



National Agricultural Marketing Council

Promoting market access for South African agriculture

ANNUAL REPORT 2012/2013



National Agricultural Marketing Council

Annual Report on - Predetermined Objectives 2012/13

**I have the honour of submitting the Annual Report for 2012/13 of the
National Agricultural Marketing Council (NAMC).**

Mrs NF Msimang

**Chairperson of the
National Agricultural Marketing Council**





**National Agricultural
Marketing Council**
Promoting market access for South African agriculture

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General Information

PART 1: PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	National Agricultural Marketing Council
REGISTRATION NUMBER (if applicable):	N/A
PHYSICAL ADDRESS:	Block A, 4th Floor 535 Francis Baard Street, Arcadia Pretoria, 0002
POSTAL ADDRESS:	Private Bag X 935 Pretoria 0001
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EMAIL ADDRESS:	info@namc.co.za
WEBSITE ADDRESS:	www.namc.co.za
EXTERNAL AUDITORS:	ORCA Auditors
BANKERS:	Standard Bank

ABBREVIATIONS

AEASA	Agricultural Economics Association of South Africa
CEC	Crop Estimates Committee
CELC	Crop Estimate Liaison Committee
CFP	Custom Feeding Programme
DAFF	Department of Agriculture Forestry & Fisheries
DAGs	Directly Affected Groups
DTI	Department of Trade & Industry
FANRPAN	Food, Agriculture and Natural Resources Policy Analysis Network
GDP	Gross Domestic Products
MAP ACT	Marketing of Agricultural Products Act
MERC	Markets and Economic Research Centre
MTSF	Medium Term Strategic Framework
NAMC	National Agricultural Marketing Council
NRMDP	National Red Meat Development Programme
PPECB	Perishable Products Export Control Board
SAGAP	South African GAP
Tralac	Trade Law Centre of Southern Africa



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Strategic Overview

PART 2: STRATEGIC OVERVIEW

2.1 Vision

Strategic positioning of agriculture in a dynamic global market.

2.2 Mission

To provide marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system in South Africa.

2.3. Core Values

The following values are adopted as our commitment to entrench and deepen the “NAMC” way, both in our behaviour and service offering:

1. **Integrity** (honest/ethical/trustworthy/transparent)
2. **Assertive** (accountable/responsible/reliable/taking ownership/confident)
3. **Collaborative** (consultative/teamwork/participative/co-operative)
4. **Service excellence** (performance driven/target oriented/service oriented/motivated/committed/diligent)
5. **Fairness** (equal treatment/respectful/tolerance/consistency)
6. **Objective** (analytical/rational/attention to detail/conceptual)
7. **Innovative** (creative/pro-active/adaptive/flexible/initiative)

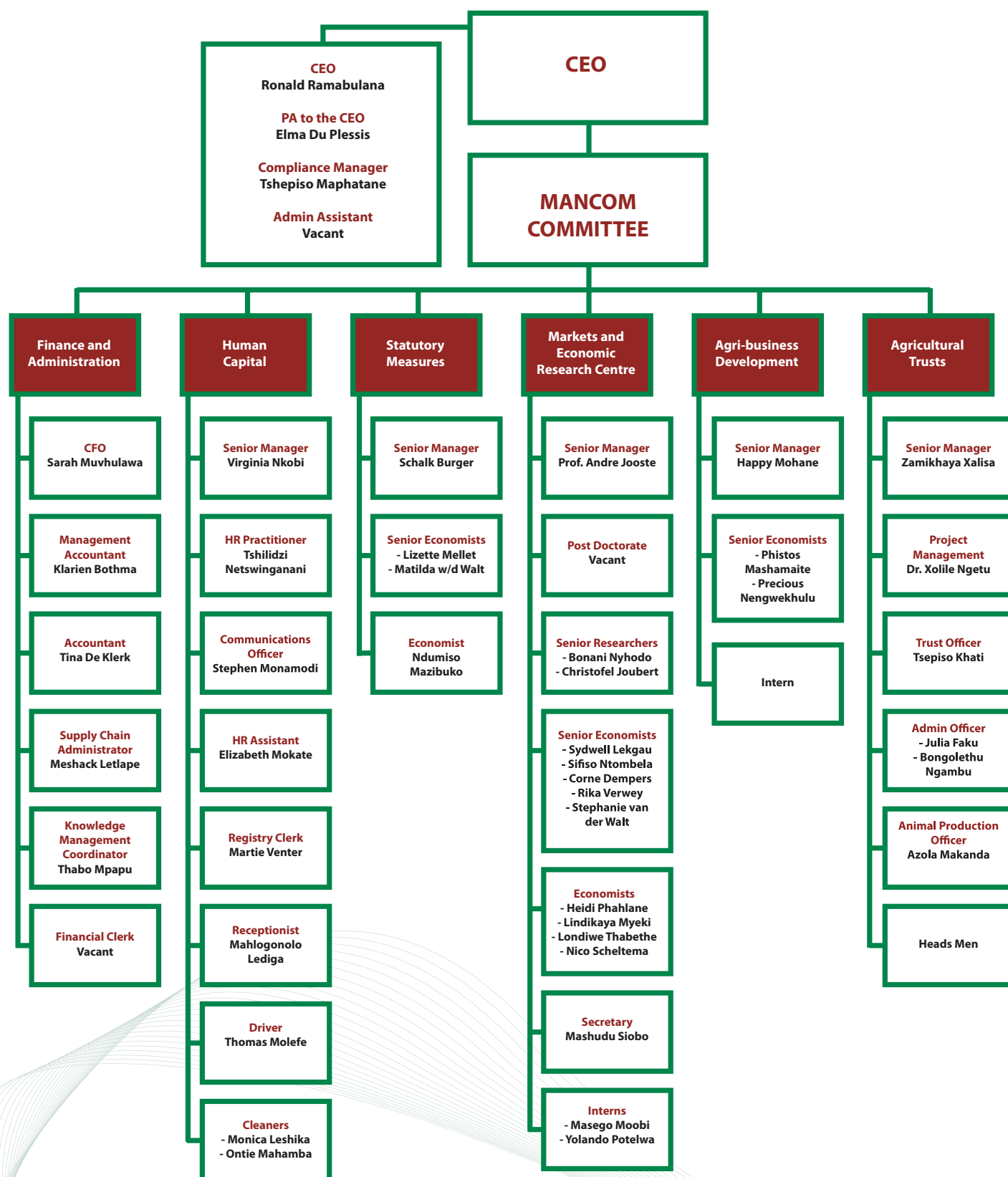
2.4 Strategic Outcomes Orientated Goals

Strategic Outcomes Oriented Goals	Increasing market access to all market participants More efficient marketing of agricultural products Increased export earnings from agricultural products Enhanced viability of agricultural sector
Goal Statement	To provide agricultural marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system.

Five business strategic goals were identified as pillars underpinning the NAMC’s mission. These goals were aligned with five organisational programmes of which the first goal is a support goal and the other four goals are business goals.

The NAMC collaborates with the Department of Agriculture Forestry & Fisheries in the roll out of the following key projects: TradeProbes, Fruit Flow Reports, the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN), Markets & Product Profiles, Development Schemes and Marketing Training Programmes.

2.5 Organisational Structure



2.6 Foreword by the Chairperson



Ntombi Msimang
Chairperson

Introduction

The year under review has been a defining year for agriculture in South Africa. To underline the vicissitudes of the sector, we experienced severe drought in parts of the Free State and floods in the Western Cape. Further, 2012 saw prolonged labour unrest in the Western Cape. However all this confirmed the resilience of the sector as the new wage determination of R105 minimum wage focused all stakeholders on sustainability and productivity and the factors that need to be attended to if business has to continue. All agreed that agriculture in South Africa will never be the same. The events that occurred in 2012 were a game-changer. Consequently, a social compact between farm owners, farm workers and the government is being discussed.

Strategic Issues

There has been renewed energy flowing towards market access issues in South Africa for agricultural products. Efforts to increase market access in the Far East, Middle East and the African continent have intensified through initiatives by DAFF, Dirco and the dti. Further, co-operative agreements signed with BRICS countries have given impetus to these efforts. Chapter 6 of the National Planning Commission Report

has underpinned the importance of agriculture in our economy as it was identified as the single most important sector for increased employment. The location of the Strategic Infrastructure Program (SIP 11) within the NAMC has also underlined the impact our organization has within the DAFF stable.

This being the fourth year of our 5 year strategic plan, we are working on our strategic plan to 2018. We have conducted 31 investigations on statutory measures as mandated by the MAP Act as part of our oversight role on the collection and use of levies.

For the 2012/2013 financial year, the MTEF budget allocation for NAMC was R32 million. We have continued the publication of the Quarterly Food Price Review. Issues of linking farmers to markets are still part of the NAMC's mandate. During the period under review we conducted a case study on the Macadamia nuts industry. Two other case studies on Piggery and Dairy industries are underway.

Stakeholder Relationships

This has continued to be a key performance area for the organization. Due to our limited resources, only through leveraging on our stakeholder relationships can we be effective. During this period, the NAMC has been instrumental in the founding of the Agri-Sector Unity Forum (ASUF), which aims to present a unified voice from organized agriculture to the Department of Agriculture, Forestry and Fisheries and government as a whole on issues of common concern for agriculture, including market access.

Governance

Council has identified individual council member strengths and deployed members accordingly. Spanning the different aspects of agriculture, we have members whose informed inputs on agribusiness, small-scale and commercial farming; contract farming; fisheries and forestry, among others. This contributes to a well-rounded Council capable of giving valuable advice and insight to the Minister, as mandated by the MAP Act, 1996. Committees of Council have continued to oversee management decisions and risk assessment.

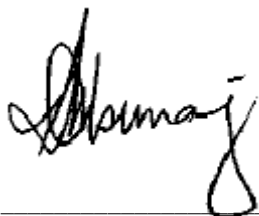
The Year Ahead

The year ahead will see the consolidation of our efforts in support of the Department of Agriculture, Forestry and Fisheries. We will continue to strengthen our compliance and governance initiatives as expected by our Principals. Market access for youth and women-run agricultural enterprises will be prioritized. Co-operation with the dti regarding market access incentives for the agricultural, forestry and fisheries sectors will also be strengthened.

Acknowledgements

Council would like to thank the Minister of Agriculture, Forestry and Fisheries for her continued support to the NAMC. We also thank the various directorates of DAFF for their tireless support. The oversight provided by the members of the Portfolio Committee is also appreciated and helps to keep us accountable. To the CEO, Ronald Ramabulana, and his staff we say "thank you". Through your support and dedication, we continue to deliver on our mandate.

On behalf of Council



Ntombi Msimang

Chairperson

National Agricultural Marketing Council

30 May 2013



2.7 Chief Executive Officer's Overview



I am most impressed by our achievements undertaken this current financial year. Internally, a lot was achieved to ensure that projects kept running albeit with limited funding and resources. A major defect in our operations was our IT infrastructure which at odds became unreliable and disrupted the processes of our work. The IT Steering Committee was established with an external experienced IT person appointed as Chairperson of the committee. This resulted in the development of relevant IT policies and those that include Disaster Recovery Plan.

In the financial under review, the NAMC was charged with a daunting task of conducting a research baseline study on AgriBEE Thresholds. The Department of Agriculture, Forestry and the AgriBEE Charter Council initiated the turnover study to determine the appropriate turnover thresholds. The purpose of the study was to compile a detailed database of aggregated demographic, financial and economic data on farming enterprises (primary agriculture) and agri-businesses and agro-industries (secondary agriculture) in South Africa.

The baseline study required different types of inputs which generally cannot be found in one institution. It required raw data in the form of Audited Financial Statements (AFS) of farmers; analysis of financial results and final analysis of the data for the study. Financial Institutions such as banks and auditing firms had access to this kind of data/ information as it is their core of business, as well as capacity to collect the raw data but do not have the capacity to evaluate the result as required for this study. Due to the process already followed by DAFF where the Bid was advertised on two occasions and in both instances the service providers failed to meet the minimum requirements to conduct the study. The NAMC pursued a different approach in identifying potential service providers. Thereafter an independent project working committee was appointed to provide technical assistance for the study.

Two audit firms namely Price Waterhouse Coopers and Delliotte submitted proposals to the NAMC. These companies were identified based on the client based in the agricultural sector and fact that they had valuable farmer information required for the study. A panel consisting of the members from the NAMC Project Working Committee as well as two NAMC nominated council/board member's evaluated the proposals from the two service providers. Price Waterhouse Coopers was selected as the preferred service provider as recommended by the Bid adjudication committee of the NAMC.

Another driving factor highlighted under our strategic annual business objectives was supporting the creation of jobs and development of small holder. Through the statutory measures as according to the MAP Act NAMC managed to assist about 14 industries to collect levies to a tune of millions. These levy funds were used for various generic functions including transformation and job opportunities.

In the 2012 period approximately R34.2 million which resounds to 10% was spent on market information, with R91.8 million spent on research followed by transformation which industry collectively spent R65.7 million.

Besides the marvelous achievements by industry as discussed in the Chairpersons report we however proved to be true to our mandate. Since the announcement of the 5th BRICS Summit in South Africa the NAMC together with industry stakeholders such as AEASA and Tralac moved swiftly and prepared a policy brief for the Ministry on BRICS. The brief highlighted opportunities and strategies to be considered by the Department of Agriculture, Forestry and Fisheries in engagement with BRICS member countries on agriculture. Keeping with the momentum towards the BRICS Summit, the NAMC together with Tralac released a book titled: *BRICS South Africa's way ahead?* with special emphasis on the trajectory of South Africa's success and failure in BRICS. A special session was hosted by DAFF at the Summit with inclusion of our policy recommendations.

For the past 4 years the issue of food prices featured predominantly in the pages of our sector. Under this financial review our quarterly food prices reports found favour in the business and public sector. Business Unity South Africa for one invited NAMC to unpack the effects of food prices on both the private sector and public. A clearer perspective on the issue of food security was provided to the sector in the form of a publication called *"Surviving the global food jungle: realities, options and strategies for South Africa."* The book gives indications of the era of bio-fuels to farming, environmental changes affecting food and agribusiness and improving food marketing channels in South Africa.

Under the current year review, NAMC received a request to establish a Section 7 Committee on Contract Farming. The Committee's responsibility was to investigate the effects and the enforcements of contracts in the fruits and vegetables sub-sectors. Terms of Reference were designed and endorsed by the Council. The Terms of Reference included

investigating the scope and nature of typical supplier/ procurement contracts between different supply chain role players, determining whether current conduct as far as contracts are concerned is conducive to enhance the viability of fresh produce industry and test validity of anecdotal evidence with stakeholders in the fresh produce value chain. Various stakeholders and industries from provinces were consulted and the investigation is at its final stage.

I would like to acknowledge Council and its members for providing strategic leadership. To all our stakeholders, let's continue to work for the good and prosperity of the sector. Finally I would like to thank all NAMC employees who ensured that the NAMC achieves on its mandate and strategic objectives.



Ronald Ramabulana

Chief Executive Officer

National Agricultural Marketing Council

30 May 2013





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***Performance
Information***

PART 3: PERFORMANCE INFORMATION


3.1 Statement of Responsibility for Performance Information

OFFICIAL SIGN-OFF

It is hereby certified that the Annual Report:

- Was developed by the management of the NAMC, under the guidance of the Executive Authority, Mrs NF Msimang, Chairperson of Council
- Takes into account all the relevant policies, legislation and other mandates for which the NAMC is responsible
- Accurately reflects the achieved strategic objectives for the period 2012 to 2013.

TR Ramabulana
Chief Executive Officer

Signature:  _____

Approved by:
NF Msimang
Chairperson: Council

Signature:  _____

3.2 Overview of the Public Entity's Performance

Outputs and Service Delivery Trends

The Council met five (5) times during the 2012/2013 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, and budgets and financial results of industry organisations responsible for the administration of levies and other NAMC administrative matters.

3.3 Key Policy Development and Legislative Changes

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

The mandate as spelled out in the MAP Act 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 MAP Act stipulates that the NAMC may undertake investigations and advise the Minister regarding:

- a) Agricultural marketing policy and its application
- b) The coordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments
- c) The possibilities for promoting the objectives of the MAP Act, mentioned in section 2 (2) of the MAP Act, and
- d) The effect that marketing of products has on the objectives mentioned in section 2 (2) of the MAP Act.

In addition, in terms of section 9 (1) of the MAP Act, 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 the National Department of Agricultural Forestry & Fisheries are as follows:

- a) 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
- b) 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
- c) The NAMC, through submissions and quarterly reports, appraises the Minister of progress made on the approved business plan
- d) The Council, which is the Accounting Authority of the NAMC, sits at least four times per year to consider its business.

Funding

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

- a) Increase market access for all market participants
- b) Promote the efficiency of the marketing of agricultural products
- c) Optimise export earnings from agricultural products, and
- d) Enhance the viability of the agricultural sector.

During the period under review, there were no policy development or legislative changes.

Strategic Outcome Oriented Goals

- a) Increase market access for all market participants;
- b) Promote the efficiency of the marketing of agricultural products;
- c) Optimise export earnings from agricultural products; and
- d) Enhance the viability of the agricultural sector.

3.4 Performance Information by Programme

The Markets and Economic Research Centre (MERC)

Purpose of the Programme

The Markets and Economic Research Centre (MERC) was established in 2007. At the time, the need was realised by the NAMC that in order to fulfil its mandate much more

intensive research was required. MERC consists of different research focus areas, i.e. linking farmers to markets, trade and market access and agro-food chains. These also include a cross-cutting focus area namely, knowledge and information management. Broadly stated the MERC aims to:

- a. gauge the efficiency of the market for every agricultural commodity value chain on an ongoing basis
- b. devise programmes for the improvement of the markets' performance, and
- c. where necessary, instigate and guide specific market development programmes, preferably in co-operation with the directly affected groups (DAGs), but where necessary even through the use of statutory interventions in terms of the MAP Act or by invoking the machinery of other acts like for instance the Competition Act.

Important activities of MERC include publishing of the Food Price Monitoring, Input Cost Monitoring, TradeProbes, Fruit Trade Flow and Food Cost Review. These publications are cited widely in the press and provide a valuable foundation for decision making by stakeholders. The MERC also takes responsibility as the South African node coordinator of the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN).

Sub-Programmes

- Food Price Monitor reports released
- Food Cost Review
- Input Cost Monitoring
- Agri Benchmark
- Linking Farmers to Markets
- TradeProbe
- Agro-food chains studies.

Strategic Objectives

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

Statutory Measures

Purpose of the Programme

The purpose of this programme is to facilitate the process to implement statutory measures in order to promote the efficiency of the marketing of agricultural products. In support of this goal, the following objectives are pursued:

- To implement statutory measures in support of the objectives of the Marketing of Agricultural Products Act
- To enable the relevant industries to collect funds to finance important generic functions, and
- To enable the relevant industries to collect and disseminate important agricultural information in order to promote growth within the specific industry.

The programme is currently structured in accordance with the following sub-programmes:

- Field crop products
- Horticultural products, and
- Livestock products.

Strategic Objective

The promotion of the efficiency of the marketing of the agricultural products

Agribusiness Development

Purpose of the Programme

The NAMC strategic placement and relationship with public and private institutions built over many years has enabled the Agribusiness Development division in facilitating programmes that have the potential to achieve the outcomes required by government. The Agribusiness Development division of the NAMC was established in 2006 to collaborate with various institutions both nationally and internationally in designing and implementing programmes that are aimed at increasing market access, encouraging new business development and building the capacity of historically disadvantaged enterprises

Sub-Programmes

- Value Chain Development Scheme Programme
- Export Programme
- Market Information Programme
- Capacity Building Programme

Agricultural Trusts

Purpose of the Programme

The Agricultural Trusts division was established to manage and coordinate the communication process between the Minister for Agriculture, Forestry and Fisheries and Agricultural Industry Trusts. The Agricultural Industry Trusts are bodies that were established after the disbandment of the former control boards during the market deregulation process in 1996. The assets of the control boards were then transferred into these Agricultural Trusts. The Industry Trusts are managed by board of trustees, in which the minister is represented. The ministerial trustees are entrusted to

ensure that the Industry Trusts carry out the objectives of the Trust deeds, by aligning them to government transformation mandate. These ministerial trustees will then report to the Agricultural Trusts division of the NAMC on the operation and financial performance of the Trusts in which the NAMC communicates to the Minister.

