

## [ Annual Report | 2008 ]



National Agricultural  
Marketing Council

Strategic positioning of South African Agriculture  
in dynamic global markets



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## MISSION

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

## VISION

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

## 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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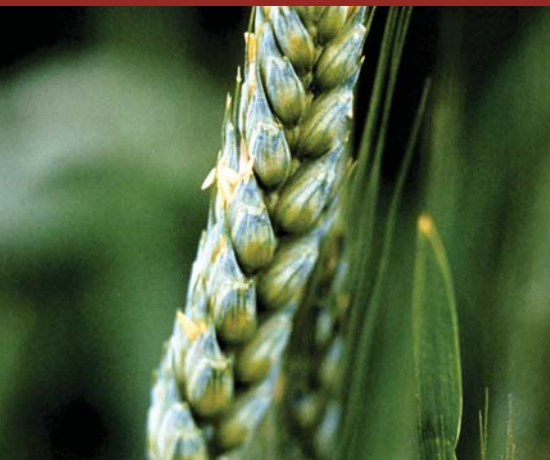
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----- [ part 1 | GENERAL INFORMATION ]



## 1. SUBMISSION OF THE 2007/08 ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

Madam, the honourable Minister for Agriculture and Land Affairs, the National Agricultural Marketing Council has the pleasure of submitting its annual report for submission to Parliament, in terms of the Public Finance Management Act (Act 1 of 1999).

The report covers the operations of the NAMC during the financial year 1 April 2007 to 31 March 2008.

## 2. LEGISLATIVE MANDATE

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

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

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

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

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

4. the effect that marketing of products has on the objectives mentioned in section 2 (2) of the MAPA.

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

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

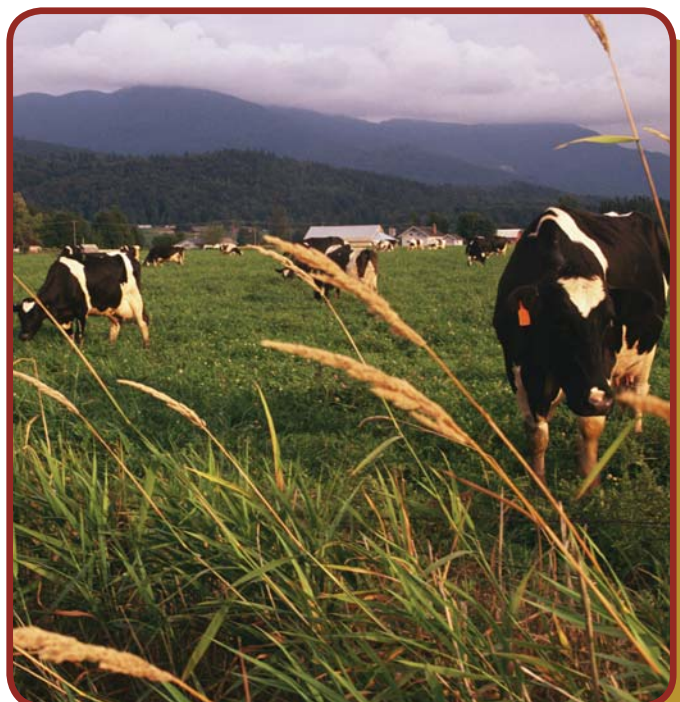
- The Minister, as the Executive Authority of the NAMC, annually approves the Council’s budget and business plan before the beginning of each financial year;
- According to sections 53 (1) of the Public Finance Management Act (PFMA), No 1 of 1999, read with section 29 (1) (1) of the Treasury Regulations issued in terms of the PFMA, the NAMC should submit a three-year strategic plan to the Executive Authority six months before the beginning of each ensuing financial year for its consideration and guidance;
- The NAMC, through submissions and quarterly reports, appraise 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 the Programme: Agricultural Trade and Policy Analysis of the National Department of Agriculture. The aim of the NAMC is to provide strategic agricultural marketing advice to the Minister for Agriculture and Land Affairs and all directly affected groups in the agricultural sector. The goal is to promote the achievement of the objectives of the MAPA, 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. MESSAGE FROM THE CHAIRPERSON



The year 2007/8 will be remembered as the year that the country witnessed unprecedented levels of food price increases and input cost hikes. The NAMC mandate came to the fore as Government grappled with solutions to these challenges.

The National Agricultural Marketing Council has seen a measure of growth over the past year. There has been closer collaboration between the NAMC and the various stakeholders, specifically farmers, agribusiness, producer groups and government. Some level of trust and appreciation of working towards the same goals has been established and strengthened. The main challenges that continue to face the agricultural sector include high food prices that are threatening food security for the majority of South Africans, high agricultural input costs, declining investments in the sector, land reform, the state of global trade negotiations and the status of research and development within the sector.

The global escalation in food prices has resulted in putting the plight of the poor firmly on the agenda of policy makers worldwide. The world has a crisis on its hands as regards food prices. According to FAO, the past year has seen food increases of up to 45%. Stock levels of major staples are at an all-time low. The biggest challenge facing the sustainability of the sector is the ability to supply enough food at affordable prices, bearing in mind that input costs are also escalating.

The NAMC has continued to monitor food prices and has published four quarterly food price trends and one annual food cost review during the year. The NAMC has also contributed to the work of the Inter-Ministerial Committee of Cabinet tasked with the responsibility of finding a solution to the food crisis.

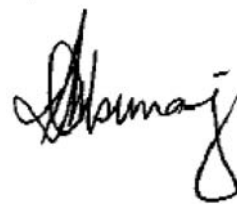
The NAMC assisted industry to collect over R204.5million in levies during the year in review. This represents an increase of 37.2% over the levies collected last year, amounting to R149.1million. The levies are managed and used by industry to fund activities such as research, information gathering, consumer education, export promotion and transformation. According to industry reports, an amount of R38.9million was spent on transformation. The NAMC has developed transformation guidelines to assist industry to deepen their transformation goals.

### THE WAY FORWARD

The NAMC has strengthened its Development Unit to better address development needs within the sector. This effort has resulted in streamlining interventions around market development for the previously disadvantaged farmer. The NAMC has implemented programmes targeting PDI exporters, both in training and exposure to potential markets. The NAMC intends to ensure partnerships that add substance to human capital within the Council, investing in research capacity while ensuring gender balance. The NAMC would like to see a deepening of its mandate to better address current challenges within the sector, including appropriate market development.

### A WORD OF THANKS.....

Appreciation is extended to the Management team at the NAMC, led by the CEO. My thanks go to Council members and the Ministry of Agriculture and Land Affairs under the guidance of the Minister, Ms Lulu Xingwana. Special mention goes to the Portfolio Committee on Agriculture and Land Affairs for their support and cooperation. To other SOEs in the sector, stakeholders at large and the Industry Trusts, we say thank you, and we look forward to your support as we strive for transformation in agricultural marketing.



Ms Ntombi Faith Msimang  
Chairperson

### 5. MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



The objectives of the NAMC as highlighted in the Marketing of Agricultural Products Act (MAPA) is to (i) increase market access for all market participants; (ii) promote the efficiency of the marketing of agricultural products; (iii) optimize export earnings from agricultural products; and (iv) enhance the viability of the agricultural sector. In order to achieve the objectives as highlighted in the act, the NAMC is organized into three key divisions, namely, Agribusiness Development Division aimed at assisting low income agribusinesses improve their market access; Statutory Measures Division aimed at investigating any statutory measure and the Market and Economic Research Centre tasked with the responsibility of finding ways of improving the efficiency of the market and optimizing export earnings.

Key to creating the NAMC that is capable of achieving the objectives of the MAPA has been the building and organization of management. We continue to develop good talent from within and attract talented managers from outside. We have and continue to pick people who can help manage the NAMC, people who could run their activities themselves, take full responsibility for them and be given full authority over them.

Some of key programmes that the NAMC implemented are food price monitoring, export promotion, section seven investigations, statutory measures (levies), training of agribusinesses, etc Through the food price monitoring programme, the NAMC has reported on food price trends in both urban and rural areas. In addition, it reported on issues such as the developments in the various industries, trends in expenditure by consumers, trends in food production and population growth, trends in investment and farm income. The NAMC has also participated in the Inter-Ministerial Committee tasked with the responsibility of finding solutions to the current food crisis. In all the meetings, the NAMC has presented analysis of the current crisis and an analysis of the implications of the proposed measures. Through the statutory measures programme, the NAMC has assisted industry to collect and spend over R39 million of transformation related activities, over R17.8 million on export promotion, R74.4 million on research and R25.7 million on information collection and dissemination. I however regret the fact that we have not been able to raise enough funds to implement the marketing schemes programme we have developed. I still believe that marketing schemes aimed at improving market access for low income farmers are key if they are to succeed.

Looking forward, it is important that we look back and learn. The business of agriculture, in which agricultural marketing is manifested, has changed drastically over the past 14 years. Various government policies aimed at transforming our economy and the agricultural sector to be specific have been in constant development and review. Some of the policies and programmes affecting the agricultural sector are; RDP, GEAR, Land reform (Restitution, redistribution, and tenure reform), MAP Act, Sector Plan, Land Care, SLAG, LRAD, MAFISA, CASP, AgriBEE, LARP and Review of the agricultural sector plan. Some of these programmes have contributed in creating

a world class commercial agricultural sector that is capable of competing with produce from anywhere in the world. However, it is clear that these policies and programmes have failed to improve the conditions of the low income farmers. In submitting the NAMC work for the year and looking forward, we are required to provide a view on how we could improve conditions for the entire agricultural sector.

In the NAMC 2007/08 report of the Auditor-General to Parliament on the financial statements and performance information for the year ended 31 March 2008, the AG made the following audit finding on performance information, "as required by Treasury Regulation 28.2.2 the five year strategic plan was not updated with the information as listed in the annual performance information as the programmes and the objectives thereof differ" The NAMC will therefore increase its focus on the monitoring and evaluation in order to correct the current limitations. Other areas of increased focus will be on a stronger push in the implementation of Marketing Schemes, export promotion, and the establishment of the office to service Ministerial Trustees.



Mr TR Ramabulana  
Chief Executive Officer



## 6. CORPORATE GOVERNANCE

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

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

## 6.1 NAMC COUNCIL

### Composition of the Council

The MAPA, no 47 of 1996 provides guidelines for the composition of the Council. The Minister for Agriculture and Land Affairs is responsible for appointing one of the members of the Council to the position of Chairperson and another member as Vice-chairperson.

The Council is composed of ten (10) members. A new Council was appointed on 1 July 2007 and their term of office ranges between two (2) and four (4) years.

### Current Council appointed 1 July 2007:

- Ms N Msimang (Chairperson)
- Dr M Karaan (Vice-chairperson)
- Ms M Gill
- Prof JF Kirsten
- Ms M Mannya
- Ms C Molo
- Mr D Montshwe
- Ms SE Moolman
- Prof HD van Schalkwyk
- Mr AD Young

### Previous Council – term ended 30 June 2007

- Dr M Karaan (Chairperson)
- Ms D Ndaba (Vice-Chairperson)
- Mr GP Dall
- Mr Z Duze
- Mr A Jefftha
- Ms L Keyter
- Prof JF Kirsten
- Mr F Lawrence
- Ms C Maku
- Ms SE Moolman

NAMC COUNCIL MEMBERS 2007/08



MS N MSIMANG  
(CHAIRPERSON)



DR M KARAAN  
(VICE-CHAIRPERSON)



MS M GILL  
(COUNCIL MEMBER)



PROF JF KIRSTEN  
(COUNCIL MEMBER)



MS M MANNYA  
(COUNCIL MEMBER)



MR D MONTSHWE  
(COUNCIL MEMBER)



MS C MOALO  
(COUNCIL MEMBER)



MS SE MOOLMAN  
(COUNCIL MEMBER)



PROF HD VAN SCHALKWYK  
(COUNCIL MEMBER)



MR AD YOUNG  
(COUNCIL MEMBER)

## FUNCTIONS OF COUNCIL

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

(1) Subject to the provisions of section 2, the Council –

- (a) shall, when requested by the Minister, or of its own accord, investigate in terms of section 11(2), the establishment, continuation, amendment or revocation of statutory measures and other regulatory measures affecting the marketing of agricultural products, evaluating the desirability, necessity or efficiency, and if necessary proposing alternatives to, the establishment, continuation, amendment or repeal of a statutory measure, or other regulatory measure, and to report to and advise the Minister accordingly;
- (b) shall prepare and submit to the Minister for consideration statutory measures and changes to statutory measures which the Minister directs it to prepare;
- (c) shall, whenever requested by the Minister, and at least once annually, report on the activities of the Council;
- (d) may direct any institution or body of persons designated for the purpose of the implementation or administration of a statutory measure in terms of section 14, to furnish the Council with such information pertaining to a statutory measure as the Council or the Minister (or the parliamentary committees) may require;
- (e) may undertake investigations and advise the minister regarding:
  - (i) agricultural marketing policy and the application thereof;
  - (ii) the co-ordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments; and
  - (iii) the possibilities for promoting the objectives mentioned in section 2(2); and
  - (iv) the effect that marketing of products has on the objectives mentioned in section 2(2).

- (f) shall monitor the application of statutory measures and report thereon to the Minister, and shall evaluate and review such measures at least every two years;
- (g) shall prepare a budget of its expenses, in consultation with the Director-General, on an annual basis for approval by the Minister.

(2) Copies of all reports which are submitted to the Minister in terms of subsection (1) shall simultaneously be dispatched to the parliamentary committees for their information.

## OUTPUTS AND SERVICE DELIVERY TRENDS

The Council met 6 times during the 2007/08 financial year. During these meetings members deliberated on specific issues and forwarded submissions to the Minister.

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

TABLE 1.1 : OUTPUTS AND SERVICE DELIVERY TRENDS – COUNCIL

SUB-PROGRAMMES	OUTPUTS	INDICATOR	PERFORMANCE
	<b>Agenda items</b>	<b>Expected number</b>	<b>Actual number</b>
	Council sittings	6	6
	Submissions to the Minister	37	37
Council meetings	Ministerial enquiries	-	33
	Management Committee meetings	51	48

SCHEDULE OF MEETINGS ATTENDED BY COUNCIL MEMBERS

NAMES	NO. OF MEETINGS	NO. OF MEETINGS ATTENDED	NO. OF MEETINGS NOT ATTENDED
Ms N Msimang (Chairperson)	4	3	1
Dr M Karaan (Vice-Chairperson)	6	4	2
Ms M Gill	4	3	1
Prof JF Kirsten	6	6	0
Ms M Manny	4	4	0
Ms C Molo	4	3	1
Mr D Montshwe	4	4	0
Ms SE Moolman	6	6	0
Prof HD van Schalkwyk	4	3	1
Mr AD Young	4	4	0
Mr GP Dall (Term ended 30 June 2007)	2	2	0
Mr Z Duze (Term ended 30 June 2007)	2	1	1
Mr A Jetha (Term ended 30 June 2007)	2	2	0
Ms L Keyter (Term ended 30 June 2007)	2	1	1
Mr F Lawrence (Term ended 30 June 2007)	2	2	0
Ms C Maku (Term ended 30 June 2007)	2	2	0
Ms D Ndaba (Term ended 30 June 2007)	2	2	0

# general information

## 6.2 COMMITTEES OF COUNCIL

In terms of section 7(1) of the MAPA, no. 47 of 1996 the Council may appoint one or more committees to advise the Council or to perform such functions as the Council may entrust to it.

Council has established the following sub-committees:

- Audit Committee
- Human Resources Committee
- Chairpersons' Committee
- Risk Management Committee
- Management Committee

### 6.2.1 AUDIT COMMITTEE

The Council, in its capacity as the Accounting Authority of the NAMC, has established an Audit Committee in compliance with the Public Finance Management Act (PFMA), 1999 as well as the Treasury Regulations. The Audit Committee consists of the members listed hereunder, and met 6 times during the year.

MEMBER	ROLE
Mr V Nondabula (Chairperson)	Independent member
Ms M Gill (Appointed 27 August 2007)	Council member
Mr R Matlou	Independent member
Ms M Moja	Independent member
Prof HD van Schalkwyk (Appointed 27 August 2007)	Council member
Mr GP Dall (Term ended 30 June 2007)	Council member
Mr F Lawrence (Term ended 30 June 2007)	Council member

The function of the Audit Committee is to assist the Council in ensuring that the organisation has and maintains effective, efficient, and transparent systems of internal control and financial management.

The internal audit functions of the NAMC are outsourced to Sizwe Ntsaluba VSP, who reports directly to the Audit Committee.



## 6.2.2 HUMAN RESOURCES COMMITTEE

The committee, consisting of the members listed below held three meetings during the year under review.

MEMBER	ROLE
Mr AD Young (Chairperson – appointed 27 August 2007)	Council member
Ms SE Moolman (Appointed 27 August 2007)	Council member
Ms M Mannya (Appointed 27 August 2007)	Council member
Mr TR Ramabulana	Chief Executive Officer
Mr GP Dall (Term ended 30 June 2007)	Council member
Ms L Keyter (Term ended 30 June 2007)	Council member
Ms C Maku (Term ended 30 June 2007)	Council member
Ms D Ndaba (Term ended 30 June 2007)	Council member

The purpose of the committee is to manage human resources and remuneration matters, to ensure that the NAMC protects persons who were disadvantaged by the unfair discrimination of the past, and to promote the achievement of equality within the NAMC.

The HR Committee identified staff retention as one of the key risks for the NAMC in 2007/08 and benchmarked NAMC salaries for all staff against its major competitors. This formed the basis of salary increases in 2008.

## 6.2.3 CHAIRPERSONS' COMMITTEE

MEMBER	ROLE
Ms N Msimang	Chairperson of Council
Dr M Karaan	Vice-Chairperson of Council
Mr AD Young	Chairperson of HR Committee
Mr D Montshwe	Chairperson of the Crop Estimates Committee (CELC) (Appointed 4 December 2007)

The committee, consisting of the Chairperson of the Council, Vice Chairperson, Chairperson of the CELC and Chairperson of the HR Committee held one meeting during the year under review. This is

due to a change of the NAMC Council in the middle of the financial year. The new Council was appointed from the 1st of July 2007.

