

POTATOES

Business plan for
inspections on potatoes
conducted on fresh
produce markets

2025



Your preferred quality assurance partner

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1 GENERAL

1.1 INTRODUCTION

The document titled *determination of inspection fees on regulated fresh fruits and vegetables undergirded by a business plan and budget* provides detailed information on the methodology applied by Product Control for Agriculture (Prokon) to determine the inspection fees to be levied on potatoes and all other regulated fresh fruits and vegetables, in order that the company can fulfil its mandate as official assignee of the Department of Agriculture. The document also forms the basis for Prokon's application for the approval and promulgation of the inspection fees in the government gazette in respect of the said produce.

As far as inspections on fresh produce are concerned, it is important that cognisance be taken of the South African government's firm stance on the necessity for inspections on fresh fruits and vegetables with special reference to the support and strengthening of its core legitimate governmental purposes to:

- Ensure transparency and fairness in trade with the emphasis on the participation and involvement of all affected parties.
- Protect consumers against misleading claims of methods of production and thereby ensuring that they continuously have access to products that comply with the official quality and health regulations and thus hold no health risks.

1.2 PROKON – OFFICIAL ASSIGNEE

Product Control for Agricultural (Prokon), registered as a non-profit company under the Companies Act, No. 71 of 2008, is an independent quality assurance company that has been rendering quality inspections and other related services to stakeholders in the fresh produce industry since 1993. The company's business strategy is primarily based on ensuring that fresh produce that reach the South African consumers comply with official quality and health standards. To attain this, it renders a quality assurance inspection service at key points that serve as links between the supplier and the buyer, e.g., fresh produce markets, distribution centres and thus retail outlets, as well as sea and inland ports of entry.

In terms of its appointment as an official assignee of the Department of Agriculture, a comprehensive inspection service is rendered on potatoes since 1994 and since 2017 on all other designated locally produced and imported fresh fruits and vegetables. All these inspections are carried out in accordance with the Agricultural Products Standards Act, No. 119 of 1990 and the relevant regulations.

On 13 April 2025 Prokon received the internationally recognised ISO/IEC 17020:2012 accreditation for the fourth consecutive year from SANAS for the inspection of fresh produce at fresh produce markets, retail and imports in South Africa. This makes Prokon the only South African company that is internationally accredited to conduct inspections on fresh produce.

1.3 RESPONSIBILITIES OF PROKON AS OFFICIAL ASSIGNEE

In Prokon's letter of appointment to conduct inspections on regulated fresh fruits and vegetables sold in the Republic of South Africa, the Executive Officer: Agricultural Product Standards Act of the Department of Agriculture highlighted the following in terms of the appointment:

- Essentially the assignee is charged with the mandate of ensuring that the purpose and overall objective of the Act is realised.

- The purpose and objective of the Act is to, *inter alia*, ensure that there are fair trade practices and competition amongst **sellers** of fresh produce, including protection of **consumers** from misleading claims.
- In other words, the assignee's function (or mandate) is to ensure that products presented for sale meet the prescribed quality and labelling requirements in the regulations concerned in order to advance the interest of both the **seller** and the **consumer**.

Prokon's appointment as assignee to conduct inspections on potatoes was originally published under Notice 232 of 1994 and revised on 21 September 2010 to conduct inspections at wholesale (national fresh produce markets) and retail level (all different retailers in South Africa). In respect of regulated locally produced and imported fresh fruits and vegetables it was published under Government Notice 345 of 2016 in Government Gazette No. 40075 dated 17 June 2016, for the purpose of the application of sections 3(1) (a) and (b), 3A (1), 4A (1), 7 and 8 of the said Act with regard to agricultural products of plant origin destined for sale in the local market.

1.4 BROAD BASED EXPERIENCE IN QUALITY ASSURANCE INSPECTIONS

The quality assurance inspections conducted on potatoes and the other regulated local produced and imported fresh fruits, vegetables by Prokon inspectors during the past eight years, afforded the company the ideal platform to gained valuable broad-based experience and product knowledge to refine the inspection process to the benefit of all stakeholders in the fresh produce supply chain. The exposure allowed Prokon the ability to identify the primary participants in the fresh produce flow channel, and thus inspection points, as fresh produce markets (handling approximately 47% of all fresh produce and accommodate all spectrum of buyers), distribution centres to retail outlets as well as independent packers and pack houses. These points were also identified as the most cost effective for the supply chain as a whole, as well as the fact that it allows for the optimal use of resources.

However, as fresh produce markets and distributions centres handle the bulk of fresh produce in terms of, e.g., variety, quality and classes the higher percentage of inspections are conducted at these points. It follows that the number of downgrades and directives are issued on fresh produce markets closely followed by distribution centres /retails outlets. It is important that the issuing of directives should not be seen as a penalisation of the suppliers, but rather as a way to assist them to identify and address the problem to their benefit (better price). Through analysing our data Prokon has detected a real improvement in the quality and adherence to marking requirements in the market environment.

1.5 ABILITY TO CONDUCT INSPECTIONS ON REGULATED FRESH PRODUCE

Prokon, in terms of its mandate, is geared to conduct quality assurance inspections on potatoes and other regulated locally produced and imported fresh fruits and vegetables at fresh produce markets, distribution centres, wholesalers, retail outlets as well as air, sea and land ports of entry. During the inspections the inspectors, e.g., check for marking requirement conformity as well as external and internal quality, size conformity and ripeness and firmness as prescribed in the relevant product regulations as read in conjunction with Agricultural Products Standards Act, No. 119 of 1990. See Item 2.6: Products to be inspected.

The following underline Prokon's ability to conduct quality assurance inspections:

1.5.1 Independence, Impartiality and Confidentiality

- Prokon is an independent inspection body with more than 31 years' experience as assignee of the Department of Agriculture.
- Prokon or its employees has no direct or indirect interest in the products inspected.

- In view of its independent status the company is able to claim impartiality as far as service delivery is concerned.
- In terms of the regulations promulgated under the Protection of Personal Information Act, No. 4 of 2013 (POPIA), Prokon is committed to protect the privacy of its clients. Its record keeping system is set up to guarantee confidentiality and thus safeguards personal information. It will not sell, rent or provide personal information to unauthorised entities or other third parties, for their independent use.