Sub Programmes

- Transformation
- Capacity building programme
- Agricultural Industry Trusts Workshop
- National Red Meat Development Project
- Custom Feeding Programmes
- The Pre-slaughter Programme
- The NRMDP Communication Tool

Strategic objectives

- The increasing of market access for all market participants
- The promotion of the efficiency of the marketing of the agricultural products



4

***Strategic
Objectives***

PART 4: STRATEGIC OBJECTIVES

4.1. Markets and Economic Research Centre

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
Enhancement of the viability of the agricultural sector	Number of reports completed	4 Quarterly Food Price Monitor (FPM) reports released	4 Quarterly Food Price Monitor (FPM) reports released	Four (4) FPM reports for May 2012, Aug 2012, Nov 2012, Feb 2013 were published	None	None
	Number of reports completed	1 Annual Food Cost Review released	1 Annual Food Cost Review released	One Annual Food Cost Review was published in September 2012.	None	None
	Number of reports completed	4 Input Cost Monitoring (ICM) reports released	4 Input Cost Monitoring (ICM) reports released	Four reports were published namely: <ul style="list-style-type: none"> • Story of maize and wheat – an update (1st Quarter) • Story of meat and wool – an update (2nd Quarter) • An update on administered prices was published and presented at the CEO's forum (3rd Quarter) An update on selected input products was published.(4 th Quarter)	None	None
Enhancement of the viability of the agricultural sector	Number of reports completed	2 Agri-Benchmark reports released	2 Agri-Benchmark reports released	The following reports are available: <ul style="list-style-type: none"> • Beef and Sheep • Cash Crops (13 selected reports and working papers is available). The NAMC together with its partners hosted two international workshops and global forums (i.e. cash crops and beef & sheep) attracting participants from across the world (i.e. more than 20 countries). The cash crop and beef & sheep global forums were attended by 152 and 140 delegates respectively	None	None
	Number of reports completed	4 Agro-food chain reports	4 Agro-food chain reports	The following reports were published/ released: <ul style="list-style-type: none"> • Surviving the global food jungle: Realities, options and strategies for South Africa (in collaboration with Prof. Marcos Fava Neves and Agribusiness Chamber). • Forces driving the price of margarine • Paprika value chain study • Identification of the forces that determine competitiveness in the SA dairy value chain – a desktop study. • The SA mohair industry value chain analysis: Processes and role players – challenges and opportunities. • Essential oil value chain study • Tomato value chain study • South African Seed Industry study 	Targets were exceeded by 4	Additional opportunities for collaboration with other partners presented themselves during the reporting period

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
Optimisation of export earnings from agricultural products	Number of reports completed	6 TradeProbe publications released bi-monthly	6 TradeProbe publications released bi-monthly	Six (6) TradeProbes were published and are available on the NAMC website www.namc.co.za : <ul style="list-style-type: none"> - Issue No. 39 in May, - Issue No. 40 in July, - Issue No. 41 in September, - Issue No. 42 in November, - Issue No. 43 in January, and - Issue No. 44 in March 	None	None
	Number of fruit flow publications completed	4 Trade Profiles	4 Trade Profiles	Five (5) Fruit flow reports were published and the following product profiles were compiled: <ul style="list-style-type: none"> • Draft document of the competition law (communicated internally) • South Africa's agricultural, forestry and fisheries trade performance • BRICS on cereal crops (HS: 10) published in the TradeProbe Issue 43. • Trade profile of Salmon and Trout in South Africa (Published in the TradeProbe - July) • Agricultural trade between South Africa and the rest of Africa • The South African Meat Industry: Trade • Revised tariff structure for the industry producing canned tomatoes and tomato paste, puree, and concentrates in powder form • Market profile of apple juice (HS 200971) - 	Targets were exceeded by 3	Additional opportunities to produce more material became available
Increasing market access for all market participants	Number of reports completed	2 Reports on issues pertaining to market access for emerging farmers	2 Reports on issues pertaining to market access for emerging farmers	The following reports were completed: <ul style="list-style-type: none"> • Baseline study on Macadamia nuts • Piggery case study • A case study on dairy • Trade liberalisation and regional integration in Africa. 	Targets were exceeded by 2	Additional opportunities to conduct more studies became available during the reporting period
Promotion of the efficiency in the marketing of agricultural products	Number of reports completed	2 reports on issues pertaining to the functioning of markets	2 reports on issues pertaining to the functioning of markets	The following report was completed: <ul style="list-style-type: none"> • Final report: Transport Operating Cost Benchmarks For Agricultural Logistics (2009–2011) The following book was published: <ul style="list-style-type: none"> • BRICS: South Africa's way ahead? 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
	8 Seminars per year presented by agricultural experts	8 Seminars per year presented by agricultural experts	8 Seminars per year presented by agricultural experts	<p>The following seminars were presented:</p> <ul style="list-style-type: none"> • Black commercial farmers contribution to household and national food security through the optimal use of the natural resources • Surviving the global food jungle: Realities, options and strategies for South Africa • Going beyond abundant input supply assumption in social matrix modelling (SAM) • Trade workshop: How do we position South Africa's interests within BRICS? • The understanding and Application of the AgriBEE Sector Code gazette • Food Law Emergence in South Africa • Domestic issues and SA agriculture within the context of BRICS • A presentation of sectorial determination for the agricultural sector • A presentation on the approach to supporting export oriented agricultural sectors (export promotion) 	Targets were exceeded by 1	There was space to include one more seminar during the reporting period

The following indicators were not included in the business plan and were achieved by the NAMC during the year under review

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
Promotion of efficiency in the marketing of agricultural products	Comments provided to ITAC			<p>The NAMC provides ITAC with its comments regarding applications that are sent to ITAC. During the financial year the NAMC received comment of the following applications:</p> <ul style="list-style-type: none"> • The application for an increase in the rate of duty on other uncooked pasta, not stuffed or otherwise prepared (HS 190219) • The application for an increase in the rate of duty on half shell mussels (HS 030739) • The review of custom duties on salmon and trout and temporary rebate provision on salmon • DAFF request for comment on the application for a removal of a rebate facility for honey imports (1240 tons) • The application for a reduction in the rate of custom duty on other milk and cream, concentrated or containing added sugar or sweetening matter (HS 040999) • The application for a reduction in the rate of duty for white pear beans (HS 07133390) from the current 10 % rate to free 	None	None

4.2 Statutory Measures

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
Promotion of the efficiency of the marketing of agricultural products	Number of statutory measure investigations	30 Statutory Measures Investigations	36 statutory measure investigations and submissions to the Minister for approval	31 statutory measure investigations were completed	14 % deviation	The NAMC set its targets in the beginning of each financial year. During the year, the NAMC was <i>inter alia</i> involved in discussions with the maize industry and the rooibos tea industry where they indicated that they consider applying for statutory measures. Eventually they decided not to apply. The grapefruit industry also decided not to apply for the continuation of their statutory measures.
		20 Statutory measures gazetted	24 statutory measures gazetted	19 statutory measures gazetted	21 % deviation	The application for statutory measures is a voluntary process and nobody could be forced to apply. Refer to the MAP Act in this regard
		To publish one report regarding the status of statutory measures	To publish one report regarding the status of statutory measures in July 2012	1 report published and submitted in July 2012	None	None
Promotion of the efficiency of the marketing of agricultural products	Number of meetings held by the CELC	(2) Crops Estimates Liaison Committee meetings (CELC)	(2) Crops Estimates Liaison Committee meetings (CELC)	Two meetings were held, namely on 8 May and 29 November 2012, which resulted in final national crop calculations published for all grains and oilseed crops for statistical purposes, and negotiations with industry role players to cooperate and improve the crop estimation process.	None	None
Promotion of the efficiency of the marketing of agricultural products	Number of new directly affected groups registered	To publish once a year a notice in the Government Gazette and other media to invite Directly Affected Groups to register with the NAMC	To publish one notice in the Government Gazette	35 responses received of which 18 were new groups registered and 17 were only updating their contact details	None	None

4.3 Agribusiness Development

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
To increase market access of all market participants	Number of business plans for development schemes developed	(1) Scheme programme	1 business plan	One (1) business concept was developed	None	None
	Number of training programmes facilitated	Facilitation of (4) training programmes	Facilitation of (2) training programmes	4 training programmes capacitating the emerging producers were facilitated: <ul style="list-style-type: none"> • The first training was targeting women entrepreneurs • The second training was targeting entrepreneurs from the entire African Continent • The third training was for producers in Limpopo focusing on food safety standards • The fourth training targeted the emerging producers in Mpumalanga and was focusing on business and financial management 	None	None
The optimisation of export earnings from agricultural products	Number of diagnostic analysis report conducted	-	4 diagnostic analysis	5 diagnostic analysis reports were conducted <ul style="list-style-type: none"> • Macadamia Nuts growers in Limpopo • Citrus growers in Eastern cape • Apple growers in Mpumalanga • Litchi growers in Limpopo • Table grapes growers in Limpopo 	None	None
		-	Facilitate the development and implementation commodities(2)	Implementation of 2 commodities were facilitated <ul style="list-style-type: none"> • Deciduous fruit farmers in the Western Cape Province • Table grapes growers in Limpopo Province 	None	None
The promotion of the efficiency of the marketing of the agricultural products	Number of transformation guidelines developed	-	1 Transformation guidelines document	A draft transformation guideline was developed.	Draft document not yet approved	The document is still considered draft because the NAMC industries partners are still to comment on it. Once the industries have commented on the document, it still has to go through the NAMC Council for approval before it can be considered final

4.4 Agricultural Trusts

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
Increasing market access for all market participants	(2) auctions	(2) auctions	(2) auctions	6 auctions that took place in Loverstwit and Seymour. A total of 1116 animals were sold. There were 6 auctions that took place as opposed to the 2 planned auctions.	None	None
	Maintain the (3) customer feeding programmes	Maintain the (3) customer feeding programmes	Maintain the (3) customer feeding programmes	The three (3) CFP: Fort Cox, Mount Frere & Nchora are being efficiently maintained. A total intake of 354 animals was achieved within the 3 CFPs.	None	None
Promotion of the marketing efficiency of agricultural products	(1) Agriculture Trust Report	(1) Agriculture Trust Report	(1) Agriculture Trust Report	A Status Report for the 2011/12 has been published and distributed to all stakeholders.	None	None
	Training Report	Training Report	Training Report	Training on Investment Analysis was held on the 23 August 2012 with 17 ministerial trustees attending.	None	None
Promotion of the marketing efficiency of agricultural products	Number of reports completed	Arrange (1) annual workshop between the NAMC DAFF and industries	Arrange (1) annual workshop between the NAMC DAFF and industries	The workshop was planned for March 2013 annually.	Non-compliance. No workshop held due unavailability of funds.	The AgriTrust division was given a combined budget to conduct training and workshop. The division therefore prioritised the training for Ministerial Trustees; hence, we will be doing the workshop in the 2013/14 financial year.
	Establishment of two NAMC trusts	Establishment of two NAMC trusts	Appointment of Trustees Registration of Trustees at Master Court. Convene meetings	According to Trust deeds, the Agricultural Industries must nominate trustees to be on the board of the NAMC Trusts. Letters have been sent to Industry. The AMS Trust is operational and Trustees have been appointed by council.	None	None
Promotion of the marketing efficiency of agricultural products	Number of reports	Initiate and hold (1) stakeholders engagement farmers day on NRMDP	Initiate and hold (1) stakeholders engagement farmers day on NRMDP	The Beef Cattle Farming Indaba was held on 03-04 October 2012 in Elugangeni village, Mount Frere in EC. Event was a huge success, led to signing of MOU with Chris Hani Municipality	None	None

The following targets were not included in the business plan as this was additional work

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013
The promotion of the efficiency of the marketing of the agricultural products	One report	-	One (1) report on the Review of Income thresholds in the Agriculture	The study was to be completed in March 2013, due to strike action in Agricultural sector; it delayed collection of data to complete study. Study will be completed 30 April.	The study will be completed and handed over to AgriBEE Charter Council by the end of June 2013 due to the time extension requested by the Council.

4.5 Finance and Administration

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
Oversee budgetary processes, implementation and control	MTEF budget	The MTEF budget was compiled and submitted to National Treasury and DAFF; NAMC appeared for MTEC presentation During August 2011.	MTEF budget	The MTEF budget was compiled and submitted to National Treasury and DAFF; NAMC appeared for MTEC presentation during August 2012.	None	None
	Approved budget	Received the final MTEF allocation letter and compiled the Estimation of National Expenditure (ENE) submission for submission to National Treasury and DAFF.	Compiled MTEF budget submitted to National Treasury and DAFF.	Received the final MTEF allocation letter and compiled the Estimation of National Expenditure (ENE) submission for submission to National Treasury and DAFF	None	None
Oversee budgetary processes, implementation and control	Approved budget and strategic plan by Council and Minister	Submitted budget and strategic plan for approval by Council and Minister before end of February 2012.	Submitted budget and strategic plan for approval by Council and Minister before end of February 2013. Submitted annual projections for the financial year 2013/14	Submitted budget and strategic plan for approval by Council and Minister before end of February 2013. Submitted annual projections for the financial year 2013/14	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
Provide timely and accurate financial information	Financial reports	Compiled monthly and Quarterly expenditure reports and submit Council, Management and Audit & Risk Committee.	Compiled 12 monthly and 4 Quarterly expenditure reports and submit to Council, Management and Audit & Risk Committee.	Compiled 12 monthly and 4 Quarterly expenditure reports and submit to Council, Management and Audit & Risk Committee	None	None
Manage supplier payments	Age analysis reports	Reviewed age analysis and payment processes and systems (April 2011 – March 2012) Suppliers were paid within 30 days of receipt of invoice	Reviewed age analysis and payment processes and systems (April 2011 – March 2012)	Reviewed age analysis and payment processes and systems (April 2012 – March 2013) Suppliers were paid within 30 days of receipt of invoice.	None	None
Implement effective financial management controls	Financial Reports	Unqualified audit report was issued by Auditor-General	100 % compliance to legislations and regulations. Facilitation of required financial controls towards unqualified audits.	<ul style="list-style-type: none"> Compliance checklist for PFMA and Treasury regulation was compiled; all recommendations by internal auditors were implemented. Reviewed finance risk register and controls thereof. 	None	None
To manage supply chain management activities of the NAMC	Number of reports complied	Compiled PFMA compliance checklist and submitted to Audit & Risk committee and Council. Advertised and updated NAMC supplier data base.	100 % compliance to legislations and regulations.	Compiled PFMA compliance checklist and submitted to Audit & Risk committee and Council. Reviewed and updated NAMC supplier data base.	None	None
Ensure effective and efficient maintenance of ICT infrastructure	Number of reports complied	IT policies were developed and submitted to Audit & Risk committee and Council for approval	Maintenance and upgrade of ICT system	IT policies and IT strategy master plan was developed and approved by Council. The approved policies are currently under review and will be submitted to Audit & Risk committee and Council in May 2013.	None	None

4.6. Human Resources Management

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
The attraction of the right skills	Number of reports	Staff establishment report	<ul style="list-style-type: none"> Develop a recruitment process mapping Review recruitment matrix Report on staff establishment 	<ul style="list-style-type: none"> The recruitment process mapping and matrix was developed Two interns were recruited Facilitate the recruitment of Post Doctorate and Senior Manager MERC. Report completed 	The position of Post Doctorate was not filled	The candidate identified did not agree to the terms of the contract
The retention and development of the right skills	Number of reports	-	Identify talent and successors in order to retain the best people Develop talent management metrics Present the talent management metrics Report on talent management	The talent management metrics was developed. The Human Resources and Talent Management Plan was developed A report on talent management completed	None	None
	Number of reports	Implemented wellness session on Men's Diversity Forum: Women's Diversity Forum: World Aids Day Year-end function	<ul style="list-style-type: none"> Coordinate Men Diversity Forum Coordinate Women Diversity Forum Coordinate Wellness session 	The HR implemented three Wellness sessions: <ul style="list-style-type: none"> Men's Diversity Forum, Women's Diversity Forum Wellness session on World Aids Day. Year-end function Wellness report completed 	None	None
The creation of performance culture	Number of performance evaluations	<ul style="list-style-type: none"> HR coordinated the performance evaluation for the financial year. Report on performance completed. 	<ul style="list-style-type: none"> Coordinate the signing of performance management contracts/ agreements Conduct awareness session on the performance management Coordinate performance 3 reports on performance evaluation 	<ul style="list-style-type: none"> All employees signed the performance agreements. Conducted awareness session on the performance management Three performance evaluations were conducted during the financial year. Eligible employees were rewarded bonuses Report on performance completed. 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
The creation of a culture of learning excellence	Number of reports	<ul style="list-style-type: none"> As part of skills development 16 employees registered for degrees Sixteen employees were sent for various types of training. 	<ul style="list-style-type: none"> Ensure that staff have the right skills to perform optimally, with specific reference to critical skills Identify training needs Submit a workplace skills plan to Agri Seta Identify critical skills Coordinate training and produce a report 	<ul style="list-style-type: none"> The training needs were identified. The workplace skills plan was developed and submitted to the Agricultural SETA. The critical skill list developed The HR coordinated various training Staff members were offered Bursaries The training and development report completed. 	None	None
Employee Relations	Number of policies developed	The following policies were developed and approved: Employee Wellness Strategy Occupational Health and Safety Policy: Farewell Policy The policy on attending funerals was reviewed	<p>Ensure that employee employer relations are maintained through the development, reviewing and implementation of human resources policies.</p> <p>(1) Policy developed</p> <p>(1) Policy reviewed</p> <p>Conduct policy awareness to staff</p>	<p>Two policies were identified:</p> <ul style="list-style-type: none"> The Performance Management and Development Policy: was developed The Bursary Policy was reviewed. HR facilitated a session on policy awareness. 	None	None
Ensure HR operational excellence	-	Implementation of ESS systems	Ensure the implementations of human resources systems	<ul style="list-style-type: none"> The leave records were monitored The payroll reconciliation was done on a monthly basis 	None	None

4.7 Communications

Strategic Objectives	Performance Indicator	Actual Achievement 2011/2012	Planned Target 2012/2013	Actual Achievement 2012/2013	Deviation from planned target to Actual Achievement for 2012/2013	Comments on deviations
Internal Communications	Website revamp	-	<ul style="list-style-type: none"> Coordinate the revamping of the Website Draft terms of reference Send out quotations Invite services providers 	<ul style="list-style-type: none"> The terms of reference for the website were developed Quotations were sourced from service providers Presentations conducted Service Provider appointed 	The revamp of the Website will be implemented in the next financial year	The revamp of the Website will be implemented in the next financial year
	Number of newsletters	Publish 3 x Internal Newsletters	Publish 3 x Internal Newsletters	Five Internal Newsletters were published	None	None
Internal Communications	Number of events organised	1 event Coordinate the Career's day events	1 event Coordinate the Career's day events	3 Internal events were organised during the financial year <ul style="list-style-type: none"> Career's Day Women's Day Heritage Day 	None	None
Corporate Communications	Number of external events coordinated	Coordinate (2) NAMC external events	Coordinate (2) NAMC external events	External Events organised & coordinated: <ul style="list-style-type: none"> Women Management Training, Entrepreneurship Programme, Beef Cattle Farming Indaba, Agricultural Youth Policy Dialogue, CAADP Stakeholder Sensitisation 	None	None
Corporate Communications	Number of reports/ publications	-	-	NAMC Reports published; SA Food Cost Review, Status on Agricultural Trusts, Statutory Measures Survey NAMC publications: Women Management Training brochure.	None	None
		Annual report	Annual report	Annual Report printed & published	None	None
Stakeholders Relations	Manage the communication stakeholders database	Manage communication stakeholders database	Manage communication stakeholders database	<ul style="list-style-type: none"> Stakeholders database was updated Stakeholder Relations Report completed 	None	None
Media Relations	Coordinate media interviews	-	-	18 Media interviews coordinated. 3x Media Monitoring Reports released	None	None

NARRATIVES

Markets and Economic Research Centre

Food Prices

The NAMC collaborates with the Department of Agriculture, Forestry and Fisheries, Provincial Departments of Agriculture and Statistics South Africa to monitor and report on food price trends in South Africa. During the reporting period 2012/13, four quarterly Food Price Monitoring (FPM) reports were published. The FPM report published in February 2013 provides valuable insights into trends in food prices from January 2012 to January 2013. According to this report, food and non-alcoholic beverages inflation recorded for January 2013 was 6.2 %, meaning that food and non-alcoholic food and beverage prices were 6.2 % higher in January 2013 than in January 2012.

The domestic price of wheat increased by 24.67 % between January 2012 and January 2013 and the price of sunflower seed increased by 21.19 % during the same period. The high increase in the domestic price of wheat was due to the 36.52 % increase in the international wheat price. South Africa is a net importer of wheat and therefore the domestic wheat price is highly affected by the international wheat price.

The domestic price of white maize showed a negative growth rate of 16.43 % for the period January 2012 to January 2013. The domestic price of yellow maize also decreased by 18.14 % year-on-year; while the international price of yellow maize increased by 9.88 % for the period January 2012 to January 2013. South Africa's food inflation was higher when compared with that of China and Brazil. These countries experienced food inflation of 6.2 %, 4.7 % and 1.9 % respectively. Even though the overall global food price index decreased by 1.4 % between January 2012 and January 2013, it was still higher than that of 2008 but compares favourably with that of 2009 and 2011.

In January 2013, rural consumers paid R5.95 more than urban consumers for the same food basket. In January 2013, rural consumers paid R3.00 and R2.20 more than urban consumers, respectively for rice (2 kg) and maize

meal (5 kg). Sunflower oil (750 ml) and loaf of white bread (700g) were the only food items for which rural consumers paid less than urban consumers in January 2013.

The cost of the food basket, expressed as a share of the average monthly income of the poorest 30 % of the population, increased from 38.0 % in January 2012 to 40.4 % in January 2013. When comparing the costs associated with the typical portion sizes of very poor consumers for the five most widely consumed food items in South Africa, based on January 2013 versus January 2012 prices, there was an inflation of about 5.3 % (from R4.16 to R4.38).

In addition to the four FPM reports, the NAMC published the South African Food Cost Review, focusing on trends in the food industry in 2011. This report covered six key issues, namely, South Africa's agricultural trade, selected international commodity and food price trends, selected domestic commodity and food price trends, farm-to-retail price spreads of selected important food products, social grants in South Africa and policy measures/programmes to shield consumers against high food prices.

Input Cost Monitoring

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

- **Update: Trends in selected agricultural input prices – August 2012**

Key aspects of this report can be summarised as follows:

Price trends for international fertilisers and R/\$ exchange rate from April 2006 to April 2012:

Urea: 165.6 % increase

DAP: 148.5 % increase

MOP: 238.1 % increase

R/\$: 28.9 % depreciation

Price trends for international fertilisers and R/\$ exchange rate from April 2011 to April 2012:

Urea: 59.0 % increase
DAP: 3.44 % increase
MOP: 28.5 % increase
R/\$: 16.2 % depreciation

Price trends for local fertilisers from April 2006 to April 2012:

MAP: 99.7 % increase
Urea: 88 % increase
Potassium chloride: 151.1 % increase

Price trends for local fertilisers and grains from April 2011 to April 2012:

MAP: 2 % increase
Urea: 11.1 % increase
Potassium chloride: 15.1 % increase

Price trends for crude oil and fuel from April 2006 to April 2012:

Crude oil: 69.5 % increase
Petrol: 99.7 % increase
Diesel: 92.3 % increase

Price trends for crude oil and fuel from April 2011 to April 2012:

Crude oil: 5.2 % increase
Petrol: 19.2 % increase
Diesel: 13.9 % increase

- **Update: Trends in selected agricultural input prices – October 2012**

Key aspects of this report can be summarised as follows:

Price trends for international fertilisers and R/\$ exchange rate from September 2006 to September 2012:

Urea: 114.6 % increase
DAP: 134.7 % increase
MOP: 193 % increase
R/\$: 13.7 % depreciation

Price trends for international fertilisers and R/\$ exchange rate from September 2011 to September 2012:

Urea: 14.7 % increase
DAP: 4.3 % increase
MOP: 9.8 % increase
R/\$: 11 % depreciation

Price trends for local fertilisers from September 2006 to September 2012:

MAP: 133.3 % increase
Urea: 86.4 % increase
Potassium chloride: 137 % increase

Price trends for local fertilisers and grains from September 2011 to September 2012:

MAP: 7.2 % increase
Urea: 4.2 % increase
Potassium chloride: 7.7 % increase

Price trends for crude oil and fuel from September 2006 to September 2012:

Crude oil: 82.3 % increase
Petrol: 79.2 % increase
Diesel: 74 % increase

Price trends for crude oil and fuel from September 2011 to September 2012:

Crude oil: 2.8 % increase
Petrol: 17.6 % increase
Diesel: 17.6 % increase

- **Input Cost Monitor: The Story of Meat and Wool**

Wool-sheep producers spent most of their income on animal feed, ranging from R43/SSU in 2008/09 to R59.96/SSU in 2010/11. It is important to note that most areas experienced a drought in 2010/11, leading to increased expenditure on feed for wool-sheep production. Animal health costs also increased by R5.46/SSU, from R14.40/SSU in 2008/09 and 2009/10 to R19.86/SSU in 2010/11, due to the need for Rift Valley fever inoculations in 2010/11. The total variable cost for wool-sheep production in 2010/11 was R109.77/SSU, with feed and animal health products contributing 72.7 % to this figure.

