



# ANNUAL REPORT 2010/11



National Agricultural  
Marketing Council

Strategic positioning of South African Agriculture  
in dynamic global markets

## **VISION**

To be an effective and efficient main advisor to the Minister of the Agriculture, Forestry and Fisheries (DAFF) and Industry on the marketing of agricultural products.

## **MISSION**

To advise the Minister of Agriculture, Forestry and Fisheries and directly affected groups on all agricultural marketing issues in the agriculture and food industry, taking into account the needs of stakeholders.

## **VALUES**

- To be accountable
- To act with integrity
- To value individual performance
- To value personal respect and equal treatment
- To act in partnership with directly affected groups



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# PART 1

## GENERAL INFORMATION





# PART 1: GENERAL INFORMATION

## 1.1 Submission of the 2010/11 Annual report to the Executive Authority

Madam, the honourable Minister of the Department of Agriculture, Forestry and Fisheries, the National Agricultural Marketing Council (NAMC) has the pleasure of submitting its annual report to Parliament in terms of the Public Finance Management Act (Act 1 of 1999).

The report covers the operations of the NAMC during the financial year 1 April 2010 to 31 March 2011.

## 1.2 Legislative Mandate

The NAMC was established in terms of sections 3 and 4 of the Marketing of Agricultural Products Act, No. 47 of 1996 (hereinafter referred to as the MAPA) as amended by Act No. 59 of 1997 and Act No. 52 of 2001.

**The mandate as spelled out in the MAPA reads as follows:**

“The NAMC shall, when requested by the Minister, or of its own accord, investigate the establishment, continuation, amendment or revocation of statutory measures and other regulatory measures affecting the marketing of agricultural products, evaluating the desirability, necessity or efficiency of the measures and, if necessary, proposing alternatives to the establishment, continuation, amendment or repeal of a statutory measure or other regulatory measure, and report to and advise the Minister accordingly”.

Furthermore, section 9 (1) (e) of the MAPA stipulates that the NAMC may undertake investigations and advise the Minister regarding:

1. agricultural marketing policy and its application
2. the coordination of agricultural marketing policy relating to national economic, social and development policies and international trends and developments
3. the possibilities for promoting the objectives of the MAPA mentioned in section 2 (2) of the MAPA, and
4. the effect that marketing of products has on the objectives mentioned in section 2 (2) of the MAPA.

In addition, in terms of section 9 (1) of the MAPA the NAMC shall monitor the application of statutory measures and report to the Minister, and shall review such measures at least every two years.

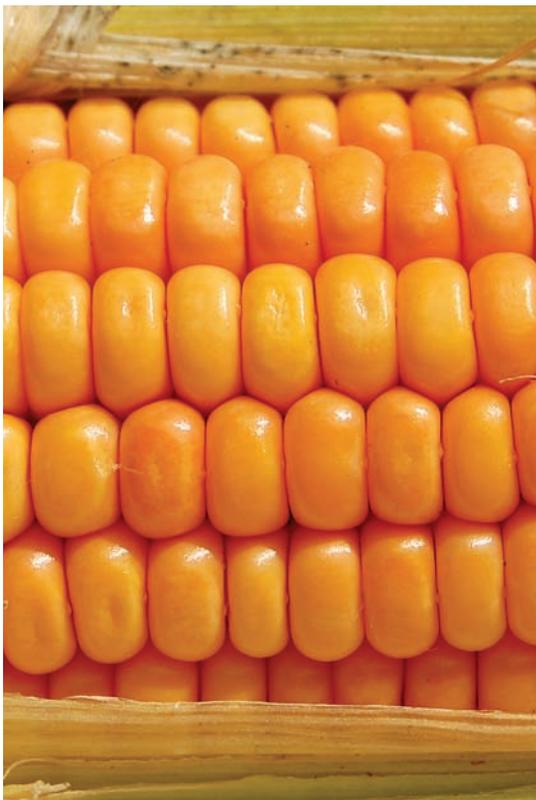
The accountability arrangements of the NAMC to the Minister of the National Department of Agricultural Forestry and Fisheries are as follows:

- The Minister, as the Executive Authority of the NAMC, annually approves the Council's budget and business plan before the beginning of each financial year;
- According to sections 53 (1) of the Public Finance Management Act (PFMA), No 1 of 1999, read with section 29 (1) (1) of the Treasury Regulations issued in terms of the PFMA, the NAMC should submit a three-year strategic plan to the Executive Authority six months before the beginning of each ensuing financial year for its consideration and guidance;
- The NAMC, through submissions and quarterly reports, appraises the Minister of progress made on the approved business plan;
- The Council, which is the Accounting Authority of the NAMC, sits at least four times per year to consider its business.

### 1.3 Funding

The NAMC is funded by Parliament through Vote 26 under the Programme for Agricultural Trade and Policy Analysis of the National Department of Agriculture, Forestry and Fisheries. The aim of the NAMC is to provide strategic agricultural marketing advice to the Minister of the National Department of Agriculture, Forestry and Fisheries and all directly affected groups in the agricultural sector. The goal of the NAMC is to promote the achievement of the objectives of the MAPA, which are to:

- Increase market access for all market participants;
- Promote the efficient marketing of agricultural products;
- Optimise export earnings from agricultural products; and
- Enhance the viability of the agricultural sector.



# PART 2

## ORGANISATIONAL OVERVIEW



## PART 2: ORGANISATIONAL OVERVIEW



### 2.1 MESSAGE FROM THE CHAIRPERSON

This annual report marks the completion of the tenure of the current Council. The past four years have been characterised by diverse agricultural market conditions. We witnessed unprecedented levels of food price increases a couple of years ago, agricultural input cost rises that plague us to this day, and we are now witnessing a surge in food prices following the climatic and environmental disasters of the past year. The challenges of job creation and food security have underpinned our efforts in 2010/11. The NAMC mandate continues to come to the fore as Government grapples with these challenges.

During the past year, the NAMC has continued to ensure that governance and prudent management of resources is a thread carried throughout the organisation. Council Committees have carried out their mandates timeously and have supplied information to Council meetings with dedication. We applaud the Chairpersons of all Council Committees, especially the Independent Chairperson of the Audit and Risk Committee, Mr Paul Slack.

The NAMC continued to have almost zero staff turnover, thanks to our management. There were no significant staff changes during the past year. Women form 29 % of senior management and 58 % of the total staff complement of the NAMC. During the past year four staff members celebrated over 10 years with the Council.

As part of our stakeholder relationship management, the NAMC has continued to engage in formal meetings with Industry Trusts and Levy Administrators as provided for in the MAPA (1996). We continually monitor and manage the reporting process between them and the Minister. The relationship with Cornell University's Making Markets Work Inc. relating to the

training of women agricultural entrepreneurs was strengthened.

#### Plans for the Future

Throughout the value chain the agricultural sector remains a major hope for sustainable job creation for our country. Further, jobs in this sector also contribute to reducing food insecurity. The NAMC has been playing an increasingly significant role within the sector over the years. Regional market access and incentives for strengthening small-scale farmer participation in the market need to be strengthened.

#### A Word of Thanks

Appreciation is extended to the Management of the NAMC, led by the CEO. My thanks go to Council members and the Ministry of Agriculture, Forestry and Fisheries under the guidance of Minister Tina Joemat Pettersson. Special mention goes to members of the Portfolio Committee who always focus our performance on local impact. To other SOEs in the sector, stakeholders at large and Industry as a whole, we say thank you and we trust that you will continue to support the work of the NAMC as we all strive for better returns and transformation within agriculture.

**Ms Ntombi Msimang**  
Chairperson



## 2.2 MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The objectives of the NAMC as highlighted in the Marketing of Agricultural Products Act, is to (i) increase market access for all market participants, (ii) promote the efficiency of the marketing of agricultural products, (iii) optimise export earnings from agricultural products and (iv) enhance the viability of the agricultural sector. In order to achieve the objectives as highlighted in the Act, the NAMC is organised into four key divisions: the Agribusiness Development Division tasked with assisting previously disadvantaged agribusinesses to improve their market access; the Statutory Measures Division tasked with investigating any statutory measure; the Agricultural Trusts Division tasked with assisting in the functioning of various agricultural trusts and the Market and Economic Research Centre, tasked with finding ways to improve the efficiency of the market and optimise export earnings.

The NAMC is participating proactively with other government departments and the private sector to assist in creating an environment for improved growth and increased job creation. To this end the NAMC has assisted members of the National Planning Commission in hosting an Imbizo on Job Creation. All the programmes that the NAMC implements, such as agricultural marketing schemes, food price monitoring, export promotion, Section 7 investigations, statutory measures (levies) and training of agribusinesses are geared toward job creation and economic growth.

Through the statutory measures programme the NAMC has assisted industry to collect and spend over R276 million, of which 22 % was spent on transformation related activities, 33 % on agricultural research, 14 % on consumer education and 12 % on export market development.

In its custom feeding facilities in the Eastern Cape the NAMC has assisted animal owners to fatten and sold more than 1000 cattle. These are animals owned by smallholder producers in the villages of Uzimvubu, Mount Frere and Fort Cox.

**TR Ramabulana**  
Chief Executive Officer

## 2.3 Corporate Governance

Government has identified good Corporate Governance as one of the key focus areas within the Public Sector. This led to the creation of the Protocol on Corporate Governance in the Public Sector, which encompasses the recommendations from the King III Report on Corporate Governance.

The NAMC undertakes to promote good Corporate Governance which will encourage an efficient, effective and transparent business enterprise.

### Governance Structures within the NAMC

#### 2.3.1 NAMC Council

##### Composition of the Council

The MAPA, no 47 of 1996 provides guidelines for the composition of the Council. The Minister of the Department of Agriculture Forestry and Fisheries is responsible for appointing one of the members of the Council as Chairperson and another member as Vice-Chairperson. The Council is composed of nine (9) members. A new Council was appointed on 1 July 2007 and their term of office ranges between two and four years.

##### Current Council appointed 1 July 2007:

- Mrs N Msimang (Chairperson)
- Prof M Karaan (Vice-chairperson)
- Mrs M Gill
- Prof JF Kirsten
- Mrs M Manny
- Mrs C Molo
- Mr D Montshwe
- Mrs SE Moolman
- Mr AD Young

## 2.4 Functions of Council

According to section 9 of the MAPA no 47 of 1996, the functions of Council are as follows:

- (1) Subject to the provisions of section 2, the Council:
  - (a) shall, when requested by the Minister, or of its own accord, investigate in terms of section 11(2) , the establishment, continuation, amendment or revocation of statutory measures and other regulatory measures affecting the marketing of agricultural products, evaluating the desirability, necessity or efficiency, and if necessary proposing alternatives to, the establishment, continuation, amendment or repeal of a statutory measure, or other regulatory measure, and to report to and advise the Minister accordingly,
  - (b) shall prepare and submit to the Minister for consideration statutory measures and changes to statutory measures which the Minister directs it to prepare,
  - (c) shall, whenever requested by the Minister, and at least once annually, report on the activities of the Council,
  - (d) may direct any institution or body of persons designated for the purpose of the implementation or administration of a statutory measure in terms of Section 14, to furnish the Council with such information pertaining to a statutory measure as the Council or the Minister (or the Parliamentary Committees) may require,
  - (e) may undertake investigations and advise the Minister regarding:
    - (i) agricultural marketing policy and the application thereof,
    - (ii) the co-ordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments,
    - (iii) the possibilities for promoting the objectives mentioned in section 2 (2), and
    - (iv) the effect that marketing of products has on the objectives mentioned in section 2 (2).
  - (f) shall monitor the application of statutory measures and report thereon to the Minister, and shall evaluate and review such measures at least every two years,
  - (g) shall prepare a budget of its expenses, in consultation with the Director-General, on an annual basis for approval by the Minister.
- (2) Copies of all reports which are submitted to the Minister in terms of subsection (1) shall simultaneously be dispatched to the Parliamentary Committees for their information.

### 2.4.1 Outputs and Service Delivery Trends

The Council met five times during the 2010/11 financial year. During these meetings members deliberated on specific issues and forwarded submissions to the Minister.

Submissions forwarded to the Minister included Section 7 Committee reports, NAMC working group reports, market development studies, reports on investigations into the implementation of statutory measures, reports from Ministerial representatives on agricultural trusts, budgets and financial results of industry organisations responsible for the administration of levies, and other NAMC administrative matters.



# PART 3

## PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES





## PART 3: PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES

### 3.1 MARKETS AND ECONOMIC RESEARCH CENTRE (MERC)

#### MERC KEY RESULTS TABLE

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Linking farmers to markets.	Reports on issues pertaining to market access to emerging farmers.	Number of linking farmers to markets reports released and distributed annually.	3 reports.	Achieved: 12 reports were finalised.	600 % compliance.
Dissemination of market information.	Disseminate Food Price Monitoring reports, Food Cost Review, Input Cost Monitor and TradeProbe through media.	Number of publications produced and distributed annually.	4 Food Price Monitoring reports 1 Food Cost Review Input Cost Monitoring Reports 2 Agribenchmark reports released 2 Agro-food chain reports.	Achieved: All the reports were published and distributed to the media and on the NAMC website.	100 % compliance.

**3.1 MARKETS AND ECONOMIC RESEARCH CENTRE (MERC) (continued)**

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Trade analysis.	TradeProbe publications released.	Number of TradeProbes produced and distributed annually.	6 Trade Probes publications.	Achieved: All the reports were published and distributed to the media and on the NAMC website.	100 % compliance.
	Trade profiles that are commodity and product specific.	Number of reports produced and distributed annually.	5 Trade profiles.	Achieved: 16 Trade profiles were completed and published in the TradeProbes.	320 % compliance.
Identification of export markets and trade intelligence	5 Reports on the following markets released - Africa, North East Asia, Middle East, Asian (Association of South East Asia Nations).	Number of reports produced and distributed annually	3 reports.	Achieved: 9 reports, but not necessarily on the specific countries/ regions identified originally.	300 % compliance. 9 reports were released, but the themes do not correspond to the countries mentioned due to specific needs when the reports were compiled.

**3.1 MARKETS AND ECONOMIC RESEARCH CENTRE (MERC) (continued)**

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Identification of potential export products (Product space).	Continuous scanning of trade environment. 1 Research paper on product space.	Number of reports produced and distributed annually.	1 report.	Achieved: 6 product space papers were completed and published in the TradeProbes.	600 % compliance.
Mapping, understanding and quantifying agro-food chains (including section 7 reports).	Agri-benchmark reports released annually.	Number of reports produced and distributed annually	2 reports.	Achieved: 2 reports were published and information dissemination took place.	100 % compliance.
	Section 7 committee appointed.	Number of Section 7 Committees appointed.	2 Section 7 committees appointed.	Achieved: 2 Section 7 committees were appointed.	100 % compliance.
	Section 7 committee reports released.	Number of Section 7 Committees reports released.	2 reports on section 7 committee released.	Achieved: 2 reports on section 7 committee released.	100 % compliance.
	Agro-food chain reports.	Number of Agro-food chain reports released.	2 Agro-food chain reports.	Achieved: 9 reports were finalised and 1 working paper.	500 % compliance.
Food price monitoring	Quarterly food price trends released in May, August, December and February.	Number of food price trend reports produced and released.	4 Food Price Monitoring Reports.	Achieved: 4 reports were published and distributed to the media and on the NAMC website.	100 % compliance.
	Annual food cost review released - July of each year.	Number of food cost review reports produced and released.	1 Food Cost Review.	Achieved: 1 report was published and distributed to the media and on the NAMC website.	100 % compliance.

**3.1 MARKETS AND ECONOMIC RESEARCH CENTRE (MERC) (continued)**

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Input cost monitoring.	Input cost monitoring reports released.	Number of input cost monitor reports produced and released.	4 Input cost monitoring reports.	Achieved: 4 reports were published and distributed to the media and on the NAMC website.	100 % compliance.
Risk management.	Reports on risk management annually.	Number of risk management reports produced and released.	1 Reports on risk management.	Achieved: 1 Draft Report on Risk Management.	50 % compliance.
Capacity building.	Seminars per year presented by agricultural experts.	Number of seminars presented.	8 Seminars per year.	Achieved: 18 seminars were presented.	225 % compliance.
	Academic research support programmes per year.	Number of research programmes supported.	4 Academic research support programmes.	Achieved: 4 academic research support programmes were supported.	100 % compliance.

ends.

### 3.2 STATUTORY MEASURES

#### STATUTORY MEASURES KEY RESULTS TABLE

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Statutory measure investigations.	Investigations regarding statutory measures.	Number of statutory measure investigations.	To undertake 30 statutory measures investigations and submissions to Minister for approval.	Achieved: 30 statutory measure investigations were completed.	100 % compliance.
	20 statutory measures gazetted.	Statutory measures gazetted.	To have 20 statutory measures gazetted.	Partially Achieved: 17 statutory measures gazetted.	85 % compliance 17 Notices were gazetted due to fewer commodity organisations applied for statutory measures.
	To publish a notice once a year in the Government Gazette and other media to invite Directly Affected Groups to register with the NAMC.	To publish a notice once a year in the Government Gazette and other media to invite Directly Affected Groups to register with the NAMC.	To publish one report regarding the status of statutory measures in July 2010.	Achieved: 1 report published and submitted in July 2010.	100 % compliance.

**3.2 STATUTORY MEASURES (continued)**

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Crop Estimates Liaison Committee (CELC).	The CELC should meet on a regular basis to oversee the activities of the National Crop Estimates Committee.	Number of meetings held by the CELC.	Hold 2 CELC meetings per annum, in May and November to ensure that an independent and objective Crop Estimates Committee exists, free of commercial bias and that the percentage deviation between crop estimates and final calculated crop figures are within Predetermined parameters.	Achieved: Two meetings were held, namely on 6 May and 25 November 2010.	100 % compliance.
Register of Directly Affected Groups (DAGs).	To develop and maintain a register of directly affected groups.	Publish a notice in the Government Gazette and other media once a year to invite Directly Affected groups to register with the NAMC.	Publish a notice in the Government Gazette and other media once a year to invite Directly Affected groups to register with the NAMC.	Achieved: All DAGs who applied for registration, were included in the register.	100 % compliance.

ends.

### 3.3 AGRIBUSINESS DEVELOPMENT

#### AGRIBUSINESS DEVELOPMENT KEY RESULTS TABLE

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Development Schemes/ To increase market access of black producers.	Approved business plans.	Number of schemes designed and implemented.	Facilitate the implementation of 1 development scheme by the 31 March 2011.	Achieved: The Vineyard Development scheme was implemented during the year under review in collaboration with the Provincial Department of Agriculture in Northern Cape and other stakeholders.	100 % compliance.
	Approved business plans.	Number of schemes designed and implemented.	Design 1 development scheme by 31 March 2011.	Achieved: During the year under review, the NAMC developed a concept document for the design of the Sorghum scheme, which will be implemented in the North West Province.	100 % compliance.
Training To capacitate black agribusinesses owners through marketing and management training.	Identify, implement training programmes for emerging producers.	Number of Agribusinesses owners that attended different training courses.	100 emerging producers to attend training courses by the 31 March 2011.	Achieved: During the year under review, 151 emerging producers were supported to attend four different training courses.	150 % compliance.