1.5.2 Facilities, Personnel and Equipment

- Prokon has 17 offices that are primarily situated on fresh produce markets which provide for a national footprint that benefits stakeholders in the fresh produce industry, including the consumer.
- Prokon's offices are staffed by quality assurance inspectors who are suitably qualified and trained and thus collectively possess adequate professional competency to conduct quality assurance inspections. In addition, they apply due professional judgement in adequately planning, coordinating and performing inspections and reporting results, using modern methodology and equipment. The minimum qualification for appointment of an inspector is a National Diploma in Agriculture or a National Diploma in Food Science. The majority of inspectors in Prokon's employ have higher qualifications than the prescribed minimum.
- Prokon's quality assurance inspectors receive regular training to ensure that they are at all times well-equipped to conduct inspections and are kept abreast of the latest developments and requirements pertaining to local standards as well as those applicable to imported produce. Refresher courses are also conducted on a regular basis with the emphasis on products that are inspected seasonally. The training is provided by Prokon's own training officials, international institutions such as the Dutch institution, Kwaliteits-Controle-Bureau (KCB), an internationally recognised authority in the quality assurance field and international training programs such as the learning program offered by foreign institutes, e.g., University of Copenhagen, Denmark.
- Quality assurance inspectors undergo a technical competency evaluation at least once a year to ensure that they are well-equipped to render a high-quality service.

1.5.3 Policies, Procedures and Audits

- In respect of quality control, Prokon has developed and implemented written policies and standard operating procedures (SOPs) for internal control over its inspection processes / activities in order to provide reasonable assurance of conformance with the relevant policies and procedures.
- Prokon has enhanced and expanded the capabilities of its software application to ensure that all fresh produce inspected and consumed in South Africa meets the highest quality standards and complies with all packing, marking, and labelling regulations. With access to this advanced software system, traceability is guaranteed, enabling precise identification of any issues or inquiries within the agricultural value chain through electronic inspections, supported by GPS coordinates, registered producers and being proactive in fresh produce industry.
- All inspection results are stored electronically on Prokon's data base and are retained for an appropriate period of time. This allow for compiling statistics on quality deviations, etc. that can be made available to producers and retailers on a daily basis and on request to industry organisations and other institutions active in the fresh produce industry to assist them in their operations. In addition, the inspection reports are used on a regular basis by producers, market agents, retailers and importers to resolve quality disputes to the benefit of all party's concern, especially the consumer. The information so collected and stored is sufficient, competent and relevant and would support inspection findings, conclusions and recommendations, such as the issuing of directives in respect of corrective action.
- In respect of tracking and traceability of inspected produce, Prokon endeavours to ensure that such produce is not re-inspected unnecessarily at all inspection points to avoid duplication. Stickers are consequently affixed to the pallets in order to prevent re-inspections. It must,

however, be accepted that there will instances where a re-inspection is warranted due to the perishability of fresh produce.

- Samples are drawn in terms of Prokon's SOPs. The latter are in accordance with the procedures prescribed in the regulations of the Department of Agriculture, international standards as set out in the SANAS ISO 17020 accreditation and international practices.
- Prokon is regularly audited by officials of the Department of Agriculture and also has to submit comprehensive quarterly reports to the said department in respect of inspections conducted.

1.5.4 Financial and Administrative Management

- Prokon maintains a sound administration which is headed by a management team comprising of a chief executive officer, operations manager, finance and administration manager and regional managers.
- Prokon operates on a business plan and budget approved by its Board of Directors. It also has a Risk and Audit Committee that oversees administrative, personnel and financial activities.

1.5.5 Disputes and Appeals

- In the event of disputes and/or appeals it must be directed to Prokon by means of the complaint form available on the Prokon website. Should the complainant not be satisfied with the outcome of the complaint, an appeal may be lodged with the Department of Agriculture. Any dispute or appeal must be lodged within a 24-hour period.

1.5.6 External Industry Assistance

- Prokon has a formal external training program in place for which accreditation by the AgriSeta is awaited. The program offers appropriate quality and other related training to commercial and new era farmers and their workers, agricultural cooperatives and their personnel, and quality controllers at distribution centres. The aforementioned training is augmented by farm-based training for farm workers, especially those manning the pack houses, to ensure that they understand the need for fresh produce to comply with official grading, packing and marking requirements.
- Prokon has to date produced and disseminated three production aids, i.e., a colour plate book on potatoes, a tomato quality inspection guide, and a colour plate book on onions. It is the intention to also produce similar guides for other fresh produce. These aids are extremely valuable to quality assurance inspectors, producers and market agents.

1.6 PAYMENT FOR INSPECTIONS

Prokon operates on a cost recovery basis to ensure that the fees paid for the services is fair and reasonable. The fees charged are based on a thoroughly executed and documented cost analysis.

1.7 BENEFITS A QUALITY ASSURANCE SYSTEM HOLD FOR STAKEHOLDERS

Quality assurance inspections are the primary defence against the selling and consumption of contaminated, spoiled, or unsafe fresh produce. The inspection service rendered by Prokon is thus aimed at ensuring that the regulated fresh produce offered for sale comply with the aforementioned by meeting the quality standards prescribed in the relevant regulations. The benefits the inspections hold for the various stakeholders can be summarised as follows:

1.7.1 Consumers

- **Food safety:** Consumers are assured that the fresh fruits and vegetables they receive represent quality, are safe and meet official quality standards and thereby create customer confidence and satisfaction. For example, the produce is ***free of harmful substances like pesticides, bacteria and contaminants.***

- **Consistent quality:** Consumers obtain fruits and vegetables that meet standards in respect of size, colour, ripeness and freshness.
- **Traceability:** Consumers are assured of traceability and accountability throughout the supply chain.
- **Informed purchase choices:** Consumers can make informed purchase choices based on accurate product labelling.
- **Value for money:** With assured quality, consumers are less likely to waste money on substandard or spoiled produce.