The total average variable cost per SSU for mutton-sheep production in 2010/11 was R77.94/SSU compared to R34.00/SSU and R36.47/SSU in 2008/09 and 2009/10 respectively. The cost of animal feed increased significantly by R44.20/SSU between 2009/10 and 2010/11 as a result of drought conditions in the participating areas. The R2.69/SSU increase in the cost of animal health products in 2010/11 resulted from the need for Rift Valley fever inoculations, which had not been the case in previous years. Transport, marketing and other costs (casual labour, miscellaneous) in the three years concerned amounted to an average of 5 %, 7 % and 6 % respectively.

- **Input Cost Monitor: The Story of Maize and Wheat**

Comparing the variable input cost items per production region for the 2010/11 production season, producers in the NW Free State region had the largest expenditure on fertilisers, i.e. fertilisers contributed 32.5 % to the total variable input cost, followed by those of Northern KwaZulu-Natal. In the Eastern Free State region, expenditure on fertilisers was the lowest, contributing 29 % to the total variable input cost. In Northern KwaZulu-Natal, the seed cost, as a percentage of the total variable input cost, was the highest, while it was lowest in the NW Free State. The maintenance and repair cost, as a percentage of the total variable input cost, was highest in the Eastern Free State and the North West regions, while it varied between 5.9 % and 8.9 % contribution to the total variable input cost in the other production areas

For the production of wheat from 2003/04 to 2010/11, fertiliser and lime contributed between 20 % and 29 % to the total variable input cost. Repairs and parts contributed between 9 % and 13 % to the total variable input cost. The seed cost contributed about 9 % to the total variable input cost, while the cost for herbicides was between 4 % and 7 % of the total variable input cost. Fuel contributed between 11 % and 16 % and labour between 6 % and 8 % to the total variable input cost.

Agro food chain research

The NAMC also takes on the responsibility to gather certain key data and transform it into more accessible information. In-house research is conducted and the NAMC collaborates with other institutions to conduct agro-food chain research that is topical and demand driven. This research includes the following:

- The South African Mohair Industry: Processes and role players – challenges and opportunities
- Identification of the forces that determine competitiveness in the South African Dairy Value Chain – A desktop study
- Desktop View of the South African Seed Industry - A look at the value chain and different activities and role-players
- The NAMC also supported research pertaining to international benchmarking of the grain and beef sectors and co-hosted the international conferences.

Trade Research

The NAMC in collaboration with Directorate of International Trade (of DAFF) published six (6) **TradeProbes** covering a wide range of topical agriculture, fisheries and forestry (and food) trade issues. This publication was initiated to provide a tool where key trade issues are put into the public discourse with the aim of creating awareness to businesses and individuals to have access to packaged information regarding certain products, selected markets and opportunities. Within the trade research there is another standing called **South African fruit flow reports** (four of these reports were published during this financial year) that come from the support the NAMC provides regarding the weekly reporting of fruit flows during the harvesting times.

The trade research team continues to support an initiative aimed at fruit promotion to niche markets (markets that are also listed as strategic markets for South Africa) namely (but not limited to): Singapore, Malaysia, Hong Kong, and Indonesia. The aim is to make sure that smallholder farmers contribute a reasonable share of the export portfolio as a result of this intervention.

The NAMC in collaboration with the Trade Law Centre of Southern Africa (Tralac) has published a book titled *BRICS: South Africa's way ahead?* The book has fourteen chapters:

- South Africa's way ahead? Summary,
- South Africa's way ahead: are we a BRIC?
- Trade at a glance: the BRICS' engagements with Africa,
- Foreign direct investment (FDI) in South Africa: the BRICS perspective,
- Chinese domination of the African industrial goods market
- The BRICS and agricultural exports to Africa: are they a threat to South African interest?
- South African agricultural export prospects to the BRICS,
- The rise and rise of Brazilian agriculture: what does it mean for South Africa,
- Agriculture in Russia, India and China,
- South African agricultural imports and policy space,
- Trade remedies and safeguard in BRICS countries,
- South Africa's economy wide effects as a result of increased total factor productivity on the country's agricultural sector: preliminary investigation,
- South Africa's way ahead: into the MIST? and
- BLNS: The BRIC trading relationships in perspective with their EU trade.

The NAMC also published a study on the implications of trade liberalisation and regional integration in Southern Africa. The NAMC also provided comments to ITAC regarding tariff and rebate applications. On the issue of challenges of the fruit industry the NAMC did a study on the potential interventions needed on the fruit industry in order to maintain government support. The NAMC also initiated a team to look at exports of fruits and vegetables to the countries closer to South Africa from the Fresh Produce Markets. The NAMC hosted two workshops during the annual conference of the Agricultural Economics Association of South Africa from which two policy briefs were developed and communicated with DAFF.

Linking Farmers to Markets

The NAMC's research division has a unit looking at research on case studies of successes on linking farmers to markets. The aim of such studies is to showcase success story with the aim of being customised and duplicated elsewhere and where there are failures lessons can be drawn in order to avoid the reasons for such failures. During the financial year under review the unit completed four case studies (more oriented on smallholder, predominantly black, farmers):

- Case study of tunnels (tunnel farming),
- Case study of dairy farming,
- Case study of pork, and
- Case study of apples.

On top of the four case studies the NAMC's linking farmers to markets has compiled two baseline studies:

- Baseline study of Macadamias, and
- Baseline study on Litchi growing.

One of the projects that started in 2012/13 financial year is the "Contract Farming Investigation". It important to note that the investigation is still ongoing, and that it is envisaged to be finalised in the 2013/14 financial year, upon which a completed report will be presented.

STATUTORY MEASURES

Introduction

In terms of the MAP Act, the following statutory measures could be implemented:

- Statutory levies (section 15 of the MAP Act)
- Control of exports of agricultural products (section 16)
- Records & returns (section 18)
- Registration (section 19).

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

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

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

In an attempt to influence how the statutory levy funds should be spent, the NAMC requires that approximately 70 % of levy funds should be spent on functions such as research, information, export promotion, etc., at least

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 has compiled guidelines on what should be regarded as administration costs, generic promotions and transformation. These guidelines were compiled after the relevant agricultural industries were consulted.

The following investigations were undertaken by the Statutory Measures division during the 2012/13 financial year:

1. Citrus statutory measures

On 15 June 2012, the Citrus Growers Association of Southern Africa (CGA) applied to the Minister for the approval of a new term of statutory measures (registration, records & returns and levies), on citrus fruit exported. The previous statutory measures lapsed on 31 December 2012. On 10 December 2012 the Minister approved the implementation of the new statutory measures on citrus fruit. The relevant notices were published on 4 January 2013.

2. Cotton statutory levies

On 14 November 2011, Cotton SA applied for the continuation of the cotton statutory levy after the lapsing date of 31 March 2012, for a further period of 4 years. On 1 February 2012 the NAMC Council decided to recommend to the Minister the approval of the proposed continuation of the levy on local cotton lint for two years only. Furthermore, the NAMC was of the opinion that the statutory levy is not sufficient to address the problems in the cotton industry. The continuous decline in cotton production and the failure in promoting cotton production and consumption, and the further contraction of the cotton textile industry in South Africa, need to be addressed.

The NAMC therefore recommended that serious consultation between spinners, ginners, labour and producers are necessary to address these issues and to develop a concrete plan to revive the South African cotton industry. The NAMC's recommendations were submitted to the Minister on 24 February 2012. The recommendations were approved by the Minister on 14 May 2012, and the new cotton levies were promulgated on 1 June 2012.

3. Dairy statutory levies (surplus funds)

On 11 January 2010, Milk SA requested ministerial approval to spend the surplus funds (R13.9 million) remaining after the four year levy period ended on 31 December 2009. This process was delayed several times, but on 26 August 2011 the Minister approved that R4 282 660 be utilised for projects identified by Milk SA, but the remainder of the surplus funds (plus interest) be used for transformation programmes, in order to provide comprehensive support to create critical mass in specific areas, with the focus to support black-owned dairy businesses in the entire dairy value chain. Furthermore, the Minister approved that Milk SA should report on a regular basis (every six months) to the NAMC and the Department of Agriculture, Forestry and Fisheries (DAFF), regarding the employment of these funds.

On 3 September 2012, Milk SA reported for the first time on the project "Promoting sustainable commercialisation of existing black dairy farmers". Milk SA indicated that since beneficiaries are located in five provinces, they decided to implement the project in phases to ensure proper attention. The Free State Province was selected as the first area for implementation because of the larger number and close proximity of farmers in one area. On 20 September 2012, the NAMC contacted Milk SA requesting the area of the farms, contact details of the farmers and the person in charge of Milk SA's projects, in order for the NAMC to

visit those farms. It was indicated by Milk SA that the projects were located in the QwaQwa area and that Milk SA's transformation manager was in charge of the projects. By the end of the financial year, Milk SA and the NAMC were in consultation regarding the planned farm visits.

4. Dairy inspectors

On the 11 March 2013, Milk SA applied to the Minister for the appointment of inspectors in terms of section 21 of the MAP Act. The application is part of the execution of Milk SA's statutory mandate to enforce compliance with promulgated dairy statutory measures. By the end of March 2013, the NAMC was in the process to finalise its submission in this regard to the Minister for her consideration.

5. Deciduous fruit statutory levies (fruit fly)

On 17 January 2012, Hortgro Services applied, on behalf of the deciduous fruit industry, for the expansion and continuation of the per hectare (ha) statutory levy, to fund the area wide Mediterranean fruit fly control programme, in selected production regions for the next four years. On 25 July 2012, the Minister approved the implementation of the area based (per ha) statutory levy to combat the Mediterranean fruit fly (Medfly), as requested by Hortgro Services. The relevant notice was published in the *Government Gazette* of 10 August 2012.

6. Deciduous fruit statutory levies (market development for stone fruit)

On 28 August 2012, Hortgro applied on behalf of SASPA (SA Stone Fruit Producers' Association) for the implementation of the continuation and extension of statutory levies on stone fruit to fund their market development programmes. After the Minister approved the proposed statutory levies, it was promulgated in the *Government Gazette* of 8 March 2013.

7. Dried fruit statutory measures

On 24 May 2012, the Dried Fruit Technical Services (DFTS), applied for the a new term of statutory measures (registration, records & returns, and levies), on dried fruit. It was proposed that the statutory measures be implemented for a new four year period. On 15 October 2012 the Minister approved the implementation of the statutory measures on dried fruit. The relevant notices were published on 2 November 2012.

8. Grain statutory measures

On 28 November 2011, Grain SA requested the Minister to approve a statutory measure (records and returns), in respect of intended imports or exports, by every intended importer and exporter of grain and oilseeds, and to supply the information to the South African Grain Information Service (SAGIS), within 7 days after a contract has been concluded, for the intended import or export of grain or oilseeds. On 28 February 2012 the NAMC Council decided to recommend the request for ministerial approval. The NAMC submission was sent to the Minister on 7 March 2012.

After the NAMC received a letter from the SA Cereals and Oilseeds Traders Association (SACOTA), raising their concern that the proposed statutory measure may not achieve the better price transparency desired, and in fact may have the opposite consequence in the grain and oilseeds markets, the NAMC arranged a meeting between SACOTA, Grain SA and the NAMC to discuss the matter. This meeting was held on 4 April 2012. The result was that Grain SA, in their letter of 10 May 2012, officially withdrew their application for the proposed statutory measure, subject to the establishment of a Supply and Demand Estimates Committee (SDEC).

9. Lucerne statutory measures

On 24 October 2012, the National Lucerne Trust (NLT) requested the Minister's approval for the continuation of the statutory measures relating to registration and records & returns for another four years. The existing statutory measures in the Lucerne industry will only expire on 30 April 2013.

The NAMC investigated the new application and made a recommendation to the Minister for her consideration, but her decision was not known by the end of the financial year (31 March 2013).

10. Milk statutory measures (amendment)

On 9 October 2012, the Milk Producers' Organisation (MPO) applied to the Minister for the amendment of their statutory measure relating to records and returns to be completed by milk producers in the South African milk industry. According to the MPO, it is essential for the MPO to accurately determine the size of the market for milk and dairy products in South Africa in order to enable producers to make timeous decisions with regard to milk production. The size of the market is determined by adding total imports to total production and then deducting total exports. Incorrect market signals regarding the demand for and supply of milk and dairy products can have disastrous results for the industry as a whole. In order for the MPO to correctly calculate market size it is necessary to verify the correctness of statistics reflecting the imports and exports of milk and dairy products.

Furthermore, the MPO indicated that they frequently received complaints from neighbouring countries that South African milk products are exported into these countries at abnormally low prices. Currently, the MPO does not have the authority to investigate such complaints because of lack of access to relevant documentation. The MPO would be able to timeously identify threats in the above mentioned regard and alert the relevant authorities if it

has access to the relevant documentation and samples of suspect products.

On 8 February 2013, representatives of the NAMC had a meeting with representatives of the MPO. A number of issues were discussed, including the lack of support from directly affected groups for the proposed amendment. Eventually, the representatives of the MPO agreed that they will withdraw their application, where after they will amend the application and that they will also lobby for more support from directly affected groups in the dairy industry before they will do the next application.

11. Mohair statutory measures

On 26 April 2012, the NAMC received an application from Mohair SA for the continuation of statutory measures relating to records & returns and registration of certain role players in the mohair industry.

On 14 August 2012, the Minister approved the continuation of statutory measures (records & returns and registration) in the South African mohair industry for a period of four years to lapse on 31 July 2016. The relevant Notices were published in the *Government Gazette* of 19 October 2012.

12. Olive statutory measures

On 23 May 2011, the NAMC received a request from the SA Olive Industry Association for the implementation of statutory measures (registration, records & returns and levies) on table olives and olive oil products. It was requested that the statutory levies be introduced on domestic productions, imports and exports of olive products.

On 14 May 2012, the Minister approved the proposed statutory measures requested by SA Olive for a period of four years, with the condition

that SA Olive fully integrates importers and traders in its decision making structures before applying for the continuation of these statutory measures. The notices were published in the *Government Gazette* of 1 June 2012.

13. Special dispensation (grain imports and exports)

On 18 July 2012, the Animal Feed Manufacturers Association (AFMA) and the South African Cereal and Oilseed Trade Association (SACOTA), requested the NAMC to investigate the imposition of certain conditions that would allow maize to be imported under a special dispensation. Against the background of the unstable maize balance situation during the past few marketing years, the 2007 draft Contingency Plan was sent to the NAMC on 26 July 2012, as part of the request.

Section 22 of the Marketing of Agricultural Products Act, Act no 47 of 1996, (MAP Act), stipulates that in extraordinary circumstances and bearing in mind the Republic's international obligations, the Minister may, after consultation with the Council by notice in the *Gazette*, prohibit the import and export of any agricultural product or class thereof to or from the Republic.

After the NAMC investigated the request, the NAMC came to the conclusion that the current proposed Contingency Plan is unacceptable. It was therefore recommended that a new Contingency Plan be drafted by the Maize Forum in consultation with DAFF. The NAMC was also of the opinion that the grain industry can also consider applying for a statutory measure to control exports of maize in terms of section 16 of the MAP Act.

14. Supply & Demand Estimates Committee

On 4 April 2012, during a meeting between SACOTA, Grain SA and the NAMC, it was decided to establish a Supply & Demand Estimates Committee (S&DEC) as an alternative for the administration of a grain statutory measure. The purpose of the Committee is to publish a monthly report on intentions to export or import. The grain industry also decided to obtain the Competition Commission's approval for the establishment of the S&DEC. The Competition Commission's approval will be in the form of an advisory opinion regarding the activities of the S&DEC. It was agreed that an advisory opinion from the Competition Commission first be acquired before the S&DEC becomes operational.

Although the Competition Commission was invited to attend the first few informal meetings of the S&DEC, they were unable to do so. On 30 October 2012 the S&DEC had its fourth 'dry run', but this time in the presence of officials of the Competition Commission in order for the latter to issue an advisory opinion. On 25 January 2013, another meeting was held between the NAMC and the Competition Commission, to discuss certain issues regarding the proposed S&DEC.

The Competition Commission informed the NAMC that they have studied the request and want to be 100 % sure how it will operate and that it will not intervene against the Competition Act. The concerns raised by the Competition Commission after the meeting of 25 January 2013, include the following:

- *The independency and confidentiality of the gathering of the data.*

The procedures were explained and it was emphasised that no company specific data is collected or distributed towards the members of the S&DEC. It is also emphasised that only aggregated data will be carried in the S&DEC meetings for the members to take consider.

- *The independency of the members serving on the S&DEC.*

The Competition Commission was assured that the members will stay independent and that they have no association with any stakeholders or participants in the market. It is important that the members stay and are independent to assure integrity and objectivity of the S&DEC. A revised *criteria* for members to serve on the S&DEC was sent to the Competition Commission for their consideration.

- *Information regarding similar global initiatives in other countries.*

The Competition Commission requested information or literature regarding the functioning of other similar initiatives. This was provided to them.

The Competition Commission's Advisory Opinion was received by the NAMC on 8 March 2013 and was distributed to all parties involved. The NAMC received conditional 'approval' to commence with the S&DEC and S&DELCA activities as proposed. A meeting of the S&DELCA will be held on 17 April 2013 in order to determine the best way forward, given certain pointers by the Competition Commission.

15. Table grape statutory measures

On 24 April 2012, the South African Table Grape Industry (SATI) applied on behalf of the South African Table Grape Producers' Association (SAT), the producer representative body, for the implementation of a new four year period of statutory measures applicable on table grapes exported (levies, records & returns and registration). On 15 October 2012 the Minister approved the implementation of the statutory measures on table grapes. The relevant notices were published in the *Government Gazette* on 2 November 2012.

16. Transformation statutory levies

On 14 May 2012, representatives of the NAMC held a meeting with a representative of the African Farmers' Association of South Africa (AFASA) regarding AFASA's proposal for the establishment of an Agribusiness Transformation Trust Fund. AFASA's representative indicated that since the establishment of Agricultural Trusts who received funds from the former control boards, and the introduction of statutory levies in terms of the MAP Act, no significant transformation has been achieved. On 12 June 2012, the NAMC also wrote a submission to the Minister requesting a meeting between the Minister and the chairperson of the NAMC to discuss the proposal for the establishment of the Agribusiness Transformation Trust Fund.

17. WIDA financial structures

Following an enquiry from a directly affected group in the wine industry regarding certain financial activities within the Wine Industry Development Association (WIDA), the NAMC requested PricewaterhouseCoopers (PwC) to assist in establishing whether the necessary financial procedures and structures are indeed in place at WIDA.

PwC indicated that they were satisfied with WIDA's financial statements for the year ended 31 December 2011. However, they identified several areas of governance that require attention and they recommended that WIDA should engage with a professional financial advisor to improve these issues and to improve the governance structure of WIDA.

In November 2012, the NAMC Council requested that a letter be drafted to the applicants (SALBA, WCSA and Vinpro) of the statutory measures in the wine industry informing them of the report. On 4 December 2012, the NAMC Secretariat sent a letter to the applicants of statutory measures in the wine industry requesting them to ensure that the areas of governance identified by PwC

are addressed and that they inform the NAMC of the progress made not later than 1 June 2013.

18. Winter cereal inspectors

Section 21 of the MAP Act stipulates that the Minister may authorise and designate persons as inspectors to ensure that statutory measures are adhered to as prescribed by regulations in the *Government Gazette*. The inspectors are issued with Certificates signed by the Minister to specify the promulgated statutory measures that may be inspected by them.

On 2 August 2010 ministerial approval was granted to implement new statutory levies on winter cereals, which were published in Government Notice No R.727 of 20 August 2010. The Winter Cereal Trust requested that the Minister authorise and designate the proposed three persons as inspectors to perform the functions associated with the inspection of persons responsible for the payment of statutory levies on winter cereals. On 25 July 2012 the Minister authorised and designated the proposed three persons as inspectors, to perform the functions associated with the inspection of persons responsible for the payment of statutory levies on winter cereals.

19. Wool statutory measures

On 28 June 2011, the NAMC received an application from Cape Wools SA for the continuation of statutory measures relating to records & returns and registration of certain role players in the wool industry to replace the statutory measures which lapsed on 30 June 2012. On 1 June 2012, the Minister approved the continuation of statutory measures (records & returns and registration) in the wool industry for a period of four years to lapse on 30 June 2016, provided that the processed information is available on a national basis to directly affected groups in the wool industry. The relevant notices were published in the *Government Gazette* of 22 June 2012.

Statutory measures promulgated during the 2012/13 financial year

Notice	Date	Description
No. R.412	1 June 2012	Olives – records & returns
No. R.413 No.R.414	1 June 2012 1 June 2012	Olives – registrations Olives - levies
No. R.415	1 June 2012	Cotton - levies
No. R.472	22 June 2012	Wool - registrations
No. R.473	22 June 2012	Wool – records & returns
No. R.621	10 August 2012	Deciduous fruit (fruit fly) – levies
No. R.833	19 October 2012	Mohair – records & returns
No. R.834	19 October 2012	Mohair – registrations
No. R.890	2 November 2012	Table grapes – levies
No. R.891	2 November 2012	Table grapes – records & returns
No. R.892	2 November 2012	Table grapes – registrations
No. R.893	2 November 2012	Dried fruit – levies
No. R.894	2 November 2012	Dried fruit – registrations
No. R.895	2 November 2012	Dried fruit – records & returns
No. R.1	4 January 2013	Citrus – levies
No. R.2	4 January 2013	Citrus – records & returns
No. R.3 No.R.153	4 January 2013 8 March 2013	Citrus – registrations Stone fruit – levies



Summary of Statutory Measures

The following table summarises the statutory measures that were applicable in the South African agricultural sector during the 2012/13 financial year:

Table 1: Statutory measures applicable during the 2012/13 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 (pome and stone fruit)	HORTGRO Services	√	√	√
Dried fruit	Dried Fruit Technical Services	√	√	√
Fynbos (proteas)	HORTGRO Services	√	√	√
Grains (Maize, Oilseeds, Sorghum, and Winter Cereals)	The South African Grains and Information Services (SAGIS)		√	√
Lucerne	Lucerne Producers' Organisation	√	√	√
Mangoes	Subtrop	√	√	√
Milk	Milk Producers' Organisation		√	√
Mohair	Mohair SA		√	√
Pecans	SA Pecan Producers' Association	√	√	√
Pork	SA Pork Producers' Organisation	√	√	√
Potatoes	Potatoes SA	√	√	√
Poultry and eggs	Southern African Poultry Association	√	√	√
Red meat	Meat Statutory Measure Services	√	√	√
Sorghum	Sorghum Trust	√		
Table grapes (export only)	SA Table Grape Industry	√	√	√
Grapes and grape juice intended for the production of wine	SAWIS (information) Winetech (research) WOSA (export promotion) WIDA (transformation)	√	√	√
Winter Cereals	Winter Cereal Trust	√		
Wool	Cape Wools SA		√	√

Statutory levies collected

The NAMC reviews statutory measures on an annual basis. The 2011 survey regarding statutory measures was completed in July 2012. As part of the 2011 survey, the NAMC received the latest audited financial statements as submitted by the relevant levy administrators – the financial year end for each levy administrator could differ from each other. Table 2 indicates the levy income, the value of products at the first point of sale, levy income as a percentage of the value of the product and the levy collection rate for the different commodities captured for the 2011 survey.

