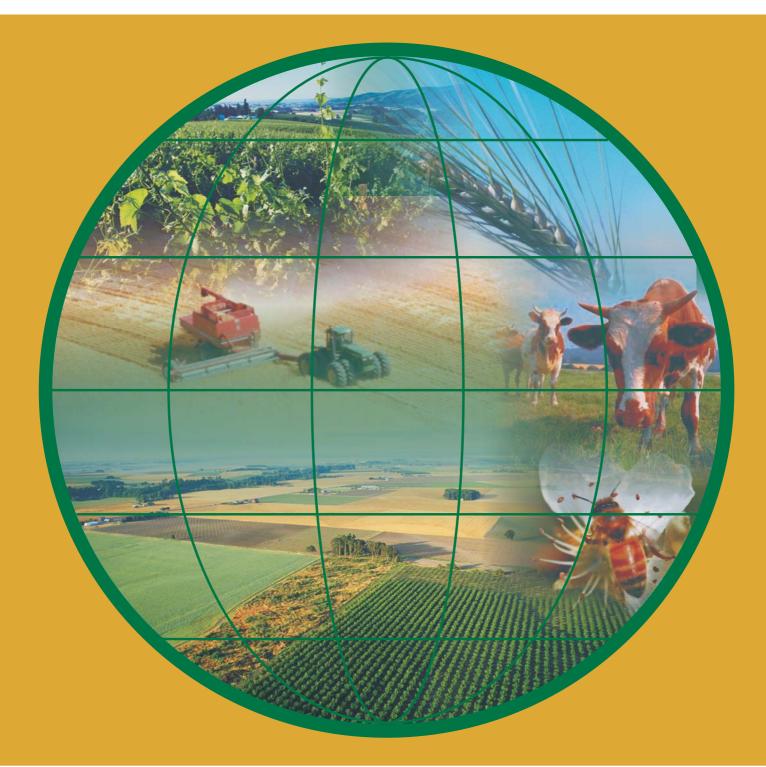


National Agricultural Marketing Council

Strategic positioning of South African Agriculture in dynamic global markets



Annual Report 2007

ANNUAL REPORT OF THE NATIONAL AGRICULTURAL MARKETING COUNCIL (NAMC)

2007



National Agricultural Marketing Council

Strategic positioning of South African Agriculture in dynamic global markets

2007 I



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SEPTEMBER 2007

NAMC COUNCIL MEMBERS









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Mr. Z. Duze Council Member



Mr. A. Jeftha Council Member



Mr. G.P. Dall Council Member



Dr. M. Karaan Chairperson



Ms. C. Maku Council Member



Prof. J. F. Kirsten Council Member



Ms. L. Keyter Council Member



Ms. D. Ndaba Vice-Chairperson



Mr. F. Lawrence Council Member



Ms. S.E. Moolman Council Member

VISION

To be the most efficient and effective marketing advisor in the marketing of agricultural products in South Africa

MISSION STATEMENT

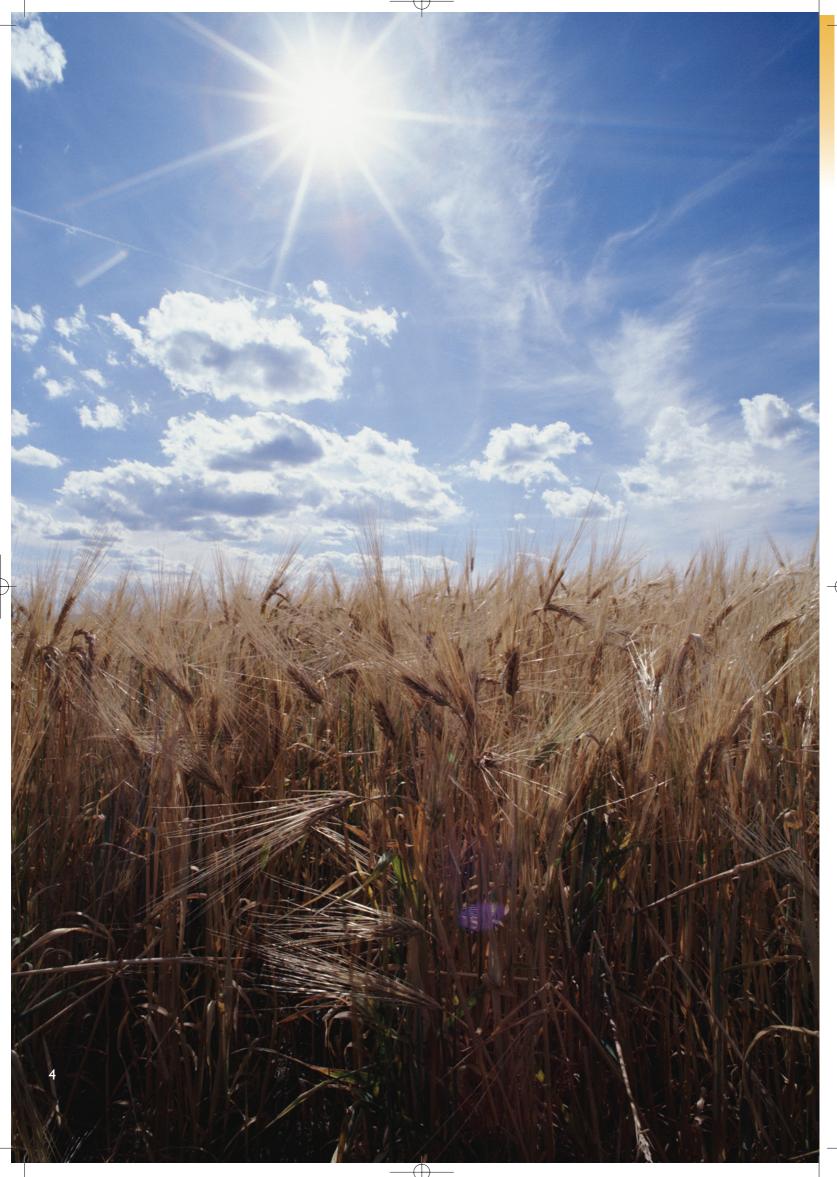
To advise the Minister of Agriculture and directly affected groups on all agricultural marketing issues in the agriculture and food industry, taking into account the needs of stakeholders

CORE BUSINESS

Provide accurate, relevant, independent and timely information

CORE 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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NAMC OVERVIEW REPORT 2006/07

his annual report coincides with the termination of the tenure of the council at the end of June 2007 and it is therefore a real privilege to report on our activities during the past year. The two years of our tenure represented a decisive period for the future of the NAMC where the main challenge was to craft a new raison d'être for the NAMC and revitalize the organisation as a noted and meaningful organisation in the agricultural sector. Our first priority was to create a comfortable and professional work environment for the staff to vent their talents and advance their careers. The appointment of a new CEO and several new professionals to compliment the existing staff contributed significantly. Much attention was paid to building constructive relations with the Department of Agriculture and the various commodity sectors. The situation had improved markedly but integration with government departments and parastatals does require further attention. The good work we inherited from our predecessors with regard to the handling of statutory measures continued, though I believe that in principle, statutory levies must be advanced on a voluntary basis. I trust this will come with time.

In addition to the traditional role of the NAMC, we also ventured into market and economic research, trade promotion, development support and special measures to assist black farmers. In this regard, we embarked on research projects, designing marketing schemes, establishing development trusts and insisted that 20 percent of levies are spent on transformation. Much however remains to be done and we believe that the new council will drive these initiatives with the same endeavour and commitment. The new council and our staff will face the challenge of driving these initiatives to fruition. To achieve this, however requires that the mandates and resources of the NAMC be improved considerably. The Ministerial Committee to Review Agricultural Marketing in South Africa had made important proposals in this regard and it is hoped that the Minister and the new council will adopt these recommendations.

I wish to thank the departing council members and assure each one that it was a privilege to have served with you. To the new council members I would like to extend our congratulations and wish you all the best in your efforts. Many thanks too, to our staff and CEO and I trust that you will continue to stand and deliver.

Dr. M. Karaan Chairperson



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

his annual report, which covers the period from I April 2006 to 31 March 2007, records the achievements and challenges of the NAMC. South African agriculture needs a breath of fresh air. At last, we are coming out of a difficult period in the sector - an era of low commodity prices, intense international competition and severe drought. Our work throughout the year has provided a wide-ranging critique of what is wrong with the marketing of agricultural products and attempted to provide a clear alternative through programmes such as market intelligence, statutory measures and enterprise development.

Within this report of the NAMC activities and financial standing, you will find sections on:

- Summary of programme performance information
- The fiscal year 2006 financial statements
- · Council engagement over the year
- Human Resources Management; and
- Contact details of all Directly Affected Groups registered with the NAMC

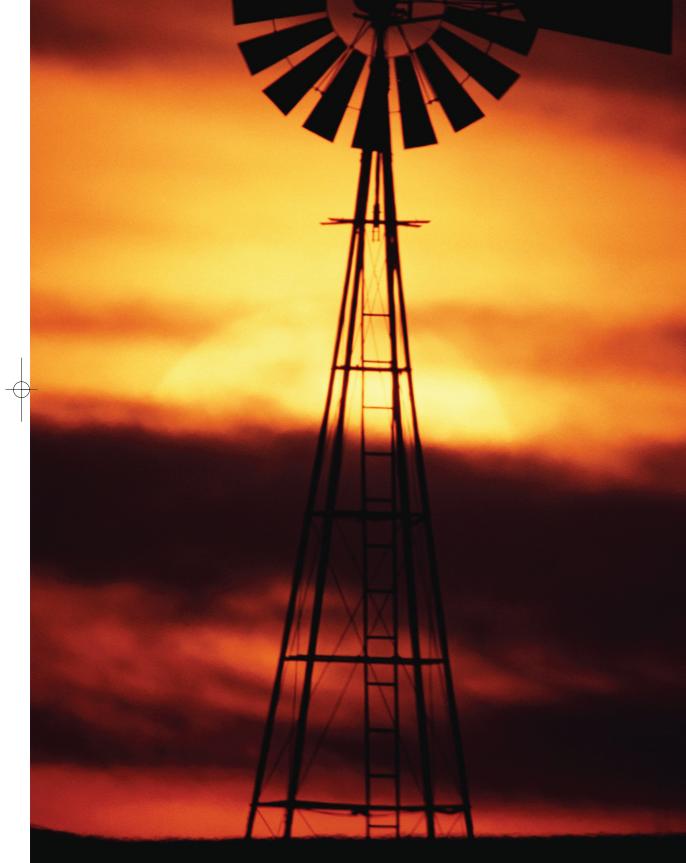
For the first time, the Auditor General has started to audit performance information. This calls for greater alignment of the strategic plan, business plan, key performance areas and progress on implementation and the annual report. Every knowledge worker at the NAMC is responsible for a contribution that can materially affect the capacity of the organisation to obtain results. Creating a healthy environment to support these decisions has become more critical, and the importance of intuition and judgment has never been greater. We have worked hard to provide staff with incentives for outstanding performance.

The NAMC has once again achieved an unqualified audit. I would like to thank my team, the Internal Auditors, Price WaterHouse Coopers, and the Audit Committee for a job well done.

The NAMC has continued to experience budgetary constraints. The Council, whose term expired on the 31st March, have worked hard to address the problem. The new Council will have to work even harder to ensure that the organisation is properly funded in order to address challenges facing South African agriculture.

I wish to thank the Departing Council members, Management Team and staff of the NAMC for your support during the course of this exciting year.

Mr. TR Ramabulana Chief Executive Officer



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PART 1

GENERAL INFORMATION

2 2007

PART 1: GENERAL INFORMATION

I. SUBMISSION OF THE 2006/07 ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

Madam, the Honourable Minister for Agriculture and Land Affairs, the National Agricultural Marketing Council has the pleasure to submit its Annual Report for the period 1 April 2006 to 31 March 2007.

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 Act) as amended by Act No. 59 of 1997 and Act No. 52 of 2001.

The mandate of the NAMC is spelled out in section 9(1) (a) of the Act, which 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 Act stipulates that the NAMC may undertake investigations and advise the Minister regarding:

I. agricultural marketing policy and its application

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

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

The accountability arrangements of the NAMC to the Minister for Agriculture and Land Affairs are as follows:

- The Minister, as the Executive Authority to the NAMC, annually approves the Council's budget and business plan before the beginning of each financial year.
- According to section 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 the ensuing financial year (1 April) for its consideration and guidance.
- The NAMC, through submissions and quarterly reports, apprises 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.

3. FUNDING

The NAMC is funded by Parliament through Vote 26 under Programme: Agricultural Trade and Policy Analysis of the National Department of Agriculture (DoA). The aim of the NAMC is to provide strategic agricultural marketing advice to the Minister of Agriculture and agricultural sector role-players. The goal is to promote the achievement of the objectives of the Act, which are to:

- · increase market access for all market participants
- · promote the efficiency of the marketing of agricultural products
- · optimise export earnings from agricultural products. and
- enhance the viability of the agricultural sector.

4. FUNCTIONS OF THE COUNCIL

Council's functions are to:

- Provide leadership to the organisation
- Provide strategic advice to the Minister of Agriculture on all matters pertaining to agricultural marketing, and
- Act as the Accounting Authority of the NAMC in compliance with the Public Finance Management Act and Treasury Regulations.

4.1 KEY PROGRAMMES

The National Agricultural Marketing Council is composed of ten (10) part-time members, who were appointed on I March 2005. Their term of office expires at the end of March 2007.

4.2 ADMINISTRATION

The Administration is headed by the Chief Executive Officer, who is assisted by the Chief Financial Officer and management team in the day-to-day running of the organisation. The following are the structures for governance:

- National Agricultural Marketing Council
- Executive Committee
- Audit Committee (one Council member and two outside members)
- Management Committee
- Human Resource Committee
- Risk Management Committee
- Bargaining Committee
- Research Committee

Portfolios allocated by the Minister to individual Council members are controlled by them either as first responsible or as second responsible for the allocated portfolio.

4.3 OUTPUTS AND SERVICE DELIVERY TRENDS

The Council met seven times during the 2005/06 financial year. During these meetings, members deliberated on and forwarded submissions to the Minister. The NAMC embarked on a restructuring process at administration level and new programmes were developed. As a result, the NAMC recruited additional staff and retrained current staff members.

The submissions to the Minister were on Section 7 Committees' reports, NAMC working group reports, reports on deregulation matters, 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 NAMC administrative matters.

OUTPUTS AND SERVICE DELIVERY TRENDS - COUNCIL

Sub-programm	Outputs	Indicator	Performances
	Agenda items	Expected number	Actual number
	Council sittings	11	7
Council meetings	Submissions to the Minister	26	31
Council Inceedings	Ministerial enquires	31	4
	Executive Committee meetings	2	2
	Management Committee meetings	46	44

The CEO and Management Committee assist the Council in discharging its responsibilities by managing the NAMC's internal affairs and ensuring implementation of the recommendations and/or instructions of Council.







PART 2

HUMAN RESOURCE MANAGEMENT

2007 15

The organisational structure of the NAMC as at 31 March 2007 was as follows:

ORGANISATION

16

PART 2: HUMAN RESOURCE MANAGEMENT

-	Jevelopn	Functions	Market Linkages Agribusiness Supp Services	Referral networks	Training Idea Program	ids (Implei	Preferentia	Procurement)	Senior Manager: Hanny Mohane	3	y: Vacan	Daniel Zw.	onald Mok					
	Enterprise Development	Func	Market Linkages Small Agribusiness Support Services	Referral	Training Bright Idea Programs	Rural Livelihoods (Implement)	AgriBEE (Preferential	Procur	Senior N Hanny	(ddm.	Secretary: Vacant	Economist: Daniel Zwane	Economist: Donald Mokoena					
-	Economic Research	Functions	Food Price Monitoring Market Access Structure and role	of statutory institutions	Competitive intelligence	Analysis	Committee investigations	Rural Livelihoods (Design)	Senior Manager: Simphiwe Notanoveni		Secretary: Maria Gladwin		Senior Economist:	Olubokola Oyewumi Economist: Bonani Nyhodo	Economist: Nkgasha Tema	Economist: Vacant	Researcher: Vacant	
	Econor	ı ت	Food Pr Mari Struct	of statut	Competing	1	Committ	Rural Live	Simphiw		Se Mari		Senior	Olubok Economist	Economist	Econor	Researd	
	Statutory Measures	Functions	Facilitation of levy applications Monitoring and reporting		Senior Manager: Schalb Burger	0	Secretary:	Alet Gleeson	Economist: Mathilda vd Walt Senior Fronomist:	Lizette Mellet								
	Statuto	ĥ	Facilitation o Monitorin		Senio		Se	Alet	Economist: Senior	Lize								
	Trade Policy/Marketing	Functions	Marketing Schemes International Trade	Senior Manager: Chris	Gladwin	Secretary: Vacant		Economist: Eunicah Mphato Economist: Vacant	Economist (Trade): Vacant									
	Trade Polic	Func	Marketing Internatio	Senior Man	Glac	Secretary		Economist: Eu Economis	Economist (T									
	inistration tting)	su	agement Management	(Reports to) Tement	ort	ort	an Siala	legistry	enter	r: Joyce Sethu	Officer;	okate	cia Manqwane	et Gleeson	ns Officer:	imalo Mahamba	
	 Finance/ Administration (Cross-Cutting)	Functions	Financial Management Human Resource Management	Communications (Reports to	CEO) Office Management	IT Support	Transport	CFO: Norman Siala	Secretary/Registry	Martie Venter	Admin/HR Manager: Joyce Sethu Finance Officer: Meshack Letlape	Procurement Officer;	Queen Mokate	Bookkeeper: Patricia Manqwane Driver: Thomas Molefe	Receptionist: Alet Gleeson	Communications Officer:	Gugu Khumalo Cleaner: Onti Mahamba	

PA/Council Secretary Elma Du Plessis CEO

COUNCIL

1.2 THE COUNCIL AND ITS FUNCTIONS

On 31 March 2007, the Council comprised of ten part-time members and was constituted as follows:

Dr M Karaan	Chairperson
Ms D Ndaba	Vice-Chairperson
Mr G P Dall	Part-time
Prof J F Kirsten	Part-time
Ms S E Moolman	Part-time
Mr F Lawrence	Part-time
Ms L Keyter	Part-time
Mr Z Duze	Part-time
Ms C Maku	Part-time
Mr A Jeftha	Part-time

These members were appointed for a two-year term.

The Marketing of Agricultural Products Act, 1996 directs the NAMC to provide strategic advice to the Minister of Agriculture on agricultural marketing to ensure improved market access, marketing efficiency, optimisation of export earnings and viability of the agricultural sector. To this end, the NAMC strives to provide the Minister of Agriculture with accurate, relevant, independent and timely information on agricultural marketing matters through its investigations.

1.3 SECRETARIAT AND ITS FUNCTIONS

The Secretariat, which is headed by a Chief Executive Officer (CEO), is responsible for providing professional support services to the Council through the gathering of industry information, conducting literature reviews and compiling reports. On 31 March 2007, the staff complement of the NAMC comprised twentyseven (27) persons.

1.4 APPROVED ESTABLISHMENT AND FUNCTIONS OF THE JOB CATEGORIES

The Chief Executive Officer (CEO) was appointed by the Council to carry out the executive responsibilities, as well as the day-to-day running of the organisation.

The Senior Managers implement the decisions of Council, through delegation by the CEO. They are responsible for overseeing and supervising the divisions. The Administration and Finance staff provide overall administrative support.

Table I indicates employment numbers and vacancies by component, grade and nature of employment

TABLE I: NAMC STAFF COMPLEMENT - 2006/2007

	Senior Manager Administration	Senior Managers	CFO	Economists/ Researchers	Bookkeeper	Officers	Secretaries	Receptionist	Driver	Cleaner
Grade	Р	Р	Р	Р	Р	Р	Р	Р	Р	Р
Level	7	7	7	8-10	8	9	10	10	14	17
Approved	I	5	I	13	I	4	2	I	I	I
Filled	I	5	I	9	I	4	2	I	I	I
Vacant	0	0	0	4	0	0	0	0	0	0
(Over)/Under	-	-	-	-	-	-	-	-	-	-

Note: L-grade: Level (Equate grades) P-grade: Peromnes grading

1.5 NUMBER OF PERSONS EMPLOYED ADDITIONAL TO APPROVED ESTABLISHMENT In order to rectify staff shortages due to which the NAMC found it difficult to function properly during the previous year, the Supply Chain Officer was added in excess of the approved establishment.

2. JOB EVALUATION



2.1 NUMBER OF POSTS EVALUATED, UPGRADED AND DOWNGRADED IN ACCORDANCE WITH CODE OF REMUNERATION (CORE)

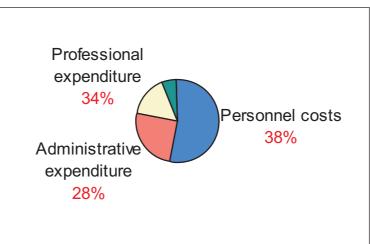
The existing twenty-seven (27) filled posts in the Secretariat were evaluated in accordance with CORE during the 2006/07 financial year. Three Economists positions were upgraded in the 2006/07 financial year.

3. **REMUNERATION**

3.1. PERCENTAGE OF BUDGET (EXCLUDING TRANSFER PAYMENTS, EXPENDITURE ON LAND AND BUILDINGS AND MISCELLANEOUS PAYMENTS) SPENT ON TOTAL PERSONNEL COSTS, ADMINISTRATIVE EXPENDITURE AND PROFESSIONAL SERVICES

Chart I on page 18 shows the breakdown of actual expenditure per personnel, administrative, professional and other costs. Personnel costs (30 individuals including council members), at 38% of the total expenditure, were the highest, followed by administrative expenditure (28%), professional expenditure (34%) and other costs (0%).

CHART I: BREAKDOWN OF EXPENDITURE





3.2 PERSONNEL COSTS IN INTERVALS OF R20 000, BY RACE, GENDER, DISABILITY AND THE CODE OF REMUNERATION (CORE)

These data are given in Table 2 hereunder.

