties who unreasonably delay proceedings.
- Increasing severance pay provisions from one to two weeks per year of service.
- Strengthening protections for workers in non-standard employment arrangements, including sectoral determinations and the provision of organisational and bargaining rights.
- Updating retrenchment provisions to align with Labour Court rulings.
- Revising the scope of unfair labour practice disputes to exclude matters such as promotions.
- Restricting the validity of a certificate to protect socio-economic protest action to 24 months from the date of issue.
- Enhancing protections for on-call workers.
- Strengthening the BCEA to address the non-payment of pension and provident fund contributions by employers.

- Temporarily reducing worker protections for start-ups that fall under the jurisdiction of bargaining councils.

Nedlac report submitted

The social partners' mandates are documented in a Nedlac report, which Nedlac's governance structures have processed. In accordance with Section 8 of the *National Economic, Development and Labour Council Act, 1994 (Act 35 of 1994)*, the report has been submitted to the minister of employment and labour.

The Nedlac report and draft amendment bills can be accessed on the Nedlac website at www.nedlac.org.za/labour-market/. The amendment bills will now be submitted to the state law advisor for vetting before proceeding to cabinet and parliament.

Recommendations to take forward

As part of the law reform process, emerging issues requiring future regulation in the labour market – such as heat stress resulting from climate change, the need for a just transition, and remote work – were considered. While no legislative amendments have been proposed at this stage, working papers have been developed with recommendations for the Department of Employment and Labour, and social partners to take forward. These documents are available at www.nedlac.org.za/labour-market/. [a](#)

For more information, phone the National Economic Development and Labour Council on 011 328 4200 or visit www.nedlac.org.za.



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Points to ponder

By Jannie de Villiers



Do you acknowledge the people around you?

In my acceptance of writing this piece every quarter, I assume a position of vulnerability. I have to share my heart and some of the experiences and lessons I have learnt over many years in business, some at huge personal cost.

Fairly late in my career I discovered some experts describing the emotions I have experienced while leading people: People want to see that you see them. Whether you are a spouse, parent, or CEO of a company, the people around you want to know that you acknowledge them.

The 'see' referred to here encompasses more than the visual. When you are in a position of leadership or management, your colleagues yearn to be seen by you. This is a fundamental need that all people have.

Make eye contact

How can you make sure that people around you feel seen? Firstly, make eye contact. Don't look past the person or

let your eyes wonder while he or she is talking to you.

When I was growing up, my mother instructed me to look someone straight in the eye when conversing with that person. Nothing makes people feel more ignored than you looking around while they are sharing their thoughts, ideas, plans or even worse, their heart with you. Being ignored hurts and can result in people doing things that cannot be ignored.

My advice is to not ignore people in the room and treat them as if they are invisible. This applies to everyone, even the cleaning lady or the person making your coffee in the morning.

Ask questions

Secondly, ask questions in a tone that makes people feel heard. In his book *Trust*, Dr Henry Cloud writes that one of the essentials of trust is that you feel fully understood. Your team members won't trust you unless they feel you have

listened to them and have understood their side of things. Yes, it takes time, time you might feel you've wasted, but in the long run, you will find a loyal and trustworthy colleague.

Just listen

One of my most difficult challenges in listening well was to listen without immediately trying to solve whatever was discussed. This was especially true in our family. As CEO, I was in a zone of listening to problems, evaluating and fixing them! When I arrived home from the office, I sometimes remained in that mode and listened without really hearing what my wife and children had to say. My focus was on solving problems instead of listening with a caring heart.

Some practical advice that I've tried many times with success is to ask a simple question to a person in the room so they don't feel ignored. Oftentimes our attention is focussed on those who we need information from or who can make decisions, and the rest is ignored.

When you fulfil a management or leadership role, you might feel like you 'belong' to the people you lead. This 'belonging' brings with it an obligation to know, see, and hear everyone. I was sometimes uncomfortable when people wanted to take a picture with me, and I very often used the opportunity to ask them their name and where they came from to hide how uncomfortable I was, but it was also a tool I could use to show them that I see them. [a](#)



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