### 3.3 AGRIBUSINESS DEVELOPMENT (continued)

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Export Promotion/ to support emerging producers and enable them to attend local marketing shows.	2 commodity clusters linked to markets.	Number of commodity clusters linked with international markets.	2 commodity clusters linked with markets by the 31 March 2010.	Achieved: During the year under review 3 clusters were supported on various programmes to supply international markets.	150 % compliance.
	25 agribusinesses with food safety certification.	Number of Agribusinesses that have obtained accreditation.	25 agribusinesses supported with accreditation.	Partially achieved: During the year under review 8 emerging producers were supported to acquire global gap certification.	20 % compliance, Accreditation with global gap takes longer as the producers are required to attend to constraints highlighted during pre-audits. Pre-audits were conducted on the other 30 producers who were supported with training for preparation for Global Gap audit during the financial year under review. They will be accredited during the coming financial year.

ends.

### 3.4 AGRICULTURAL TRUST

#### AGRICULTURAL TRUST KEY RESULTS TABLE

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
To Support Ministerial trustees serving in the trusts.	One (1) meeting annually.	One (1) meeting annually.	One (1) meeting annually.	Not achieved: The meeting with the Minister was re-scheduled for the second time.	The meeting was postponed due to the Minister attending to the foot and mouth outbreak.
Effective and efficient management of the Trusts: Chairpersons Forum.	The Chairpersons forum to convene at least once a year in February.	The Chairpersons forum to convene at least once a year in February.	The forum to convene at least once a year.	Achieved: The meeting was held in February 24, 2011.	100 % compliance.
Develop and establish sustained CFP and livestock auctions.	Quarterly auctions for Lovers twist and Fort Cox. Annual for Sheshegu, Thamarha, Teko and Keiskammahoek.	Auction reports.	(4) Auctions pens.	Achieved: Quarterly auctions held for Lovers twist and Fort Cox. Annual for Sheshegu, Thamarha, Teko and Keiskammahoek.	100 % compliance.
Establish pre-slaughter agreements with 2 large chain supermarkets.	Identification of supermarkets, negotiate contracts/ agreements.	Memorandum of agreement.	Memorandum of agreement.	Not Achieved: No agreements in place.	Negotiations with supermarkets are still underway.
Establishment of a well functioning Custom Feeding Programme.	Three custom feeding programmes.	Efficient quarterly reports on progress and throughput from each CFP.	Maintain and run Ngqushwa, Fort Cox and Umzimvubu CFP and 4 additional CFP Tsolo, Mbashe, Ncorha and Keiskammahoek.	Partially achieved: Two feeding programmes at Fort Cox and Umzimvubu are operational.	Budget constraints have limited the expansion of the feeding programme to other locations.

ends.

### 3.5 FINANCE AND ADMINISTRATION

#### FINANCE AND ADMINISTRATION KEY RESULTS TABLE

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Alignment of MTEF budget to strategic plan and operational requirements.	Annual MTEF budget submission	MTEF annual submission aligned to strategic plan and business plan.	Development and execution of the MTEF budget process and framework.  Annual MTEF budget submission by June 2010.	Achieved: The MTEF budget guidelines were received in June, and The MTEF workshop was conducted with programme managers. The MTEF budget was submitted to Koos Geldenhuys at DAFF on 28 July 2010 together with the NAMC database. The ENE report was Compiled and Submitted to DAFF on the 8th of December 2010.	100 % Compliance.
	Approved budget and strategic plan by Council and the Minister.	Submission of budget and strategic plan to Council and Minister.	Submit budget and strategic plan for approval by Council and Minister before end of February each year.	Achieved: Budget and strategic plan submitted to Council and Minister in February 2011.  Annual projection submitted to DAFF at end of February 2011.	100 % Compliance.

**3.5 FINANCE AND ADMINISTRATION (continued)**

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Financial reports on NAMC financial performance within Treasury guidelines.	Compiled Monthly/ Quarterly expenditure reports submitted to Council, Management and Audit and Risk Committee.	Monthly, Quarterly and Annual NAMC financial performance reporting.	Monthly, Quarterly and Annual monitoring and facilitation of financial reporting and compliance to PFMA.	Achieved: Monthly and Quarterly expenditure reports for April 2010 – March 2011 were compiled and submitted to Management, Council and Audit and Risk Committee.	100 % Compliance.
	Annual financial statements.	Submission of annual financial statements to National Treasury and Auditor-General.	Annually.	Achieved: Annual financial statements and Performance information submitted to the National Treasury and Auditor-General by 31 May 2011.	100 % Compliance.
Supplier payment implementation.	Processed payment to supplier.	Progress reports on supplier payments improvements intervention adopted e.g. Age analysis report.	Review of payments processes and systems (monthly), Age analysis reports.	Achieved: Suppliers were paid every week (i.e. within 30 days) for the period April 2010 – March 2011.	100 % Compliance.

### 3.5 FINANCE AND ADMINISTRATION (continued)

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Improve Implementation of financial management control systems.	Unqualified audit report with no matters of emphasis	Progress report on financial management compliance implemented.	100 % compliance to legislation and regulations Facilitation of the required financial control towards an unqualified audit report.	<p>Achieved: Compliance to Treasury regulation and PFMA has been monitored; recommendations by Internal and External Auditors were implemented.</p> <p>Compiled matrix for internal and external audit findings and updated the status of the queries to date.</p> <p>Developed Finance and Administration risk register and set controls to mitigate the risks identified.</p>	100 % Compliance.

### 3.5 FINANCE AND ADMINISTRATION (continued)

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Integrated supply chain management.	Compliance to relevant legislation on tenders, procurement and contracts.	Progress reports on compliance to relevant legislation on tenders, procurement and contracts etc.	Full compliance monitoring.	Achieved: For the period under review, relevant legislations on supply chain and procurement were monitored and adhered to when approving requisitions and payments. Compliance checklist has been designed. A report with regard to compliance has been tabled at the Audit and Risk committee. The fixed assets verification was conducted and the useful lives of assets reviewed.	100 % Compliance.
Improvement of IT operation and establishment of IT governance strategies.	Improved IT infrastructure.	Improvement of IT operations.	Improve IT Infrastructure.	Achieved: Upgraded the ADSL from 1MB (1024k) to 4MB (4096k) and the Website Upgraded computer software and server hardware.  IT steering committee has been appointed.	100 % Compliance.

ends.

### 3.6 HUMAN RESOURCES MANAGEMENT

#### HUMAN RESOURCES MANAGEMENT KEY RESULTS TABLE

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Provide a human resources systems that ensure the readiness of tomorrow's integrated force structure.	Integrated HR services through synergy.	Approved HR Strategy.	75 % of HR plan activities implemented.	Achieved: The following Human Resources policies were developed and implemented: Conditions of Employment Environmental Policy HIV/AIDS Policy Smoking Policy Sexual Harassment Policy Leave Policy Induction Policy Grievance Policy.	100 % compliance.
	Introduce automation and technology to enhance HR.	Approved HR Systems.	100 % implementation.	Achieved: The Employee Self Service System was introduced and implemented during the financial year.	100 % compliance.

### 3.6 HUMAN RESOURCES MANAGEMENT (continued)

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
	Conduct workflow analyses to manage bottle necks Conduct business process improvement.	Process mapping.	100 % implementation.	Achieved: The performance management system was implemented. The following HR forms were developed: Exit interview Attendance register Application for Employment The HR premier was introduced. The job profiles for new positions were developed.	100 % compliance.
Invest in Human Capital to improve the effectiveness of the workforce.	Ensure alignment of the organisational structure.	Approved organisational structure.	Review align and implement organisational structure.	Achieved: The organisational structure was reviewed and new positions were created on the structure.	100 % compliance.
	Implementation of HIV/AIDS Programmes.	HIV/AIDS programmes implemented.	1 report by 31 January 2010  100 % of planned interventions implemented.	Achieved: The NAMC commemorated the HIV/AIDS programme on the 3rd of December 2010.	100 % compliance.

**3.6 HUMAN RESOURCES MANAGEMENT (continued)**

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
	Implementation of EWP.	EWP sessions implemented.	1 wellness session implemented.	(1) Awareness session on Employee Wellness was conducted.	100 % compliance.
		Utilisation report on psycho-social services.	3 awareness sessions.	3 wellness sessions on HIV/AIDS, health and men's' forum were conducted.	100 % compliance.
To recruit and retain a diverse and well qualified workforce.	Recruitment strategy.	Approved Recruitment strategy.	Review, align and implement Recruitment strategy.	Achieved: The Recruitment and Selection policy was developed and implemented.	100 % compliance.
	Recruitment.	Percentage of vacancies filled within four months.	4 vacancy report.	Achieved: 13 employees were recruited during the financial year.	100 % compliance.
To recruit and retain a diverse and well qualified workforce.	Performance Management and Development.	Percentage of employees receiving regular performance and career development reviews.	1 report on quarterly basis.	Achieved: All performance agreements were signed. 3 Quarterly reviews on performance management were conducted.	100 % compliance.
	Retention.	Percentage of new employees retained per financial year.	1 report on a yearly basis.	All vacant posts were filled and report was published.	100 % compliance.

**3.6 HUMAN RESOURCES MANAGEMENT (continued)**

Goal	Output	Key Performance Indicators	Target	Performance	Reason for variance and action plans to fast track implementation
Provide training and development programmes.	To encourage a learning organisation through a competency based approach.	Skills Audit plan.	15 staff 50 % of skills gaps closed.	Achieved: 32 employees were provided with training and development on various courses to close the skills gaps.	100 % compliance.
		Number of training interventions.	Quarterly reports.	The training courses were identified and aligned to NAMC strategic objectives.	100 % compliance.
		Number of policy awareness sessions.	2 awareness sessions.	2 awareness sessions on Conditions of Service and HR policies were conducted.	100 % compliance.
		Improved employer/employee relationship.	Quarterly Staff association meetings.	3 meetings with staff association representative were held.	100 % compliance.
		Representative and diverse workforce.	1 EE plan and report to the Department of Labour.	The report was submitted to the Department of Labour during the month of October.	100 % compliance.

ends.

## 3.7 NARRATIVES



### 3.7.1 MARKETS AND ECONOMIC RESEARCH CENTRE

#### Food price monitoring

The NAMC collaborated with the Department of Agriculture, Forestry and Fisheries and the Provincial Departments of Agriculture and Statistics South Africa to monitor and report on South African food price trends. During the reporting period 2010/2011 four quarterly Food Price Monitoring (FPM) reports were published. The FPM report published in February 2011 provides valuable insights into trends in food prices from January 2010 to January 2011. According to this report, food and non-alcoholic beverage inflation recorded for January 2011 was 3.1 %, indicating that food and non-alcoholic food and beverage prices were 3.1 % higher in January 2011 than in January 2010.

The domestic price of wheat increased by 37 % from January 2010 to January 2011, and the price of sunflower seed increased by 58 % during the same period. The high increase in the domestic wheat price was due to the 58 % increase in the international wheat price. South Africa is a net importer of wheat and therefore the domestic wheat price is highly affected by the international wheat price. The domestic price of white maize showed a decrease of 5 % for the period January 2010 to January 2011. The domestic price of yellow maize decreased by 0.07 % year-on-year, while the international price of yellow maize followed the same trend as other international grain prices, showing an increase of 57.5 % for the period January 2010 to January 2011 due to low world stock levels. The impact of the strong exchange rate and the fact that South Africa has surplus maize is clearly evident in local, as compared to international, maize price trends.

South Africa's food inflation compared favourably with that of the BRIC countries (Brazil, Russia, India and China), which all experienced food inflation of higher than 10 %. The overall global food price index increased by 33 % from January 2010 to January 2011, reaching its highest level since January 2008.

In January 2011, rural consumers paid R17.55 more than urban consumers for the same food basket, a 9 % increase from the R16.12 price difference reported for October 2010 in the November 2010 Food Price Monitor. In January 2011 rural consumers paid R2.66 more than urban consumers for maize meal (5kg), which is significantly lower than the R6.16 price difference reported in January 2010. A loaf of white bread is the only food item for which rural consumers paid less than urban consumers in January 2011.

The cost of the food basket, expressed as a share of the average monthly income of the poorest 30 % of the population, increased from 33.4 % in January 2010 to 33.9 % in January 2011. When comparing the costs associated with typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on January 2011 versus January 2010 prices, there was significant inflation of around 10.4 % (from R3.11 to R3.44).

In addition to the four FPM reports, the South African Food Cost Review focusing on trends in the food industry in 2009 was published. The report covered five key issues, namely South Africa's agricultural trade, selected international commodity and food price trends, selected domestic commodity and food price trends, farm-to-retail price spreads of selected important food products and food security and the sustainability of agriculture.

## Input Cost Monitoring

Four reports were published. All the input cost monitor reports can be accessed at [www.namc.co.za](http://www.namc.co.za). These reports can be summarised as follows:

- **Update: trends In Transport Cost and Fuel Price**

The diverse nature, location and size of the various agricultural value chains on the road from farm gate to consumer presents a highly complex transport matrix. Transport and logistical costs account for a substantial portion of the overall cost of food. Furthermore, there is a perception that food prices are driven up by high fuel prices but never come down when fuel prices drop. Cognisance should be taken that there are also other cost drivers affecting transport and logistical costs.

The following are important issues to note:

- Cost increases for 2-axle vehicles from 2004 to 2010:  
Capital cost: 10.7 %  
Fixed cost: 16.3 %  
Running cost: 81.9 %  
Fuel's contribution to operating cost increased from 28.6 % in 2004 to 30.5 % in 2010. Fuel's contribution to running cost was 57.4 % in 2010.
- Cost increases for 6-axle vehicles from 2004 to 2010:  
Capital cost: 33.9 %  
Fixed cost: 36.7 %  
Running cost: 105.8 %  
Fuel's contribution to operating cost remained at 31.9% in 2004 and 2010. Fuel's contribution to running cost was 50.1 % in 2010.
- Cost increases for 7-axle vehicles from 2004 to 2010:  
Capital cost: 31.4 %  
Fixed cost: 30.8 %  
Running cost: 117.9 %  
Fuel's contribution to operating cost increased from 33.4 % in 2004 to 40.8 % in 2010. Fuel's contribution to running cost was 61.8 % in 2010.

- **The Story of Maize and Wheat – An Update**

Key aspects of this report can be summarised as follows:

- Price trends for local fertilizers and grains from 2008 to 2009:  
MAP: 50.8 % decrease  
Urea: 30.6 % decrease  
Potassium chloride: 8.1 % increase  
Producer price index (PPI) Maize: 9.2 % decrease  
Producer price index (PPI) Wheat: 57.4 % decrease
- Price trends for Crude oil and fuel from January 2006 to September 2010:  
Crude oil: 23.2 % increase  
Petrol: 47 % increase  
Diesel: 42.6 % increase



- **The Effect of Electricity Costs on Irrigation Farming**

The electricity tariff hikes announced by the National Energy Regulator of South Africa (NERSA) in February 2010 are expected to have a significant impact on various levels of agriculture. In order to get a better understanding of the impact of electricity hikes, a report focusing on the impact of electricity cost increases on the profitability and risk position of a typical grain irrigation farm in the Northern Cape Province was commissioned. Electricity is an important cost component for irrigation farmers in the Northern Cape Province, where average rainfall amounts to approximately 250 cubic millimetres per annum. These farmers are dependent on electricity to pump water for irrigation from their surrounding water sources, and electricity cost is therefore a given variable in their input costs. The following is important to note:

- Electricity costs are the second and fourth largest cost components, respectively, in the production of wheat and maize under irrigation on the typical farm investigated.
- While electricity costs have never exceeded 8 % of the total variable costs, they are projected to constitute almost 20 % of the maize variable costs in 2014 and 2015.
- In the case of wheat, electricity costs will increase to more than 18 % of total variable costs from 2012 onwards.
- In 2015, electricity costs are projected to amount to R3 551 for every hectare of maize planted under irrigation.
- Similarly, electricity costs for the production of wheat under irrigation are projected to reach R2 965 per hectare in 2015.
- The impact of increases in electricity tariffs will have a significant impact on the ability of maize and wheat irrigation farms to realise sustainable profits in the future average and adverse conditions.

- **The Cost of Grape Production and Producer Profitability**

Over the past five years to 2009 wine producers' income has by no means kept up with production cost, resulting in a further decrease in net farming income. Although wine grape prices improved in 2008, the 2009 harvest was one of producers' most expensive years to date, with total production cost rising by more than 15 % in some districts. Since 2005 wine producers have been forced to increase production per hectare to compensate for the decrease in income. This entails producing wine grapes at the lowest possible cost and obtaining optimal production in line with a specific price point, while still maintaining quality. Until 2008 some producers managed to achieve this to a certain extent, with the support of viticulturists' advice as well as favourable natural and climate conditions. However, a smaller 2009 harvest and a dramatic hike in input costs resulted in an increase in production cost of R263 per ton, i.e. up from R1 446/ton in 2008 to R1 709/ton in 2009.



## Trade Research

During the past financial year the NAMC, in collaboration with the Directorate of International Trade and the DAFF, published 6 issues of the TradeProbe. The aim of the TradeProbe is to create awareness and knowledge of trade-related topics by discussing/reporting trade statistics, inviting perspectives from people working in related sectors, reporting on trade-related research and stimulating debate. Topics covered included trade profiles for several commodities and products traded by South Africa and issues pertaining to the WTO negotiations, regional and Free Trade Agreements and export opportunities. The NAMC also supports an initiative pertaining to recording fruit flows to foreign markets per week during the period that fruit is exported. Two reports entitled "South African Fruit Flows" were published. The purpose of these publications is to highlight the most recent movements of fruits from and to South Africa. The aforementioned publications can be accessed at [www.namc.co.za](http://www.namc.co.za).

A Section 7 Committee Investigation into ethical trade issues in the horticulture subsector was completed. The report with recommendations had been delivered to the Minister of Agriculture, Forestry and Fisheries at the time of preparing this publication.

The NAMC supported a project entailing the promotion of fruit products from South Africa in Singapore and Malaysia. The first objective was to increase sales and awareness of the total range of South African fruit and vegetables available at the time of the World Cup, particularly during the last two weeks of the World Cup. The second objective was to grow sales and the range of South African products from after the World Cup until the end of October. The total US\$ purchases from SA for 2010, versus the purchases for 2009, grew from ±US\$14 million to ±US\$18 million in 2010. This is a 28.5 % sales growth in US\$ terms. Total container volumes increased by 108 containers in 2010 in comparison to 2009, i.e. a 48 % volume increase.

The NAMC collaborated with other institutions on trade related research, e.g. the DAFF, Tralac and industry organisations. The following reports were produced, among others:

- An assessment of South Africa's agricultural trading environment with selected trading regimes in collaboration with Tralac, the DTI and Rhodes University;
- Determining the scope and nature of Non-Tariff Measures prevalent in selected international markets in collaboration with Tralac;
- Comparative analysis of barriers to entry, value chain supply costs and producer returns between European and SA table grape markets in collaboration with the SATI.