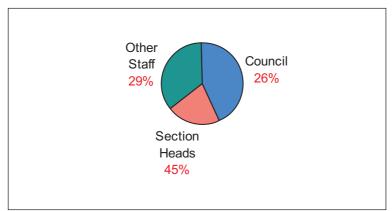
TABLE 2: NAMC TOTAL REMUNERATION PACKAGES AS AT 31 MARCH 2007

Personnel cost Interval					nel cost erval	:				Ger	nder		Disa	bility
Rands	Wł	nite	Bla	ick	Colo	oured	Ind	lian						
	Current	Core	Current	Core	Current	Core	Current	Core	Ciurrent	Core	current	Core	Current	Core
									М	F	М	F		
20,000 - 60,000			I	I					I			I		
60,001 - 80,000			1	I							I			
80,001 - 100,000														
100,001 - 120,000														
120,001 - 140,000									I					
140,001 - 160,000	2	2	3	3					I	3	I	3	I	I
160,001 - 180,000	I	I	I	I					3		1	I		
180,001 - 200,000	2	2	6	6						5	3	5		
200,001 - 220,000									I			_		
220,001 - 240,000	I	I	1	I						1				
240,001 - 260,000									I					
260,001 - 280,000			1	I										
280,001 - 300,000														
300,001 - 320,000									-	7				
320,001 - 340,000									4					
340,001 - 360,000	2	2	3	3						I	4		-	
360,001 - 380,000														
420,001 - 440,000														
560,001 - 580,000									- 1			41		
580,001 - 600,000	I	I									I ·			
600,001 - 620,000											-			
620,001 - 640,000									1					
640,001 - 660,000			I	I										

3.3. PERCENTAGE OF TOTAL PERSONNEL COSTS SPENT ON MANAGEMENT SERVICES

Management refers to the CEO, Senior Managers, including the Administration Manager and the CFO.

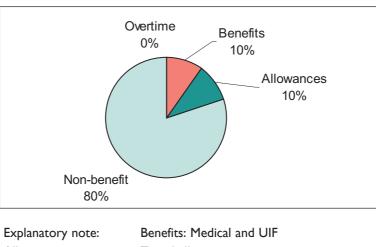
CHART 2: BREAKDOWN OF PERSONNEL COSTS



3.4 COST OF OVERTIME, ALLOWANCES AND BENEFITS EXPRESSED AS A PERCENTAGE OF TOTAL PERSONNEL COSTS

The percentage of total personnel costs spent on overtime, allowances and benefits is shown in Chart 3 on page 30 In the 2006/07 financial year, no overtime was paid.

CHART 3: OVERTIME, ALLOWANCE AND BENEFITS



Allowances: Non-benefit: Benefits: Medical and UI Travel allowances Basic salaries

Council and staff members of the NAMC are remunerated on an "all-inclusive package" basis. Remuneration packages for Council members are based on the Manual for Remuneration of the Senior Management Services, and are approved by both the Minister of Finance and the Minister of Agriculture before implementation. The Council approves staff members' all-inclusive remuneration packages.

4. AFFIRMATIVE ACTION, RECRUITMENT, PROMOTIONS AND TERMINATIONS OF SERVICE 13

4.1 **Progress with policy statement on NAMC's commitment to affirmative action and implemen**tation of the policy

Since the Council's inception in 1997, the practice has been to affirm historically disadvantaged persons, as can be seen in Table 3 on page 21. The 1997 staff complement consisted predominantly of people from advantaged backgrounds. This profile has since changed and the staff complement as at 31 March 2007 was more demographically representative.

4.2 Numerical and time-bound targets for achieving representivity

The NAMC's staff complement is at present representative, as shown in Table 3 below, and there are no time-based targets. The bursary scheme, through the MERC division, targets black female students with a view to building a pool of professionals that will contribute to the competitiveness of the agricultural sector in the Republic of South (RSA). It is also envisaged that these professionals will be available for employment by the NAMC, given the difficulty experienced in sourcing and appointing good black agricultural professionals.

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TABLE 3: NAMC STAFF REPRESENTIVITY AS AT 31 MARCH 2007

leb seteremu	Secretariat								
Job category	Historical background								
	Advantaged	Advantaged Disadvantaged TOTAL GRAND TOTA							
CEO and Senior Managers	4	4	8		7				
Economists	3	7	10		10				
Financial staff	-	2	2		2				
Secretaries	2	-	2		2				
Administrative staff	I	2	3		3				
Support	-	2	2		2				
Total	10	17	27		27				

4.3 Number of employees recruited by grade and occupation, as well as by race, gender and disability

These details are provided in Table 4 below.

TABLE 4: EMPLOYEES RECRUITED BY NAMC DURING 2006/07 FINANCIAL YEAR

Job category	Ra	ice	Ge	Disability (Male)	
	White	Black	Male	Female	
Senior Managers	I	2	3	-	-
Economists	2	4	6	-	1
Bookkeeper	-	I	-		-
Total	2	7	9		I

4.4 Number of employees' service terminated by grade and occupation, as well as by race, gender and disability

The NAMC did not terminate the service of any employee during the period under review.

4.5 Number, occupations and grades of foreign appointees

One foreign employee from Nigeria was appointed as Economist within MERC division during the 2006/07 financial year.

5. PERFORMANCE MANAGEMENT AND SKILLS DEVELOPMENT

5.1 Rewards for performance by gender and disability in each grade in each CORE

The NAMC Management evaluates staff performance to encourage improved performance and to reward good performance objectively. During the year under review, staff received performance bonuses in accordance with their individual performance. An amount of R369, I38 was paid out.

5.2 Training plan targets and progress made towards achieving them

These are given in Table 5 below.

TABLE 5: TRAINING PLAN FOR 2006/07



	Cοι	ıncil	Secretariat			
Training plan	Target (no of people)	Achieved (no of people)	Target (no of employee)	Achieved (no of employees)		
Informal training/ Short courses						
Financial Management (PFMA)	10	10	10	10		
Management and Leadership programmes	10	10	10	10		
Computer training	-	-	-	-		
Management training	-	-	-	-		
Project Management	-	-	-	-		
Formal training	-	-	-	-		
Degrees/ Diplomas	-	-		-		

5.3 Training budget and actual amounts spent on each training

The NAMC spent R139, 997 on training. This amount was spent on informal skills training (short courses). An amount of R15 694 was spent on formal training (degrees and diplomas with a budget of R18, 415) for Council and staff members.

6. INJURY, ILLNESS AND DEATH

No cases of injury, or death resulting from official duty or the work environment were reported, except in one instance, where an official was reported to have been admitted into hospital for more than 15 days.

7. COLLECTIVE AGREEMENTS

A Bargaining Agreement is in place between the Secretariat and Council.

8. SICK LEAVE

8.1 Number of sick leave days taken

The number of days of sick leave taken by NAMC employees was 151

8.2 Estimated cost of sick leave days taken

The cost to the NAMC of the sick leave taken in the 2006/07 financial year was R87, 553.47 (based on cost-to-company remuneration packages).

8.3 Number of employees who took more than 15 continuous sick leave days

Two staff members took more than 15 continuous sick leave days during the year under review.

9. ILL HEALTH

One case of chronic illness amongst the employees of the NAMC was reported.

10. DISCIPLINARY STEPS

One case within NAMC warranted disciplinary action during the year under review.

PART 3

AUDITOR -GENERAL'S REPORT GENERAL'S REPORT WITH PERFORMANCE INFORMATION AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2007

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE NATIONAL AGRICULTURAL MARKETING COUNCIL FOR THE YEAR ENDED 31 MARCH 2007

















REPORT ON THE FINANCIAL STATEMENTS

Introduction Ι.

I have audited the accompanying financial statements of the National Agricultural Marketing Council which comprise the statement of financial position as at 31 March 2007, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 80 to 83.

2. Responsibility of the accounting authority for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Recognised Accounting Practice (GRAP) and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and section 8(4) of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996). This responsibility includes:

- · designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

3. **Responsibility of the Auditor-General**

- 3.1 As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
- 3.2 I conducted my audit in accordance with the International Standards on Auditing and General Notice 647 of 2007, issued in Government Gazette No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
- 3.3 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 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 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.

3.4 An audit also includes evaluating the:

- appropriateness of accounting policies used
- · reasonableness of accounting estimates made by management
- · overall presentation of the financial statements.
- 3.5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

4. **Basis of accounting**

The public entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements.

5. Opinion

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 2007 and its financial performance and cash flows for the year then ended, in accordance with the identified basis of accounting determined by the National Treasury in South Africa, as described in note I to the financial statements and in the manner required by the PFMA.

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6. Other matters

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

6.1 Material non-compliance with applicable legislation

In terms of Section 51(1)(a)(i) and 51(1)(b)(i) of the PFMA it is the responsibility of the accounting authority to ensure that an effective system of financial and risk management and internal control is implemented and maintained. As previously reported the entity has not yet developed adequate policies, procedures, techniques and control mechanisms for each of the entity's activities which resulted in significant deficiencies identified during the audit.

According to section 76(4)(c) of the PFMA and the Framework for Supply Chain Management, a public entity has to determine a framework for an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective. The following deviations from prescribed Supply Chain Management principles were identified:

- Purchases were only authorised after invoice date for expenditure amounting to R3,222,635.93 for the year under review.
- Non-adherence to Practice Note No. SCM 2 of 2005 pertaining to written price quotations for expenditure amounting to R383,452.00 for the year under review.
- Non-adherence to Practice Note No. SCM 2 of 2005 pertaining to the tender process for expenditure amounting to R1,595,330.60 for the year under review.

7. Other reporting responsibilities

7.1 Reporting on performance information

7.1.1 I have audited the performance information as set out on pages xx to xx.

7.2 Responsibilities of the accounting authority

7.2.1 The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

8. Responsibility of the Auditor-General

- 8.1 I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with General Notice 646 of 2007, issued in Government Gazette No. 29919 of 25 May 2007.
- 8.2 In terms of the foregoing my engagement included performing procedures of an audit nature to obtain ufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
- 8.3 I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

9. Audit findings

Material inconsistencies were identified between the measurable objectives stated in the budget, strategic plan and annual report for 2006/07.

10. Appreciation

The assistance rendered by the staff of the National Agricultural Marketing Council during the audit is sincerely appreciated.



SJJ Kok for Auditor-General Pretoria 31/08/2007



A U D I T O R - G E N E R A L



STATEMENTS AND REPORTS

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National Agricultural Marketing Council Statement of Responsibility At 31 March 2007

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 74 to 93 have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board, and includes 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 based on forecasts. These financial statements support the viability of the 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 24 to 25. The financial statements were approved and signed by the Accounting Authority on 31 May 2007.

CEO /CHAIRPERSON ACCOUNTING AUTHORITY

31 MAY 2007



National Agricultural Marketing Council

Management's Report At 31 March 2007

Tenth Report by the Chief Executive Officer to the Executive Authority and the Parliament of the Republic of South Africa

I. General Review of the state of affairs

The Management Report forms part of the audited annual financial statements of the National Agricultural Marketing Council (NAMC) for the year ended 31 March 2007.

The National Agricultural Marketing Council is a statutory public entity established in terms of Section 3 and 4 of the Marketing of Agricultural Products Act of 1996, (MAP Act) 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 the 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 as its 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.

1.1 The Management of the Council

I.I.I Leadership

The National Agricultural Marketing Council is composed of 10 (ten) part-time members. The current members were appointed on 1 March 2005 and their term expires at the end of March 2007. The names of the Council members are:

Dr M Karaan	-	Chairperson
Ms D Ndaba	-	Vice-chairperson
Mr A Jephta	-	Member
Ms C Maku	-	Member
Mr F Lawrence	-	Member
Mr G P Dall	-	Member
Prof J Kirsten	-	Member
Ms L Keyter	-	Member
Ms SE Moolman	-	Member
Mr Z Duze	-	Member

I.I.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, comprised of Senior Managers, in the day-to-day running of the organisation.

National Agricultural Marketing Council Management's Report

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At 31 March 2007

I.2 Organisational Structure

The Council's approved organisational structure is provided under Part 2 Human Resource Management Section on page 16.

I.3 Principal activities

The NAMC is an advisory body to the Minister of Agriculture and Land Affairs and the following are the principal activities which the Council performed during the year under review to fulfil it strategic advisory role:

- (a) Market Intelligence
- (b) Food Price Monitoring
- (c) Enterprise Development
- (d) Investigations of Statutory Measures, and
- (e) Markets and Economic Research

2. Services rendered during 2006/2007 financial year

2.1 Market Intelligence

The Council undertook numerous studies aimed at assisting the fresh produce export industry to monitor developments in traditional markets as well as to explore emerging markets. The following studies were undertaken:

- Possibilities for fruit exports to Russia
- A study to assess the impact of RSA Class I exports to African and Indian Ocean Island countries
- Foreign market development for potato industry

2.2 Food Price Monitoring

The food price monitoring emanates from the 2003 food price monitoring Section 7 Committee recommendation that the NAMC in collaboration with the Department of Agriculture should implement a reliable and consistent price monitoring network throughout the country. The purpose of the food price monitoring programme is to provide information on prices and price changes to the food policymakers, the participants in various agricultural value chains and the public in general. The Programme released four quarterly Food Price Trends and an annual Food Cost Review.

2.3 Enterprise Development

The three main deliverables of the Enterprise Development division during the year under review were the development of a database of black-owned enterprises, the implementation of a business linkages model and the use of the Agribusiness Technical Assistance Fund (ATAF) to stimulate the purchase of goods and services from private sector providers to enhance market access, capacity building, improve skills, enhance technology adoption and reduce barriers to the economic participation of the black-owned agribusinesses. The assistance provided to emerging enterprises can be grouped into the following categories:

National Agricultural Marketing Council

Management's Report

At 31 March 2007

2.3.1 Training courses:

- Making Markets Matters
- International Negotiation Skills, and
- Business Management Skills

2.3.2 Business plans and Feasibility studies

Attendance at major conferences:

- All Fresh Conference (for fresh produce)
- Market Access Conference
- Southern Hemisphere Fresh Produce Conference International Marketing Visits:
- Major supermarkets in Netherlands and United Kingdom Royal Agricultural Show.

2.5 Markets and Economic Research Centre

Through the **Markets and Economic Research Centre** (MERC), the Council co-finances research projects emanating from industry addressing issues within the NAMC key research themes. Some of the research programmes funded through MERC are the following:

- Nine sub-sector studies of the sub-sectors key to the success of the Accelerated and Shared Growth Initiative for South Africa (ASGISA)
- How can South Africa exploit new opportunities in agricultural export markets? Lessons from the New Zealand experience
- Study on taxes on agriculture
- Food Price Monitoring (rural and urban)
- Input cost monitoring
- Impact of RSA Class I exports to African and Indian Ocean Island countries
- Opportunities in the Russian fruit markets

(All the above-quoted reports are available on the entity's web site.)

2.6 Council meetings

Council meetings scheduled, attended and not attended by members are indicated in the Table below:

Member	No. of meetings	Meetings attended	Meetings not attended	Remarks
Dr M Karaan	6	6		
Mr P G Dall	6	6		
Mr F Lawrence	6	5	I	
Mr A Jeftha	6	6		
Prof J Kirsten	6	5	I	Overseas on sabbatical leave
Ms C Maku	6	6		
Ms SE Moolman	6	6		
Ms L Keyter	6	6		
Mr Z Duze	6	6		
Ms D Ndaba	6	6		

National Agricultural Marketing Council

Management's Report At 31 March 2007



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3. Business address

NAMC Private bag X935 **Pretoria** 0001

536 Schoeman Street Meintjiesplein Building Block A, 4th Floor

Tel: 012 341 1115 Fax: 012 341 1811/1911 E-mail: ronaldr@namc.co.za Website: www.namc.co.za

4. Human Resources Development

The NAMC has embarked on a restructuring process at administration level and new programmes are being put in place (See NAMC Strategic Plan 2007-2012). The additional programmes have highlighted the need for the NAMC to acquire different skills. As a result, the NAMC is currently recruiting additional staff as well as retraining current staff. Therefore, during the financial year 2006/07 the following positions were filled:

- Senior Manager: Economic Research
- Senior Manager: MERC
- Senior Manager: Agribusiness Development
- Senior Economist: Supply Chain
- Senior Economist: Supply Chains/ Trade
- Senior Economist: Trade
- Bookkeeper; and
- Programmer

5. New/proposed activities

The NAMC will undertake functions through three technical programmes and crosscutting support programmes. These are the following:

5.1 Market and Economic Research Centre (MERC)

The key challenge for MERC will be to create an economic research centre that will be respected internationally and is relevant to the current challenges facing the South African agriculture sector. The Council aims to create a premier agricultural market research organisation.

National Agricultural Marketing Council Management's Report At 31 March 2007

The MERC will focus on the following research themes:

- Price analysis
- Competitiveness
- Trade Intelligence
- Supply Chains
- Rural livelihoods

5.1.2 Markets and Economic Research Fund

The MERC will outline key priority programmes from the themes outlined above to address government objectives as outlined in the Agricultural Programmes of Action (APoA). The main focus will be on pillar APoAI, which is Broad Based Agri BEE and Integrated Food Security, and pillar APoA2 Sector Investment, labour absorbing and competitive value chains of the agricultural programme of action. Once the research themes have been agreed, research partners will be requested to submit bids for research projects, which will stimulate debate in the sector, advise the Minister DoA and the industry. In addition, a culture of cooperation will be established between researchers in South Africa.

5.1.3 Bursaries

Part of the MERC Research Fund will be used to build the skills of agricultural graduates through training in various universities in South Africa, especially those that will be undertaking MSc and PhD research in agricultural economics.

5.1.4 Section 7 Committee Investigations

The MERC will use the provision of S7 (Section 7) of the Marketing of Agricultural Products Acts to undertake these investigations.

5.1.5 Support the Agricultural Economics Association of South Africa (AEASA) and Making Markets **Matter conferences**

MERC will continue to sponsor sessions at both the AEASA Conference and Making Markets Matter training workshops. AEASA will be used to test Section 7 Committees' findings and recommendations of other reports to identify future research items and to provide a platform where Agricultural Economics could advise on implementing other strategies of NAMC and Government programmes. The Making Markets Matter training workshop will be used to train black-owned agribusinesses on marketing techniques.

5.1.6 Food price monitoring

The Food Price Monitoring Committee recommended that South Africa should have an annual publication known as the South African Cost Review. To date, the MERC has published reports on two cost reviews and 10 food price trends. In 2007/08, the Council will produce (i) the annual food cost review and four food price trend releases and (ii) undertake a series of training programmes for the Rural Provincial Food Price Monitors.

5.1.7 Inputs Cost Monitoring

Research Library

library with a database of all research reports.

National Agricultural Marketing Council

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At 31 March 2007

The NAMC will collect price information from various sources, analyse and publish two reports per year.

5.1.8

5.1.9 Trade Intelligence

The NAMC will develop Trade Intelligence for changing the composition and direction of trade towards new markets, through core financing of market research in countries that will help local exporters to understand the taste and preferences of the customers.

The MERC will seek to produce CD Rom documents and continue to update the internet based research

5.1.10 Third Generation Issues

The NAMC will undertake research and stimulate debate on emerging non-trade issues such as the following:

- Geographic indicators
- Intellectual Property Rights
- Investment Rules
- Competition Policy
- Government Procurement

5.1.11 Advice on Marketing and Trade

The NAMC will seek to forge close working relationships with the International Trade Administration Commission to participate actively in the tariff investigation process.

5.1.12 Agribusiness Development

The Council will continue to implement programmes and increase market access through the Agribusiness development division to emerging enterprises in domestic, as well as international markets.

5.1.13 The following programmes will be implemented

Development Schemes - The NAMC has designed and will implement maize and oil seeds development schemes. These schemes will co-finance the following functions: Pay operation of extension officers and study group leaders. Pay for all workshop and study group meetings. Other schemes proposed are: (i) institutional markets (ii) Livestock Development Scheme and (iii) three Citrus Development Schemes.

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National Agricultural Marketing Council Management's Report At 31 March 2007

5.1.14 Farmers' Business Support Models

The NAMC will continue to implement these programmes as its main programme of business support.

5.1.15 Co-operative models

The NAMC will apply the business linkages model in the co-operative environment to assist emerging farmers to access markets and mentorship. The NAMC will also develop a database of all emerging enterprises through the division.

5.1.16 Linkages with major buyers in South Africa

The NAMC will support the accredited service provider to organise a series of meetings with buyers of agricultural products of South Africa:

(i) Export Promotion - the division will organise one exposure visit to trade shows for groups of farmers who are in the database.

(ii) Market information - the division will promote efficiency price formation and allocation of production resources.

5.1.17 Statutory measures

The NAMC will continue to investigate new applications for the introduction of statutory measures and make recommendations to the Minister. It will:

- Consult directly affected groups to determine support for the major stakeholders
- Monitor that the relevant industry adheres to the condition of the approval
- Register all directly affected groups in the DAG register kept by the Council
- · Conduct polls and keep records and returns

5.1.18 Crop Estimate Liaisons Committee (CELC)

The NAMC will continue to oversee the working of CELC and the control of exports of agricultural products.

The NAMC will continue to investigate and advise the Minister on any application that relates to the control of exports of agricultural products.

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6.

The following are governance structures, which the Council had in place during the period under review:

6.1 Audit Committee

The Committee met five (5) times during the period under review and its membership was increased by two more independent members to five (5). This has bolstered the performance of the Committee.

The Committee reviewed its Charter and had it adopted by the Council. It comprised of the following members as at 31 March 2007:

I. Victor Nondabula (Chairperson)

Corporate Governance

- 2. GP Dall (Member Council member)
- 3. Ms M.Moja (Member)
- 4. Mr Frank Lawrence (Member Council member)
- 5. Mr R Matlou (Member)

6.2 Human Resource Committee

During the year under review, the Committee held six (6) meetings.

The Committee comprised of the following:

Mr G P Dall	Chairperson
Ms D Ndaba	Deputy Chairperson
Ms SE Moolman	Council member
Ms C Maku	Council member
Ms L Keyter	Council member
Mr Z Duze	Council member
Mr TR Ramabulana	Member Secretariat: CEO

6.3 Risk Management Committee

The Risk Management Committee met (three) 3 times during the year under review in order to oversee and monitor efficient, effective and economic systems of controls. The Committee comprised of the following:

Ms J Sethu	Administration Manager
Mr C Gladwin	Section Head
Mr TPN Siala	CFO

A high-level risk profile was developed as a platform and foundation to be used by the Council in identifying, managing and controlling the business risks of the entity. A fraud prevention plan was compiled which includes a fraud policy statement.

6.4 Governance Charters

The following developed governance charter was submitted to the Executive Authority as required by the King II Report.

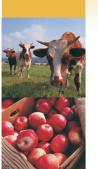
Corporate Governance Charter which included the compact agreement.

7. Materiality and Significance Framework (Treasury Regulations 28.2.1)

A materiality and significance framework has been developed for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as for significant transactions envisaged per section 54(2) of the PFMA that requires ministerial approval. The framework was reviewed and finalised and has been formally approved by the Executive Authority.

8. Council emoluments: Treasury Regulations 28(1) and 28(2)

Both the Minister of Finance and the Minister of Agriculture and Land Affairs approve Council members' emoluments on an annual basis. The position for the 2006/07 financial year is shown in the Table below in compliance with Section 55 of the PFMA read with Treasury Regulation 28(1) and 28(2).