### 6.2.4 RISK MANAGEMENT COMMITTEE

The Risk Management Committee consisting of the following members operated during the year under review:

MEMBER	ROLE
Ms MJ Sethu (Chairperson)	Human Resource Manager
Mr A Rampershad (Appointed 17 October 2007)	Chief Financial Officer
Mr HT Mohane (Appointed 25 January 2007)	Senior Manager: Agribusiness Development
Mr N Siala (Resigned 31 May 2007)	Chief Financial Officer
Mr C Gladwin (Resigned 25 January 2008)	Senior Manager: Markets and Trade division / Senior Researcher: Markets and Economic Research Centre

The committee held 2 meetings during the course of the year. In accordance with its approved mandate the following matters were addressed:

- Identified the risks through a comprehensive risk assessment process;
- Established a risk management plan;
- Continued to monitor all the risks pertaining to the operations of the NAMC, thus ensuring that risks are managed.

## 6.2.5 MANAGEMENT COMMITTEE

MEMBER	ROLE
Mr TR Ramabulana (Chairperson)	Chief Executive Officer
Mr A Rampershad (Appointed 17 October 2007)	Chief Financial Officer
Prof A Jooste	Senior Manager: Markets and Economic Research Centre
Mr IS Burger	Senior Manager: Statutory Measures
Mr HT Mohane	Senior Manager: Agribusiness Development
Ms MJ Sethu	Human Resource Manager
Dr S Ngqangweni	Senior Researcher: Markets and Economic Research Centre
Mr N Siala (Resigned 31 May 2007)	Chief Financial Officer
Mr C Gladwin (Resigned 25 January 2008)	Senior Researcher: Markets and Economic Research Centre

The NAMC Management Committee consisted of the Chief Executive Officer and members responsible for the portfolios of Finance, Human Resources, Statutory Measures, Agribusiness Development and Markets and Economic Research Centre.

The above management is responsible for the strategic implementation of the policies, goals and objectives of the NAMC. Management is also responsible for running the day to day affairs of the organisation. It has a duty to ensure that the relevant legislation and regulations are adhered to, and that adequate financial control systems are in place.





----- [ part 2 | ORGANISATIONAL OVERVIEW ]





# organisational overview

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## 1. PERFORMANCE AGAINST OBJECTIVES

### 1.1. MARKETING AND TRADE DIVISION

#### 1.1.1. KEY FOCUS AREA: MARKETING/DEVELOPMENT SCHEMES (AGRICULTURAL DEVELOPMENT)

The primary objective of the Marketing / Development Schemes is to provide incentives to the market to buy from emerging producers. Three commodities have been identified as pilot models, namely: Grain, Citrus and Livestock.

#### STRATEGIC GOAL

- Increase market access of the emerging producers
- 

#### STRATEGIC OUTCOME/ RESULT

- Complete the design of the grain and citrus schemes
  - Facilitate the implementation of the grain scheme
- 

#### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND PROGRESS MADE

- During the year under review, framework documents for the grain and citrus development schemes were developed.
  - The business plans, which were informed by the development scheme framework documents, were also developed with inputs from Section 7 committees. The section 7 committees constituted role-players from the respective industries. The business plans were developed in order to guide how the development schemes will be implemented and how much they will manage costs over a specific period.
  - The two Trusts, which will oversee the implementation of the grain and general schemes, were submitted to the Minister of Agriculture and Land Affairs for consideration and approval and they have been approved.
  - Funds from the Minister's Special Fund have been allocated to a Trust as seed capital for the commencement of the schemes. The grain scheme was allocated 30 %, and the general scheme 70 % of the total funds.
  - The implementation of the grain scheme has started as a pilot project in a few areas. The full roll-out will commence once the Trust Deeds have been registered and the Trustees appointed by the Minister for Agriculture and Land Affairs.
-

### 1.1.2 KEY FOCUS AREA: ANNUAL INDUSTRY GROWTH PERSPECTIVES (IGP) STUDIES

The aim of the IGP's is to provide, amongst others, an overview of the agricultural sector; a review of those sub-sectors that are competitive, export oriented and provide opportunities for investment; macro economic analysis and market analysis.

<b>STRATEGIC GOAL</b>	Provide information on products that are internationally competitive, export oriented and attract investment.
<b>STRATEGIC OUTCOME / RESULT</b>	Produce and publish a series of reports annually.
<b>KEY PERFORMANCE AREAS</b>	Number of studies undertaken
<b>PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS</b>	<p>Studies conducted also relate to other focus areas, and hence strengthen the overall thrust of the NAMC objectives. The following serve as examples in this regard:</p> <ul style="list-style-type: none"><li>• The wheat-to-bread supply chain (on-going)</li><li>• Export potential studies linking to the government's Land and Agrarian Reform Programme (LARP) initiative. These studies include the following products: Sugar, Wine, Pears and Quinces, Wool, Potatoes, Pork, Ostrich, Mangoes, Avocadoes, Broilers, Apples, Groundnuts and nuts.</li></ul>

# organisational overview

## 1.1.3 KEY FOCUS AREA: TRADE INTELLIGENCE

The main goal in undertaking trade intelligence research is to assist in increasing the share of South African products in export markets.

### STRATEGIC GOAL

Provide information on trade opportunities for South Africa in both existing and new markets.

### STRATEGIC OUTCOME / RESULT

Produce a series of trade intelligence reports annually.

### KEY PERFORMANCE AREAS

Number of studies undertaken

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

Studies conducted also relate to other focus areas, and hence strengthen the overall thrust of the NAMC objectives. In this regard the following serve as examples:

- 13 Desktop reports under the auspices of the LARP initiative as mentioned earlier.
- Several TradeProbes have been published. TradeProbe is a joint initiative by the NAMC and the Department of Agriculture's Directorate: International Trade. The aim of this initiative is to create knowledge of trade-related topics by discussing/reporting trade statistics, inviting perspectives from people working in related sectors, reporting on trade-related research, and stimulating debate. The first TradeProbe was published in November 2007. By the end of March 2008 five TradeProbes had been published.

The November issue covered the following topics:

- South African trade performance
- Updates of current trade negotiations
- Two contributed viewpoints (Green box issues; Geographical indicators)
- Executive summaries or abstracts of NAMC funded trade research

The January issue covered the following topics:

- Trade statistics of wines, fresh grapes and fresh apples;
- Brief overview of African Growth and Opportunity Act (AGOA); and
- Five contributed papers (Geographical Indications and Multilateral Negotiations; Modelling the South Africa - China trading relationship: A trade brief; SADC-EC EPA negotiations; SADC regional economic integration: SADC -FTA due in 2008; MERCOSUR opens a small door to SA agriculture trade).

The February issue covered the following topics:

- Trade profiles of wool (in particular HS5105) and wheat (HS100190);
- Department of Trade and Industry programmes aimed at supporting exports;

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS (CONTINUED)

- Trade databases that are available free of charge; and
- Contributed articles (Selected data sources and trade analytical tools; Japan's GSP contributing to SA agricultural exports; SADC regional integration : the FTA)

The March issue covered the following topics:

- Trade profiles on fresh pears and quinces, and fresh fish; and
- Contributed articles on the SADC EPA negotiations, and SACU and EFTA.

#### Trade Reference Group (TRG)

The Trade Reference Group, known as TRG under the auspices of the NAMC, is a network of researchers currently involved with, or having a specific interest in, issues relating to international agricultural trade from a South African perspective. The network is composed of researchers from different government departments and government institutions, non-government organisations, different Universities and private sector representatives.

Objectives of the TRG are as follows:

- Capacity building on trade modelling;
- Providing a platform for impact assessment of possible trade policy options;
- Dissemination of trade related research studies;
- Assisting in guiding agricultural trade related research in South Africa, i.e. act as a think tank;
- Fostering networking between people interested in agricultural trade related issues; and
- Stimulation of debate on agricultural trade issues.

Three important focus areas of TRG research are:

- Trade modelling;
- Non tariff measures; and
- Trade law.

Activities undertaken include:

- Co-hosting, with the Trade Law Centre (Tralac) at Stellenbosch University, of the agricultural trade session at the AEASA conference in 2007;
- Two training sessions in collaboration with Tralac;
- Contribution towards strengthening trade related networks amongst academics; and
- Initiation a reference list of agricultural trade related research in South and Southern Africa.

# organisational overview

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## 1.1.4 KEY FOCUS AREA: THIRD GENERATION ISSUES

The main goal of research on third generation issues was strengthening of rural poor communities', linkages to the market through geographic indication, labelling and collective action, as was done so successfully in some European countries.

### STRATEGIC GOAL

Provide information on third generation issues to stimulate debate and raise awareness on opportunities for possible linkages of poor communities to markets.

### STRATEGIC OUTCOME / RESULT

Produce a series of reports on third generation issues annually.

### KEY PERFORMANCE AREAS

Number of studies undertaken

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

No studies were undertaken under this Focus Area for two reasons:

- By the end of the review period, the policy on geographic indications had not been drawn up.
- The restricted funding of the NAMC Strategic Plan limited the amount of work that could be performed

However, the following activities relating to NAMC's focus on Third Generation issues, were undertaken:

- One staff member attended a one-week capacity building course on geographic indications (GI) in Switzerland. Issues pertaining to GI's emanating from this course were also included in two TradeProbes.
- The NAMC jointly hosted a workshop with the University of Pretoria and the Western Cape Department of Agriculture with the purpose of discussing opportunities and constraints for South Africa in the area of geographical indications.



### 1.1.5 KEY FOCUS AREA: ADVICE ON MARKETING & TRADE

The NAMC, through its Marketing & Trade Division, strives to forge a much closer working relationship with ITAC and has begun to make a meaningful contribution with regard to tariff policy discussions relating to agriculture.

<b>STRATEGIC GOAL</b>	Address issues that negatively affect the export of agricultural products.
<b>STRATEGIC OUTCOME / RESULT</b>	Engage closely with ITAC. Undertake competitiveness studies for at least three industries.
<b>KEY PERFORMANCE AREAS</b>	Number of meetings held with ITAC. Number of studies undertaken
<b>PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS</b>	<p>The DoA engaged in a stakeholder process to design an Agricultural Trade and Tariff strategy during the previous reporting period. The NAMC actively participated in the process of providing input in the documents that were drafted and communicated with the Department of Trade and Industry (DTI) and ITAC. Due to involvement in the aforementioned process a decision was taken not to bilaterally engage with ITAC but rather, through the structures created, to draft the aforementioned strategy.</p> <p>An initiative that was however undertaken was 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 a foundation for development of the market for potatoes in these countries.</p>

# organisational overview

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## 1.1.6 KEY FOCUS AREA: MARKETING OF SOUTH AFRICAN AGRICULTURE

The aim of this activity is to showcase South African agricultural export products and promote these products abroad.

### STRATEGIC GOAL

To promote agriculture and agricultural products abroad.

### STRATEGIC OUTCOME / RESULT

- Promote/market South African agricultural products efficiently and effectively
- Be interactive and thus provide interested stakeholders a forum for communicating, with the aim of increasing market access and export earnings
- Create a product calendar which will give detailed information regarding the export of South African agricultural products during any particular period.
- Have the ability to be adapted into other international languages e.g. Mandarin
- Effectively communicate the objectives, roles and responsibilities of NAMC

### KEY PERFORMANCE AREAS

Production of a customised marketing CD/DVD

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

The NAMC could not implement any of the intended activities under this focus area due to a decision taken at the Agriculture CEO's Forum, namely, that the Department of Agriculture would take a lead in the promotion and marketing of the South African Agriculture Brand.



## 1.2 MARKETS AND ECONOMIC RESEARCH CENTRE

### 1.2.1 KEY FOCUS AREA: 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.

<b>STRATEGIC GOAL</b>	Conduct investigations and recommend on topic issues identified by the Minister, industry and the NAMC
<b>STRATEGIC OUTCOME/ RESULT</b>	Produce well-researched reports and recommendations
<b>KEY PERFORMANCE AREAS</b>	Number of investigations undertaken.
<b>PERFORMANCE AGAINST STRATEGIC OUTCOMES</b>	<p>One Section 7 investigation was undertaken and completed during the year under review namely:</p> <ul style="list-style-type: none"> <li>• An Investigation into the Beekeeping Industry in South Africa</li> </ul> <p>Following appointment of a Section 7 Committee on the Beekeeping industry in South Africa in April 2007, a comprehensive report with detailed recommendations was completed on the matter and a formal submission forwarded to the Minister for Agriculture and Land Affairs in February 2008.</p> <ul style="list-style-type: none"> <li>• Fresh Produce Section 7 Committee Investigation</li> </ul> <p>The NAMC reconstituted the Section 7 Committee in April 2007, appointing eight additional members. The reconstituted committee met for the first time on 4 May 2007. An Executive Committee (made up of six members of the Section 7 Committee) was appointed to draft a business plan detailing how implementation of the Section 7 Committee recommendations could be facilitated. The reconstituted Section 7 Committee met once during the review period (3 July 2007). At a subsequent meeting between the NAMC and the DoA on 19 July 2007 it was, however, agreed that the Section 7 Committee would be dissolved and that the DoA would drive implementation of the recommendations in future. The files relating to the investigation were handed over to the DoA at the end of July 2007. One of the recommendations emanating from the investigation was that a Senior Advocates opinion be obtained regarding the application of local government legislation to the restructuring of Fresh Produce Markets. The NAMC contracted legal consultants to this end in July 2007. The final Senior Advocates opinion became available in August 2007, and this was forwarded to the DoA: Directorate Marketing for further attention.</p>

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## PERFORMANCE AGAINST STRATEGIC OUTCOMES (CONTINUED)

- The Wheat-to-bread value chain Section 7

An investigation was initiated in February 2008 to investigate the wheat-to-bread value chain. Due to concerns over escalating prices of bread, a staple food for many South African consumers, the Minister for Agriculture and Land Affairs, following her consultation with all stakeholders, requested the NAMC to establish a Section 7 Committee to investigate any unreasonable profiteering in the wheat-to-bread value chain and come up with recommendations for making bread more affordable. The Section 7 Committee report on the Wheat-to-bread value chain is currently in progress and a draft due at the end of July, which is to be used as a basis for consultations and further submissions by the relevant role players.

## 1.2.2 KEY FOCUS AREA: MARKETS AND ECONOMIC RESEARCH FUND

The main aim of the Markets Research and Economic 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 R 7 million.

### KEY PERFORMANCE AREAS

Number of research proposals received and funded.  
Number of reports published.

## PERFORMANCE AGAINST STRATEGIC OUTCOMES\*

- Due to budget limitations a fund of 2 million was created. For this reason no new research proposals were requested, but funds were used for studies already approved. Through this fund, a number of research projects were conducted successfully. These were:
- Support to the Bureau for Food and Agricultural Policy (BFAP): This project is a joint initiative between NAMC and BFAP to integrate the BFAP-related activities, research outputs and training program into the NAMC in order to enhance the research capacity of the council.
- An inquiry into the potential for change in management by selected wine producers' cooperatives in the Robertson wine district: The purpose of this pilot study was to identify, through the use of 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.
- An economic analysis of Thohoyandou Town and Tshakhuma informal fruit and vegetable markets: This study was linked to a bursary issued to an MSc student at the University

### PERFORMANCE AGAINST STRATEGIC OUTCOMES (CONTINUED)

of Venda (ML Mariba, bursary amount: R 48,700). The main objective of the study was to measure the turnover of informal fruit and vegetable markets in Thohoyandou Town and Tshakhuma village and analyse the determinants of their economic performance.

- Procurement practices of supermarkets: Healthy competition or use of market power. With a focus on the dairy sector, the objective of this study was to gain an understanding of the functioning and structure of the food retail sector and to assess whether there is any evidence of abuse of market power at the expense of other players in the food value chain.
- The functioning of the agricultural futures market as a price forming mechanism for grains and oilseeds: The purpose of this study was to assess the functioning and effectiveness of the South African Agricultural Futures Exchange (SAFEX) as a price forming mechanism for grains and oilseeds.
- Strategies to promote competitiveness and equity in South African agribusiness: The case of BEE in the SA wine industry: The objective of this project was 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

The following projects were started and are still ongoing:

- An institutional analysis of South Africa's new Cooperatives Act: This study is linked to a bursary issued to an MSc student at the University of KwaZulu-Natal (P Nganwa, bursary amount R 81,900). The purpose of the project is to look at perceived poor management of cooperatives as a symptom of more fundamental institutional problems that discourage managers and members from growing their cooperative businesses, and to recommend a more effective institutional set-up for future survival of cooperatives in South Africa.
- Factors influencing the sustainability of smallholder cooperatives in KwaZulu-Natal: This project is one of the deliverables for a bursary issued to an MSc student at the University of KwaZulu-Natal (M Chibanda, bursary amount R 89,000). The purpose of the study is to analyse factors that influence the sustainability of smallholder cooperatives in KwaZulu-Natal.
- Impact of deregulation on agricultural efficiency and productivity in South Africa: The aim of the project was to measure efficiency and productivity in order to determine the impacts of policy changes in South African agriculture.
- Since 2002, when exchange rate depreciation resulted in rising prices for most agricultural commodities and inputs, as well as retail food prices, there has been increasing interest in the behaviour of agricultural prices. This, for example, led to the establishment of a Food Price Monitoring Initiative by the NAMC and the publication of quarterly reports on changes in food prices. It was, however, also realised that it is important to monitor and disseminate information on changes in agricultural input costs. In August 2006 a workshop was convened with stakeholders in the agricultural sector,

## PERFORMANCE AGAINST STRATEGIC OUTCOMES (CONTINUED)

from which it emerged that input cost monitoring would be a welcome addition to ongoing research on changes in agricultural related prices. At this workshop the NAMC was mandated to coordinate input cost monitoring on behalf of the whole agricultural industry. The NAMC has since taken up this activity in collaboration with various branches of the agricultural industry. In the next financial year, input cost monitoring will be reclassified under a different focus area:

The purpose of input cost monitoring is to publish trends in farm input costs on a regular basis. In each report an attempt is made to report on the following issues: (i) broad trends in input cost movements, (ii) the contribution of different variable input costs to total variable input cost and (iii) trends in individual input cost items. During the reporting period two input cost monitoring reports were published (one in November and one in December) on grains (mainly maize) and fruit (mainly deciduous fruit).