1.7.2 Producers

- **Independent quality assurance:** The quality of produce delivered is inspected by Prokon as an independent quality assurance institution. This means that the said product differentiates itself from other consignments in terms of quality and price.
- **Price advantage and brand building:** Consistency in products meeting quality standards ensures the fetching of a premium price and brand building on the market floor and are normally sold first. It also allows for access to premium markets, including retailers and wholesalers.
- **Consumer trust:** The packed content corresponds with the information on the packaging which instils consumer / buyer trust in the products.
- **Reliable product information:** Guarantees correct and reliable product information, e.g., class, size and cultivar. The information is available to the producer which can be used to take informed business decisions.
- **Mediation:** Prokon can act on the producers' behalf as mediator in product disputes.
- **Product acceptance:** Inspections reduce the risk of product returns from buyers.
- **Efficiency:** Quality assurance systems optimise operations, improve productivity and profitability.

1.7.3 Fresh produce markets

- **Price discovery:** Markets provides the ideal platform for reliable price discovery for different products in respect of verifying the grade, classes and sizes and freshness and subsequently ensure that higher quality produce fetch premium prices.
- **Transparency:** Creates a transparent and trustworthy trading platform for all clients as far as the quality of fresh produce is concerned.
- **Data driven decision making:** Offers a comprehensive database and reports.
- **Comprehensive product range:** Offers a comprehensive product range.
- **Compliance with regulations:** Products on offer comply with official quality standards.

1.7.4 Market agents

- **Technical support:** Provides a technical support system between market agents and producers.
- **Buyer trust:** Contribute to establishing buyer confidence and trust and thus create a reputation for delivering quality assured fresh fruits and vegetables.
- **Disputes and returns:** Can reduce the possibility of disputes and returns.
- **Mediation:** Has access to an independent quality assurance body to act as mediator in the event of disputes.

1.7.5 Buyers

- **Food safety confidence:** Inspected produce assist buyers to meet food safety regulations and thereby protect consumer health.
- **Risk reduction:** Can purchase products with confidence to facilitate risk reduction.
- **Supplier reliability:** Quality assurance ensures consistency across different supplies and consignments.

- **Streamline procurement:** Can continuously supply quality products to clients that reduces the risk of substandard produce being delivered.
- **Quality indicators:** Can rely on quality indicators on packaging / containers.

1.7.6 Distribution centres, retailers and wholesalers

- **Independent quality assurance inspections:** Inspections are conducted by an independent quality assurance service provider.
- **Brand trust:** High quality produce reinforces customer satisfaction, trust and loyalty as well as brand reputation.
- **Transparency:** Allows for evidence-based decision making and communication.
- **Delivery of quality produce:** Ensures consistent delivery of quality products with improved shelf-life and thus also minimize returns, unsellable stocks and consumer complaints.
- **Preferred product provider:** Promotes position as preferred product provider.
- **Mediation:** Has access to an independent quality assurance body to act as mediator in the event of disputes.

1.7.7 Importers

- **Transparency:** Creates transparency between role players in the event of quality disputes and claims.
- **Compliance with regulations:** Ensures that the imported products comply with local and international quality standards.
- **Risks and waste:** Reduces the risk of border rejections due to com-compliance and thus wastage.
- **Fair trade practices:** Verification of weights, grades and quality during inspections.
- **Track and trace:** Improves tracking and traceability of product origins.

1.8 PROKON'S RESPONSIBILITY AND OBLIGATION AS ASSIGNEE VERSUS THE RESPONSIBILITY AND OBLIGATION OF THE OWNER AND/OR SELLER OF THE PRODUCT IN TERMS OF THE AGRICULTURAL PRODUCT STANDARDS ACT, NO. 119 OF 1990

Prokon: responsibility and obligation	Owner / seller: responsibility and obligation
<ul style="list-style-type: none"> • Carry out inspections, grading and sampling of regulated products for quality control purposes. • Reclassify products that are found to be non-conforming. • Issue a directive if the product does not comply with the relevant standards. • Draw any relevant inspection sample if required to do so to conduct further tests of a product, both internally and externally. • Issue a seizure of the product under exceptional circumstances because of repeated non-compliance of the relevant product. • Use accredited facilities or institutions for carrying-out applicable test (DNA, MRL, etc.), if required. 	<ul style="list-style-type: none"> • No product may be presented for sale in South Africa if the product does not comply with the prescribed regulations pertaining to the specific regulated fresh produce. • The inspector may not be obstructed or interfered with whilst exercising his duties. • The owner and/or seller may not obstruct an inspector from removing a sample of the inspected product if any further testing is required. • The owner and/or seller shall provide the inspector with any documentation required to assist with the inspection of a product. • In certain circumstances the risk will fall on the seller to seek out the true owner of the regulated product and to see to it that the obligations emanating from the

<ul style="list-style-type: none">• Inspectors must at all times identify themselves using their inspector ID cards at all inspection point.• Apply the Act in a consistent manner on all products and at all inspection points.• Charge and provide an invoice for inspections conducted together with a detailed inspection report.	<p>Act are fulfilled. Examples are compliance with the directive issued and the payment of the inspection fee.</p>
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METHODOLOGIES APPLIED TO DETERMINE THE INSPECTION FEES TO BE CHARGED ON POTATOES INTENDED FOR SALE IN THE REPUBLIC OF SOUTH AFRICA

2.1 PURPOSE OF METHODOLOGY DOCUMENT

The purpose of the methodology document is to outline the specific actions to be performed in respect of each regulated product, the frequency of such inspections as well as the inspection fees to be charged. This is to ensure that there is proper understanding of Prokon's role, the associated costs and the alignment of its role with the respective client's business processes with due cognisance of the parameters of Prokon's mandate in terms of its appointment as assignee of the Department of Agriculture.

Prokon's infrastructure and footprint, established since 1994, was a decisive factor in the company's appointment as the Ministerial assignee to conduct inspections on locally and imported regulated fresh fruits and vegetables, hence Prokon had an established infrastructure in place which it did not have to be re-establish for the purpose of market inspections and consequently the capital cost for the purpose of inspections is minimal. The aforementioned factor also made it possible for it to propose cost effective inspections fees that are fair and reasonable.