## Agro-food chain research

Over and above the NAMC taking responsibility for gathering certain key data and transforming it into information, in-house research is also conducted and the NAMC collaborates with other institutions to conduct agro-food chain research that is topical and demand driven. Several topical and demand driven reports have been published during the financial year. These include, amongst others:

- Generic promotion of agricultural products.
- Determining the factors that limit agro-processing development in the maize and wheat milling industry in rural areas in South Africa
- Pork and broiler industry supply chain study with emphasis on feed and feed related issues
- Price transmission between international and local fertilizer prices: the case of South Africa
- A joint publication between the NAMC and the FAO entitled "The role of commodity associations in agricultural supply chains.
- A book authored by Prof. Marcos Fava Neves, Professor of Strategic Planning and Food Chains at the School of Economics and Business, University of Sao Paulo, Brazil, was published in collaboration with the Agri-Business Chamber.
- The NAMC also supported research pertaining to international benchmarking of the grain and beef sectors.

## Linking farmers to markets

Within the ambit of the linking farmers to markets focus area the NAMC have engaged in a number of initiatives. These comprise of case studies, research reports and producer profiles, amongst others, including the following:

- The NAMC is currently supporting a project to produce a book containing case studies on South Africa's emerging producers and agribusinesses. The aim of the project is to showcase the human stories behind emerging farmers and agribusinesses in South Africa in a way that brings to light the rich diversity, historical backgrounds, current context, and future directions, to highlight the best practices, opportunities and challenges facing South Africa's emerging farmers and agribusinesses, and to create a new set of instruction and learning materials for academics and development practitioners interested in South Africa's agriculture.
- Other reports include:
  - Mapping, understanding and quantifying the SA Ostrich Value Chain in the Northern Cape, Free State and North West to link Farmers to Markets
  - Investigation to develop a sustainable marketing strategy for Sharon fruit in South Africa with specific focus on the informal sector
  - Organic vegetables' case study
  - Smallholder project profiles:
    - > Mpumalanga Apple project;
    - > Rahlagane table grapes;
    - > Ndonga; and
    - > Maqhashu.



### 3.7.2 STATUTORY MEASURES

#### Introduction

In terms of the MAPA , the following statutory measures may be implemented:

- Statutory levies (section 15 of the MAPA)
- Control of exports of agricultural products (section 16)
- Records and returns (section 18)
- Registration (section 19)

Statutory measures are normally promulgated for a period of four years, after which the relevant industry must apply to the Minister for a continuation of measures if they wish to continue to make use of them. The MAP Act stipulates the procedures that have to be followed to investigate an application for the establishment, continuation, amendment or repeal of statutory measures. Some of the procedures stipulate that the Council shall:

- publish a notice setting out particulars of the request and an explanation in connection therewith in the Government Gazette and such magazines or newspapers as may be sufficient to bring the request to the attention of directly affected groups, and inviting such directly affected groups to submit any comments relating to the request within a specified time (normally 14 days);
- consider such comments to ensure that there is sufficient support amongst directly affected groups for the proposed statutory measure; and
- report on its findings and make a recommendation to the Minister.

Statutory levies are implemented for the purpose of funding essential functions, such as research, information, generic promotion, transformation, etc. in a particular agricultural industry. All levy applications must have a business plan and reasonable level of industry support.

In an attempt to influence how the statutory levy funds should be spent, the NAMC requires that approximately 70 % of levy funds be spent on functions such as research, information, export promotion etc., approximately 20 % on transformation and not more than 10 % on the administration of the levy. A levy must not exceed 5 % of the price realised by a specific agricultural product at the first point of sale (average price at the first point of sale over a period not exceeding three years). The NAMC compiled guidelines on what should be regarded as administration costs, generic promotion and transformation after consultation with the relevant agricultural industries.

The following statutory measure investigations were undertaken during the 2010/11 financial year:

#### 1. Cotton statutory measures (records and returns and registration)

The previous statutory measures administered by Cotton SA, namely the keeping of records, submission of returns and registration with Cotton SA of producers, purchasers, processors, importers and exporters of cotton, lapsed on 31 March 2010. The Minister approved the continuation of these measures on 7 July 2010, and they were promulgated in the Government Gazette of 23 July 2010.

#### 2. Cotton statutory measures (amendment of statutory levies – imported cotton lint)

Cotton SA administers a levy of 20c per kilogram excluding VAT on cotton lint produced locally to provide financial support for certain industry functions. This statutory levy came into operation on 1 April 2008 and will lapse on 31 March 2012. In addition to this levy, Cotton SA requested Ministerial approval to amend the current levy notice to allow that the levy also be made applicable on all imported cotton lint. The NAMC investigated the request and recommended that the Minister approve that the notice pertaining to the levy on cotton lint be amended to include that it also be applicable to cotton lint imports, but only on imports from

outside SADC regions. The Minister approved the application on 30 November 2010 and the amendment was published in the Government Gazette of 10 December 2010.

### **3. Dairy statutory measures (surplus funds)**

Milk SA requested Ministerial approval to spend the surplus funds (R10.8 million) remaining after the four-year levy period ending on 31 December 2009. After numerous communications between Milk SA, the DAFF and the NAMC this issue is still under consideration by the relevant role players, and once an agreement is reached, the NAMC will finalise its recommendation for consideration by the Minister.

### **4. Citrus statutory levy on grapefruit exported**

The Citrus Growers Association applied for a statutory levy on grapefruit exported to fund market development/consumer education in Japan and the United Kingdom. On 21 November 2010 the Minister approved the implementation of this statutory levy for a period of two years, and also approved that grapefruit producers/exporters who do not export to the UK and Japan would be able to apply for the levy paid to be refunded. The levy on grapefruit exported was published in the Government Gazette of 25 November 2010.

### **5. Fynbos (proteas) statutory measures**

On 9 November 2010 an application was received from the Protea Producers of South Africa for the implementation of statutory measures on export volumes of cultivated fynbos products. By the end of March 2011, the NAMC was still busy with its investigation in this regard.

### **6. Lucerne statutory levies**

On 12 November 2010, the National Lucerne Trust (NLT) applied for the introduction and promulgation of statutory levies on lucerne seed and lucerne hay on behalf of directly affected groups in the lucerne industry. The purpose and aims of these statutory levies are to provide financial support for research, information, technology transfer and transformation in this industry. By the end of March 2011, the NAMC was still busy with its investigation in this regard.

### **7. Pork statutory measures**

The previous statutory measures in the pork industry (levies, records and returns and registration) lapsed on 31 October 2010. The South African Pork Producers' Organisation (SAPPO) applied to the Minister for the continuation of these statutory measures for a further four years, to lapse on 31 October 2014. On 28 October 2010, the Minister approved new statutory measures in the pork industry for a period of four years which were promulgated on 2 November 2010.

### **8. Potato statutory measures**

On 15 December 2010 Potatoes South Africa (PSA) applied on behalf of the Potato Industry Development Trust (PIDT) for the continuation of statutory measures in the potato industry. PSA proposed the implementation of a new term of four years (29 June 2011 to 30 June 2015). The current statutory measures (registration, records and returns and levies) were implemented on 29 June 2007 and are due to expire on 28 June 2011. At the end of March 2011 the NAMC was still busy with its investigation in this regard.

### **9. Poultry statutory measures**

On 24 January 2011 the Southern African Poultry Association (SAPA), applied to the Minister to amend the existing statutory measures. SAPA inter alia requested that the Notice regarding statutory levies be amended to change the January 2012 point of statutory levy collection on eggs from the suppliers of packaging material to the point of day old layer pullets placed or sold. SAPA also requested Ministerial approval to reduce the rate of existing statutory levies on eggs, and on day old female parent broiler chickens, by approximately 9.4 % in 2012 and 13.6 % in 2013. By the end of March 2011, the NAMC was still busy with its investigation in this regard.

### **10. Red meat statutory measures**

On 14 May 2010 the Red Meat Industry Forums applied to the Minister for the continuation of statutory measures (levies, records and returns and registration) in the red meat industry. The previous statutory measures lapsed on 4 November 2010, and the new ones will be valid for a period of four years, from 5 November 2010 until 4 November 2014. On 5 November 2010 the Minister approved the new red meat statutory measures which were promulgated in the Government Gazette of 11 November 2010.

### **11. Rooibos tea statutory measures**

The Rooibos tea industry is in the process of investigating the possible application of statutory measures. During the period July to September 2010 the NAMC had discussions with the industry explaining the best way to apply, and eventually to implement, the envisaged statutory measures. By the end of March 2011, the NAMC had not yet received an application from the industry.

### **12. Subtropical fruit statutory measures on processed mangoes**

The South African Mango Growers' Association applied for the implementation of statutory measures (registration, records and returns and levies) on mangoes. The new statutory measures relate to fresh mangoes intended for processing (including atchar, juice, dried mangoes and mangoes for fruit salads). On 5 October 2010, the Minister approved the implementation of statutory measures on fresh mangoes intended for the processing market requested by the mango industry for a period of four years, expiring 31 December 2014. The relevant notices were published in the Government Gazette of 29 October 2010.

### **13. Surplus maize (Section 7 Committee)**

During the period under review, South Africa experienced a surplus maize situation which had a detrimental impact on producer prices. In May 2010 the NAMC decided to appoint a Section 7 Committee to investigate a number of issues, including possible short and long term measures to alleviate the surplus maize situation and how the provisions in the MAPA could be used in the removal of surplus maize. The Competition Commission was however of the opinion that the proposed maize export pool would be contrary to the objectives of the Competition Act.

The Committee met only once, on 7 October 2010. The Section 7 Committee recommended to the Minister that market mechanisms in the free market must dictate maize prices and that no government intervention (proposed surplus maize export pool) should be implemented. The Report was finalised and submitted to the Minister in January 2011.

### **14. Wine statutory measures**

The wine industry applied for the continuation of statutory measures (levies, registration and records and returns) in the wine industry. On 31 March 2010 the Minister approved the proposed wine statutory measures and the relevant notices were promulgated in the Government Gazette of 16 April 2010.

### **15. Wine statutory measures – increase of levies**

On 18 October 2010 the Minister received a request for the increase of wine statutory levies pertaining to information, research and export promotion. The business units responsible for the implementation of the statutory levies, namely SAWIS, WINETECH and WOSA, indicated that a levy increase is required. WIDA, the business unit responsible for transformation in the wine industry, indicated that no increase was necessary as sufficient operational funding is available for the current levy period (2009 – 2013).

Transformation forms an important part of the business plan and strategy of the wine industry. During the 2009 financial year the four business units spent approximately 41 % of all levy expenditure on transformation

activities. The wine industry defined transformation in its broadest context to include economic development and empowerment, social development and upliftment and human resources development and training.

By the end of March 2011, the NAMC finalised its investigation and a recommendation was submitted to the Minister for consideration in April 2011.

#### **16. Winter cereal statutory levies**

The previous statutory levies on winter cereals expired on 30 September 2010. The Wheat Forum requested Ministerial approval for an increase in statutory levies for wheat, barley and oats. The NAMC investigated the request and submitted its recommendation to the Minister on 9 June 2010, namely to approve the proposed new levies for a four year period, to lapse on 30 September 2014. The Minister approved these levies on 2 August 2010 and they were promulgated in the Government Gazette of 20 August 2010.

#### **17. Workshop regarding statutory measures**

The NAMC arranged a Workshop with key industry roleplayers in the agricultural sector to discuss how best statutory measures could be used to improve the competitiveness of this sector. The Workshop was held on 17 February 2011. The following key topics were discussed:

- Current status of statutory measures
- Agricultural information and partnerships
- Cost sharing initiatives conducted in the Western Cape between the private sector and the provincial government.
- Transformation in the agricultural industry
- A study on generic promotion
- Suggested changes to the MAPA

During the workshop various recommendations were made, including a proposal that statutory measures be implemented for periods longer than the current four years. Concerns were also expressed regarding some proposed amendments to the MAPA.



## Summary of Statutory Measures

The following table summarises the statutory measures that were applicable in the agricultural sector during the 2010/11 financial year:

**Table 3.7.2 (A): Statutory measures applicable during the 2010/11 financial year**

INDUSTRY	Administration body	Statutory Measures		
		Statutory levy	Records and Returns	Registration
Citrus (export only)	Citrus Growers Association	√	√	√
Cotton	Cotton SA	√	√	√
Dairy	Milk SA	√	√	√
Deciduous fruit (pome and stone fruit)	Deciduous Fruit Producers Trust	√	√	√
Dried fruit	Dried Fruit Technical Services	√	√	√
Grains (Maize, Oilseeds, Sorghum, and Winter Cereals)	The South African Grains and Information Services (SAGIS)		√	√
Lucerne	Lucerne Producers' Organisation		√	√
Mangoes	Subtrop	√	√	√
Milk	Milk Producers' Organisation		√	√
Mohair	Mohair SA		√	√
Pork	SA Pork Producers' Organisation	√	√	√
Potatoes	Potatoes SA	√	√	√
Poultry and eggs	Southern African Poultry Association	√	√	√
Red meat	Meat Statutory Measure Services	√	√	√
Sorghum	Sorghum Trust	√		
Table grapes (export only)	SA Table Grape Industry	√	√	√
Grapes and grape juice intended for the production of wine	SAWIS (information) Winetech (research) WOSA (export promotion) WIDA (transformation)	√	√	√
Winter Cereals	Winter Cereal Trust	√		
Wool	Cape Wools SA		√	√

The NAMC reviews statutory levies on an annual basis. The 2009 survey on the review of statutory measures was completed in July 2010 and a Report was submitted to the Minister in September 2010. The 2010 survey on statutory measures will be completed in July 2011. In the 2009 review the NAMC received audited financial statements from the relevant Levy Administrators. The 2009 review refers to statutory levies that were collected for each Levy Administrator in terms of the MAPA during the audited financial year prior to March 2009, as the financial year ends for each Levy Administrator differ. Table Table 3.7.2 (B) indicates the value of products at the first point of sale, levy income, levy income as a percentage of the value of the product and the levy collection rate for the different commodities.

**Table 3.7.2 (B): Total Amount of Levies Collected**

Product	Total value of product at first point of sale R	Levy income R	Levy income as a % of the value of the product %	Levy collection rate %
Citrus (exported)	2,770,350,000	28,377,458	1.02	99.3
Cotton lint	128,000,000	1,927,902	1.51	100.0
Dairy products	7,860,000,000	29,622,451	0.38	104.0
Deciduous fruit – Pome	3,811,000,000	22,956,193	0.60	96.0
– Stone	941,000,000	12,576,688	1.38	97.0
Dried fruit	360,000,000	1,869,855	0.52	97.0
Pork	2,521,470,000	13,459,122	0.53	102.0
Potatoes	4,400,000,000	22,181,627	0.50	98.0
Red meat	25,700,000,00	19,173,183	0.01	100.0
Sorghum	400,000,000	1,547,820	0.38	100.0
Table grapes	3,028,613,261	17,396,490	0.57	98.0
Wine	3,319,800,000	62,011,156	1.87	100.0
Winter cereal	5,312,270,000	30,296,604	0.57	106.9
<b>TOTAL</b>	<b>60,552,503,261</b>	<b>263,396,549</b>	<b>0.43</b>	

#### Value of agricultural products at first point of sale

The NAMC has to obtain the value of the products at the first point of sale to determine the level of statutory levies. Section 15 (4) (a) of the MAPA stipulates that a statutory levy must not exceed 5 % of the price realised for a specific agricultural product at the first point of sale. The maximum of 5 % is based on a guideline price, calculated as the average price at the first point of sale over a period not exceeding three years.

According to the 2009 review the total value at first point of sale of all products subject to a statutory levy was approximately R60.6 billion, compared to R42.0 billion reported in the 2008 survey: an increase of 44.3 %. The main reason for this high increase is the change in the method used to determine the value of the red meat industry. In the 2008 survey the value of the red meat industry was estimated at R11.8 billion, as compared to the estimate of R25.7 billion in the 2009 survey. These figures were obtained from the administrator of statutory levies in the red meat industry.

### Levy income

The total levies collected as part of the 2009 review amounted to R263.4 million, which is 15.8 % more than the R227.4 million reported as total levy income in the 2008 review.

### Allocation of statutory levies

For the 2009 review the total expenditure was approximately R276.9 million (levy income was R263.4 million). Levy expenditure exceeded levy income in some industries due to the fact that there was under-expenditure in previous years. The allocation of statutory expenditure to the various functions is set out in Table 3.7.2 (C) below.

**Table 3.7.2 (C): Total Amount of Levies Collected**

Functions	Amount spent R	% of total levy expenditure 2009	% of total levy expenditure 2008	% of total levy expenditure 2007
Administration	16,759,976	6	7	8
Transformation	61,832,155	22	23	20
Export promotion and market access	33,114,219	12	12	9
Research	90,169,729	33	32	39
Information and Industry liaison	24,264,856	9	17	13
Production development	2,832,829	1	1	1
Plant improvement	2,658,981	1	1	1
Quality control	5,924,738	2	2	3
Local promotion and consumer education	39,319,855	14	5	5
<b>TOTAL LEVY EXPENDITURE</b>	<b>276,877,338</b>	<b>100</b>	<b>222,260,000</b>	<b>190,973,237</b>

### Administration

The NAMC has implemented a guideline that not more than 10 % of levies collected should be used for administrative purposes. On average, approximately 6 % (R16.8 million) of levies collected was spent on administration, which is well below the 10 % guideline

### Information

Approximately 9 % (R24.3 million) of total levy expenditure was allocated to the information function. Accessible, accurate market information that is regularly and timeously available increases market access, and promotes efficiency in the marketing of the product. It also contributes to the optimisation of export earnings and enhances the viability of the relevant agricultural industries, and the agricultural sector at large. Market information is essential for all role players in a deregulated marketing environment if they are to make informed decisions, and if the market is to operate effectively. Without a continuous stream of proper, accurate and timeous market information the market will not develop as it should and role players, including emerging farmers, will not be able to participate on an equal footing.

## Research

The satisfactory performance of the South African agricultural sector, despite the lack of high potential arable land and the low rainfall, can largely be attributed to the development and application of agricultural research results. In the twelve industries that collected levies approximately 33 % (R90.2 million) of total levy expenditure was spent on research projects. Some of the industries are doing or initiating their own research, but a major portion of the R90.2 million was made available to the Agricultural Research Council (ARC) to undertake research in the agricultural sector in consultation with the industries concerned.

The 2009 review indicated that an amount of R29 million was made available for ARC projects funded by statutory levies. This represents an increase of 9.5% when compared to the 2008 review. Although there was an increase in statutory levies to be used for ARC research projects, some industries expressed concern regarding posts in the ARC not filled, bad management and a lack of capacity within the ARC (experienced scientists resigned). As statutory levies available for ARC research projects could decrease in future, the appropriate Universities could fill this gap and henceforth obtain more levy funds to do research for the relevant industries.

It is a matter of concern that the percentage of statutory levy income utilised for research projects has decreased during the past four years from 42% in the 2006 survey, to 39% in the 2007 survey, 32% in the 2008 survey and 33% in the 2009 review.

## Transformation

Before August 2005 the NAMC's guideline was that at least 10% of levy income should be used to benefit previously disadvantaged individuals (PDIs). In an attempt to increase the amount spent on transformation the NAMC changed the guideline in August 2005 to require that approximately 20% of levy income should be used for transformation purposes. According to the 2009 review, the total amount spent on transformation projects was approximately R61.8 million, as compared to the approximately R51.2 million spent on transformation during 2008: an increase of 20.7%.