- During the period under review the NAMC approved two bursaries benefiting two graduate students at two universities to undertake empirical research as follows:
- The Impact of Deregulation on the Competitiveness of the Primary Sector of the South African Dairy Industry by Mr. Justin du Toit, MSc student, University of KwaZulu-Natal (Bursary amount: R 50,000 over two years): This study intends to analyse the effects of institutional change in South Africa since deregulation (post-1994) on the competitiveness of the primary (producer) sector of the South African dairy industry, locally and internationally. The purpose is to identify institutional changes that will promote the competitiveness of this sector, and thereby the competitiveness of the SA Dairy Industry as a whole.
- Defining the Production Possibility Frontier for Pasturage: An Econometric Analysis of the Economic and Environmental Efficiency of Dairy Farms in the KwaZulu-Natal Midlands by Mr. Thulasizwe Mkhabela, PhD candidate, University of Stellenbosch (Bursary amount: R 40,000): The objective of this research is to define, to estimate and to evaluate the environmental efficiency of dairy farms in the midlands of KwaZulu-Natal. Three different econometric methods (stochastic production frontier, distance function and cost function) are analysed on their possibilities to compute environmental efficiency. These methods are applied to a panel of KwaZulu-Natal midlands dairy farms.
- The NAMC in collaboration with the Universities of Pretoria and the Free State engaged in an established international initiative that compares farms with each other in different countries. It is formally known as the agribenchmark initiative. Investigation and understanding the sources of competitiveness of the South African agricultural sector is key to the R&D focus areas of the MERC. Output from this initiative will provide a better understanding of how competitive the beef and grain sectors are in South Africa in relation to other major beef and grain producing countries and what factors are influencing South Africa's competitive position. This is important in that it provides



## PERFORMANCE AGAINST STRATEGIC OUTCOMES (CONTINUED)

valuable information to Directly Affected Groups and government on what areas to focus on in an effort to improve competitiveness. Partaking in the agribenchmark Beef & Cow-Calf and Grain Networks is one of the initiatives being taken by the NAMC to build on its capacity to investigate and provide timely and relevant input to policy making and business positioning.

During June and July 2007 NAMC staff, together with researchers from the mentioned institutions, attended the Beef and Grain network workshops to discuss the results of the global analysis. Presentations on the outcome of this research were made at the NAMC and are also available on the NAMC website. Copies of the final reports were also distributed to Provincial Departments of Agriculture and officials at the National Department of Agriculture.

### 1.2.3 KEY FOCUS AREA: 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 R 100,000.

#### KEY PERFORMANCE AREAS

Presentation of papers at AEASA  
Relevance of research topics to current topical issues facing the sector  
Successful discussion during the conference

#### PERFORMANCE AGAINST STRATEGIC OUTCOMES

The NAMC provided a R 60,000 sponsorship towards the organisation of AEASA's 2007 Annual Conference. Part of this sponsorship also went towards organising a NAMC pre-conference workshop on Wildlife in South Africa. As mentioned, the NAMC also co-hosted a workshop on agricultural trade issues together with Tralac. Staff of the NAMC was also main and co authors of 12 papers presented at the conference. Two of NAMC staff were part of the Organising Committee for the 2007 Annual Conference. In addition, two NAMC staff are part of AEASA's Management Committee.

In addition, the NAMC provided R 40,000 for student members of AEASA to take part in an inter-university competition at the International Agribusiness Management Association Symposium and Forum in Parma, Italy.

# organisational overview

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## 1.2.4 KEY FOCUS AREA: 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

### KEY PERFORMANCE AREAS

- Number of food cost reviews and food price trends published
- Number of provincial food price monitors trained and still participating in the project
- Quality of training received by internal NAMC staff member

### PERFORMANCE AGAINST STRATEGIC OUTCOMES

The food price monitoring activity has its background in the Food Pricing Monitoring Committee (FPMC) appointed by the Minister for Agriculture and Land Affairs in 2003 to investigate the reasons behind rising food prices at the time, and to recommend remedies for South Africa in a report to be completed in one year. Following the completion of the FPMC's work, food price monitoring was taken over by the NAMC and, since 2004, the NAMC, in collaboration with the Department of Agriculture, has been issuing 4 media releases every year, and since 2005 has also been publishing an Annual Food Cost Review which documents the margins between farm prices and retail prices of the major food products. Since 2006, food price monitoring was introduced in the rural areas for the first time.

Urban food price data are supplied to the NAMC by a private service provider (AC Nielsen), as well as Stats SA. The rural food price monitoring activity is executed throughout the country in over 180 stores and shops in rural areas by over 80 Provincial Department of Agriculture officials in all nine provinces. There are ongoing logistical challenges with rural food price monitoring, which are being actively attended to through training and other interventions. At this stage these challenges have not led to any major disturbances in the food price monitoring project as a whole. For the period under review 47 officials from different provinces were trained (North West, Mpumalanga, Western Cape & Eastern Cape). Longer-term solutions are being considered in order to minimise such problems and to ensure that the sustainability of food price monitoring is not compromised. One of such solutions is to consider a much stronger role for Statistics South Africa.

During the 2007/08 financial year, the NAMC produced four quarterly food price trends reports, which received wide media coverage. These reports also include specific

## PERFORMANCE AGAINST STRATEGIC OUTCOMES (CONTINUED)

commodity analysis showing international and local price trends of selected commodities, and explaining the forces driving prices. In addition, the reports include a quarterly outlook of important events and factors that could have an impact on food prices. One annual Food Cost Review report was produced and presented to the Parliament Portfolio Committee on Agriculture and Land in February 2008.

These reports provide the foundation for discussions regarding increasing food prices and possible interventions to address the situation. It is used by government, parliament and private sector role players to stay abreast of developments in food prices locally and internationally. Moreover, reliable and consistent price monitoring affords policy makers the opportunity to gain first hand qualitative and quantitative information on price trends, and will enable the government departments to make better informed decisions regarding food policy in this country.

## 1.2.5 KEY FOCUS AREA: 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

### KEY PERFORMANCE AREAS

Number of reports

## PERFORMANCE AGAINST STRATEGIC OUTCOMES

- 1000 CD's were produced containing information on NAMC published reports during 2006/2007. 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
- Research reports and food price monitoring reports are available on the NAMC website.

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## 1.3 STATUTORY MEASURES DIVISION

### 1.3.1 KEY FOCUS AREA: SUB-PROGRAMME: STATUTORY MEASURES

The primary objective of the implementation of statutory levies is to enable the relevant agricultural sectors to raise funds to finance generic functions which are to the benefit of the whole industry. Statutory measures relating to records and returns and registration enable sectors to compile and maintain accurate market information that is available timeously and on a continuous basis. This information enables them to increase market access and to promote the efficiency of the marketing of the relevant agricultural products.

#### STRATEGIC GOAL

To provide the Minister with accurate advice regarding the approval or disapproval of statutory measures.

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#### STRATEGIC OUTCOME/ RESULT

Undertake investigations within prescribed timeframes.

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#### KEY PERFORMANCE AREAS

- To undertake nine investigations annually;
- Complete investigations within 60 days or such longer period as approved by the minister;
- Publish applications in media and Government Gazette and ask all directly affected groups for comments;
- Manage process of drafting, certification and final promulgation of Notices in the Government Gazette;
- Conduct annual survey of income and expenditure on all statutory levies.

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#### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

- The NAMC undertook twelve investigations regarding statutory measures during the 2007/08 financial year;
  - All applications for the establishment or amendment of statutory measures were investigated and recommendations were sent to the Minister within the prescribed timeframe of 60 days;
  - All directly affected groups registered at the NAMC and general public were consulted in investigations;
  - Notices were certified correct and 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 submitted to the Minister for her information.
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1.3.2 KEY FOCUS AREA: SUB-PROGRAMME: 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 to the benefit of the whole industry.

STRATEGIC GOAL	To advise the Minister regarding the activities of agricultural trusts.
STRATEGIC OUTCOME/ RESULT	To inform and advise the NAMC and Minister regarding the activities and status of trust funds.
KEY PERFORMANCE AREAS	<ul style="list-style-type: none"><li>To facilitate the process of appointing ministerial trustees after the existing trustees' terms of office expired;</li><li>To influence trusts to promote transformation in their relevant industries.</li></ul>
PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS	<ul style="list-style-type: none"><li>The NAMC facilitated the appointment of 16 Ministerial Trustees on 8 different Trusts</li><li>The NAMC was kept informed about the financial positions of the Trusts;</li><li>Communication was promoted between the Minister and the trustees.</li></ul>

# organisational overview

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## 1.3.3 KEY FOCUS AREA: LIQUIDATION OF FORMER CONTROL BOARDS

With the promulgation of the MAPA in January 1997, there were 16 agricultural control boards. The MAPA makes the provision that all the control boards have to cease their activities within one year, in other words by January 1998. Currently, the Maize Marketing Scheme is the only Scheme that is still in existence. Since 1998, the Maize Marketing Scheme was extended on 12 occasions. In July 2007 the Minister approved the extension / validity of the Maize Marketing Scheme for another year until 31 July 2008.

### STRATEGIC GOAL

To provide the Minister with advice regarding the possible extension of the Maize Marketing Scheme and to finalise all outstanding Maize Board issues before 31 July 2008.

### STRATEGIC OUTCOME/ RESULT

The Maize Marketing Scheme needs to be in place in order to enable the Maize Board to finalise the outstanding issues in an orderly manner.

### KEY PERFORMANCE AREAS

- To obtain ministerial approval for the extension of the Maize Marketing Scheme;
- To publish the Minister's decision in the Government Gazette.

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

- Ministerial approval was obtained for the extension of the Maize Marketing Scheme until 31 July 2008.
- Extension of the Scheme was published in the Government Gazette.



## 1.3.4 KEY FOCUS AREA: SUB-PROGRAMME: THE CROP ESTIMATES LIAISON COMMITTEE (CELC)

The CELC was established in October 1998 as a formal NAMC Committee. The CELC is constituted of stakeholders in the grain industry and its function is, amongst others, to monitor the performance of the Crop Estimates Committee (CEC) and make recommendations for the further improvement of crop estimates on an ongoing basis.

### STRATEGIC GOAL

Provide leadership required to improve the acceptance of the Crop Estimates Committee within industry in general.

### STRATEGIC OUTCOME/ RESULT

To provide for a mechanism to improve crop estimates on an ongoing basis.

### KEY PERFORMANCE AREAS

- To hold at least two CELC meetings per annum;
- The establishment of a completely independent and objective Crop Estimates Committee which is free of commercial bias;
- The understanding and acceptance of the CEC of what is required from it by the industry and why;
- An accurate, timely and credible crop estimate;
- The fourth function is that of monitoring the performance of the CEC, and is an ongoing function undertaken by the "market" using the crop estimates.

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

The CELC met four times during the 2007/08 financial year.

# organisational overview

## 1.3.5 KEY FOCUS AREA: SUB-PROGRAMME: REGISTRATION OF DIRECTLY AFFECTED GROUPS

The MAPA 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 MAPA.

### STRATEGIC GOAL

To compile and maintain a register of directly affected groups with the NAMC.

### STRATEGIC OUTCOME/ RESULT

To have an updated register of directly affected groups.

### 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 measure applications in their particular industries for comments.

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

On 15 February 2008 the NAMC published, in terms of section 20 of the MAPA, a notice in the Government Gazette to invite directly affected groups in the agricultural sector to register with the NAMC.

Any new applications were added to the register of directly affected groups.

All affected groups were informed about statutory measures in their particular industries.



## 1.4 AGRIBUSINESS DEVELOPMENT

### 1.4.1 KEY FOCUS AREA: FARMER BUSINESS SUPPORT MODELS

The Agribusiness Development programme continued implementing this sub-programme as its main program of farmer business support. The Agribusiness Development programme, through its networks, facilitated linkages between buyers and suppliers. The aim was to increase the market access of agribusinesses that have benefited from the NAMC support by identifying and getting buy-in from major buyers of agricultural produce in South

Africa. Agribusinesses with existing markets were supported to service their current markets. There were also agribusinesses that identified new markets, but benefited from our support to conclude those contracts. Bottlenecks to access to markets by the agribusinesses were identified and addressed with the application of the Agribusiness and Technical Assistance Fund.

#### STRATEGIC GOAL

To design and facilitate the implementation of projects that will increase market access of the emerging producers

#### STRATEGIC OUTCOME/ RESULT

Identify and get buy-in from major buyers of agricultural produce in South Africa

#### KEY PERFORMANCE AREAS

- Number of producers with access to reliable markets as well as value of contracts signed between producers and buyers

#### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

A number of agribusinesses with new and existing markets were supported to service their current market. Below are some of the projects supported during the year under review.

- The Maluti Window Dairy Project comprises of 24 dairy farmers currently supplying Nestle with fresh raw milk. The NAMC is one of the stakeholders that are involved in developing the dairy farmers to be sustainable and produce good quality milk. Progress that has been made up to date include the following. The NAMC compiled a report highlighting key constraints (infrastructural, technical and managerial) that inhibit the advancement of these producers.
- An agribusiness in the Northern Cape was supported with the registration of its cooperative and a development of a business plan. The agribusiness produces and exports raisins to the UK markets under Fair-trade. The Association has decided to form and register a cooperative that would combine all the produce of the farmers in the area and market their produce collectively. The cooperative consists of 75 members.
- A citrus farm in the Limpopo province was supported with a pre-audit on its farm for Eurepgap accreditation. Easy Farm is one of the successful black owned citrus farms in the country owned by a single farmer. The farm produces good quality products targeting export markets. The NAMC supported the farmer to comply with procurement standards of the European markets.

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## 1.4.2 KEY FOCUS AREA: SUPPLIER DATABASE

The Agribusiness Development Division continuously registered and updated the database of agribusinesses that are ideal for Agribusiness and Technical Assistance Fund (ATAF) assistance. The overall objective of the database was to register the emerging agribusinesses that have benefited from our technical assistance fund or those that are in the process of being assisted and link them with reliable markets.

The database has information such as:

- Farmer demographic information;
- Business ownership model;
- Human resource information;
- Infrastructure;
- Marketing information; and
- Production information

### STRATEGIC GOAL

Reduce the perceived cost of doing business with black producers by providing a complete producers profile to the buyers

### STRATEGIC OUTCOME/ RESULT

To develop a database of emerging producers

### KEY PERFORMANCE AREAS

Number of producers in the supplier database and the quality of information thereof

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

- A new database of the emerging agribusinesses has been developed.
- A total number of 155 agribusinesses have been registered in our database since the beginning of this programme

## 1.4.3 KEY FOCUS AREA: PROMOTIONS

The Agribusiness Development division provides a high level of technical assistance to emerging agribusinesses throughout South Africa in their export initiatives. In all export promotion and exhibition initiatives, the agribusiness development division strives to assist the agribusinesses in negotiating for supply

contracts and, using the ATAF, to ensure compliance with agreed upon contracts. Furthermore the Agribusiness Development Division applies the ATAF to support the enterprises in being able to attend local and international trade shows and conferences.

### STRATEGIC GOAL

To support export ready agribusiness in accessing international markets

### STRATEGIC OUTCOME/ RESULT

Create linkages for export opportunities.

### KEY PERFORMANCE AREAS

Number of farmers exporting through the programme

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

Nineteen agribusinesses were supported under this sub-programme.

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS (CONTINUED)

#### Local

- Fifteen poultry farmers across four provinces were supported to attend the Avi Africa Poultry Expo in South Africa. The Expo is one of the important events in the poultry industry where different role-players come together to discuss issues relating to the poultry industry.
- Two agribusinesses from the Western Cape in the wine industry were supported to attend a wine show locally. The purpose was for the agribusinesses to promote and market their brands at the show.

#### International

- Coastal Cashews is the only farm in South Africa producing cashew nuts and it is black owned. This agribusiness was supported to attend an annual meeting of African Cashews Alliance (ACA) in Mozambique. Issues such as best practices in (cashew) production, improving competitiveness in selling raw cashew nuts and improving competitiveness in selling cashew kernels were discussed. The meeting also afforded the company the opportunity to interact with cashew nut dealers.
  - A black owned wine agribusiness from the Western Cape was supported to attend an International Food Show in London. The company already has representation in the retail sector through Marks and Spencer. However, the company needed to make inroads into the hospitality sector, such as hotels and restaurants. For this purpose they needed to identify and enter into a contract with an importer who operates in this sector. The attendance of the show enabled the company to showcase its wide range of wines as well as meeting and evaluating importers.
  - Following its successful launch of its products in Congo-Brazzaville, a woman owned wine company was supported to participate on a Trade Mission to the Democratic Republic of Congo to launch and market its wine products. Through our support the company received an order for a container supply of wines to Cote d' Ivoire.
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# organisational overview

## 1.4.4 KEY FOCUS AREA: MARKET INFORMATION

One major concern to the NAMC has always been the lack of access to market information by the emerging producers. In order to address this problem, the Agribusiness Development division used various media instruments to deliver market information to the emerging agribusinesses.

<b>STRATEGIC GOAL</b>	To deliver market information to the emerging agribusinesses through media
<b>STRATEGIC OUTCOME/ RESULT</b>	Publication of market information in print media on a monthly basis
<b>KEY PERFORMANCE AREAS</b>	Number of agreements with various media instrument for market information dissemination
<b>PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS</b>	<ul style="list-style-type: none"><li>• Agreement was entered into with a farmers' magazine to disseminate information on a monthly basis to the emerging agribusiness as a pilot project</li><li>• Three publications were issued in the magazine for three months in succession</li></ul>

## 1.4.5 KEY FOCUS AREA: REALIGNMENT OF TRUSTS TO EMPOWERMENT OBJECTIVES

South Africa has 15 Trusts, 10 Forums and 20 Section 21 Companies with statutory funds of over R1 billion. Most of these organisations were established before the adoption of some of the major policies driving agriculture in South Africa.

It is for this reason that we believe there is a need to realign these institutions with the country policy framework. The NAMC dedicated its time to assisting these bodies to integrate key government policy into their day to day operations.

<b>STRATEGIC GOAL</b>	To assist industry bodies that administer levies and trusts funds to integrate key government policies into their daily operations
<b>STRATEGIC OUTCOME/ RESULT</b>	Development of a transformation guideline document.
<b>KEY PERFORMANCE AREAS</b>	Production of a report on the status of the statutory levies*
<b>PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS</b>	<ul style="list-style-type: none"><li>• The NAMC held a meeting with Industry Trusts and Levy Administrators to examine the following:<ul style="list-style-type: none"><li>• To understand how various industries utilise the portion of levy meant for transformation, as well as how industry trusts utilise some of their funds for transformation;</li><li>• To highlight programmes/projects which industries are implementing and how they benefit the emerging sector.</li></ul></li></ul>

## PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS (CONTINUED)

- After the meeting, the draft transformation guideline was developed. The document was further debated at another workshop to incorporate the comments raised
- The transformation guidelines document was finally developed for use by industry trusts managing funds inherited from the closure of control boards and levy administrators managing statutory levies (levies introduced in terms of the MAPA).
- Five industries have appointed Transformation Managers to integrate the guidelines into their daily operations
- During the current year of reporting, industries collected over R 38 million for transformation related projects.