2.2 PROCESSES TO BE IMPLEMENTED TO ENSURE STAKEHOLDER PARTICIPATION

To ensure that the handling of the application is beyond reproach:

- The Executive Officer: Agricultural Product Standards Act of the Department of Agriculture shall evaluate the Prokon business plan, inclusive of the fee determination methodology applied, the budget and inspection fees submitted as per section 3(1B)(a) of the Act as amended. The documentation would make provision for different categories to make separation and individual addressment possible. The categories provided for would be (1) potatoes on markets, (2) all other regulated locally produced fruits and vegetables on markets, (3) all other regulated locally produced fruits and vegetables (including potatoes) in retail, and (4) imports.
- As per section 3(1B)(b) of the Act as amended, the Executive Officer shall take a period of four (4) months, reckoned from the date of reception as set out in the first paragraph above to invite and consult affected or interested stakeholders over the proposed inspection fee.
- As per section 3(1B)(c) of the Act as amended, the Executive Officer shall communicate his decision over the submitted information as set out in the first paragraph above to Prokon within two (2) weeks, reckoned from the expiration of the four (4) months period as specified in the second paragraph above.
- The cost of publication of the proposed inspection fee in the Government Gazette for canvassing comments from interested parties shall be for the account of Prokon.
- The cost of publication of the approved inspection fee in the Government Gazette shall be for the account of Prokon.

2.3 INSPECTION PROCESS

In terms of this document, Prokon is to inspect potatoes and all other regulated locally produced fresh fruits and vegetables intended for sale in the Republic of South Africa in accordance with the regulations and the company's SANAS ISO 17020 accreditation with due cognisance of the following aspects:

- Compliance with the mandate given to Prokon by the Department of Agriculture to ensure consumer protection and instil consumer confidence.
- Compliance with Prokon's standard operating procedures (SOP) and quality management system (QMS) in terms of its SANAS accreditation.

Prokon will conduct inspections on potatoes and all other regulated fresh fruits and vegetables at the most appropriate frequency, point and time in order to minimise disruption and possible negative

impact on the clients' businesses whilst at the same time ensure compliance with its official assignment.

Potatoes				
2023	Reason	Count	Total inspections	Non-compliance rate (%)
	Quality	10 652	172 080	6,2%
	Packaging/Marking	6 050	172 080	3,5%
	Total	16 702		10%
2024	Reason	Count	Total inspections	Non-compliance rate (%)
	Quality	16 808	184 219	9,1%
	Packaging/Marking	5 409	184 219	2,9%
	Total	22 217		12%
2025	Reason	Count	Total inspections	Non-compliance rate (%)
10 months	Quality	24 489	171 837	14,3%
	Packaging/Marking	4 364	171 837	2,5%
	Total	28 853		17%

2.4 THE NECESSITY FOR QUALITY ASSURANCE INSPECTIONS

During a three-year period (2023 to 2025) the non-conformances, as set out in the schedule, were issued in respect of produce at fresh produce markets, retailers, wholesalers and importers which did not comply with prescribed standards set out in the relevant regulations. The majority of non-conformances were found on fresh produce markets. The aforementioned statistics is clear proof that there is a definite need for quality assurance inspections on fresh fruits and vegetables to protect the relevant value chain as a whole as well as to ensure that consumers purchase fresh produce that comply with official quality and health regulations.

The following problems / non-conformances, which may differ between products, were found in respect of locally produced produce:

- Consignments are not marked, e.g., no information is provided on the packaging in respect of name / trade name of the supplier / producer and contact details, cultivar / variety, class, weight, date of packing and country of origin. This is especially the case in respect of lower class produce. (Compliance in terms of marking is extremely important in order to ensure that the origin of the product can be traced should quality and health related complaints be lodged.)
- Different sizes are packed in the same container / bag.
- Underweight packaging.
- Consignments do not comply with the official internal and external quality standards.
- Products that were harvested immaturity (ripeness).
- Incorrect sugar content.

As far as imported produce are concerned the following are examples of the problems / non-conformances found:

- Indicating the wrong country of origin.
- Quality does not comply with local and international standards.

2.5 INSPECTION FEE CATEGORIES

Prokon, as a non-profit company, operates on a cost recovery basis for the purpose of its Ministerial appointment as assignee on 17 May 2016 in terms of section 2(3)(a) of the Agricultural Products Standards Act, 1990 (Act 119 of 1990) for the application of section 3(1)(a) and (b), 3A(1), 4A(1), 7 and 8 in respect of inspection of fresh vegetables, fruits and potatoes. The determination of the new inspection fees has been determined according to the income and expenses specific to the business unit in question and will thus be fair and reasonable for all stakeholders in the supply chain.

The data used in determining the inspection fees are based on the actual volumes in the past year (1 July 2024 to 30 June 2025) of a broad spectrum of produce and quality sold on fresh produce markets.

As execution and extent of inspections vary between the different points of inspection Prokon is of the opinion that in respect of determining the inspection fee the following category should apply (also see 2.9: Inspection fees):

- Inspections on **potatoes** conducted on fresh produce markets.

During the determination of the methodology, with special reference to the determination of the inspection fees, Prokon concluded that there are substantial differences in cost and extent in providing inspections to the different distribution channels as explained hereunder.

Inspection fee per hour versus inspection fee per kilogram

In respect of the charging an inspection fee per hour versus an inspection fee per kilogram it is important to take cognisance of the following:

(a) An hourly inspection rate should apply to **retailers, distribution centres and importers** because inspections by Prokon at these premises typically involve a wide variety of products, pack sizes and suppliers. Although the loads differ, there is usually a single responsible entity (the retailer or importer) managing a vast variety of consignments. Charging per hour ensures fair billing for the actual inspection time spent, regardless of the number or size of individual loads.

versus

At **fresh produce markets**, multiple independent producers or packers deliver varying quantities of produce. Applying a per-kilogram inspection fee would ensure that each producer or trader pays only for their respective volume of produce inspected. This method prevents smaller producers or packers with limited quantities from subsidising larger suppliers, promoting fairness and proportional cost distribution.

(b) In respect of **retailers, distribution centres and importers** additional vehicle and travelling costs apply because inspectors regularly have to travel to retail outlets, distribution centres and import facilities to conduct inspections. Rendering the relevant inspection service requires the provision of:

Vehicles

- Company vehicles.
- Routine maintenance and repairs.
- Fuel.
- Insurance.

In-transit expenses (Inspector)

- Compensation for inspector time spent travelling between inspection sites.
- Reflects the value of staff time needed to reach multiple retail locations efficiently.