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Table Treasury Regulations ns 28(1) and 28(2): Council members' emoluments for the 2006/07 financial year in aggregate

Members Name	Basic	Allowances	Leave Pay	Performance Bonus	Other	UIF	Total
M Karaan	R 342,186.50	R33,100.00					R375,286.50
D.Ndaba	R 306, 165.75	R I 9,600.00					R325,765.75
P.G.Dall	R 79,193.00	R21,220.00					R100,413.00
A Jephta	R 96,422.00	R21,000.00					R117,422.00
L Keyter	R 77,121.00	R21,000.00					R 98,121.00
F Lawrence	R 78,720.00	R21,000.00					R 99,720.00
C Maku	R 55,096.00	R21,000.00					R 76,096.00
SE Moolman	R 137,979,00	R21,000.00					R I 58,979.00
Prof Kirsten	R 33,571.00	R21,000.00					R 54,571.00
Mr M Z Duze	R 252,448.37	R88,387.88					R340,836.25
Total Part-time members	RI,458,902.62	R288,307.88	R 0.00	R 0.00	R 0.00	R 0.00	R1,747,210.50
	RI,458,902.62	R288,307.88	R 0.00	R 0.00	R 0.00	R 0.00	R1,747,210.50

during the year. B per short r, đ basis full-time NAFU) on a and institutions (NEPAD other 2 DaD secor wer lbers ۶ ۷ Note:

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At 31 March 2007

					1				
Members Name	Basic	Allowances	Leave Pay	Performance Bonus	Other	Medical	Pension	UIF	Total
Mr R Ramabulana CEO	367,058,02	235,238.51		97,050.00	ı	I	47,550.00	1,371.60	748,268.13
Mr TP Siala CFO	215,645.27	41,276.78	10,412.58	15,148.00		ı	35,369.19	1,371.60	319,223.42
Mr IS Burger Stat Measures	256,330.63	62,089.09		18,850.00			42,169.35	1,371.60	380,810.67
Mr C Gladwin Trade Policy	308,645.82			17,400.00		ı	41,354.19	1,371.60	368,771.61
Ms J Sethu Admin. Manager	239,347.42	97,282.91		21,750.00	-		41,052.03	1,371.60	400,803.96
Prof A Jooste Markets and Economic Research Centre	119,550.00	11,700.00	-		-	I	18,750.00	349.86	I 50,349.86
Dr S Ngqangweni Research	276,329.13	8,169.99		24,650.00			40,104.13	1,261.94	350,514.36
Mr H Mohane Enterprise development	306,249.96		-	24,650.00			43,749.96	1,371.60	376,021.52
	2,089,156.25	455,756.45	10,412.58	219,498.00			310,098.85	9,841.40	3,094,763.63
						-			

Table Treasury Regulations 28(1) and 28(2): Senior Managers' emoluments for the 2006/07 financial year in aggregate:

National Agricultural Marketing Council

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9. Performance Information

The NAMC has focused on the following during the year under review: The information provided hereunder has been prepared in such a manner that it includes what processes were in place to deliver the performance information, comments on the process adopted to achieve the requirements (i.e. description, progress made, budget spent, as well as lessons learnt).

9.1 Marketing and Trade Division

9.1.1 Sub-Programme: Marketing Development Programmes

The primary objective of the Marketing Development Programmes is to provide incentives to the market to buy from emerging producers.

STRATEGIC GOAL	Increased market access by black farmers			
STRATEGIC OUTCOME/ RESULT	Design and Implement three Marketing Development Programmes			
KEY PERFORMANCE AREAS PERFORMANCE	Number of Marketing Development Programmes designed and operational			
	Number of black farmers using the Development Programmes			
	Number of marketing incentives proposed			
AGAINST STRATEGIC OUTCOMES AND KPAs	Three Marketing Development Programmes were designed in the course of the financial yea namely:			
	The Grains and Oilseeds Farmer Development Scheme			
	Citrus Development Scheme			
	Red Meat Development Scheme			
	These programmes were designed in consultation with the relevant industries. However, this proved to be a difficult process and took longer than initially anticipated. The schemes were therefore not implemented during the reporting period.			

9.1.1.1 Grains and Oilseeds Farmer Development Scheme

A Section 7 Committee was appointed to investigate a possible Marketing Development Programme and met four times during the period under review. The committee proposed the creation of a Special Purpose Vehicle in the form of a Trust (made up of government, industry and farmer representatives) with the principal objective being the provision of funding for the development of grain farmers, and, more specifically, to support financially projects through existing qualifying agribusinesses and institutions. The draft trust deed and business plan have been submitted to the Minister for approval. It is expected that the Trust will become operational in the following financial year.

9.1.1.2 Citrus Development Scheme

The Council approved the appointment of a Section 7 Committee to investigate the introduction of a marketing scheme in the citrus industry. The committee met five times during the period under review. The committee adopted a two-pronged approach, developing a pilot scheme aimed at existing black citrus growers where immediate intervention is required to ensure sustainability, and

a longer-term Citrus Development Scheme that would focus on assisting black citrus agribusinesses in the following areas:

- Reduction of packing costs
- Finance for training/extension services
- Market compliance (e.g. accreditation)
- Finance for auditing at the pack-houses
- Assistance in procuring more seedlings or plants (i.e. expansion of orchards)
- Minimum price guarantees (This might be a difficult intervention, since it may contravene our World Trade Organisation (WTO) multilateral commitments.)

A draft trust deed for the proposed Agricultural Marketing Schemes Trust, which could serve as the vehicle to fund development programmes in the citrus industry, was submitted to the Minister for approval.

9.1.1.3 Red Meat Development Scheme

The Section 7 committee met three times in the period under review. A draft proposal on a possible Red Meat Development Scheme was presented to the Council in March 2007. This will be further refined in the next financial year after further consultation with the industry. The envisaged overall aim of the scheme is to initiate, finance, and monitor the implementation of a coordinated industry strategy aimed at bringing emerging farmers into mainstream commercial markets. The expected outcome of this process will be to:

- Create direct, commercially sustainable market linkages between the formal beef sector and emerging farmers
- Increase emerging farmers understanding and trust of the formal beef marketing system
- Improve access of emerging farmers to marketing support services such as marketing infrastructure, extension, and information.

A draft trust deed for the proposed Agricultural Marketing Schemes Trust that could serve as the vehicle to fund development programmes in the red meat industry was submitted to the Minister for approval.

9.1.2 Sub-Programme: Advice on Marketing and Trade

The NAMC through its Marketing and Trade Division strove to forge a much closer working relationship with ITAC and began to make a meaningful contribution in tariff policy discussions relating to agriculture.

STRATEGIC GOAL	Address issues that negatively affected the export of agricultural products
STRATEGIC OUTCOME/ RESULT	Facilitate workshop on competitiveness and trade strategy
KEY PERFORMANCE AREAS PERFORMANCE	 Facilitate information session on the Competition Act Number of workshop organised Number of farmer organisations using provisions in the Competition Act
AGAINST STRATEGIC OUTCOMES AND KPAs	A workshop was held on 21 April 2006 on Comparative Country Experiences with Agricultural Trade. A workshop on application for exemption in terms of the Competition Act was held on 6 July 2006.

9.1.2.1 Conference on Comparative Country Experiences with Agricultural Trade

The National Agricultural Marketing Council (NAMC) and the Department of Agriculture (DoA) co-hosted a Conference on Comparative Country Experiences with Agricultural Trade. The conference was held on 21 April 2006 at the Cape Town International Convention Centre and formed part of a series of events around the launch of the OECD report on an Agricultural Policy Review for South Africa. The highlights of the OECD South Africa Report were presented (the report was officially released at a separate event in Pretoria on 19 April). Thereafter representatives from the OECD highlighted policy reforms in OECD countries and looked at lessons learnt from policy studies focused on non-OECD countries in particular Brazil and China. Dr Ron Sandry, a Senior Research Fellow from the Trade Law Centre for Southern Africa (TRALAC), highlighted some of the lessons learnt by New Zealand with regard to agricultural deregulation. The conference ended with a facilitated panel discussion on lessons learnt for South Africa.

There was general agreement regarding important elements required for South African agriculture to be competitive and on the broader issues affecting trade. The following issues amongst other things were highlighted at the workshop:

- Partnerships between government and the private sector are vital
- New institutional arrangements are necessary
- Environmental issues are critical
- Land use planning is important
- Title deeds are not vital (e.g. Israel but the right institutional arrangements need to be in place)

The following was highlighted regarding competitiveness:

- Value-adding of products needed
- Use of technology and bio-technology
- Need to have follow-ups to the OECD report

9.1.2.2 Workshop to discuss application for exemption in terms of Competition Act No. 89 of 1988

On 6 July 2006, the NAMC facilitated a workshop to provide information on (and discuss the possible implications for agricultural industries of) applying for exemption in terms of Section 3 of the Competition Act No. 89 of 1998. The workshop was sponsored by ABSA Agribusiness and attended by 45 delegates from government and various agricultural industries. The Citrus Producer's Forum (CPF), which had recently successfully applied for exemption from certain activities related to exports to the USA market, shared their experiences regarding the process. Thereafter the Competition Commission outlined the legislation and procedures applicable.

From the discussion that took place it was obvious that many industries were unaware that certain activities that they are currently engaged in could be in contravention of Competition Legislation. Industries were encouraged to work closely with the Commission to establish whether they are currently contravening legislation. Should this be the case, they need to look at the possibility of applying for exemption from legislation.

9.1.3 Produce a Series of Industry Growth Perspectives

The NAMC planned to publish an annual series of industry specific agricultural growth perspectives focused on increasing competitiveness, export and investments as well as employment and equity.



However in the course of the reporting period it was decided instead, together with the Department of Agriculture, to undertake ten diagnostic sub-sector studies aimed as assessing the potential for their contribution towards economic growth. These are reported on under the Programme Economic Research later in this report.

STRATEGIC GOAL	Provide information on products that are internationally competitive, export orientated and attract investment
STRATEGIC OUTCOME/ RESULT	Produce and publish a series of reports annually
KEY PERFORMANCE AREAS PERFORMANCE	Quality and quantity of reports published
AGAINST STRATEGI OUTCOMES AND KPAs	It was decided instead, together with the Department of Agriculture, to undertake ten diagnostic sub-sector studies aimed as assessing the potential for their contribution towards economic growth [reported on under the Programme: Economic Research].

9.2 Statutory Measures Division

9.2.1 Introduction

The following statutory measures could be implemented in terms of the Marketing of Agricultural Products Act (Act no. 47 of 1996) as amended (MAP Act):

- Levy (section 15 of the MAP Act)
- Control of exports of agricultural products (section 16)
- Conducting of pools (section 17)
- Records and returns (section 18)
- Registration (section 19)

STRATEGIC GOAL	To provide the Minister with accurate advice on the approval and disapproval of statutory measures
KEY PERFORMANCE AREAS	 Compile or amend policies and guidelines Complete investigations within 60 days or request extension Publish applications in media and Gazette and ask all directly affected groups for comments Manage process of drafting, certification and final promulgation of Notices in the Government Gazette Annual survey of income and expenditure on all statutory levies
PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAs	Policies and guidelines were reviewed and implemented. All applications for the establishment or amendment of statutory measures were investigated and recommendations sent to Minister within the prescribed timeframe of 60 days after the Minister's formal instruction to NAMC to investigate. All directly affected groups registered at the NAMC and public were consulted in investigations. Notices were certified correct, signed by the Minister, and published in the Government Gazette to promulgate new or amended statutory measures. The Annual survey of all statutory levies was formally reported to the Minister for her information.

The only statutory measures currently implemented are statutory levies, records and returns and registration. This means that statutory measures relating to the control of exports and the conducting of pools are currently not being used by industries in the agricultural sector.

Statutory measures are normally promulgated for a period of four years. After the four years, the relevant industry must apply to the Minister for a new measure if they wish to continue to make use of statutory measures. In terms of the MAP Act, the Minister shall refer an application for the establishment, continuation, amendment, or repeal of a statutory measure to the NAMC for investigation and report thereon. Upon receipt of such a request from the Minister, the Council shall:

- publish a notice setting out particulars of the request and an explanation in connection therewith in the Gazette and such magazines or newspapers as may be sufficient in order to bring the request to the attention of directly affected groups, and invite such directly affected groups to lodge any objections or representations relating to the request within a specified time (normally 14 days)
- consider such objections or representations 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 within 60 days or any such longer period as may be approved by the Minister

The NAMC met all the above-mentioned requirements relating to all the applications for the establishment, continuation and amendment of statutory measure during the 2006/07 financial year.

The purpose of records and returns and registration are to compel parties to register, and to keep records and render returns to a particular organisation, to ensure that accurate and timely generic market information is available to all role players. Confidential information obtained by the administrator through the implementation, administration and enforcement of these statutory measures shall be dealt with in accordance with section 23(2) of the MAP Act.

Statutory levies are implemented for funding essential functions, such as research, information, market access, generic promotion, transformation, etc in a particular agricultural industry. All levy applications must have a business plan and reasonable level of industry support. The Minister may approve an application for a statutory measure after thorough investigation by the NAMC. The NAMC follows a consultative process in investigating applications.

In an attempt to influence how the statutory levy funds should be spent, the NAMC requires that approximately 70% of levy funds should be spent on core functions (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).

Levy funds are audited by the Auditor General on an annual basis.

9.2.2 Statutory measures for each commodity

The following table summarises the statutory measures that were applicable in the agricultural sector during the 2006/07 financial year:

Table: Statutory measures applicable during the 2006/07 financial year

			Statutory Measure	s
Industry	Administering Body	Levy	Registration	Records and Returns
Citrus (export only)	Citrus Growers' Association	1	V	V
Cotton	Cotton SA	\checkmark	V	N
Dairy	Milk SA	\checkmark	V	
 Deciduous fruit Pome fruit Stone fruit Table grapes export only) 	Deciduous Fruit Producers' Trust	V		V
Dried fruit	Deciduous Fruit Producers' Trust	V	V	V
Grains (Maize, Oilseeds, Sorghum, and Winter Cereals)	The South African Grains and Information Services (SAGIS)	V		V
Lucerne				
Milk	Milk Producers' Organisation	V		V
Potato	Potatoes SA	V	V	V
Red meat	Red Meat Industry Forum	\checkmark	\checkmark	\checkmark
Sorghum	Sorghum Trust	V	V	\checkmark
Wine	SA Wine Information and Systems (SAWIS) Winetech Wosa	N	V	
Winter Cereals	Winter Cereal Trust	\checkmark	V	\checkmark
Wool	Cape Wools SA	\checkmark	V	\checkmark

The following Table provides details of the period for which the current statutory levies were approved:

The following Table provides details of the period for which the current statutory levies were approved:

Industry	Administering Body	Levy Introduced	Levy Iapses	Duration
Citrus	Citrus Growers' Association of SA	25 Aug 2004	25 Aug 2008	4 years
Cotton	Cotton SA	I Apr 2004	31 Mar 2008	4 years
Dairy	Milk SA	23 Dec 2005	23 Dec 2009	4 years
Deciduous Fruit	Deciduous Fruit Producers' Trust			
- Pome fruit		4 Nov 2003	4 Nov 2007	4 years
- Stone fruit		4 Nov 2003	4 Nov 2007	4 years
- Table grapes		12 Nov 2004	30 Sep 2008	4 years
Dried Fruit	Deciduous Fruit Producers' Trust	18 Apr 2005	31 Mar 2009	4 years
Potato	Potatoes SA	10 Sep 2004	30 Jun 2007	3 years
Red meat	Red Meat Industry Forum	5 Nov 2005	5 Nov 2007	2 years
Sorghum *)	Sorghum Trust	14 Feb 2003	28 Feb 2006	3 years
Wine and grapes	Winetech	I Nov 2005	31 Oct 2009	4 years
	Wosa	I Nov 2005	31 Oct 2009	4 years
	SA Wine Information and Systems (SAWIS)	I Nov 2005	31 Oct 2009	4 years
Winter Cereals *	Winter Cereals Trust	I Oct 2002	30 Sep 2006	4 years

During 2006, the Minister approved statutory levies (actually the continuation of levies) in the Sorghum and Winter Cereal industries. These were implemented on I March 2006 and I October 2006 respectively.

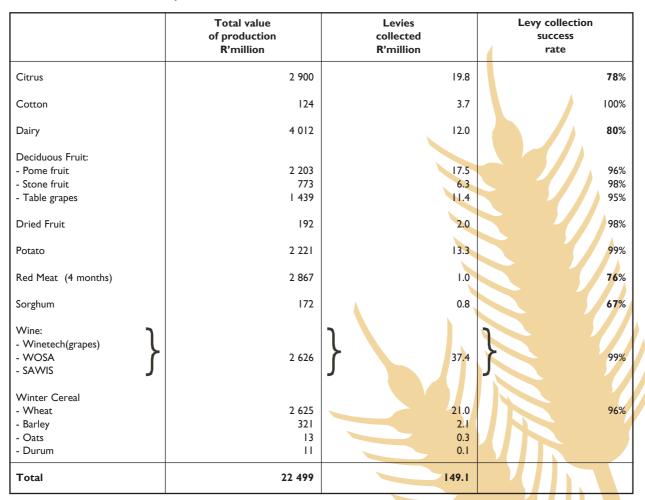
9.2.3 An overview of the status of statutory levies

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On an annual basis, the NAMC reviews all statutory levies implemented in terms of the MAP Act. The purpose of this survey is to provide the Minister with information on the amount of statutory levies collected during the recent audited financial statements of the relevant levy administrators and to analyse how the funds were spent. The NAMC also monitors what assistance was given to emerging farmers in the relevant industries and what impact the assistance has on the share of emerging farmers' production of the particular agricultural product.

For the 2006 survey, ten industries (citrus, cotton, dairy, deciduous fruit, dried fruit, potato, red meat, sorghum, wine and winter cereal) collected statutory levies. An amount of approximately R143, 9 million was spent on industry functions, of which 42% was spent on research, 17% on emerging farmer development projects or transformation, 15% on information, and 10% on export promotion. The total amount of levies collected, and the success rates in levy collection are indicated in the following table:

Table : Total amount of statutory levies collected



The total levies collected for the year under review amounted to R149.1 million, which is 14, 6% more than the R130.1 million reported as total levy income for the 2005 survey.

According to the MAP Act, levies on a particular agricultural product shall not exceed, in total, 5% of the guideline price for such agricultural product. In total, levies fall well within the 5% maximum limit prescribed in the MAP Act. This amount of R149.1 million represents approximately 0.7% of the production value at first point of sale of R22 499 billion.

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The total expenditure of R143.9 million on the various functions is set out below:

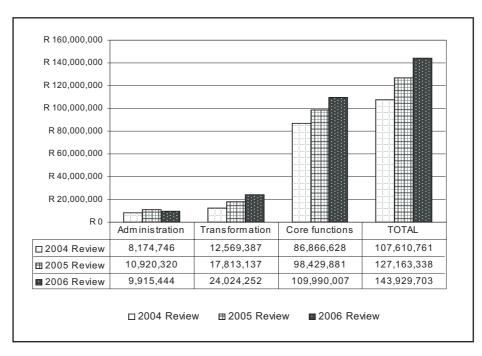
Table: Functions financed through statutory levies

Functions	Amount spent R	Percentage of total levy expenditure %
Administration	9 915 444	7
Transformation	24 024 252	17
Export Promotion	14 708 319	10
Research	60 089 089	42
Information	21 247 556	15
Plant improvement	2 484 958	2
Local promotion	I 083 032	I
Market access	6 490 874	5
Quality control	3 886 179	3
TOTAL	143 929 703	100

In summary, the following figure shows the increase in total levy expenditure for the period under review compared to the previous two surveys:

9.2.4 An overview of the status of statutory levies

Figure: Total levy expenditure for the period under review compared to the previous two surveys



From the above, it could be concluded that total levy expenditure increased over the past three years, expenditure on core functions and transformation also increased while administration costs stabilised for the past three years. It is also accepted that these funds would not have been available to finance essential functions and transformation in the relevant agricultural industries if it was not for the implementation of statutory levies in terms of the MAP

Act.

An overview of the status of statutory levies (continued)

Approximately 17% (R24, 0 million) of total levy expenditure was spent on transformation. This report shows that all industries involved in statutory levies spent between 6% and 36% of total levies on transformation specific projects.

The emerging farmers' share in production of the particular commodities, over the past 6 years, is summarised in the following table:

Table: Percentage production by emerging farmers

Industry	2001 Survey %	2002 Survey %	2003 Survey %	2003 Survey %	2005 Survey %	2006 Survey %
Citrus	1.1	n.a.	1.9	4.4	5.1	3.7
Cotton	3.0	4.2	8.9	8.7	8.8	7.5
Dairy	n.a.	n.a.	n.a.	n.a.	n.a.	10,0
Deciduous Fruit *						
-Pome fruit	n.a	n.a.	0.1	7.0	20.0	21.5
-Stone fruit	n.a	n.a.	0.1	7.0	15.0	21.5
-Table grapes	n.a	n.a.	0.0	7.0	15.0	17.5
Dried Fruit *	0.3	2.0	0.9	1.2	1.1	18.3
Potato	n.a.	n.a.	n.a.	0.2	n.a.	3.0
Red Meat	n.a.	n.a.	n.a.	n.a.	n.a.	20.0
Sorghum	0.4	n.a.	n.a	0.5	0.5	0.5
Wine	n.a	n.a.	0.1	0.2	0.4	0.4
Winter Cereal	n.a	n.a.	n.a	0.1	0.4	0.4

n.a = not available

* Deciduous Fruit: From the 2004 survey the figures include BEE projects + PDI production.

* Dried Fruit: For the 2006 survey the figure includes BEE projects + PDI production.

The increase in production by black farmers as a percentage of total production could be regarded as one of the main indicators to monitor the process of bringing black farmers into the mainstream of commercial agricultural production. This enables the Council to monitor the progress being made to improve production by emerging farmers. The average production of emerging producers, compared to the total production, increased significantly over the past few years, as could be seen from the table above.

The following interesting facts were noted in the 2006 levy review:

- The total production value at first point of sale is 13, 6% higher than that of the previous year (R22 499 million compared to R19 812 million for the previous survey). This can be attributed to the inclusion of the value of production of red meat that was not part of the previous review.
- PDI production increased compared to the PDI production figures reported in the previous review. Transformation projects funded by statutory levies contributed to this positive increase.
- The total levies collected amounts to R149.1 million, which is 14, 6% more than the R130.1 million reported as total levy income in the previous review (red meat levies were included for the first time).
- The total expenditure of levy income to fund the various purposes for which levies were collected, increased with 13, 1% from the previous review (R143.9 million compared to R127.2 million in the previous review).