\* A report on the status of the statutory levies was compiled in collaboration with the Statutory Measures division.

## 1.5 ADMINISTRATION / FINANCE (CROSS CUTTING)

### 1.5.1 KEY FOCUS AREA: COMMUNICATION

The primary objective of this programme is to promote the image of the NAMC.

#### STRATEGIC GOAL

To promote the image of the NAMC through the following:

- Securing corporate sponsors for the workshops and business breakfasts
- Organising functions and media and public relations

#### STRATEGIC OUTCOME/ RESULT

- Visibility of the NAMC
- Promote the corporate image of the NAMC

#### KEY PERFORMANCE AREAS

- Four (4) workshops
- Four (4) Business Breakfast meetings
- Organise workshop at the AEASA conference
- Continuous update the internet based research library
- CD ROM with all NAMC publications
- Update NAMC brochure and reprint in all official languages
- Manage the NAMC marketing activities in strategic Industry Conferences such as the Mango Symposium, NAMPO

## PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS

- Two Workshops were held (Making Markets Matter and AEASA)
- One Business Breakfast to introduce the new NAMC Board to the media was held
- One thousand (1000) CD ROMs with all NAMC publications was produced and given out to stakeholders during exhibitions and other activities of the NAMC
- The NAMC brochure was updated and translated into six (6) official languages (English, Afrikaans, Zulu, Tsonga, Venda and Sepedi). Two thousand (2000) of each were produced and handed out to stakeholders during workshops in provinces.



# organisational overview

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## 1.5.2 KEY FOCUS AREA: FINANCE

The main aim within Finance is to ensure compliance with relevant legislation, in particular the PFMA and National Treasury regulations, and to provide support to the other divisions.

<b>STRATEGIC GOAL</b>	Ensure that the NAMC complies with the PFMA and Treasury Regulations.
<b>STRATEGIC OUTCOME/ RESULT</b>	Support to Council, management and staff through sound financial policies and unqualified audited financial statements.
<b>KEY PERFORMANCE AREAS</b>	Unqualified audited financial statements.
<b>PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS</b>	The NAMC received an unqualified Audit Report for the 2006/07 financial year.

## 1.5.3 GENERAL ADMINISTRATION

During the 2007/08 the NAMC undertook a restructuring process which focused largely on Human Resources and improving staff productivity. The main objective is to provide HR support to the staff and management of the NAMC.

<b>STRATEGIC GOAL</b>	<ul style="list-style-type: none"><li>• Development of the human management plan to attract and retain suitably qualified employees through effective personnel administration; and</li><li>• Train and develop personnel on an effective skills development programme</li></ul>
<b>STRATEGIC OUTCOME/ RESULT</b>	<ul style="list-style-type: none"><li>• Professional and competent staff component</li><li>• Competent and capable personnel for the NAMC</li><li>• Motivated personnel at all times</li></ul>
<b>KEY PERFORMANCE AREAS</b>	Increased productivity through: <ul style="list-style-type: none"><li>• Human capital management; and</li><li>• Training programmes</li></ul>
<b>PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS</b>	The NAMC developed an HR plan which improved on the following: <ul style="list-style-type: none"><li>• Human resources policies and procedures;</li><li>• Conditions of employment – reviewed and personnel brought in through moratorium (signed in agreement);</li><li>• Recruitment of competent personnel (Senior Manager in MERC and CFO in Finance);</li></ul>

### PERFORMANCE AGAINST STRATEGIC OUTCOMES AND KPAS (CONTINUED)

- Improved performance management system (introduction of the Differentiation policy).

The NAMC training programme improved on its skills development through the following: (R 223,750 was spent on the entire training programme)

- relevant (both national and international) training workshops were attained;
  - bursaries were awarded to suitable researchers from the Universities/ Technical Institutions
  - Internal bursaries, in accordance with line functions, were awarded to four staff members during the period under review; and
  - A mid-term review process on the NAMC strategic plan was undertaken.
- 

## 2. STATUTORY MEASURES



## INTRODUCTION

In terms of the MAPA no 47 of 1996, as amended, the following statutory measures could be implemented:

- Statutory levies (section 15 of the MAPA)
- Control of exports of agricultural products (section 16)
- Conducting of pools (section 17)
- Records & returns (section 18)
- Registration (section 19)

The only statutory measures currently implemented are statutory levies, records & returns and registration.

Statutory measures are normally promulgated for a period of four years, after which 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 MAPA 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 Government Gazette, and such magazines or newspapers as may be sufficient, in order to bring the request to the attention of directly affected groups, and to 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 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 2007/08 financial year.

Statutory levies are implemented for the purpose of 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.

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 functions such as research, information, promotion etc., approximately 20 % on transformation and not more than 10 % on the administration of the levy. A levy must not exceed 5 % of the price realised by a specific agricultural product at the first point of sale (average price at the first point of sale over a period not exceeding three years). The NAMC compiled guidelines on what should be regarded as administration costs, generic promotion and transformation. These guidelines were compiled after the relevant agricultural industries were consulted.

The following are the twelve investigations undertaken during the 2007/08 financial year:

1. the continuation of statutory measures (records & returns and registration) in the milk industry;
2. the implementation of statutory measures on potatoes (registration, records & returns and levies);
3. the continuation of statutory measures (levies, records & returns and registration) in the pork industry;
4. the amendment of the statutory measures relating to records and returns for oilseeds, sorghum, winter cereals and maize;
5. the continuation of statutory measures (levies, records & returns and registration) in the red meat industry;
6. the amendment of statutory measures relating to table grapes to make provision for a new administrator;
7. the increase of the statutory levies for research, information and generic export promotion in the wine industry;
8. the continuation of statutory measures (registration and records & returns) in the grain industry to be administered by SAGIS;
9. the continuation of statutory measures (levies, registration and records & returns) on pome and stone fruit;
10. the continuation of the statutory levy on cotton lint;

11. the continuation of statutory measures (levies, registration and records & returns) on citrus fruit intended for the export market;
12. the continuation of statutory measures relating to registration and records & returns in the wool industry.

## SUMMARY OF STATUTORY MEASURES

The following table summarises the statutory measures that were applicable in the agricultural sector during the 2007/08 financial year:

**TABLE 2.1: STATUTORY MEASURES APPLICABLE DURING THE 2007/08 FINANCIAL YEAR**

INDUSTRY	ADMINISTRATION BODY	STATUTORY MEASURES		
		Statutory levy	Records & Returns	Registration
Citrus (export only)	Citrus Growers Association	✓	✓	✓
Cotton	Cotton SA	✓	✓	✓
Dairy	Milk SA	✓	✓	✓
Deciduous fruit	Deciduous Fruit Producers Trust			
- Pome fruit		✓	✓	✓
- Stone fruit				
Deciduous fruit	SA Table Grape Industry	✓	✓	✓
- Table grapes (export only)				
Dried fruit	Dried Fruit Technical Services	✓	✓	✓
Grains (Maize, Oilseeds, Sorghum, and Winter Cereals)	The South African Grains and Information Services (SAGIS)		✓	✓
Lucerne	Lucerne Producers' Organisation		✓	✓
Milk	Milk Producers' Organisation		✓	✓
Pork	SA Pork Producers' Organisation	✓	✓	✓
Potato	Potatoes SA	✓	✓	✓
Red meat	Red Meat Levy Admin	✓	✓	✓
Sorghum	Sorghum Trust	✓	✓	✓
Table grapes	SA Table Grape Industry	✓	✓	✓
Wine	SA Wine Information & Systems (SAWIS)	✓	✓	✓
	Winetech			
	Wosa			
Winter Cereals	Winter Cereals Trust	✓	✓	✓
Wool	Cape Wools SA	✓	✓	✓

## STATUTORY LEVIES COLLECTED

The NAMC reviews statutory levies on an annual basis. In this review the NAMC appraises audited financial statements, as submitted by the relevant levy administrators.

Table 2.2 indicates the value of products at the first point of sale, levy income, levy income as a percentage of the value of the product and the levy collection rate for the different commodities.

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TABLE 2.2: TOTAL AMOUNT OF LEVIES COLLECTED

	TOTAL VALUE OF PRODUCT AT FIRST POINT OF SALE	LEVY INCOME	LEVY INCOME AS A % OF THE VALUE OF THE PRODUCT	LEVY COLLECTION RATE
	R	R	%	%
Citrus (exported)	2,770,350,000	22,856,334	0.83	0.83
Cotton lint	88,000,000	2,445,740	2.78	2.78
Dairy products	5,850,000,000	23,415,566	0.40	0.40
Deciduous fruit				
- Pome	2,461,997,000	20,398,218	0.83	0.83
- Stone	740,666,000	6,280,997	0.85	0.85
- Table grapes	1,560,840,000	11,190,761	0.72	0.72
Dried fruit	360,000,000	1,868,573	0.52	0.52
Potatoes	3,275,000,000	17,869,056	0.55	0.55
Red meat	14,667,586,900	28,949,079	0.20	0.20
Sorghum	183,260,000	1,049,890	0.57	0.57
Wine	2,610,700,000	42,003,173	1.60	1.60
Winter cereal	6,327,740,000	26,165,466	0.41	0.41
<b>TOTAL</b>	<b>40,896,139,900</b>	<b>204,492,853</b>	<b>0.50</b>	<b>0.50</b>

### TOTAL VALUE OF PRODUCT AT FIRST POINT OF SALE

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

For the 2007 survey, the total value of all products at first point of sale which were subjected to a statutory levy was approximately R 40.9 billion, compared to R 22.5 billion during the 2006 survey – an increase of 81.8 %. The main reason for this increase was the value for red meat – for the 2006 survey the value was stated as R 2.9 billion because the levy was only collected for four months. For the 2007 survey the value was R 14.7 billion because the levy was collected for 12 months. The value for dairy products and potatoes increased to a lesser extent.

### LEVY INCOME

The total levies collected for the 2007 survey amounted to R204.5 million, which is 37.2 % more than the R 149.1 million reported as total levy income in the previous review. Again, the red meat statutory levies was mainly responsible for this increase (2007 – R 28.9 million compared to 2006 – R 1.0 million). The levy income for the dairy industry increased to R 23.4 million during the 2007 survey compared to R 12.0 million during the previous year. Following the resolution of certain concerns in the dairy industry, the three big dairy processors started to pay the levy.

### LEVY INCOME AS A PERCENTAGE OF THE VALUE OF THE PRODUCT

On average, for the 2007 survey, levies were approximately 0.5 % of the relevant agricultural products at the first point of sale - the total levy income of R 204.5 million represents approximately 0.5 % of the total production value at first point of sale, of approximately R 40.9 billion.

## LEVY COLLECTION RATE

Most levy administrators achieved a relatively high collection rate. The thorough consultative process before a levy is implemented and the fact that role-players from the whole value chain are represented in most of the decision-making institutions, contribute to this state of affairs. From the collection rates mentioned above it is concluded that there is a willingness among role-players to pay levies. In an application for statutory levies, the NAMC has to

make sure that there is sufficient support for a levy. Industries also have to demonstrate the support for a levy.

## ALLOCATION OF STATUTORY LEVIES

For the 2007 survey the total expenditure was approximately R 191 million and it was allocated to the various functions is set out in Table 2.3 below.

**TABLE 2.3: FUNCTIONS FINANCED THROUGH STATUTORY LEVIES**

FUNCTIONS	AMOUNT SPENT	PERCENTAGE OF TOTAL LEVY
	R	EXPENDITURE %
Administration	15,467,958	8
Transformation	38,941,855	20
Export promotion	17,779,982	9
Research	74,417,464	39
Information	25,649,648	13
Production development	1,395,088	1
Plant improvement	2,788,160	1
Local promotion	9,013,908	5
Quality control	5,444,992	3
<b>TOTAL</b>	<b>190,899,055</b>	<b>100</b>

## ADMINISTRATION

On average approximately 8 % of levies collected was spent on administration, which is below the guideline of not more than 10 %.

from industry trusts, could be better applied for the benefit of emerging/black producers. A second meeting in 2007 was held to debate the draft guidelines which were accepted by almost all the industries represented. The NAMC saw industries' commitments as a positive step towards transformation.

## TRANSFORMATION

The NAMC fully supports the objective of the AgriBEE. The NAMC, as a body that monitors industries, saw the need to assist those industries to fully integrate government key policies in their daily operations. During the 2006 financial year the NAMC saw the need to call a meeting with industries that collect levies, to discuss how they can play a meaningful role in contributing towards the objectives of the AgriBEE. The outcome of the meeting was the drafting of the guidelines document on how the portion of the levy funds allocated for transformation, as well as certain allocations

In 2005, the guideline was that at least 10 % of levy income should be used to the benefit of previously disadvantaged individuals (PDIs). That amount was increased to approximately 20 % in 2006. Since statutory levies are normally approved for a period of four years, some levies applicable for the 2007 survey, were approved in terms of the 10 % guideline. These industries are citrus, cotton, deciduous fruit, dried fruit and potatoes. The industries in this survey that are currently subjected to the 20 % guideline are dairy, red meat, sorghum, wine and winter cereal.

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For the 2007 survey, the total amount spent on transformation projects was approximately R 38.9 million, compared to the approximately R 24.0 million that was spent on transformation during the 2006 survey – an increase of 62.1 %. Table 2.4 below provides a summary of expenditure on transformation by each

industry, and the percentage of total levy expenditure. The last column further compares the difference between the percentage of total levies spent, and the total levies which industries were supposed to spend, during the year under review.

**TABLE 2.4 : LEVY EXPENDITURE AND AMOUNTS SPENT ON TRANSFORMATION**

LEVY	TOTAL AMOUNT OF LEVIES SPENT	AMOUNT SPENT ON	% OF TOTAL LEVIES SPENT	% OF TOTAL LEVIES SUPPOSED TO SPENT	DIFFERENCE
Citrus levy	R20,378,005	R2,110,749	10	10	0
Cotton levy	R5,060,058	R676,507	13	10	+3
Dairy levy	R11,773,604	R3,499,060	30	20	+10
Deciduous fruit levies	R38,944,236	R4,658,716	12	10	+2
Dried fruit levy	R2,875,819	R327,594	11	10	+1
Potato levy	R18,309,169	R2,320,706	13	10	+3
Red meat levy	R21,966,986	R5,737,208	26	20	+6
Sorghum levy	R975,403	R96,051	10	10	0
Wine levy	R42,958,957	R17,441,064	41	20	+21
Winter cereal levies	R27,731,000	R2,074,200	7	20	-13
<b>TOTAL</b>	<b>R190,973,237</b>	<b>R38,941,855</b>			

### EXPORT PROMOTION

In total, an amount of approximately R 17.8 million was spent on export promotion. It is mainly the horticulture industries, namely citrus, deciduous fruit, dried fruit, potato and wine industries that are making use of export promotion to market their products on the overseas market. Approximately R 9.8 million was allocated to Wines of South Africa (WOSA) to promote South African wine on the overseas market. WOSA has offices in the following countries: Canada, Germany, Denmark, Sweden, The Netherlands, USA and UK.

### RESEARCH

Approximately 39 % (R 74.4 million) of total levy expenditure (42 % or R 60.1 million during the 2006 survey) was spent on research projects in the 10 industries that collected levies. Some of the industries are doing or initiating their own research, but a major share of the R 74.4 million was allocated at the Agricultural Research Council (ARC). The following industries made use of the services of the ARC, namely:



**TABLE 2.5: AMOUNT SPENT ON RESEARCH AT THE ARC**

INDUSTRIES	RAND
Cotton	215,920
Deciduous fruit	5,400,000
Dried fruit	740,000
Potatoes	1,894,891
Red meat	2,892,812
Sorghum	324,425
Table grapes	1,373,400
Wine	5,217,220
Winter cereal	13,880,960
<b>TOTAL</b>	<b>31,939,628</b>

The performance of the South African agricultural sector, despite the lack of high potential arable land and low rainfall, can to a great extent be attributed to the development and application of agricultural research results. Approximately 80 % of the levies collected in the winter cereal industry were utilised to support various projects addressing the interaction between behavioural patterns of crops and external factors affecting them, such as diseases and pests.

## INFORMATION

Approximately 13 % (R 25.7 million) of total levy expenditure was spent on information collection and dissemination. Accessible and accurate market information that is available timeously and on a continuous basis not only increases market access, but also promotes the efficiency of the marketing of the product. Such information also contributes to the optimisation of export earnings and enhances the viability of the relevant agricultural industries and the agricultural sector at large. Without a continuous stream of proper, accurate and timeous market information, the market will not develop properly and role-players, including emerging farmers, will not be able to participate on an equal footing with access to the same information.

## LOCAL PROMOTION

The dairy and the red meat industries spent 15 % and 38 % respectively of total levies collected on local promotion of their products. On 16 August 2005 the NAMC held a Workshop with levy administrators to discuss the desirability of generic promotions. The outcome was that generic promotions should continue provided that there is sufficient support within a specific industry and that the term "consumer awareness" should rather be used.

## SUB-PROGRAMME: 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 to 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.

## TOTAL FUNDS IN INDUSTRY TRUSTS

\* These Trusts administer statutory levies  
\*\* More recent information not available  
\*\*\* Includes Phetego transaction

\* These Trusts administer statutory levies

More recent information not available

\*\*\* Includes Phetego transaction

### SUB-PROGRAMME: LIQUIDATION OF FORMER CONTROL BOARDS

With the promulgation of the MAPA in October 2006, there were 16 agricultural control boards. Currently, the Maize Marketing Scheme is the only Scheme that is still in existence. Since 1998 the Maize Marketing Scheme was extended on 12 occasions. In July 2007 the Minister approved the extension / validity of the Maize Marketing Scheme for another year until 31 July 2008. 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 MAPA, 1968. Since 1998 the Maize Board has recovered an amount of approximately R 112 million, with a possibility that a further approximately R 62 million could be recovered. A major problem that prevented the closure of the Maize Board a long time ago is the unavailability of court dates. By the end of March 2008 a number of court cases still need to be finalised which could prevent the final closure of the Maize Board on 31 July 2008.