Additional administrative cost (Reports)

- Comprehensive daily and monthly reporting.
- Time spent compiling inspection data, formatting reports and verifying accuracy.
- Dispensation control: Monthly and daily reporting.

The aforementioned approach supports transparency in pricing and reflects the true cost of mobility required to deliver inspection services.

versus

In respect of **fresh produce markets** where potatoes and other regulated fresh fruits and vegetables are inspected the following expenses (vehicle, in-transit and comprehensive administrative cost) are not applicable at these distribution outlets.

Prokon therefore proposes the introduction of two distinct inspection fee structures – one based on time (hourly rate) and the other on quantity (per kilogram) – to ensure that inspection costs are allocated fairly and appropriately according to the nature of the operation. This structure promotes transparency, equity, and consistency across all sectors of the fresh produce industry.

Using more than one fee structure to create a fair and transparent payment system is common within the assignee environment. There are numerous examples within this system where multiple fee structures are applied to ensure fairness and transparency, as well as to prevent cross-subsidisation between different distribution channels.

See Annexure B, pp. 22 - 23 for detailed scenarios in respect of the aforementioned.

2.6 PRODUCTS TO BE INSPECTED

The regulated potatoes subject to inspection are set out in the Table hereunder.

Products	Published under Government Notice
Potatoes	Published under Notice 232 of 1994 and revised on 21 September 2010

The inspection fee to be charged in respect of the potatoes set out above, are reflected in Annexure C, p. 24.

2.7 HUMAN RESOURCES TO RENDER INSPECTION SERVICES

The personnel are based on the current personnel component required to render the inspection service at the identified inspection points.

The salaries and administrative fees can be kept to a minimum due to a business- and infrastructure established over a period of 31 years. See explanatory notes as set out in **Annexure A, pp. 14 to 21.**

The human resources component required to render the inspection service is set out in **Annexure A, pp. 19 to 21.**

The personnel cost is set out in **Annexure A** takes into the proposal of Blue Horizon (Pty) Ltd. **See Annexure A, pp. 19 to 21.**

Prokon has been making use of the services of Blue Horizon (Pty) Ltd since 2013 for human resources consultation and benchmarking of remuneration packages.

The remuneration package for the aforementioned personnel component is based on market remuneration benchmark and design conducted by Blue Horizon (Pty) Ltd in 2025. Remuneration data for the agricultural sector was acquired from one of the four remuneration and rewards survey service providers in South Africa, Price Waterhouse Coopers (PWC). The market surveys provide data at the lower, median and upper quartile which is projected to a specific date for implementation within the year the benchmark data becomes available and before the new benchmark is surveyed by PWC. These values are updated annually to provide CPI related remuneration values in order to provide defensible pay structures for that financial year.

The Prokon Board of Directors decided to base the remuneration of inspectors on the lower quartile as set out in **Annexure A, pp. 19 to 21**.

2.8 EXPENSES

The total of expenses for potatoes on fresh produce markets, are set out in **Annexure A, pp. 14 to 21** and are divided into the following categories, i.e., general, administrative and overhead expenses.

2.9 INSPECTION FEES

The inspection fees to be charged by Prokon will be promulgated by the Department of Agriculture in terms of the Agricultural Product Standards Act, No. 119 of 1990 and to be promulgated in the Government Gazette. The inspection fees will come into operation on a date to be determined and will then apply until further notice.

With reference to the calculation of the inspection fees different options were considered, i.e., fee per kilogram, fee per container, and fee per minutes / hour (time based).

With reference to the aforementioned options, the following:

- **Fee per kilogram:** Prokon recommends that the inspection fee per kilogram be introduced as it is fair, reasonable and equitable as explained under 2.5.
- **Fee per container:** Prokon also considered applying a container-based calculation, but due to possible cross-subsidisation between smaller and larger containers it was regarded as unfair and therefore this option is not preferred.
- **Fee per hour:** If Prokon charges per hour at fresh produce markets, this method will benefit the producer / owner who delivers a large consignment to such markets it would be to the detriment of the emerging farmers / producers / owners who deliver small consignments based on the time spent in order to conduct the different inspection. This will unfortunately lead to the latter subsidising producers delivering large consignments (also see 2.5).

The proposed revised inspection fees, excluding VAT, are set out in **Annexure C, p. 24**.

2.10 RECOMMENDATION

Product Control for Agriculture (Prokon) recommends that an inspection fee be introduced as set out in Annexure C and is based on the following considerations:

Fresh produce markets (potatoes)

A per kilogram pricing model ensures that each farmer pays proportionally for the volume of consignments inspected or handled. This approach promotes fairness, scalability and transparency across all client sizes.

In respect of justifying the aforementioned it is paramount that emerging farmers and small producers should not be expected to subsidise the costs of larger farmers. Flat rate or bulk-based pricing structures often result in disproportionate cost burdens on low volume producers, undermining equity and discouraging participation. By aligning fees directly with quantity Prokon can uphold a fair, scalable and transparent system that is just.

PRODUCT CONTROL FOR AGRICULTURE

SUMMARY OF EXPENDITURE

POTATOES	NOTES	BUDGET 2026
Total Expenses		12 387 882
Remuneration Expenses	1	8 791 199
Chief Executive Officer	1	
Administration / Finance Manager	1	
Regional Managers	5	
Liason Officer	1	
Administration Officers	7	
Database Officers	2	
Inspectors	46	
Assistants for Inspectors	35	
General Expenses		1 674 909
Bank Charges	2	53 760
Brochures/Posters/Exhibition Material	3	27 840
Computer	4	23 136
Congress / Industry Events & Meetings	5	72 800
Consumable Stock	6	33 197
Equipment Rent	7	129 759
Industry Relations & Communication	8	25 680
Internet	9	79 248
Labels	10	72 000
Landlines	11	38 928
Vehicle Licences	12	1 000
Magazines/Brochures	13	2 880
Mobile Phones	14	118 560
Office Rent	15	323 558
Postage and Courier Services	16	9 840
Printing and Stationery	17	73 464
Protective Clothing	18	73 522
Refreshments	19	40 090
Relief Arrangement	20	87 216
Repairs and Maintenance	21	74 688
Services Repair and Maintenance Vehicles	22	8 604
Tracker	23	2 739
Travel and Accommodation	24	225 600
International Training (KCB / Denmark)	25	76 800
Administrative Expenses		1 562 678
Attorneys Fees	26	47 450
Auditor's Remuneration	27	29 760
Board Meetings	28	72 000
Business Review	29	45 750
Contract Expenses	30	155 520
DC / Retail Outlets / Packhouse Visits	31	175 320
Software Inspection Program	32	144 000
Insurance	33	120 960
Accumulated Leave Payments (provision)	34	82 400
Management Committee (Personnel)	35	72 000
Media Communication (Industry & Consumer)	36	76 800
Petrol Card Interest	37	888
Professional Services	38	136 800
Software Subscriptions	39	132 000
Training Expenses (Emerging Farmers)	40	105 600
Training Expenses (Inspectors)	41	70 400
Transfer Fees	42	65 280
Unforseen Accident Compensation	43	29 750
Overhead Expenses		285 656
Administration Services	44	64 699
Financial Administration	45	124 589
Membership Fees	46	27 840
Salary Administration	47	68 528
Depreciation		73 440
Depreciation Equipment	48	30 320
Depreciation Computer Equipment	49	21 600
Depreciation Vehicles	50	10 000
Depreciation Software	51	11 520