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9.2.5 Commodity related activities during the 2006/2007 financial year

Citrus

The levy (2.13c/kg on export citrus fruit) is needed to gain and maintain market access, to fund and control research and development, to set fruit quality standards and to ensure effective communication.

Cotton Levy

In the financial year under review, Cotton SA administered the statutory levy of 17 cents per kg cotton lint produced, excluding VAT (19, 38 cents per kg cotton lint produced, VAT included) payable by ginners to Cotton SA. The purpose of these levies is to provide financial support for the following functions that the cotton industry had identified as essential and in the interest of the industry as a whole:

- rendering of information services to all role-players
- the promotion of cotton production and usage
- co-ordination of research, and
- maintenance of quality standards and norms and the provision of training

Dairy

During the 2006/07 financial year, Milk SA, the administrator of statutory measures in the dairy industry, finalised a process of restructuring. This followed the recommendations of a Task Team that was appointed to make a proposal in this regard. A statutory levy of Ic/kg (VAT excluded) is applicable in the dairy industry to finance generic functions such as consumer education, improvement of quality, transformation and research. In the 2006/07 financial year, the collection rate of levies in the dairy industry was much lower compared to the average collection rate of other statutory levies in the agricultural sector. This could be attributed to the fact that some of the bigger dairy processors were keeping the payment of levies back due to various reasons. By the end of the 2006/07 financial year, Milk SA, the administrator of statutory levies in the dairy industry, introduced steps to collect outstanding levies.

Deciduous Fruit (Pome, Stone and Table grapes)

Statutory levies are needed to fund research projects, information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for deciduous fruit. The levies are as follows:

Pome fruit

- 3c/kg on apples
- 3c/kg on pears
- 0.6c/kg on concentrated fruit

Stone fruit

- 6,5c/kg on peaches/nectarines
- 8.5c/kg on plums exported (5c/kg domestic volumes.
 - 8.5c/kg on apricots

Table grapes

5c/kg on export table grapes

On 4 October 2006, the Minister of Agriculture approved the increase of the statutory levy on plums with 2c/kg as requested by the Deciduous Fruit Producers' Trust on behalf of directly affected groups in the deciduous fruit industry (to 8.5c/kg on exported volumes and 5c/kg on domestic volumes).

Dried fruit

Levies are collected to render information services to all role players, coordinate and fund research and development of the dried fruit industry, fund plant improvement for the dried fruit industry, and maintain international liaison. The levies are as follows:

- 8c/kg on dried apricots, apples and peaches
- 7c/kg on prunes, nectarines and pears, and
- 4c/kg on dried vine fruit (golden raisins, sultanas, Thompson seedless raisins, currants and muscat raisins

Grains (Maize, Oilseeds, Sorghum, and Winter Cereals)

The statutory measures administered by the South African Grain Information Service (SAGIS), namely the keeping of records and the submission of returns to SAGIS by end consumers, importers, storers, exporters and processors of grains, were implemented on 20 February 2004, and will lapse on 30 April 2008.

SAGIS requested the Minister's approval that these statutory measures be amended in order to ensure that:

- 1. Oilseeds processed for consumption in respect of bio-fuels be included in the published information for oil and oil cake and be specified in the statutory measures, and
- 2. Whole grain (sorghum, winter cereal and maize) processed for bio-fuels be published separately from human consumption and animal feed, and be specified separately in the statutory measures.

After the NAMC conducted a thorough investigation into the proposed amendments, its recommendations were submitted for the Minister's consideration on 27 March 2007 and the Minister's decision is awaited.

Lucerne

The statutory measures administered by the National Lucerne Organisation (NLO), namely the keeping of records and the submission of returns to the NLO by dealers and processors of lucerne seed and hay, and the registration with the NLO of producers, processors and dealers of lucerne seed and hay, will lapse on 30 April 2007.

The NLO requested the Minister's approval that these statutory measures be continued for a further three years, in order to ensure the continuance of services provided by NLO which are deemed necessary by the lucerne industry. The NAMC conducted a thorough investigation and submitted its recommendations to the Minister. On 28 March 2007, the Minister approved the continuation of the statutory measures relating to registration, records and returns in the lucerne industry for a further period of three years, to lapse on 30 April 2010. These statutory measures will be promulgated in the Government Gazette of 20 April 2007.

Milk

By the end of the 2006/07 financial year the Milk Producers' Organisation, the administrator of statutory measures in the milk industry, prepared themselves for the application for a new term of statutory measures, to replace the measures that are supposed to lapse on I November 2007.

Red Meat

On 12 January 2007, the statutory measures in the red meat industry were amended to include *inter alia* a definition of the word "owner" of an animal at the point of slaughter. Before the amendment, there was uncertainty of who is responsible for the payment / collection of the levy. The amendment of the statutory measures in the red meat industry was necessary to enhance the efficiency in the administration of the measures. The current levies in the red meat industry are R5 / head on cattle, R0.75 / head on sheep and R5.20 / head on pigs.

Sorghum

The Sorghum Trust administered a levy to the amount of R7,70 per ton sorghum, VAT excluded, payable by the buyers, processors, importers and exporters of sorghum, to the Sorghum Trust. The purpose and aims of this statutory measure are to provide financial support for the generic research and information functions in the sorghum industry, for the period of four years, to lapse on 28 February 2010.

Due to the poor collection rate of the sorghum levy and difficulty in obtaining information to inspect and prosecute levy defaulters, the Sorghum Forum applied in March 2006 for a new statutory measure, namely the Registration of role-players in the sorghum industry. Compelling persons who are then registered with the Sorghum Trust, to submit levy forms on a quarterly basis, will facilitate optimal levy collection. The NAMC awaits the Minister's formal request to investigate the proposed establishment of the statutory measure of Registration of role-players in the sorghum industry, and the possible amendments to the relevant statutory measure relating to sorghum levies.

Winter cereal levies

The following statutory levies that were administered by the Winter Cereal Trust, as promulgated on 13 September 2002, expired on 30 September 2006:

- R7, 50 per metric ton for wheat
- R7, 00 per metric ton for barley,
- R4, 50 per metric ton for oats and
- R4, 75 per metric ton for durum wheat (VAT excluded)

These levies were applicable on all winter cereal sold, imported, processed or converted, exported, and in respect of which a SAFEX silo receipt has been issued if the levy for such a winter cereal has not been paid before. The purpose and aims of this statutory measure are to provide financial support for the winter cereals research and information functions.

The Wheat Forum requested in it's letter dated I November 2005, the Minister's approval for the imposition of new statutory levies on winter cereals.

After thorough investigation by the NAMC and consultation with industry, the NAMC submitted its recommendations to the Minister. The Minister approved the following new winter cereal levies on 18 September 2006:

- Wheat R9-00 per metric ton
- Barley R8-50 per metric ton
- R4-50 per metric ton Oats
- Durum wheat R4-75 per metric ton (VAT excl)

on all winter cereals sold, imported, processed or converted, exported, and in respect of which a SAFEX silo receipt has been issued if the levy for such a winter cereal has not been paid before. These levies were implemented on 1 October 2006, and will lapse on 30 September 2010.

9.2.6 **Agricultural Trusts**

With the closure of the former agricultural control boards, the remaining assets were transferred to agricultural trusts for the specific commodities. The agricultural trusts were therefore entrusted with safeguarding and utilising former statutory assets for the benefit of the whole industry.

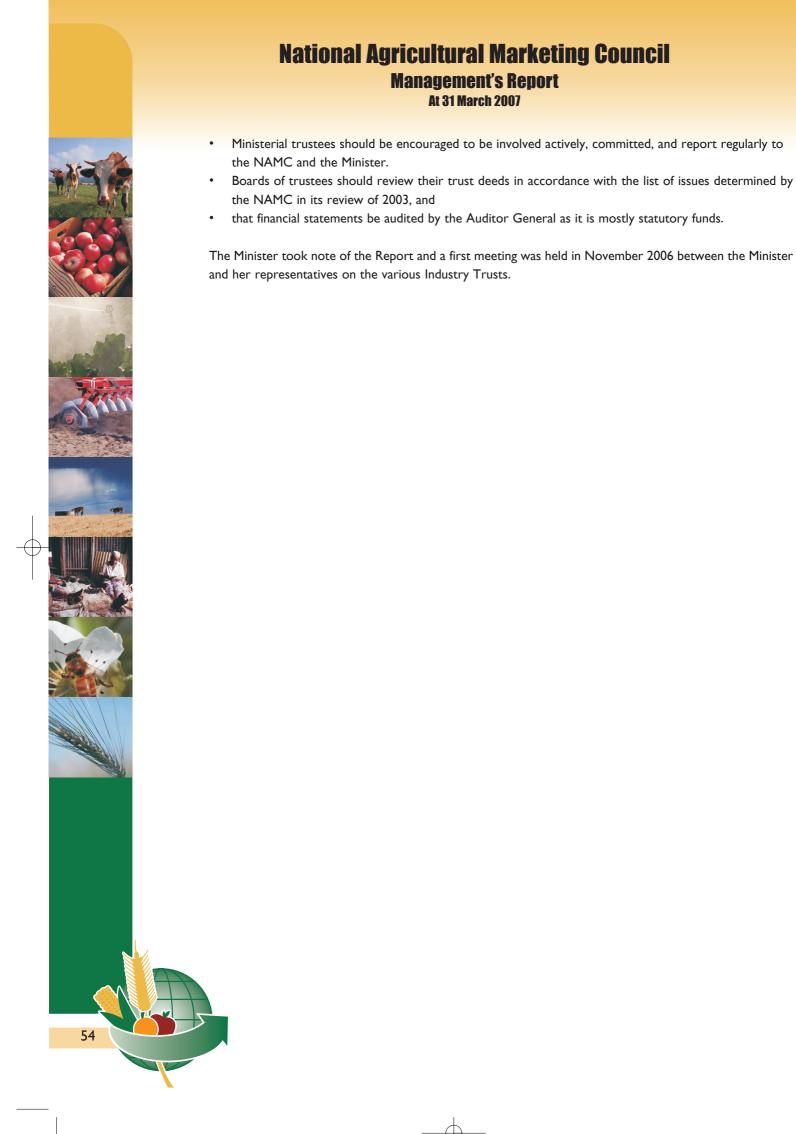
Due to the origin of the trust assets, the Minister is represented on the trusts. On some Boards of Trustees, the Minister has only one representative, but in the majority of trusts, the Minister has a 50% representation. Before the trusts were registered, the Minister also approved the relevant Deed of Trust, which governs the activities of each trust.

In April 2006, the NAMC decided to conduct an investigation into the functioning of agricultural industry trusts, and how the trusts could add value to the growth and development of the agricultural sector, especially the emerging agricultural sector. The investigation, which was finalised in October 2006, revealed that many trusts are actively involved in transformation programmes, e.g. the Wool Trust allocates funds to the National Wool Growers' Association to organise structures in rural areas and to increase the value of the wool clip produced by these farmers.

The following were recommended:

- The NAMC should urgently arrange a meeting with all the ministerial trustees to table and discuss every Trust's performance and financial status.
- An induction process should be developed by the NAMC and the trust's administrators and chairpersons.
- Meetings should be held at least once a year with ministerial trustees, the ministry, and NAMC.
- A Memorandum of Understanding and functions of ministerial trustees needs to be drafted for their signature.

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SUMMARY OF THE FINANCIAL STATUS OF INDUSTRY TRUSTS
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Trust	Date Established	Total inherited Assets (transferred from former former Boards) R	Current value of assets R
Citrus Trust	February 1999	1 319 255	15 370 234
Cotton Trust	September 1997	8 289 880	7 455 520
Deciduous Fruit Industry Development Trust	August 1998	500 000	10 958 742
Lucerne Seed Industry Trust	August 1997	2 952 398	1 870 044
Maize Trust	August 2000	264 128 772	685 475 616
Meat Industry Trust	May 1998	44 363 570	28 950 936
Red Meat Research and Development Trust	May 1998	15 000 000	25 887 642
Mohair Trust	September 1997	145 888 150	177 126 107
Oil and Protein Seeds Development Trust	October 1997	63 801 064	146 200 000
Sorghum Trust	February 1999	6 554 135	8 905 582
Winter Cereal Trust	November 1997	11 239 713	45 060 919
Wool Trust	August 1997	64 276 853	166 168 000
International Wool Trust	September 2003	IWS (Wool Trade Mark)	2 370 909
SA Wine Industry Trust	December 1998	112 955 750	170 000 000
*Potato Trust	October 1993	22 000 000	0
Potato Industry Development Trust	September 2004	0	9 444 806
*Dry Bean Trust	October 1993	6 145 000	6 145 000
Deciduous Fruit Industry Development Trust received R9,6 million	at finalisation of liquidation, and R3,5 millior	million at finalisation of liquidation, and R3,5 million to be added from the settlement agreement between Capespan and DFB.	it between Capespan and DFB.
² The Red Meat Industry Trust capital was depleted due to transfers to industry organisations to perform essential functions - this situation was rectified by the imposition of levies to fund these	to industry organisations to perform essent	tial functions - this situation was rectified by	the imposition of levies to fund these

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The Red Meat Industry Trust capital was depleted due to transfers to industry organisations to perform essential functions - this situation was rectified by the imposition of levies to fund these functions in future.

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9.2.7 Liquidation of former control boards

By the end of March 2007, the Maize Marketing Scheme was the only Scheme that was still in existence. Since 1998, the Maize Marketing Scheme had been extended on 11 occasions. The last time was on 30 May 2006 when the Minister approved the extension / validity of the Maize Marketing Scheme for another year until 31 July 2007. The validity of the Scheme is needed in order for the Maize Board to finalise court cases relating to outstanding levies that were supposed to be collected in terms of the Marketing Act, 1968. Since 1998, the Maize Board has recovered an amount of approximately R112 million, while a further approximately R75 million still needs to be recovered by March 2007.

Without intervention, the NAMC foresaw that it could take up to 10 years for the Maize Board to finalise the outstanding court cases. By the end of November 2006, the NAMC started a process of negotiations with the two major role-players in order for them to settle the matter out of court and to close the Maize Board within 12 months. By the end of March 2007, the NAMC was still in a process of discussions with the two major role-players to consider options and to find a solution that is fair to all involved.

Although the other former control boards finalised all their outstanding issues, their last financial statements could not be audited by the Auditor-General for a number of reasons. The former control boards concerned were the Citrus, Deciduous Fruit, Oilseeds, Wheat, Wool and Meat Boards. The NAMC appointed a former NAMC Council member to assist in the process of finalising the liquidation of these former control boards. A number of meetings were held with the Auditor-General during the period under review, where outstanding issues pertaining to the auditing of final financial statements and proof of transfer of funds were discussed. The archiving of financial records for the Wool and Oilseeds Boards were also finalised. At the last meeting held in October 2006, the only outstanding issues were the final auditing of financial statements of the Citrus, Wool and Meat Boards.

9.2.8 Sub-programme: The Crop Estimates Liaison Committees

STRATEGIC GOAL	Provide leadership required to improve the acceptance of the Crop Estimates Committee within industry in general.
KEY PERFORMANCE AREAS	 The establishment of a completely independent and objective Crop Estimates Committee free of commercial bias. The understanding and acceptance by the CEC of what the industry requires from it, and why. An accurate, timely and credible crop estimate. The fourth function, that of monitoring the performance of the CEC, is an ongoing function and is undertaken by the "market" using the crop estimates.
PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAs	The CELC met three times during the 2006/07 financial year. The strategic outcome is to hold at least two CELC meetings per annum.

The Crop Estimates Liaison Committee (CELC) was established in October 1998 as a formal NAMC Committee.

The final winter crop estimates for 2005/06 were released during May 2006, the final oilseeds crop estimates for 2005/06 were released in September 2006, and the final summer crop estimates for 2005/06 were released in December 2006. The target for the CEC is that the final crop estimate compared to the actual crop should not exceed a five per cent error margin.

9.2.9 Sub-programme: Registration of Directly Affected Groups

STRATEGIC GOAL	Register directly affected groups with the NAMC.
KEY PERFORMANCE AREAS	 Update register of directly affected groups Invite industries and groups to register All directly affected groups should be informed about new statutory measures applicable in their particular industries for comments.
PERFORMANCE AGAINST STRATEGI OUTCOMES AND KPAs	The register of directly affected groups was updated for the maize, oilseeds, and sorghum and winter cereals industries during the reporting year. Any new applications were added to the register of directly affected groups. All affected groups were informed about statutory measures applicable in their particular industries.

The MAP Act stipulates that the NAMC must keep a register of directly affected groups for each product that is declared as an agricultural product for the purposes of the MAP Act. The Minister, by a Notice in the Government Gazette and through other news media, invites directly affected groups to register with the NAMC. 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 registering. The strategic goal of this initiative is to inform directly affected groups about relevant market interventions that are affecting specific commodities and to invite them to express their views regarding a specific intervention.

9.3 Enterprise Development Division

9.3.1 Introduction

Economic growth is not simply about business linkages, but about concluding linkages that will lead to longer-term economic growth of the relevant sectors. Business linkages work has demonstrated that there are significant opportunities for enhanced sectoral growth by addressing marketing constraints that prevent the sale/use/uptake of products and / or services provided by Historically Disadvantaged Individual's (HDI's) as they flow from production through to the final consumer.

In recognition of this challenge, the NAMC established a new division, Enterprise Development that strategically collaborated with other institutions in increasing market access, encouraging new business development, and ownership of assets and capacity building of Historically Disadvantaged Enterprises.

9.3.2 Aim

The main aim of the division was to develop and document best practice for farmer support. The division further aimed to develop and pilot models that will foster commercial linkages to integrate black agribusinesses in the second economy into the commercial agriculture sector.

9.3.3 Key programmes:

The Enterprise Development Division focused on the following programmes to achieve its objectives:

9.3.3.1 Database

The Enterprise Development division developed and maintained a database of black-owned agribusinesses in South Africa. The objective of the database was to reduce the perceived cost of doing business with black producers by providing a complete producers' profile to buyers.

9.3.3.2 Technical Support Programme

The NAMC created an Agribusiness and Technical Assistance Fund (ATAF) to stimulate the purchase of goods and services from private sector providers to enhance capacity building, improve skills, enhance technology adoption, and increase market access and increase ownership of assets by HDI. In general, the objective was to provide producers in the database with training and other technical support required for them to fulfil the terms of their contracts.

9.3.3.3 Business Linkages

The Enterprise Development Division through its networks facilitated the linkages between buyers and suppliers. The purpose of this programme was to increase the market access of enterprises in the database by identifying and getting buy-in from major buyers of agricultural produce in South Africa.

9.3.3.4 Export Promotion

An important indicator for the Enterprise Development Division under this programme was to organise a successful international exposure visit to a trade show for a group of farmers from the database. The exposure trips were meant to assist the black-owned enterprises that have proved to be competitive in the South African markets to find lucrative export markets. The division also aimed to assists agribusinesses to achieve export demand requirements.

9.3.4 Results and Significant Achievements

Below are the results of the division, highlighting performance during the year under review.

9.3.4.1 Database

A total of one hundred and thirty-two (132) black enterprises across the country have been registered during the year under review. Some of the entities registered are cooperatives, comprising of between 10 to 30 members. The registered enterprises are those that have received the Division's assistance or were in the process of being assisted.

Below is the distribution of enterprises that were registered:



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Table I: Registered Enterprises

Province	Total
Eastern Cape	37
Free State	22
Gauteng	3
KwaZulu-Natal	10
Limpopo	12
Mpumalanga	23
Northern Cape	13
North West	6
Western Cape	13
Total	132

STRATEGIC GOAL	Reduce the perceived cost of doing business with black producers by providing a complete producers' profile to the buyers
STRATEGIC OUTCOME/RESULT	Develop a database of black producers
KEY PERFORMANCE AREAS	Number of producers in the supplier database and the quality of information
PERFORMANCE AGAINST STRATEGI OUTCOMES AND KPAs	A database of black-owned enterprises was developed. The database has information such as the profile of the producer, production information, marketing information, and type of business. This information is made available to businesses that want to procure from black enterprises. A number of enterprises with complete profiles were registered.

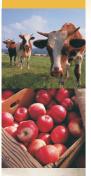
9.3.4.2 Technical Support Programme

During the year under review, a total of one hundred (100) agribusinesses benefited from the costsharing Agribusiness and Technical Assistance Fund. A total of **R737,704.98** from the Agribusiness and Technical Assistance Fund was committed during this year for interventions related to market access. Some of the interventions in terms of advisory market referrals or trade links cannot be measured in terms of monetary value therefore are not reflected here.

The table below shows the utilisation of the ATAF for the year under review in rands and percentage.

Purpose of ATAF	ATAF Committed	Percentage of ATAF Committed
Skills Development and Training	R213,144.99	28.9%
Business Development Services	R93,534.43	12.7%
Local Conferences and Exhibitions	R139,962.43	19.0%
International Trade Shows and Exhibitions	R190,739.40	25.9%
Market Compliance	R9,750	1.3%
Market Information	R27,360	3.7%
Sponsorships		
Making Markets Matter Workshop	R50,000	6.8%
NAFU Executive Committee Workshop	R13,173.22	1.8%

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Provide producers in the database with training and other support required for them to fulfil the terms of their contracts.
Create an ATAF with start-up capital of R800,000 to finance the assistance
Number of producers who have received support
 SA AgriAcademy developed training and technical support programmes, which some of the producers in the database benefited from. The enterprises in the NAMC database were supported to attend the training. An ATAF with a start-up capital of R800,000 was created. Enterprises in the database were assisted from this amount for support such as training, skills development, and market compliance in order for them to fulfil their contracts

9.3.4.3 Business Linkages

Agribusinesses with existing markets were supported to service their current markets. There were also agribusinesses that identified new markets, and benefited from our support to conclude those contracts. Referrals were also made to a marketing agent of one of the Fresh Produce Markets to link with producers

STRATEGIC GOAL	Increase market access
STRATEGIC OUTCOME/RESULT	Identify and get buy-in from major buyers of agricultural produce in South Africa
KEY PERFORMANCE AREAS	Number of producers in the database with access to good reliable markets as well as the value of contracts signed between producers and buyers
PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAs	There was no major buy-in identified, but enterprises with existing markets were supported to service their current market or buy-ins from existing major buyers.

9.3.4.4 Export Promotion

Five agribusinesses were supported on an exposure trip to the Netherlands. The trip was initiated by SA Agri Academy and the Centre for the Promotion of Imports for Developing Countries (CBI) as host was also responsible for arranging meetings with prospective buyers in the Netherlands. The purpose of the trip was to expose the black-owned agribusinesses to different markets in the Netherlands and to the export challenges that producers face before their produce can reach the international markets. Two agribusinesses were supported under this programme to launch their products in the United States of America and the Democratic Republic of Congo.