### SUB-PROGRAMME: THE CROP ESTIMATES LIAISON COMMITTEE (CELC)

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

The CELC met on 3 May 2007 to approve the calculated final winter crop figures for 2006/07.

On 20 July 2007, the CELC met again to discuss important issues such as proposals for a new composition of the CEC, the intentions to plant published by CEC and the influence thereof on the market, the weighting of inputs to CEC to assist in crop estimates, what

should be included in the final crop figures and the methodology used for the calculation. The CELC further decided that consensus should be reached on an acceptable percentage deviation for each month's crop estimate and final crop. In the case of large deviations, CEC should provide good reasons to the market.

In addressing the need for improved crop estimates, the CELC expressed the need for more scientific and statistically defensible methods of estimating the crop size, and specifically the area planted. To address the uncertainty in the market regarding the area planted, systems such as the Producer Independent Crop Estimating System (PICES) were developed and implemented. The CELC thereafter indicated that certainty is needed regarding the accuracy of the current information used on area planted by the CEC. A decision was taken that, in order to measure the accuracy of the information provided on area planted, a census of a specific crop in a specific area needs to be conducted, and the results must be compared with the information provided to the CEC by service providers. The method that estimates the area planted the closest to that of the Census could then be classified as the more accurate method to be used by the CEC.

On 20 July 2007 the results of a Census of all fields within the Gauteng Province were announced. CELC considered the results and decided that the Census results of area planted in the Gauteng Province will be used as a benchmark to all other inputs to the CEC. It was also decided that the PICES methodology of determining crop area can be seen as accurate and reliable. This development will significantly enhance the information available to the CEC to make more accurate crop estimations, which in turn provides a better basis for strategic decisions by stakeholders and potentially lower price volatility in the crop market.

The CELC met on 2 October 2007 where the final calculated oilseeds crops for the 2006/07 production season were considered and published.

On 29 November 2007 CELC met again where, amongst others, the final calculated maize and sorghum crops for the 2006/07 production season were approved and published. Other issues

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discussed include a project on implementing a Crop Yield Forecasting System for the Summer Rainfall Region of South Africa using Crop Model and Remote Sensing Technologies. The project costs for the 3-year project are R 9 million (excluding VAT). The other project considered was "Improving the accuracy of "Retention on Farms" estimates." The 3 year project will cost R 2.3 million. CELC supported these projects and recommended that the Maize Trust funds the projects.

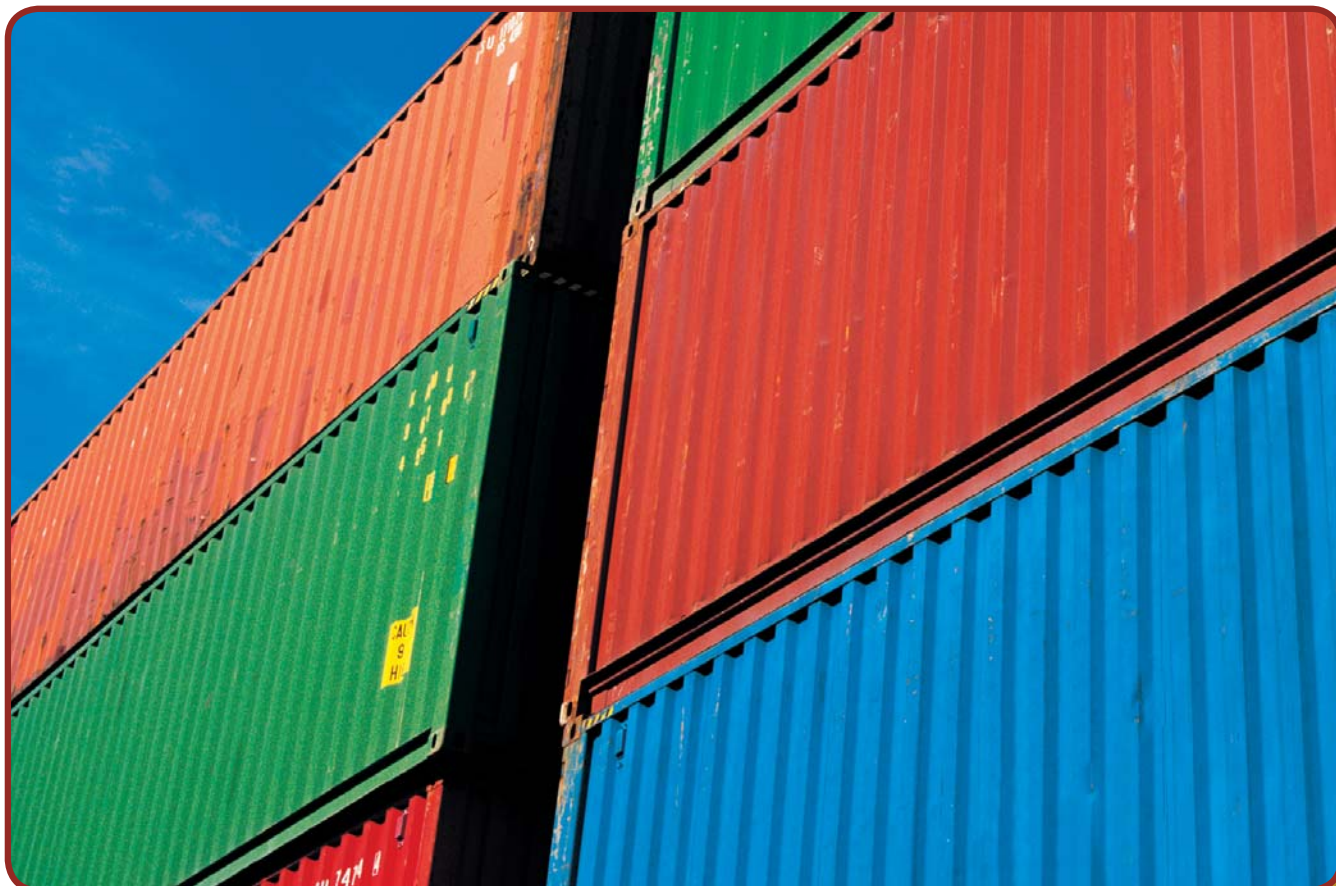
### SUB-PROGRAMME: REGISTRATION OF DIRECTLY AFFECTED GROUPS

The MAPA 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 MAPA. The Minister, by a Notice

in the Government Gazette, and the NAMC through other 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 as possible groups. No groups are excluded to register. 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.

On 15 February 2008 the NAMC published, in terms of section 20 of the MAPA, a notice in the Government Gazette to invite directly affected groups in the agricultural sector to register with the NAMC. A good response has been received and all the registrations have been included in the database for directly affected groups.

## 3. MARKETS AND ECONOMIC RESEARCH CENTRE



Since its inception, the NAMC's traditional role has been restricted to administration of statutory measures on agricultural products as guided by the MAPA. However, a careful investigation of several sections of the MAPA, i.e. Section 2(2) ; Section 7 ; Section 9(1)e (to comply with Section 9(2)); Sections 16 and 17 , provides the broad scope and nature of Research and Development (R&D) in which the NAMC can engage.

What has emerged very strongly since the time of enactment of the MAPA is that marketing of agricultural commodities and products cannot be viewed in isolation from the macro-environment, nor the micro-environment that affects agriculture. The NAMC's strategic placement, strategic relationship and good rapport with the agricultural industry built over the years, together with its mandate to advise the Minister for Agriculture and Land Affairs, enables the NAMC to provide a platform where experts in the field can collaborate in responding to challenges facing the agricultural sector through:

Section 2(2); The objectives of this Act are-

- (a) the increasing of market access for all market participants;
- (b) the promotion of the efficiency of the marketing of agricultural products;
- (c) the optimisation of export earnings from agricultural products;
- (d) the enhancement of the viability of the agricultural sector.

Section 7(1); The Council may appoint one or more committees to advise the Council or to perform such of the Council's functions as the Council may entrust to it.

Section 9(1)e (to comply with Section 9(2)); may undertake investigations and advise the Minister regarding-

- (i) agricultural marketing policy and the application thereof;
- (ii) the co-ordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments; and
- (iii) the possibilities for promoting the objectives mentioned in section 2(2);

Section 16; Control of exports of agricultural products  
Section 17; Conducting of pools

with the Directly affected groups (DAGs) and the DoA, but where necessary even through the use of statutory interventions in terms of the MAPA or by invoking the machinations of other acts, for instance the Competitions Act.

One of the challenges that the NAMC faces is production of cutting-edge research and intelligence in the face of budgetary constraints, skills shortage and other factors. To cope with these challenges, the NAMC is continuously striving to build and maintain a network of partners in academia, other government institutions, think-tanks, and international links for strategic R&D support.

Strategic imperatives in which the MERC is currently engaged include, amongst others, food and input cost monitoring, trade research (impact of multi- and bilateral trade negotiations and the use of trade policy tools), investigations into the functioning and competitiveness of agro-food chains and linking farmers to markets. R&D of this nature can provide vitally important support for the evaluation and monitoring of policy impacts, and support to enable DAG's to better position themselves strategically. In addition, the MERC provides a coordination platform for R&D that is demand driven, and of policy relevance, within the ambit of the marketing of agricultural products, and through this leverage public-private sector partnerships that address agricultural marketing issues of mutual importance.

### FOOD INFLATION

South Africa has not been spared the increasing trend in food prices internationally. Food prices in South Africa, as measured by the CPI-Food, increased by 15.7 % from April 2007 to April 2008. This is 0.4 % higher than the increase in food prices reported for March 2008. The food categories that made the largest contribution to this increase include grain products; milk, cheese and eggs, fats and oils, fruits and nuts and vegetables. From a food security point of view prices of staples continued to increase.

Food prices have increased to levels where major international organisations have labelled the situation as reaching crisis proportions. For example, stocks levels of major staples are at

- gauging the efficiency of the market for every agricultural commodity on an ongoing basis;
- devising programmes for the improvement of the agricultural markets' performance; and
- where necessary to instigate and guide specific market development programmes, preferably in co operation



long-run lows, which resulted in a serious shortage of major staples such as rice, wheat and maize worldwide. In addition the cereal bill is projected by the FAO to increase by 74 % for low-income food-deficit countries in Africa, due to the sharp rise in international cereal prices, freight rates and oil prices. Moreover, the increases in agricultural commodity prices on the international market can be attributed, but are not necessarily restricted to (i) the lower availability of grains that are used in bio fuel production and are hence not available for other uses, (ii) unfavourable climatic conditions for the production of grain in major grain producing and exporting countries, (iii) trade restrictions that were imposed by major grain exporting countries, such as Argentina, (iv) the increased demand for animal proteins that in turn require grains as inputs for the production of more meat, (v) increasing energy and fuel costs making transport of grains more expensive, and (vi) potential misuse of market power on the input and output sides of the agro-food chains.

South Africa deregulated and liberalised its agricultural and food sector in the mid 1990s, which translates into South Africa (agricultural commodity and food prices) being directly affected by international agricultural commodity and food prices. All of the above factors that are currently putting upward pressure on international commodity and food prices are therefore transmitted to the local market when import and export parity prices are formed. In addition to international factors that resulted in increasing agricultural commodity and food prices, the following factors play a significant role in putting upward pressure on domestic agricultural commodity and food prices: (i) food production not keeping up with population growth, (ii) low investment in the agricultural sector, (iii) significant growth in disposable income of consumers, (iv) lack of transport infrastructure and (v) low profitability of the primary agricultural sector.

For most of the domestically produced grains, and in particular wheat and sunflower seed, South Africa is a net importer, meaning that prices of these commodities will almost always be closer to import parity than export parity. In the case of maize South Africa has a history of frequently exporting maize, but over the past season maize prices were closer to import parity due to maize for

exports being largely unavailable. However, for the next season a much bigger crop is expected that has already resulted in prices moving closer to export parity, which in turn means maize will be available at cheaper prices than would have been the case if the crop was small. This is important in that it has implications for future strategies. It must be noted that the ability to produce food locally provides a level of flexibility, and thus less exposure to international forces that drive food prices.

In 2003 the Cabinet approved that the NAMC should collaborate with the DoA and Statistics South Africa to establish a national food price monitoring system to monitor food prices of specific food items in rural and urban areas throughout the country. Since the inception of this initiative reports of changes in food prices have been published in a regular basis, e.g. quarterly Food Price Monitoring Reports and an Annual Food Cost Review. These reports play an important role in understanding changes in food prices and have elevated the debate on the causes of high food prices, as well as the search to alleviate the impacts thereof.

### ACADEMIC SUPPORT

According to the Sector Skills Plan for the period August 2006 – March 2010 of AgriSETA, it is estimated that approximately 69 % of the workforce fall below the “skilled” category in the agricultural labour sector as a whole (both permanent and temporary workers) and there has been a disturbing loss of skilled workers (87 % of job losses over the past 5 years were in the “skilled” category”). This document goes further by stating that it appears that the agricultural sector serves as a training ground for new and first time job seekers (especially from the rural areas) and that they subsequently leave the sector for better opportunities elsewhere in the economy when these become available. This situation is not in the interests of the sector, and measures need to be taken to counteract the negative impact of such losses.

Also, the agricultural sector seems to be unable to attract young talent with the potential to make a difference in the sector. In this regard, the problems experienced by Faculties of Agriculture at tertiary institutions in South Africa to attract students serve as

evidence (note should nevertheless be taken that this is a worldwide trend).

The combined affect of the aforementioned realities will have a devastating impact on the agricultural sector in South Africa in the medium to long run – in fact one can argue that it already has an impact. These impacts will be felt in all the different subject disciplines that are designed to address the challenges faced by agriculture, and more importantly, it will become increasingly difficult to achieve the strategic objectives of the agricultural sector plan, namely equitable participation, competitiveness and profitability and sustainability in resource use. Moreover, the agricultural sector that serves as the backbone of the South African socio-political-economic environment is facing the danger of being relegated to a mere mediocre economic sector with little relevance due to the lack of investment in human capacity and inability to attract young talent.

In order to address this situation, the responsibility cannot be assigned to only one sector or set of institutions. It will require a holistic effort from various government institutions to ensure that funding is made available, that opportunities are created to keep existing, and attract new talent, that curricula are in line with capacity needs, and that strategies in the public and private domains are in place to retain individuals in which such investments are made. The private sector, which stands to lose much from this state of affairs, should become much more proactive to invest in capacity development. The full potential of public-private partnerships has not been leveraged. Ignoring current trends in losing human capacity in the agricultural sector, and not being able to attract young talent, will imperil the agricultural sector and the economy as a whole.

and dialogue for the sustainable development of the FANR Sector in the SADC region. The network is registered in Zimbabwe and has a Secretariat in Pretoria, South Africa. The implementation of its activities takes place through country nodes.

The NAMC has been involved in the past year as a host for the South Africa node of the Network through a Memorandum of Understanding (MOU), which has since expired. Due to lack of funding from the Regional Network's Secretariat, there were no significant activities by the NAMC during the MOU period as the South Africa node host. However, it emerged during a FANRPAN Node Common Vision workshop held on 04 and 05 February 2008 that donor funding has now been (or is in the process of being) secured by the Regional Secretariat. This will enable funds to be transferred into country nodes for the purposes of implementing the Network's five-year business plan. Activities include research, policy advocacy and capacity building.

The outcome of the Common Vision workshop has wide-ranging implications for the NAMC as a possible country host in the medium to long-term. By March 2008 this role, however, was still to be confirmed through a formal Memorandum of Understanding. In a nutshell, the NAMC, as a national host, would play a Secretariat role for all Network activities in South Africa under the direction of a country Steering Committee, which is still to be elected, with funding coming from the Network's Regional Secretariat. The Steering Committee will have six (6) members representing government, research/academia, private sector and farmers.

### THE FOOD, AGRICULTURE AND NATURAL RESOURCES POLICY ANALYSIS NETWORK (FANRPAN)

The Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) is a formal regional association of stakeholders including farmers' organisations, research institutions, agricultural experts and academics, non-governmental and private sector organisations, to coordinate and promote policy research

## 4.AGRIBUSINESS DEVELOPMENT



### BUSINESS LINKAGES

The programme developed and piloted models that commercially foster linkages which integrate black agribusiness in the second economy into the commercial agricultural sector. Since the start of this programme, the NAMC has been supporting emerging agribusinesses through its innovative Agribusiness Technical Assistance Fund (ATAF). The fund aims to assist agribusinesses to improve their access to markets and thereby grow and strengthen their businesses. This assistance is focused on business development services such as training and skill development, market facilitation, business plan and feasibility study development, and promotions both locally and internationally. The ATAF was applied in form of cost-sharing with an agribusiness, where the Agribusiness Development Programme pays 80 % of the total costs of the service, and the agribusiness contribute 20 %. More than sixty

agribusinesses benefited from this cost-sharing Agribusiness and Technical Assistance Fund.

### MARKETING/DEVELOPMENT SCHEMES

Development Schemes are one of the priority projects of the NAMC. The major objective of the development schemes is to introduce some kind of targeted intervention to uplift the emerging producers in the agricultural sector and to encourage their integration into the mainstream commercial agricultural sector. The development schemes are meant to provide incentives to the market to increase the quality of production from the emerging sector and increase procurement from the emerging producers. The intention is to introduce these schemes for a limited period only and phase them out once the targeted agribusinesses are able to participate in the commercial sector.



Three commodities have been identified as pilot models, viz: Grain, Citrus and Livestock.

### FARMER BUSINESS SUPPORT MODELS

The NAMC continued implementing this sub-programme as its main program of farmer business support. The NAMC through its networks facilitated linkages between buyers and suppliers. The aim was to increase the market access of agribusinesses that have benefited from the NAMC support by identifying and getting buy-in from major buyers of agricultural produce in South Africa. Agribusinesses with existing markets were supported to service their current markets. There were also agribusinesses that identified new markets, but benefited from our support to conclude those contracts. Bottlenecks to access to markets by the agribusinesses were identified and addressed with the application of Agribusiness and Technical Assistance Fund (ATAF).

### SUPPLIER DATABASE

The NAMC continuously registered and updated the database of agribusinesses that are ideal for ATAF assistance. The overall objective of the database was to register the emerging agribusinesses that have benefited from our technical assistance fund, or those that are in the process of being assisted, and link them with reliable markets.

