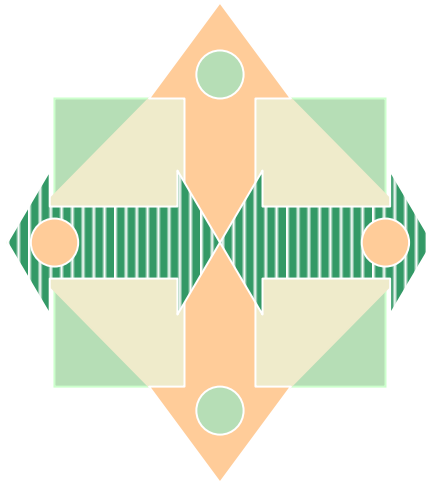




ANNUAL REPORT
OF THE
NATIONAL AGRICULTURAL MARKETING
COUNCIL
(NAMC)
2003



PRETORIA

10 MAY 2003



MISSION STATEMENT

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

VISION

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

CORE BUSINESS

Provide accurate, relevant, independent and timely information.

CORE VALUES

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



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PART 1

GENERAL INFORMATION



PART 1: GENERAL INFORMATION

1. SUBMISSION OF THE 2002/03 ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

Madam, the Honourable Minister for Agriculture and Land Affairs, the National Agricultural Marketing Council has the honour to submit its Annual Report for the period 1 April 2002 to 31 March 2003.

2. LEGISLATIVE MANDATE

The NAMC was established in terms of sections 3 and 4 of the Marketing of Agricultural Products Act, No. 47 of 1996 (hereafter referred to as the Act) as amended by Act No. 59 of 1997 and Act No. 34 of 2001.

The mandate of the NAMC is spelled out in section 9(1)(a) of the Act, which reads as follows:

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

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

1. agricultural marketing policy and its application
2. the coordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments



3. the possibilities for promoting the objectives of the Act, mentioned in section 2(2) of the Act
4. the effect that marketing of products has on the objectives mentioned in section 2(2) of the Act.

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

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

- The Minister, as the Executive Authority to the NAMC, annually approves the budget and the business plan of the Council before the beginning of each financial year.
- According to Section 53(1) of the Public Finance Management Act (PFMA), No. 1 of 1999, read with Section (5)(1) of the Treasury Regulations issued in terms of the (PFMA), the NAMC submitted its three year strategic plan to the Executive Authority six months before the beginning of the ensuing financial year (1 April each year) for their consideration and guidance.
- The NAMC, through submissions and quarterly reports, appraises the Minister about progress made on the approved business plan.
- The Council, which is the Accounting Authority of the NAMC, sits monthly to consider submissions to the Minister.

In addition, the Council provides strategic leadership to the internal management of the NAMC.