Table 2: Total Amount of Levies Collected

Product	Levy income	Total value of product at the first point of sale *	Levy income as a percentage of the value of the product	Levy collection rate
	R	R	%	%
Citrus (exported)	43 724 911	5 000 000 000	0.87	99
Cotton lint	1 683 411	92 000 000	1.83	114
Dairy products	29 292 893	8 378 627 222	0.35	96
Deciduous Fruit	49 709 574	1 476 879 891	3.37	96
Dried fruit	1 891 342	478 842 000	0.39	97
Mangoes	1 093 151	65 589 060	1.67	85
Pork	16 774 658	3 063 400 000	0.55	104
Potatoes	24 557 928	5 746 720 817	0.43	103
Poultry	26 797 820	3 596 000 000	0.75	99
Red meat	21 592 522	18 946 000 000	0.11	113
Sorghum	1 672 287	215 000 000	0.78	69
Table grapes	17 462 504	2 945 298 984	0.60	97
Wine	65 840 238	3 619 400 000	1.82	98
Winter cereals	39 587 939	3 733 929 000	1.06	87
TOTAL	341 681 178	57 357 686 974	0.60	

Levy income

The total levies collected as part of the 2011 survey amounted to R341.7 million, which is 11.5 % more than the R306.5 million reported as total levy income in the 2010 survey.

Value of agricultural products at first point of sale

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

According to the 2011 survey, the total value at first point of sale of all products which were subject to a statutory levy was approximately R57.4 billion, compared to R65.8 billion reported in the 2009 survey – a decrease of 12.8 %. This decrease is mainly due to the fact that the red meat industry reported that the value of their products at the first point of sale is approximately R6 billion less than the previous year. One could only assume that they reported much more accurate figures during the 2011 survey. The figure reported by the dried fruit industry is also approximately R2 billion less than the previous year. The total levy income as a percentage of the value of agricultural products at the first point of sale is on average, approximately 0.60 %.

Levy collection rate

Most levy administrators achieved a high collection rate. The average collection rate of all products is approximately 97 %. This is attributable mainly to the thorough consultative process that takes place 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. It may therefore be concluded that, once an industry applies for a statutory levy, the role players are willing to pay these levies.

In evaluating an application for statutory levies, both the NAMC and the industry concerned have to ensure that there is sufficient support for a levy. Another factor contributing to the high collection rate in most industries is the low number of collecting points.

Allocation of statutory levies

For the 2011 survey, the total expenditure was approximately R342.2 million, which is 8.6 % more than the R315.2 million reported in the 2010 survey. The allocation of statutory expenditure to the various functions is set out in Table 3 below.

Table 3: Functions to be financed through statutory levies

Functions	Amount spent R	% of total levy expenditure 2011	% of total levy expenditure 2010	% of total levy expenditure 2009
Administration	19 392 734	6	6	6
Transformation	79 842 022	23	21	22
Export promotion & market access	50 913 157	15	10	12
Research	91 811 308	27	32	33
Information and Industry liaison	34 220 159	10	11	9
Production development	2 773 883	1	1	1
Plant improvement	7 448 390	2	1	1
Quality control	15 200 307	4	5	2
Local promotion and consumer education	40 615 282	12	13	14
TOTAL LEVY EXPENDITURE	342 217 242	100	R315.2 million	R276.9 million

Administration

The NAMC has implemented a guideline that not more than 10 % of levies collected should be used for administrative purposes. On average, approximately 6 % (R19.4 million) of levies collected was spent on administration, which is below the guideline of not more than 10 %.

Information

Approximately 10 % (R34.2 million) of total levy expenditure was allocated to the information function. Accessible, accurate market information that is regularly and timeously available not only increases market access but also promotes efficiency in the marketing of the specific agricultural product. It also contributes to the optimisation of export earnings and enhances the viability of the relevant agricultural industries and the agricultural sector at large. Market information is essential for all role players in a deregulated marketing environment if they are to make informed decisions and if the market is to operate effectively. Without a continuous stream of proper, accurate and timeous market information, the market will not develop as it should and role players, including emerging farmers, will not be able to participate on an equal footing.

Research

The satisfactory performance of the South African agricultural sector, despite the lack of high-potential arable land and the low rainfall, can be attributed to a great extent to the development and application of agricultural research. Approximately 27 % (R91.8 million) of total levy expenditure was spent on research projects in the 14 industries that collected levies. Some of the industries are doing or initiating their own research, but a major portion of the R91.8 million was made available to the Agricultural Research Council (ARC) to undertake research in the agricultural sector, in consultation with the industries concerned.

Transformation

Before August 2005, the NAMC's guideline was that at least 10 % of levy income should be used to the benefit of previously disadvantaged individuals (PDIs). In an attempt to increase the amount spent on transformation, the NAMC changed the guideline in August 2005 to require that approximately 20 % of levy income should be used for transformation purposes. According to the 2011 survey, the total amount spent on transformation projects was approximately R79.8 million, compared to the approximately R65.7 million spent on transformation in the 2010 survey – an increase of 21.5 %.

The increase in production by black farmers as a percentage of total production may be regarded as one of the main indicators for monitoring the process of bringing black farmers into the mainstream of commercial agricultural production. This enables the NAMC to monitor progress made in improving emerging farmers' production. The 2011 survey indicated that the market share of emerging farmers increased in most sectors, but is still relatively small in most agricultural industries.

Export promotion

A total amount of approximately R50.9 million was spent on export promotion. Wines of South Africa (WOSA) is promoting South African wine on the overseas markets. WOSA has offices in Canada, Germany, Denmark, Sweden, The Netherlands, the United States (US) and the United Kingdom (UK), and participated in international wine shows. Other industries, such as the citrus, deciduous

fruit and potato industries, are also promoting their commodities in overseas markets.

Local promotion

The dairy, pork and the poultry industries spent 41 %, 51 % and 41 % respectively of total expenditure on promotion activities in the local market. On 16 August 2005, the NAMC held a workshop with levy administrators to discuss the desirability of generic promotions. The outcome was a decision that generic promotions should continue provided there was sufficient support within a specific industry. It was also agreed that these promotions should, in future, be referred to as the promotion of "consumer awareness".

During 2010, the NAMC investigated the economics and impact of generic promotion on agricultural commodities that are funded by statutory levies. According to the study, generic promotion could have positive effects, but it is only one of many factors affecting the demand for agricultural products. The rationale for generic promotion is particularly strong where there are large numbers of producers responsible for a generally homogeneous agricultural product, and individual producers are unable to differentiate and promote their own products. This rationale diminishes where relatively few producers are producing a product or where the product is not homogenous and is easy to differentiate. The specific objectives of generic promotion are to increase sales or to contain reductions at given prices, to augment prices or at least to contain reductions, and to induce consumer loyalty.

Agricultural products subjected to statutory levies

The total gross value of agricultural production (total production during the production season valued at the average basic prices received by producers) for 2012 is estimated at R140 417 million, compared to R128 214 million in the previous year – an increase of 9.5 %. The gross value of animal products, horticultural products and field crops contributed 48.2 %, 25.9 % and 25.9 % respectively to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 22.6 %, followed by cattle and calves slaughtered with 13.0 % and maize with 11.9 %.

Table 4 provides information about agricultural products which are subjected to statutory levies, based on the gross value of the individual agricultural products. (Source: DAFF 2012 Abstract).

TABLE 4: AGRICULTURAL PRODUCTS SUBJECTED TO STATUTORY LEVIES

		Products levied R ' million	Percentage levied	Products not levied R ' million	Percentage not levied	Total R ' million
Field crops	Cotton	209				
	Sorghum	297				
	Winter cereals	3 455				
	Lucerne seed and hay	3 211				
	Maize			16 670		
	Sugar cane			5 272		
	Oilseeds			5 969		
	Other			1 270		
	Sub-total	7 172	19.7	29 181	80.3	36 354
Horticulture	Citrus	6 463				
	Deciduous and dried fruit	9 701				
	Mangoes	65				
	Potatoes	4 862				
	Viticulture	3 697				
	Vegetables			7 860		
	Other			3 730		
	Sub-total	24 788	68.1	11 590	31.9	36 378
Animal products	Dairy	9 114				
	Red meat	18 296				
	Pork	3 027				
	Poultry and eggs	31 745				
	Other			5 504		
	Sub-total	62 182	91.9	5 504	8.1	67 686
	TOTAL	94 142	67.0	46 275	33.0	140 417

According to Table 4, approximately 67.0 % of all agricultural products, in terms of the gross value of the individual products, are subjected to a statutory levy. If the statutory measures relating to registration, records and returns are included, 83.2 % of all agricultural products (in terms of their gross value) make use of statutory measures.

It is also clear from Table 4 that directly affected groups involved with animal products are more inclined to make use of statutory levies: 91.6 % of animal products, in terms of gross value, have statutory levies. The maize industry, which is the third largest agricultural sector after the poultry and red meat industries, with a gross value of R16.7 billion, does not use statutory levies because it has sufficient funds in the Maize Trust. These funds were transferred

from the former Maize Board and are used to finance generic functions in the maize industry. Only 19.7 % of field crops have a statutory levy – taking into consideration the situation regarding maize and the fact that the sugar industry collects funds in terms of other legislation.

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. The CELC's function is, amongst others, to monitor the performance of the Crop Estimates Committee (CEC) and make recommendations for the further improvement of crop estimates on an ongoing basis.

During the 2012/13 financial year, the CELC met twice. The first CELC meeting was held on 8 May 2012, to discuss the final calculated winter crops for the 2011 production season was released and published. The second CELC meeting was held on 29 November 2012, during which the CELC agreed to the calculation of the final total summer crops for 2011/12, but requested that more effort be put into the mechanisms to ensure the correctness of crop estimates.

Sub-programme: Registration of Directly Affected Groups

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

that are affecting specific commodities and to invite them to express their views regarding a specific intervention.

On 25 January 2013 the NAMC invited directly affected groups in the agricultural sector through the Government *Gazette* and other relevant media to register with us. Following this invitation, the NAMC received a total number of 35 responses (18 new registrations and 17 changes to contact details of existing directly affected groups). The register was updated accordingly.



AGRIBUSINESS DEVELOPMENT

Introduction

During the 2012/2013 financial year, the NAMC continued collaborating with institutions in the public and private sectors in designing programmes that were aimed at increasing market access, encouraging new business development and capacitating historically disadvantaged enterprises in the agricultural sector.

When developing its programmes that target the emerging producers, the Agribusiness Division of the NAMC was guided by three of the four MAP Act objectives in addition to other various government policies. The MAP Act objectives that guided the agribusiness development of the NAMC were:

- Increasing of market access for all market participants
- The optimisation of export earnings from agricultural products
- The promotion of the efficiency of the marketing of the agricultural products.

The performances of the NAMC's agribusiness development division for the 2012/2013 financial year are presented below.

Development Schemes

The NAMC continued designing and facilitating the implementation of the development schemes with both the private and public institutions. The schemes were designed and implemented to uplift the black producers in the agricultural sector and to encourage their integration into the commercial mainstream. During the year under review, the following were achieved:

Potato Development Scheme – The NAMC in the previous years had designed and facilitated the implementation of a number of development

schemes. The Development Schemes are meant to uplift the emerging producers in the agricultural sector. The intention of the development schemes was to introduce some targeted interventions to encourage the integration of the emerging producers in the commercial mainstream. In addition, the development schemes were aimed at introducing some incentives for institutions already working with the emerging producers to expand their involvement. The interventions are normally for a limited period and phased out once the producers are able to participate in the commercial arena.

During this reporting period, the NAMC had a meeting with Potato SA in order to explore the possibility of designing a Potato Development Scheme within the potato sub sector to support the emerging producers. The NAMC and Potato SA agreed to form a working group committee, which will be chaired by Potato SA when designing the scheme. Once the design is complete, it will be followed by the implementation. Both the national and provincial departments of agriculture will be part of the working group committee.

Sweet Potato Scheme – The NAMC entered into a collaborative initiative with ARC and PPECB on the commercialisation of sweet potato production in the Tshiombo Irrigation Scheme in the Limpopo province. This collaboration operationalises an already existing agreement between the ARC, NAMC and Landbank. The development scheme aims to link 100 small scale sweet potato producers that are participating in this project with the market. The ARC has planted new cultivars of orange-fleshed sweet potato variety, which they developed and will also establish a nursery in the area.

The NAMC conducted project site visit to assess the status of the farms businesses. The project is located along the Tshiombo valley approximately 30km outside Thohoyandou.

Tshiombo Irrigation Scheme is the largest smallholder scheme in the Municipality with a potential capacity of 1117 hectares, irrigated through a gravity fed system of canals. At present there are 833 farmers who cultivate small plots (average 1.3ha) within the scheme, growing a rotation of maize, sweet potatoes, beans, ground nuts and leaf vegetables. At present moment, the production area is covered by sweet potatoes.

Sunflower Development Scheme – During this reporting period, the growers that were supported under the sunflower scheme harvested their crops. All the producers except one did well and they were able to repay their loans. The NAMC had a meeting with the Land Bank to increase the producers that will be participating in this scheme.

Training

During the year under review, the NAMC facilitated 4 different training programmes to capacitate the producers to operate their businesses successfully. One of the training courses was tailor-made for women entrepreneurs. Below are the different training courses which were attended by the producers:

AgriBiz Training for Women Entrepreneurs

The NAMC hosted an annual four days training course for 32 women entrepreneurs from the 14th to 17th May 2012 in Stellenbosch. This is the NAMC annual training course with an objective of capacitating the women entrepreneurs through marketing, financial and strategic management training skills. The training course was made available by the financial support of the private sector and Government departmental directorates.

The NAMC collaborated with the following government departments: Mpumalanga Department of Agriculture, North West Agriculture and Rural Development, KZN Agriculture and Environmental Affairs and Northern Cape Department of Agriculture and South African Women Entrepreneur Network (SAWEN). The training programme was made possible by the financial support of the Land Bank.

Making Markets Matter Workshop

The NAMC in collaboration with its industry partners and other government agencies supported 16 producers to participate at the annual Making Markets Matter workshop hosted in Lord Charles, Somerset west, Cape Town from the 6th to 11th May 2012. The NAMC collaborated with USAAA, HORTGRO, SATI and the North West Agriculture Department to financially support the emerging producers to attend the training workshop.

The Making Markets Matter Workshop is an intensive multi-day business development training workshop that prepares black agribusinesses from all over the African continent to meet the ever increasing demands of today's global agro-food system. The workshop featured world-class facilitators who offered training on access to business development services, management training, marketing strategies and financial analysis. Agribusinesses from other African countries participated in the workshop

Product quality and Introduction to safety, responsible use of pesticides and GAP

The NAMC in collaboration with Limpopo Department of Agriculture, SATI and PPECB offered two trainings which were identified to address the challenges faced by Rahlagane and Sunningdale table grapes farm. The two trainings were attended by a total of 32 participants. Fourteen participants attended the "Product Quality" training and eighteen participants attended "Introduction to safety, responsible use of pesticides and GAP". The training were rolled out successfully

Business and Financial Management

NAMC in collaboration with Mzinti training centre in Mpumalanga facilitated a training programme to capacitate farmers on business and financial management. The training was held from 6 to 8 November 2012, at Mzinti training centre Mpumalanga. The training was attended by 12 young farmers. The training was facilitated by one of our partners, Buhle farmers Academy based in Mpumalanga

Export Promotion

During the 2012/2013 financial year, the NAMC continued supporting the emerging producers with their endeavours to export their products. Under the export promotion programme, the following achievements are noted.

Macadamia Growers – The NAMC collaborated with the Subtropical Association, IDC, and Limpopo Department of Agriculture on this project. The aim was to increase the volumes exported, but also to improve the quality of the nuts delivered to the factory to enable farmers to obtain better price for their produce. The project was initially started by Green farm nut co, the biggest nuts processor in the region, few years ago with the objective of not only increasing the volumes exported, but also to improve the quality of the nuts delivered to the factory to enable farmers to obtain better price for their produce.

As a pilot, 14 growers with a total of 125 ha were identified to participate and shall receive both technical and financial support to improve production. The NAMC conducted a Value chain study on selected macadamia growers around Makhado Municipality of Limpopo province. The purpose of the value chain study was to get the status quo of these emerging macadamia growers in the area and also to identify constraints along the value chain that hamper the growers to produce to full potential. This is an ongoing project and the collaborators envisaged to provide the interventions in the next financial year.

Apple Growers – The NAMC in collaboration with Hortgro and the Mpumalanga department of agriculture identified 8 apple projects in Mpumalanga province for support. Due to challenges faced by these producers and the lack of financial support, the project was divided into series of phases. The first phase of the project was to conduct the diagnostic analysis to identify the immediate needs of these producers. The second phase was to implement the interventions identified; however, this was subjected to the availability of funds. The NAMC commissioned a rapid diagnostic analysis on these apple farms in Mpumalanga as part of its export promotion programme.

The diagnostic analysis was commissioned to identify areas of intervention in order to improve the overall production of these farms. The diagnostic analysis highlighted a number of bottlenecks among them being inadequate infrastructure on the farms, wrong selection of the variety and lack of basic technical understanding by the producers. The report further highlighted the capital investment required to make these projects viable. The capital investment required is estimated at R15 million. The interventions will be implemented in the next financial year

Litchi Growers – The NAMC collaborated with the Subtropical Association to support the litchi growers in Tzaneen, Limpopo province with the endeavours to export their products. In order to identify the constraints that hampers these producers to produce quality exportable products, the NAMC conducted a value chain analysis. At least six (6) emerging litchi growers participated in the study. The purpose of the value chain study was to get the status quo of six emerging litchi growers in the area and also to identify constraints along the value chain that limit the growers to produce to full potential. In addition to that, the study also seeks to clarify the roles of various stakeholders that form the project task team with the aim of assisting farmers to grow into commercial.

As part of the way forward, the value chain report shall assist the team in terms of drawing the intervention strategies/plans that will be adopted and implemented by the role players involved and those who will be approached depending on the needs and the expertise required. The interventions plans drawn from the survey will also serve as a business model that if successful, will be used and/or replicated to other farmers and commodities.

Table Grapes Growers – The NAMC and South African Table Grape Industry (SATI) entered into a collaborative agreement on improving the quantity and quality of table grapes among table grapes emerging farmers in producing provinces. The objective of this initiative is to support the producers to increase their quantity of exports and the quality of exported table grapes.

The quality of table grapes will be met by planting the competitive cultivars (enterprise development) and capacity building of the enterprise through trainings on operating the agribusiness. During this reporting period, the NAMC, SATI and provincial department of agriculture in Limpopo conducted assessment on the selected farms to identify areas of interventions. The report identified the challenges, risks and the resolutions for these farms. The report highlighted lot of technical issues that these farms are encountering and proposed some measures to be taken. All the stakeholders involved agreed to share some of the technical costs required to bring these farms to normality. The other challenges that were critical to address was the Global Gap management training. PPECB was engaged to address the issue of Global Gap.

Supply Chain Logistics Programme – The Supply Chain Logistics Programme (SCLP) as funded by the Flemish government came to its contractual conclusion at the end September 2012. The overall objectives of the SCLP programme were met with the exception of Global Gap certification. It was decided that the farmers that couldn't achieve the Global Gap certification should be assisted with at least SA-GAP and the process, which is facilitated by PPECB is still underway. Due to the importance of this programme, the department of agriculture in the Western Cape has taken over the funding of the programme until the end of this current financial year.

As part of the agreement, the number of farmers participating on the project was increased from 15 to 19. Over and above, the Western Cape Government under the MoA have agreed to allocate funding to the NAMC to carry out the activities of the SCLP programme. One of the objectives of the SCLP programme was to develop a business model which if successful, will be replicated to other commodities and areas around the country. During the period under review, the NAMC conducted the value chain assessment of citrus growers in the Eastern Cape. The analysis included producers in Fort Beaufort, Peddie and Sundays River.



AGRICULTURAL TRUSTS

Introduction

The Agricultural Trust division has been mandated to manage the communication process between the Agricultural Industry Trust and the Minister of Agriculture, Forestry and Fisheries.

Communication to Minister of Agriculture, Forestry & Fisheries

On an annual basis, the AgriTrust Division publishes one (1) report which broadly outlines the performance of the Industry Trusts in terms of their contribution to Transformation, Financial performance amongst others. The Division has also prepared written presentations to the Minister in the form of submissions that need to be addressed by the minister urgently.

Ministerial Representatives in the Industry Trusts Boards

There are 13 Agricultural Industry Trusts, each managed by a board of Trustees. In each board, the Minister is represented by 26 ministerial Trustees that serve a term of 2-3 years depending on the Trust Deeds of the respective Trusts. The mandate of the Ministerial Trustees is to ensure that the Trusts align their objectives to those of government in especially with regards to transformation. The ministerial trustees must also ensure that funds of Trusts are used to benefit the entire agricultural sector.

During the current financial year, the term of office for Ms Sarah Louw of the Mohair Trust expired and she was replaced by Mr Thukelo Mashologu. The term of office for trustees in the Winter Cereal Trust (WCT) also expired however; NAMC is waiting for the names of the new trustees from the ministry of DAFF.

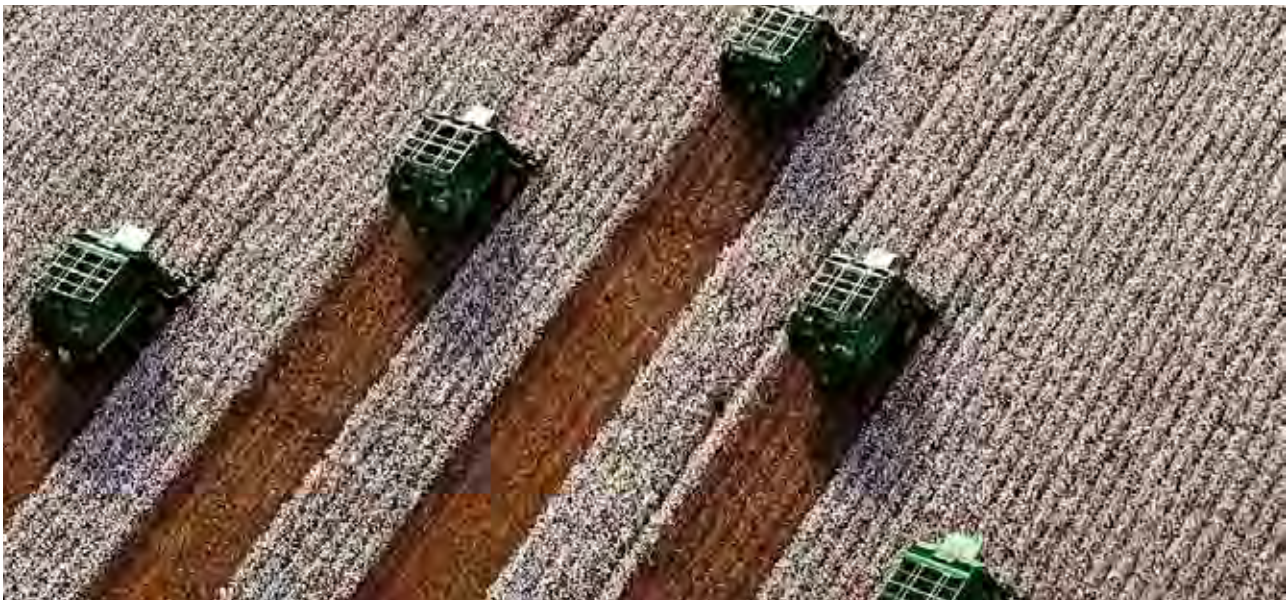


Table 1: List of Ministerial Trustees and end of term in the respective Trusts.