The database has information such as:

- Farmer demographic information;
- Business ownership model;
- Human resource information;
- Infrastructure;
- Marketing information; and
- Production information

### PROMOTIONS

The NAMC provides a high level of technical assistance to emerging agribusinesses throughout South Africa in their export initiatives. In all export promotion and exhibition initiatives, the NAMC strives

to assist the agribusinesses in negotiating for supply contracts and using the ATAF to ensure compliance with agreed upon contracts. Furthermore the NAMC applies the ATAF to support the enterprises to attend local and international trade shows and conferences.

### REALIGNMENT OF TRUSTS TO EMPOWERMENT OBJECTIVES

South Africa has 15 Trusts, 10 Forums and 20 Section 21 Companies with statutory funds of over R 1.2 billion. The NAMC adopted the guidelines that recommended that approximately 20 % of levy income should be used for transformation purposes. The guidelines recommend that the following activities could be funded by statutory funds:

- Marketing Schemes
- Training and Education
  - Training of farmers
  - Academic support programmes for Black students/professionals
- Support to agricultural training institutions
- Market Information
- Enterprise Development programmes

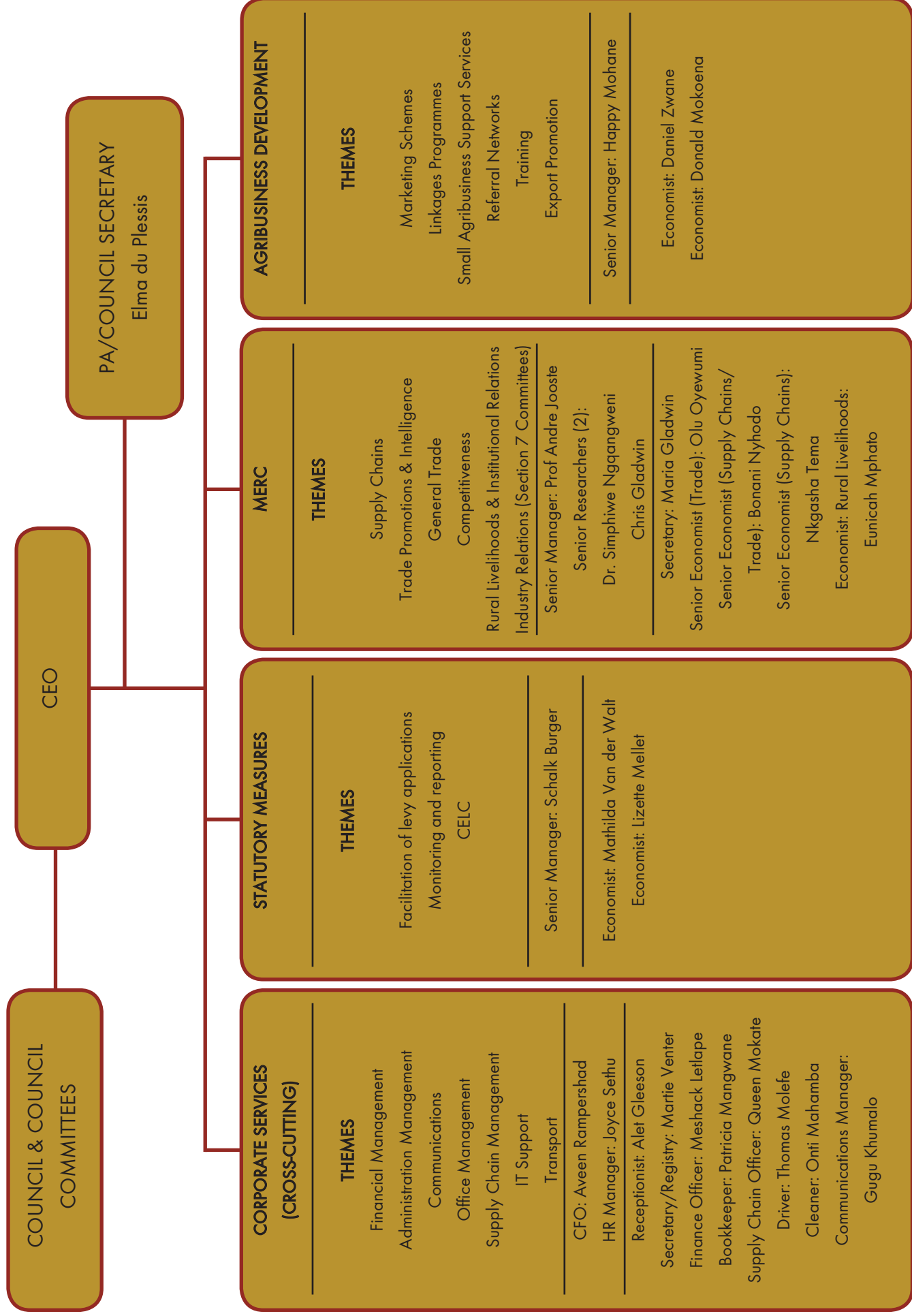
### TRAINING

The NAMC supported five agribusinesses to attend the annual Making Markets Matter workshop in Stellenbosch. The participants supported by the NAMC comprised of two male and three female farmers. The Making Markets Matter Workshop is an intensive multi-day business development training workshop that prepares black agribusinesses to meet the ever increasing demands of today's global agro-food system. The workshop features world-class facilitators who offer instruction on, and access to, business development services, management training, marketing strategies and financial analysis.



----- [ part 3 | HUMAN RESOURCE MANAGEMENT





## 2. NAMC EMPLOYEES STATISTICS

As at 31st March 2008, the total employee complement of the NAMC stood at 28 against the budgeted staff complement of 29. A temporary worker was appointed as Technical Assistant: MERC (Ms C Dempers) with effect from 15 February 2007. She was permanently appointed on 1 January 2008.

## 3. EMPLOYMENT EQUITY

Since the Council's inception in 1997, the practice has been to affirm historically disadvantaged persons, as can be seen in Table 3.1. The staff complement profile has since changed and the staff complement as at 31 March 2008 was more demographically representative.

**TABLE 3.1: EMPLOYEE DEMOGRAPHICS BY OCCUPATIONAL LEVEL AS OF 31ST MARCH 2008**

JOB CATEGORY	SECRETARIAT HISTORICAL BACKGROUND		
	WHITE	BLACK	TOTAL
CEO and Senior Managers	3	5	8
Economists + Senior Economists	3	7	10
Financial staff	-	2	2
Secretaries	2	-	2
Administrative staff	1	2	3
Support	-	2	2
Contract / Temporary worker	1	0	1
<b>TOTAL</b>	<b>10</b>	<b>18</b>	<b>28</b>

## GENDER REPRESENTATION

**TABLE 3.2: GENDER DISTRIBUTION**

MALE	PERCENTAGE	FEMALE	PERCENTAGE
14	50	14	50

**TABLE 3.3: MANAGERIAL LEVEL BY GENDER**

MALE	PERCENTAGE	FEMALE	PERCENTAGE
7	86	1	14

**TABLE 3.4: NON-MANAGERIAL LEVEL BY GENDER**

MALE	PERCENTAGE	FEMALE	PERCENTAGE
8	40	12	60

# human resource management

## NUMBER OF EMPLOYEES RECRUITED BY GRADE AND OCCUPATION, AS WELL AS BY RACE, GENDER AND DISABILITY

These details are provided in Table 3.5 below.

**TABLE 3.5: EMPLOYEES RECRUITED BY NAMC DURING 2007/08 FINANCIAL YEAR**

JOB CATEGORY	EMPLOYEE				
	RACE		GENDER		DISABILITY
	WHITE	BLACK	MALE	FEMALE	
Senior Managers	-	1	1	-	-
Economists +Senior Economists	1	-	-	1	-
Total	1	1	1	1	-

## 4. EDUCATION, TRAINING AND DEVELOPMENT

The NAMC invested a percentage of payroll towards education, training and development of staff. This amount covered 2 bursaries at different NQF levels.

**TABLE 3.6: TRAINING PLAN FOR 2007/08**

TRAINING PLAN	ACHIEVED (NO OF EMPLOYEES)
Informal training/ Short courses	
Making Markets Matter	1
Basic Principles of Economics	1
Economic Indicators	1
Phenomenal PA Programme	2
Trade Capacity Building	2
Geographic Indicators	1
Formal training	
Degrees/ Diplomas	2

## 5. INJURY, ILLNESS AND DEATH

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

## 6. COLLECTIVE AGREEMENTS

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

## 7. SICK LEAVE

The number of days of sick leave taken by NAMC employees was 119.5 at an estimated cost of R 103,351.80.

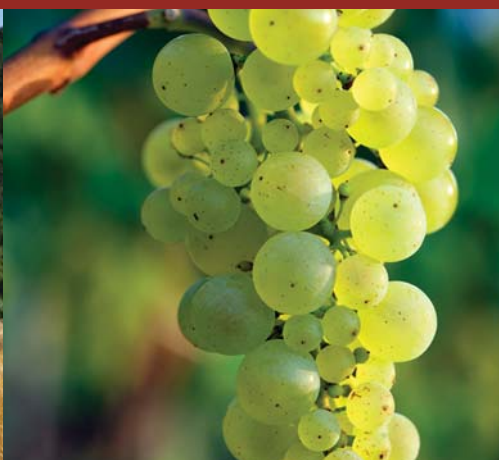








----- [ part 4 | ANNUAL FINANCIAL STATEMENTS ]





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## 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 2008

### REPORT ON THE FINANCIAL STATEMENTS INTRODUCTION

1. I have audited the accompanying financial statements of the National Agricultural Marketing Council which comprise the statement of financial position as at 31 March 2008, 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 84 to 107.

### RESPONSIBILITY OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 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.

### RESPONSIBILITY OF THE AUDITOR-GENERAL

3. 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) (PAA) and section 8(4) of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
  - appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### BASIS OF ACCOUNTING

8. 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.

## OPINION

9. 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 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the PFMA.

### Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matter:

As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2007 have been restated as a result of reclassification of expenditure during the period ended 31 March 2008.

## Other Matter

Without qualifying my audit opinion, I draw attention to the following matter that relates to my responsibilities in the audit of the financial statements:

### Non-compliance with applicable legislation

#### Treasury Regulations

10. The National Agricultural Marketing Council entered into a finance lease contract without the approval of the Minister of Finance as required by Treasury Regulation 32.2.5.

### Matters of governance

11. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

MATTER OF GOVERNANCE	YES	NO
<b>Audit committee</b>		
• The public entity had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10/27.1.8	✓	
<b>Internal audit</b>		
• The public entity had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.	✓	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2/27.2	✓	
<b>Other matters of governance</b>		
The annual financial statements were submitted for audit as per the legislated deadlines (section 55 of the PFMA).	✓	
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.	✓	
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	✓	
The prior year's external audit recommendations have been substantially implemented.	✓	

# annual financial statements

## OTHER REPORTING RESPONSIBILITIES

### REPORT ON PERFORMANCE INFORMATION

12. I have reviewed the performance information as set out on pages 24 to 49.

### Responsibility of the accounting authority for the performance information

13. 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.

## Responsibility of the Auditor-General

14. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.

15. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

16. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit finding reported below.

## MEASURABLE OBJECTIVES NOT CONSISTENT

### PER STRATEGIC PLAN

PROGRAMME	KEY FOCUS AREA	OBJECTIVES
Enterprise Development	Technical support Programme	Provide producers in the database with training and other support required for them to fulfil the terms of the contracts
	Linkages to buyers	Increase market access
	Export promotion	Access to international markets

### PER ANNUAL PERFORMANCE INFORMATION REPORT

PROGRAMME	KEY FOCUS AREA	OBJECTIVES
Agribusiness	Farmer Business Support Models	To design and facilitate the implementation of projects that will increase market access of the emerging producers
	Market Information	To deliver market information to the emerging agribusinesses through media
	Promotions	To support export ready agribusiness in accessing international markets
	Realignment of Trusts to Empowerment Objectives	To assist industry bodies that administer levies and trusts funds to integrate key government policies into their daily operations

### APPRECIATION

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

*Auditor General*

PRETORIA

31 JULY 2008



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

# annual financial statements

## REPORT OF THE AUDIT COMMITTEE OF THE NATIONAL AGRICULTURAL MARKETING COUNCIL FOR THE YEAR ENDED 31 MARCH 2008

### 1. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2008.

### 2. AUDIT COMMITTEE MEMBERS AND ATTENDANCE:

The Audit Committee consists of the members listed hereunder and met six times during the 2007/08 financial year as per its approved terms of reference.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED
Mr V Nondabula (Chairperson)	6
Ms M Gill (Council member – appointed 27 August 2007)	2
Mr R Matlou	4
Ms M Moja	6
Prof HD van Schalkwyk (Council member – appointed 27 August 2007)	1
Mr GP Dall (Council member – term ended 30 June 2007)	1
Mr F Lawrence (Council member – term ended 30 June 2007)	3

### 3. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.

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.

effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the internal auditors it was noted that there were instances of control inadequacy in Finance, Human Resources and Supply Chain Management. The Auditor General's audit report, under emphasis of matter, also highlighted NAMC's restatement of the figures for 31st March 2007 in order to ensure compatibility with the information presented in the year under review. Management has put mechanisms and processes in place to address these deficiencies.

Despite these weaknesses, we report that overall, the systems of internal control during the 2007/08 financial period were effective and efficient.

### 4. THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control is designed to provide cost effective assurance that assets are safeguarded and that liabilities are efficiently managed. In line with the PFMA and the King II Report on corporate governance requirements, internal audit provides the Audit Committee and management assurance that the internal controls are appropriate and



### 5. THE QUALITY OF IN YEAR MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA AND THE DIVISION OF REVENUE ACT.

We are satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Authority during the year under review. It was however noted that in previous financial years, the NAMC had not complied with Treasury Regulations by entering into 5 year finance lease contracts without the approval of the Minister of Finance.

Management is currently addressing the matter with National Treasury.

### 6. EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

- Reviewed and discussed with the Auditor General and management, the annual financial statements to be included in the annual report;
- Reviewed the Auditor General's management letter and management responses thereto;
- Reviewed changes in accounting policies and practice;
- Reviewed significant adjustments resulting from the audit;

### 7. CONCLUSION

Based on the results of its evaluation, 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

Mr V Nondabula

Date: 31 July 2008

## REPORT OF THE ACCOUNTING AUTHORITY OF THE NATIONAL AGRICULTURAL MARKETING COUNCIL FOR THE YEAR ENDED 31 MARCH 2008

### 1. GENERAL REVIEW OF THE BUSINESS AND OPERATIONS

The report of the Accounting Authority forms part of the audited annual financial statements of the National Agricultural Marketing Council (NAMC) for the year ended 31 March 2008.

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

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

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

The NAMC received funding of R 17.1 million during the year under review. Total expenditure amounted to R 17.5 million whilst other income amounted to R366 000. The shortfall for the year amounted to R 23,000.

#### 1.1 THE MANAGEMENT OF THE COUNCIL

##### 1.1.1 LEADERSHIP

The current council, which is a non-executive council, assumed office on 1 July 2007. The term of the previous council expired on 30 June 2007. The Minister of Agriculture and Land Affairs

re-appointed the current council for a term of between two and four years.

The current Council members at the date of this report are as follows:

- Ms N Msimang: Chairperson
- Dr M Karaan: Vice – Chairperson
- Ms M Gill
- Prof JF Kirsten
- Ms M Manny
- Ms C Molo
- Mr D Montshwe
- Ms SE Moolman
- Prof HD van Schalkwyk
- Mr AD Young

Details of the previous Council are further stated under Part 1 General Information, paragraph 6.1.

##### 1.1.2 ADMINISTRATION

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

#### 1.2 ORGANISATIONAL STRUCTURE

The Council's approved organisational structure is provided under Part 3 Human Resource Management Section page 66.

#### 1.3 NATURE OF BUSINESS

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

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

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

## 2. FINANCIAL STATEMENTS

There were no major changes in the nature of fixed assets or changes in the policy relating to the use of fixed assets. All irregular, fruitless and wasteful expenditure has been fully disclosed in the financial statements. All council members' and Senior Management remuneration has been fully disclosed in the financial statements. There have been no material losses during the year under review.

## 3. GOING CONCERN

The statement of financial position reflects that the liabilities exceeded the assets by R 120,000. This reflects an improvement of 16 % from the previous financial year. The cash and cash equivalents balance at year end was R 1.6 million, which indicates that the NAMC was liquid and in a position to meet its short term obligations. In addition, the NAMC received grant funding from the DoA and on the 4th of April 2008, it received R 22.5 million for the 2008/09 financial year. Thus there is no reason to believe that the NAMC will not continue to operate as a going concern in the foreseeable future.



Ms NF Msimang  
Chairperson of the Council  
Date: 30 July 2008

## 4. EVENTS SUBSEQUENT TO REPORTING DATE

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

## 2. MATERIALITY FRAMEWORK

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

## 6. BUSINESS ADDRESS

**The business offices of the NAMC are situated at:**

536 Schoeman Street  
Meintjiesplein Building  
Block A, 4th Floor  
NAMC

**Tel:** 012 341 1115

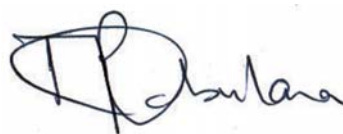
**Fax:** 012 341 1811/1911

**E-mail:** ronald@namc.co.za

**Website:** www.namc.co.za

**The postal address is as follows:**

Private Bag X935  
Pretoria  
0001



Mr TR Ramabulana  
Chief Executive Officer  
Date: 30 July 2008

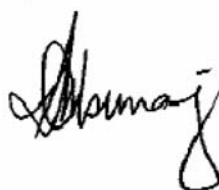
## STATEMENT OF RESPONSIBILITY OF THE ACCOUNTING AUTHORITY OF THE NATIONAL AGRICULTURAL MARKETING COUNCIL FOR THE YEAR ENDED 31 MARCH 2008.

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 78 to 107 have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practice (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 pages 74 to 77. The financial statements were approved and signed by the Accounting Authority on 30 May 2008.