STRATEGIC GOAL	Access to international markets
STRATEGIC OUTCOME/RESULT	Create linkages for export opportunities
KEY PERFORMANCE AREAS	Number of farmers supporting the programme
PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAs	Linkages were created by supporting enterprises to attend exposure and exhibition shows internationally where potential importers where met.

9.3.5 Lessons Learnt

The Enterprise Development Division was an entirely new programme within the NAMC. Because this was a new division, it raised some expectations from all of our stakeholders. Though the programmes generally achieved its objectives, there were some challenges along the road.

First, enterprise development requires certain skills and innovation from practitioners to analyse and interpret successfully the constraints faced by an enterprise and recommend certain interventions for the development of that enterprise. To some extent, the division lacked the necessary skills effectively to address some of the objectives as set out in the strategic plan. The programme was new and the staff members had not previously been exposed to enterprise development. Most of the work was performed at a slow pace because the staff members were still learning. Going forward, staff members will be encouraged to enrol for courses that will sharpen their skills.

Second, because this was a new division, a new instrument had to be designed. The design of the new instrument was imperative for the implementation of the divisions' key programmes. Most of the time was spent designing the instrument, which affected the actual implementation of programmes.

Last, we need to be aware that forming business linkages takes a long time. The majority of black producers face numerous constraints to satisfying a particular market successfully. Therefore, time had to be spent on addressing the constraints before contracts could be concluded. The division focused mainly on the supply side business linkages which did not produce much result, mainly because of the constraints (e.g. volumes and quality) faced by black producers. In the coming financial year, the demand side business linkages will be emphasised. Cooperative models will also be followed in order to address the volume constraints.

9.4 Economic Research Division

9.4.1 Sub-programme: Section 7 Investigations

The main aim of Section 7 investigations is to undertake ad hoc investigations mandated under the Marketing of Agricultural Products Act of 1996, which the Minister or Council may, from time to time, request.

STRATEGIC GOAL	Conduct investigations and recommend on topical issues identified by the Minister, industry and the NAMC
STRATEGIC OUTCOME/RESULT	Produce well-researched reports and recommendations
PERFORMANCE AGAINST STRATEGI OUTCOMES* AND KPAs	 Five Section 7 reports with recommendations were produced and submitted to the Minister as follows: Section 7 Committee looking at solutions for sustainable exports in the citrus industry Fresh Produce Section 7 Committee Investigation Wildlife Section 7 Committee investigation Sorghum Section 7 Committee investigation Section 7 investigation into the South African Wine Industry Trust (SAWIT)

* See Section 9.4.6 for a detailed description of projects, progress made and lessons learnt

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9.4.2 Sub-programme: Research Fund

The main aim of the Research Fund is to fund research projects on themes identified by the NAMC.

STRATEGIC GOAL	To fund research projects on themes identified by the NAMC.
STRATEGIC OUTCOME/RESULT	Create a research fund of R3.4 million
PERFORMANCE AGAINST STRATEGIC OUTCOMES* AND KPAs	 Due to budget limitations, a fund of R2 798 727, which is lower than desired, was created. Through this fund, a number of research projects were conducted successfully. These were: Diagnostic studies of the following agricultural sub-sectors: Potatoes, Deciduous Fruit, Chicken meat, Beef, Goats, Honeybush, Rooibos and Citrus. A study of opportunities in the Russian fruit market Impact of RSA Class I exports to African and Indian Ocean Island countries South African agriculture protection: how much policy space is there? Examining the India, Brazil and South Africa (IBSA) triangular trading relationship The following projects were started and are still on-going: Support for potato market development in North and West Africa Strategies to promote competitiveness and equity in South African agribusiness: The case of BEE in the SA wine industry Support to the Bureau for Food and Agricultural Policy (BFAP) Impact of deregulation on agricultural efficiency and productivity in South Africa An inquiry into the potential for change management by selected wine producers' cooperatives in the Robertson wine district An institutional analysis of South Africa's new Cooperatives in KwaZulu-Natal An economic analysis of Thohoyandou Town and Tshakuma informal fruit and vegetable markets

 \ast See Section 9.4.6 for a detailed description of projects, progress made and lessons learnt

9.4.3 Sub-programme: Support to the Agricultural Economics Association of South Africa (AEASA)

Through financial support to AEASA, a body whose membership consists of the cream of agricultural economists in South Africa, NAMC aims to cement relations and build networks to benefit capacity building in the field of agricultural economics research in the country.

STRATEGIC GOAL	Cement relations between NAMC and AEASA.
STRATEGIC OUTCOME/RESULT	Sponsor a workshop at the AEASA annual conference for R100, 000.
PERFORMANCE AGAINST STRATEGIC OUTCOMES* AND KPAs	The NAMC supported AEASA through sponsoring of its 2006 Annual Conference with R60 000 at the request from AEASA) and second, by convening a workshop on fresh produce marketing in South Africa. Through the workshop, comments from participants were leveraged to benefit the preparation of the final report.

* See Section 9.4.6 for a detailed description of projects, progress made and lessons learnt



9.4.4 Sub-programme: Food Price Monitoring

Food price monitoring is an activity introduced to monitor the movement of food prices and to gain a better understanding and appreciation of the food value chain.

STRATEGIC GOAL	To produce reports that monitor the movement of prices
STRATEGIC OUTCOME/RESULT	 Produce one annual Food Cost Review Produce four quarterly food price trends reports
PERFORMANCE AGAINST STRATEGIC OUTCOMES*	The NAMC produced four quarterly food price trends reports, which received wide media coverage. In addition, one annual Food Cost Review report was produced.

st See Section 9.4.6 for a detailed description of projects, progress made and lessons learnt

9.4.5 Sub-programme: Research Library

The aim of the research library is to improve access by the agricultural community to all reports produced by the NAMC.

STRATEGIC GOAL	To improve access to reports produced by NAMC
STRATEGIC OUTCOME/RESULT	 Produce 500 CD's for wide distribution Buy reading material relevant to NAMC's work and stock the library
PERFORMANCE AGAINST STRATEGIC OUTCOMES* AND KPAs	 2000 CD's were produced containing information on NAMC's published reports from 2001 to 2006. The CD's were distributed at various workshops, conferences and exhibitions across the country. A library indexing system is in place to organise all NAMC and other relevant publications

* See Section 9.4.6 for a detailed description of projects, progress made and lessons learnt

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Key focus area Section 7			
Section 7	Project description	Progress made	Lessons lear
Investigations	 Section 7 Committee looking at solutions for sustainable exports in the citrus industry In response to a request from the Citrus Growers' Association (CGA) and the Citrus Export Forum (CEF) - a sub-chamber of the Citrus Marketing Forum - the NAMC established a Section 7 Committee to look at solutions for sustainable exports in the citrus industry. The request from the industry arose from the 2005 season where according to the CGA, the citrus industry lost approximately R750 million in revenue from citrus exports (the highest recorded losses since 2000). The committee was made up of representatives from the NAMC, CGA, CEF, DoA and PPECB. The main task of the Committee was to identify a possible model that would: Bring discipline and responsibility into the citrus export system. Increase demand for the product. Ensure sustainable exports in the long term. 	The Committee considered two possible courses of action in terms of the legislative framework namely, a licensing or a registration system. The Council considered the matter on 29 August 2006 and recom- mended that the route of licensing not be followed due to potential opposition to such a system from the side of exporters and growers that could lead to conflict in the industry. At the meeting of 8 December 2006, it was agreed that the NAMC together with DoA would investigate the possibility of registering all citrus exporters (including grower exporters) in terms of the Agricultural Produce Agents (APA) Act. There was also general agreement that the APA Act should be reviewed to ensure that it had the necessary enforcement capacity. It was agreed that the possibility of including a Code of Conduct in the Act should also be looked at. At a follow up meeting on 23 January, the DoA indicated that it was in principle against regulation except for requirements relating to phytosanitary issues, food safety and minimum quality requirements of importing countries. The DoA however would not be opposed to voluntary arrangements between parties to effect restrictions on exports. The CGA subsequently indicated	The main aim of both th licensing and registration was to introduce quality export citrus fruit in orc create better marketing discipline in the export of the benefit of the indust whole. However, licensii the application of criteri restrict peoples' rights t while it would empower industry to regulate itsel parameters of the licence registration implies a sof approach to disciplining where penalties are pro where the right to expo taken away as a last rese of registration, those wh will be criminally prosece under licensing, commer can be taken. There was overspending project due to unanticip additional costs of transp accommodating Section committee members.
	Project coordinator: Chris Gladwin Budget allocated: R100, 000	The CGA subsequently indicated that it would like to investigate the feasibility of introducing a voluntary minimum/ fixed price system. This will be investigated in the next financial year. Budget utilised:	

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	DIVISION: E	CONOMIC RESEARCH		
Key focus area	Project description	Progress made	Lessons learnt	
Free Cor The 22 N inpu (bas publ num iden • • • • • • • • • • • • • • • • • • •	Project description esh Produce Section 7 mmittee Investigation e Section 7 Committee met on May 2006 to consider the uts received from role-players sed on detailed guidelines obished in January 2006). A mber of critical issues were ntified including: The Commission System Management and Ownership of Fresh Produce Markets Infrastructure e Section 7 Committee met h various Municipalities during v and August (Johannesburg, nowane, Cape Town, Buffalo City d Bloemfontein) to discuss the estigation especially the commendation made in the evious investigation (2000) arding the separation of nership and management of sch Produce Markets. The MC also commissioned earch in various areas including: The legal framework in which markets operate Ownership and management models Price analysis Global Trends New Market Structures (including Satellite Markets and the so-called "N2 Markets") oject coordinator: ris Gladwin dget allocated: R70, 000	Progress made One of the workshop sessions of the 2006 All Fresh Conference (the most important annual fresh produce conference in South Africa) on 31 August was used first to discuss progress and the direc- tion of the investigation and to get the views on the most important issues from the various stakeholders. One of the workshop sessions of the Agricultural Economics Association of South Africa (AEASA) Conference on 20 September 2006 was also dedicated to a discussion on the NAMC investigation and the research commissioned. The Committee met with black role-players on the Johannesburg, Tshwane and Cape Town Markets in August and September to get their views on the most important issues. The Section 7 Committee tested draft proposals/ recommendations with the industry role-players at a workshop held on 14 November 2006. Delegates confirmed that the committee had been engaged in a credible process so far with regard to the investigation and consensus was reached on broader issues. The final report was considered by the Council at the January 2007 Council Meeting and submitted to the Minister in February 2007.	Lessons learnt It was agreed that some kind of coordinating mechanism/ body was needed with regard to Fresh Produce Markets. This body could be introduced in terms of statutory provisions (such as the Marketing of Agricultural Products Act 1996) and would be responsible for implementation of the recommendations that come out of the Section 7 process. The possibility of retaining the existing Section 7 Committee in this role with an expanded mandate was mentioned. It was agreed that there is place for both the wholesale and commission system although it was acknowledged that they are very different systems and should possibly be kept separate. Broad proposed transformation targets were also agreed upon. Overspending on this project was due to unanticipated additional costs of transporting and accommodating Section 7 committee members.	A n n u a Ke o o t

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	DIVISION: EC	CONOMIC RESEARCH	
Key focus area	Project description	Progress made	Lessons learnt
	 Wildlife Section 7 Committee investigation For the 2005/06 financial year the Council decided to establish a Committee, in terms of section 7 of the Marketing of Agricultural Products Act, 1996, to identify opportunities for and address problems relating to the sustainable development of South African wildlife ranching. The Committee held its first meeting on 6 September 2005 and the fourth and last meeting was held on 8 August 2006. As part of the investigation, the Section 7 Committee appointed an independent expert to do, together with the Committee, a SWOT analysis of South African wildlife ranching. Project coordinator: 	The NAMC adopted the Report in November 2006 and in January 2007 the Report was submitted to the Office of the Minister for Agriculture.	The Report pointed out that during the past three decades, growth in the wildlife industry gained moment tum because for the first time an economic value was attached to wildlife. A number of studies com- pleted in the past few years, indicated that wildlife ranching is more profitable than, for example, cattle farming, resulted in better skilled employees with higher remunera- tion and created more job opportu- nities in especially the deep rural areas. South African wildlife ranching is integrated with other sectors of the economy, on the one hand with the agricultural sector and on the other with tourism and with conservation The wildlife sector claims that it makes a large contribution towards conservation because it is in their interest to preserve wildlife. In
	Schalk Burger Budget allocated: RI20,000	Budget allocated: R103, 000 (86%)	other words without wildlife there would be no wildlife ranching and accordingly there is more wildlife in South Africa presently than at any time in the past 150 years.
	Sorghum Section 7 Committee investigation The NAMC appointed a Section 7 Committee to investigate the South African Sorghum industry, and to identify problems and opportunities for sustainable growth and development in the industry. Specific sorghum indus- try issues would be addressed with a view to making recommenda- tions that will increase efficiencies, market access and industry com- petitiveness by unrestricted partic- ipation by all stakeholders.	The Committee held its fourth and last meeting in July 2006. The Committee expressed its concern about the presentation at the Presidential Working Group meet- ing of 27 June 2006 that indicated that the sorghum industry was regarded as uncompetitive and not attractive and that no resources will be used for sorghum develop- ment. Furthermore, sorghum was initially not included in the Grain Strategy that was developed during the past two years by the DoA together with the industry, but that it was now corrected also to include sorghum. A further con- cern in the industry is that sorghum is excluded from school feeding schemes in some Provinces. All these aspects negatively impede on the sorghum industry and are addressed in the Sorghum Section 7 Committee Report.	The unavailability of data on black developing producers is one of the major challenges to be addressed to Government. The NAMC started to develop a database on black producers in the four major sorghum producing Provinces.
		The Section 7 Committee decided to circulate the Report to mem- bers of the Sorghum Forum for their final inputs and comments.	

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DIVISION: ECONOMIC RESEARCH				
Key focus area	Project description	Progress made	Lessons learnt	
		After that, the Report was tabled at		
		NAMC meeting in November 2006.		
		The NAMC felt that there was not		
		enough information on the		
		black/developing sorghum		
		production included in the Section		
		7 Committee's investigation, and		
		5		
		the Report was again amended to		
		include a section on the developing		
		sector. The policy brief, action plan		
		and Section 7 Committee Report		
	Project coordinator: Lizette	was approved by Council on 26		
	Mellet	March 2007 and submitted to the		
		Minister.		
	Budget allocated: RI20,000	Budget utilised:		
		R60, 000 (50%)		
	Section 7 investigation into	A report was presented to the	By the end of March 2007, the	
	the South African Wine	Minister in March 2007.	Report had not yet been made	
		Finiscer in Fiarch 2007.	public.	
	Industry Trust (SAWIT)		public.	
	In January 2007, the Minister for			
	Agriculture requested that an			
	investigation be undertaken into			
	the finances of SAWIT. A Section			
	7 Committee of five was constitut-			
	ed to undertake the investigation.			
	Project coordinator:			
	Simphiwe Ngqangweni			
	Simplifier Regaligeen			
	Budest alle sated D(0.000	Dudent utilized		
	Budget allocated R60,000	Budget utilised:		
		R57, 320.47 (96%)		
!-				
conomic	Sub-sector studies:	Progress achieved:		
esearch Fund				
	The Department of Agriculture	Eight of the ten studies were	All the studies revealed some	
	commissioned the NAMC to	drafted and completed within a	challenges most of which were	
	undertake ten diagnostic sub-	month as was originally planned,	related to slow implementation of	
	sector studies aimed as assessing	with two still outstanding from	government programmes. The	
	the potential for their contribution	ComMark Trust, who initially	NAMC has submitted Policy Briefs	
	towards economic growth. The	undertook to draft these as part of	to the Minister whereby certain	
	0	their contribution as a co-funder to	recommendations were made	
	NAMC provided funding for the			
	studies while additional funding	this project. The eight completed	towards speeding up the	
	was provided by ComMark Trust.	reports underwent peer review and	implementation process. There wa	
	The sub sectors covered were	were sent back to contracted	overspending on this project due t	
	Beef cattle, Chicken meat, Citrus,	authors. By March 2007, two of the	extra costs for editing, design and	
	Viticulture, Wool, Deciduous fruit,	studies (Potato and Deciduous	layout as well as printing of the fina	
	Potatoes, Goats, Rooibos and	Fruit) had been released, following	reports. In future, these extra cost	
	Honeybush.	submission to the Minister, while	would have to be budgeted for up	
	· · · · · · · · · · · · · · · · · · ·	four were undergoing final revision.	front.	
	Project partner: Various			
	academics and consultants			
	Project coordinator:			
	Simphiwe Ngqangweni			
		Budget utilised:		
	Budget allocated: R350, 000	R450,932.23 (129%)	1	

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Key focus area	Project description	Progress made	Lessons learnt
	Opportunities in the Russian fruit market: The objective of the study was to provide a comprehensive review of the Russian fruit market and the opportunities for South African fruit in the market. The report covered grapes, top fruit/pome fruit, citrus and stone fruit.Project partners: South African Table Grape Industry (SATI) and PromarProject coordinator: Chris GladwinBudget allocated: R256, 856.25	Progress achieved: The report was finalised and released in May 2006. Budget utilised: R256, 856.25 (100%)	 The main lessons from the study were as follows: South Africa is in a less competitive position than Argentina and Chile South Africa should invest in establishing partnerships and trust with local importers South Africa should build knowledge of end-user requirements and build strong relationships with retailers and customers
	Impact of RSA Class I exports to African and Indian Ocean Island countries: The study looked at issues sur- rounding the dispensation for RSA Class I exports to African and Indian Ocean Island countries. Project partner: Frudata Project coordinator: Chris Gladwin Budget allocated: R95, 646	Progress achieved: The report was finalised in October 2006. Budged utilised: R95, 646 (100%)	 Lessons learnt from the study were as follows: African and Indian Ocean Island countries are an important market for South Africa The final grading standards for the proposed new fourth grade for apples, pears and plums should be established in consultation with the relevant industry grading committees and all other stakeholders in the industry. The new standards should be promulgated and gazetted as soon as possible. Until this is accomplished, the present dispensation for RSA Class I exports to Africa and Indian Ocean Island countries should be extended.
	South African agriculture pro- tection: how much policy space is there? The object of the study was to asses the amount of 'policy space' available to increase the tariff protection to South African agriculture. Project partner: Trade Law Centre (Tralac) Project coordinators: Olu Oyewumi, Bonani Nyhodo and Simphiwe Ngqangweni Budget allocated: R193, 000	The final draft of the study was completed in January 2007. Budget utilised:	The conclusion of the study was that policy space available to South African agriculture was generally limited due to almost 60% of agricultural imports effectively locked into the current tariff policy regime

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DIVISION: ECONOMIC RESEARCH Key focus area Project description Progress made Lessons learnt				
Project description	Progress made	Lessons learnt		
Examining the India, Brazil and South Africa (IBSA) triangular trading relationship: The study focused upon the current merchandise trade and placed this in perspective for a more cooperative approach between the three countries. The analysis extended to undertaking an advanced computer general equilibrium modelling study to assess what the gains may be from a trilateral free trade agreement (FTA) between the partners. Project partner: Trade Law Centre (Tralac)	The final draft of the study was completed in December 2006.	The IBSA agreement was found to be potentially good for all major- parties with similar welfare gains of between one to one and a half billion dollars at 2015, but with this translating into larger gains for South Africa when measured as a percentage of real GDP as South Africa has a smaller economic base to work from.		
Project coordinator: Simphiwe Ngqangweni				
Budget allocated: R103, 600	Budget utilised: R103, 600 (100%)			
Support for potato market development in North and West Africa: The NAMC supported a Potatoes South Africa fact-finding trip to Nigeria, Ghana, Egypt, Algeria, Morocco and Senegal. The purpose of the trip was to lay the foundation for development of the market for potatoes in these countries.	The trip was successful and the trip report was submitted to the NAMC in March 2007.	Information gathered from this trip was valuable and helped in understanding the fresh produce industries in the countries visited.		
Project partner: Potatoes South Africa				
Project coordinator: Simphiwe Ngqangweni Budget allocated: R78, 618	Budget utilised: R78, 618 (100%)			
Strategies to promote competitiveness and equity in South African agribusiness: The case of BEE in the SA wine industry The objective of this project is to provide measurement tools to assist with the implementation and management of effective Black Economic Empowerment and Transformation in the Wine Industry of South Africa. These	The study is still in progress and is due to be finalised by 31 March 2008. Half of the funds have already been expended towards- consolidation of methodology and preparation of data collection instruments.	The most complicated part of this project has been the identification of cases representative of the industry. Once this is in place, progress on this project will accelerate.		
	Examining the India, Brazil and South Africa (IBSA) triangular trading relationship: The study focused upon the current merchandise trade and placed this in perspective for a more cooperative approach between the three countries. The analysis extended to undertaking an advanced computer general equilibrium modelling study to assess what the gains may be from a trilateral free trade agreement (FTA) between the partners. Project partner: Trade Law Centre (Tralac) Project coordinator: Simphiwe Ngqangweni Budget allocated: R103, 600 Support for potato market development in North and West Africa: The NAMC supported a Potatoes South Africa fact-finding trip to Nigeria, Ghana, Egypt, Algeria, Morocco and Senegal. The purpose of the trip was to lay the foundation for development of the market for potatoes in these countries. Project coordinator: Simphiwe Ngqangweni Budget allocated: R78, 618 Strategies to promote competitiveness and equity in South Africa agribusiness: The case of BEE in the SA wine industry The objective of this project is to provide measurement tools to assist with the implementation and management of effective Black Economic Empowerment and Transformation in the Wine	Examining the India, Brazil and South Africa (IBSA) triangular trading relationship: The study focused upon the current merchandise trade and placed this in perspective for a more cooperative approach between the three countries. The analysis extended to undertaking an advanced computer general equilibrium modeling study to assess what the gains may be from a trilateral free trade agreement (FTA) between the partners.The final draft of the study was completed in December 2006.Project partner: Trade Law Centre (Tralac)Budget utilised: R103, 600Budget utilised: R103, 600 (100%)Support for potato market development in North and West Africa: The NAMC supported a Potatoes South Africa fact-finding trip to Nigeria, Ghana, Egypt, Algeria, Morocco and Senegal. The purpose of the trip was to lay the foundation for development of the market for potatoes in these countries.The study is still in progress and is due to be finalised by 31 March 2008. Half of the funds have already been expended towards- consplication of methodology and preparation of data collection instruments.Strategies to promote competitiveness and equity in South Africa an gribusiness: The cose of BEE in the SA wine industryThe study is still in progress and is due to be finalised by 31 March 2008. Half of the funds have already been expended towards- consolidation of methodology and preparation of data collection instruments.		