Trusts	Administrator	Ministerial Trustees	End of term of trustees
Citrus Trust	Elsa Taylor	Godfrey Rathogwa Phindi Kema Tieho Mafeo	May 2014
Cotton SA Trust	Koot Louw	Sipho Ngxongo	March 2014
Deciduous Fruit Industry Development Trust	Anton Rabe	Mxoli Poto Trevor Abrahams Shulay Erasmus Malmsey Rangaka	May 2014
National Lucerne Trust	Derrick Engelbrecht	Mina Gill	February 2013
Maize Trust	Leon du Plessis	Karabo Peele Thamsanqa Hewu Penny Daly	September 2013
Meat Industry Trust	Alet du Plessis	Dr Steven Cornelius Dr Vuyolwethu Penxa Dr Ziyanda Majokweni	June 2014
Mohair Trust	Deon Saayman	Thukelo Mashologu	June 2015
Oil and Protein Seeds Development Trust	Gerhard Keun	Derrick Montshwe	February 2013
Potato Industry Development Trust	Elsabe Els	Nonie Mokose	February 2013
Sorghum Trust	Leon du Plessis	Dudu Mashile	October 2013
Winter Cereal Trust	Awie Coetzee	Katlego Gaoraelwe Tato Make Dr J le Roux Mmaphefo Mabe Dr Phindile Lukhele-Olorunju Maseli Augustinus Letuka	May 2012
S. A. Wine Industry Trust	Charles Erasmus	Sharon Marco-Thyse Willem Williams Barry Stemmert Fatima Shabodien Prof. Diale Rangaka	April 2013
Wool Trust	Andre van der Venter	Zandisile Wapi	June 2013

Capacity Building of Ministerial Trustees

Through interaction with Trustees, there was a clear skills shortage in understanding of financial statements and investment decisions at Trusts meetings as well as the distribution of funds for investments decisions, hence the training on Investment Analysis was conducted.

On the 23 August 2013, the Agricultural Trusts division appointed **Intelligence Africa**, a BEE company experienced in various training disciplines, to conduct training on Investment Analysis for 17 ministerial trustees. The training covered the following topics:

- Global Markets and Investment Instruments
- Valuation and Investment Theory
- Analysis of Fixed Income Investments

The course content was both theoretical and practical. The facilitator explained the different financial instruments available for Investments in domestic and foreign markets as well as the type of returns that a company can expect in the current financial environment.

AgriBEE Threshold Study

On 01 April 2012, the AgriTrust Division was mandated to facilitate the conveyance of the AgriBEE threshold study for DAFF. The purpose of the study was to review the income threshold of farmers in order to establish the AgriBEE codes for the Agricultural Sector. The study was undertaken by Price Water Coopers on behalf of the NAMC. The period of completion is expected to be the end of April 2013 and an official hand over of AgriBEE Study shall be presented to the AgriBEE Charter Council.

National Red Meat Development (NRMDP)

The National Red Meat Development Programme (NRMDP) works with emerging and communal farmers to increase the income that they earn from raising cattle, through greater and more beneficial participation in formal red meat markets. The project was launched in the Peddie-Nggushwa area in the Amathole District Municipality in 2005, but is now operating at varying

levels in 5 of the province's 6 district municipalities.

Though currently only being implemented in the Eastern Cape, the project has almost unlimited potential to be extended to other provinces, North West and Northern Cape. Currently, three (3) CFP are operational in Fort Cox, Mount Frere and Ncorha. Each has an administrator, except Ncorha, 3 herdsman in each CFP to look after the animals. In the Mount Frere CFP, a field officer does the monitoring and evaluation of the CFP for Mount Frere and Ncorha.

The operations of the Custom Feeding Programme

The field officer arranged a meeting with the local farming community in the area, to inform them about the NRMDP, the type of animals that are suitable for intake into CFP and well as offer basic training on animal health. On the scheduled date of intake, the field officer and state vet together with the herdsman inspect the health of the animals. If animals meet the criteria, the owner signs a contract with the NAMC.

According to the specifications of the contract it stipulates that the animals will be held at the CFP premises for 3–4 months; professional veterinary care will be provided to the animals, until a suitable buyer is found for the animals.

The farmer will be contacted with the asking price from buyer, and final price will be a consensus between buyer and seller. The average price for animals range from R6500-R12000 depending on the condition scores:

1. Fat content
2. Thin insulin bone
3. Maturity of animals
4. Ready for market
5. Fertility fit

All these factors are considered before an animal can be sold.

Period	Location	Date of Intake	No of animals in intake
Quarter 1	Fort Cox	21/11/2011	40
	Mount Frere	16/04/2012	50
	Ncora	05/03/2012	20
Quarter 2	Fort Cox	03/04/2012	28
	Mount Frere	31/07/2012	21
	Ncora	09/08/2012	16
Quarter 3	Fort Cox	15/08/2012	30
	Mount Frere	26/08/2012	60
	Ncora	07/08/2012	10
Quarter 4	Fort Cox	20/11/2012	34
	Mount Frere	21/01/2013	45
	*Ncora	-	0
Total sales			354

For the 2012/13 there was an intake of 354 animals within the 3 CFP. There was no intake in Ncora, as the ECDARD did not delivered the feed for animals as per contract stipulations. The Mount Frere CFP continues to have high intakes due to the high livestock volumes in the Lugangeni and surrounding villages.

Marketing Channels of the NRMDP

Auctions

The NAMC through the NRMDP strives to increase farmers' income through livestock auction. The NRMDP together with the ECDARD organised monthly auctions in Loverstwest and Seymour to sell animals from Keiskammahoek, Thamarha and Fort Cox areas.

In the 2012/13 financial year, 12 auctions were held, with a record of 1116 animals sold. The average animals sold was R 6 500, generating an average gross income of R 7.5 million into the rural Eastern Cape economy on livestock.

Table 2: Auction record

Period	Location	Animals Sold
Quarter 1	Loverstwest	94
	Seymour	66
Quarter 2	Loverstwest	138
	Seymour	122
Quarter 3	Loverstwest	134
	Seymour	96
Quarter 4	Loverstwest	259
	Seymour	207
Total Animals sold for the year		1116

Direct sales

In the Mount Frere and Ncorha Custom Feed Programme, direct sales are still the highest income generator. An average animal sells at between R6500 and R12 000 depending on the age and the fat content of the animal.

Beef Cattle Farming Indaba

On the 03 & 04 October 2012, the NRMDP hosted the 2nd Beef cattle Farming Indaba in Lagungeni Village in Mount Frere. The purpose of the event was to bring about awareness of the potential within the livestock sector in the communal homelands in Eastern Cape as well as fostering partnership with the relevant stakeholders in the sector.

The event was held over 2 days. The first day was a cocktail evening, where the CEO of the NAMC addressed the business community in the area under the theme; ***“Can civil society and business be spectators in a game they are supposed to play?”*** The purpose of the talk was to motivate business community to invest in agriculture especially in the rural homelands.

The second day was the main indaba. The farming community attended the event which was honoured by the King of the AmaGebe Tribe in the Eastern Cape. He motivated farmers to go back to farming, even small household gardens. The event was also graced by Dr Somadoda Fikeni, Chairperson of portfolio committee, Mr Mlungisi Johnson, Chief of the Baca of Mount Frere amongst others.

The event was successful as it started a dialogue with the Chris Hani Local Municipality. A Memorandum of Understanding (MOU) between the NAMC and the municipality was entered into.



FINANCE AND ADMINISTRATION

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

Strategic reviews and compliance with strategic objectives

Monthly and quarterly reviews of programme expenditure against budget were conducted and the processes contributed to the regular strategic reviews to ensure adherence to the strategic plan. Budget submission for the Medium Term Expenditure Framework (MTEF) period 2012/13-2014/15 was compiled and submitted to National Treasury.

In addition to the NAMC's current activities, the entity had planned to pursue the options stated below and additional funding were requested as follows:

Division	Options	2012/13 R'000	2013/14 R'000	2014/15 R'000	2015/16 R'000
Agricultural Trusts	National Red Meat Development Programme	8 164	14 568	19 872	26 569
	Available budget; Funds needed for 2012/13	1 300			
		6 864			
Markets and Economic Research Centre (MERC)	1. Expanding agri benchmark		1 926	1 595	2 019
	2. Investigation into selected value chains		495	778	305
	3. Establishment of a Centre for Trade Promotion and Development		5,000	5,000	5,000
Human Resources	Additional Personnel		3,530	3,724	3,910
Agribusiness Development	Dissemination of Marketing Information to the Emerging Producers		330	350	350
	Emerging producers supply value chain programme		1 650	1 100	750
Total		6 864	22 862	27 672	33 903

The NAMC was invited for MTEC hearing and additional funding of R724,000.00, R972,000.00million and R1,267,000.00 was allocated for Improvement in conditions of service.

Supply Chain Management

The division renders supply management services to the entity, and is responsible for the following: Demand and Acquisition, Logistic Management, Disposal Management and regular assessment of supply chain performance. Compliance with legislation and regulations in terms of reporting has been achieved. The supplier database has been updated with the new tax clearance certificate and BEE certificates.

For the period under review the entity did not acquire any goods and services through competitive bidding process.

Asset management

The entity conducted asset verifications on a quarterly basis, which resulted in the disposal of obsolete computer equipment with a book value R64,165.08, this computer equipment were donated to the educational institution as per Treasury Regulation Para 16A 7.7. 2 computer equipments with a book value of R10, 718.49 were stolen and the proceeds from insurance were received. For the period under review the entity reviewed the useful life of assets after assessing the condition, type of assets and their remaining useful life.

Information Technology

The Information Technology (IT) functions have been outsourced to Application Technology; they provide professional services with regard to IT on a daily basis. A two (2) year contract starting from 01 March 2013 has been signed with the IT service provider.

During the financial year the NAMC continued to utilise IT personnel from Department of Agriculture, Forestry and Fisheries (DAFF) pending the appointment of the new IT service provider. For the period under review the IT Steering Committee continued to function and had to look at ensuring that the Information Technology (IT) Strategy and policies are implemented within the entity.

Risk Assessment and Management

The Finance and administration recognises the importance of risk management in ensuring that its objectives are achieved. Finance and Administration risk register and controls to mitigate the risks were reviewed.

Functioning Audit Committee

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



HUMAN RESOURCES MANAGEMENT

Introduction

A comprehensive Human Resources (HR) plan plays a vital role in the achievement of an organisation's overall strategic objectives, with applicable oversight responsibility being provided by the Human Resources & Remuneration Committee (HR&RC). The HR plan was approved and clearly articulates the following objectives:

- Attraction of the right skills
- The retention and development of the right skills
- The creation of a culture of learning excellence
- Staff are engaged and motivated
- Employee relations and
- Ensure HR operational excellence.

Below are highlights of the achievements during the period April 2012 to March 2013.

Corporate Governance

Human Resources Risks

The following Human Resources risks were identified and controls were monitored on a monthly basis.

Risk	Controls
Performance appraisals not being performed three times a year/Performance appraisals not fairly completed.	The Performance Management and Development Policy was developed. The human resources monitored the performance evaluations.
Lack of implementation of wellness programmes.	A wellness plan was developed and HR implemented the wellness plans.
Employees not being informed of Conditions of Service.	Awareness session was conducted on Conditions of Services.
Employees not being informed of NAMC HR Policies and procedures.	HR policies are accessible on a central drive.
Incorrect/erroneous loading of employee details on system. Incorrect payments made.	Employee's details are verified and the Human Resources Manager and Chief Financial Officer monitors the payments through VIP system.
Poor administration of leave.	The leave was monitored on a monthly basis.

Attraction of the right skills

Recruitment & Selection

Human Resources advertised vacant positions and screened applicants during the year under review. Quality assurance was conducted to ensure that all applicants selected have proper qualifications through reference checks and qualification verifications. A Senior Manager was appointed in Markets & Economic Research Centre.

Internship Programme

As part of its skills development the NAMC designed an Internship Programme tailor made to assist young graduates to obtain practical working experience. Two interns were appointed as Economists mentored under Trade and Linking Farmers to Markets focus areas. This has yielded great results as these interns are gaining vast experience through the interaction with industry role players. See [Table A: Recruitment](#).

Induction Process

The induction programme was facilitated to ensure that new recruits adjust to the working environment and have the requisite understanding of NAMC policies and procedures.

Probation

There were no employees placed on probation during the year under review.

Exit Interviews

A more rigorous exit interview process was facilitated by Human Resources in order to ascertain reasons for the resignations. The process involved an interview questionnaire sent to employees who indicated by rating to take a decision to leave the NAMC. Two employees however resigned during the financial year to pursue careers in other sectors.

Terminations

There were two resignations of Senior Manager and Economist under the Markets & Research Centre. The turnover rate was 4 per cent during the financial year. See [Table B Terminations](#).

Employment Equity

NAMC has a staff complement of Fifty-four employees. The employment equity report was submitted to the Department of Labour. The breakdown is as follows; (24) males African, (17) females African, (04) males white and (09) females white. The NAMC however is still battling to attract Indians and Coloureds.

Disability

In line with the 2 % benchmark on employment of people with disabilities, the NAMC complied with this requirement.

Table A: Recruitment

Job Category	Recruitment period April 2012 - March 2013				
	Historical Background				
	White Female	White Male	Black Female	Black Male	Total
Senior Manager	0	0	0	1	1
Economist Internship	0	0	2	0	2
Total	0	0	2	1	3

Table B: Terminations

Job Category	Recruitment period April 2012 - March 2013				
	Historical Background				
	White Female	White Male	Black Female	Black Male	Total
Senior Manager	0	1	0	0	1
Economist Internship	0	1	0	0	1
Total	0	2	0	0	2

The Retention and Development of the Right Skills

Learning & Development

Human Resources provide a variety of Training and Development opportunities aimed at building employee capacity to deliver services, in order to meet strategic needs. Training and bursaries were provided to employees.

See Tables C & D

Skills Plan

The AgriSETA was established as a sectoral Education and Training Authority for the economic sub-sector that include primary and secondary agriculture through the Skills Development Act of 1998. As part of the skill development, NAMC submitted its Work Skills Plan report to the Agricultural SETA.

Workshops

No workshops conducted during the period.

Table: C Training

No	Surname	Name	Course
1.	Du Plessis	Elma	People Management Skills for New Managers
2.	Letlape	Meshack	Procurement regulation
3.	Verwey	Fredericka	Econometric analysis of panel data
4.	Muvhulawa	Sarah	World Class Advanced Financial Modeling in excel master class
5.	Van Der Walt	Stephanie	Decoding the Competition Act Seminar and Environmental Law
6.	Lediga	Mahlogonolo	Comprehensive Graphic Design
7.	Netswinganani	Tshilidzi	First Annual, Biannual Payroll, Tax Reconciliation
8.	Mellet	Lizette	Professional Report Writing
9.	Mazibuko	Ndumiso	Professional Report Writing
10.	Phahlane	Heidi	Professional Report Writing
11.	Thabethe	Londiwe	Professional Report Writing
12.	De Klerk	Tina	Financial Management, Account Payable and Account Receivable Management
13.	Siobo	Mashudu	Microsoft Excel for PA's

Table: D Bursaries

No	Surname	Name	Bursaries
1.	Makanda	Azola	M-Tech Development Studies
2.	Mpapu	Thabo	National Diploma in Information Technology
3.	Joubert	Christoffel	PhD in Business Administration
4.	Maphatane	Tshepiso	CTA Hons
5.	Lekgau	Sydwell	Masters in Agricultural Economics
6.	Makanda	Azola	B: Tech Agricultural Management
7.	Monamodi	Stephen	Honours in Communication
8.	Letlape	Meshack	Diploma Supply Chain Management
9.	Nengwekhulu	Precious	Masters in Agricultural Management
10.	Lediga	Mahlogonolo	Bachelor Degree in Communication Science
11.	Siobo	Mashudu	Bachelor Degree in Public Management

The Creation of a Culture of Learning Excellence

Performance Management

Effective performance management is critical in helping employees to perform at their optimal level. The emphasis was on ensuring that employees understand their role and how they contribute to broader NAMC objectives.

All employees participated in performance management and individual performance agreements were linked to NAMC strategic objectives set by Council. All employees signed the performance agreements with their respective supervisors. Learning and development opportunities were also identified in the performance agreement and reviewed during the performance cycle. Quality assurance was also conducted because NAMC strives to continuously improve performance by strongly differentiating between excellence and poor performance.

For the period under review, performance was formally assessed as per the performance agreements. Line managers had to ensure employees received regular and consistent feedback, both informal and formal, on their performance. Bonuses were granted to those employees who performed exceptionally well.

Remuneration

The salary increases were implemented during the beginning of the financial year with a six per cent increase across-the-board.

Staff Are Engaged And Motivated Employee Wellness Programme

The Employee Wellness Programme (EWP) is designed to assist employees with challenges in performance and behavioural problems associated with marital, family, emotional, legal, financial, substance abuse, illness or other personal problems that adversely impact upon their health as well as their productivity. It also helps employees to recognise and overcome personal problems that are interfering with their work performance.

Through the implementation of the Wellness Strategy approved by Council a Wellness Plan linked to the NAMC's strategic goals was developed for 2012 to 2013. The HR facilitated the implementation of the EWP and ensured that management and staff understood the concept, and fully supported the programme. The programme was also endorsed and supported by MANCOM.

Through this committee, HR implemented and conducted three sessions, namely, Men's Diversity Forum, Women's Diversity Forum and World Aids Day. Through the Wellness Committee, interventions on emotional problems and counselling were facilitated. The NAMC contracted the services of PROCARE as a service provider to offer counselling to employees. The programme was marketed through Men's and Women's Diversity sessions.

Breast cancer awareness presentation

The Cancer Association of South Africa (CANSA) made presentations to staff members on the following topics.

- Breast cancer
- Male breast cancer
- Cervical cancer
- Prostate cancer
- Testicular cancer and
- Skin cancer.

Staff members were encouraged to do breast self-examinations, schedule regular mammograms and also do prostate cancer screening at nearby clinics.

HIV/AIDS commemoration

NAMC commemorated World AIDS day and the 16 days of activism for violence against women and children. On World Aids Day staff members had an opportunity to do eye testing, dental and diabetes screening.

NAMC year-end function

The NAMC year-end function was held on the 23rd November 2012 at the Kream restaurant at Brooklyn (Pretoria).

Employee Relations

Grievances

There were no grievances lodged during the period under review.

Disciplinary hearing

There was no disciplinary hearing during the period under review.

HR Policies

In order to comply with relevant legislative frameworks, significant work was done during the year to ensure compliance of human resources policies. The HR developed and reviewed the following policies: Human Resources Plan; Bursary Policy and the Performance Management & Development Policy. These were approved by Council.

Ensure HR Operational Excellence

Human Resources Information System

The HR Division is responsible for managing the VIP systems, which houses all data related to employees' personnel information and annual salary increases. Efforts have been made to move to automated processes and greater employee self-service. As part of this process, one employee received training on the systems

Leave Management

HR is mandated to monitor leave taken as well as to detect early warning signs of employees who abuse leave. The ESSS (Employee Self Service System) is in place for managing the leave system and each employee was able to view the leave balances as well as leave taken. The HR encouraged staff members to complete leave forms before taking leave. As part of compliance, leave reconciliations were conducted on a monthly basis. The HR maintains accurate leave records as these records are provided to managers to view the leave balance before approval.

Personnel Files

All personnel files are updated on a monthly basis, and all necessary documents are filed.

Injury, Illness and Death

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

Service Benefits

Multinet Life Brokers (Pty) Ltd are the appointed Employee Benefits Consultants to administer NAMC service benefits. As per the Conditions of Employment, the NAMC has four stand-alone Group Risk Benefit Schemes, namely, the Group Life Scheme for death cover, the Group Income Continuation Scheme for disability cover; Funeral Cover and the Provident Fund. Human Resources in consultation with the service provider manage the services benefits. To ensure compliance, personnel records are updated on a regular basis.

COMMUNICATIONS

The Communications Unit is responsible for marketing and promoting the organisation and directly reports to the Human Resources Division. Its responsibility is to oversee the implementation of the Corporate Communication Strategy and ensure NAMC programmes are efficiently communicated. Under the current year review, 4 focus areas determined the scope of our operations; Internal Communications, Corporate Communications, Stakeholder Relations and Media Relations.

Internal Communications

The aim of the programme was to ensure employees are aware of organisational developments. This typically focused on the internal newsletter, internal events and website development. The priority was to forge understanding and unity in the organisation.

Internal Newsletter

The target for 4 newsletters was met with an additional newsletter published. The newsletters were published in the following quarters;

- May/June Newsletter 2012
- August/September Newsletter 2012
- October/November Newsletter 2012
- Christmas Newsletter 2012
- March Newsletter 2013.

Internal Events

Our target for the year was to organise three internal events with the aim to bring about understanding of public national holidays with the view to commemorate and celebrate them. The following internal events were organised:

- Youth Month
- Women's Month
- Heritage Day.

Website

The NAMC website has been the preferred source of communication linkage with the public sector and because of NAMC rebranding, it was decided that a new website complementing our branding shall be required. Therefore, the target was to conduct website presentations and appoint a service provider. Subsequently, the NAMC has appointed ThoughtCorp to develop and design our website. The website implementation will be finalised and implemented in 2013/2014.

Corporate Communications

Among the key strategic corporate communication pillars was in the areas of profiling and promotion, annual report and branding. The aim of this programme was to implement our branding. There were no specific targets set but merely to ensure that the organisation achieves 90 % of its external communication activities. Key among the activities undertaken for the current year review were;

Promotion and Profile

- Comprehensive African Agriculture Development Programme (CAADP). Organised a stakeholder sensitisation forum.
- Euro-Fruit Congress: Southern Hemisphere. NAMC exhibited, presented and put out an advertisement in their magazine. The publication gets distributed globally.
- Beef Cattle Farming Indaba. NAMC organised the livestock event which was held in Eastern Cape Province.
- AEASA Annual Conference. NAMC organised the workshop sessions leading up to the annual conference.
- Agri-Benchmark Conference. The NAMC together with the BFAP organised an international conference on crops, sheep and beef. The event attracted delegates from various agri-benchmark member countries.
- Women Management Entrepreneurship Training Programme.
- Agricultural Industry Trusts Workshop. The workshop was held in partnership with the 13 Industry Trusts to look into transformation progress. The event was covered on Agri-TV.
- Advertised in the National Agricultural Directory.
- Advertised in the All Fresh Magazine.
- National Budget Vote; Department of Agriculture, Forestry and Fisheries: the NAMC was invited for exhibitions.