Ms NF Msimang  
Accounting Authority  
Chairperson of the Council

30 May 2008



# annual financial statements

## STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2008

	NOTES	2007/08 R'000	2006/07 R'000
<b>Revenue</b>		17,138	13,137
Grants and transfers	2	17,020	12,710
Gains on disposal of fixed assets	3	-	39
Other income	4	118	388
<b>Expenses</b>		17,451	18,910
Administrative expenses	5	2,066	2,657
Staff costs	6	9,069	8,243
Other operating expenses	7	6,049	7,689
Depreciation and amortisation	8	254	321
Loss on disposal of fixed assets	3	13	-
Deficit from operating activities		(313)	(5,773)
Net interest received		336	433
Finance costs	9	(88)	(69)
Income from investments	10	424	502
<b>Net surplus/(deficit) for the year</b>		23	(5,340)

## STATEMENT OF FINANCIAL POSITION

At 31 March 2008

	NOTES	2007/08 R'000	2006/07 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	730	944
Intangible assets	13	19	25
		749	969
<b>Current assets</b>			
Receivables	14	68	70
Cash and cash equivalents	15	1,618	253
		1,686	323
<b>Total assets</b>		<b>2,435</b>	<b>1,292</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance lease liability	16	335	454
		335	454
<b>Current liabilities</b>			
Payables	17	982	860
Current portion of finance lease liability	16	138	121
Deferred income	18	1,100	-
		2,220	981
<b>Total liabilities</b>		<b>2,555</b>	<b>1,435</b>
<b>NET ASSETS</b>			
Accumulated deficit		(120)	(143)

# annual financial statements

## STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2008

	NOTES	ACCUMULATED DEFICIT R'000
<b>Balance at 1 April 2006</b>		5,197
Deficit for the year		(5,340)
As previously reported		(5,333)
Prior period error	24	(7)
<b>Balance at 1 April 2007</b>		(143)
Surplus for the year		23
<b>Balance at 31 March 2008</b>		<u>(120)</u>





## CASH FLOW STATEMENT

For the year ended 31 March 2008

	NOTES	2007/08 R'000	2006/07 R'000
<b>Receipts</b>			
Grants		17,020	12,710
Interest received		424	502
Other receipts		1,221	992
<b>Payments</b>			
Employee costs		(8,669)	(8,149)
Suppliers		(8,393)	(10,041)
Finance costs		(88)	(69)
<b>Net cash from/(used in) operating activities</b>	<b>19</b>	<b>1,515</b>	<b>(4,055)</b>
<b>Net cash used in investing activities</b>	<b>20</b>	<b>(48)</b>	<b>(146)</b>
<b>Net cash used in financing activities</b>	<b>21</b>	<b>(102)</b>	<b>(136)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,365</b>	<b>(4,337)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>253</b>	<b>4,590</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>15</b>	<b>1,618</b>	<b>253</b>

# accounting policies - for the year ended 31 March 2008

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.

## 1. BASIS OF PREPARATION

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

STANDARD OF GRAP	REPLACED STATEMENT OF GAAP
GRAP 1: Presentation of financial statements	AC101: Presentation of financial statements
GRAP 2: Cash flow statements	AC118: Cash flow statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	AC103: Accounting policies, changes in accounting estimates and errors

Currently 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 1, 2 and 3 has resulted in the following changes in the presentation of the financial statements:

### 1. Terminology differences:

STANDARD OF GRAP	REPLACED STATEMENT OF GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit	Profit/loss
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends

2. The cash flow statement can only be prepared in accordance with the direct method.
3. Specific information has been presented separately on the statement of financial position 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

4. Amount and nature of any restrictions on cash balances is required.

Paragraph 11 - 15 of GRAP 1 has not been implemented due to the fact that the local and international budget reporting standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

## 2. CURRENCY

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

## 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 1 of 1999, or

- Any provincial legislation providing for procurement procedures in that provincial government.

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

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 provident 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 basis:

Office equipment	5 -8 years
Vehicles	5 -7 years
Computer Equipment	3 -5 years
Furniture and Fittings	6 - 12 years
Leased equipment	over the 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.

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
-------------------	---------

### 8. 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 cash-generating unit to which the asset belongs.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, 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.

### 10. FINANCIAL INSTRUMENTS

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

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.

#### Financial assets

Financial assets are initially measured at fair value plus transaction costs. Financial instruments at fair value through profit or loss are measured at fair value.

The entity's principal financial assets are receivables and cash and cash equivalents. These financial assets are classified as loans and receivables.

#### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active

market. This category includes short-term receivables, such as trade and other receivables, as well as cash and cash equivalents.

Loans and receivables are initially measured at fair value, plus transaction costs. Subsequently, items included in this category are measured at the amortised cost, calculated based on the effective interest method, and interest income is included in profit or loss for the period. Net gains or losses represent reversals of impairment losses, impairment losses and gains and losses on derecognition. Net gains or losses are included in 'other income' or 'other expenses'.

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

Impairment losses are recognised on loans, and receivables when there is objective evidence of impairment. An impairment loss is recognised in profit or loss when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

### Financial liabilities

The entity's principle financial liabilities are accounts payable and are classified as other financial liabilities.

### Other financial liabilities

Other financial liabilities are initially measured at fair value, plus transaction costs. Subsequently, these items are measured at the amortised cost, using the effective interest method. Interest expenses on these items are recognised in profit or loss for the period and they are included in 'finance costs'. Net gains or losses represent gains or losses on derecognition and they are included in 'other income' or 'other expenses'.

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

## 11. 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 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 2008

## 1. STATEMENTS NOT YET EFFECTIVE

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

- GRAP 4 - The Effects of changes in Foreign Exchange Rates (not applicable)
- GRAP 5 - Borrowing Costs (not applicable)
- GRAP 6 - Consolidated and Separate Financial Statements (not applicable)
- GRAP 7 - Investments in Associate (not applicable)
- GRAP 8 - Interest in Joint Ventures (not applicable)
- GRAP 9 - Revenue from Exchange Transactions (not applicable)
- GRAP 10 - Financial Reporting in Hyperinflationary Economies (not applicable)
- GRAP 11 - Construction Contracts (not applicable)
- GRAP 12 - Inventories
- GRAP 13 - Leases
- GRAP 14 - Events after the reporting date
- GRAP 16 - Investment Property (not applicable)
- GRAP 17 - Property Plant and Equipment

- GRAP 18 - Segment Reporting (not applicable)
- GRAP 19 - Provisions, Contingent Liabilities and Contingent Assets
- GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers) (not applicable)
- GRAP 24 - Presentation of Budget Information in Financial Statements
- GRAP 100 - Non-current Assets held for Sale and Discontinued Operations (not applicable)
- GRAP 101 - Agriculture (not applicable)
- GRAP 102 - Intangible Assets

These standards are effective for periods beginning on or after 1 April 2009.

Management believes that the adoption of these standards in future periods will have no material impact on the financial statements of the National Agricultural Marketing Council. The statements that are relevant to the entity are more or less similar in application and disclosure to the GAAP standards applied currently.

	2007/08 R'000	2006/07 R'000
<b>2. GRANTS AND TRANSFERS</b>		
Department of Agriculture – MTEF allocation	13,320	12,710
Department of Agriculture – additional allocation	3,700	-
<b>Total</b>	<b>17,020</b>	<b>12,710</b>
<b>3. LOSS/GAIN ON DISPOSAL OF FIXED ASSETS</b>		
(Loss)/gain on disposal of fixed assets	(13)	39
<b>Total</b>	<b>(13)</b>	<b>39</b>

## notes to the annual financial statements - for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
<b>4. OTHER INCOME</b>		
Insurance payment received	18	11
Recoupment of expenses	75	158
Sponsorships received	25	219
<b>Total</b>	<b>118</b>	<b>388</b>
<p>Insurance payments were received in compensation for the damage/loss of assets.</p> <p>Sponsorships were received from the Food Agricultural and Natural Resources Policy Analysis Network to host the FANRPAN-South Africa secretariat. In the prior year sponsorships were received from FANRPAN as well as from the Commark Trust for research and joint programmes.</p>		
<b>5. ADMINISTRATIVE EXPENSES</b>		
General administrative expenses	427	659
Audit committee fees	99	91
Auditor's remuneration	201	219
- Audit fees	201	219
Bank charges	19	18
Bad debt written off	16	132
Impairment of staff loans	12	-
Internal audit fees	224	190
Refreshments and catering	90	74
Stationery and printing	470	799
Training and development	401	371
Venues and facilities – parking	107	104
<b>Total</b>	<b>2,066</b>	<b>2,657</b>



## notes to the annual financial statements - for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
<b>6. STAFF COSTS</b>		
Salaries – non-senior management	4,070	3,066
Basic salaries	3,365	2,584
Performance awards	180	159
Other non-pensionable allowance	318	302
Temporary staff	-	5
Leave payments on resignation and capitalisation	63	16
Severance package	144	-
Social contributions (Employer's contributions)	455	335
UIF	27	22
Pension	428	313
Senior management remuneration (6.1)	3,598	3,095
Council members' remuneration (6.2)	946	1,747
<b>Total</b>	<b>9,069</b>	<b>8,243</b>

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

Details in respect of Council members' and senior management remuneration is as follows:

### 6.1 SENIOR MANAGEMENT REMUNERATION FOR THE 2007/08 FINANCIAL YEAR IN AGGREGATE:

MEMBERS NAME	BASIC	ALLOWANCES	PERFORMANCE BONUS	PENSION	UIF	TOTAL
Mr R Ramabulana - CEO	R 403,184	R 232,392	R 190,921	R 59,949	R 1,440	R 887,886
Mr A Rampershad - CFO	R 209,793	R 37,870	R 67,117	R 38,750	R 741	R 354,271
Prof A Jooste	R 490,857	R 46,800	R 69,201	R 77,109	R 1,440	R 685,407
Senior Manager - MERC						
Mr IS Burger Senior Manager –	R 248,439	R 81,600	R 31,354	R 46,211	R 1,440	R 409,044
Statutory measures						
Mr HT Mohane	R 331,625	-	R 46,951	R 46,375	R 1,440	R 426,391
Senior Manager – Agribusiness						
Ms MJ Sethu	R 260,439	R 69,600	R 31,354	R 46,211	R 1,440	R 409,044
HR Manager						
Dr S Ngqangweni	R 295,625	R 36,000	R 46,951	R 46,375	R 1,440	R 426,391
Senior Researcher - MERC						
<b>Total</b>	<b>R 2,239,962</b>	<b>R 504,262</b>	<b>R 483,849</b>	<b>R 360,980</b>	<b>R 9,381</b>	<b>R 3,598,434</b>

## notes to the annual financial statements - for the year ended 31 March 2008

### 6.2 COUNCIL MEMBERS' REMUNERATION FOR THE 2007/08 FINANCIAL YEAR IN AGGREGATE:

MEMBERS NAME	BASIC	ALLOWANCES	TOTAL
<b>Current members</b>			
Ms N Msimang - Chairperson	R 56,160	R 2,000	R 58,160
Dr M Karaan - Vice chairperson	R 198,377	R 17,000	R 215,377
Ms M Gill	R 24,371	R 4,000	R 28,371
Ms M Mannya	R 66,131	R 6,000	R 72,131
Mr AD Young	R 25,238	R 2,000	R 27,238
Prof J Kirsten	R 76,428	R 8,000	R 84,428
Ms C Molo	R 10,440	-	R 10,440
Ms SE Moolman	R 70,696	R 12,000	R 82,696
Mr D Montshwe	R 25,056	R 4,000	R 29,056
Prof HD van Schalkwyk	R 15,334	R 4,000	R 19,334
<b>Previous members</b>			
Ms D Ndaba	R 98,631	R 7,200	R 105,831
Mr A Jefftha	R 19,680	R 6,000	R 25,680
Mr P Dall	R 34,440	R 6,000	R 40,440
Mr F Lawrence	R 17,712	R 6,000	R 23,712
Ms L Keyter	R 36,162	R 6,000	R 42,162
Ms C Maku	R 21,648	R 6,000	R 27,648
Mr Z Duze	R 53,136	-	R 53,136
<b>Total</b>	<b>R 849,640</b>	<b>R 96,200</b>	<b>R 945,840</b>

## notes to the annual financial statements - for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
<b>7. OTHER OPERATING EXPENSES</b>		
Communication costs	205	181
Consultants, contractors and special services	212	330
Courier and delivery charges	17	38
Equipment items expensed	2	10
Fruitless and wasteful expenditure	38	152
Maintenance, repairs and running costs	8	26
Office Rent	591	471
- Municipal charges	242	151
- Rentals in respect of operating lease	349	320
Research and other funds	3,162	3,689
Section 7 and workgroup investigations	262	604
Travel and subsistence	1,552	2,188
<b>Total</b>	<b>6,049</b>	<b>7,689</b>

Fruitless and wasteful expenditure consists of interest and penalties incurred on Pay as You Earn tax not paid on time in the amount of R 28,054 and other interest paid in the amount of R 10,125. The

penalties and interest relates to prior periods and all due amounts were settled during the current year. Steps have been taken to prevent similar fruitless and wasteful expenditure in future.

### 8. DEPRECIATION AND AMORTISATION

Depreciation	245	288
- Office equipment	9	8
- Computer equipment	85	120
- Office furniture and fittings	13	17
- Leased office equipment	138	143
Amortisation	9	33
- Computer software	9	33
<b>Total</b>	<b>254</b>	<b>321</b>

### 9. FINANCE COSTS

Finance costs		
- Finance leases	88	69
<b>Total</b>	<b>88</b>	<b>69</b>

## notes to the annual financial statements - for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
<b>10. INCOME FROM INVESTMENTS</b>		
Interest income	424	502
- Bank deposits	<u>424</u>	<u>502</u>
Total		

### 11. GAINS AND LOSSES ON FINANCIAL ASSETS AND FINANCIAL LIABILITIES PER CATEGORY

	LOANS AND RECEIVABLES R'000	OTHER FINANCIAL LIABILITIES R'000	TOTAL R'000
<b>2008</b>			
Interest income	424	-	424
Finance costs	-	(88)	(88)
Impairment losses	(12)	-	(12)
<b>Total</b>	<u>412</u>	<u>(88)</u>	<u>324</u>
<b>2007</b>			
Interest income	502	-	502
Finance costs	-	(69)	(69)
<b>Total</b>	<u>502</u>	<u>(69)</u>	<u>433</u>

# notes to the annual financial statements - for the year ended 31 March 2008

## 12. PROPERTY, PLANT AND EQUIPMENT

	OFFICE EQUIPMENT R '000	VEHICLES R '000	COMPUTER EQUIPMENT R '000	OFFICE FURNITURE AND FITTINGS R '000	LEASED OFFICE EQUIPMENT R '000	TOTAL R '000
<b>Year ended 31/3/2008</b>						
Opening net carrying amount	32	54	262	50	546	944
Gross carrying amount	145	321	766	325	690	2,247
Accumulated depreciation	(113)	(267)	(504)	(275)	(144)	(1,303)
Additions	5	-	40	-	-	45
Disposals – cost	(44)	-	(254)	-	-	(298)
Disposals – accumulated depreciation	42	-	242	-	-	284
Asset movement – cost	(5)	-	-	5	-	-
Asset movement – accumulated depreciation	-	-	-	-	-	-
Depreciation charge	(9)	-	(85)	(13)	(138)	(245)
Net carrying amount 31 March 2008	21	54	205	42	408	730
Gross carrying amount	101	321	552	330	690	1,994
Accumulated depreciation	(80)	(267)	(347)	(288)	(282)	(1,264)
<b>Net carrying amount 31 March 2008</b>	<b>21</b>	<b>54</b>	<b>205</b>	<b>42</b>	<b>408</b>	<b>730</b>

### 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	-	398	531
Disposals – cost	(20)	-	(54)	-	(356)	(430)
Disposals – accumulated depreciation	20	-	54	-	267	341
Depreciation charge	(8)	-	(120)	(17)	(143)	(288)
Net carrying amount 31 March 2007	32	54	262	50	546	944
Gross carrying amount	145	321	766	325	690	2,247
Accumulated depreciation	(113)	(267)	(504)	(275)	(144)	(1,303)
<b>Net carrying amount 31 March 2007</b>	<b>32</b>	<b>54</b>	<b>262</b>	<b>50</b>	<b>546</b>	<b>944</b>

Assets with a book value of R 408,000 are pledged as security in terms of the entity's lease obligations.

No depreciation was provided on motor vehicles in the current or prior years, due to the fact that the residual values exceeded the carrying values of motor vehicles.

## notes to the annual financial statements - for the year ended 31 March 2008

	COMPUTER SOFTWARE R'000	TOTAL R'000
<b>13. INTANGIBLE ASSETS</b>		
<b>Year ended 31/3/2008</b>		
Opening net carrying amount	25	25
Gross carrying amount	183	183
Accumulated amortisation	(158)	(158)
Additions	3	3
Disposals – cost	(92)	(92)
Disposals – accumulated amortisation	92	92
Amortisation charge	(9)	(9)
Net carrying amount 31 March 2008	19	19
Gross carrying amount	94	94
Accumulated amortisation	(75)	(75)
<b>Net carrying amount 31 March 2008</b>	<b>19</b>	<b>19</b>
<b>Year ended 31/3/2007</b>		
Opening net carrying amount	47	47
Gross carrying amount	178	178
Accumulated amortisation	(131)	(131)
Additions	11	11
Disposals – cost	(6)	(6)
Disposals – accumulated amortisation	6	6
Amortisation charge	(33)	(33)
Net carrying amount 31 March 2007	25	25
Gross carrying amount	183	183
Accumulated amortisation	(158)	(158)
<b>Net carrying amount 31 March 2007</b>	<b>25</b>	<b>25</b>

## notes to the annual financial statements - for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
<b>14. RECEIVABLES</b>		
Trade receivables	1	17
Staff loans	12	15
Less: allowance for loss on impairment of financial assets	(12)	-
Accrual for interest receivable	29	-
Rental deposit	38	38
<b>Total</b>	<b>68</b>	<b>70</b>
<b>15. CASH AND CASH EQUIVALENTS</b>		
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	480	111
Cash on hand	1	1
Short term investments	1,137	141
<b>Total</b>	<b>1,618</b>	<b>253</b>
<b>16. FINANCE LEASE LIABILITY</b>		
Amounts payable under finance leases:		
- Minimum lease payments	588	733
- Future finance charges	(115)	(158)
Outstanding balance	473	575
Less: Current portion due within 12 months	(138)	(121)
<b>Total</b>	<b>335</b>	<b>454</b>

The NAMC is leasing photocopiers and a PABX system under finance leases. Obligations under finance leases are secured by the lessor's title to the leased asset.