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Agricultural Policy (BFAP) Partnership Projectoutput has been the submission of a Policy Brief on the South African Biofuels Strategy to the Minister of Agriculture. This Policy Brief is a formal commentary by the NAMC on the process of finalising a biofuels strategy for South Africa.far proven productive and will be used as a basis for learning lessons towards expansion to include other research partners in order to enhance NAMC's capacity to advis the Minister on important agricultural policy issues. In order	industries. This study selected the wine industry as a "case study" in wiew of the current progress with the establishment of a Wine Industry Transformation Charter and due to particular economic and social legacies of this far growing and highly competitive economic sector and the wide ranging impacts and nural economic development in the Western- and Northern Cape provinces of South Africa. Project partner: South Africa. Budget allocated: R225,150 Bureau for Food and Agricultural Policy (BFAP) Partnership Project This project is a joint initiative between NAMC and BFAP to integrate the BFAP-facel activities, research outputs and training program into the NAMC in order to enhance the research capacity of the council. Key objectives of the proposed initiative include the maintenance on decousions for the region- antitative includes to focus areas of research, an "analysis on demand" option where the RAMC can aregularly. Project coordinator: Simphive maintenance on decousions of the existing modelling framework, pursuing the various focus areas of research, an "analysis on demand" option where the RAMC can areas project coordinator: BFAP Project coordinator: BFAP Project coordinator: Simphive Ngangweni		DIVISION: EC	ONOMIC RESEARCH	1
 wine indutry as a "case study" in view of the current progress with the establishment of a Wine Industry Transformation Charter and due to particular economic and social legacies of this fast growing and highly competitive economic sector and the wide ranging impacts and inflages it shows for the regional and rural economic development in the Western- and Northerm Cape provinces of South Africa. Project partner: South Africa. Project coordinator: Simphiwe Nggangweni Budget allocated: R225,150 Bureau for Food and Agricultural Policy (BFAP) Partnership Project This project is a joint initiative between NAMC and BFAP to integrate the BFAP-related activities, research autrains of program into the NAMC in order to enhance the research capazity of the council. Key objectives of the proposed initiative include the maintenance and despansion to include oth the actisting modeling framework, pursuing the various focus areas of research, an "analysis on demand" option where the NAMC can request BFAP to analyse various market related Sustes and the annual publication of the BFAP baseline. Project coordinator: Simphiwe Nggangweni 	wine industry as a "case study" in view of the current progress with the establishment of a Wine Industry Transformation Charter and fue to particular econonic and social legacies of this fast growing and highly competitive economic sector and the vide ranging impacts and inkages is thows for the region- al and rural economic development in the Western- and Northern Cape provinces of South Africa.Budget utilised: R112, S75 (50%)The BFAP partnership project has for policy Direct partner: Simphiwe Ngqangweni Budget allocated: R225, IS0Through this partnership, a main ortput has been the submission of Partnership ProjectThe BFAP partnership project has for policy Direct partners is a joint initiative between NAMC and training program into the NAMC in order to inhance the resurs of causifior of the council. Key objectives of the proposed initiative include the maintenance and explained training program into the NAMC in order to the council. Key objectives of the proposed initiative include the maintenance and explained training progest instave include for the existing modeling framework, pursuing the various frames with NAMC can request BFAP to analyse various marker related issues and the annual publication of the BFAP baseline. Project coordinator: Simphiwe NgqangweniThe sector.The BFAP partnership project has for an analyse indemand? out the sector.	Key focus area	Project description	Progress made	Lessons learnt
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Project coordinator: Simphive Ngqangweni Budget allocated: R225,150Budget utilised: R112,575 (50%)Bureau for Food and Agricultural Policy (BFAP) Partnership ProjectThrough this partnership, a main output has been the submission of a Policy Brief on the South Africa. Biofuels Strategy to the Minister of to enhance the research capacity of the council. Key objectives of the proposed initiative include the research outputs and training program into the NAMC in order to enhance the research capacity of the council. Key objectives of the research, an "analysis on demand" option where the NAMC can request BFAP to analyse various market related issues and the annual publication of the BFAP haseline.The output has been the submission of an Annual Baseline report on the sector.The BFAP partnership project has finalising a biofuels strategy for South Africa. Over and above this has been the funding of development and maintenance of modelling tools for the agricultural sector as inputs towards production of an Annual Baseline report on the sector.The BFAP partnership project has finalising a biofuels strategy for South Africa. Over and above this has been the funding of development and maintenance of modelling tools for the agricultural sector as inputs towards production of an Annual Baseline report on the sector.The BFAP partnership analysis on demand" 	Project coordinator: Simphiwe Ngqangweni Budget allocated: R225,150Budget utilised: R112,575 (50%)The BFAP partnership project has dar proven productive and will be used as a basis for learning lessons tiofuels Strategy to the Minister of formal commentary by the NAMC integrate the BFAP-related activities, research outputs and training program into the NAMC in order to enhance the research capacity of the council. Key objectives of the proposed initiative include the maintenance and expansion of the existing modelling framework, pursuing the various focus areas of research, an "analysis on demand" option where the NAMC can request BFAP to analyse various market related issues and the annual publication of the BFAP baseline.Budget utilised: R112, 575 (50%)The BFAP partnership project has formal commentary by the NAMC on the process of finalising a biofuels strategy for South Africa. Over and above this has been the funding of development and maintenance of modelling tools for the agricultural sector as inputs towards production of an Annual Baseline report on the sector.The BFAP partnership project has tar proven productive and will arisolutical policy lissues. In order i council due to the sate and expansion of the Baseline.Project partner: BFAP Project coordinator: Simphiwe NgangweniProject coordinator: Simphiwe NgangweniBudget utilised: The spin project has been the funding of development and maintenance and expansion of the sate issues and the annual publication of the BFAP baseline.		in the Western- and Northern Cape provinces of South Africa. Project partner: South African		
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Project coordinator: Simphiwe Ngqangweni	Project coordinator: Simphiwe Ngqangweni		integrate the BFAP-related activities, research outputs and training program into the NAMC in order to enhance the research capacity of the council. Key objectives of the proposed initiative include the maintenance and expansion of the existing modelling framework, pursuing the various focus areas of research, an "analysis on demand" option where the NAMC can request BFAP to analyse various market related issues and the annual	on the process of finalising a biofuels strategy for South Africa. Over and above this has been the funding of development and maintenance of modelling tools for the agricultural sector as inputs towards production of an Annual	agricultural policy issues. In order to achieve world-class policy input, it is vital for models to be maintained
Ngqangweni	Ngqangweni				
Budget allocated: R1,812,000 Budget utilised R900, 000 (50%)	Budget allocated: R1,812,000 Budget utilised R900, 000 (50%)				
			Budget allocated: RI,812,000	Budget utilised R900, 000 (50%)	

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DIVISION: ECONOMIC RESEARCH				
y focus area	Project description	Progress made	Lessons learnt	
	The impact of deregulation on agricultural efficiency and productivity in South Africa	This project is still in progress and is due for completion in March 2008.	The project is currently running smoothly.	
	productivity in South Africa The aim of the project is to measure efficiency and productivity in order to determine the impacts of policy changes in. South African agriculture. National productivity indices for the whole of South Africa were constructed in 1992 and were used in the discussions that led to the transition in agriculture that has included eregulation. Updating this index can tell us if aggregate efficiency and productivity has increased since deregulation, but to judge the effects of this and other policy changes properly more detailed information is required. Deregulation has led to substantial changes in cropping patterns and in the mix of animal outputs, which vary greatly between regions. Thus, to inform the policy process, information is required that is disaggregated by output and by region. Project partner: University of	2008.		
	Project coordinator: Simphiwe Ngqangweni	Budget utilised:		
	Budget allocated: R570, 000	R513, 000 (90%)		
	An inquiry into the potential for change management by selected wine producers' co- operatives in the Robertson wine district: This pilot study proposes to identify, using Interactive Qualitative Analysis [©] (IQA), those social systems within wine producer's co-operatives that substantially influence the organisation's ability to recognise, define, and manage change.	The project is on course and is due for finalisation by June 2007. A Masters student has been drafted into the project, and some of the output will be published as part of an academic dissertation.	The project is currently running smoothly.	
	Project partner: University of Stellenbosch			
	Project coordinator: Simphiwe Ngqangweni			
	Budget allocated: R100, 000	Budget utilised R50, 000 (50%)		

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Management's Report

At 31 March 2007

Key focus area	Project description	ONOMIC RESEARCH Progress made	Lessons learnt
Rey locus area		Frogress made	Lessons learnit
	An institutional analysis of South Africa's new Cooperatives Act The purpose of this project is to capitalise on the political and material support for co-operatives in South Africa by improving their chances of survival. The approach challenges the view that poor management was responsible for the historical failure of agricultural marketing co-operatives in the developing regions of South Africa. Instead, it treats poor management as a symptom of more fundamental institutional problems that discourage managers and members from growing their co- operative's business.	The project is in progress and is due for completion by January 2009. A Masters student has been included in the project and results of this project will be published as part of an academic dissertation. Although the project's implementation kicked off, no funds were expended yet by the end of this financial year due to some delays with financial procedures.	The project is running smoot
	Project partner: University of KwaZulu-Natal Project coordinator: Simphiwe Ngqangweni		
	Budget allocated: R81, 900	Budget utilised R0 (0%)	
	Factors influencing the sustainability of smallholder cooperatives in KwaZulu- Natal: One objective of the proposed research is to compile a list of all identifiable smallholder coopera- tives in KZN. Factors influencing the sustainability of smallholder cooperatives will also be analysed using a Cluster Analysis of vari- ables indicating performance and governance. Recommendations regarding strategies that could help to promote the sustainability of cooperatives (or variations of tra- ditional cooperatives), with an emphasis on institutional changes, will be made. Policy implications will also be presented. Project partner: University of	The project is in progress and is due for completion by January 2009. A Masters student has been included in the project and results of this project will be published as part of an academic dissertation.	The project is running smoot
	Project partner: University of KwaZulu-Natal Project coordinator:		
	Simphiwe Ngqangweni	Budget utilised R44, 500 (50%)	
	Budget allocated: R89, 000		

National Agricultural Marketing Council Management's Report At 31 March 2007

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	DIVISION: ECONOMIC RESEARCH				
Key focus area	Project description	Progress made	Lessons learnt		
	An economic analysis of Thohoyandou Town and Tshakuma informal fruit and vegetable markets The main objective of the study is to measure the turnover of informal fruit and vegetable markets in Thohoyandou Town and Tshakhuma village and analyse the determinants of their econom- ic performance. Project partner: University of Venda Project coordinator: Simphiwe Ngqangweni	By end of March 2007, no funds had been allocated on the study yet. The study is in progress and its results will be published as a Masters' dissertation.	The study is running smoothly.		
	Budget allocated: R48, 700	Budget utilised: R0 (0%)			
Academic support/bursaries	The NAMC put aside funding to support one Masters/MSc/MTech student per participating University/Technikon over a period of two years for tuition, subsistence and research. The basic condition for qualification is production of research output relevant to NAMC's mandate. Invitations for funding proposals went out to seven Universities and one Technikon. Project coordinator: Simphiwe Ngqangweni	By end of November 2006, support had been approved for four Masters students (two from University of KwaZulu-Natal, one from University of Stellenbosch, and one from University of Venda) to cover tuition and research for the 2007 and 2008 academic years.	The response from institutions of higher learning was disappointing. In the next few months, the NAMC plans to continue to invite more institutions of higher learning to participate in this programme.		
	Budget: R400, 000	Budget: R192, 700 (48%)			
Support to the Agricultural Economics Association of South Africa (AEASA)	The NAMC committed to support AEASA activities as one way of contributing to capacity building in the agricultural sector in South Africa. Project coordinator: Simphiwe Ngqangweni Budget allocated: R100, 000	During the AEASA 2006 conference, the NAMC coordinated a successful pre-conference workshop on fresh produce markets. The NAMC was also invited to present a paper on research at the conference. In addition, the NAMC contributed R60, 000 to AEASA towards the conference. Budget utilised R60, 000 (60%)	NAMC's support to AEASA proved fruitful and this will continue into the foreseeable future.		

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National Agricultural Marketing Council

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Management's Report

At 31 March 2007

DIVISION: ECONOMIC RESEARCH				
Key focus area	Project description	Progress made	Lessons learnt	
Food price monitoring	The NAMC committed itself to implement one of the main recommendations of the Food Price Monitoring Committee (2003) by setting up a permanent food price monitoring desk for both the urban and rural areas. Results of the monitoring activity are published in an annual Food Cost Review as well as four Quarterly Food Price Trends releases. Project coordinators: Nkgasha Tema and Simphiwe Ngqangweni Budget allocated: R500, 000	 Urban Food Price Monitoring: One Food Cost Review and four Quarterly Food Price Trends were published. The last two Quarterly Food Price Trends releases were both released at formal media conferences which were followed by wide coverage in both print and electronic media Rural Food Price Monitoring: Data collection for the rural leg of food price monitoring began in earnest in November 2006 following logistical delays Budget utilised: R519, 372.66 (104%) 	 Urban food price monitoring remains affected by minor data challenges, which did nonecessarily have a negative impact on the results. These have, however, been identified and are being sorted out. Progress in rural food price monitoring has lagged behind due largely to logistical challenges. These have also been identified and are being dealt with. Overspending on the budget was mainly a result of investment in training of rural food price monitors as well as setting up logistics for rural food price data collection in al nine provinces. 	
nput cost nonitoring	Following a general concern from the agricultural industry that input costs were on the rise, the NAMC was mandated to monitor these on a regular basis in order to isolate any unjustified increases. The NAMC undertook, among other things, to work in cooperation with all industry representatives who committed themselves to supply the NAMC with the relevant data on inputs and input prices (when available). Project coordinator: Bonani Nyhodo, Corné Dempers and André Jooste Budget allocated: R250, 000	To date only the Deciduous Fruit industry and Grain industry have responded to draft sectoral input cost reports. Drafts of these reports have been submitted to the NAMC Council. The NAMC Council approved progress and recommended that NAMC should first focus its efforts on these two industries until the methodological approach has been streamlined. Currently the NAMC is working in close collaboration with these two industries in setting up input cost reference points at various levels. Budget utilised: R5, 200 (2.08%)	Input cost monitoring presents its different set of challenges to those associated with food price monitoring, since, first, input price are monitored at different points of sale (manufacturer/distributor and cooperative) and, second, input co are monitored yearly as opposed to monthly.	
Research library	This is an ongoing process of building up a documentation system complete with a catalogue for all NAMC research output and other material. Project coordinator: Simphiwe Ngqangweni Budget allocated: R100, 000	All NAMC publications published in 2006 and 2007 have been allocated serial numbers in preparation for cataloguing. All past and current publications have also been published on the NAMC website. In addition, a library indexing system has been set up. Budget utilised: R18 500 (18.5%)	The project is in progress. No fun- had been expended yet by the end the financial year, as all the work done so far on this project was pa for under the Administration secti- budget.	

National Agricultural Marketing Council Management's Report At 31 March 2007

9.5 Administration/ Finance (Cross-cutting)

9.5.1 The strategic objectives of this programme is to provided an effective and efficient finance and administrative support services for the NAMC.

Key Focus/ Performance Area	Strategic goal	Strategic outcome/ Result	Time-frame
Communication	 Promote the NAMC's Image, through the following: Securing corporate sponsor for the workshops and business breakfasts; Organising functions and media relations 	Visibility of the NAMC: -4 workshops, exhibitions and 4 business breakfast; * International Trade * Nampo * Budget Vote * Nafu	Ongoing
Finance	Ensure the NAMC complies with the PFMA and Treasury regulations	Support to Council, management and staff, through sound financial policies and unquali- fied audited financial statements productively	Ongoing
Human Resources	Attract and retain suitable qualified employees, through the effective personnel administration	Professional and competent staff component	Ongoing
	Trained and developed personnel on an effective skills development programme	Competent and capable personnel for the NAMC	Ongoing
	Effective performance system	Motivated personnel at all times	Ongoing

The NAMC undertook a restructuring exercise in order to enhance its refocused activities, to better serve the ever changing agricultural sector.

The Administration Division comprises all the administrative and support staff of the Secretariat who provide routine support to the rest of the technical staff members and Council members.During the year under review, the administrative staff complement was composed as follows:

- Chief Financial Officer HR Manager• Financial staff Communications Officer
- Supply Chain Management Officer Clerical staff Messenger/driver Cleaner

The major projects of this programme during the past year were as follows:

- Organisation of staff training Management of the HR system Management of the financial system
 - · General management of the office

9.5.2 OUTPUTS AND SERVICE DELIVERY TRENDS ADMINISTRATION

Sub-programmes	Key Peformance Area	Strategic Goal	Strategic Outcome
	Internal auditing	In terms of the PFMA, the NAMC is required to arrange for internal auditing.	Internal auditing was done in the 2004/05 financial year.
PFMA requirements	Audit Committee	In terms of the PFMA, the NAMC's Audit Committee has to convene at least twice in a financial year.	The Audit Committee was reconstituted and met four times in the year under review.
	Obtaining 2005/06 budget approval	The NAMC's business plan and budget had to be submitted for approval by February 2005.	The Business plan and budget were sub- mitted as required by the PFMA.
	Staff evaluations	The target was to evaluate staff three times during the financial year.	Staff members were evaluated in the year under review.
Human Resources and Communications	Staff Retention	Attract and retain suitably qualified employees	A proper retention policy that includes promotion, bonuses was approved and implemented.
	Communication	Promote the NAMC's image	Visibility of the NAMC: -Four work- shops, exhibitions and four business breakfasts







Statement of Financial Performance

For the year ended 31 March 2007

		2006/07	2005/06
	Notes	R'000	R'000
Continuing operations			
Grants and transfers	I	12,710	12,163
Gains on disposal of fixed assets	2	39	-
Other income	3	388	1,879
		13,137	14,042
Administrative expenses	4	(2,376)	(1,977)
Staff costs	5	(8,243)	(7,393)
Other operating expenses	6	(7,992)	(2,768)
Depreciation and amortisation	7	(305)	(275)
Finance costs	8	(56)	(66)
(Deficit)/surplus from operating activities		(5,835)	1,563
Income from investments		502	521
Net (deficit)/surplus for the year	9	(5,333)	2,084

Statement of Financial Position

For the year ended 31 March 2007

		2006/07	2005/06
	Notes	R'000	R'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	873	790
Intangible assets	11	25	47
		23	٣,
		898	837
		070	037
Current assets			
	12	70	806
Trade and other receivables			
Cash and cash equivalents	13	253	4,590
			E 204
		323	5,396
T (1)		1.001	4 222
Total assets		1,221	6,233
LIABILITIES			
Non-current liabilities			
Finance lease liability	14	392	301
			//
		392	301
Current liabilities			
Trade and other payables	15	860	594
Current portion of finance lease liability	14	105	141
		965	735
Total liabilities		1,357	1,036
NET ASSETS			
Accumulated funds		(136)	5,197

Statem	ent of Changes in Net asso r the year ended 31 March 2007	
		Accumulated fund
	Notes	R'00
Balance at I April 2005		3,11
Surplus for the year		2,08
As previously reported		١,97
Prior period error	21	П
Balance at April 2006		5,19
Deficit for the year		(5,333
Balance at 31 March 2007		(130



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Cash Flow Statement For the year ended 31 March 2007

		2006/07	2005/06
	Notes	R'000	R'000
Continuing operations			
Receipts			
Grants		12,7 <mark>1</mark> 0	12,163
Interest received		5 <mark>0</mark> 2	521
Other receipts		992	I,880
Payments			
Employee costs		(8,149)	(7,357)
Suppliers		(10,063)	(5,177)
Finance costs		(56)	(66)
Net cash from operating activities	16	(4,064)	1,964
Net cash used in investing activities	17	(146)	(158)
Net cash used in financing activities	18	(127)	(110)
Net (decrease)/increase in cash and cash equivalents		(4,337)	1,696
Cash and cash equivalents at the beginning of the year	r	4,590	2,894
Cash and cash equivalents at the end of the year	13	253	4,590

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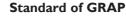
National Agricultural Marketing Council Accounting Policies

For the year ended 31 March 2007

The annual financial statements have been prepared on the historical cost basis and include the following principle accounting policies, which in all material respects, are consistent with those applied in the previous year, except as otherwise indicated:-

I. Basis of preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:



AC101: Presentation of financial statements AC118: Cash flow statements AC103: Accounting policies, changes in accounting estimates and errors

Replaced Statement of GAAP

GRAP 1: Presentation of financial statements GRAP 2: Cash flow statements GRAP 3: Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP I, 2 and 3 has resulted in the following significant changes in the presentation of the financial statements:

I.I Terminology differences:

Standard of GRAP Replaced Statement of GAAP

Statement of financial performance Statement of financial position Statement of changes in net assets Net assets Surplus/deficit for the period Accumulated surplus/deficit Contributions from owners Distributions to owners Reporting date Income statement Balance sheet Statement of changes in equity Equity Profit/loss for the period Retained earnings Share capital Dividends Balance sheet date

- 1.2. The cash flow statement can only be prepared in accordance with the direct method.
- 1.3 Specific information such as:

(a) receivables from non-exchange transactions, including taxes and transfers;
(b) taxes and transfers payable;
(c) trade and other payables from non-exchange transactions;
must be presented separately on the statement of financial position.

1.4. The amount and nature of any restrictions on cash balances is required to be disclosed.

Paragraph II - 15 of GRAP I has not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect fair presentation.

2. Currency

These financial statements are presented in South African Rands since that is the currency in which the majority of the entity's transactions are denominated.







Accounting Policies

For the year ended 31 March 2007

3. Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

Interest income is accrued when received or receivable.

4. Irregular and 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 I 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.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

5. Retirement benefit costs

The entity operates a defined contribution pension plan. Payments to the defined contribution retirement benefit plan are charged to the statement of financial performance in the year to which they relate.

6. Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation.

Depreciation is charged so as to write off the cost of assets less their residual value, over their estimated useful lives, using the straight line method. Residual values and useful lives are reviewed on an annual basis. Assets are written off on the following bases:

Plant and equipment	5 years
Vehicles	5 years
Computer Equipment	3 years
Furniture and Fittings	6.67 years
Leased equipment	lease period

7. 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.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these Intangible assets. For all other Intangible assets amortisation is provided on a straight line basis over their useful life.

National Agricultural Marketing Council Accounting Policies For the year ended 31 March 2007













Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values on the following basis: Computer software 3 years

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). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cashgenerating 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, but 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.

9. Leasing

Finance leases refer to contracts that transfer the risks, rewards, rights and obligations incident to ownership to the lessee and are recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease, except when an alternative method is more representative of the time pattern from which benefits are derived.

10. Financial instruments

Recognition

Financial assets and financial liabilities are recognised on the entity's statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

Measurement

Financial instruments are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition these instruments are measured as follows:

Financial assets

The entity's principle financial assets are accounts receivable and cash and cash equivalents. Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents are stated at their nominal value.