Stakeholder Relations

Our stakeholder relation was based on identifying stakeholders or markets that could assist in the marketing initiatives of the NAMC. Secondly, our aim was to improve on the pool of contacts in order to disseminate our programmes to a wider audience related or not related to agriculture. There were no specific targets met but within each quarter the Communications Unit was required to prepare a quarterly report on stakeholders engaged with.

Most of the stakeholders the Communications Unit engaged with was for the convenience of partnering or looking into opportunities of cooperation;

- **SpringAge:** A youth based movement that provided NAMC with Spring-break sessions in order to reignite ideas on how agriculture can attract the youth of South Africa. Impressive to the latter, is that the youth based organisation managed to publicise their Spring-Breaks and media interviews were conducted. A report on the engagement was produced.
- **It's a Wrap Production.** The NAMC engaged for over a year with the production company with the possibilities of creating a new agricultural TV show. As yet, the company is waiting for a full preseason recording schedule from the SABC. It is believed that once a date is affirmed from the SABC NAMC stakeholders will be co-opted into the show.
- **Longway SA International.** Earlier in the year the NAMC received expressed interest from the Chinese Xinjiang Academy of Agricultural Sciences through Longway SA International for a stakeholder engagement. The visiting delegates were interested in the operations of the NAMC and how it relates to the sector.
- **CAADP Committee.** The Department of Agriculture, Forestry and Fisheries through its International Relations directorate invited the NAMC to become part of the CAADP Committee. The NAMC has thus far assisted with the design and formulation of CAADP Concept Note which puts into perspective strategies to be implemented. Before the closing of the financial year, two stakeholder events were organised. The NAMC has committed to working with the directorate up until the Compact Signing of CAADP.

Media Relations

Parts of the media duties of the unit involved quarterly media monitoring and coordinating interviews on behalf of the NAMC. The specific focus was ensuring that the media are able to report on NAMC programmes

objectively. Out of those reports the unit managed to access there was no bias shown against the NAMC.

However, mainstream print media knew little about what the NAMC does. In all the 3 media reports published and distributed to staff it was found that the NAMC was commonly reported in trade media and business media. The following were media engagements undertaken;

Print Media

- **Biz Community:** Sifiso Ntombela, "South Africa's peach export growing 15 % per year"
- **Business Day:** Prof. Andre Jooste, "Food more expensive in rural areas in SA"
- **Die Burger:** Sifiso Ntombela, "SA slaan munt uit uitvoersperskes"
- **Fan Mail:** Prof. Andre Jooste, "Feeding into rises"
- **SAPA:** Ronald Ramabulana, "Poor rains may raise food prices"
- **Farmers Weekly:** Bonani Nyhodo, "SA's agro-processing on a downhill slide"
- **Landbou:** Nico Scheltema & Bonani Nyhodo, "Landbou dien as barometer vir ekonomie"
- **Farmer's Weekly:** Bonani Nyhodo, "Is intra-African trade the only answer?"
- **Pretoria News:** Christo Joubert, "Ensuring Food Security"
- **Cape Argus:** Christo Joubert, "Ensuring Food Security"
- **Mail and Guardian:** Christo Joubert, "Wage hikes will not necessarily fix rural poverty"

Broadcast Media

- **Agri-Tv:** Ntombi Msimang on Agricultural Industry Trusts
- **Agri-Tv:** Zama Xalisa on Agricultural Industry Trusts
- **Kaya Fm:** Prof. Andre Jooste on food prices
- **RSG radio station:** Prof. Andre Jooste on food prices
- **SAfm:** Ronald Ramabulana on food prices
- **Growing Tomorrow (SABC 2 formerly Agri-TV):** Heidi Phahlane on Agricultural Youth Policy Dialogue
- **Ilungelo Lakho (SABC 1):** Londiwe Thabethe on Food Prices





5

***Corporate
Governance***

PART 5: CORPORATE GOVERNANCE

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

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

The mission of the NAMC is captured by these targets:

- Provide accurate and well-informed policy advice to the Minister, Department of Agriculture, Forestry & Fisheries and Directly Affected Groups (DAGs)
- Focus efforts and initiatives on the strategic positioning of the South African agricultural sector in dynamic global markets
- Contribute to agricultural sector growth objectives by supplying useful information and policy positions, using globally tested and proven tools
- Leverage centres of excellence and own resources to enhance the equity, competitiveness, profitability and sustainability of the South African agricultural sector
- Contribute to building a prosperous agricultural sector by supporting emerging farmers by way of market access, knowledge acquisition, training and mentorship.

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 of, 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.

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 of the Council's functions as the Council may entrust to it.

Council has established the following sub-committees:

- Audit and Risk Committee
- Human Resources and Remuneration Committee
- Risk Management Committee
- Management Committee

Composition of the Board

Name	Designation (in terms of Public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship (List of entities)	Other committees or task teams (e.g. Audit Committee/ Ministerial task team)	No. of Meetings attended
Ms N Msimang	Chairperson of NAMC Council	27 October 2011	-	Bachelor of Science in Accounting	Commercial production of agricultural products	Board Member South African Table Grape Industry, AFASA Council Member, Chairperson of Nozala Trust, Chairperson ASUF	-	5 out of 5
Mr LD Maduma	Deputy Chairperson of NAMC Council	27 October 2011	Resigned 04 July 2012	Honours in Bachelor of Arts	Consumer issue relating to agricultural products including issues relating to previously disadvantaged communities	-	-	0 out of 5
Ms MM Gill	Council Member	27 October 2011	-	Computer Literate Certificate	The production and marketing of agricultural products by small scale and previously disadvantaged	Chairperson of Women in Agriculture and Rural Development in the Northern Cape Province; National Secretary of ANC Ward, Board Member of the National Lucerne Trust	HR and Remuneration Committee	5 out of 5
Mr AD Young	Council Member	27 October 2011	-	Bachelor of Administration	Agricultural Economics including agricultural marketing and international agricultural trade	-	Chairperson of HR and Remuneration Committee	2 out of 5



From left to right
Dr JL Purchase,
Mr AD Young,
Mr AM Cronje,
Ms TE Zimu,
Mr LD Maduma,

Name	Designation (in terms of Public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship (List of entities)	Other committees or task teams (e.g. Audit Committee/ Ministerial task team)	No. of Meetings attended
Mrs JM Van Der Merwe	Council member	27 October 2011	-	Master in Business Leadership (MBL)	Consumer issue relating to agricultural products including issues relating to previously disadvantaged communities	Executive Committee (SANCU), National Water Forum of TAU, Security and Risk Committee of SABS, Trustee Oil & Protein Seeds Development Trust, Director of Health Quality Assessment	HR and Remuneration Committee	5 out of 5
Mr JL Purchase	Council Member	27 October 2011	-	PhD in Agricultural Economics	Agricultural product related trade and industry	-	Section 7 Committee	3 out of 5
Mr AM Cronje	Council Member	27 October 2011	-	Masters of Science in Agricultural Economics	Commercial production of agricultural products	Chairman of Organic Aloe in Albertinia. Agricultural Research Specialist: Tiger Brands	-	5 out of 5
Mrs TE Zimu	Council Member	27 October 2011	-	Bachelor of Arts in Nursing Science	The production and marketing of agricultural products by small scale and previously disadvantaged	-	Audit and Risk Committee	4 out of 5
Dr L Magingxa	Council Member	27 October 2011	-	PhD in Agricultural Economics	Agricultural Economics including agricultural marketing and international agricultural trade	-	Audit and Risk Committee	4 out of 5
Mr SC Symington	Council Member	27 October 2011	Resigned 28 May 2012	MPhil in Economics	Agricultural product related trade and industry	-	Audit and Risk Committee	-



From right to left

Dr LL Magingxa,
Mrs JM vd Merwe,
Ms MM Gill,
Mr SC Symington,
Mrs NF Msimang,
(Chairperson),
Mr TR Ramabulana
(CEO)

Risk Management

The following key principles outline the NAMC's approach to risk management:

- The identification and management of risk is linked to the achievement of the NAMC's strategic goals
- The Chief Executive Officer (CEO), through his Audit and Risk Committee is responsible for overseeing a sound system of internal control that supports the achievement of its Strategic Plan
- Review procedures cover reputational, strategic, operational, compliance and financial risk
- Review assessment and internal control are embedded in ongoing operations,
- The Senior Managers are responsible for encouraging and implementing good risk management practice
- The Audit and Risk Committee will receive four reports each from NAMC divisions.

In executing NAMC risk management policy, the NAMC has the following:

- A centrally coordinated risk framework and management process which ensures consistency throughout the NAMC
- Defined the responsibility structure for risk management throughout the NAMC
- Clear and unambiguous understanding of the NAMC's strategic objectives and purpose
- Continuous evaluation and review of the internal and external business environment factors that may effect the achievement of our strategic objectives;
- Continuous review NAMC's risk appetite as its internal and external environment changes
- Annual review of the most significant risks facing the NAMC

- Evaluate the impact and likelihood of the risks
- Where the response is to manage or transfer the risk, the NAMC has examined existing procedures and controls in place to manage the risk post consideration of controls
- Re-evaluated the exposure to the risk post consideration of controls
- Continually monitor the status of risks and develop a process for appropriate action if that status changes
- Reported to management and the Risk Management Committee on an ongoing basis regarding the results and status of risk management throughout the NAMC.

Progress

A risk assessment has been undertaken during the financial year to ensure that risks are appropriately mitigated by designing and implementing appropriated controls. The risk assessment covered financial, operational, compliance and reputation risks and adherence with good governance principles. A key consideration in the risk assessment is compliance with laws and regulations. These include the PFMA, any regulations issued in terms of the PFMA, and the Preferential Procurement Policy Framework Act.

The Audit & Risk Committee play an oversight role in the enterprise-wide risk management activities. The Risk Management Committee consists of members of the NAMC Management Committee and is chaired by an independent Audit Committee member.

Internal Control Unit

Audit and Risk Committee

The Council, in its capacity as the Accounting Authority of the NAMC, has established an Audit and Risk Committee in compliance with the Public Finance Management Act (PFMA), 1999 as well as the Treasury Regulations.

The committee has been established to monitor the effectiveness of internal control systems, review annual reports and financial statements and ensure that risk associated with delivering the NAMC mandate are identified and that mitigating strategies are developed.

The Audit and Risk Committee consists of the members listed hereunder, and met five (5) times during the year under review.

Internal Audit and Audit Committees

Name	Qualifications	Internal or External	If Internal position in the public entity	Date appointed	Date resigned	No. of Meetings attended
Mr P Slack	Chartered Accountant (SA)	External	Chairperson of Audit and Risk Committee	01 July 2009	-	4 out of 5
Ms M Moja	Bachelor of Commerce	External	Audit and Risk Committee	24 July 2006	31 July 2012	5 out of 5
Mr R Matlou	Masters of Science in Financial Management	External	Audit and Risk Committee	25 January 2007	31 July 2012	5 out of 5
Mrs GR Dinga	B Tech in Internal Auditing	External	Audit and Risk Committee	01 October 2012	-	2 out of 5
Ms AR Ngwenya	Masters of Business Administration	External	Audit and Risk Committee	01 October 2012	-	2 out of 5
Ms MM Gill	Computer Literate Certificate	Internal	Council member	27 October 2011	-	2 out of 5
Mrs TE Zimu	Bachelor of Arts in Nursing Science	Internal	Council member	27 October 2011	-	2 out of 5
Dr L Magingxa	PhD in Agricultural Economics	Internal	Council member	27 October 2011	-	3 out of 5

Human Resources & Remuneration Committee

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 committee, consisting of the members listed below held four (4) meetings during the year under review.

No	Name	Role	Meetings Attended
1.	Mr AD Young	Chairperson	3 out of 4
2.	Mrs JM van der Merwe	Council member	4 out of 4
3.	Mrs M Gill	Council member	3 out of 4

Risk Management Committee

The NAMC recognises the importance of risk management in ensuring that its objectives are achieved. A risk assessment was undertaken to ensure that risks are appropriately mitigated by designing and implementing appropriated controls.

The risk assessment covered financial, operational, compliance, reputation risks and adherence with good governance principles. A key consideration in the risk assessment was compliance with laws and regulations.

These include the PFMA, any regulations issued in terms of the PFMA, and the Preferential Procurement Policy Framework Act. The Audit & Risk Committee had an oversight role in the enterprise-wide risk management activities.

The Risk Management Committee consists of members of the NAMC Management Committee and is chaired by an independent Audit Committee member.

Risk Management Committee

No	Name	Role	Number of Meetings Attended
1.	Mr R Matlou	Chairperson Audit and Risk Committee Member	5 out of 5
2.	Mrs F Muvhulawa	Chief Financial Officer	4 out of 5
3.	Ms V Nkobi	Senior Manager : Human Resources Management	3 out of 5
4.	Prof. A Jooste	Senior Manager: Markets and Economic Research Centre	3 out of 5
5.	Mr S Burger	Senior Manager: Statutory Measures	5 out of 5
6.	Mr H Mohane	Senior Manager: Agribusiness Development	3 out of 5
7.	Mr Z Xalisa	Senior Manager : Agricultural Trusts	3 out of 5
8.	Mr T Maphatane	Compliance & Risk Manager	5 out of 5

Fraud and Corruption

The NAMC has developed a Fraud Prevention Policy to foster a climate within the National Agricultural Marketing Council where all employees strive for the ultimate eradication of fraud.

All incidents and allegations of fraud, corruption, theft or maladministration reported to the NAMC are fully investigated. Action is taken by the NAMC based on results from the investigation.

Minimising Conflict of Interest

The National Agricultural Marketing Council has a supply chain management policy in place that deals with declaration of interest issues. Suppliers are requested to submit a declaration of interest form (SBD 4 form) for any procurement need requested by the NAMC. Members are required to declare any conflict of interest issues before and during the bid adjudication meeting that may have an impact in the awarding of contracts. Should any of the NAMC members declare a conflict of interest at any stage during the bid adjudication process, the member will be disqualified from participating in the Committee and if required, will be replaced by a member with suitable expertise.

Code of Conduct

The NAMC has a Code of Conduct in place and every employee is expected to act in accordance with the principles of business ethics, namely:

- To follow high standards of ethical business practices and to avoid situations that could lead to conflict of interest
- To treat propriety information of the NAMC and of third parties with due confidentiality
- To fully comply with all applicable laws and regulations, and
- To use NAMC funds only for legitimate and authorised purposes within the scope of its stated objectives.

Health, Safety and Environmental Issues

The NAMC annually assess its Health, Safety and Environment. We have been committed in maintaining a safe and healthy working environment at all times. Only two internal upgrades were done namely, the constructing of NAMC boardroom PA system and a building of a makeshift office. In both occasions staff were made aware of the dangers. There were no incidences of illness reported.

Company Secretary

None

Social Responsibility

As part of compliance with the King III Corporate Governance Report, the National Agricultural Marketing Council subscribes to the Report's dictum of ethical leadership and good corporate citizenship. Our approach to social investment is informed by concerns on food security and the general development of communities. This approach is also founded on the values we espouse. Our strategy for community investment is designed along the lines of youth development and employees giving back to society. During the financial year, two agricultural schools were identified. The NAMC facilitated the career guidance day to agricultural students. Laptops were also donated to the two schools in order to establish a library.

Report of the Audit Committee

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

We are pleased to present our report for the financial year ended 31 March 2013.

Audit Committee Members and Attendance

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

No	Name	Role	Number of meetings Attended
1.	Mr PK Slack	Chairperson Independent member	4 out of 4
2.	Mrs M Moja	Independent member (term expired in July 2012)	2 out of 2
3.	Mr RL Matlou	Independent member (term expired in July 2012)	2 out of 2
4.	Dr LL Magingxa	Council member	3 out of 4
5.	Ms AR Ngwenya	Independent member (appointed - October 2012)	2 out of 2
6.	Mrs GR Dinga	Independent member (appointed - October 2012)	2 out of 2
7.	Mrs TE Zimu	Council member	2 out of 3

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1) (a) of the PFMA and Treasury Regulations 27.1.

The Audit Committee further reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls is designed to provide assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and good practices on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, the management letter of the Auditor-General South Africa, it was noted that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the systems of internal control for the period under review were effective and efficient.

The quality of in-year management and quarterly reports submitted in terms of the PFMA

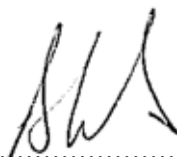
The Audit Committee has noted and is satisfied with the content and quality of the quarterly reports prepared and issued by the Accounting Officer during the year under review. Suggestions were made and implemented to improve deficiencies on the reports.

Evaluation of Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited Annual Financial Statements to be included in the annual report with the Auditor-General;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed the accounting policies and practices; and
- Reviewed the Annual Financial Statements prior and post audit and there were no material adjustments made to the financial statement resulting from the audit.

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



.....
Mr. P Slack, Chairperson of the Audit Committee

Date: 29/07/2013

PART 6: HUMAN RESOURCES OVERSIGHT STATISTICS

Personnel Cost by Programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % (R'000)	No of employees	Average personnel cost per employee (R'000)
MERC	11 668	7 097	61	16	446
Finance & Administration	8 056	2 756	34	4	689
Statutory Measures	1 805	1 897	105	4	474
Human Resources	3 211	2 677	83	9	297
CEO's Office	3 179	2 792	88	4	698
Agribusiness Development	3 328	2 017	64	3	672
Agricultural Trust / Red Meat	3 981	2 713	68	14	507
Total	35 228	21 949	62.3	54	4050

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. To total personnel	No. of employee	Average personnel cost per employee (R'000)
Top Management	2 655	13	2	1328
Senior Management	5 369	27	5	1074
Professional qualified	7 895	39	23	343
Skilled	1 710	8	5	342
Semi-skilled	2 150	11	8	269
Unskilled	439	2	11	40
TOTAL	20 218	100	54	3396

Performance Rewards

Programme	Performance Rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R000)
Top Management	2	331 895	21
Senior Management	5	422 587	26
Professional qualified	16	620 192	39
Skilled	6	116 269	7
Semi-skilled	3	92 196	6
Unskilled	3	16 419	1
TOTAL	35	1 599 560	100

Training Costs

Directorate/ Business Unit	Personnel Expenditure	Training Expenditure (R'000)	Training Expenditure as a % of personnel cost. (R'000)	No. of employees trained	Average training cost per employee
MERC	7 097	48 560	684	8	6 070
Finance & Administration	2 756	39 697	1 440	3	132.32
Statutory Measures	1 897	6 931	365	2	3 466
Human Resources	2 677	35 469	1 325	3	1 182
CEO's office	2 792	35 416	1 268	2	1 771
Agribusiness Development	2 013	808	40	1	808
Agricultural Trust / Red Meat	2 713	8 039	296	1	8 039
Total	21 949	174 920	5 418	20	34 568

Employment and vacancies

Programme	2011/2012 No. of Employees	2012/2013 Approved Posts	2012/2013 No. of Employees	2012/2013 Vacancies	% of Vacancies
CEO's Office	4	4	3	1	20
MERC	16	18	16	2	40
Agribusiness	3	3	3	0	0
Agricultural Trusts	7	15	15	1	20
Finance & Administration	5	5	4	1	20
Statutory Measures	4	4	4	0	0
Human Resources	9	9	9	0	0
Total	48	58	54	5	100

Programme	2011/2012 No. of Employees	2012/2013 Approved Posts	2012/2013 No. of Employees	2012/2013 Vacancies	% of Vacancies
Top Management	2	2	2	0	0
Senior Management	5	5	5	0	0
Professional qualified	23	25	23	2	40
Skilled	7	7	5	3	60
Semi-skilled	8	8	8	0	0
Unskilled	3	11	11	0	0
TOTAL	48	58	54	5	100

Employment Changes

Programme	Employment at beginning of period	Appointments	Terminations	Employment at end of period
Top Management	2	-	-	2
Senior Management	5	-	1	5
Professional qualified	23	-	1	23
Skilled	5	2	-	5
Semi-skilled	8	-	-	8
Unskilled	3	8	-	11
TOTAL	48	10	2	54

Reasons for staff leaving

Reasons	Number	% of total no of staff leaving
Death	0	0
Resignation	2	100
Dismissal	0	0
Retirement	0	0
Ill Health	0	0
Expiry of contract	0	0
Other	0	0
TOTAL	2	100

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal warning	0
Written warning	0
Final written warning	0
Dismissal	0
TOTAL	0

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured			Indian	White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	3	0	0	0	0	0	2	0
Professional qualified	8	0	0	0	0	0	2	0
Skilled	3	0	0	0	0	0	0	0
Semi-skilled	1	0	0	0	0	0	0	0
Unskilled	8	0	0	0	0	0	0	0
TOTAL	24	0	0	0	0	0	4	0

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0
Professional qualified	6	0	0	0	0	0	6	0
Skilled	2	0	0	0	0	0	0	0
Semi-skilled	4	0	0	0	0	0	3	0
Unskilled	3	0	0	0	0	0	0	0
TOTAL	17	0	0	0	0	0	9	0

Disabled Staff

Levels	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional qualified	1	0	0	0
Skilled	0	0	0	0
TOTAL	1	0	0	0





7

***Financial
Information***

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the National Agricultural Marketing Council set out on pages 94 to 127, which comprise the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. 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 2013, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA GRAP) and the requirements of the PFMA.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the information in the report on predetermined objectives as set out on page 22 to 32 of the annual report.
9. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the report on predetermined objectives relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

10. There were no material findings on the report on predetermined objectives concerning the usefulness and reliability of the information.

Compliance with laws and regulations

11. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Procurement and contract management

12. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1. The deviation was approved by the accounting authority even though it was practical to invite competitive bids, resulting in contravention of Treasury Regulation 16A6.4.

Expenditure management

13. The accounting authority did not take effective steps to prevent irregular expenditure, as required by section 51(1) (b)(ii) of the PFMA.

Liability management

14. Due to the entity not receiving transfer payment in time, a bank overdraft was obtained without written prior approval by the Minister of Finance or an official authorised by the Minister, as required by section 66(5) of the PFMA. A letter was written to the National Treasury for the condonement of the overdraft, but as at 31 March 2013, no approval had been obtained from the National Treasury.

Internal control

15. I considered internal control relevant to my audit of the financial statements, report on predetermined objectives and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

16. The accounting authority did not exercise effective oversight responsibility over deviation compliance requirements in terms of supply chain management and as a result irregular expenditure was incurred by the entity.

Financial and performance management

17. Management did not adequately monitor adherence to the requirements of the Treasury Regulations for deviation from supply chain management processes and, as a result, irregular expenditure was incurred.

Auditor-General

Pretoria

31 July 2013



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

REPORT OF THE CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED 31 MARCH 2013

1. General review of the business and operations

The report of the Accounting Authority forms part of the annual financial statements of the National Agricultural Marketing Council (NAMC) for the year ended 31 March 2013.

The Chief Executive Officer presents his report for the year ended 31 March 2013.