PART 2

HUMAN RESOURCE

MANAGEMENT

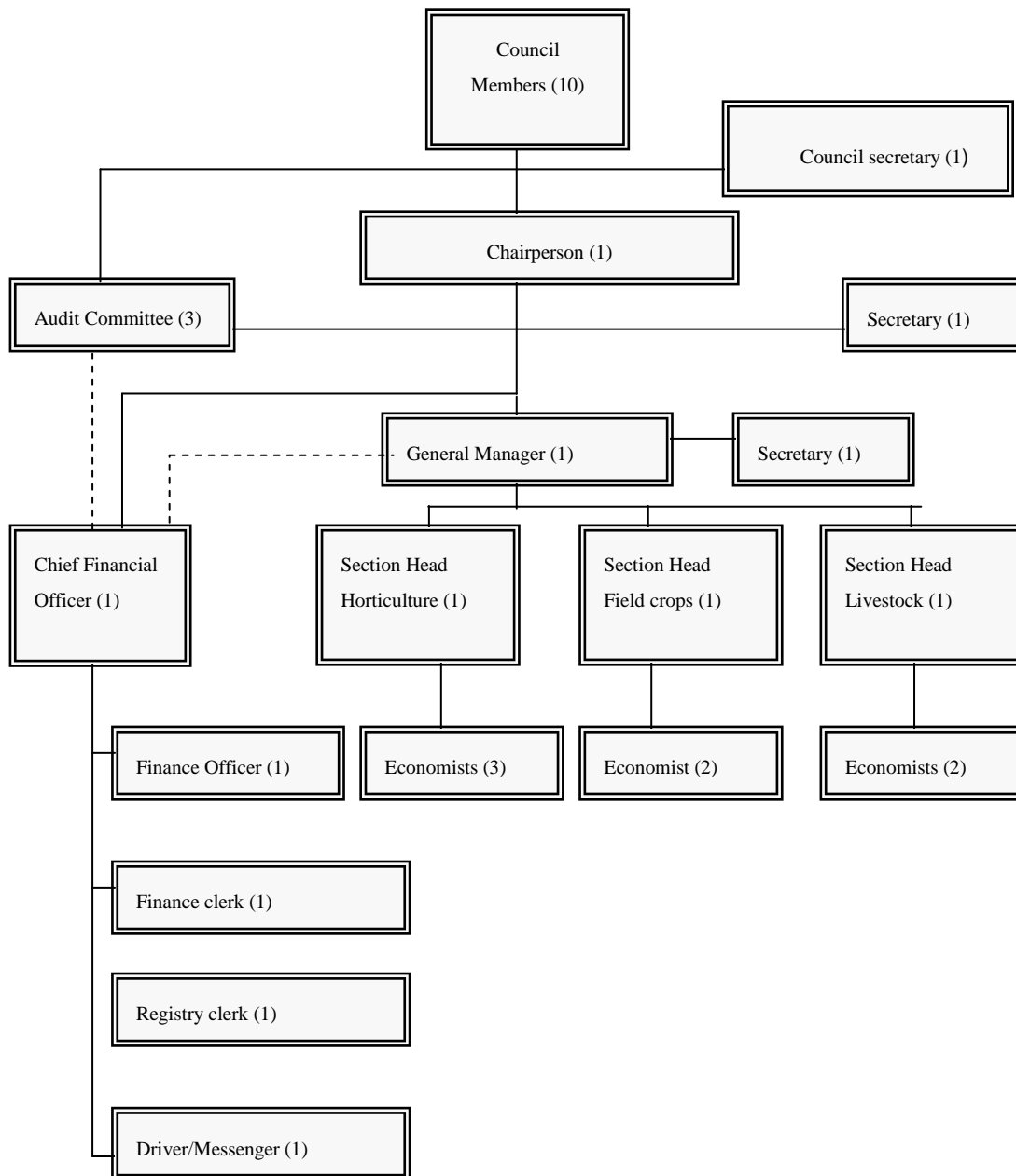


PART 2: HUMAN RESOURCE MANAGEMENT

1. ORGANISATION

1.1. Organisational structure of the NAMC

The organisational structure of the NAMC as at 31 March 2003 is as follows:





1.2. The Council and its functions

On 31 March 2003 the Council comprised ten members and was constituted as follows:

Mr M.G. Rathogwa (Chairperson)	Full-time
Mr M.E.J. Bezuidenhout	Part-time
Dr C.B. Buthelezi	Part-time
Mr G.P. Dall	Part-time
Mr W.A. Fourie	Part-time
Prof J.F. Kirsten	Part-time
Mr B.M. Makhetha	Part-time
Mrs S.E. Moolman	Part-time
Mr V.W. Mvabaza	Full-time
Mrs D. Ndaba	Full-time

The current members of the Council were appointed on 1 January 2001. Section 4(7) of the Marketing of Agricultural Products Act (1996) stipulates that appointments to the Council shall be for a period not exceeding four years. A retiring member is however eligible for re-appointment.

The Marketing of Agricultural Products Act (1996) directs the NAMC to advise the Minister on agricultural marketing to ensure improved market access, marketing efficiency, optimisation of export earnings and viability of the agricultural sector. To this end the NAMC provides the Minister with accurate, relevant, independent and timely information on agricultural marketing matters.



1.3. Secretariat and its functions

The Secretariat is responsible for providing professional support to the Council through gathering industry information, conducting literature reviews and compiling reports. On 31 March 2003 it comprised a staff of nineteen persons.

1.4. Approved establishment and the functions of the job categories

The Chairperson, full-time Council members, the General Manager and Section Heads are responsible for the day-to-day running of the organisation. During the year under review there were two full-time Council members in addition to the Chairperson.