Financial liabilities

The entity's principle financial liabilities are accounts payable. Trade and other payables are stated at their nominal value.



National Agricultural Marketing Council Accounting Policies

For the year ended 31 March 2007

II. 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.

12. Government grants

Government grants are recognised when there is reasonable assurance that:

- the entity will comply with the conditions attaching to them; and
- the grants 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 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 income statement.

13. Comparative figures

Comparative figures have been adjusted to conform to changes in the presentation of the financial statements in the current year, where necessary.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

		2006/2007	2005/2006
		R'000	R'000
١.	Grants and Transfers		
	Department of Agriculture	12,710	12,163
	Total	12,710	12,163
2.	Gains on disposal of fixed assets		
	Gain on termination of finance lease	39	-
	Total	39	-
3.	Other Income		
	Insurance payment received	11	-
	Recoupment of expenses	158	58
	Sponsorships received	219	-
	Sundry income	-	24
	Post retirement medical benefit	-	1,797
	Total	388	I,879

Insurance payments were received in compensation for the damage/loss of assets.

4. Administrative expenses

General and Administrative expenses	469	513
Auditor's remuneration	219	306
- Audit fees	219	306
Bank charges	18	17
Bad debt written off	132	-
Entertainment	74	80
Internal audit fees	190	213
Stationery and printing	799	433
Training and development	371	310
Venues and facilities	104	105
Total	2,376	1,977

The bad debts written off consists of R132,000 receivable from SARS in respect of VAT claims not paid out in prior years. Although an amount of R667,000 was received from SARS in the current year, they have indicated that they deem the account settled and therefore there is significant uncertainty as to whether the outstanding amount is indeed recoverable.

2005/06

2006/07

5.

National Agricultural Marketing Council

Notes to the Annual Financial Statements For the year ended 31 March 2007

R'000 R'000 Staff costs Salaries 3,066 2,240 2,584 1,624 Basic salaries 159 117 Performance awards Other non-pensionable allowance 302 287 5 191 Temporary staff 18 Leave payments 16 Overtime pay 3 Social contributions (Employer's contributions) 335 347 Medical 86 -UIF 22 16 Pension 313 245 1,491 Other salary related costs Council members' remuneration 1,747 1,406 Senior management remuneration 1,909 3,095 Total 8,243 7,393

The other salary related costs of R1,491,000 in the prior year consist of post retirement medical benefits paid out to the employees in the prior year. Council members' and senior management remuneration, in the prior year, contained a post-retirement medical benefit payment of R24,000 and R420,000 respectively.

Council members' remuneration consists of part-time council members' remuneration and fees for other services.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

	R'000	R'000
Other operating expenses		
Travel and subsistence	2,188	1,186
Consultants, contractors and special services	611	335
Equipment items expensed as per entity policy	10	3
Courier and delivery charges	38	20
Maintenance, repairs and running costs	26	8
- Machinery and equipment	20	-
- Other maintenance, repairs and running costs	6	8
Municipal charges	151	194
Rentals in respect of operating lease	320	312
Fruitless and wasteful expenditure	152	8
Communication costs	203	151
Section 7 and workgroup investigations	604	55 I
Research and other funds	3,689	-
Total	7,992	2,768

Included in fruitless and wasteful expenditure is an amount of R22,544 due to Pay As You Earn not being paid on time. The matter was investigated by management and it was concluded that no person is liable and therefore no further action is taken.

Also included in fruitless and wasteful expenditure is an amount of R129,276 paid due to avoidable printing costs. The responsible employee was reprimanded and subsequently procedures have been put in place to ensure that similar wasteful expenditure will not re-occur.



6.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

2006/072006/07R'000R'0007.Depreciation and amortisationDepreciation272248Plant, machinery and equipment· Vehicles· Computer equipment and peripherals· Office furniture and fittings· Leased office equipmentAmortisation· Computer software337Total8.Finance costs
Depreciation272248Plant, machinery and equipment86- Vehicles120100- Office furniture and fittings1717- Leased office equipment127125Amortisation3327- Computer software3327Total305275
Depreciation272248Plant, machinery and equipment86· Vehicles1-· Computer equipment and peripherals120100· Office furniture and fittings1717· Leased office equipment127125Amortisation3327· Computer software3327Total305275
 Plant, machinery and equipment Vehicles Computer equipment and peripherals Office furniture and fittings Leased office equipment Amortisation Computer software Total 8. Finance costs
 Vehicles Computer equipment and peripherals Office furniture and fittings Leased office equipment Amortisation Computer software Total Finance costs
 Office furniture and fittings Leased office equipment Amortisation Computer software Total I7 I7 I27 I25 33 27 33 27 305 275
 Leased office equipment Amortisation Computer software Total I27 I25 33 27 33 27 305 275
Amortisation3327- Computer software3327Total3052758. Finance costsImage: Cost state
- Computer software Total 8. Finance costs 33 27 305 275
Total3052758. Finance costs
8. Finance costs
Finance costs
- Finance leases 56 66
Total5666
9. Income from investments
Interest income
- Bank deposits 502 521
Total 502 521

Notes to the Annual Financial Statements

For the year ended 31 March 2007

10. Property, plant and equipment

	Plant and equipment R'000	Vehicles R'000	Computer equipment R'000	Office Furniture and fittings R'000	Leased office equipment R'000	Total R'000
Year ended 31/3/2006						
Opening net carrying amount	16	54	233	84	213	600
Gross carrying amount	135	321	571	325	356	١,7
Accumulated depreciation	(119)	(267)	(338)	(241)	(143)	(1,108)
Additions	18	-	128	-	292	438
Disposals - cost	-	-	-	-	-	-
Disposals - accumulated depreciation	-	-	-	-	-	-
Depreciation charge	(6)	-	(100)	(17)	(125)	(248)
Net carrying amount 31 March 2006	28	54	261	67	380	790
Gross carrying amount	153	321	699	325	648	2,146
Accumulated depreciation	(125)	(267)	(438)	(258)	(268)	(1,356)
Net carrying amount 31 March 2006	28	54	261	67	380	790
Year ended 31/3/2007						
Opening net carrying amount	28	54	261	67	380	790
Gross carrying amount	153	321	699	325	648	2,146
Accumulated depreciation	(125)	(267)	(438)	(258)	(268)	(1,356)
Additions	12	-	121	-	311	444
Disposals - cost	(20)	-	(54)	-	(356)	(430)
Disposals - accumulated depreciation	20	-	54	-	267	341
Depreciation charge	(8)	-	(120)	(17)	(127)	(2,72)
Net carrying amount 31 March 2007	32	54	262	50	475	873
Gross carrying amount	145	321	766	325	603	2,160
Accumulated depreciation	(113)	(267)	(504)	(275)	(128)	(1,287)

Due to the fact that the residual values exceeded the carrying values of motor vehicles, no depreciation was provided on motor vehicles in the current or prior year.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

		Computer	e
		software	Total
		R'000	R'000
11.	Intangible assets		
	Year ended 31/3/2006		
	Opening net carrying amount	62	62
	Gross carrying amount	166	166
	Accumulated amortisation	(104)	(104)
	Additions	2	12
	Amortisation charge	(27)	(27)
	Net carrying amount 31 March 2006	47	47
	Year ended 31/3/2007		
	Opening net carrying amount	47	47
	Gross carrying amount	178	178
	Accumulated amortisation	(131)	(131)
	Additions	Ц	11
	Disposals - cost	(6)	(6)
	Disposals - accumulated amortisation	6	6
	Amortisation charge	(33)	(33)

Net carrying amount 31 March 2007 Gross carrying amount Accumulated amortisation

Net carrying amount 31 March 2007

National Agricultural Marketing Council

25

183

25

(158)

25

183

25

(158)

Notes to the Annual Financial Statements

For the year ended 31 March 2007



12.	Trade and other receivables	2006/07 R'000	2005/06 R'000
	Trade receivables	17	2
	VAT	-	799
	Loans	15	5
	Rental deposit	38	-
	Total	70	806

13. Cash and cash equivalents

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.

Cash at bank	111	140
Cash on hand	I	I
Short term investments	4	4,449
Total	253	4,590
Finance lease liability		
Amounts payable under finance leases:		
- Minimum lease payments	634	535
- Future finance charges	(137)	(93)
Outstanding balance	497	442
Less: Current portion due within 12 months	(105)	(141)
Total	392	301

Obligations under finance leases are secured by the lessor's title to the leased asset.

15. Trade and other payables

14.

Notes to the Annual Financial Statements

For the year ended 31 March 2007

2005/06 2006/7 **R'000 R'000** Reconciliation of (deficit)/surplus for the year 16. to net cash flows from operating activities Surplus/(deficit) (5,333) 2,084 Adjusted for: (39)- Gains on disposal of fixed assets 33 27 - Amortisation on intangible assets 272 248 - Depreciation on property, plant and equipment Operating cash flows before working capital changes (5,067) 2,359 1,003 (395) Working capital changes - Decrease in receivables 736 - Increase/(decrease) in payables 267 (396) (4,064) 1,964 Net cash flows from operating activities 17. Net cash used in investing activities (134) Acquisition of property, plant and equipment (146)Acquisition of intangible assets (12) (12)Cash used in investing activities (146)(158) 18. Net cash used in financing activities Repayment of finance leases (127)(110)Cash used in financing activities (127)(110)19. **Operating lease arrangements** The entity as lessee At the reporting date the entity had outstanding commitments under non-cancellable operating leases, which fall due as follows: Up to I year 349 Between I and 5 years 349 698 Total -

Notes to the Annual Financial Statements

For the year ended 31 March 2007

		2006/07 R'000	2005/06 R'000
20.	Finance lease commitments		
	The entity as lessee		
	Up to I year		
	- Future minimum lease payments	160	191
	- Less: Finance charges	(55)	(50)
	- Present value of the future minimum lease payments	105	141
	I to 5 years		
	- Future minimum lease payments	473	345
	- Less: Finance charges	(81)	(44)
	- Present value of the future minimum lease payments	392	301

21. **Prior period error**

The prior year figures have been adjusted to correct an error. The NAMC did not fully comply with the requirements of IAS 16 in the prior year by using information that would have been available when thefinancial statements were authorised for issue in the determination of the residual values and useful lives of property, plant and equipment. The residual values and useful lives of property, plant and equipment were restated retrospectively.

The correction of the error has the following effect on the financial statements:

Decrease in the depreciation charge on property, plant and equipment for the year ended

31 March 2006	(3)
- Furniture and Fittings	(31)
- Computer equipment	(26)
- Office equipment	(2)
- Motor vehicles	(54)

Increase in the carrying amount of property, plant and equipment for the year ended

31 March 2006	113
- Furniture and Fittings	31
- Computer equipment	26
- Office equipment	2
- Motor vehicles	54







National Agricultural Marketing Council Notes to the Annual Financial Statements For the year ended 31 March 2007

22. Financial instruments

In the course of the entity's business operations it is exposed to interest rate, credit, and liquidity risk. The entity has developed a comprehensive risk management process to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

Interest rate risk

The entity manages its interest rate risk by maintaining an appropriate mix between fixed and floating interest rate investments.

Credit risk

Financial assets which potentially subject the entity to the risk of non-performance by counter-parties and thereby subject the entity to concentrations of credit risk, consists mainly of cash and cash equivalents and trade receivables. Credit risk is controlled through the application of credit approvals, limits and monitoring procedures. Where necessary, the entity obtains appropriate collateral to mitigate risk.

The entity limits its counter-party exposure by only dealing with well-established financial institutions with high credit ratings assigned by international credit-rating agencies. The entity's exposure and the credit ratings of its counter-parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter-parties. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the entity's customer base and their dispersion across different industries and geographical areas. 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. Trade receivables are presented net of the allowance for doubtful debt.

Liquidity risk

The entity manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows. Adequate reserves and liquid resources are also maintained.

Fair values

The entity's financial instruments consist mainly of cash and cash equivalents, trade receivables and trade payables. No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets. The following methods and assumptions are used to determine the fair value of each class of financial instruments:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities.

Trade receivables

The carrying amount of trade receivables, net of provision for bad debt, approximates fair value due to the relatively short-term maturity of this financial asset.

Trade payables

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

Notes to the Annual Financial Statements

For the year ended 31 March 2007

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

A grant of R 12,710,000 (2006: R12,163,000) was received from the Department of Agriculture. The Department of Agriculture and the National Agricultural Marketing Council are related parties within the national sphere of government.

25. Budgeted figures

The National Agricultural Marketing Council's budget and actual income and expenditure are reflected below:

	Budget R'000	Actual R'000
Income		
Grant from Department	12,710	12,710
Additional request from DoA	3,522	-
Other income	76	427
Interest received	500	502
Total Income	16,808	13,639
Expenditure		
Administrative expenses	4,627	2,376
Personnel	7,878	8,243
Other operating expenses	6,310	7,992
Depreciation	250	305
Finance costs	-	56
Total Expenditure	19,065	18,972

Approval was granted by the Minister of Finance to roll over an estimated amount of R 2,895,308 from the 2005/2006 surplus, to augment the budget for the 2006/2007 year.

26. Comparative figures

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Comparative figures have been adjusted to ensure comparability with the presentation of the financial statements in the current year, where necessary. Certain line-items were reclassified to conform to the changes in the classification as required in the National Treasury reporting template. The reclassification affects the following statement of financial performance line-items as follows:

Administrative expenses	6	(1,226)
Other operating expenses		1,226

National Agricultural Marketing Council Notes to the Annual Financial Statements For the year ended 31 March 2007

In the prior year, senior management remuneration in the amount of R1,909,000 was not disclosed separately in the note on staff costs, but was included in other salary costs. Senior management remuneration has been disclosed separately in the current year financial statements and as a result the pro-rata prior year amounts were removed from other line-items in the note on staff costs and disclosed separately.

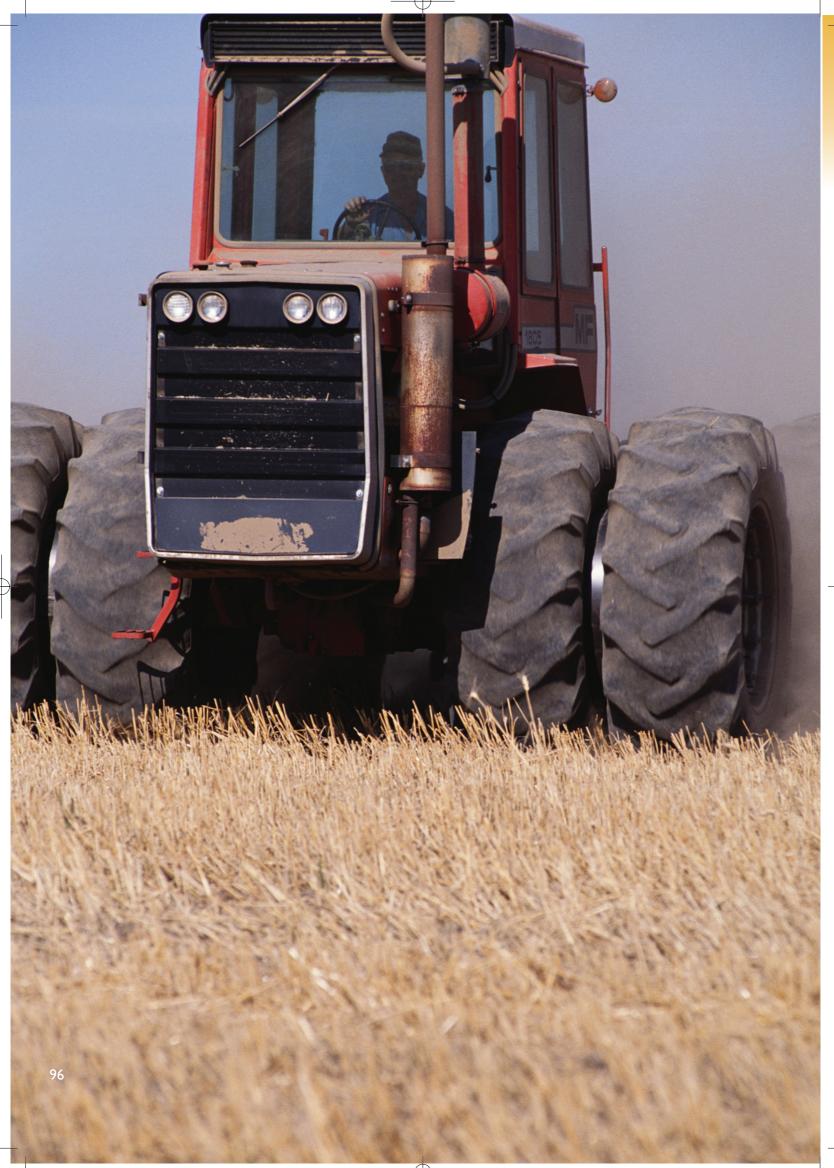
27. Going concern

As at 31 March 2007 the liabilities of the NAMC exceeded its assets by R136,000 and during the 2006/07 year the NAMC incurred a deficit of R5,333,000. This deficit can be attributed to an additional request for funding from the Department of Agriculture that was not granted. In the 2007/08 year the NAMC has secured a grant of R13,320,000 and is awaiting approval for additional funding in the amount of R16,680,000. Although the NAMC is in a net liability position, there is no reason to believe that the entity will not be able to continue as a going concern in the foreseeable future.

28. Irregular expenditure

Irregular expenditure arose as a result of leases being entered into in respect of photocopier machines where the contract period exceeded 36 months, without the prior approval of the Minister of Finance as required by Treasury Regulation 32.2.5(b). According to Practice note 5 of 2006/2007 issued by the Office of the Accountant-General, finance leases may be entered into without prior approval - despite the provisions in Treasury Regulation 32.2.5 - but the lease period may not exceed 36 months.

Incident	Disciplinary Action or ste <mark>ps taken</mark>	Amount
Existing finance leases: Finance leases entered into with a service provider for photocopier machines	The intention at the time of signing the agreements was not to enter into a finance lease but an operating lease. The finance lease only came into being as a result of the accounting treatment for the annual financial statements purposes. As a result no individual can be held liable for the incurrence of the irregular expendi- ture.	2007: R497,000 2006: R442,000
New finance leases: Finance leases entered into with a service provider for photocopier machines over a lease period of 60 months.	The new finance lease was entered into to replace an existing lease agreement that terminated early. Management is currently in the process of amending the contract to a period of 36 months in order to comply with the provisions of Practice note 5 of 2006/2007.	
Finance costs on above finance lease		2007: R56,000 2006: R66,000



PART 4

AUDIT COMMITTEE REPORT

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2007

Report of the Audit Commitee

For the year ended 31 March 2007

We are pleased to present our report for the financial year ended 31 March 2007.

Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder and met seven times last year as per approved terms of reference.

Name of Member	Number of meetings Attended
V. Nondabula (Chairperson)	7
P. Dall	2
F. Lawrence	3
M. Moja	3 (*)
R. Matlou	l (**)

(*) = Ms M.Moja was appointed as the Audit Committee member from 31 July 2006
 (**) = Mr R. Matlou was appointed as the Audit Committee member from 1 March 2007

Audit Committee Responsibility

The committee reports that it has complied with its responsibilities arising from Section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also 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 effectively managed. In line with the PFMA and the King II Report 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. Like in the previous financial year, we are happy to report that in both the A-G's audit report on the Annual Financial Statements and the internal audit reports, there were no significant or material issues regarding internal control weaknesses or non compliance with prescribed policies and procedures that were reported during the 2006 - 2007 period. However, the A-G's audit report also highlighted other matters which needed to be addressed, such as the need for NAMC to have documented and approved financial policies, as well as the strengthening of controls in purchases and payables. In their reports on the information systems audit, the internal auditors identified some weaknesses in general controls, such as the lack IT plans and policies, weaknesses in physical and logical security within the IT environment.

Despite these weaknesses, we can report that overall the systems of internal control for the period under review were effective and efficient.

The quality of in year management and monthly / quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports issued by the Council during the year under review. It was, however, noted that there was irregular expenditure which resulted from NAMC's non compliance with relevant act, regulation and prescript.



National Agricultural Marketing Council Report of the Audit Commitee

For the year ended 31 March 2007

Evaluation of Financial Statements

The Audit Committee has

- I Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Officer;
- 2 Reviewed the Auditor-General's management letter and management response thereto;
- 3 Reviewed significant adjustments resulting from the audit;

The Audit Committee concurs and accepts the Auditor-General'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.