SUMMARY OF EXPENDITURE NOTES

1	Remuneration Expenses	<p>Direct costs related to compensating staff for their roles, responsibilities, and contributions to the business. Remuneration reflects the company's commitment to fair compensation, supports staff retention, and ensures compliance with labour regulations.</p> <p>The remuneration of Inspectors (46) is based on industry norms which was confirmed by a study conducted by Blue Horizon during 2025 (see Annexure A, pp 19-21) in order to benchmark the remuneration of all of Prokon's inspectors and some of the administrative personnel.</p> <p>Prokon's Board of Directors took the decision to base the remuneration on the minimum pay scale with due cognisance of what applies in the fresh produce industry in order to retain qualified and component personnel, especially inspection personnel.</p>
2	Bank Charges	Costs incurred for financial transactions and account services provided by banks. These costs ensure secure, compliant financial transactions
3	Brochures /Posters/Exhibition Material	Printed and digital materials used to promote our services, processes, and value proposition at exhibitions. These materials enhance brand visibility, support client education, and ensure consistent messaging across platforms.
4	Computers	Occasional maintenance or repair of business computers to restore performance, resolve faults, or replace worn components. Reliable computer systems reduce downtime, protect sensitive data, and support daily administrative and inspection workflows.
5	Congress/Industry Events & Meetings	Participation in sector-specific gatherings to stay informed, build relationships, and represent our business professionally. These events provide valuable insights into market trends, regulatory updates, and client expectations. They also strengthen our visibility and credibility within the industry.
6	Consumable Stock	Items used regularly in operations that are not reusable or capital assets. Inspection materials, e.g. gloves and sample bags. Cleaning products and basic maintenance items.
7	Equipment Rent	This is for the use of specialized tools or machinery needed to complete inspections and administrative tasks. It also allows flexibility and reduces capital expenditure.
8	Industry Relations & Communication	Ongoing engagement with stakeholders, clients, vendors, and regulatory bodies to maintain trust, transparency, and operational alignment with the emphasis on expanding our footprint in the fresh produce industry. Relationships and clear communication ensure smooth operations, timely issue resolutions, and long-term business credibility.
9	Internet	Reliable connectivity to support business operations, communication, and data access across all locations. Internet access enables real-time coordination, secure data sharing, and uninterrupted workflow between office, market, and client platforms.
10	Labels	Used to identify, track, and organize items during inspections, handling, and reporting. Adhesive markers for internal workflow coordination. Labels ensure accuracy, accountability, and efficiency across inspection and logistics processes. They support traceable reporting and reduce handling errors.
11	Landlines	Fixed-line telephone services used for reliable communication with clients, markets, and service providers. Landlines provide stable, professional communication channels.

12	Vehicle Licences	Company vehicles licence renewal on an annual basis.
13	Magazines / Brochures	Printed or digital publications for industry insights and to stay informed about market trends, regulatory updates, and sector developments. These resources help us to stay current, benchmark our services, and align with industry standards and client expectations.
14	Mobile Phones	Used by staff for direct communication, inspection coordination, and real-time data capture across market and retail environments. Mobile phones enable fast, reliable contact between personnel and clients, and support accurate, on-site inspection reporting.
15	Office Rent	Leased workspace used for administrative coordination, client communication, and operational support. A dedicated office ensures consistent service delivery, secure data handling, and a professional environment for staff and client engagement.
16	Postage & Courier Services	Sending and receiving physical documents, samples, or materials between offices, clients, and service providers. Reliable delivery ensures timely communication, secure document handling, and smooth coordination across locations.
17	Printing & Stationery	Essential supplies and services used to support daily administrative, inspection, and client-facing operations. These items ensure smooth workflow, accurate record-keeping, and professional presentation across all business functions.
18	Protective Clothing	Protective clothing used by staff during inspections and handling to ensure hygiene, compliance, and personal protection. Protective clothing safeguards staff, maintains inspection integrity as well as industry and client safety standards, aligned to ISO 17020 and official regulations.
19	Refreshments	Beverages and supplies (coffee, sugar, tea, etc.) provided in office spaces to provide staff comfort and guest hospitality.
20	Relieve Arrangement	Temporary staffing coverage to maintain workflow when permanent staff are unavailable due to leave, illness, or other absences. Relieve arrangements ensure service continuity, uphold inspection standards, and prevent delays in client delivery or reporting.
21	Repair & Maintenance	Upkeep of operational equipment and systems to ensure accuracy, reliability, and compliance. Regular maintenance and calibration protect data integrity, reduce downtime, and ensure inspections are performed with precision and professionalism.
22	Services, Repair and Maintenance Vehicles	Upkeep of company vehicles used for inspections, transport, and operational support to ensure safety, reliability, and compliance.
23	Tracker	Vehicle tracking and anti-hijacking technology used to monitor location, enhance driver safety, and support recovery in case of theft or unauthorized use.
24	Travel & Accommodation	Covers travel and accommodation expenses for staff conducting inspections and attending client meetings, training sessions, or industry events away from outside their designated work location.
25	International Training (KCB / Denmark)	Covers travel, accommodation, Visa and registration expenses for staff attending international training programs.
26	Attorney Fees	Fees for legal services to provide legal representation, support business compliance, contract management, dispute resolution, and regulatory guidance. Access to legal expertise protects the business, ensures regulatory compliance and debt recovery, as well as strengthens decision-making in complex or sensitive situations.