Spending trends 2009/10-2012/13 as per Standard items:

Expenditure Categories	Actual Expenditure			Actual
	R'000	R'000	R'000	R'000
	2009/10	2010/11	2011/12	2012/13
Personnel	15,125	20,917	22,848	22,301
Operating	3,602	3,302	4,050	7,024
Rental: Office space	773	939	944	948
Research, workshops & investigations	7,579	5,899	5,238	4,723
Other administrative	3,049	3,608	3,505	3,508
Total	30,128	34,665	36,585	38,504
Baseline allocation	28,360	31,194	36,049	31,409
Donor funds	1,902	2,007	555	4,610

The table above reflects the expenditure trends for the previous three years, as well as the results of the 2012/13 financial year.

The MTEF baseline allocation for 2012/13 decreased by of 13% as compared to 2011/12 financial year.

The actual expenditure for 2011/12 is R38,5 million, which includes an amount of, depreciation and amortisation on assets amounting to R577 thousands, leave pay provision amounting to R527 thousands, Prepayments made in 2011/12 for an amount of R495 thousands where expenditure was recognised on the statement of financial performance in 2012/13. It should also be noted the NAMC had surplus funding of R1,9 million in the previous financial year 2011/12 this amount was rolled over to the financial year 2012/13 and was utilised towards the National Red Meat Development project (R980 thousands) and payment of the suppliers for orders issued as at 31 March 2012 (R204 thousands) as previously disclosed under note 26 of 2011/12 financial statements.

A decrease of 2% in personnel expenditure is as a result of decrease in the amount paid toward performance bonuses, the annual salary adjustments for 2012/13 was 6%.

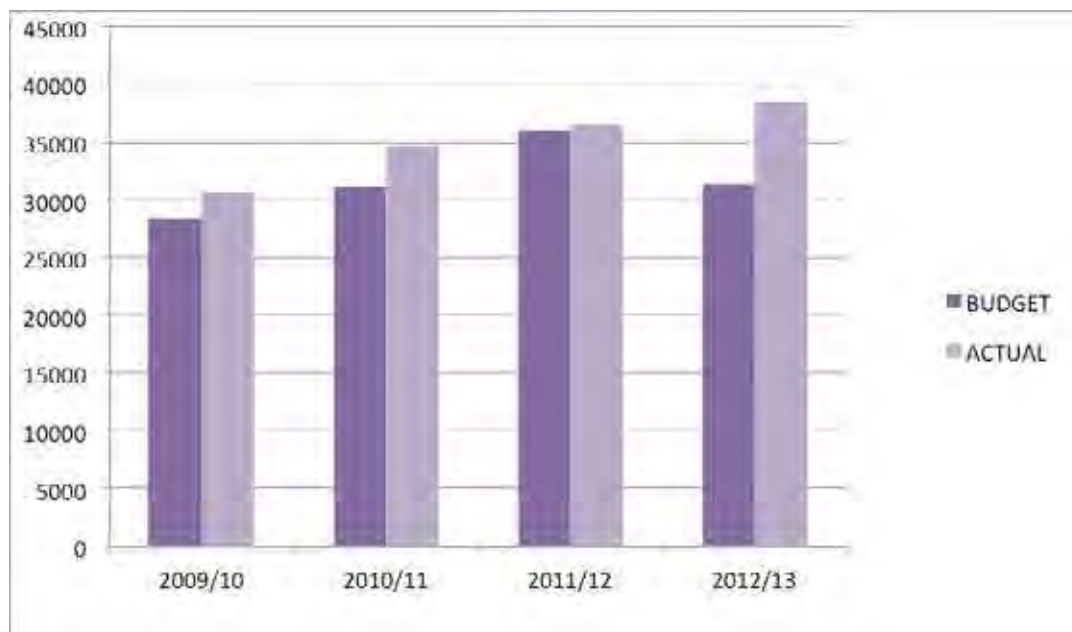
An increase of 73% on operating expenditure is due to the increase in the number of Section 7 and workgroup investigations where NAMC was involved in the following projects:

- AgriBEE study
- Agribenchmark

As disclosed in note 6 to the annual financial statements, the rental expense reflects an Increase of 0,4% which is a result of the straight-lining of operating leases, the actual escalation rate for operating leases is 10% p.a. refer to note 20 of the annual financial statements.

A decrease of 10% in professional services is as a result of the decrease in budget allocated to the Research projects, Agribusiness Technical Assistance Fund and National Red Meat Project in 2012/13.

Budget vs. Actual



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

2. NAMC Funding

The NAMC received funding of R 31,4 million from the Department of Agriculture, Forestry and Fisheries during the year under review, whilst other income amounted to R4,6 million and interest generated amounted to R724 thousands. Total expenditure amounted to R 38,5 million.

3. Utilisation of donor funds

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

a) International Trade Centre :R'000

An amount of R31 was deferred in the statement of financial position during the financial year 2012/13. These funds were received from the International Trade Centre for the coordination and implementation of the work plan of the activities established under Project SAF/17/05A "SADC Supply Chain and Logistic Programme;

As at 31 March 2012 an amount of R31 had been utilised.

b) Sponsorship: AgriBEE Study

An amount of R3,6 million was received from Department of Agriculture, Forestry & Fisheries to conduct the Economic Study to determine appropriate threshold for AgriBEE Sector Code.

As at 31 March 2013 an amount of R3,3 million had been utilised. And the balance of R293 was rolled over to the financial year 2013/14.

c) Sponsorship: AgribenchMark: R'000

An amount of R784 was received from the following sponsors:

SPONSOR	AMOUNT:
	R'000
DLG e.V- German Agricultural Society (Deutsche-Laotische Gesellschaft e.V)	476
DLG e.V- German Agricultural Society (Deutsche-Laotische Gesellschaft e.V)	98
Red Meat Producers Organisation	20
Land Bank	50
ABSA	80
Senwes	20
Pick'n Pay	20
Santam: Hanlie Ke	20
Total	784

As at 31 March 2013 an amount of R784 had been utilised.

d) Sponsorship: Agribiz Training for Women Entrepreneurs: R'000

An amount of R75 was received from the Land Bank to cater for the tuition, conferencing, certificate award ceremony and After Care Programme for the Agribiz training of Women Entrepreneurs. A further amount of R20 was received from Land bank for the sponsorship of the Beef Cattle Farming Indaba held in October 2012.

As at 31 March 2013 an amount of R75 had been utilised.

e) Sponsorship: Western Cape Government (Department of Agriculture): R'000

Sponsorship funding to the value of R326 was received from the Western Cape Government for the purpose of implementing the Southern Africa Development Community Supply Chain & Logistics development programme.

As at 31 March 2013 an amount of R13 had been rolled over to the financial year 2012/13. The balance of R313 was over to the financial year 2013/14.

f) Sponsorship: Pfizer: R'000

An amount of R10 was received from Pfizer for the sponsorship of the Beef Cattle Farming Indaba held in October 2012.

As at 31 March 2013 an amount of R10 had been utilised.

6. Going concern

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

7. Annual financial statements

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

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

8. CORPORATE GOVERNANCE

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

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

8.1. Governance structures

In order to comply with these principles, the Council has and continues to design and implement appropriate governance structures across the organisation. The Council acknowledges that, for it to set up an effective governance framework, robust governance structures need to be in place. For the period under review council conducted engaged the services of BDO to conduct and assessment of council committees, as at 31 March 2013 a report with regard to this assessment was not finalised yet. The following Council Committees were functional as at 31 March 2013 their respective terms of reference are outlined in the form of Committee charters:

- Council committee;
- Audit and risk committee;
- Human Resources and Remuneration committee;
- Risk Management committee; and
- IT steering committee.

8.2. THE ROLE OF GOVERNANCE COMMITTEES

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

8.2.1 Risk management

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

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

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

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

8.2.2 Internal control

The council has the ultimate responsibility for establishing a framework for internal controls, including an appropriate procurement and provisioning system. This function is delegated to the executive management to ensure that the strategic risks in particular are properly managed.

The controls throughout the entity focus on the critical risk areas identified and confirmed by management. The council relies on the Audit & Risk Committee, Risk Management Committee and Internal Auditors to monitor and report on the status of internal control at NAMC.

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

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

8.2.3. Internal audit

The internal audit function for the entity has been outsourced to Outsourced Risk and Compliance Assessment (Pty) Ltd (ORCA) for a period 2010/11-2012/13. The contract for internal auditors will expire in October 2013.

In line with the PFMA requirements, the internal auditor's objectives are to provide the audit committee and management with objective assurance that the internal controls are appropriate and effective. This is achieved by means of an objective appraisal and evaluation of the risk management processes,

internal controls and governance processes, as well as identifying corrective action and suggested enhancements to the controls and processes.

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

8.2.4 Code of Conduct

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



Chief Executive Officer
Ronald Ramabulana

Statement of Responsibility

For the year ended 31 March 2013

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 11 to 40 have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board, and include amounts based on judgements and estimates made by management. The Accounting Authority also prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the financial statements.

The going concern basis has been adopted in preparing the financial statements. The Accounting Authority has no reason to believe that the National Agricultural Marketing Council will not be a going concern in the foreseeable future. These financial statements support the viability of the National Agricultural Marketing Council.

The financial statements have been audited by the Office of the Auditor-General, who was given unrestricted access to all financial records and related data, including minutes of meetings of the Management Committee. The Accounting Authority believes that all representations made to the auditors during audit are valid and appropriate. The audit report of the Auditor-General is presented on page 85. The financial statements were approved and signed by the Accounting Authority on 28 May 2013.

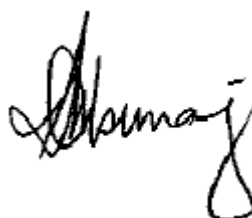
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Chairperson: Council

National Agricultural Marketing Council

Date

Signature: _____



Statement of Financial Performance

For the year ended 31 March 2013

		2013	2012
	Notes	R'000	R'000
Revenue		36 743	37 541
Non-exchange revenue	2	36 019	36 604
Exchange revenue	3	724	937
Expenses		38 445	36 577
Administrative expenses	4	2 840	2 999
Personnel expenditure	5, 9 & 10	22 301	22 848
Operating expenses	6	12 695	10 232
Depreciation and amortisation	7	577	458
Finance cost	8	32	40
Gain/(loss) on disposal of property, plant & equipment.		(59)	(8)
Surplus/(deficit) for the year		(1 761)	956

Statement of Financial Position

For the year ended 31 March 2013

		2 013	2012
	Notes	R'000	R'000
ASSETS			
Non-current assets		1 402	1 500
Property, plant and equipment	11	1 238	1 319
Intangible assets	12	164	181
Current assets		2 040	2 619
Inventory	13	59	55
Trade and other receivables	14	354	662
Cash and cash equivalents	15	1 627	1 902
Total assets		3 442	4 119
LIABILITIES			
Non-current liabilities		41	66
Finance lease liability	16	41	66
Current liabilities		2 664	1 555
Finance lease liability	16	154	108
Trade and other payables	17	1 639	1 000
Deferred revenue	18	767	292
Operating lease liability	20	104	155
Total liabilities		2 705	1 621
Total net assets		737	2 498
NET ASSETS			
Reserves			
Accumulated surplus		737	2 498
Net assets		737	2 498

Statement of Changes in Net Assets

For the year ended 31 March 2013

	Notes	Accumulated surplus
		R'000
Balance at 1 April 2011		1 542
Surplus for the year		956
Balance at 1 April 2012		2 498
Deficit for the year		(1 761)
Total net assets		737

Cash Flow Statement

For the year ended 31 March 2013

		2 013	2 012
	Notes	R'000	R'000
Cash flow from operating activities			
Cash receipts		36 019	36 604
Grants and transfers		31 409	36 049
Other receipts		4 610	555
Cash paid to suppliers and employees		(36 456)	(36 702)
Employee costs		(22 348)	(22 794)
Suppliers		(14 108)	(13 908)
Cash generated from operations	19	(437)	(98)
Interest received		724	937
Net cash flows from operating activities		287	839
Cash flow from investing activities			
Proceeds on disposal of non-current assets		19	17
Acquisition of property plant and equipment		(309)	(282)
Acquisition of intangible assets		(53)	(104)
Net cash flows from investing activities		(343)	(369)
Cash flows from financing activities			
Finance lease payments		(187)	(134)
Finance costs		(32)	(40)
Net cash flows from financing activities		(219)	(174)
Net increase/(decrease) in cash and cash equivalents		(275)	296
Cash and cash equivalents at the beginning of the year	15	1 902	1 606
Cash and cash equivalents at end of year	15	1 627	1 902

Accounting Policies

For the year ended 31 March 2013

Accounting Policies

The following are the principal accounting policies of the National Agricultural Marketing Council, which are in all material respects, consistent with those applied in the previous year. The historical cost convention has been used, except where indicated otherwise. The financial statements have been prepared on a going concern basis.

1.1 Reporting institution

The National Agricultural Marketing Council ("NAMC") is an entity domiciled in South Africa. The address of the NAMC's registered office is 536 Francis Baard Street, Arcadia, Pretoria, 0002. The NAMC's primary business is to provide strategic advice to the Minister of Agriculture, Forestry and Fisheries and directly affected groups in the agricultural sector. The full responsibilities of the NAMC are contained in the Marketing of Agricultural Products Act of 1996, as amended by Act no. 59 of 1997 and Act no. 52 of 2001.

The financial statements were approved by the Accounting Authority in May 2013.

1.2 Functional and presentation currency

The financial statements are presented in South African Rand which is the entity's functional currency. All financial information has been rounded to the nearest thousand.

1.3 Basis of preparation

The financial statements have been prepared in accordance with Section 91(1) of the public finance Management Act, (Act No 1 of 1999) and the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

1.4 Use of estimates and judgements

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes.

- Note 24: significant estimates and judgements used by management.

1.5 Revenue recognition

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

Accounting Policies

For the year ended 31 March 2013

Revenue from exchange transactions

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

Measurement

Revenue exchange transaction is measured at the fair value of the consideration received or receivable. The fair value is normally agreed between an entity (the seller) and the purchaser of the goods or services.

Interest income

Interest income comprises interest on funds invested. Interest income is recognised on a time proportion basis using the effective interest method.

Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition

Grants, transfer and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect to the related conditions

Measurement

Revenue from Non-exchange transaction measured at the fair value of asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as an when the conditions attached to the grant are met.

Grants without any conditions attached are recognised in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on investment is treated in accordance with grant conditions, if it is payable to the funder it is recorded as part of the creditor.

1.6 Finance cost

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

Accounting Policies

For the year ended 31 March 2013

1.7 Irregular, fruitless and wasteful expenditure

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

- The Public Finance Management Act, Act 1 of 1999, or
- Contravention of the entity's supply chain management policy.

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

All irregular, fruitless and wasteful expenditure are recognised as expenditure in the statement of financial performance in the period in which they are incurred, and where recovered, are subsequently accounted for as revenue in the statement of financial performance.

Irregular, fruitless and wasteful expenditure are disclosed under note 27 and 28 of the annual financial statements.

1.7.1 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government or organ of state and expenditure in the form of a grant that is not permitted in terms of the Public Finance Management Act No. 29 of 1999.

When an unauthorised expenditure is discovered, it is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written-off as irrecoverable in the statement of financial performance.

1.8 Property, plant and equipment

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

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

Tangible non-current assets are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions.

Tangible non-current assets are measured at cost less any subsequent accumulated depreciation and accumulated impairment losses. These assets are depreciated on the straight-line basis at rates which will result in each asset being written off over its useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonable certain that the entity will obtain ownership by the end of the lease term, then it is depreciated over its useful life and not the lease term.

Accounting Policies

For the year ended 31 March 2013

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. For the period under review the entity did not have items of property plant and equipment that have different useful life.

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

Gains and losses on disposal of intangible assets are determined by comparing the proceeds from disposal with the carrying amount of intangible asset, and are recognised within the surplus or deficit.

Residual values

The residual value of an asset is determined as the estimated amount that could currently be obtained from the disposal of assets, after deducting the estimated costs of disposal, if the asset was already on the age and in the condition expected at the end of its useful life.

Depreciation

Depreciation is calculated based on the assets historical cost less residual value, using straight-line method over the useful life of the asset.

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

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

<i>Class</i>	<i>Estimated useful life in years</i>
Office equipment	4 - 12 years
Vehicles	5 - 12 years
Computer Equipment	3 - 12 years
Furniture and Fittings	6 - 13 years
Leased equipment	3 years
Leasehold improvements	3 - 5 years
Farming equipment	3 - 5 years

Subsequent cost

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

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

Accounting Policies

For the year ended 31 March 2013

1.9 Intangible assets

An intangible asset is recognised when:

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

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

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

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

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

<i>Item</i>	<i>Estimated useful life in years</i>
Computer software	3-5 years

1.10 Impairment

Impairment of cash-generating asset

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets

The entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the recoverable amount of the relevant asset is estimated.

A cash-generating asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the cash-generating asset's fair value less costs to sell and its value in use.

The recoverable amount is determined for individual assets, unless the asset generates cash inflows that are largely dependent on other assets or groups of assets. In this case the recoverable amount for the cash-generating unit is determined.

Value in use is the present value of the asset's remaining future cash flows that the entity expects to derive from the continuing use of the asset and from its disposal at the end of its useful life. The estimate of these cash flows is based on the asset's current condition, and by applying an appropriate discount rate.

If there is an indication that an individual asset may be impaired, an impairment loss

Accounting Policies

For the year ended 31 March 2013

is recognised immediately in surplus and deficit when the asset's recoverable amount is less than the carrying amount. The impairment loss is recognised by reducing the asset's carrying amount to its recoverable amount. If the asset is carried at a revalued amount, the impairment loss is treated as a revaluation decrease.

If the cash-generating asset belongs to a cash-generating unit, an impairment loss is recognised for the cash-generating unit if the recoverable amount of the unit is less than its carrying amount.

Impairment of non- cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

At each reporting date, the entity reviews by considering the internal and external factors whether there is an indication that a non- cash generating assets may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated.

A non-cash-generating asset will be impaired when its carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Value in use is the present value of the asset's remaining service potential. This is determined using one of three approaches: depreciated replacement cost, restoration cost or service units. The choice of the most appropriate approach depends on the availability of data and the nature of the impairment.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income in statement of financial performance.

1.11 Leases

Operating leases as the lessee

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

Finance leases as the lessee

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

Accounting Policies

For the year ended 31 March 2013

Assets held under finance leases are recognised as assets at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of financial performance.

Finance lease liabilities

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

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

1.12 Financial instruments

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Measurement

Financial assets

The entity's financial assets comprise trade and other receivables and cash and cash equivalents. These financial assets are classified as financial assets at amortised cost.

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

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method.

Short term receivables are not to be discounted to present values if the original credit period granted are in line with the public sector credit period.

Accounting Policies

For the year ended 31 March 2013

Cash and cash equivalents

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

Financial liabilities

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

Trade and other payables

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

Trade and other payables are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost, using the effective interest rate method. Interest expenses on these items are recognised in surplus or deficit and they are included in 'finance costs'.

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

Short-term payables are not discounted to present values if the original credit period granted are in line with the public sector credit period.

Finance income, gains and losses

Finance income is recognised using the effective interest method with gains and losses recognised in the statement of financial performance (surplus or deficit).

Finance income includes interest earned on deposits and short terms investments. Finance cost includes interest on finance lease liabilities.

Method and significant assumptions in determining fair value

Fair values of financial assets, non-financial assets and liabilities have been determined for measurements and / or disclosure purposes based on the methods indicated below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

The fair value of trade and other receivables is calculated as the present value of future cash flows, discounted at a market rate of interest at the reporting date.

Accounting Policies

For the year ended 31 March 2013

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

Offsetting a financial asset and a financial liability

The entity did not offset financial assets and financial liabilities in the statement of financial position.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the entity is recognised as a separate asset or liability.

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

1.13 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Measurement

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

Accounting Policies

For the year ended 31 March 2013

1.14 Inventories

Initial recognition

Inventories shall be recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the entity and that the cost of the inventories can be measured reliably.

Measurement at recognition

Inventories that qualify for recognition as assets shall initially be measured at cost. Where inventories are acquired at through a non-exchange transaction, their cost shall be measured at their fair value as at the date of acquisition.

Measurement after recognition

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

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

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. For the period under review no inventory were written down.

1.15 Related parties

Related party transactions are transactions that involve the transfer of resources, services or obligation between related parties, regardless of whether a price is charged.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The remuneration of the council members and senior managers are disclosed under note 9 and 10 of the annual financial statements.

1.16 Commitments

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

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

For the period under review no commitments were disclosed as the entity received the invoices for orders issued to the suppliers and were therefore recognised as accruals.

Accounting Policies

For the year ended 31 March 2013

1.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are beyond the control of the entity.

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is no probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
- The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

For the period under review the entity did not neither contingent liability nor contingent assets.

1.18 Employee benefit cost

Short-term employee benefits

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

Post employment benefits

Defined contribution plan

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

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

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

Accrual for leave pay

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

1.19 Budget information

Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note 25 of these annual financial statements.

1.20 Comparative figures

Where necessary comparative figures have been adjusted to conform to changes in the presentation of the period under review.