The General Manager implements the decisions of both Council and management on a daily basis. The Section Heads are responsible for overseeing the work of the sections and supervising the Economists. The Section Heads and Economists, assisted by the relevant Council members, are responsible for compiling submissions and reports for consideration by the Council. The administration and finance support staff component consists of three finance and four administrative personnel.



In Table 1 below, employment numbers and vacancies are indicated by component, grade and nature of employment.

TABLE 1: NAMC STAFF COMPLEMENT – 2002/2003

	COUNCIL			SECRETARIAT							
	Chairperson	Vice-Chairperson	Member	General Manager	Section Heads	CFO	Economists	Finance Officer	Secretaries	Clerks	Driver
Grade	L	L	L	P	P	P	P	P	P	P	P
Level	14	13-14	13	5	7	7	8-11	10	10	10	14
Approved	1	1	8	1	3	1	7	1	3	2	1
Filled	1	0	9	1	3	1	7	1	3	2	1
Vacant	0	(1)	0	0	0	0	0	0	0	0	0
(Over)/Under	-	1	(1)	-	-	-	-	-	-	-	-

A Vice-Chairperson was not appointed during the period under review, thus Table 1 shows 9 (instead of 8) posts filled by ordinary members, the vacant post having been added to the 8 approved posts for ordinary members.

During the 2002/03 financial year the Council appointed one Section Head and one economist in the Field Crop Section.

1.5. Number of persons employed additional to approved establishment

During the year under review no additional staff in excess of the approved establishment were appointed.



2. JOB EVALUATION

2.1. Number of posts evaluated, upgraded and downgraded in accordance with Code of Remuneration (CORE)

Council member posts were evaluated at the establishment of the Council in 1997, and there have been no changes since then.

The existing 19 filled posts in the Secretariat were evaluated in accordance with CORE during the 2002/03 financial year. No posts were downgraded or upgraded during the 2002/03 financial year.

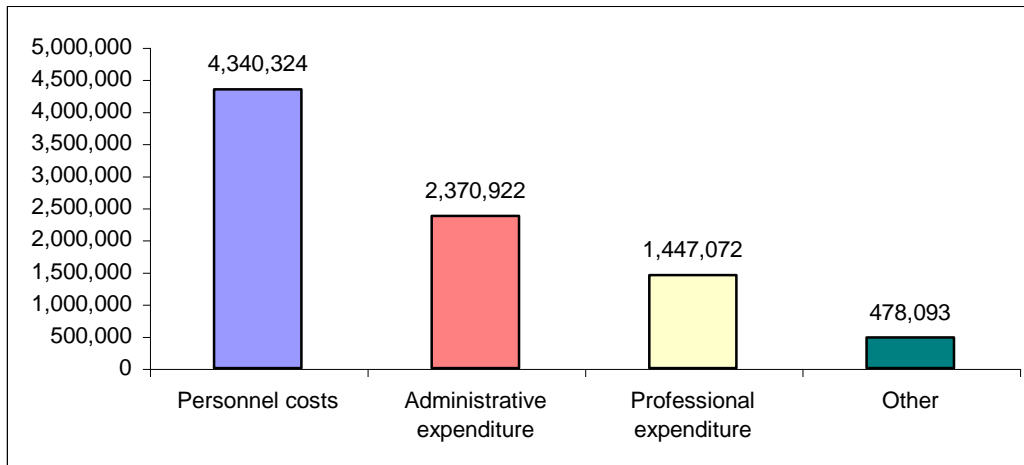


3. **REMUNERATION**

3.1. Percentage of budget (excluding transfer payments, expenditure on land and buildings and miscellaneous payments) spent on total personnel costs, administrative expenditure and professional services

Chart 1 below shows the breakdown of actual expenditure per personnel, administrative, professional and other expenditure costs. Personnel costs at 50% were the highest, followed by administrative expenditure (27%), professional expenditure (17%) and other costs (6%) respectively.

CHART 1 BREAKDOWN OF EXPENDITURE





3.2. Personnel costs in intervals of R20 000, by race, gender, disability and CORE

These data are given in Table 3 below.