The increase in production by black farmers as a percentage of total production may be regarded as one of the main indicators for monitoring the process of bringing black farmers into mainstream commercial agricultural production. This enables the NAMC to monitor progress made in improving the production of emerging farmers. The 2009 review indicated that the market share of emerging farmers increased in most sectors but is still relatively small in most agricultural industries.

## Export promotion

A total amount of approximately R33.1 million was spent on export promotion. Wines of South Africa (WOSA) is promoting South African wine on the overseas markets, has offices in Canada, Germany, Denmark, Sweden, The Netherlands, the United States (US) and the United Kingdom (UK), and participated in international wine shows. Other industries, such as the citrus, deciduous fruit and potato industries are also promoting their commodities in overseas markets.

## Local promotion

The dairy and red meat industries spent 45% and 5% respectively of total expenditure on promotion in the local market. On 16 August 2005 the NAMC held a workshop with Levy Administrators to discuss the desirability of generic promotions. The outcome was a decision that generic promotions should continue, provided there was sufficient support within a specific industry. It was also agreed that these promotions should, in future, be referred to as the promotion of "consumer awareness".

**Sub-programme: The Crop Estimates Liaison Committee (CELC)**

The CELC was established in October 1998 as a formal NAMC Committee. The CELC is constituted of stakeholders in the grain industry: Grain SA, the Grain Silo Industry, the National Chamber of Milling, the Animal Feed Manufacturers' Association, the Grain Traders Association, the ARC, the South African Futures Exchange (SAFEX) and the DoA. CELC's function is, amongst others, to monitor the performance of the Crop Estimates Committee (CEC) and make recommendations for the further improvement of crop estimates on an ongoing basis.

During the 2010/11 financial year the CELC met twice. The first CELC meeting was held on 6 May 2010; to discuss the final calculated winter crops for the 2009 production season. This information was released and published. The second CELC meeting was held on 25 November 2010, during which it agreed to the calculation of the final total summer crops for 2009/10, but requested that more effort be put into the mechanisms to ensure the correctness of crop estimates. Following the CELC meeting held on 25 November 2010 the CELC arranged a meeting on 8 February 2011 between the Department of Science and Technology (DST), the DAFF and others to debate issues regarding the CEC's expectations based on satellite imagery, and how to incorporate agriculture in future plans.

**Sub-programme: Registration of Directly Affected Groups**

The MAPA stipulates that the NAMC must keep a register of directly affected groups for each product declared as an agricultural product for the purposes of the Act. The NAMC, via a Notice in the Government Gazette and through other media, invites directly affected groups to register with the NAMC on a regular basis. The updating of the register is a continuous process, and although no specific target could be set for the number of groups to be registered for each commodity, the aim is to register as many groups as possible. No groups are excluded from registration. The strategic goal of this initiative is to inform directly affected groups about relevant market interventions affecting specific commodities, and to invite them to express their views regarding a specific intervention.

In February 2011 the NAMC invited directly affected groups in the agricultural sector via the Government Gazette and other relevant media to register with us. In March 2011 the NAMC received 16 responses (new registrations and/or changes to contact details of existing directly affected groups).



### 3.7.3 AGRIBUSINESS DEVELOPMENT

#### Introduction

During the 2010/11 financial year the NAMC strategically collaborated with institutions in the public and private sectors and the DAFF in designing programmes aimed at increasing market access, encouraging new business development and capacitating historically disadvantaged enterprises in the agricultural sector.

When developing its programmes targeting emerging producers the NAMC was guided by two of four MAPA objectives in addition to the various government policies. These two objectives are:

- Increasing market access for all market participants; and
- Optimisation of export earnings from agricultural products

The performance of the NAMC's agribusiness development division for the 2010/11 financial year is presented below.

#### Development Schemes

The NAMC continued to design and facilitate the implementation of development schemes with both private and public institutions. The schemes were designed and implemented to uplift black producers in the agricultural sector and encourage their integration into the commercial mainstream.

During the year under review, the following objectives were achieved:

#### - Vineyard Development Scheme

The Vineyard development scheme to integrate emerging producers into the commercial mainstream of the wine industry was designed during the 2009/2010 financial year by different stakeholders. The scheme is meant to benefit emerging producers in the Northern Cape and Free State provinces. One of the participating stakeholders, the Wine Cellars, is procuring products from emerging producers.

During the year under review the focus was on the implementation of the scheme, and there were milestones worth reporting. The business plan outlining the implementation of the scheme was completed. The focus was on existing agribusinesses perceived as struggling. During this period the project Implementation Committee consisting of the NAMC, the Provincial Departments of Agriculture in the Northern Cape and Free State, the Cellars and Winetech adopted the terms of reference for implementing the project. The business plans of all projects were also updated to address the constraints identified, and were reviewed by the Implementation Committee for submission to the Northern Cape government for funding.

#### - Sorghum Project

During this financial year the NAMC developed a concept document for the design of the sorghum development scheme. The project was designed to benefit the producers in the North West province. The NAMC had a meeting with Tiger Brands during the period under review to explore the opportunities for opening markets for emerging producers in the North West Province as part of the design of the scheme.

A letter of intent to buy was obtained from Tiger Brands expressing its commitment to procure between 5 000 and 10 000 tons of sorghum from emerging producers.

## Training

During the year under review, 150 emerging producers were supported to attend four different training courses, one of which is tailor-made for women entrepreneurs.

Below are the training courses attend by the producers:

- The NAMC hosted an annual three-day training course for 35 women entrepreneurs from 17 to 20 May 2010 in Stellenbosch. Its objective was to capacitate women entrepreneurs through marketing, financial and strategic management training skills. The training course was made available through the financial support of the private sector. The NAMC collaborated with the DAFF in facilitating it and the Land Bank provided some financial support.
- The NAMC in collaboration with its industry partners assisted 20 agribusinesses to attend the annual Making Markets Matter workshop in Somerset West in the Western Cape from 11 to 15 May 2010. This workshop is an intensive multi-day business development training workshop that prepares black agribusinesses from all over the African continent to meet the ever increasing demands of today's global agro-food system. The workshop featured world-class facilitators who offered training on access to business development services, management training, marketing strategies and financial analysis. Agribusinesses from other African countries also participated in the workshop. The industries that collaborated with the NAMC are the Deciduous Fruit Producers Trust, the South African Table Grape Industry, the South African Pork Producers Organisation and Potatoes South Africa.
- The NAMC collaborated with the Centre for Promoting Imports from Developing Countries (CBI), which is an agency of the Dutch government to provide two exports-oriented training workshops in Limpopo and the Eastern Cape. The workshops targeted the developing fruit producers in the citrus, deciduous fruit, table grape and subtropical fruit industries that are exporting through an export agent, or those that have the potential to export their products. The training workshops were attended by 49 emerging producers.

The workshops were presented jointly by the Centre for Promoting Imports from Developing Countries (CBI) and PPECB at no cost.

- The NAMC facilitated training on global gap issues for 16 litchi farmers from Vhembe district in Limpopo and collaborated with Mopani Packers, who are currently exporting the products on behalf of the producers.
- The NAMC collaborated with the COMMARK Trust on a Food Safety and Quality Standards programme. The objective of the programme was to make emerging farmers aware of food safety standards and assist them in complying with the national and private food standards through accreditation of the required certification. As a continuation of the programme during the year under review the NAMC assisted 30 citrus farmers from the Eastern Cape with First Aid training in preparation for the Global Gap audit, and subsequent certification.



## Export Promotions

The NAMC continued to support emerging producers in their endeavours to export their products. During the 2010/11 financial year the NAMC collaborated with some of the industry bodies in assisting black-owned agribusinesses to attend local and international trade shows and exhibitions to showcase their products, and where possible to look for markets.

During the year under review, 3 clusters consisting of 26 black entrepreneurs were supported on various programmes aimed at promoting their products and their businesses. 15 additional farmers in the fruit industry were assisted to participate in the Fruit Logistica exhibition in Berlin, Germany.

- The NAMC collaborated with the Department of Agriculture in the Western Cape and the Fruit Producers Export Forum in assisting 15 producers from the fruit industry to attend and participate in the Fruit Logistica trade and exhibition conference in Berlin, Germany. Fruit Logistica is one of the biggest trade and exhibition conferences in the fruit industry and is attended by exporters, importers, service providers, distributors and retailers from major export markets such as Europe, Asia, the Middle East and North America. The idea behind this initiative was to give exposure to black fruit producers and to give them the opportunity to network with international buyers.
- Through their promotions programme the NAMC and WOSA co-funded 5 emerging wine companies to attend the Soweto Wine Festival in September 2010. The aim of the festival was to provide the producers with an opportunity to promote their products at the local level.
- During the year under review, the NAMC collaborated with the International Trade Centre (ITC) of the United Nations on the Supply Chain Logistics Programme, which intends to assist producers to export their products. The contract between the two institutions was signed towards the end of 2010. NAMC and ITC personnel visited 3 emerging farmer projects in KwaZulu-Natal, the Eastern Cape and the Western Cape to select a producer group to participate in the programme. A group of 15 deciduous fruit producers in the Western Cape was selected to participate as a pilot project. The diagnostic value chain analysis was conducted during the year under review and the constraints were identified. The assistance plans for the producers were developed and the interventions have commenced.
- The NAMC and the Department of Agriculture in Limpopo identified a potential group of litchi producers in Thulamela Municipality as a second cluster of producers to support in their endeavours to export their products. The collaborators, together with Mopani Packers, who will be exporting their products, identified compliance with food safety standards as a prerequisite for the producers to export their products. The collaborators assisted the producers to comply with, and acquire, the Global-Gap certification in order to satisfy the export requirements.



### 3.7.4 AGRICULTURAL TRUSTS

One of the mandates of the NAMC is to manage the communication and reporting processes between the Minister of Agriculture, Forestry and Fisheries, the Ministerial trustees and the trustees in general. According to the mandate the NAMC is required to submit at least two reports annually to the Minister of Agriculture, Forestry and Fisheries.

The second status report on agricultural trusts has therefore been completed and finalised. It serves as a tool to advise the Minister on operations, challenges and progress made by agricultural industry trusts since the reporting was handed over to the NAMC.

Our experience has indicated that there will only be one report presented to the Minister annually. This emanated from the meeting the NAMC had with the chairpersons of various industry trusts. One of the key aspects in reporting the work of the trusts is their financial performance, and this information can only be received once per annum after their finances have been audited. The chairpersons of the trusts have therefore requested permission to provide this information to the NAMC after they have been audited, and this request was well received.

#### Current Ministerial Trustees

The Agricultural Trusts Division is in constant communication with the Ministerial trustees regarding their duties and what is expected from them by the trusts. There have been many new Ministerial trustees appointed in the financial year 2009/2010. All new Ministerial trustees went through an induction process before attending the meetings of the trusts. The trustees provide the NAMC with their reports after each trust meeting attended. The table below shows the Ministerial trustees for various industry trusts:

No	TRUST	ADMINISTRATOR	MINISTERIAL TRUSTEES
1	Citrus Trust	Ms Elsa Taylor	Godfrey Rathogwa, Phindi Kema Vacant
2	Cotton S.A Trust	Mr Koot Louw	Mr Siphon Ngxongo
3	Deciduous Fruit Industry Development Trust	Mr Anton Rabe	Mr Trevor Abrahams Ms Joyene Isaacs Mr Mxolisi Poto Ms Mahadi Mopeli
4	National Lucerne Trust	Mr Derrick Engelbrecht	Miss Mina Gill
5	Maize Trust	Mr Leon du Plessis	Mr. Karabo J. Peele Mr Thamsanqa Julius Hewu Ms Penny Daly
6	Meat Industry Trust	Mrs Alet du Plessis	Dr S Cornelius Ms Lumka Witbooi Ms V Penxa
7	Mohair Trust	Mr Deon Saayman	Ms. Sarah Louw
8	Oil and Protein Seeds Development Trust	Mr Gerhard Keun	Mr Derick Montshwe
9	Potato Industry Development Trust	Ms Elsabe Els	Ms Nonie Mokose

No	TRUST	ADMINISTRATOR	MINISTERIAL TRUSTEES
10	Sorghum Trust	Leon du Plessis	Ms Dudu Mashile
11	Winter Cereal Trust	Mr Awie Coetzee	Mr Katlego Gaoraelwe Mr Bhutana Bhadi Make Dr J le Roux Ms. Mmaphefo Elizabeth Mabe Dr PE Lukhele-Olorunju Mr Maseli Augustinus Letuka
12	S. A. Wine Industry Trust	Mr Charles Erasmus	Ms Sharon Marco-Thyse Mr Willem Williams Mr Barry Stemmet Mr Fatima Shabodiem Ms Thozama Gwente Ms Dianna Hlati Ms Veronica Campher
13	Wool Trust	Mr Andre van der Venter	Mr Zandisile Wapi

### Trusts Chairperson Meetings

The NAMC coordinates meetings with all chairpersons of the industry trusts on an annual basis. These meetings take place in February of each year, and convened for the second time in February 2011. All the trusts were well represented in all meetings. The NAMC coordinates these meetings to create a platform for the trusts to share their common challenges, but also to allow the Council chairperson to express her expectations on trusts, particularly on their contribution to transformation of the sector. This meeting has been well received and appreciated by chairpersons of all the industry trusts. The table below lists the various industry trust chairpersons.

INDUSTRY TRUST	CHAIRPERSON
Citrus Trust	Mr Godfrey Rathogwa
Cotton S.A Trust	Mr Piet Potgieter
Deciduous Fruit Industry Development Trust	Ms Elza Jordaan
National Lucerne Trust	Mr JJA Potgieter
Maize Trust	Mr Jannie De Villiers
Meat Industry Trust	Dr Steven Cornelius
Mohair Trust	Mr David Hobson
Oil and Protein Seeds Development Trust	Mr John Gordon
Potato Industry Development Trust	Mr Ernst Yzel
Sorghum Trust	Mr John Gordon
Winter Cereal Trust	Mr Jannie de Villiers
S. A. Wine Industry Trust	Ms Sharron Marco-Thyse
Wool Trust	Mr Peter Kingwill

### Agricultural Trusts Assets

The industry trusts invest their funds with different Asset Managers in different portfolios. They do their best to put these funds in less risky portfolios, but riskier portfolios can earn better returns. The earnings are distributed to various industry beneficiaries on an annual basis, based on the submission for financial assistance from these particular organisations. The trustees decide on the disbursement of funds. The capital is always retained for further investment. The value of assets for the financial year 2009/10 as submitted to the NAMC is as follows:

INDUSTRY TRUST	CURRENT ASSET VALUE 2009/2010
Citrus Trust	16,625,887
Cotton S.A Trust	7,738,345
Deciduous Fruit Industry Development Trust	15,741,859
National Lucerne Trust	1,441,622
Maize Trust	798,648,155
Meat Industry Trust	31,199,572
Mohair Trust	205,663,770
Oil and Protein Seeds Development Trust	191,306,751
Potato Industry Development Trust	10,321,758
Sorghum Trust	15,015,349
Winter Cereal Trust	59,108,854
S. A. Wine Industry Trust	68,385,958
Wool Trust	305,059,000
<b>TOTAL</b>	<b>1,726,256,880</b>

### The Meeting with the Minister

According to the mandate given to the NAMC the trustees are to meet the Minister once a year. This meeting is to allow the Minister to express her expectations to the trustees, and to allow the trustees to raise their expectations and concerns with the Minister regarding the running of the trusts. The NAMC has tried its best to coordinate these meetings, but unfortunately, due to her busy schedule the Minister has been unable to honour these meetings. The NAMC will continue to seek a suitable time for the Minister to be able to meet the trustees.

### Eastern Cape Red Meat Programme (ECRMP)

The key objective of the ECRMP is to increase the income that communal and emerging livestock farmers throughout South Africa earn from raising cattle, by enabling them to participate more fully and beneficially in formal red meat markets and by improving the quality and quantity of cattle that they raise for the market.



### 3.7.5 FINANCE AND ADMINISTRATION

The purpose of this division is to provide strategic leadership and direction on matters of financial performance and to monitor compliance with the PFMA and Treasury regulations.

#### Strategic reviews and compliance with strategic objectives

Monthly and quarterly reviews of programme expenditure against budget were conducted and these processes contributed to the regular strategic reviews by ensuring adherence to the strategic plan.

The budget submission for the Medium Term Expenditure Framework (MTEF) period 2011/12 -2013/14 was compiled and submitted to National Treasury.

The entity requested additional funding and detailed motivations were written.

The requests for the MTEF period were as follows:

Division	Options	2011/12 R'000	2012/13 R'000	2013/14 R'000
Human Resources	Additional Personnel	2,400	2,640	4,521
Statutory Measures	Operational Costs	100	110	121
Markets and Economic Research Centre (MERC)	Expanding agri benchmark	1,257	1,922	1,325
	Investigation into selected value chains	495	778	305
	Free Trade Agreement with India	363	253	-
Agricultural Trusts	Eastern Cape Red Meat Project	3,752	4,521	5,664
<b>Total</b>		<b>8,367</b>	<b>10,224</b>	<b>10,319</b>

The NAMC was not invited to the MTEC hearing and no additional funding was allocated. The budget allocated to the NAMC was reduced by R362 000, R393 000 and R405 000 for the MTEF periods 2011/12 -2013/14 respectively.

The challenge of inadequate budget allocation continues to exist as the entity is unable to deal adequately with some of its mandate.

#### Supply Chain Management

The division renders supply management services to the entity, and is responsible for Demand and Acquisition, Logistic Management, Disposal Management and regular assessment of supply chain performance.

Compliance with legislation and regulations reporting has been achieved. Invitations for new service providers to register on the NAMC's database were published, and 119 new service providers were added to the database.

A tender for the internal audit service provider was finalised in terms of Supply Chain Management prescripts. The Bid Evaluation and Adjudication Committees was appointed to evaluate and adjudicate the bids and the tender was awarded to Outsourced Risk and Compliance Assessment (ORCA).

**Asset management**

The entity conducted asset verifications on a quarterly basis, which resulted in the disposal of leased equipment for which the contract expired on 30 April 2010.

For the period under review the entity reviewed the useful life of assets after assessing the condition and type of the assets, and their remaining useful life.

**Information Technology**

The Information technology functions have been outsourced to CJN IT Solutions, who provide professional IT services on a daily basis.

For the period under review the entity developed an IT Steering Committee that also aims to ensure that the Information Technology (IT) Strategy is developed, and that there is Improvement of the IT system within the entity.

**Risk assessment and management**

Finance and Administration recognises the importance of risk management in ensuring that its objectives are achieved. A risk assessment was conducted by our Internal Auditors, Outsourced Risk and Compliance Assessment, to develop a finance and administration risk register. The controls to mitigate the risks identified were set.

**Functioning audit committee**

The Entity’s audit Committee continues to function and met four times during the period under review.