27	Auditor's Remuneration	Fees paid to external auditors for reviewing financial records, verifying compliance, and issuing formal audit reports.
28	Board Meetings	Board of directors, risk and audit committee and management meetings to review performance, set strategic direction, and make key business decisions. They provide a structured forum for evaluating progress and planning future initiatives.
29	Business Review	An annual publication that summarizes key performance indicators, strategic milestones, and operational insights across the business. The Business Review promotes transparency, supports strategic planning, and communicates progress to stakeholders and clients.
30	Contract Expenses	Costs related to formal agreements with external service providers, consultants, or vendors engaged for specific business functions.
31	DC / Retail Outlets / Packhouse Visits	Site visits conducted to inspect produce handling, verify quality standards, and coordinate logistics at key distribution and packing facilities. These visits ensure that produce meets client specifications, uphold traceability, and strengthen operational alignment between inspection teams and supply chain partners.
32	Software Inspection Program	Digital platform used to capture, manage, and report inspection data in real time across market and retail environments.
33	Insurance	Coverage to protect the business, staff, and assets against financial loss due to accidents, theft, liability, or unforeseen events.
34	Accumulated Leave Payments (Provision)	This provision ensures accurate financial planning and legal compliance, reflecting the company's obligation to honour staff leave entitlements.
35	Management Committee (Personnel)	Covers costs related to the personnel serving on the Management Committee, responsible for strategic oversight, operational guidance, and policy decisions. The Management Committee ensures leadership accountability, drives strategic alignment, and supports sound decision-making across the business.
36	Media Communication (Industry & Consumer)	Strategic messaging and content shared across platforms to inform, engage, and build trust with both industry stakeholders and end consumers, e.g., Government Notice and consumer media.
37	Petrol Card Interest	Finance charges incurred on petrol cards.
38	Professional Services	Specialist support from accredited external providers to uphold compliance, enhance operational standards, and meet industry requirements. Professional services ensure our operations meet regulatory benchmarks, maintain credibility, and benefit from expert input across inspection, compliance, and business development, e.g., SANAS, SEETA and Labour experts.
39	Software Subscriptions	Recurring costs for licensed digital tools that support inspection, administration, communication, and data management across the business, e.g., Microsoft Office, Zoom and hosting platforms.
40	Training Expenses (Emerging Farmers)	Support and development programs aimed at equipping emerging farmers with the knowledge, skills, and tools needed to meet industry standards and improve productivity. Investing in emerging farmers strengthens the agricultural value chain, promotes sustainable practices, and fosters inclusive growth across the sector.
41	Training Expenses (Inspectors)	Ongoing development of inspection staff to ensure technical accuracy, regulatory compliance, and consistent service quality across market and retail environments. Investing in inspector training maintains high

		operational standards, reduces errors, and ensures inspections are carried out with professionalism and precision.
42	Transfer Fees	Costs incurred when relocating staff between operational sites, markets, or regions to support business needs or optimize resource allocation.
43	Unforeseen Accident Compensation	Financial support provided to staff in the event of unexpected work-related accidents, aimed at addressing immediate needs and ensuring fair treatment. This provision reflects the company's commitment to staff welfare, legal compliance, and responsible risk management in unpredictable situations.
44	Administration Services	Support services focused on capturing meeting outcomes and preparing structured documentation to ensure operational clarity and record-keeping.
45	Financial Administration	Support services provided by a dedicated bookkeeper to manage financial records, ensure compliance, and maintain accurate documentation for operational efficiency.
46	Membership Fees	Annual or periodic fees paid to professional bodies, regulatory authorities, or industry associations that support compliance, networking, and sector development.
47	Salary Administration	Administrative support related to payroll processing, ensuring accurate and timely compensation for staff.
48	Depreciation Equipment	Represents the gradual reduction in value of inspection and operational equipment over time due to usage, wear, and obsolescence.
49	Depreciation Computer Equipment	Represents the annual reduction in value of computers and related IT hardware due to usage, aging, and technological obsolescence.
50	Depreciation Vehicles	Represents the annual reduction in value of company vehicles used for inspections, transport, and operational duties due to wear, mileage, and aging.
51	Depreciation Software	Represents the systematic reduction in value of capitalized software over its useful life, reflecting usage, obsolescence, and technological updates.

PROKON



Remuneration Design for the Quality Controller Positions' Career Path

September 2025

Compiled by: Johan van der Westhuizen
Managing Director

Date: 12 September 2025
Version: 1

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Background

The objective of this exercise is to provide Prokon Board the latest remuneration market values for the respective Quality Controller positions. This exercise was last done in 2018/2020 when a number of corrections were made to align/adhere to the following three core principles and legislation:

1. *Internal parity* means that when two employees' remuneration are compared performing the same role, pay should be within the approved pay scale for that position.
2. *External competitiveness* i.e. comparison of internal positions with similar positions in the external market to facilitate the attraction and retention strategy.
3. "*Equal Pay for Work of Equal Value*" in Terms of the Employment Equity Act 55 of 1998. This component requires positions to be graded internally with an associated pay value and compared with the external market to achieve internal parity. Incumbents performing these jobs should be paid within the pay scale and not below.

The adoption of a sound and up to date remuneration policy is paramount in the achievement of these principles.

2025 Remuneration Design

In order to secure employees' retention and the empowerment of the attraction strategy, the market median is used as anchor point in this exercise. A secondary study was done using the *Lower Quartile* of the market to offer an alternative to the median remuneration construct. Paying towards the midpoint of the scale (median market values) is a strategy supported by Prokon all these years.

The remuneration table on the next page makes provision for more pay points per job in order to exercise multiple pay options for people performing the same role e.g. the *Quality Controller* position. A *five (5)* pay-point scale has been constructed to plot a QC according to the level of competence. This design enables leadership to manage resources' remuneration effectively without having to promote an incumbent, applying a limited pay scale design. To progress in the new pay scale, the incumbent has to demonstrate levels of competence according to the competency requirements & assessment matrix.