TABLE 3: NAMC TOTAL REMUNERATION PACKAGES AS AT 31 MARCH 2003

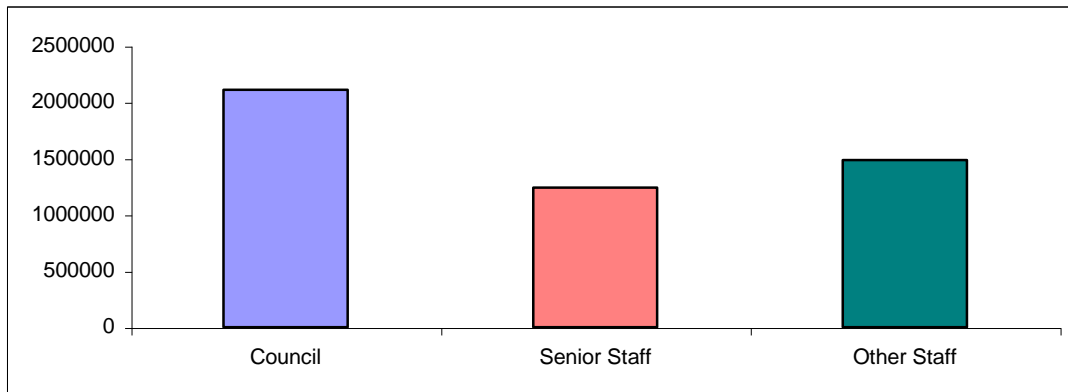
Personnel cost intervals	Race								Gender				Disability	
	White		Black		Coloured		Indian		Current		Core		Current	Core
Rands	Current	Core	Current	Core	Current	Core	Current	Core	M	F	M	F		
60,001-80,000			1	1					1		1			
80,001-100,000														
100,001-120,000	3	3	3	3					1	5	1	5		
120,001-140,000	1	1	1	1						2		2		
140,001-160,000	1	1	3	3	1	1			3	2	3	2		
160,001-180,000														
180,001-200,000														
200,001-220,000	1	1	2	2					3		3			
220,001-240,000														
240,001-260,000	1	1							1		1			
260,001-280,000														
280,001-300,000														
300,001-320,000														
320,001-340,000			1	1					1		1			
380,001-400,000														
400,001-420,000														



3.3. Percentage of total personnel costs spent on Senior Management Services (SMS)

Senior Management refers to full-time Council members, the General Manager, Section Heads and the Chief Financial Officer. The latter two posts are below the level of a Director in the Public Service. Chart 2 shows the percentage of total personnel costs spent on Senior Management.

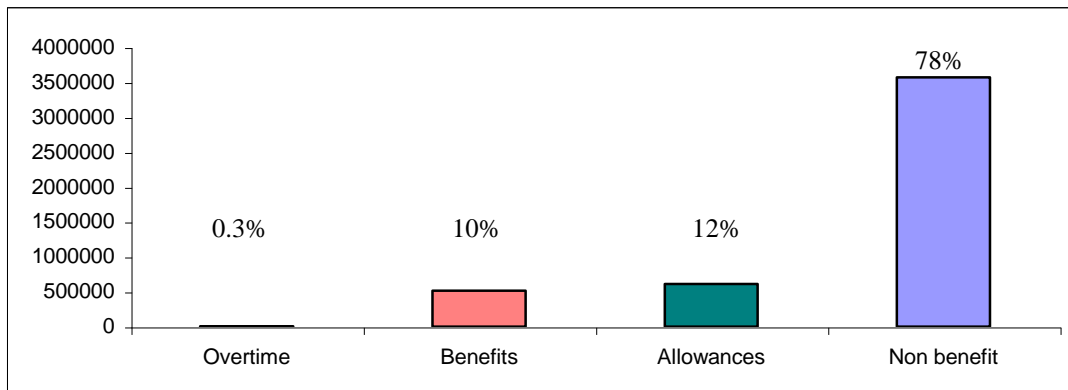
CHART 2 SENIOR MANAGEMENT COSTS



3.4. Cost of overtime, allowances and benefits expressed as a percentage of total personnel costs

The percentage of total personnel costs spent on overtime, allowances and benefits is shown in Chart 3 below. An amount of R3 951.56 was paid as overtime to one staff member in the 2002/03 financial year.