### 3.7.6 HUMAN RESOURCES MANAGEMENT

The strategic goals of Human Resources are as follows:

- To recruit and retain a diverse and well qualified workforce
- To provide human resources systems that ensure the readiness of tomorrow's integrated workforce.
- To encourage a learning organisation through a competence based approach
- To invest in Human Capital to improve the effectiveness of the workforce

The 2010 Human Resources Strategy aims to capture “the people element” of what the NAMC hopes to achieve in the medium to long term, by ensuring that:

- It has the right people in place
- It has the right mix of skills
- Employees display the right attitudes and behaviours, and
- Employees are developed in the right way.

#### To recruit and retain a diverse and well qualified workforce

In order to meet the needs of this constantly evolving entity, the Human Capital Management division (HCM) made certain that proper HCM systems were in place to ensure that the right people for the right job were recruited at the right time. 13 employees (28.9 %) were recruited. Due to the implementation of the Human Resources Strategy, critical, scarce and high flyers' skills were acknowledged as part of the HCM's retention strategy. A benchmark was conducted and the NAMC was categorised under Social Service Market. The NAMC was fortunate in benefiting from the extremely low staff turnover of 4.4 % during the year, as compared to 8.3 % in 2009. Two employees from non-core components resigned.

A breakdown of recruitment is shown in Table A below

Table A

Job category	Recruitment period April 2010 – March 2011				
	Historical background				
	White Female	White Male	Black Female	Black Male	TOTAL
Senior Economist	1	0	0	0	1
Economists	0	1	1	3	5
Compliance Manager	0	0	0	1	1
Support staff	0	0	0	0	0
Contract workers	0	0	4	2	6
<b>Total</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>13</b>

### Age Profile

The NAMC age profile is made up as follows: less than 30 years (31.1 %) between 30 and 39 years (26.7 %) between 40 and 49 years (31.1 %), and over 50 years (11.1 %). This is an indication that the NAMC has above 89 % of younger professionals and 11.4 % of staff that are about to retire. Of the 11.4 % those below follow under non- core staff.

**Table B**

Job category	Age Distribution	
	Actual 2010	Percentage
20 – 29 years	14	31.1 %
30 – 39 years	12	26.7 %
40 – 49 years	14	31.1 %
50 – 59 years	3	6.7 %
over 60	2	4.4 %
<b>Total</b>	<b>45</b>	<b>100 %</b>

### Disability

According to the report on disability equity in SA Public Services, the Public Service sets a benchmark of 2% for people with disability. Despite the national challenge of employing people with disability, the NAMC prides itself in achieving targets that are above the national norm. The current employment rate for people with disability within the NAMC is 2.3%.

### Employment Equity

Since the Council's inception in 1997 the practice has been to affirm historically disadvantaged persons, as can be seen in Table C. The NAMC has a staff complement of 45 employees. 4.4 % are women in management, 58% are women and 42.2% are male. The staff complement profile has since changed, and the staff complement as at 31 March 2011 is presented in Table C.

**Table C**

Job category	Employee demographics by occupational level as of 31st March 2011					TOTAL	%
	White Female	White Male	Black Female	Black Male			
CEO and Senior Managers	0	2	2	3	7	15.5 %	
Senior Researchers	0	1	0	2	3	6.7 %	
Senior Economist	5	0	0	2	7	15.5 %	
Economist	1	1	3	2	7	15.5 %	
Non core	5	0	10	6	21	46.7 %	
<b>Total</b>	<b>11</b>	<b>4</b>	<b>15</b>	<b>15</b>	<b>45</b>	<b>100 %</b>	

## Provide a human resources systems that ensure the readiness of tomorrow's integrated workforce

### *Risk Management*

The human capital management (HCM) division recognises the importance of integrated risk management. Risks and mitigating factors were identified in partnership with the HRM Compliance unit.

### *Human Resources Policies and Procedures*

Human Resources developed and implemented 11 HR policies which helped to standardise and synchronise administration practices. The awareness session on human resources policies was conveyed to staff members

### *Improved HR Administrative System*

Human Capital Management systems were given high priority. HCM audits were conducted to ensure that all personnel files meet the standards in terms of addressing the personal files, qualifications verification and leave administration. The performance management system and the Employee Self Service Systems were introduced and implemented.

### *Leave*

In terms of the Leave Policy, Human Resources monitored the utilisation of both annual and sick leave. All leave forms were recorded on a monthly basis and employees adhered to the leave policy.

### *Injury, Illness and Death*

No cases of injury, or death resulting from official duty or the work environment were reported.

Job Category	Total days taken	Number of Employees using Sick Leave
Senior Managers	16	3
Economists and Senior Economists	13	3
Administrative staff	47	7
Unskilled staff	9	2
Contract/Temporary worker	2	4
Total	87	19



## **To encourage a learning organisation through a competence based approach**

### *Training and Development*

The NAMC strives to develop and nurture young talent in the Agricultural sector by identifying young graduates. In terms of skills development, 3 interns were recruited in April 2010. These interns have since completed their internship programme, are competent and were absorbed as permanent Economists under the MERC division.

Training has always been a major focus area for the NAMC, to the extent that outside candidates have requested placement on projects related to Linking Farmers to Markets as part of their training. The HCM embarked on training and development and 32 employees (72 %) were trained in various courses identified during performance evaluation.

## **Invest in Human Capital to improve effectiveness of the workforce**

### **Performance Management**

As the NAMC strives to be an employer of choice, the building of sound Employee Value Proposition key activities was achieved as follows:

#### *Incentives*

Incentives aim to motivate people by looking at reward and recognition strategies, and where there is a shortage of core, critical or scarce and highlighted skills the NAMC is currently paying competitive salaries and fringe benefits. All employees entered into performance agreements during the previous financial year. Performance evaluations were conducted and 94.5 % of employees received performance bonuses, with the exception of 5.5 % who were not rewarded due to non-performance. Training and development intervention has been put in place for employees who have challenges with non-performance.

#### *Employee engagement*

Employee engagement implies meaningful engagement and mutual commitment through effective organisational communication and ensuring that people are given work that is challenging and motivating, while having a work/life balance. Employees are given the opportunity to partner in projects across divisions for the purpose of multi-skilling and learning from each other. This is assisting in breaking the silo mentality.

#### *Health and wellness*

The NAMC supports a comprehensive health and wellness programme that provides an employee assistance programme. A total of 4.4 % of employees utilised this programme and the NAMC commemorated the World Aids Day in December 2010.

# PART 4

## ANNUAL FINANCIAL STATEMENTS

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## 4.1 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL AGRICULTURAL MARKETING COUNCIL

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the accompanying separate financial statements of the National Agricultural Marketing Council, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory information, and the accounting authority's report as set out on pages 60 to 96.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act, 1999 of South Africa (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified audit opinion.

#### Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Agricultural Marketing Council as at 31 March 2011 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and in the manner required by the PFMA.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

8. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 11 to 54 and material non-compliance with laws and regulations applicable to the National Agricultural Marketing Council.

### Predetermined objectives

9. There are no material findings on the annual performance report.

### Compliance with laws and regulations

10. There are no findings concerning material non-compliance with laws and regulations applicable to the National Agricultural Marketing Council.

## INTERNAL CONTROL

11. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. There are no significant deficiencies in internal control that resulted in a qualification of the auditor's opinion on the financial statements or findings on predetermined objectives or material non-compliance with laws and regulations.

*Auditor-General*

Pretoria

31 July 2011



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## 4.2 REPORT OF THE AUDIT COMMITTEE

Report of the Audit Committee required by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999

We are pleased to present our report for the financial year ended 31 March 2011.

### Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder and meets four times per annum as per its approved terms of reference. During the current year four (4) meetings were held.

Name of Member	Number of Meetings Attended
Mr P Slack	4
Mrs M Moja	4
Mrs M Gill (Council member)	4
Mr R Matlou	3
Prof JF Kirsten (Council member) (Appointed in May 2010)	2

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1) (a) of the PFMA and Treasury Regulations 27.1. The Audit Committee reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and good practices on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective Actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, the management letter of the Auditor-General South Africa, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the systems of internal control for the period under review were effective and efficient.

The quality of in-year management and quarterly reports submitted in terms of the PFMA. The Audit Committee has noted and is satisfied with the content and quality of the quarterly reports prepared and issued by the Accounting Officer during the year under review. Suggestions were made and implemented to improve on the reports. Evaluation of Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed the accounting policies and practices; and
- Reviewed the annual financial statements and there were no adjustments of any nature raised resulting from the audit.

The Audit Committee concurs and accepts the Auditor-General of South Africa's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General, South Africa.

A handwritten signature in black ink, appearing to be 'P Slack', written on a light-colored background.

Mr. P Slack, Chairperson of the Audit Committee

Date 31 July 2011

### 4.3 REPORT OF THE CHIEF EXECUTIVE OFFICER For the year ended 31 March 2011

#### 1. General review of the business and operations

The report of the Accounting Authority forms part of the annual financial statements of the National Agricultural Marketing Council (NAMC) for the year ended 31 March 2011.

The Chief Executive Officer presents his report for the year ended 31 March 2011.

#### Spending trends 2007/08 -2010/11as per Standard items

Expenditure Categories	Expenditure Outcome			Actual
	Audited	Audited	Audited	Expenditure
	R'000	R'000	R'000	R'000
	2007/08	2008/09	2009/10	2010/11
Personnel	9,069	11,610	15,125	20,917
Operating	2,034	3,526	3,602	3,302
Rental: Office space	591	791	773	939
Professional services	3,424	5,426	7,579	5,899
Other administrative	2,421	3,394	3,049	3,608
Total	17,539	24,747	30,128	34,665
Baseline allocation	17,020	22,459	28,360	31,194
Donor funds (Conditional)	25	1,902	2,007	1,451

The table above reflects the expenditure trends for the previous three years, as well as the results of the 2010/11 financial year.

The MTEF baseline allocation increased by an average of 21% per annum over the past 4 years.

The actual expenditure for 2010/11 is R34, 7 million, which includes an amount of R59,000 in respect of the straight-lining of operating leases, depreciation on assets amounting to R532,000, leave pay provision amounting to R520,000 and an amount of R420,000 relating to prepayments raised at end of 2009/10 financial year. As at end of March 2010 the NAMC rolled over an amount of R3,9 million which has been utilised during 2010/11 financial year.

The 38% increase in personnel expenditure resulted from the review of salary structures which became effective as from 01 April 2010 and increase in staff complement from 36 to 45. As per approved Remuneration Strategy, the NAMC benchmarked salaries to 25<sup>th</sup> percentile social service market approach in the later stages of the 2009/10 financial year. The NAMC implemented a performance based pay approach which ensured that exceptional performers received greater merit increases, taking into consideration the 25<sup>th</sup> percentile market position for the first time in the 2010/11 financial year.

A decrease of 8% on operating expenditure is due to the decrease in the number of Section 7 workshop held during the period under review.

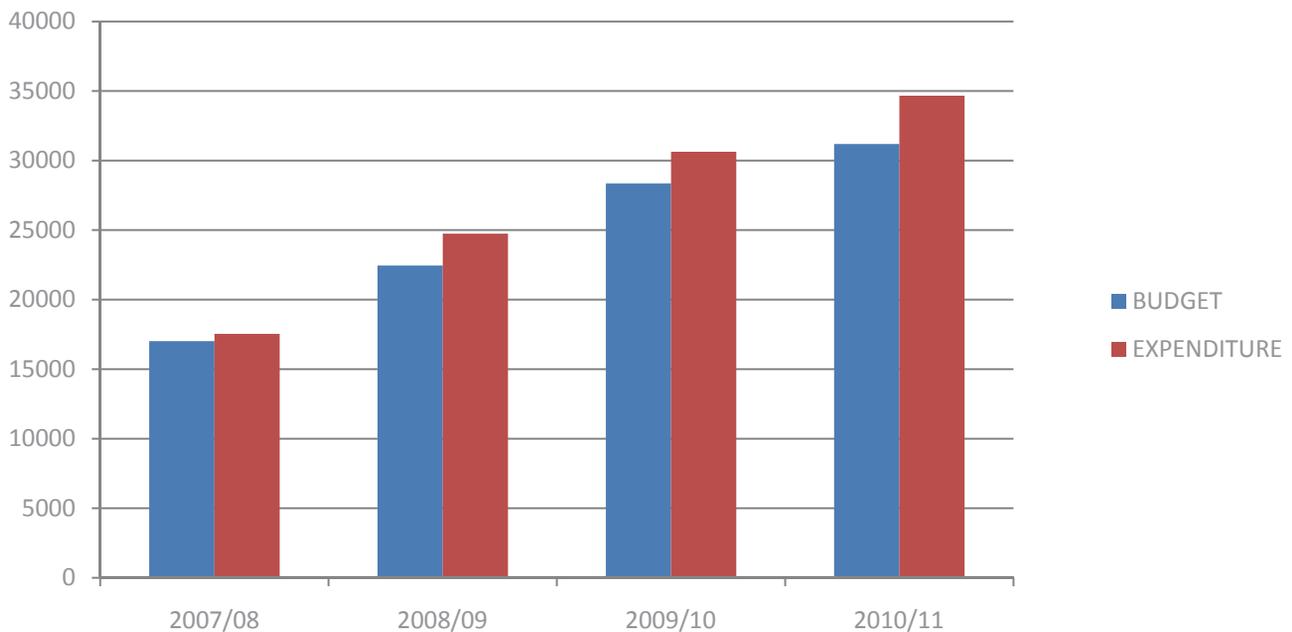
As disclosed in note 6 to the annual financial statements, the rental expense reflects an increase of 21% which is as a result of the leasing of office space in King Williams town for Eastern Cape Red Meat Project. The NAMC's objective of this project is to increase the income that communal and emerging livestock farmers throughout South Africa earn from raising cattle, by enabling them to participate more fully and beneficially in the formal red meat markets and by improving the quality and quantity of cattle they raise for the market.

A decrease of 22% in professional services is as a result of variance on actual expenditure incurred on Statistic SA project as compared to the projected expenditure for 2010/11 financial year.

### 4.3 REPORT OF THE CHIEF EXECUTIVE OFFICER For the year ended 31 March 2011

The 20% increase in administrative expenditure is mainly due to an increase on audit committee fee due to the number of meetings attended by each committee member which includes the involvement of some of the audit committee members in the evaluation and adjudication of the bid for Internal Audit Services at NAMC and the revision of the rates paid to the audit committee members. The other increase is due to the increase in printing expenses as a result of the number of reports and number of copies printed and increase on refreshments and catering expenditure due to increase in the number of staff functions held during the period under review, which includes among other things strategic planning session and Employee Wellness Programme.

#### Budget vs. Expenditure



The graph illustrates the grant received against the total expenditure for the past 3 years and the period under review.

#### 1.1 Governance of the Council

##### 1.1.1 Leadership

The current council, which is a non-executive council, assumed office on 1 July 2007. The Minister of the Department of Agriculture, Forestry and Fisheries has extended the terms of the current Council members until June 2011, awaiting the appointment of new council members.

The following persons have served as Council members during the period under review:

Name:	Capacity:
Ms N Msimang	Chairperson
Prof M Karaan	Vice – Chairperson
Mrs M Gill	Council member
Prof JF Kirsten	Council member
Mrs M Mannya	Council member
Mrs C Molo	Council member
Mr D Montshwe	Council member
Mrs SE Moolman	Council member
Mr AD Young	Council member

## 4.3 REPORT OF THE CHIEF EXECUTIVE OFFICER For the year ended 31 March 2011

### 1.1.2 Administration

Mr TR Ramabulana, the Chief Executive Officer, heads the Secretariat of the NAMC. He is assisted by the Chief Financial Officer and the Management Committee in the day-to-day running of the organisation.

### 1.2 Organisational Structure

The Council's approved organisational structure is provided under Part 5, Human Resource Management Section on page 105.

### Nature of business

The NAMC is an advisory body to the Minister of Agriculture, Forestry and Fisheries and the following are the principal areas which the Council focused on during the year under review to fulfil its strategic advisory role:

- a) Market Intelligence;
- b) Food Price Monitoring;
- c) Agribusiness Development;
- d) Investigations of Statutory Measures; and
- e) Markets and Economic Research.

The activities undertaken in each of these areas has been described in greater detail under Part 2: Organisational Overview.

## 2. Services rendered by the Entity

The NAMC is a statutory public entity established in terms of section 3 and 4 of the MAPA of 1996, as amended by Act no. 59 of 1997 and Act no. 52 of 2001. The objectives of the Act are:

- The increasing of market access for all market participants
- The promotion of efficiency of the marketing of agricultural products
- The optimisation of export earnings from agricultural products
- The enhancement of the viability of the agricultural products

The Council acts as the Accounting Authority of the entity and the Chief Executive Officer has been appointed Accounting Officer in terms of the Public Finance Management Act (PFMA) and performs its activities in terms of Section 2 and 9 of the MAP Act.

The NAMC received funding of R 31,194 million from the Department of Agriculture, Forestry and Fisheries during the year under review, whilst other income amounted to R1,451 million and interest generated amounted to R1,022 million. Total expenditure amounted to R 34,665 million.

## 3. Utilisation of donor funds

During the period under review the entity received and utilised donor funding as follows:

- a) Eastern Cape Red Meat Project  
An amount of R 893 292.98 was deferred and realised as income on 01 April 2010. As at 31 March 2011 all donor funding received has been utilised.
- b) International Trade Centre  
An amount of R421, 874.88 was received from International Trade Centre for the coordination and implementation

### 4.3 REPORT OF THE CHIEF EXECUTIVE OFFICER For the year ended 31 March 2011

of the work plan of the activities established under Project SAF/17/05A "SADC Supply Chain and Logistic Programme.

As at 31 March 2011 only R 53 200.68. of this amount has been utilised. The remaining balance of R 368 674.20 has been rolled over to the new financial year, 2011/12.

c) Sponsorship: Agribiz Training for Women Entrepreneurs

An amount of R90, 475.00 was received from the Land Bank to cater for the tuition, conferencing, certificate award ceremony and After Care Programme for the Agribiz training of Women Entrepreneurs.

As at 31 March 2011 an amount of R 90,475.00 has been utilised.

d) Sponsorship: Food and Agricultural Organisation of South Africa

Sponsorship funding to the value of R 105 871.50 was received from the Food and Agricultural Organisation for the purposes of organising a workshop in Port Elizabeth on the topic of Commodity Associations in Southern Africa. This represented the final contract payment for the FAO conference which was held from 26 – 29 April 2010.

e) Other Income

An amount of R252,163.40 was generated as "Other Income" under the Market and Economic Research Centre for the following:

- R88,100.00 was received from Potato SA for investigation into competitive advantage.
- R15,000.00 from Agribusiness Chamber for services rendered on publishing of book entitled: The Future of Food: Message to South Africa
- R40,000.00 from Potato SA for an e-marketing study pertaining to the fresh produce industries.
- R40,000.00 from South African Pork Producers Organisation for a pork industry supply chain study with emphasis on feed and feed related issues.
- R40,000.00 from South African Poultry Association for a broiler industry supply chain study with emphasis on feed and feed related issues.
- R18,663.40 from Organisation For Economic Co-operation and Development to prepare the report on Agricultural policy development in South Africa 2008- 2010 for the 2011 edition of the monitoring and evaluation.
- R10,400.00 received from Sugar Association of South Africa (SASA) for growing the sugar industry in South Africa.
- 

As at 31 March 2011 the above amount has been utilised.