The table below denotes the grades of the four (4) QC-positions.

Jobs in Career Path	Grade
Learner Quality Controller	N/A
Junior Quality Controller	C1
Quality Controller (Benchmark position)	C2
Senior Quality Controller	C4

The following tables represent the market trends effective 1 July 2025 to 30 June 2026. The pay scales have been designed with 5 pay points being at 20% & 15% below the Midpoint & 20% & 15% above the midpoint, providing a pay scale width of 50%.

To provide a broader set of options, two pay designs have been designed, first using the *Lower Quartile* value of the market (table 1) as midpoint, the second using the *Median market value* (table 2) as midpoint.

Table 1: Pay Scale Construct at Median & Lower Quartile

RemC Job Code	Prokon Job Title	Job Grade	Discipline	0.80 of Midpoint	0.85 of Midpoint	Midpoint	1.15 of Midpoint	1.20 of Midpoint
Total Guaranteed Package @ National Market Lower Quartile								
-	Learner Quality Controller	-	Quality Control	172302	183071	215377	247684	258453
-	Junior Quality Controller I	C1	Quality Control	276390	293665	345488	397311	414585
-	Quality Controller	C2	Quality Control	307100	326294	383875	441457	460651
-	Senior Quality Controller	C4	Quality Control	375345	398804	469181	539558	563017
Total Guaranteed Package @ National Market Median								
-	Learner Quality Controller	-	Quality Control	217109	230678	271386	312094	325663
-	Junior Quality Controller I	C1	Quality Control	348266	370033	435332	500632	522399
-	Quality Controller	C2	Quality Control	386962	411147	483703	556258	580443
-	Senior Quality Controller	C4	Quality Control	472954	502513	591192	679871	709431

I trust that the remuneration values submitted to Prokon Board are aligned with the short- to medium-term strategy in respect of employee remuneration and retention.

Johan van der Westhuizen
Managing Director
Blue Horizon® – empowering people (Pty) Ltd

Calculation of inspection fees

With reference to the calculation of the inspection fees different options were considered, i.e., fee per kilogram, fee per container, and fee per minutes / hour (time based).

With reference to the aforementioned options, the following:

- **Fee per kilogram:** Prokon recommends that the inspection fee per kilogram be introduced as it is fair, reasonable and equitable as explained.
- **Fee per container:** Prokon also considered applying a container-based calculation, but due to possible cross-subsidisation between smaller and larger containers it was regarded as unfair and therefore this option is not preferred.
- **Fee per hour:** If Prokon charges per hour at fresh produce markets, this method will benefit the producer / owner who delivers a large consignment to such markets it would be to the detriment of the emerging farmers / producers / owners who deliver small consignments based on the time spent in order to conduct the different inspection. This will unfortunately lead to the latter subsidising producers delivering large consignments.

For evaluation purposes the options were applied to the different categories as set out hereunder, i.e.,

Inspections on *potatoes* conducted on fresh produce markets

The cost of rendering the inspections on potatoes on fresh produce markets is budgeted at R 12 387 882,01.

Three scenarios were considered on which the inspection fee could be based as set out hereunder. **Notwithstanding the scenario accepted the cost will remain the same.**

Scenario 1: Kilograms

1. Price based on KILOGRAMS	R 0.017		
Based on 187 459 inspections	Total KGs inspected	Total expenditure	Price per KG
Based on 728 698 942 kgs inspected	728 698 942	R 12 387 882,01	R 0.017
3 887,24 average kgs per inspection			

Scenario 2: Container

2. Price based on CONTAINER	R 0.17		
Based on 187 459 inspections	Total containers inspected	Total expenditure	Price per container
Based on 72 924 518 containers	72 924 518	R 12 387 882,01	R 0.17
389,015 average containers per inspection			

Scenario 3: Time

3. Price based on TIME:	R 8.00 per minute	R 480.00 per hour
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Total working time spent (nationally)	Total hours	
Daily hours spend on potatoes conducted on fresh produce markets (national) <ul style="list-style-type: none"> • Represents the total combined daily working hours spent nationally across all inspectors and additional staff on all product categories. • These hours reflect the actual productive time spent on physical, operational and administrative duties related to inspections. • The total is calculated on a national basis, combining all active personnel's daily contribution into a single total of hours spend. • It is important to note that these hours only reflect active operational, administrative and reporting duties. Time spent on preparation, planning and travelling between inspection points is excluded from the total. • This figure therefore provides a clear view of the direct time invested in core operational activities separate from logistical or support functions. • The measurement supports the assessment of operational performance and workload allocation across all product areas. 	93	
Total working weeks per year <ul style="list-style-type: none"> • This accounts for approximately three weeks allocated to public holidays, annual leave and other non-working periods, resulting in an estimated 49 productive working weeks annually. 	49	
Total working days per week <ul style="list-style-type: none"> • This is based on a standard Monday to Saturday work schedule. 	6	Total minutes
Total hours spend nationally per year	27 342	1 640 520

Minutes spend on actual inspections	
Based on 187 459 inspections annually.	
Average minutes (5,2 min) per inspection (application of the software program only).	
Total minutes spend on the application of the software program annually	974 787

Conclusion	Total minutes	Actual cost per min	Average contribution
Minutes spend on actual inspections. Frequency of visits to multiple market locations transportation expenses.	1 443 343	R 7.03	88%
Minutes allocated to administrative, operational, preparation and reporting duties.	197 086	R 0.96	12%
Cumulative national work minutes on potatoes	1 640 520	R 8.00	

PROPOSED INSPECTION FEES TO BE GAZETTED

ALL REGULATED FRESH POTATOES

Price per kilogram = R0.017, i.e., 1.7c

- * All fees exclude Value Added Tax (VAT).
- * Prokon has used CPI+2% annual increase over the last five years. This increase ensures sustainability, fairness and transparency. CPI+2% is a clear objective formula as it avoids arbitrary increases, reduces negotiation disputes and builds trust between parties. By tying adjustments to a well recognise index plus a small fix increase, organisations can plan budgets and forecast with confidence while ensuring that payments or salaries/wages remains fair and sustainable over time.
- * Fees encompass all physical, operational and administrative duties related to inspections.