CHART 3 OVERTIME, ALLOWANCES AND BENEFITS





4. AFFIRMATIVE ACTION, RECRUITMENT, PROMOTIONS AND TERMINATIONS OF SERVICES

4.1. Progress made with policy statement on the NAMC's commitment to affirmative action and implementation of the policy

As stated in the annual report for 2001, the practice has been to affirm historically disadvantaged persons, as can be seen in Table 4. The 1997 staff complement consisted predominantly of people from advantaged backgrounds. This profile has changed and the staff complement at 31 March 2003 is more demographically representative.

4.2. Numerical and time-bound targets for achieving representativeness

The NAMC's staff complement is at present sufficiently representative, as shown in Table 4 below, and there are no time-based targets.

TABLE 4: NAMC STAFF REPRESENTIVITY AS AT 31 MARCH 2003

Job category	Council			Secretariat		
	Historical background			Historical background		
	Advantaged	Disadvantaged	TOTAL	Advantaged	Disadvantaged	TOTAL
Full-time	-	3	3			
Part-time	5	2	7			
Senior staff				2	3	5
Economists				2	5	7
Financial staff				-	1	1
Secretaries				2	1	3
Clerks				1	1	2
Support				-	1	1
Total	5	5	10	7	12	19



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

These details are provided in Table 5 below.

TABLE 5: EMPLOYEES RECRUITED BY NAMC DURING 2002/2003 FINANCIAL YEAR

Job category	Employee				
	Race		Gender		Disability
	White	Black	Male	Female	
Economist	1	-	-	1	-

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

The NAMC did not terminate the services of any employees during the financial year.

4.5. Number, occupations and grades of foreign appointees

The NAMC did not employ foreign appointees during the 2002/2003 financial year.



5. **PERFORMANCE MANAGEMENT AND SKILLS DEVELOPMENT**

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

The Council evaluates staff performance to ascertain improved performance and to reward it objectively. During the year under review staff received an average 5.38% merit bonus.

5.2. Training plan targets and progress made towards achieving them

These are given in Table 6 below.

TABLE 6: TRAINING PLAN FOR 2001/2002

Training plan	Council		Secretariat	
	Target (no of employees)	Achieved (no of employees)	Target (no of employees)	Achieved (no of employees)
Informal training				
Market overview economic analysis training				
Cultural Diversity workshop				
Computer training				
Measuring Stick workshop				
Report writing skills				
Meyers Briggs Type Indicator				
Corporate Governance Workshop				
Formal training				
Degrees			3	1

No employee obtained a degree during the 2002/03 financial year, but a number of employees obtained credits towards their degrees and diplomas.



5.3. Training budget and actual amounts spent on each training target by race, gender and disability, in each grade and in each CORE

The NAMC spent R37 439.76 on training. Of that amount R35 399.76 was spent on informal skills training and R2 040 on formal training for staff and Council members.

6. ***INJURY, ILLNESS AND DEATH***

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

7. ***COLLECTIVE AGREEMENTS***

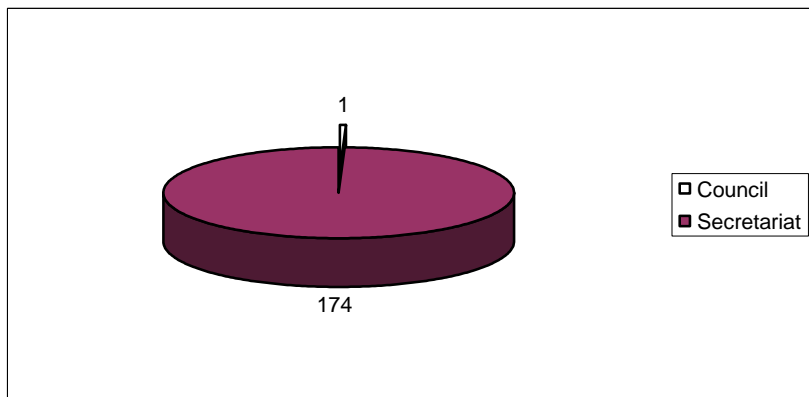
An informal Bargaining Agreement is in place between the Secretariat and Council.