#### 4. Events after the reporting date

No material events have taken place between the statement of financial position date and the date of the authorisation of the annual financial statements.

#### 5. Materiality framework

In terms of Treasury Regulation 28.2.1, the NAMC had a materiality framework for the year under review. This was used as a basis for reporting losses and irregular, fruitless and wasteful expenditure, as well as for significant transactions envisaged by section 54(2) of the PFMA. Thus it was used as a basis for evaluating the materiality of transactions and to determine the accounting treatment thereof.

### 4.3 REPORT OF THE CHIEF EXECUTIVE OFFICER For the year ended 31 March 2011

#### 6. Going concern

The Accounting Authority has reviewed the financial statements for the period under review, and there is no reason to believe that the entity will not be able to continue its operations in the foreseeable future, based on the forecasts and the approved MTEF allocation by Department of Agriculture, Forestry & Fisheries. These annual financial statements support the viability of the entity.

#### 7. Annual financial statements

The financial statements have been prepared in accordance with the policies as stated in the annual financial statements, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations issued in terms of the Act, Statements of Generally Recognised Accounting Practices (GRAP) including any interpretations of such statement issued by the Accounting Standards Board.

To the best of my knowledge, all representations made in the Annual Financial Statements are appropriate and valid.

#### 8. Corporate Governance

The NAMC as a public entity confirms its commitment to the principles of transparency, integrity and accountability as stated in the King III Report on Corporate Governance.

In the governance of the NAMC, the council is responsible for policy making and control, while the CEO has been delegated the responsibility of the day to day execution of the policies and objectives as directed by the Council. The members of the Council are appointed by the Minister of Agriculture, Forestry and Fisheries on the basis of their expertise in the field of agriculture, business, financial management and research.

##### 8.1. Governance structures

In order to comply with these principles, the Council has and continues to design and implement appropriate governance structures across the organisation. The Council acknowledges that, for it to set up an effective governance framework, robust governance structures need to be in place. The following Council Committee operates as at 31 March 2011 together with their respective terms of reference in the form of Committee charters:

<b>Council meetings</b>	<b>Number of meetings attended</b>
Ms Msimang (Chairperson)	3 out of 5
Prof M Karaan (Vice–Chairperson)	3 out of 5
Mrs M Gill	5 out of 5
Prof JF Kirsten	3 out of 5
Mrs M Mannya	5 out of 5
Mrs C Molo	3 out of 5
Mr D Montshwe	2 out of 5
Mrs SE Moolman	4 out of 5
Mr AD Young	3 out of 5

### 4.3 REPORT OF THE CHIEF EXECUTIVE OFFICER For the year ended 31 March 2011

<b>Human Resources Committee</b>	<b>Number of meetings attended</b>
Mr Andre Young: (Chairperson)	4 out of 4
Ms Makgoro Mannya	4 out of 4
Mrs Lilibeth Moolman	3 out of 4
Ms V Nkobi	4 out of 4
Mr TR Ramabulana	4 out of 4

<b>Audit &amp; Risk Committee</b>	<b>Number of meetings attended</b>
MR. Paul Slack: (Chairperson)	4 out of 4
Mrs. M Moja (Independent member)	4 out of 4
Mrs R Matlou (Independent member)	3 out of 4
Mrs M Gill (Council member)	4 out of 4
Prof J. Kirsten (Council member)	2 out of 4

<b>Risk Management Committee</b>	<b>Number of meetings attended</b>
Mr. R Matlou: (Chairperson)	3 out of 3
Mr. T Maphatane (Appointed in January 2011)	1 out of 3
Ms. V Nkobi	2 out of 3
Mrs F Muvhulawa	3 out of 3
Prof. A Jooste	2 out of 3
Mr H Mohane	2 out of 3
Mr Z Xalisa	3 out of 3
Mr S Burger	3 out of 3

#### **IT Steering Committee**

Mr T Mpapu: (Chairperson)  
Mr T Maphathane  
Mr Z Xalisa  
Mr M Letlape

No meeting held for the period under review as the committee was only appointed towards end of the financial year 2010/11.

<b>Management Committee</b>	<b>Number of meetings attended</b>
Mr R. Ramabulana: (Chairperson)	38 out of 43
Mrs F Muvhulawa	36 out of 43
Ms. V Nkobi	39 out of 43
Prof. A Jooste	34 out of 43
Mr. H Mohane	35 out of 43
Mr Z Xalisa	31 out of 43
Mr S Burger	42 out of 43

## 8.2. THE ROLE OF GOVERNANCE COMMITTEES

The Council's Council committees are charged with certain functions and operate within clearly defined terms of reference and continue to assist the Council Governance function on the following principles:

### 8.2.1 Risk management

The entity recognises the importance of risk management in ensuring that its objectives are achieved. A risk assessment has been undertaken and ensures that risks are appropriately mitigated by designing and implementing appropriated controls.

The risk assessment covers financial, operational, compliance and reputation risks and adherence with good governance principles. A key consideration in the risk assessment is compliance with laws and regulations. These include the PFMA,

### 4.3 REPORT OF THE CHIEF EXECUTIVE OFFICER For the year ended 31 March 2011

any regulations issued in terms of the PFMA, and the Preferential Procurement Policy Framework Act.

The risk management committee continues to function and has met at least four times during the period under review. The Audit & Risk Committee has been delegated to play an oversight role in the enterprise-wide risk management activities.

#### 8.2.2 Internal control

The entity has the ultimate responsibility for establishing a framework for internal controls, including an appropriate procurement and provisioning system. The controls throughout the entity focus on the critical risk areas identified and confirmed by management and assessed by the internal and external auditors.

The controls are designed to provide cost-effective assurance that assets are safeguarded and that the available working capital is managed efficiently and economically.

Organisational policies, procedures and the delegation of authority provide direction, accountability and division of responsibilities and contain self-monitoring mechanisms. The designed internal control are closely monitored by both management and internal audit and actions are taken to correct deficiencies identified.

#### 8.2.3. Internal audit

The internal audit function for the entity has been outsourced to Outsourced Risk and Compliance Assessment (Pty) Ltd (ORCA) for a period 2010/11- 2012/13. ORCA.

The following audits were performed during the period under review:

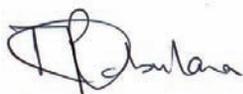
- Risk Assessment – December 2010- January 2011
- Legislative Compliance Review audit – January 2011
- Human Resources – February 2011
- Financial Discipline Review - February 2011
- IT General Controls – February 2011
- Performance Information Audit – March 2011.

In line with the PFMA requirements, the internal auditors provide the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of objective appraisal and evaluation of the risk management processes, internal controls and governance processes, as well as identifying corrective action and suggested enhancements to the controls and processes.

The internal auditors are fully supported by Management, Council and the Audit and Risk Committee and have full, unrestricted access to all organisational activities, records, property and personnel.

#### 8.3.4 Code of Conduct

The NAMC has code of conduct policy dealing with ethical behaviour in the workplace. Employees are required to maintain high ethical standards and to ensure that NAMC's business practices are conducted in a manner that is above reproach.



**Ronald Ramabulana**  
Chief Executive Officer

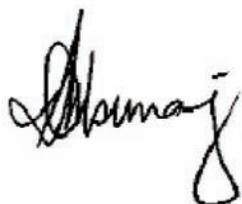
#### 4.4 STATEMENT OF RESPONSIBILITY

##### For the year ended 31 March 2011

The Accounting Authority is responsible for the preparation, integrity and fair presentation of the financial statements of the National Agricultural Marketing Council. The financial statements presented on pages 68 to 96 have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board, and include amounts based on judgements and estimates made by management. The Accounting Authority also prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the financial statements. The going concern basis has been adopted in preparing the financial statements. The Accounting Authority has no reason to believe that the National Agricultural Marketing Council will not be a going concern in the foreseeable future. These financial statements support the viability of the National Agricultural Marketing Council.

The financial statements have been audited by the Office of the Auditor-General, who was given unrestricted access to all financial records and related data, including minutes of meetings of the Management Committee. The Accounting Authority believes that all representations made to the auditor during his audit are valid and appropriate.

The audit report of the Auditor-General is presented on page 56. The financial statements were approved and signed by the Accounting Authority on 24 May 2011.



**Ms Ntombi Msimang**

Chairperson of the Council

## National Agricultural Marketing Council

### 4.5 Statement of Financial Performance

For the year ended 31 March 2011

	Notes	2010/11 R'000	2009/10 R'000
<b>Revenue</b>		<b>33,667</b>	<b>31,508</b>
Non-exchange revenue	2	32,645	30,367
Exchange revenue	3	1,022	1,141
<b>Expenses</b>		<b>34,683</b>	<b>30,125</b>
Administrative expenses	4	3,070	2,544
Personnel expenditure	5, 9 & 10	20,917	15,125
Operating expenses	6	10,140	11,954
Depreciation and amortisation & Impairment	7	532	474
Finance cost	8	24	28
Profit/(loss) on disposal of fixed assets		18	(3)
<b>Surplus/(deficit) for the year</b>		<b>(998)</b>	<b>1,380</b>

## National Agricultural Marketing Council

### 4.6 Statement of Financial Position

as at end of 31 March 2011

	Notes	2010/11 R'000	2009/10 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	1,343	1,483
Intangible assets	12	115	105
<b>Current assets</b>			
Inventory	13	38	34
Receivables	14	262	795
Cash and cash equivalents	15	1,606	3,911
<b>Total assets</b>		<b>3,364</b>	<b>6,328</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance lease liability	16	65	61
<b>Current liabilities</b>			
Payables	17	988	2,368
Operating lease liability	20	182	123
Finance lease liability	16	56	103
Deferred revenue	18	531	1,133
<b>Total liabilities</b>		<b>1,822</b>	<b>3,788</b>
<b>Total net assets</b>		<b>1,542</b>	<b>2,540</b>
<b>NET ASSETS</b>			
<b>Reserves</b>			
Accumulated surplus		1,542	2,540
<b>Net assets</b>		<b>1,542</b>	<b>2,540</b>

## National Agricultural Marketing Council

### 4.7 Statement of Changes in Net assets

For the year ended 31 March 2011

	Notes	Accumulated surplus R'000
<b>Balance at 1 April 2009</b>		1,160
Surplus for the year		<u>1,380</u>
<b>Balance at 1 April 2010</b>		2,540
Deficit for the year		<u>(998)</u>
<b>Balance at 31 March 2011</b>		<u><u>1,542</u></u>

## National Agricultural Marketing Council

### 4.8 Cash Flow Statement

For the year ended 31 March 2011

	Notes	2010/11 R'000	2009/10 R'000
<b>Cashflow from operating activities</b>			
<b>Cash flow from operating activities</b>			
Cash receipts		32,645	30,640
Grants and transfers		31,194	28,360
Other receipts		1,451	2,280
Cash paid to suppliers and employees		(35,508)	(29,601)
Employee costs		(20,633)	(15,297)
Suppliers		(14,875)	(14,304)
Cash generated from operations	19	<b>(2,863)</b>	<b>1,039</b>
Interest received		1,022	1,141
Finance costs		(24)	(28)
<b>Net cash flows from operating activities</b>		<b>(1,865)</b>	<b>2,152</b>
<b>Cash flow from investing activities</b>			
Proceeds on disposal of assets		-	-
Acquisition of property plant and equipment		(193)	(455)
Acquisition of intangible assets		(88)	(48)
<b>Net cash flows from investing activities</b>		<b>(281)</b>	<b>(503)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(159)	(162)
<b>Net cash flows from financing activities</b>		<b>(159)</b>	<b>(162)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,305)</b>	<b>1,487</b>
<b>Cash and cash equivalents at the beginning of the year</b>	15	<b>3,911</b>	<b>2,424</b>
<b>Cash and cash equivalents at end of year</b>	15	<b>1,606</b>	<b>3,911</b>

## 4.9 ACCOUNTING POLICIES

### For the year ended 31 March 2011

The following are the principal accounting policies of the National Agricultural Marketing Council, which are in all material respects, consistent with those applied in the previous year. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation. The financial statements have been prepared on a going concern basis.

#### 1.1 Reporting institution

These financial statements are for the National Agricultural Marketing Council. The financial statements encompass the reporting as specified in the Public Finance Management Act, No.1 of 1999.

#### 1.2 Functional and presentation currency

The financial statements are presented in South African Rand since that is the currency in which the majority of the entity's transactions are denominated. The figures have been rounded off to the nearest thousand.

#### 1.3 Basis of preparation

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

#### 1.4 Revenue recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business.

##### *Revenue from exchange transactions*

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished and directly gives approximate equal value primarily in the form of goods, services or use of assets or services to the other party in exchange.

##### *Revenue from non-exchange transactions*

Non-exchange transactions are not exchange transactions and include Government Grants and donations.

##### *Government grants*

Grants are recognised when there is reasonable assurance that:

- The entity will comply with the conditions attached to them; and
- The grant will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs, is recognised as income in the

## 4.9 ACCOUNTING POLICIES

### For the year ended 31 March 2011

period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position, by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants relating to income are presented as a credit in the statement of financial performance.

#### *Interest income*

Interest income is recognised when received or receivable.

### 1.5 Finance cost

Finance cost comprises of interest expense on borrowings and finance lease liabilities. All borrowing costs are recognised in surplus or deficit using the effective interest method.

### 1.6 Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including:

- The Public Finance Management Act, Act 1 of 1999, or
- Any provincial legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

Unauthorised expenditure means-

- a) overspending of a vote or main division within a vote,
- b) expenditure not in accordance with the purpose of a vote, or in the case of a main division, not in accordance with the purpose of the main division.

All irregular, fruitless and wasteful expenditure are recognised as expenditure in the statement of financial performance in the period in which they are incurred.

### 1.7 Property, plant and equipment

Property, plant and equipment are tangible assets which are held for use by an organisation in the production or supply of goods and services or for administrative purposes and are expected to be used during more than one financial period.

An item of property, plant and equipment is recognised as an asset if it is probable that economic benefits associated with the item will flow to the entity and the cost can be measured reliably. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Property, plant and equipment are stated in the statement of financial position at cost less any subsequent accumulated depreciation and impairment losses. These assets are depreciated on the straight-line basis at rates which will result in each asset being written off over its useful life. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

## 4.9 ACCOUNTING POLICIES

### For the year ended 31 March 2011

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised within surplus or deficit.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year and adjusted if necessary.

The estimated useful lives of property, plant and equipment are:

<i>Class</i>	<i>Estimated useful life in years</i>
Office equipment	4 - 12 years
Vehicles	5 - 10 years
Computer Equipment	3 - 8 years
Furniture and Fittings	6 - 12 years
Leased equipment	3 years
Leasehold improvements	3 - 5 years
Farming equipment	3 - 5 years

#### *Subsequent cost*

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised as expenditure in the statement of financial performance.

Leasehold improvements are capitalised as the entity controls the assets for the period of the lease.

## 1.8 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently carried at cost less any accumulated amortisation and any impairment losses.

Intangible assets with finite useful lives are amortised on straight line basis over their useful lives.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of each reporting period.

## 4.9 ACCOUNTING POLICIES

### For the year ended 31 March 2011

Amortisation is provided to write down the intangible assets, on a straight line basis, over their useful lives from the date that they are available for use, as follows:

<i>Item</i>	<i>Estimated useful life in years</i>
Computer software	3 years

### 1.9 Impairment

At each reporting date, the entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In determining the value in use, the estimated future cash flows of the asset is discounted to their present value based on discount rates that reflects current market assessments of the time value of money and the risks that are specific to the asset. Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

### 1.10 Leases

#### Operating leases as the lessee

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating lease are charged to statement of financial performance on a straight-line basis over the term of the relevant lease.

#### Finance leases as the lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as assets at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of financial performance.

## 4.9 ACCOUNTING POLICIES

### For the year ended 31 March 2011

#### 1.11 Financial instruments

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

##### Initial recognition

Financial assets and liabilities are recognised in the statement of financial position only when the entity becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

##### Measurement

###### *Financial assets*

The entity's principle financial assets comprise trade and other receivables and cash and cash equivalents. These financial assets are classified as loans and receivables.

Subsequent to initial recognition, non-derivative financial assets are measured as described below:

###### *Trade and other receivables*

Trade and other receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amount of trade and other receivables are reviewed to determine whether there is any objective evidence that the amount are not recoverable. If so, an impairment loss is recognised immediately on the statement of financial performance.

Short term receivables with no stated interest rate are measured at the original invoice amount, if the effect of discounting is immaterial.

###### *Cash and cash equivalents*

For purposes of the cash flow statement as well as the statement of financial position, cash and cash equivalents comprise cash on hand, deposits held and other short-term investments. Cash and cash equivalents are stated at amortised cost.

###### *Financial liabilities*

The entity's principal financial liabilities comprise of trade and other payables and finance lease liabilities. Fair value of non-derivative financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

## 4.9 ACCOUNTING POLICIES

### For the year ended 31 March 2011

#### *Trade and other payables*

The entity's principal trade and other payables relates to the amount owed to the suppliers.

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Interest expenses on these items are recognised in surplus or deficit and they are included in 'finance costs'.

The entity's accrual amount represents goods and services that have been delivered, and an invoice has been received from the supplier but remain unpaid as at year-end.

Short-term payables with no stated interest rate are measured at the original invoice amount, if the effect of discounting is immaterial.

#### *Finance lease liabilities*

Finance lease liabilities are initially recognised at the commencement of the lease term at the fair value of the leased asset, or the present value of the minimum lease payments (if lower). If it is not practicable to determine the interest rate implicit in the lease payments, the incremental borrowing rate of the entity will be used in the calculation.

Subsequent to initial measurement, the outstanding lease liability is periodically reduced over the lease term by that portion of the minimum lease payments that will result in finance charges being allocated over the lease term at a constant periodic interest rate on the remaining balance of the liability.

### **Derecognition of financial instruments**

Financial assets are derecognised when the entity loses control of the contractual rights that comprises the financial assets. The entity loses control if the right to benefits specified in the contract are realised, the rights expire or the organisation surrenders those rights.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

### **1.12 Provisions**

Provisions are recognised when the entity has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

### **1.13 Inventories**

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Net realisable value for consumables is assumed to approximate the cost price due to the relatively short period that these assets are held in stock.

## 4.9 ACCOUNTING POLICIES

### For the year ended 31 March 2011

#### 1.14 Related parties

Related party transactions are transactions that involve the transfer of resources, services or obligation between related parties, regardless of whether a price is charged. Implicit to the definition of related party, there are other government entities and joint ventures which have a significant influence on the National Agricultural Marketing Council and its activities.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly.

#### 1.15 Commitments

Commitments represent the orders issued to the suppliers that have been approved, but where no delivery has taken place as at year end.

Commitments are not recognised in the statement of financial position as a liability and assets but are included in the disclosure notes.

#### 1.16 Employee benefit cost

##### *Short-term employee benefits*

Short-term employee benefits are measured on an undiscounted basis and are expensed in the statement of financial performance in the reporting period that the payment is made.