1.21 Effects of new GRAP standards

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

GRAP 20: Related Party Disclosures

GRAP 18: Segment Reporting

GRAP 106: Transfer of Functions between Entities under Common Control

GRAP 107: Transfer of Functions between Entities under Common Control

GRAP 103: Mergers

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

Notes to the Annual Financial Statements

For the year ended 31 March 2013

	2 013	2012
	R'000	R'000
2. Non-exchange revenue		
Department of Agriculture – MTEF allocation	31 409	36 049
Other income/sponsorship received	4 610	555
Total	36 019	36 604
3. Exchange revenue		
Interest revenue - bank	724	937
	724	937
4. Administrative expenses		
General administrative expenses	806	717
Audit committee fees	163	173
Audit fees: External	332	265
Bank charges	67	25
Internal audit fees	111	166
Promotions and publicity	144	61
Refreshments and catering	266	260
Stationery and printing	405	554
Training and development	305	541
Venues and facilities – office parking	241	237
Total	2 840	2 999
5. Personnel expenditure		
Salaries – non-senior management	12 533	12 742
Basic salaries	11 248	11 097
Performance awards	845	1 277
Other non-pensionable allowance	387	318
Leave payments on resignation	53	50
Social contributions	1 810	1 488
UIF	53	63
Other salary related cost	198	52
Pension	1 559	1 373
Senior management remuneration	7 477	7 942
Council members' remuneration	481	676
Total	22 301	22 848

Notes to the Annual Financial Statements

For the year ended 31 March 2013

	2013	2012
	R'000	R'000
6. Operating expenses		
Communication costs	273	192
Consultants, contractors and special services	165	147
Courier and delivery charges	19	21
Computer consumables	6	32
Fruitless and wasteful expenditure	40	-
Maintenance, repairs and running costs	42	20
Office Rent	1 552	1 478
- Municipal charges	303	260
- Levy costs	301	274
- Rentals in respect of operating lease	948	944
Research, workshops and investigations	4 723	5 238
Section 7 and workgroup investigations	3 610	1 108
Travel and subsistence	2 265	1 996
Total	12 695	10 232
7. Depreciation and amortisation		
Depreciation on property, plant and equipment	507	418
Amortisation on intangible assets	70	40
Total	577	458
8. Finance costs		
Finance leases	32	40
Total	32	40

Notes to the Annual Financial Statements

For the year ended 31 March 2013

9. Council member's emoluments

Members Name	2013			2012	
	Fees for services R'000	Other payments R'000	Total amount paid R'000	Total amount paid R'000	Total amount paid R'000
Ms Ntombi Msimang	96	9	105	188	6
Prof Mohammad Karaan				-	127
Ms Mina Gill	87	43	130	44	43
Ms Makgoro Mannya				-	46
Mr Andre Young	40	5	45	-	-
Prof Johann Kirsten				-	53
Ms Cynthia Molo				-	14
Mrs Lillibeth Moolman				-	26
Mr Derrick Montshwe				-	21
Mr AM Cronje	33		33	15	19
Dr LL Magingxa (Audit & Risk Committee member)	25	-	25	-	6
Dr JL Purchase	15		15	57	33
Mr SC Symington	56	1	57	1	20
Mrs JM vd Merwe	1		1	70	30
Mr L Maduma					
Ms TE Zimu (Audit & Risk Committee member)	57	13	70		
Total	410	71	481	676	

Remuneration paid to audit and risk committee members

Chairperson: PSlack
 Member:GR Dinga
 Member:AR Ngwenya
 Member:R. Matlou
 Member:M. Moja

R'000	R'000
162	174
65	55
22	-
37	-
28	77
10	42

Notes to the Annual Financial Statements

For the year ended 31 March 2013

10. Senior managers' emoluments

Members Name	R'000	Allowances	Performance bonus	Pension contribution payments	UIF	Other	Total amount paid 2013	Total amount paid 2012
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Mr R Ramabulana CEO	1 107	172	188	188	2		1 657	1 661
Mrs F Muvhulawa CFO	1 003		143	143	2		1 291	1 262
Prof A Jooste	475	27	0	72	1		575	1 082
Senior Manager - MERC								
Mr Schalk Burger	748		111	111	1		971	981
Senior Manager – Statutory measures								
Mr H Mohane	779		111	111	1		1 002	981
Senior Manager – Agribusiness								
Mr Z Xalisa	779		89	111	2		981	981
Senior Manager – Agritrust								
Ms V Nkobi	776		111	111	2		1 000	994
Senior Manager: Human resources								
Total	5 667	199	753	847	11	-	7 477	7942

Notes to the Annual Financial Statements

For the year ended 31 March 2013

11. Property, Plant and Equipment

2011/12	Balances as at 01 April 2012				Movement for the year				Balances as at 31 March 2013			
	Net carry- ing amount R'000	Accumulated depreciation R'000	Net carry- ing amount R'000	Additions R'000	Disposal R'000	Depreciation R'000	Gross carrying amount R'000	Accumulated depreciation and impair- ment R'000	Net carrying amount R'000			
Own Assets												
Office Equipment	273	(199)	74	32	-	(22)	306	(222)	84			
Vehicles	370	(221)	149		-	(6)	370	(227)	143			
Computer Equipment	794	(398)	396	247	59	(142)	836	(394)	442			
Office Furniture & Fittings	766	(388)	378	21	-	(73)	789	(462)	327			
Farming Equipment	36	(18)	18		-	(7)	36	(25)	11			
Leased assets												
Leased office equipment	311	(154)	157	176	-	(154)	487	(308)	179			
Leasehold improvements	502	(355)	147	9	-	(103)	510	(458)	52			
Total	3 052	(1 733)	1 319	485	59	(507)	3 334	(2 096)	1 238			

Notes to the Annual Financial Statements

For the year ended 31 March 2013

11. Property, Plant and Equipment

2011/12	Balances as at 01 April 2011			Movement for the year			Balances as at 31 March 2012		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions	Disposal	Depreciation	Gross carrying amount	Accumulated depreciation and impairment	Net carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Own Assets									
Office Equipment	162	(98)	64	24	-	(14)	273	(199)	74
Vehicles	321	(267)	54	107	10	(2)	370	(221)	149
Computer Equipment	831	(394)	437	106	24	(123)	794	(398)	396
Office Furniture & Fittings	722	(321)	401	45	-	(67)	766	(388)	378
Farming Equipment	36	(11)	25	-	-	(7)	36	(18)	18
Leased assets									
Leased office equipment	251	(137)	114	147	-	(104)	311	(154)	157
Leasehold improvements	502	(254)	248	-	-	(101)	502	(355)	147
Total	2 825	(1 482)	1 343	429	34	(418)	3 052	(1 733)	1 319

Notes to the Annual Financial Statements

For the year ended 31 March 2013

12. Intangible assets

2011/12	Balances as at 01 April 2012				Movement for the year				Balances as at 31 March 2013			
	Gross carrying amount R'000	Accumulated depreciation R'000	Net carrying amount R'000		Additions R'000	Disposal R'000	Amortisation charge R'000		Gross carrying amount R'000	Accumulated depreciation and impairment R'000	Net carrying amount R'000	
Computer software	383	(202)	181	53		-	(70)		436	(272)	164	
Total	383	(202)	181	53		-	(70)		436	(272)	164	

12. Intangible assets

2011/12	Balances as at 01 April 2011				Movement for the year				Balances as at 31 March 2012			
	Gross carrying amount R'000	Accumulated depreciation R'000	Net carrying amount R'000		Additions R'000	Disposal R'000	Amortisation charge R'000		Gross carrying amount R'000	Accumulated depreciation and impairment R'000	Net carrying amount R'000	
Computer software	279	(164)	115	104		-	(40)		383	(202)	181	
Total	279	(164)	115	104		-	(40)		383	(202)	181	

Notes to the Annual Financial Statements

For the year ended 31 March 2013

	2 013	2012
	R'000	R'000
13. Inventory		
Consumable stores	59	55
Total	59	55

Inventories were not pledged as security.

The amount of inventory recognised as expense in the current and prior period

60 **86**

The amount of any write-down of inventories recognised as an expense in the period in which the reversal occurs. For the period under review no inventory were written down.

14. Trade and other receivables from exchange transaction

Sundry debtors	213	69
Prepayments	-	495
Rental deposit (property lease)	141	98
Total	354	662

15. Cash and cash equivalents

Current account	1 624	1 900
Cash on hand	3	2
Total	1 627	1 902

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.

16. FINANCE LEASE LIABILITY

Terms and conditions

i) All the leases are for an agreed period of 36 months, with an option to renew.

ii) The photocopiers are installed and then the contract will continue on a monthly basis until the entity decides to terminate the contract with one month's written notice.

Finance lease liability	195	174
Less: Current portion	(154)	(108)
Outstanding balance	41	66

The National Agricultural Marketing Council has during the period under review made a total contribution of R187,000 to finance leases as defined in IAS 17.

The finance lease liability for the entity are photocopying machines. The interest rate implicit in the lease was estimated to be the prime rate at the inception of the lease. The entity leased photocopiers from Minolta and Nashua for a period of 36 months.

Reconciliation between the minimum lease payments and the present value:

<i>Minimum lease payments</i>	195	174
Payable within 1 year	170	132
Payable within 1 - 5 years	41	74
Less interest portion	(16)	(32)

Notes to the Annual Financial Statements

For the year ended 31 March 2013

	2 013	2012
	R'000	R'000
Present value of minimum lease payments	195	174
Payable within 1 year	154	108
Payable within 1 - 5 years	41	66

16.1. Finance lease liability

The entity as lessee

Up to 1 year

- Future minimum lease payments	170	132
- Less: Finance charges	(16)	(24)
- Present value of the future minimum lease payments	154	108

Between 1 and 5 years

- Future minimum lease payments	42	74
- Less: Finance charges	(1)	(8)

Present value of the future minimum lease payments	41	66
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17. Trade and other payables from exchange transactions

Trade creditors	1 112	426
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17.1 Employee benefits due

Leave accrual	527	574
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Total trade and other payables	1 639	1 000
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The leave accrual is calculated by using the daily total cost to company of the employee, multiplied by the leave days due at year end.

18. Deferred revenue

	2013		
Name of project	Amount received	Amount utilised	Closing balance
International Trade Centre	-	31	-
Agricultural Marketing Scheme and Grain Farmer Development Trust (AMS&GFD)	-	-	162
Agribenchmark	-	99	-
SCLP (WesternCape)	326	13	313
AgriBEE Study	3 580	3 288	292
Total	3 906	3 431	-

Deferred revenue reflects that amount of income received during the current and previous financial year, but which will be utilised in the 2013/14 financial year for research projects and Agricultural Marketing Scheme and Grain Farmer Development Trust. Conditions to the contract have not been met as at 31 March 2013.

	2 012		
Name of project	Amount received	Amount utilised	Closing balance
International Trade Centre	-	338	31
Agricultural Marketing Scheme and Grain Farmer Development Trust (AMS&GFD)	-	-	162
Agribenchmark	-	-	99
Total	-	338	-

Notes to the Annual Financial Statements

For the year ended 31 March 2013

19. Reconciliation of (deficit)/surplus for the year to net cash flows from operating activities

	2013	2012
	R'000	R'000
(Deficit)/Surplus	(1 761)	956
Adjusted for:		
Gain/(loss) on disposal of property, plant & equipment.	55	8
- Amortisation on intangible assets	70	40
- Interest received	(724)	(937)
- Finance cost	32	40
Accrued income	-	(5)
- Depreciation on property, plant and equipment	507	418
Operating cash flows before working capital changes	(1 821)	520
Working capital changes	1 384	(618)
Increase/(decrease) in trade and other receivables	304	(400)
(Increase)/decrease in inventory	(4)	(17)
Increase/(decrease) in trade and other payables	1 084	(201)
Net cash utilised in operations	(437)	(98)

	2013	2012
	R'000	R'000

20. Operating lease commitment

Up to 1 year	1 187	1 063
Between 1 and 5 years	3 212	358
Total	4 399	1 421

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

	948	944
Amount deferred to the statement of financial position due to straight-lining	104	155

Notes to the Annual Financial Statements

For the year ended 31 March 2013

21. Financial instruments

Introduction and overview

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

Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The entity has developed a comprehensive risk strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. Internal Audit function reports quarterly to the Audit and Risk Management Committee, an independent body that monitors risks and policies implemented to mitigate risk exposures. The risk management process relating to each of these risks is discussed under the headings below.

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

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

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

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

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

		Carrying amount 2013	Carrying amount 2012
		R'000	R'000
Financial assets at amortised cost		1 981	2 069
Cash and cash equivalents	15	1 627	1 902
Receivables	14	354	167
Financial liabilities at amortised cost		1 834	1 174
Finance leases	16	195	174
Payables	17	1 639	1 000

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

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

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

Notes to the Annual Financial Statements

For the year ended 31 March 2013

2013

Interest income
Finance costs
Total

Financial assets at amortised cost	Other financial liabilities	Total
724	-	724
-	(32)	(32)
724	(32)	692

2012

Interest income
Finance costs
Total

937	-	937
-	(40)	(40)
937	(40)	897

Exposure to risks: Credit risk

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

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

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

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

Financial assets at amortised cost

Cash and cash equivalents
Receivables

Carrying amount 2013	Carrying amount 2012
R'000	R'000
1 981	2 069
1 627	1 902
354	167

Notes to the Annual Financial Statements

For the year ended 31 March 2013

21. Financial instruments (continued)

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

Exposure to risks: Liquidity risk

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

	2013		2012	
	Gross	Impairment	Gross	Impairment
	R'000	R'000	R'000	R'000
Cash and equivalents				
Neither past due nor impaired	1 627		1 902	
Receivables				
Neither past due nor impaired	354		167	
Total	1 981		2 069	

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

	Carrying amount	Total contractual cash flows	Not later than one year	1-5 years
	R'000	R'000	R'000	R'000
31-Mar-13				
Finance lease liabilities	195	195	154	41
Payables	4 399	4 399	1 187	3 212
Total	4 594	4 594	1 341	3 253

	Carrying amount	Total contractual cash flows	Not later than one year	1-5 years
	R'000	R'000	R'000	R'000
31-Mar-12				
Finance lease liabilities	174	174	108	66
Payables	357	357	999	357
Total	531	531	1 107	423

Notes to the Annual Financial Statements

For the year ended 31 March 2013

Exposure to risk: Market risk

Interest rate risk

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

Concentration of interest rate risk

	2 013	2012
	R'000	R'000
Variable rate instruments		
Financial assets	1 902	1606
Financial Liabilities	(174)	(121)
Total	1 728	1 485
Fixed rate instruments		
Financial liabilities: Accounts payable	1 000	988
Financial assets: Accounts receivable	167	247
Total	1 167	1 235

21. Financial instruments (continued)

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

Increase/(decrease) in net surplus for the year			
	Change in interest rate	Upward change	Downward change
2013		R'000	R'000
Cash and cash equivalents	1%	16	(16)
Finance lease	1%	(1)	1
Receivables from exchange transaction			
2012		R'000	R'000
Cash and cash equivalents	1%	16	(16)
Finance lease	1%	(1)	1

The upward and downward effect of the % change in interest rate would be immaterial and not bear a significant effect on the financial position.

Notes to the Annual Financial Statements

For the year ended 31 March 2013

	2013	2012
	R'000	R'000

22. Tax exemption

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

23. Related parties

Relationship

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

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

Transactions

Department of Agriculture, Forestry and Fisheries - Grant	31 409	31 194
Key management personnel: refer to note 9 & 10 of the financial statements		

24. Significant estimates and judgement made by management

Estimates and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The entity has in the period under review assessed the useful lives of property plant and equipment and intangible assets.

The assumption used in determining the useful lives and residual values were based on the following:

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

Notes to the Annual Financial Statements

For the year ended 31 March 2013

25. Budget information

25.1 Reconciliation of budget with deficit in the statement of financial performance

	2013
	R'000
Net deficit per the statement of financial performance	(1 761)
Adjusted for:	
Gain/ (loss) on the sale of property, plant & equipment	64
Proceeds from insurance	(19)
decrease in provisions for the year	(47)
Movement in operating lease liability	(64)
Inventory valuation adjustment	(4)
Depreciation & amortisation	577
Overspending on finance charges	9
Underspending on assets purchased	44
Sponsorship and other income received in excess of budget	(4 610)
Overspending on personel expenditure	1 712
Overspending on other expenditure	4 099
Net surplus /(Deficit) per approved budget	-

25.2 Comparison of actual versus budget 2012/13

Description	Approved budget	Adjustments	Final budget	Actual	Variance	Var. %	Explanation of significant variance more than 8%
	R'000			R'000	R'000		
Revenue							
Grant received	31 115	294	31 409	31 409	-	-	Other income represents sponsorship funding received during the fiancial year 2012/13.
Other income	-	-	-	4 610	(4 610)	100	
Interest received	700	-	700	724	(24)	(3)	
Total revenue	31 815	294	32 109	36 743	(4 634)	(15)	

Notes to the Annual Financial Statements

For the year ended 31 March 2013

Expenses							
Personnel expenditure	20 414	294	20 708	22 301	(1 593)	(8)	Rollover funding has been utilised to finance expenditure on National Red Meat Development project
Administration expenses	6 138	-3 056	3 082	2 840	242	8	
Operating expenses	4 237	3 257	7 494	12 602	(5 108)	(68)	Increase on operating expenditure is due to the increase in the number of Section 7 and workgroup investigations where NAMC was involved in the following projects: this includes the expenditure incurred using the sponsorship funding received for AgriBee study and Agribenchmark.
Depreciation & amortisation	655	-	655	577	78	12	Depreciation decrease due to assets disposed.
Finance cost	34	-	34	32	2	6	
Information Technology costs (IT costs)	337	-201	136	152	(16)	(12)	The new IT service provider was appointed in March 2013.
Total	31 815	294	32 109	38 504	(6 395)	(20)	

26. Change in accounting estimates

During the current period management have reviewed the useful lives and residual values of the entity's property, plant and equipment and have restated the depreciation figures prospectively. The effect of this review has decreased the depreciation charges for the current and future periods by R13 thousand.

27. Fruitless and Wasteful expenditure

	2013	2012
	R'000	R'000
Opening balance	-	-
Amount not condoned	40	-
Less amount condoned	-	-
Closing balance	40	-

An amount of R40 thousand. was charged to NAMC as a result of late payment of Pay As You Earn (PAYE) to South African Revenue Services (SARS) in May 2012, consultation with SARS regarding the reversal of this amount where made, as at 31 March 2013, no correspondence were received from SARS regarding the reversal of penalties.

Notes to the Annual Financial Statements

For the year ended 31 March 2013

28. Reconciliation of irregular expenditure

	2013	2012
	R'000	R'000
Opening balance	-	-
Amount not condoned	2 908	-
Less amount condoned	-	-
Closing balance	2 908	-

The NAMC has at the beginning of the financial year 2012/13 utilised an overdraft of amounting to R1 million, this was done without obtaining approval from National Treasury

The NAMC has written a letter to National Treasury for the condonement of the overdraft, but as at 31 March 2013, no approval was obtained from National Treasury.

The NAMC did not follow the proper procurement procedure with regard to sourcing the supplier for AgriBEE study and an expenditure for an amount of R2,9 million was incurred.

As at year end, no letter was written to National Treasury to request condonation of irregular expenditure. NAMC will initiate the process in the current financial year 2013/14.

Annexure B: Contact Details

Contact details of Industry Trusts

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Citrus Industry Trust	Citrus	Ms Elsa Taylor PO Box 359 GROENKLOOF 0027	012 667 3113	012 667 3128	emtaylor@iafrica.com
Cotton Trust	Cotton	Mr Hennie Bruwer PO Box 912232 SILVERTON 0127	012 8041462	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	anton@hortgro.co.za
Dry Bean Trust	Dry beans	Mr CF Kleingeld PO Box 15587 PRETORIA 0039	012 808 1660	012 808 1662	marketing@beanseed.co.za http://www.beans.co.za
Lucerne Seed Industry Research and Development Trust	Lucerne	Mr Derick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern@mweb.co.za
Maize Trust	Maize	Mr Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 349 8707	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 PORT ELIZABETH 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
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 Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 349 8707	l-lagric@mweb.co.za
Winter Cereal Trust	Winter cereals	Mr Awie Coetzee PO Box 7088 CENTURION 0046	012 663 1660	012 663 3109	wct@grainmilling.co.za
SA Wine Industry Trust	Wine	Mr Charles Erasmus Private Bag x 5034 STELLENBOSCH 7599	021 809 3164	021 889 5900	www.sawit.co.za
Wool Trust	Wool	Mr André van de Venter PO Box 2500 PORT ELIZABETH 6056	041 484 4307	041 484 4309	andre@wooltrust.co.za

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Contact details of Industry Trusts

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Cape Wool SA	Wool	Mr Louis de Beer PO Box 2191 Port Elizabeth 6056	041 484 4301	041 484 6792	louise@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@mweb.co.za
Milk Producers' Organisation	Milk	Dr Koos Coetzee PO Box 1284 Pretoria 0001	012 843 5600	012 804 4811	Koos.coetzee@po.co.za
Milk South Africa	Dairy	Mr Nico Fouche PO Box 1961 BROOKLYN SQUARE 0075	012 460 7312	012 460 9909	nico@milksa.co.za
Mohair South Africa	Mohair	Mr Deon Saayman P O Box 2243 SYDENHAM PE 6056	041 487 1386	041 487 1336	deon@mohair.co.za www.mohair.co.za
SATI (The South African Table Grape Industry)	Table grapes	Ms Elaine Alexander P O Box 2932 PAARL 7620	021 872 1438	021 872 4375	rhomona@satgi.co.za www.satgi.co.za
SAGIS (South African Grain Information Service)	Barley, canola, groundnuts, maize, oats, sorghum, soybeans, sun-flower 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, sorghum and other grains	Ms Wiana Louw PostNet Suite #391 Private Bag x1 The Willows 0041	012 807 4019	012 807 4160	Info@sagl.co.za www.sagl.co.za

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Contact details of Industry Trusts

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 www.ostrichsa.co.za
South Africa Poultry Association	Poultry	Mr David Hughes PO Box 1202 HONEYDEW 2040	011 795 2051	011 795 3180	sapa@sapoultry.co.za www.sapoultry.co.za
SAWIS (South African Wine Industry Information & Systems)	Wine	Ms Yvette van der Merwe PO Box 238 PAARL 7620	021 807 5703	021 807 6003	Yvette@sawis.co.za www.sawis.co.za
WINETECH (Wine industry Network of Expertise and Technology)	Wine	Mr Gerard Martin PO Box 528 SUIDER-PAARL 7624	021 807 3324	021 807 3385	marting@winetech.co.za http://www.winetech.co.za
WOSA (Wines of South Africa)	Wine	Ms Su Birch PO Box 987 STELLENBOSCH 7599	021 883 3860	021 883 3861	info@wosa.co.za http://www.wosa.co.za
Potatoes SA	Potatoes	Mr Gawie Geyer Private Bag X135 PRETORIA 0001	012 349 1906	012 325 6102	ggeyer@agric.co.za
SA Olive Industry Association	Olives	PO Box 357 PAARL 7620	021 870 2900	021 870 2915	info@saolive.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
SA Pecan Producers Association (SAPPA)	Pecans	Ms Harriet Hofsink PO Box 321410 Totiusdal 0134	012 329 9868	012 329 9869	harriet@sappa.za.org www.sappa.za.org
SAMIC (South African Meat Industry Company)	Red meat	Mr Rudi van der Westhuizen PO Box 26151 ARCADIA 0007	012 361 4545	012 361 6004	ceo@samic.co.za www.samic.co.za

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@fpf.co.za www.fpf.co.za
Deciduous Canning Fruit Forum	Deciduous Canning Fruit	Mr SJ Victor PO Box 414 PAARL 7620	<u>021 872 1401</u>	<u>021 872 2675</u>	inmaak@mweb.co.za
Meat Industry Forum	Red meat	Mr Dave Ford PO Box 244 LA MONTAGNE 0184	012 667 1189	012 667 1246	dave@safeedlot.co.za www.safeedlot.co.za
SA Groundnut Forum SA Sunflower Forum SA Soya Bean Forum	Groundnuts Sunflowers Soya beans	Mr Gerhard Keun PO Box 5562 RIVONIA 2128	011 234 3400	011 234 3402	oliesade@worldonline.co.za
Sorghum Forum	Sorghum	Mr Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 349 8707	l-lagric@mweb.co.za
Wheat Forum	Wheat	Mr Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 349 8707	l-lagric@mweb.co.za
Wool Industry Forum	Wool	Mr Andre Strydom PO Box 2191 NOORDEINDE PORT ELIZABETH 6056	041 484 4301	041 484 6792	capewool@capewools.co.za
Lucerne Industry Forum	Lucerne seed	Mr Derick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern@mweb.co.za
Maize Forum	Maize	Mr Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 349 8707	l-lagric@mweb.co.za