8. ***SICK LEAVE***

8.1. Number of days' sick leave taken

The number of days of sick leave taken by NAMC employees is shown in Chart 4 below, which also gives a breakdown between Council members (three full-time Council members) and Secretariat staff (19 persons).

CHART 4 SICK LEAVE





Total sick leave days taken during the year (by Council and Secretariat together) were xxx. The number of sick leave days decreased from 175 in 2001/02 to xxx in 2002/03.

8.2. Estimated cost of sick leave taken

The cost to the NAMC of the sick leave taken in the 2002/03 financial year was Rxxx.

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

No Full time council members or staff members took more than 15 continuous sick leave days during the year under review.

9. *ILL HEALTH*

There is nothing to report under this heading.

10. *DISCIPLINARY STEPS*

During the year under review, a labour dispute for unfair dismissal continued. A dispute was declared by the General Manager against the Council and the proceedings were referred to the Labour Court.

At the time of writing this Report, these proceedings had not yet been finalised. The proceedings are, however, reported as required in terms of Section 85(1)(a) of the Public Finance Management Act, 1999, (Act 1 of 1999), read with Treasury Instructions 33.3.1.



PART 3

PROGRAMME PERFORMANCE

MANAGEMENT



PART 3: PROGRAMME PERFORMANCE MANAGEMENT

OVERVIEW OF NAMC PROGRAMMES

1. AIM OF THE VOTE

The NAMC is funded by Parliament through Vote 24 under the Programme: Agricultural Trade and Policy analysis of the National Department of Agriculture. The aim of the NAMC is to provide agricultural marketing advice to the Minister of Agriculture and agricultural sector role players. The goal is to promote the achievement of the objectives of the Marketing of Agricultural Products Act (No. 47 of 1996).

2. KEY PROGRAMMES AND ACHIEVEMENTS

The NAMC had five key programmes identified and approved by the Minister of Agriculture when the budget transfer was approved in June 2002. These programmes (sections) are as follows:

- Council
- Administration (staff and office)
- Horticulture
- Field crops
- Livestock.

The highlights of the 2002/03 financial year included the completion of a number of investigations into the effect of deregulation on certain industries, the evaluation of various statutory measures in terms of the Marketing of Agricultural Products Act (No. 47 of 1996) and a number of visits to the provinces in order to inform people at grassroots level about the agricultural marketing dispensation in South Africa.



3. KEY POLICY DEVELOPMENTS FOR THE PERIOD 1 APRIL 2001 TO 31 MARCH 2002

During the 2001/02 financial year, the Minister of Agriculture initiated a review of the Marketing of Agricultural Products Act (No.47 of 1996) as amended by Act 59 of 1997. This process was completed with the promulgation of a number of amendments to the Marketing Of Agricultural Products Act on 23 August 2002. The amendments to the Act make *inter alia* provision for the following:

- The auditing of statutory levies on an annual basis by the Auditor General.
- For the Minister to decide how to utilise any remaining levy funds in the possession of levy administrators, after the period for which such levy was approved, lapsed.

Key areas of work conducted by the NAMC during the year of reporting fall under the five main programmes.



PROGRAMME 1: COUNCIL

1. AIMS

- To advise the Minister of Agriculture on all matters pertaining to agricultural marketing.
- To act as the accounting authority of the public entity in compliance with the Public Finance Management Act.

2. KEY PROGRAMMES AND ACHIEVEMENTS

The Council is made up of ten members and has the following structures for governance

- National Agricultural Marketing Council
- Executive Committee
- Internal management committees:
 - Management Committee
 - Human resource Committee
 - Tender Committee
 - Research Committee
 - International Trade and Tariff Committee
 - Communication Committee
 - Budget Committee
- Portfolios controlled by individual Council members either as first responsible or as second responsible for the portfolio.



3. ***OUTPUT AND SERVICE DELIVERY TRENDS***

The Council sat 11 times during the year under review (during December 2002 the Council did not convene). During these meetings members deliberated on and forwarded 44 submissions to the Minister regarding the findings of Section 7 Committees, NAMC working groups, advice on deregulation matters, investigations into the implementation of statutory measures, report backs from Ministerial Trustees in industries, budgets and financial results of producers' organisations responsible for the administration of levies and NAMC administrative matters. The Council also handled 49 ministerial enquiries and was responsible for the publication of 14 notices in the Government Gazette.