##### *Retirement benefits*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

The entity operates defined contribution retirement benefit plans for its employees.

Payments to defined contribution plan are charged as an expense as they fall due in the statement of financial performance and they represent the contribution paid to these plans by the entity at a rate specified by the entity's policy.

##### *Accrual for leave pay*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision based on the total cost to company is raised for estimated liabilities as a result of services rendered by employees up to the reporting date.

## 4.9 ACCOUNTING POLICIES

### For the year ended 31 March 2011

#### 1.17 Effects of new GRAP standards

At the date of authorisation of these financial statements, the following accounting standards of Generally Recognized Accounting Principles (GRAP) were in issue, but not yet effective;

- GRAP 21: Impairment of Non-cash-generating Assets
- GRAP 23: Revenue from Non- exchange Transactions (Taxes and Transfers)
- GRAP 25: Employee Benefits
- GRAP 26: Impairment of Cash-generating Assets
- GRAP 103: Heritage Assets
- GRAP 104: Financial Instruments

The effective date of the above standards is not yet determined. The effect of adopting these GRAP Standards when they become effective is not expected to have a significant impact on the financial statements as the principles are similar to those already applied under the equivalent Statements of SA GAAP.

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

	2010/11 R'000	2009/10 R'000
<b>2. Non-exchange revenue</b>		
Department of Agriculture – MTEF allocation	31,194	28,360
Other income	1,451	2,007
<b>Total</b>	<b>32,645</b>	<b>30,367</b>
<b>3. Exchange revenue</b>		
Interest revenue - bank	1,022	1,141
<b>Total</b>	<b>1,022</b>	<b>1,141</b>
<b>4. Administrative expenses</b>		
General administrative expenses	660	601
Audit committee fees	156	21
Audit fees: External	281	349
Bank charges	29	31
Bad debt written off	-	-
Impairment of staff loans	-	-
Internal audit fees	382	336
Promotions and publicity	52	32
Refreshments and catering	382	231
Stationery and printing	457	306
Training and development	453	456
Venues and facilities – office parking	218	181
<b>Total</b>	<b>3,070</b>	<b>2,544</b>
<b>5. Personnel expenditure</b>		
Salaries – non-senior management	11,640	7,151
Basic salaries	10,378	5,533
Performance awards	942	1,166
Other non-pensionable allowance	275	390
Leave payments on resignation	45	62
Social contributions	1,217	801
UIF	47	41
Other salary related cost	27	12
Pension	1,143	748
Senior management remuneration	7,582	6,776
Council members' remuneration	478	397
<b>Total</b>	<b>20,917</b>	<b>15,125</b>

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

	2010/11 R'000	2009/10 R'000
<b>6. Operating expenses</b>		
Communication costs	221	240
Consultants, contractors and special services	160	143
Courier and delivery charges	16	21
Computer consumables	18	-
Equipment items expensed	-	24
Fruitless and wasteful expenditure	-	-
Irregular expenditure	-	-
Maintenance, repairs and running costs	26	34
Office Rent	1,394	1,122
- Municipal charges	210	145
- Levy costs	245	204
- Rentals in respect of operating lease	939	773
Research, workshops and investigations	5,899	7,579
Section 7 and workgroup investigations	240	708
Travel and subsistence	2,166	2,083
<b>Total</b>	<b>10,140</b>	<b>11,954</b>
<b>7. Depreciation, amortisation and impairment</b>		
Depreciation on property, plant and equipment	454	423
Amortisation on intangible assets	78	51
<b>Total</b>	<b>532</b>	<b>474</b>
<b>8. Finance costs</b>		
Finance leases	24	28
<b>Total</b>	<b>24</b>	<b>28</b>

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

#### 9. Council member's emoluments

Members Name	2011		2010 Total amount paid R'000
	Fees for services R'000	Other payments R'000	
Ms Ntombi Msimang	108	4	112
Prof Mohammad Karaan	11	1	12
Ms Mina Gill (Audit & Risk Committee member)	75	27	102
Ms Makgoro Manny	55	8	63
Mr Andre Young	42	10	52
Prof Johann Kirsten (Audit & Risk Committee member)	35	-	35
Ms Cynthia Molo	16	6	22
Mrs Lillibeth Moolman	46	2	48
Mr Derrick Montshwe	26	6	32
Prof Herman van Schalkwyk	-	-	-
<b>Total</b>	<b>414</b>	<b>64</b>	<b>478</b>

Total	Total
R'000	R'000
156	21
43	8
63	2
50	11

#### Remuneration paid to audit and risk committee members

Chairperson: P. Slack

Member: R. Matlou

Member: M. Moja

## National Agricultural Marketing Council

## 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

## 10. Senior managers' emoluments

Members Name	Basic salary R'000	Allowances R'000	Performance bonus R'000	Pension contribution R'000	UIF R'000	Other R'000	Total amount paid 2011 R'000	Total amount paid 2010 R'000
Mr R Ramabulana CEO	950	182	324	162	2	-	1,620	1,291
Mr Aveen Rampershad CFO (April - August 2009)	-	-	-	-	-	-	-	363
Ms Nokukhanya Mahlathi Acting: CFO ( September - December 2009)	-	-	-	-	-	-	-	280
Ms Nokukhanya Mahlathi Project Manager ( January - March 2010)	-	-	-	-	-	-	-	210
Mrs F Muvhulawa CFO	868	-	248	124	2	-	1,242	218
Prof A Jooste Senior Manager - MERC	719	47	182	109	2	-	1,059	1,041
Mr Schalk Burger Senior Manager – Statutory measures	668	-	159	95	1	-	923	748
Mr H Mohane Senior Manager – Agribusiness	668	-	127	95	1	-	891	655
Mr Z Xalisa Senior Manager – Agritrust	668	-	127	95	1	-	891	515
Ms V Nkobi Senior Manager: Human resources	668	-	191	95	2	-	956	383
Ms Joyce Sethu HR Manager	-	-	-	-	-	-	-	862
Mr Gilly Mavela Dlamini Senior researcher - MERC	-	-	-	-	-	-	-	210
<b>Total</b>	<b>5,209</b>	<b>229</b>	<b>1,358</b>	<b>775</b>	<b>11</b>	<b>-</b>	<b>7,582</b>	<b>6,776</b>

**National Agricultural Marketing Council**  
**4.10 Notes to the Annual Financial Statements**  
For the year ended 31 March 2011

**11. Property, Plant and Equipment**  
2010/11

	Balances as at 01 April 2010			Movement for the year			Balances as at 31 March 2011		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions	Disposal	Depreciation	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Own Assets</b>									
Office Equipment	161	(85)	76	1	-	(13)	162	(98)	64
Vehicles	321	(267)	54	-	-	-	321	(267)	54
Computer Equipment	719	(250)	469	112	-	(144)	831	(394)	437
Office Furniture & Fittings	638	(256)	382	84	-	(65)	722	(321)	401
Farming Equipment	36	(4)	32	-	-	(7)	36	(11)	25
<b>Leased assets</b>									
Leased office equipment	690	(569)	121	164	(47)	(124)	251	(137)	114
Leasehold improvements	502	(153)	349	-	-	(101)	502	(254)	248
<b>Total</b>	<b>3,067</b>	<b>(1,584)</b>	<b>1,483</b>	<b>361</b>	<b>(47)</b>	<b>(454)</b>	<b>2,825</b>	<b>(1,482)</b>	<b>1,343</b>

**2009/10**

	Balances as at 01 April 2009			Movement for the year			Balances as at 31 March 2010		
	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount	Additions	Disposal	Depreciation	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Own Assets</b>									
Office Equipment	118	(82)	36	43	-	(3)	161	(85)	76
Vehicles	321	(267)	54	-	-	-	321	(267)	54
Computer Equipment	752	(390)	362	235	(3)	(125)	719	(250)	469
Office Furniture & Fittings	512	(213)	299	127	-	(43)	638	(256)	382
Farming Equipment	-	-	-	36	-	(4)	36	(4)	32
<b>Leased assets</b>									
Leased office equipment	690	(420)	270	-	-	(149)	690	(569)	121
Leasehold improvements	488	(54)	434	14	-	(99)	502	(153)	349
<b>Total</b>	<b>2,881</b>	<b>(1,426)</b>	<b>1,455</b>	<b>455</b>	<b>(3)</b>	<b>(423)</b>	<b>3,067</b>	<b>(1,584)</b>	<b>1,483</b>

**National Agricultural Marketing Council**  
**4.10 Notes to the Annual Financial Statements**  
 For the year ended 31 March 2011

12. Intangible assets

2010/11	Balances as at 01 April 2010			Movement for the year			Balances as at 31 March 2011		
	Gross carrying amount R'000	Accumulated depreciation and impairment R'000	Net carrying amount R'000	Additions R'000	Disposal R'000	Amortisation charge R'000	Gross carrying amount R'000	Accumulated depreciation and impairment R'000	Net carrying amount R'000
Computer software	191	(86)	105	88	-	(78)	279	(164)	115
<b>Total</b>	<b>191</b>	<b>(86)</b>	<b>105</b>	<b>88</b>	<b>-</b>	<b>(78)</b>	<b>279</b>	<b>(164)</b>	<b>115</b>

2009/10	Balances as at 01 April 2009			Movement for the year			Balances as at 31 March 2010		
	Gross carrying amount R'000	Accumulated depreciation and impairment R'000	Net carrying amount R'000	Additions R'000	Disposal R'000	Amortisation charge R'000	Gross carrying amount R'000	Accumulated depreciation and impairment R'000	Net carrying amount R'000
Computer software	143	(35)	108	48	-	(51)	191	(86)	105
<b>Total</b>	<b>143</b>	<b>(35)</b>	<b>108</b>	<b>48</b>	<b>-</b>	<b>(51)</b>	<b>191</b>	<b>(86)</b>	<b>105</b>

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

	2010/11 R'000	2009/10 R'000
<b>13. Inventory</b>		
Consumable stores	38	34
<b>Total</b>	<u><u>38</u></u>	<u><u>34</u></u>
<b>14. Receivables</b>		
Sundry debtors	153	314
Prepayments	15	401
Rental deposit (property lease)	94	80
<b>Total</b>	<u><u>262</u></u>	<u><u>795</u></u>
<b>15. Cash and cash equivalents</b>		
Current account	1,603	1,517
Cash on hand	3	3
Short-term investments	-	2,391
<b>Total</b>	<u><u>1,606</u></u>	<u><u>3,911</u></u>

Cash and cash equivalents comprise cash and short-term highly liquid investments, that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates their fair value.

#### Fair value

The fair value of trade and other receivables is approximating the current values as interest is based on market related rates.

#### 16. FINANCE LEASE LIABILITY

Finance lease liability	121	164
Less: Current portion	(56)	(103)
<b>Outstanding balance</b>	<u><u>65</u></u>	<u><u>61</u></u>

The National Agricultural Marketing Council has during the period under review made a total contribution of R159,000 to finance leases as defined in IAS 17.

The NAMC is leasing photocopiers and a PABX system under finance leases. Obligations under finance leases are secured by the lessor's title to the leased assets. The interest rate implicit in the lease was estimated to be the prime bank rate at the inception of the lease.

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

	2010/11 R'000	2009/10 R'000
Reconciliation between the minimum lease payments and the present value:		
<i>Minimum lease payments</i>	<b>121</b>	<b>164</b>
Payable within 1 year	65	115
Payable within 1 - 5 years	69	64
Less interest portion	(13)	(15)
<i>Present value of minimum lease payments</i>	<b>121</b>	<b>164</b>
Payable within 1 year	56	103
Payable within 1 - 5 years	65	61

#### 16.1 Finance lease commitments

The entity has entered into finance lease agreement with Nashua as at 01 April 2011, the total amount of the contract is R 205,077

#### 17. Payables

Trade creditors	468	2,143
Sundry creditors	-	-
Leave accrual	520	225
<b>Total</b>	<b>988</b>	<b>2,368</b>

The leave accrual is calculated by using the total cost to company of the employee, multiplied by the leave days due at year end.

#### 18. Deferred revenue

Commark Trust	-	893
International Trade Centre	369	-
Food and Agriculture Organisation (FAO)	-	47
SA Grant	-	-
Making Markets Matter	-	28
Agricultural Marketing Scheme and Grain Farmer Development Trust (AMS&GFD)	162	165
<b>Total</b>	<b>531</b>	<b>1,133</b>

Deferred revenue reflects that amount of income received during the current and previous financial year, but which will be utilised in the 2011/12 financial year for research projects and Agricultural Marketing Scheme and Grain Farmer Development Trust.

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

#### 19. Reconciliation of deficit for the year to net cash flows from operating activities

	2010/11	2009/10
	R'000	R'000
Surplus/(deficit)	(998)	1,380
Adjusted for:		
Profit/ Losses on disposal of fixed assets	(18)	3
- Amortisation on intangible assets	78	51
- Interest received	(1,022)	(1,141)
- Finance cost	24	28
-Adjustment prior year expenditure		-
Donation received	4	-
- Depreciation on property, plant and equipment	454	423
Operating cash flows before working capital changes	(1,478)	744
Working capital changes	(1,385)	295
Decrease /(Increase) in receivables	533	(733)
(Increase)/ Decrease in inventory	(4)	(34)
Adjustment prior year expenditure		-
(Decrease)/Increase in payables	(1,914)	1,062
<b>Net cash generated from operations</b>	<b>(2,863)</b>	<b>1,039</b>

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

	2010/11 R'000	2009/10 R'000
<b>20. Operating lease commitment</b>		
<b>The entity as lessee</b>		
At the reporting date the entity had outstanding commitments under a non-cancellable operating lease for the rental of office space, which are due as follows:		
Up to 1 year	910	827
Between 1 and 5 years	1,357	2,261
<b>Total</b>	<b>2,267</b>	<b>3,088</b>

Operating lease expenditure is recognised in the statement of financial performance on a straight line basis over the period of the lease.

Operating lease expenditure recognised in the statement of financial performance on a straight line basis.

	<b>939</b>	<b>773</b>
<b>Amount deferred to the statement of financial position due to straight-lining</b>	<b>182</b>	<b>123</b>

### 21. Finance lease liability

#### The entity as lessee

Up to 1 year		
- Future minimum lease payments	65	115
- Less: Finance charges	(9)	(12)
- Present value of the future minimum lease payments	<b>56</b>	<b>103</b>
Between 1 and 5 years		
- Future minimum lease payments	69	64
- Less: Finance charges	(4)	(3)
Present value of the future minimum lease payments	<b>65</b>	<b>61</b>

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

#### 22. Financial instruments

##### Introduction and overview

This note represents information about the entity's exposure to each of the below risks, the entity's objectives, policies and processes for measuring and managing risk, and the entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The entity has exposure to the following risks from its use of financial instruments:

Credit risk - the risk of financial loss to the entity if a counterparty to a financial instrument fails to meet its contractual obligations.

Liquidity risk - the risk that the entity will not be able to meet its financial obligations as they fall due.

Market risk - the risk that changes in market prices, such as interest rates, will affect the entity's income or the value of its holdings of financial instruments. Market risk comprises interest rate risk, currency risk and other price risk.

The Chief Executive Officer has the overall responsibility for managing and monitoring the financial risks to which the entity is exposed and how financial risks in general are managed and monitored.

The following are the carrying values of the NAMC's financial instruments per category:

	Note	Carrying amount 2011 R'000	Carrying amount 2010 R'000
<b>Loans and receivables</b>		<b>1,868</b>	<b>4,706</b>
Cash and cash equivalents	15	1,606	3,911
Receivables	14	262	795
<b>Financial liabilities at amortised cost</b>		<b>1,109</b>	<b>2,532</b>
Finance leases	16	121	164
Payables	17	988	2,368

The carrying amount of receivables approximates fair value due to the relatively short-term maturity of this financial asset.

The carrying amount of payables approximates fair value due to the relatively short-term maturity of this financial liability.

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

#### 22. Financial instruments (continued)

The following table presents the gains or losses per financial instrument category:

	Loans and receivables	Other financial liabilities	Total
	R'000	R'000	R'000
<b>2011</b>			
Interest income	1,022	-	1,022
Finance costs	-	(24)	(24)
<b>Total</b>	<b>1,022</b>	<b>(24)</b>	<b>998</b>
<b>2010</b>			
Interest income	1,141	-	1,141
Finance costs	-	(28)	(28)
<b>Total</b>	<b>1,141</b>	<b>(28)</b>	<b>1,113</b>

#### Exposure to risks: Credit risk

Financial assets, which potentially subject the entity to the risk of default by counter parties and thereby subject the entity to concentrations of credit risk, consist mainly of cash and cash equivalent and receivables. Receivables consists mainly of prepayments made to suppliers per request by the suppliers, rental deposits and trade receivables with a maximum exposure to credit risk equal to the carrying value of these instruments.

Cash and cash equivalents are placed with high credit quality financial institutions therefore the credit risk with respect to cash and equivalents is limited.

Credit risk with respect to receivables is limited due to the nature of the NAMC's revenue transactions. The NAMC trades only with recognised, creditworthy third parties and all debtors are requested to settle their accounts within 30 days. The entity does not have any significant exposure to any individual customer or counter-party. Accordingly, the entity does not consider there to be any significant concentration of credit risk, which had not been adequately provided for. Receivables are presented net of the allowance for doubtful debts.

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

#### 22. Financial instruments (continued)

The maximum exposure to credit risk at the reporting date was:

##### Loans and receivables

Cash and cash equivalents - AA rating

Receivables - unrated

	Carrying amount 2011 R'000	Carrying amount 2010 R'000
	<b>1,868</b>	<b>4,706</b>
Cash and cash equivalents - AA rating	1,606	3,911
Receivables - unrated	262	795

The following table provides information regarding the credit quality of assets which may expose the NAMC to

	2011		2010	
	Gross R'000	Impairment R'000	Gross R'000	Impairment R'000
Cash and equivalents				
Neither past due nor impaired	1,606	-	3,911	-
Receivables				
Neither past due nor impaired	262	-	795	-
<b>Total</b>	<b>1,868</b>	<b>-</b>	<b>4,706</b>	<b>-</b>

##### Exposure to risks: Liquidity risk

The entity minimises this risk by ensuring that enough cash reserves are available to cover its current liabilities through the analysis of the commitments against the cash available in our current and call accounts.

The following table reflects the NAMC's exposure to liquidity risk from financial liabilities:

	Carrying amount	Total contractual cash flows	Not later than one year	1-5 years
	R'000	R'000	R'000	R'000
<b>31-Mar-11</b>				
Finance lease liabilities	121	121	56	65
Payables	988	988	988	-
<b>Total</b>	<b>1,109</b>	<b>1,109</b>	<b>1,044</b>	<b>65</b>
<b>31-Mar-10</b>				
Finance lease liabilities	164	164	103	61
Payables	2,368	2,368	2,368	-
<b>Total</b>	<b>2,532</b>	<b>2,532</b>	<b>2,471</b>	<b>61</b>

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

#### 22. Financial instruments (continued)

##### *Exposure to risk: Market risk*

##### *Interest rate risk*

The entity's exposure to market risk (in the form of interest rates risk) arises primarily from the entity's investment in cash and cash equivalents and the obligations in respect of the entity's finance leases. The entity's financial assets and financial liabilities are managed in such a way that the fluctuations in variable rates do not have material impact on the surplus or deficit as the entity settles its outstanding obligation within 30 days and interest on outstanding debts is charged monthly using the applicable interest rates. Refer to the sensitivity analysis below to illustrate the possible effect of changes in the variable interest rate on the financial assets and liabilities.