Chairperson of the Audit Committee

31/08/2007 Date



PART 5

ANNEXURES

Name

Commodities

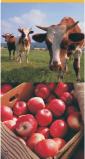
Annexure A: Contact details of Industry Structures

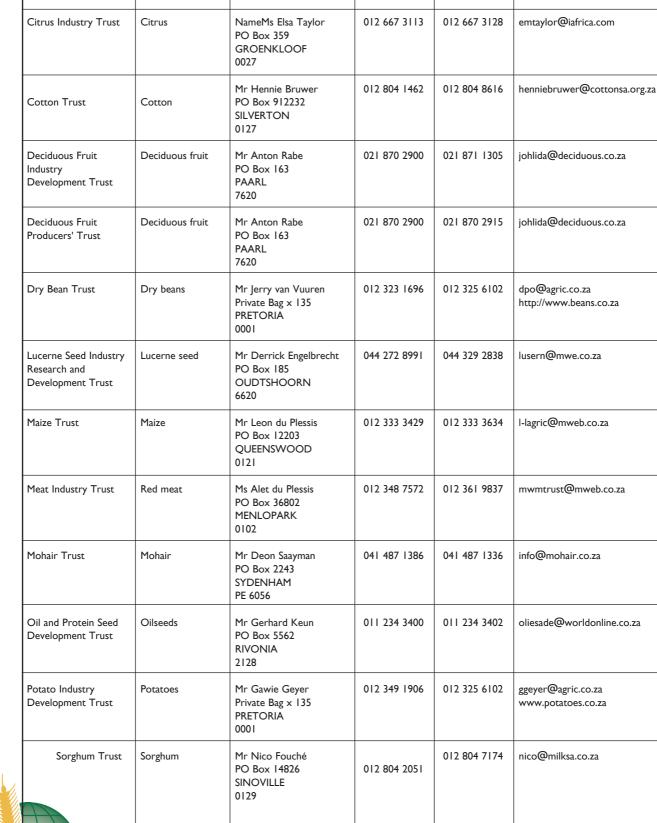
Tel

Fax

E-mail and website

Contact details





Annexure A: (Continued) Contact details of Industry Structures

Name	Commodities	Contact details	Tel	Fax	E-mail and website
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 × 5034 STELLENBOSCH 7599	021 809 3164	021 889 5900	www.sawit.co.za
Wool Trust	Wool	Mr André van de Venter PO Box 2500 NOORDEINDE PORT ELIZABETH 6056	041 484 4307	041 484 4309	wooltrust@eastcape.net
Aquaculture Association of South Africa	Aquaculture	Mr Danie Brink University of Stellenbosch Private Bag X I MATIELAND 7602	021-808 5838	021-808 5833	www.sun.ac.za & db@sun.ac.za
Cape Wool SA	Wool	Mr Paul Buys PO Box 2191 NOORDEINDE 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 HILLCREST 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	http://www.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 Derrick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lùsern@mweb.co.za
Milk South Africa	Milk	Mr Robert Wesselloo PO Box 1284 PRETORIA 0001	012 804 4801	012 804 4811	info@melksa.co.za
Mohair South Africa	Mohair	Mr Deon Saayman P O Box 2243 SYDENHAM PE 6056	041 487 1386	041 487 1336	www.mohair.co.za

Phuda 2007 103

Commodities

Name

Annexure A: (Continued) Contact details of Industry Structures

Tel

Fax

E-mail and website

Contact details





Annexure A: (Continued) Contact details of Industry Structures

Name	Commodities	Contact details	Tel	Fax	E-mail and website	
SAMIC (South African Meat Industry Company)	Red meat	Mr Manie Booysen PO Box 26151 ARCADIA 0007	012 361 4545	012 361 6004	ceo@samic.co.za www.samic.co.za	
Fresh Produce Exporters' Forum	Citrus, deciduous fruits and subtropical fruit	Mr Stuart Symington PO Box 190 NEWLANDS 7725	021 674 3202	021 683 6280	info@fpef.co.za www.fpef.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	
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 Nico Fouché PO Box 14826 SINOVILLE 0129	012 804 2051	012 845 7174	nico@mposa.co.za	
Wheat Forum	Wheat	Mr Leon du Plessis PO Box 12203 QUEENSWOOD 0121	012 333 3429	012 333 3634	I-lagric@mweb.co.za	
Wool Forum	Wool	Mr Paul Buys PO Box 2191 NOORDEINDE PE 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	lusern@mweb.co.za	
SAWB (South African Wine and Brandy Company)	Wine	Dr Johan van Rooyen PO Box 7055 STELLENBOSCH 7599	021 886 8992	021 882 9510	Icoetzee@sawb.co.za www.sawb.co.za	
Maize Forum	Maize	Mr Leon du Plessis PO Box 12203 QUEENSWOOD 0121	012 333 3429	012 333 3634	I-lagric@mweb.co.za	

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Annexure B: Statutory measures: Levies, Registration, Records and Returns

STATUTORY MEASURE (LEVIES): STATUS REPORT AS AT 31 MARCH 2007

DETAILS OF STATUTORY MEASURES	ADMINISTERING BODY	PURPOSE OF STATUTORY MEASURE
DAIRY LEVIES Milk and cream, not concentrated nor containing added sugar or other sweetening matter - I c per kg (Vat exclusive)	The dairy statutory levies are administered by Milk South Africa, a Section 21	The dairy statutory levies are collected to finance five generic functions, namely the monitoring of dairy quality standards, consumer education, industry information, research and development and empower- ment of previously disadvantaged individuals
Milk and cream, concentrated or containing added sugar or other sweetening matter - 9,6c per kg (Vat exclusive)		ment of previously disadvantaged individuals
Buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk		
and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruits,		
nuts or cocoa - 3,6c per kg (Vat exclusive)		
Whey, whether or not concentrated or containing added sugar or other sweetening matter; Products consisting of natural milk constituents, whether or not containing added sugar or other sweetening matter, not elsewhere specified or included - 2,9c per kg (Vat exclusive)		
Butter and other fats and oils derived from milk, dairy spreads - 10,3c per kg (Vat exclusive)		
Cheese and Curd - 14,4c per kg (Vat exclusive)		
Implemented on 23 December 2005 and will apse four years later.		
 WINTER CEREAL LEVIES A. R4.00 per metric ton (exclusive of VAT) on wheat processed to finance the research function; and R0.50 per metric ton (exclusive of VAT) on wheat, durum wheat, barley or oats processed to finance the information function. Published on 16 March 1998 and expired on 30 October 1998. Payable by processors. B. R4.00 per ton wheat processed for research and R0.50 per ton wheat, durum wheat, barley and oats for information, published on 18 September 1998, and expired in September 2002. To be recovered at first point of sale. C. • R7.50 per metric ton for wheat - R7.00 per metric ton for oats, and - R4.50 per metric ton for urum wheat, (VAT excluded) 	The administration of the Winter Cereal Trust is responsible for the collection and administration functions associated with the information and research levies. The primary objective of the Winter Cereal Trust is to develop the winter cereal industry in the RSA by supporting market and produc- tion research with regard to winter cereals, by broadening the market for South African pro- duced winter cereals, by collecting, processing and distributing market information on winter cereals and the winter cereal industry in the RSA and by administering the Wheat Forum. Trustees represent commercial producers, emerging farmers, grain handlers, processors, consumers, labour and the Minister of Agriculture. A secondary objective of the Winter Cereal Trust is to undertake and/or support research with regard to winter cereals in the RSA in the interests of the winter cereal	Traditionally, the amounts appropriated to researchers for a specific calendar year have been based on the amount collected by means of levies in the preceding year to strengthen the relevant fund. Sufficient money was kept in reserve to cover ontingencies such as crop failure where the income from levies might not be sufficient to maintain ongoing projects and/or initiate possible new ones. In view of continued research in all sectors of the industry, it was envisaged that levies would provide the mos appropriate mechanism for continued funding. A part of the levy is used to fund the winter cereal industry's share of the SAGIS budget. All levies collected would be deposited into the bank account of the Winter Cereal Trust.

Statutory measures: Levies, Registration, Records and Returns

STATUTORY MEASURE (LEVIES): STATUS REPORT AS AT 31 MARCH 2007

DETAILS OF STATUTORY MEASURES	ADMINISTERING BODY	PURPOSE OF STATUTORY MEASURE
Imposed on all winter cereals sold, imported, processed or converted, exported, and in respect of which a SAFEX silo receipt has been issued if the levy in respect of such a winter cereal has not been paid before. Implemented on I October 2002, and will lapse on 30 September 2006.	The Trustees represent commercial producers, emerging farmers, processors, consumers and the Minister of Agriculture. Company.	
 D. Levies approved on 18 September 2006: R9.00 per metric ton for wheat R8.50 per metric ton for barley R4.50 per metric ton for oats, and R4.75 per metric ton for durum wheat, (VAT excluded) on all winter cereals sold, imported, processed or converted, exported, and in respect of which a SAFEX silo receipt has been issued if the levy in respect of such a winter cereal has not been paid before. Implemented on 1 October 2006, and will lapse on 30 September 2010. 		
 COTTON LEVY A. 12c/kg cotton lint produced, excluding VAT, payable by ginners, and payable to Cotton South Africa. Published on 8 May 1998 and lapsed on 31 March 2000. 	Cotton SA is a non-profit-seeking company incorporated under section 21 of the Companies Act, 1973. The company is- industry- driven but independent and in a good position to adhere to the specific needs	The statutory levy was implemented to provide financial support for the following functions that the cotton industry has identified as essential and in the interest of the industry as a whole:
B. 14c/kg cotton lint produced, excluding VAT, payable by ginners, and payable to Cotton South Africa. Published on 31 March 2000 and will lapse on 31 March 2004.	of participants. The Board of Directors includes representatives of producers and small-scale farmers, the cotton ginning industry, the cotton spinning industry, the clothing and	 rendering of information services to provide support to all role-players stimulation of production and use of cotton Enhancement of the marketability of cotton through research, quality
C. 17c/kg cotton lint produced, excluding VAT, payable by ginners to Cotton SA. Published on 12 March 2004 and will lapse on 31 March 2008.	household textile sector, the national consumers' organisation and the labour sector.	standards and norms and training.
RED MEAT LEVY A summary of the levies (VAT excluded) are as follows:		
R5.00 per head of cattle R0.75 per head of sheep / goats R5.20 per head of pigs R300 per year payable by each meat trader outlet R0.03 per kg on red meat imported 0.07% of the commission charged by any livestock agent per head sold, R0.01 per kg for hides and skins. R 0.01 per kg for red meat purchased for processing The above-mentioned red meat levies were introduced on 5 November 2005 and will lapse 0n 4 November 2007.	The red meat statutory levy is administered by the Red Meat Levy Administrator, a Section 21 Company established for this purpose.	 The red meat statutory levy was introduced to finance the following functions: Consumer Assurance Consumer Communication and Education Transformation in the Developing Sector Livestock Products Research and Development Industry and International Liaison Production Development

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Annexure B: (Continued) Statutory measures: Levies, Registration, Records and Returns

STATUTORY MEASURE (LEVIES): STATUS REPORT AS AT 31 MARCH 2007

	DETAILS OF STATUTORY MEASURES	ADMINISTERING BODY	PURPOSE OF STATUTORY MEASURE
	RGHUM LEVY R3.10 per ton sorghum, excluding VAT, payable by a producer who sells sorghum directly for use or processes sorghum, by a sorghum dealer, feed manufacturer, malt manufacturer, processor, by a sorghum agent or broker, by an importer of sorghum, by an exporter from SA, and by a person who receives sorghum as remuneration for any services rendered or for any goods delivered by him or her or on his or her behalf. Published on 8 May 1998 and would have lapsed on 31 July 2000, but was extended twice to lapse on 28 February 2002. A R5.00 per ton sorghum levy implemented on 5 March 2002, expired on 28 February 2003.	The Sorghum Trust administers this statutory levy. The main objectives of the Trust are to maximise its income to provide funding for the benefit of the sorghum industry, sorghum research and development projects, and to maintain information required by the sorghum industry.	The purpose of this statutory levy is to provide financial support for the sorghum research and information functions that the sorghum industry identified as essential and the interests of the industry as a whole.
В.	The above was replaced by a levy of R6.00 per ton, VAT excluded, implemented on 01 March 2003 and which will lapse on 28 February 2006.		
C.	The above was replaced by a levy of R7,70 per ton sorghum, VAT excluded, payable to the Sorghum Trust, as implemented on 24 February 2006 and which will lapse on 28 February 2010.		
Stor Apr class Peac on e at 6 Plun	CIDUOUS FRUIT LEVIES ne fruit icots on export and domestic volumes (all ses) at 8.5c/kg. ches/Nectarines (including cling peaches) export and domestic volumes (all classes) .5c/kg. ms on export volumes (all classes) at ./kg and domestic volumes at 5c/kg.	Levies payable to Deciduous Fruit Producers Trust (DFPT) Finance (Section 21 Company), and administered by DFPT.	Levy objectives are to fund research project information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for plums.
200 (3 N plun 27 (the	ended and implemented on 4 November 3 and will lapse four years later November 2007). The statutory levies on ms were amended and implemented on October 2006 and will be applicable for remainder of the period ending 31 cober 2007.		
App volu App	ne fruit oles (fresh) on export and domestic umes (all classes) at 3c/kg. ole concentrate at R6/ton. rs on export and domestic volumes at kg.		
	Amended and implemented on 4 November 2003 and will lapse on 3 November 2007.		

Statutory measures: Levies, Registration, Records and Returns

STATUTORY MEASURE (LEVIES): STATUS REPORT AS AT 31 MARCH 2007

DETAILS OF STATUTORY MEASURES	ADMINISTERING BODY	PURPOSE OF STATUTORY MEASURE	
Table grapes 5c/kg on all exported volumes (all classes) table grapes, payable by a table grape exporter on behalf of the producer from whom such table grapes have been procured in respect of all table grapes exported.	Levies payable to DFPT Finance (Section 21 Company), and administered by DFPT.	Levy objectives are to fund research projects, information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for table grapes.	
Implemented on 12 November 2004 and will lapse on 30 September 2008.			
CITRUS LEVY I.4c/kg export citrus fruit, payable by the PPECB and exporters of the citrus fruit concerned and recovered from producers of export citrus fruit, administered by CGA. Amended and implemented on 23 August 2004 and will lapse on 29 August 2008.	The levy is collected and administered by the Citrus Growers' Association (CGA), a Section 21 company.	Levy is needed to gain and maintain market access, to fund and control research and development, to set fruit quality standards and to ensure effective communication.	
DRIED FRUIT LEVY 4c/kg on dried vine fruit and 6c/kg for dried apricots, apples, nectarines, pears, peaches and prunes, payable by packers of dried fruit to the Dried Fruit Technical Services. Amended and implemented on 18 April 2005 and will lapse on 31 March 2009.	DFTS, a Section 21 company, collects and administers the levies.	Levies are collected to render information services to all role-players, to coordinate and fund research and development of the dried fruit industry, to fund plant improvement for the dried fruit industry, and to maintain international liaison.	
 POTATO LEVY: 1.30 c/kg for table potatoes; 0.60 c/kg for potatoes for processing; 0.44 c/kg for certified seed potatoes; and 1.30 c/kg for potatoes destined for exports; and 0.92c/kg Imports Implemented on 29 June 2007 and will lapse on 30 June 2011. 	The levy is collected and administered by Potatoes South Africa (PSA). Section 21 Company.	Levies are collected to fund research and for dissemination of all relevant technical information, gathering, processing, analysing and compiling of industry-related informa- tion, creating market access for emerging farmers, including development projects relating to the potato industry.	
Grains: Processors and purchasers of grains should register with SAGIS, and exporters, importers, processors, purchasers and stores of these grains must keep records and furnish returns to SAGIS. Maize: Implemented on 28 November 1997 and amended on 27 October 2000. Wheat: Implemented on 30 January 1998. Oilseeds: Implemented on 9 April 1998 and amended on 15 June 2001. Sorghum: Implemented on 9 April 1998.	The South African Grain Information Service (SAGIS) is a non-profit -seeking company under section 21 of the Companies Act, formed jointly by the wheat, maize, sorghum and oilseeds industries. SAGIS was formed for the purpose of information gath- ering, collation and distribution in respect of the various grains and oilseeds industries in South Africa, and to publish macro generic market information to the relevant industries on a monthly basis.	The purpose and aims of these statutory measures are to compel parties to keep records and render returns, to ensure that continuous, timely and accurate information relating to the products is available to all role-players. Market information is deemed essential to make informed decisions. Information is dealt with in a confidential manner and no sensitive or potentially sensitive client-specific information is made	
Amendments to the above measures published on 27 October 2000 and 5 September 2003. Extension/continuation of these measures was published on 20 February 2004, to lapse on 30 April 2008. Whole maize and wheat: All importers and exporters of whole maize and wheat must keep records and furnish returns to CACIS or a surveible basin a basis		available to any party without the prior approval of the party or parties whose rights may be affected. These measures are essential for the market to operate effectively and efficiently and to ensure that generic market information is supplied to all role players on a continuous basis.	
SAGIS on a weekly basis. Published in the <i>Government Gazette</i> on 2 April 2004 and will lapse on 30 April 2008.			

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Statutory measures: Levies, Registration, Records and Returns

STATUTORY MEASURE (LEVIES): STATUS REPORT AS AT 31 MARCH 2007

DETAILS OF STATUTORY MEASURES	ADMINISTERING BODY	PURPOSE OF STATUTO MEASURE
Cotton: Registration implemented on 8 May 1998, and records and returns implemented on 9 April 1998, and lapsed on 31 March 2002. These statutory measures were continued by the Minister for a further four years, and will lapse on 31 March 2006.	Cotton SA is a non-profit-seeking compa- ny incorporated under section 21 of the Companies Act, 1973.	As above.
A further continuation of these statutory measures for cotton was approved for a further period of 4 years. Implemented on 15 September 2006, to lapse on 31 March 2010.		
Milk: Milk producers must register with the MPO, keep records and furnish returns to the MPO.	Milk Producers' Organisation (MPO)	As above.
Dairy: Secondary-sector role-players in the dairy industry must register with Milk SA, keep records and furnish returns to Milk SA.	These statutory measures are administered by Milk South Africa, a Section 21	As above.
Wool: Each broker, trader, processor, importer and exporter of wool to register and furnish records and returns to Cape Wools SA. Implemented on I July 2000 and will lapse on 30 June 2004.	Cape Wools SA is a Section 21 Company performing the essential functions identified by the Wool Forum. Its board of directors represents the directly affected groups in the wool industry. The main objective of the company is to promote the group interests involved in the production and consumption of wool.	As above.
Wine: All bottlers, grape producers, wine exporters, wine producers and wine traders to register with SAWIS and keep records and render returns on vines, grapes, grape juice, and wine produced, received, stored, sold, exported or otherwise utilised. Implemented on I July 1999.	SAWIS (South African Wine Industry Information and Systems) registered as a non-profit-seeking company incorporated under section 21 of the Companies Act on I July 1999. SAWIS has the proven expertise, infrastructure and systems, is industry driven, independent and in a good position to adhere to the specific needs of the participants involved.	As above.
Fruit: All producers, exporters and traders of table grapes, stone fruit and pome fruit for fresh domestic consumption and/or exports, to register with DFPT.	Deciduous Fruit Producers Trust (DFPT)	As above.
All producers, exporters and traders of table grapes, stone fruit and pome fruit to keep records and render returns relating to vines and trees and grapes, plums, peaches, nectarines, apricots, apples and pears destined for domestic fresh consumption and exports.		
Statutory measures for Pome Fruit (apples and peers) and stone fruit (plums, apricots, peaches and nectarines) were amended and implemented on 4 November 2003 and will lapse on 3 November 2007.		

Statutory measures: Levies, Registration, Records and Returns

STATUTORY MEASURE (LEVIES): STATUS REPORT AS AT 31 MARCH 2007

ADMINISTERING BODY	PURPOSE OF STATUTORY MEASURE
Citrus Growers Association (CGA) , a Section 21 Company.	As above.
Dried Fruit Technical Services (DFTS) is a Section 21 Company. It is industry driven but independent and in a good position to see to the specific needs of the participants involved.	As above.
National Lucerne organisation (NLO) is a Section 21 Company, established for the purpose of assuring the sustainable production of Lucerne by means of innova- tive and cost-effective marketing.	As above.
Potatoes South Africa (PSA), a Section 21 Company.	
	BODY Citrus Growers Association (CGA), a Section 21 Company. Dried Fruit Technical Services (DFTS) is a Section 21 Company. It is industry driven but independent and in a good position to see to the specific needs of the participants involved. National Lucerne organisation (NLO) is a Section 21 Company, established for the purpose of assuring the sustainable production of Lucerne by means of innova- tive and cost-effective marketing. Potatoes South Africa (PSA), a Section 21

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Annexure C: Contact details for NAMC COUNCIL MEMBERS AND THEIR PORTFOLIOS



Council member	Tel No.	Fax No.	Portfolio allocation
Mr Mohammad Karaan (Chairperson)	021-8084759	021-8084670	Red Meat, Flowers, Dairy, Herbs and Spices, Aquaculture Research, Consumer Affairs, Food Price Monitoring, Tariffs and Policy
Ms Dora Ndaba	012 341 1115 0829048135	012 341 1811	Deciduous Fruit, Mohair, Fresh Produce, Wool Subtropical Fruit, Ostriches
Mr Abraham Jeftha	023-3548959	023-3548965	Wine, Game, Dried Fruit, Canning Fruit, Winter Cereals
Ms Lillibeth Moolman	012 460 3002 0829637676	012 460 3002	Maize, winter cereals, oilseeds and Cotton consumer affairs
Mr Frank Lawrence	053- 2981130 0825684615	053-2982653	Fresh Produce, Subtropical Fruit, Lucerne, Ostriches, Dairy, Sugar
Prof Johann Kirsten	012 420 3248 0823723131	012 420 3247	Research, Food Price, Tariffs and Policy, Cotton
Mr Peter Dall	028-8401735/3 0827844326	028 840 2373	Tobacco, dried fruit, canning fruit, Tea and Coffee, Flowers Citrus, Deciduous Fruit
Ms L Keyter	021-8085422 0845015097	021-8085412	Tea and Coffee, Citrus, Wine, Tobacco, Aquaculture
Ms C Maku	040-6022074 0822004641	040-6022241	Tea and Coffee, Citrus, Wine, Tobacco, Aquaculture, Wool and Mohair
Mr Z Duze	011-8020015 0833002203	011-8020798	Sorghum, Poultry, Oilseeds, Game, Maize and Red Meat



Annexure D: Progress Report on Liquidation of the Former Control Boards

In terms of the MAP Act, all the Schemes established in terms of the 1968 Act had to be abolished by 5 January 1998, which was one year after the first full meeting of the NAMC.

This process is almost complete except for one Scheme (the Maize Marketing Scheme) that is still in place to finalise certain outstanding issues.

The Maize Board is still finalising financial and legal matters in respect of outstanding levies. A number of court dates have been set for the rest of this year (2007) to conclude outstanding legal matters. The Minister has approved the extension of the Maize Marketing Scheme until 31 July 2007.





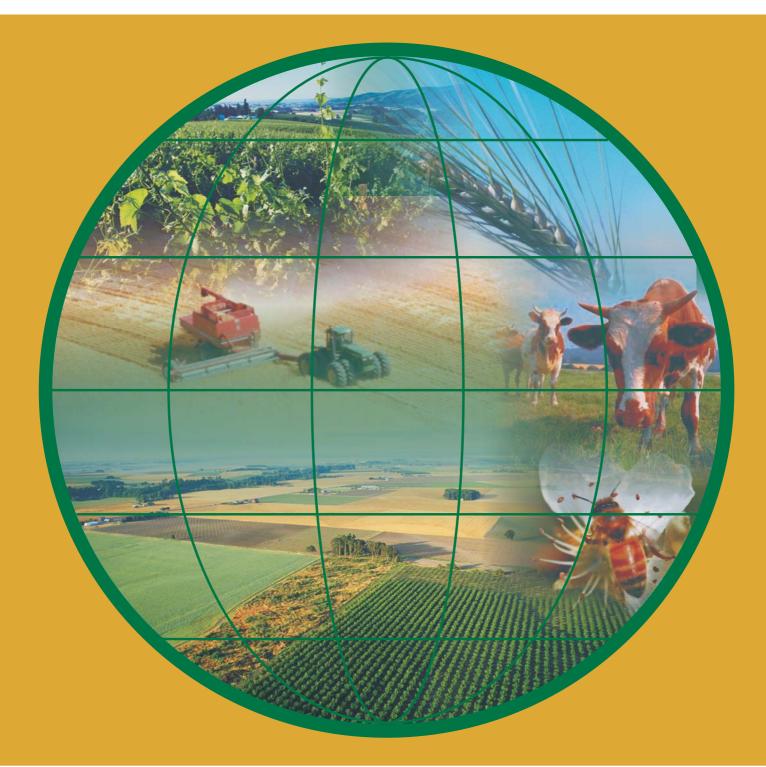




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