## notes to the annual financial statements - for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
<b>17. PAYABLES</b>		
Trade creditors	154	477
Sundry creditors	398	280
Operating lease liability	34	30
Leave accrual	396	73
<b>Total</b>	<b>982</b>	<b>860</b>

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

### 18. DEFERRED INCOME

Deferred income consists of an amount of R 1,100,000 received from the Land Bank during the current year for projects which will commence during the 2008/2009 financial year.

### 19. RECONCILIATION OF DEFICIT FOR THE YEAR TO NET CASH FLOWS FROM OPERATING ACTIVITIES

Deficit	23	(5,340)
Adjusted for:		
- Losses/gains on disposal of fixed assets	13	(39)
- Amortisation on intangible assets	9	33
- Depreciation on property, plant and equipment	245	288
Operating cash flows before working capital changes	290	(5,058)
Working capital changes	1,225	1,003
- Decrease in receivables	2	736
- Increase in payables	1,223	267
<b>Net cash flows from operating activities</b>	<b>1,515</b>	<b>(4,055)</b>

## notes to the annual financial statements - for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
<b>20. NET CASH USED IN INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(45)	(134)
Acquisition of intangible assets	(3)	(12)
<b>Cash used in investing activities</b>	<b>(48)</b>	<b>(146)</b>
<b>21. NET CASH USED IN FINANCING ACTIVITIES</b>		
Repayment of finance leases	(102)	(136)
<b>Cash used in financing activities</b>	<b>(102)</b>	<b>(136)</b>
<b>22. OPERATING LEASE ARRANGEMENTS</b>		
<b>The entity as lessee</b>		
At the reporting date the entity had outstanding commitments under a non-cancellable operating lease for the rental of the building, which are due as follows:		
Up to 1 year	349	349
Between 1 and 5 years	29	378
<b>Total</b>	<b>378</b>	<b>727</b>
<b>23. FINANCE LEASE COMMITMENTS</b>		
<b>The entity as lessee</b>		
Up to 1 year		
- Future minimum lease payments	196	185
- Less: Finance charges	(58)	(64)
- Present value of the future minimum lease payments	<b>138</b>	<b>121</b>
Between 1 and 5 years		
- Future minimum lease payments	392	548
- Less: Finance charges	(57)	(94)
- Present value of the future minimum lease payments	<b>335</b>	<b>454</b>

# notes to the annual financial statements - for the year ended 31 March 2008

## 24. PRIOR PERIOD ERROR

The prior year figures have been adjusted to correct an error. The NAMC accounted for a lease in respect of a PABX system as an operating lease. During the current year it was discovered that this lease meets the criteria of a finance lease in terms

of IAS 17. On discovery of the error, the prior year figures were therefore corrected retrospectively.

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

	2007/08 R'000	2006/07 R'000
Increase in net assets	71	
Increase in lease liabilities	(78)	
Increase in net deficit	(7)	
Decrease in other operating costs	22	
Increase in depreciation	(16)	
Increase in interest paid	(13)	

## 25. FINANCIAL INSTRUMENTS

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

Loans and receivables	1,686	323
Financial liabilities at amortised cost	(1,452)	(1,435)

### 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

Interest rate risk arises primarily from the entity's investment in cash and cash equivalents, and the obligations in respect of the entity's

finance leases. The sensitivity of the entity's financial performance to interest rate increases are decreasing as a result of the reduction in the outstanding amounts due in respect of finance leases. The exposure in terms of cash and cash equivalents and finance leases are tabled under the notes on credit and liquidity risk.

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

## notes to the annual financial statements - for the year ended 31 March 2008

	CHANGE IN INTEREST	UPWARD CHANGE	DOWNWARD CHANGE
<b>31/3/2008</b>			
Cash and cash equivalents	1 %	16	(16)
Finance lease	1 %	(5)	5
<b>31/3/2007</b>			
Cash and cash equivalents	1 %	2	(2)
Finance lease	1 %	(6)	6

### CREDIT RISK

Financial assets that potentially subject the entity to the risk of non-performance by counter-parties, and thereby subject the entity to concentrations of credit risk, consist mainly of cash and cash equivalents and receivables. Credit risk is controlled through the application of credit approvals, limits and monitoring procedures.

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. Credit risk with respect to receivables is limited, due to the nature of the NAMC's revenue transactions. The entity does not have any significant exposure to any individual customer or counter-party. Accordingly, the entity does not consider there to be any significant concentration of credit risk which had not been adequately provided for. Receivables are presented net of the allowance for doubtful debts.

## notes to the annual financial statements - for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
Exposure to credit risk		
The maximum exposure to credit risk at the reporting date was:		
Receivables - unrated	68	70
Cash and equivalents: AA - rating	1,618	253
<b>Total</b>	<b>1,686</b>	<b>323</b>
Credit quality of financial assets		
The following analysis provides information about the entity's exposure to credit risk:		
Receivables		
- Neither past due nor impaired	68	70
- Financial assets that have been impaired	(12)	-
Cash and equivalents		
Neither past due nor impaired	1,618	253

### Liquidity risk

The entity manages liquidity risk through proper management of working capital, capital expenditure and cash flow, and by variance reports between actual and budgeted amounts.

Exposure to liquidity risk		
The following are the maturities and contractual cash flows of other financial liabilities which have been discounted.		
Finance lease		
- Within 1 year	138	121
- 1 to 5 years	335	454
- Present value of the future minimum lease payments	<b>473</b>	<b>575</b>
Payables		
- Within 1 year	979	860

# notes to the annual financial statements - for the year ended 31 March 2008

## Fair values

The entity's financial instruments consist mainly of cash and cash equivalents, receivables and 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.

## Receivables

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

## Payables

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

## 26. TAX EXEMPTION

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

## 27. RELATED PARTIES

In accordance with the requirements of IAS24 and SAICA circular 04/05, all public entities within the national sphere of government are related parties.

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

	2007/08 R'000	2006/07 R'000
Transactions:		
Department of Agriculture – grant received	17,020	12,710
Telkom – telephone expenses	213	183
South African Revenue Services – PAYE/UIF	1,630	1,709
Balances:		
South African Revenue Services (due to SARS)	340	273

## 28. COMPARATIVE FIGURES

Comparative figures, where necessary, have been adjusted to ensure comparability with the presentation of the financial statements in the current year. Audit committee fees and IT costs were reclassified from other operating expenses to administrative expenses. The reclassification affects the following prior year statement of financial performance line-items as follows:

# notes to the annual financial statements - for the year ended 31 March 2008

	2007/08 R'000	2006/07 R'000
Administrative expenses		281
Other operating expenses		(281)

## 29. GOING CONCERN

At 31 March 2008 the liabilities of the NAMC exceeded its assets by R 120,000. Despite this, there is no reason to believe that the entity will not be able to continue as a going concern for the foreseeable future, as there are mitigating factors. The NAMC reflected a surplus of R 23,000 during the 2007/2008 financial year. Income of R 1,100,000 was deferred to the 2008/09 financial year. After the year end, the NAMC received a grant of R 22,459,000 from the Department of Agriculture for the 2008/09 financial year.

## 30. IRREGULAR EXPENDITURE

Irregular expenditure arose as a result of leases being entered into in respect of photocopier machines and a PABX system, where the contract period exceeded 36 months, and was 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 - providing that the lease period does not exceed 36 months.

INCIDENT	DISCIPLINARY ACTION OR STEPS TAKEN	AMOUNT
Existing finance leases: Finance leases entered into with service providers for photocopier machines and a PABX system	All the entity's finance leases were entered into in prior years for a lease period of 5 years. 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 annual financial statements purposes. The entity has requested retrospective approval from the Minister of Finance and is still awaiting ratification of the transactions.	<b>Actual lease payments:</b> <b>2008: R 189,362</b> <b>2007: R 205,353</b>
Finance costs on above finance leases		<b>2008: R 88,000</b> <b>2007: R 69,000</b>





[ part 5 | ANNEXURES ]



NAME	COMMODITIES	CONTACT DETAILS	TEL	FAX	E-MAIL AND WEBSITE
Citrus Industry Trust	Citrus	Ms Elsa Taylor PO Box 359 GROENKLOOF 0027	012 667 3113	012 667 3128	emtaylor@idfica.com
Cotton Trust	Cotton	Mr Hennie Bruwer PO Box 912232 SILVERTON 0127	012 804 1462	012 804 8616	henniebruwer@cottonsa.org.za
Deciduous Fruit Industry Development Trust	Deciduous fruit	Mr Anton Rabe PO Box 163 PAARL 7620	021 870 2900	021 871 1305	johlida@dfpt.co.za
Deciduous Fruit Producers' Trust	Deciduous fruit	Mr Anton Rabe PO Box 163 PAARL 7620	021 870 2900	021 870 2915	johlida@dfpt.co.za
Dry Bean Trust	Dry beans	Mr CF Kleingeld PO Box 15587 Lynn East PRETORIA 0039	012 808 1660	012 808 1662	marketing@beanseed.co.za http://www.beans.co.za

## annexure a: contact details of industry structures

NAME	COMMODITIES	CONTACT DETAILS	TEL	FAX	E-MAIL AND WEBSITE
Lucerne Seed Industry Research and Development Trust	ucerne	Mr Derick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern@mweb.co.za
Maize Trust	Maize	Mr Leon du Plessis PO Box 12203 QUEENSWOOD 0121	012 333 3429	012 333 3634	l-lagric@mweb.co.za
Meat Industry Trust	Red meat	Ms Alet du Plessis PO Box 36802 MENLOPARK 0102	012 348 7572	012 361 9837	aletd@levyadmin.co.za
Mohair Trust	Mohair	Mr Deon Saayman PO Box 2243 SYDENHAM PE 6056	041 487 1386	041 487 1336	info@mohair.co.za
Oil and Protein Seed Development Trust	Oilseeds	Mr Gerhard Keun PO Box 5562 RIVONIA 2128	011 234 3400	011 234 3402	oliesade@worldonline.co.za

## annexure a: contact details of industry structures

NAME	COMMODITIES	CONTACT DETAILS	TEL	FAX	E-MAIL AND WEBSITE
Potato Industry Development Trust	Potatoes	Mr Gawie Geyer Private Bag x 135 PRETORIA 0001	012 349 1906	012 325 6102	ggeyer@agric.co.za www.potatoes.co.za
.....					
Sorghum Trust	Sorghum	Mr Nico Fouché PO Box 14826 SINOVILLE 0129	012 804 2051	012 804 7174	nico@milksa.co.za
.....					
Winter Cereal Trust	Winter cereals	Mr Awie Coetzee PO Box 7088 CENTURION 0046	012 663 1660	012 663 3109	wct@grainmilling.co.za
.....					
SA Wine Industry Trust	Wine	Mr Charles Erasmus Private Bag x 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	andre@capewools.co.za

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

NAME	COMMODITIES	CONTACT DETAILS	TEL	FAX	E-MAIL AND WEBSITE
Cape Wool SA	Wool	Mr 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 Derick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern@mwweb.co.za

## annexure a: contact details of industry structures

NAME	COMMODITIES	CONTACT DETAILS	TEL	FAX	E-MAIL AND WEBSITE
Milk South Africa	Milk	Mr Nico Fouche 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	info@mohair.co.za www.mohair.co.za
SAGIS (South African Grain Information Service)	Barley, canola, groundnuts, maize, oats, sor- ghum, soybeans, sunflower seed and wheat	Ms Anna Enslin PO Box 669 PRETORIA 0001	012 523 1400	012 523 1401	management@sagis.org.za www.sagis.org.za
South African Grain Laboratory	Wheat, oats, maize, malt, sor- ghum and other grains	Ms Corlia Buitendag PO Box 1059 SILVERTON 0127	012 349 2683	012 349 2686	sagl@mweb.co.za www.sagl.co.za
Wildlife Ranching South Africa	Wildlife	Mr Reinhardt Holtzhausen PO Box 23073 GEZINA 0031	012 335 6994	012 335 1059	office@wrsa.co.za www.wrsa.co.za



## annexure a: contact details of industry structures

NAME	COMMODITIES	CONTACT DETAILS	TEL	FAX	E-MAIL AND WEBSITE
South African Ostrich Business Chamber	Ostriches	Mr Anton Kruger PO Box 952 OUDTSHOORN 6620	044 272 3336	044 272 3337	akruger@saobc.co.za
.....					
South Africa Poultry Association	Poultry	Mr Maarten de Kock PO Box 1202 HONEYDEW 2040	011 795 2051	011 795 3180	sapa@sapoultry.co.za www.sapoultry.co.za
.....					
SAWIS (South African Wine Industry Information & Systems)	Wine	Ms Yvette van der Merwe PO Box 238 PAARL 7620	022 423 8692	021 871-1360	Yvette@sawis.co.za www.sawis.co.za
.....					
WINETECH (Wine industry Network of Expertise and Technology)	Wine	Mr Jan Booysen PO Box 528 SUIDER-PAARL 7624	021 807 3324	021 807 3385	booysen @kww.co.za http://www.winetech.co.za
.....					
WOSA (Wines of South Africa)	Wine	Ms Su Birch PO Box 987 STELLENBOSCH 7599	021 883 3860	021 883 3861	info@wosa.co.za http://www.wosa.co.za

## annexure a: contact details of industry structures

NAME	COMMODITIES	CONTACT DETAILS	TEL	FAX	E-MAIL AND WEBSITE
Potatoes SA	Potatoes	Mr Gawie Geyer Private Bag X135 PRETORIA 0001	012-349 1906	012-325-6102	ggeyer@agric.co.za
.....					
South African Flower Growers' Association	Flowers	Mr Dirk de Bruin PO Box 1927 KRUGERSDORP 1740	011-692-4237	011-693-7051	safflower@global.co.za www.safflower.co.za
.....					
South African Protea Producers and Exporters Association	Flowers	Me Maryke Middlemann Private Bag X12 BOT RIVER 7185	028-284-9745	028-284-9777	sappex@honingklip.co.za
.....					
SAMIC (South African Meat Industry Company)	Red meat	Mr Manie Booysen PO Box 26151 ARCADIA 0007	012 361 4545	012 361 6004	ceo@samic.co.za www.samic.co.za
.....					

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

NAME	COMMODITIES	CONTACT DETAILS	TEL	FAX	E-MAIL AND WEBSITE
Fresh Produce Exporters' Forum	Citrus, deciduous fruits and subtropical fruit	Mr Stuart Symington PO Box 190 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 www.safeedlot.co.za
.....					
SA Groundnut Forum	Groundnuts	Mr Gerhard Keun	011 234 3400	011 234 3402	oliesade@worldonline.co.za
SA Sunflower Forum	Sunflowers	PO Box 5562			
SA Soya Bean Forum	Soya beans	RIVONIA 2128			
.....					
Sorghum Forum	Sorghum	Mr Nico Fouché PO Box 14826 SINOVILLE 0129	012 804 2051	012 845 7174	nico@mposa.co.za

## annexure b: council members' contact details

MEMBER	CONTACT DETAILS	PHYSICAL ADDRESSES	POSTAL ADDRESSES
Ms Ntombi F Msimang (Chairperson)	Tel.: (011) 314 1173 Fax: (011) 314 1173 Cell: 0836354860 email: noirconsult@iafrica.com	No. 42, Plot 131 Elevation Road Randjiesfontein MIDRAND	P.O. Box 50065 RANDJIESFONTEIN 1683
Dr Mohammad Karaan (Vice Chairperson)	Tel: (021) 808 4759/2973 Fax: (021) 808 4670 Cell: 0828021396 email: asmk@sun.ac.za	Room 1013, JS Marais Building University of Stellenbosch Victoria Street STELLENBOSCH	Department of Agriculture Private Bag X1 MATIELAND 7602
Ms Mina Gill	Tel: (053) 474 2138 Fax: (053) 474 2026 Cell: 0738148457 email: gillmina32@yahoo.com	Empetus Building Office No. 4 (Social Service Bldg) ANC Office Eric Louw Street HARTSWATER 8570	P.O. Box 2665 HARTSWATER NORTHERN CAPE 8570
Ms Makgoro Manny	Fax: (015) 3075933 Cell: 0820757139 email: makgoro@webmail.co.za makgoro@ditubatse.co.za	P.O. Box 97 TZANEEN 0850	P.O. Box 97 TZANEEN 0850
Mr André Young	Tel: (031) 311 5120 Fax: (031) 465 4222 Cell: 0832514046 email: youngandre@durban.gov.za	325 Randles Road SYDENHAM DURBAN 4091	325 Randles Road SYDENHAM DURBAN 4091
Prof. Johann Kirsten	Tel: (012) 420 3248 Fax: (012) 420 4958 Cell: 082 372 3131 email: johann.kirsten@up.ac.za	Room 2.22 Agricultural Annex University of Pretoria	Dept of Agricultural Economics Extension and Rural Development University of Pretoria Pretoria, 0002
Ms Cynthia Molo	Fax: (047) 4910506 Cell: 0835219630	23 Scanlen Street BUTTERWORTH 4960	P/Bag 3164 BUTTERWORTH 4960

## annexure b: council members' contact details

MEMBER	CONTACT DETAILS	PHYSICAL ADDRESSES	POSTAL ADDRESSES
Ms Lillibeth Moolman	Tel/Fax: (012) 460 3002 Cell: 082 963 7676 email: liloolman@absamail.co.za	251 Albert Street WATERKLOOF 0181	251 Albert Street WATERKLOOF 0181
Mr Derrick Montshwe	Tel: (013) 268 9335 Fax: (013) 268 9320 Personal fax : 0866 474 176 Cell: 0794920578/0796969998 email: derrickm@biodieselmmi.org. za	Woodmead Business Park 145 Western Services Road WOODMEAD	P.O. Box 409 WOODMEAD 2144
Prof Herman van Schalkwyk	Tel: (051) 401 2535 Fax: (051) 401 3728 Cell: 0829407830 email: hvs.sci@mail.uovs.ac.za	University of Free State Faculty of Natural & Agricultural Sciences Nelson Mandela Drive BLOEMFONTEIN	P.O. Box 339 BLOEMFONTEIN 9300





**The business offices of the NAMC are situated at:**

536 Schoeman Street

Meintjiesplein Building

Block A, 4th Floor

NAMC

**Tel:** 012 341 1115

**Fax:** 012 341 1811/1911

**E-mail:** [ronald@namc.co.za](mailto:ronald@namc.co.za)

**Website:** [www.namc.co.za](http://www.namc.co.za)

**The postal address is as follows:**

Private Bag X935

Pretoria

0001

[ Contact | Details ]