##### **Concentration of interest rate risk**

	<b>2011</b>	<b>2010</b>
	<b>R'000</b>	<b>R'000</b>
<i>Variable rate instruments</i>		
Financial assets	1,606	3,911
Deferred income reflects that amount of income received during the current and previous financial year financial year, but which will be utilised in the 2011/12 financial year for research projects and Agricultural Marketing Scheme and Grain Farmer Development Trust.	-	-
Financial Liabilities	(121)	(164)
<b>Total</b>	<b><u>1,485</u></b>	<b><u>3,747</u></b>
<i>Fixed rate instruments</i>		
Financial liabilities: Accounts payable	988	2,368
Financial assets: Accounts receivable	262	795
<b>Total</b>	<b><u>1,250</u></b>	<b><u>3,163</u></b>

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

#### 22. Financial instruments (continued)

A 1% change in the market interest rate on the outstanding balances of the following instruments at year end will have the following effect per annum:

	Change in interest rate	Increase/(decrease) in net surplus for the year	
		Upward change R'000	Downward change R'000
<b>2011/03/31</b>			
Cash and cash equivalents	1%	16	(16)
Finance lease	1%	(1)	1
<b>2010/03/31</b>			
Cash and cash equivalents	1%	39	(39)
Finance lease	1%	(3)	3

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

	2010/11 R'000	2009/10 R'000
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#### 23. Tax exemption

The NAMC is exempted from income tax in terms of Section 10(1)(a) of the Income Tax Act, 1962.

#### 24. Related parties

##### Relationship

In accordance with the requirements of IPSAS 20 and SAICA circular 04/05, all public entities within the national sphere of government are related parties.

The following are the transactions and balances between the NAMC and its related parties:

##### Transactions

Department of Agriculture - Grant	31,194	28,360
Telkom – telephone expenses	221	240
South African Revenue Services – PAYE/UIF	4,797	3,512

##### Outstanding balances

Telkom - Telephone expenses	16	20
-----------------------------	----	----

#### 25. Significant estimates and judgement made by management

The entity has in the period under review assessed the useful lives of property plant and equipment. The assumption used in determining the useful lives and residual values were based on the following:

- (i) Asset type and what it is made of.
- (ii) Asset special features.
- (iii) Asset condition i.e the physical condition and age of the assets.
- (iv) The rate of use of assets, number of users and location.
- (v) The residual value for vehicles were set at the industry second hand value

For finance leases the market rate of interest is determined by reference to the prime rate at the inception of the lease.

## National Agricultural Marketing Council

### 4.10 Notes to the Annual Financial Statements

For the year ended 31 March 2011

#### 26. Reconciliation of budget with deficit in the statement of financial performance

	<b>2011</b>
	<b>R'000</b>
Net deficit per the statement of financial performance	(998)
Adjusted for:	
Profit on the sale of assets	(18)
Increase in provisions for the year	295
Movement in operating lease liability	59
Inventory valuation adjustment	(4)
Depreciation and Amortization	532
Donation received	(4)
Underspending on finance charges	(12)
Underspending on assets purchased	(4)
Sponsorship and other income received in excess of budget	(1,173)
Overspending on personnel expenditure	1,750
Underspending on other expenditure	(423)
<b>Net surplus / (Deficit) per approved budget</b>	<b>-</b>

#### 27. Commitments schedule for the orders issued to the suppliers as at 31 March 2011

Amazing print	2
Adshaw Rifumo Trading	2
Kwathano Tours & Safaris cc	2
South African Institute of Professional Accountant	3
Southern Sun Hotel	2
<b>Total</b>	<b>11</b>

#### 28. Change in accounting estimate

During the current period management have reviewed the useful lives and residual values of the entity's property, plant and equipment and have restated the depreciation figures prospectively. The effect of this review has decreased the depreciation charges for the current and future periods by R7,134.

#### 29. Reconciliation of irregular expenditure

	<b>2011</b>	<b>2010</b>
Opening balance	1,051	1,051
Less amount condoned	(1,051)	-
<b>Closing balance</b>	<b>-</b>	<b>1,051</b>

As at 31 March 2010, the NAMC did not get a formal approval of the irregular expenditure from the Council, the approval to condone the irregular expenditure was formally granted after the end of the financial year 2009/10, this has now been reversed.

# PART 5

## ANNEXURES



## PART 5: ANNEXURES

### ANNEXURE A: CONTACT DETAILS OF INDUSTRY STRUCTURES

#### 1. CONTACT DETAILS OF TRUSTS

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Citrus Industry Trust	Citrus	Ms Elsa Taylor PO Box 359 GROENKLOOF 0027	012 667 3113	012 667 3128	emtaylor@iafrica.com
Cotton Trust	Cotton	Mr Koot Louw PO Box 912232 SILVERTON 0127	012 8042900	012 804 2915	kootlouw@cottonsa.org.za
Deciduous Fruit Industry Development Trust	Deciduous fruit	Mr Anton Rabe PO Box 163 PAARL 7620	021 870 2900	021 871 1305	anton@hortgro.co.za
National Lucerne Trust	Lucerne	Mr Derick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern@mweb.co.za
Maize Trust	Maize	Mr Leon du Plessis PO Box 12203 QUEENSWOOD 0121	012 333 3429	012 333 3634	l-lagric@mweb.co.za

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Meat Industry Trust	Red meat	Ms Alet du Plessis PO Box 36802 MENLOPARK 0102	012 348 7572	012 361 9837	aletd@levyadmin.co.za
Mohair Trust	Mohair	Mr Deon Saayman PO Box 2243 PORT ELIZABETH 6056	041 487 1386	041 487 1336	deon@mohair.co.za
Oil and Protein Seed Development Trust	Oilseeds	Mr Gerhard Keun PO Box 5562 RIVONIA 2128	011 234 3400	011 234 3402	oliesade@worldonline.co.za
Potato Industry Development Trust	Potatoes	Elsabi Els Private Bag x 135 PRETORIA 0001	012 349 1906	012 325 6102	elsabe@agric.co.za www.potatoes.co.za
Sorghum Trust	Sorghum	Mr Leon du Plessis PO Box 12203 QUEENSWOOD 0121	012 333 3429	012 333 3634	l-lagric@mweb.co.za
Winter Cereal Trust	Winter cereals	Mr Awie Coetzee PO Box 7088 CENTURION 0046	012 663 1660	012 663 3109	wct@grainmilling.co.za
SA Wine Industry Trust	Wine	Mr Charles Erasmus Private Bag x 34ELLENBOSCH 7599	021 809 3164	021 889 5900	charleserasmus@live.co.za
Wool Trust	Wool	Mr André van de Venter PO Box 2500 PORT ELIZABETH 6056	041 484 4307	041 484 4309	andre@wooltrust.co.za

## 2. CONTACT DETAILS OF INDUSTRY SERVICE SECTION 21 COMPANIES

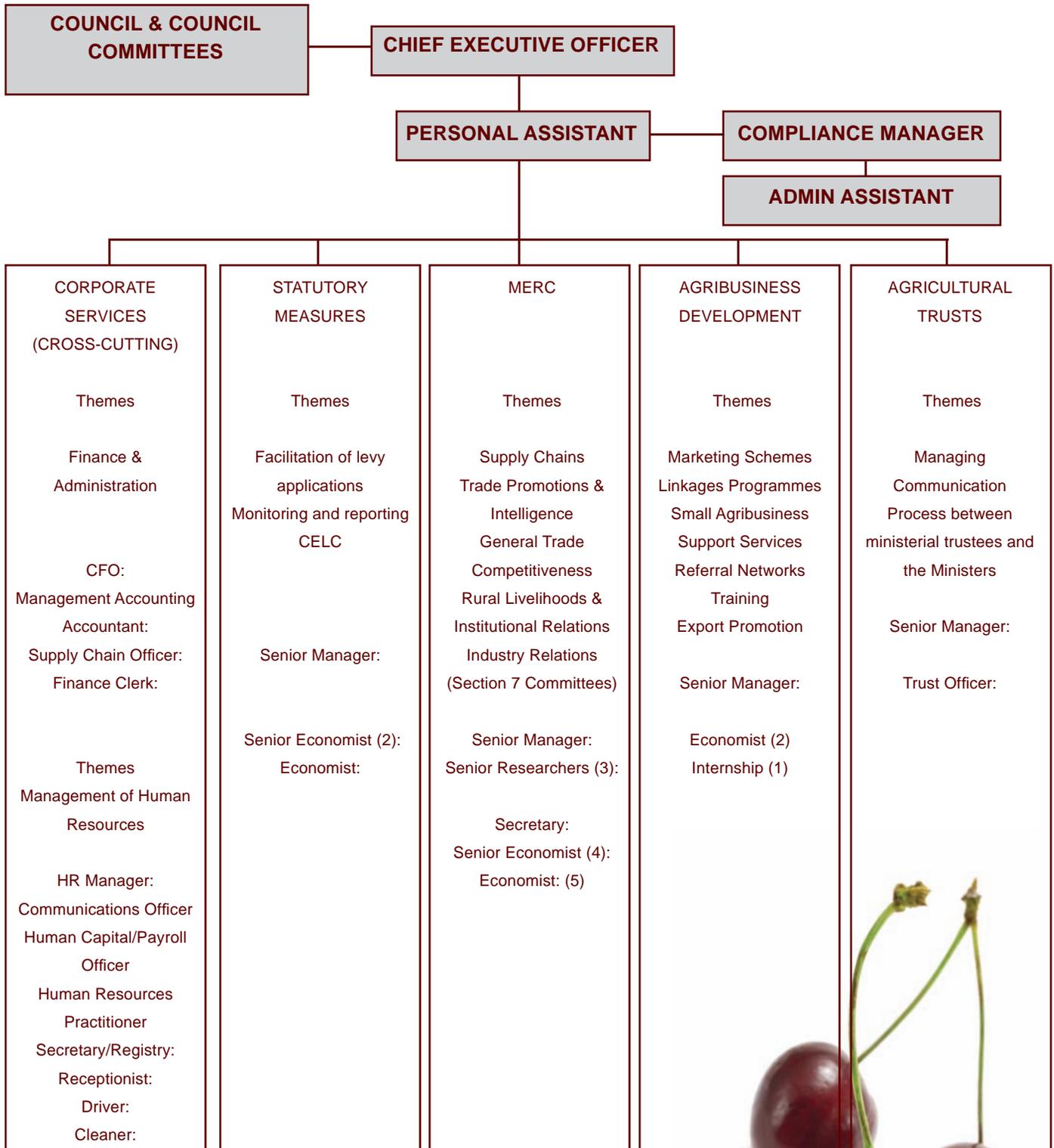
Name	Commodities	Contact details	Tel	Fax	E-mail and website
Cape Wool SA	Wool	Mr Andre Strydom PO Box 2191 Port Elizabeth 6056	041 484 4301	041 484 6792	stats@capewools.co.za www.capewools.co.za
Citrus Growers' Association of Southern Africa	Citrus	Mr Justin Chadwick PO Box 461 HILL-CREST 3650	031 765 2514	031 765 8029	justchad@iafrica.com www.cga.co.za
Cotton SA	Cotton	Mr Hennie Bruwer PO Box 912232 SILVERTON 0127	012 804 1462	012 804 8616	henniebruwer@cottonsa.org.za
Dried Fruit Technical Services	Dried fruit	Mr Dappies Smit PO Box 426 PAARL 7620	021 872 1502	021 872 2675	dappies@dtd.co.za
Lucerne Seed Organisation	Lucerne seed	Mr Derick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern1@mweb.co.za
Milk South Africa	Milk and dairy products	Mr Nico Fouche PO Box 1961 BROOKLYN SQUARE 0075	012 460 7312	012 460 9909	admin@milksa.so.za
Mohair South Africa	Mohair	Mr Deon Saayman P O Box 2243 SYDENHAM PE 6056	041 487 1386	041 487 1336	info@mohair.co.za www.mohair.co.za
SATI ( South African Table Grape Industry)	Table grapes	Ms Elaine Alexander P O Box 2932 PAARL 7620	021 872 1438	021 872 4375	rhomona@satgi.co.za www.satgi.co.za
SAGIS (South African Grain Information Service)	Barley, canola, groundnuts, maize, oats, sorghum, soybeans, sunflower seed and wheat	Ms Anna Enslin PO Box 669 PRETORIA 0001	012 523 1400	012 523 1401	management@sagis.org. www.sagis.org.za
South African Grain Laboratory	Wheat, oats, maize, malt, sorghum and other grains	Ms Wiana Louw Private Bag x1 The Willows 0041	012 807 4019	086 216 7672	info@sagl.co.za www.sagl.co.za

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Wildlife Ranching South Africa	Wildlife	Mr Reinhardt Holtzhausen PO Box 23073 GEZINA 0031	012 335 6994	012 335 1059	office@wrsa.co.za www.wrsa.co.za
South African Ostrich Business Chamber	Ostriches	Mr Anton Kruger PO Box 952 OUDTSHOORN 6620	044 272 3336	044 272 3337	akruger@saobc.co.za www.ostrichsa.co.za
South Africa Poultry Association	Poultry	Mr David Hughes PO Box 1202 HONEYDEW 2040	011 795 2051	011 795 3180	sapa@sapoultry.co.za www.sapoultry.co.za
SAWIS (South African Wine Industry Information and Systems)	Wine	Ms Yvette Van der Merwe PO Box 238 PAARL 7620	022 423 8692	021 871-1360	Yvette@sawis.co.za mailto: www.sawis.co.za
WINETECH (Wine industry Network of Expertise and Technology)	Wine	Mr Jan Booysen PO Box 528 SUIDER-PAARL 7624	021 807 3324	021 807 3385	booyensj@kwv.co.za http://www.winetech.co.za
WOSA (Wines of South Africa)	Wine	Ms Su Birch PO Box 987 STELLENBOSCH 7599	021 883 3860	021 883 3861	info@wosa.co.za http://www.wosa.co.za
Potatoes SA	Potatoes	Mr Gawie Geyer Private Bag X135 PRETORIA 0001	012-349 1906	012-325-6102	ggeyer@agric.co.za
South African Flower Growers' Association	Flowers	Mr Dirk de Bruin PO Box 1927 KRUGERSDORP 1740	011-692-4237	011-693-7051	safflower@global.co.za www.safflower.co.za
South African Protea Producers and Exporters Association	Flowers	Me Maryke Middlemann Private Bag X12 BOT RIVER 7185	028-284- 9745	028-284-9777	sappex@honingklip.co.za
SAMIC (South African Meat Industry Company)	Red meat	Mr Rudi Van der Westhuizen PO Box 26151 ARCADIA 0007	012 361 4545	012 361 6004	ceo@samic.co.za www.samic.co.za

## 3. CONTACT DETAILS OF FORUMS/BROADER INDUSTRY POLICY BODIES

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Fresh Produce Exporters' Forum	Citrus, deciduous fruits and subtropical fruit	Mr Stuart Symington PO Box 190 NEULANDS 7725	021 674 3202	021 683 6280	info@fpf.co.za www.fpf.co.za
Deciduous Canning Fruit Forum	Deciduous Canning Fruit	Mr SJ Victor PO Box 414 PAARL 7620	021 872 1401	021 872 2675	inmaak@mweb.co.za
Meat Industry Forum	Red meat	Mr Dave Ford PO Box 244 LA MONTAGNE 0184	012 667 1189	012 667 1246	dave@safeedlot.co.za www.safeedlot.co.za
SA Groundnut Forum SA Sunflower Forum SA Soya Bean Forum	Groundnuts Sunflowers Soya beans	Mr Gerhard Keun PO Box 5562 RIVONIA 2128	011 234 3400	011 234 3402	oliesade@worldonline.co.za
Sorghum Forum	Sorghum	Mr Leon du Plessis PO Box 74626 lynwoodridge 0040	012 807 3958	012 807 7090	l-lagric@mweb.co.za
Wheat Forum	Wheat	Mr Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 807 7090	l-lagric@mweb.co.za
Wool Industry Forum	Wool	Mr Andre Strydom PO Box 2191 NOORDEINDE PORT ELIZABETH 6056	041 484 4301	041 484 6792	capewool@capewools.co.za
Lucerne Industry Forum	Lucerne seed	Mr Derrick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern1@mweb.co.za
Maize Forum	Maize	Mr Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 807 7090	l-lagric@mweb.co.za

**ANNEXURE B: NAMC ORGANISATIONAL STRUCTURE (Effective until 31 March 2011)**



**ANNEXURE C: NAMC COUNCIL MEMBERS 2010/11**



**MS N MSIMANG  
(CHAIRPERSON)**



**DR M KARAAN  
(VICE-CHAIRPERSON)**



**MS M GILL  
(COUNCIL MEMBER)**



**PROF JF KIRSTEN  
(COUNCIL MEMBER)**



**MS M MANNYA  
(COUNCIL MEMBER)**



**MR D MONTSHWE  
(COUNCIL MEMBER)**



**MS C MOLO  
(COUNCIL MEMBER)**



**MS SE MOOLMAN  
(COUNCIL MEMBER)**



**MR AD YOUNG  
(COUNCIL MEMBER)**

**ANNEXURE D: ABBREVIATIONS AND ACRONYMS**

ARC	Agricultural Research Council
BRIC	Brazil, Russia, India, and China
CELC	Crop Estimates Liaison Committee
CEO	Chief Executive Officer
CFP	Custom Feeding Programme
DAFF	Department of Agriculture, Forestry and Fisheries
DAGs	Directly Affected Groups
DTI	Department of Trade and Industries
ECRMP	Eastern Cape Red Meat Programme
EE	Employment Equity
ENE	Estimation of National Expenditure
EWP	Employee Wellness Programme
FAO	Food and Agricultural Organisation
FPM	Food Price Monitoring
GRAP	Generally Recognised Accounting Practice
HCM	Human Capital Management
HR	Human Resources
HRM	Human Resources Management
IT	Information Technology
ITC	International Trade Centre
MAPA	Marketing of Agricultural Product Act
MERC	Markets and Economic Research Centre
MTEF	Medium Term Expenditure Framework
NAMC	National Agricultural Marketing Council
NERSA	National Energy Regulator of South Africa
NLT	National Lucerne Trust
ORCA	Outsourced Risk and Compliance Assessment
PAA	Public Audit Act
PDIs	Previously Disadvantaged Individuals
PFMA	Public Finance Management Act
PPI	Producer Price Index
PSA	Potatoes South Africa
SAFEX	South African Futures Exchange
SAGIS	South African Grain Information Service
SAMIC	South African Meat Industry Company
SAPA	Southern African Poultry Association
SAPPO	South African Pork Producers' Organisation
SAWIS	South African Wine Industry Information and System
VAT	Value Added Tax
WIDA	Wine Industry Development Association
WINETECH	Wine Industry Network of Expertise and Technology
WOSA	Wine of South Africa
WTO	World Trade Organisation











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