The Internal Management Committees assist Council members in discharging their responsibilities in managing the NAMC's internal affairs and in ensuring that the NAMC implements the recommendations and/or instructions of Council.

The following are highlights of the year under review:

- In March 2003 the Council released its first newsletter, which is to be issued on a quarterly basis. The Council's newsletter is regarded as a useful tool to reach people on grass-roots level. The Council distributed 1 000 copies of the first newsletter *inter alia* during visits to the provinces. The newsletter is also accessible on the Council's website.
- The NAMC made progress regarding the development of its website. In November 2002 the consultants appointed to develop the Council's website completed Phase 2 of the process. Role players in the agricultural sector are now in a position to view all the reports that were completed and released by the Council, to register as a directly affected group with the Council, to access the Council's press releases, newsletters, policy documents, etc.
- The Council reviewed (on a broader basis) all statutory levies collected in terms of the Marketing of Agricultural Products Act (No. 47 of 1996) during the 2001 financial year. Statutory levies collected in 2001 (R69.0 million)



represent 0.6% of total production value of R11 427 million. The Marketing of Agricultural Products Act stipulates that the value of levies should “not exceed, in total, five percent of the price realized minus the cost incurred up to its first point of sale”. Levies that were available for PDIs amounted to R7.9 million and represented 11.4% of total levies collected. The NAMC guideline policy with regard to statutory levies requires that at least 10% of levy income should be spent on transformation (exposure, training and empowering of previously disadvantaged groups), about 80% should be focused on the core business (e.g. research and development, information, etc.), and not more than 10% for administrative purposes. The Council notified the relevant industries about this guideline and requested them to adhere to it. In some cases industries exceeded the minimum of 10% of levy funds spent on transformation. The Sorghum Trust for example indicated that 22% of levy income was allocated to PDI specific projects.

- In the 2002/03 financial year the Council also became a member of the National Agricultural Research Forum.
- The Council continue to be involved in the activities of the Regulators Forum. One of the objectives of the Regulators Forum is to facilitate the harmonisation of regulatory policies and legislation across different industries to standardise regulatory policies, practices and procedures.
- In terms of broader Government policy goals, the Council places considerable emphasis on the inclusion of emerging farmers (previously disadvantaged individuals = PDIs) in the mainstream of agriculture. In order to achieve this, the Council intends to broaden access to support services for the marketing of the agricultural products from PDIs. In October 2002 levy administrators were requested to include in their reporting to the Council a list of the different PDI projects they have initiated for PDIs and to evaluate the “value for money spent” on these projects. Evaluation of the projects should be done by an independent person / institution. According to a



guideline issued by the NAMC, levy administrators should submit to the Council annual audited financial statements, reflecting budgeted income and expenditure compared to actual income and expenditure figures.

- In the 2002/03 financial year the Council was involved in an ongoing process to revised it current Service Conditions. Certain sections of the NAMC Service Conditions need to be revised to be in line with current legislation.

- Overseas visits

- United States of America

In August 2002 a Council member and a staff member visited the United States of America to participate in the 2002 Cochran Fellowship Program (CFP). The CFP offers short-term training opportunities, ranging from 2 weeks to 3 months, depending on the objectives of the program. The program involves meetings with professionals in their fields, participating in field observations and industry visits, experiencing on-the-job training, attend university courses and seminars, or participating in a combination of the above.

- Namibia

A delegation of the NAMC together with the Chairperson of the International Ostrich Association and marketing agent for Ostrich Production Namibia, visited Namibia from 19 to 20 August 2002 to learn from some of the ostrich development projects that were established in Namibia. The delegation *inter alia* visited a communal ostrich project, a feather project for disabled women, an ostrich abattoir and a tannery in Keetmanshoop.



- In the 2002/03 financial year, the NAMC's Communication Committee had undertaken 30 visits to the provinces (compared to 20 visits the previous financial year) in order to inform people at grassroots level about the agricultural marketing dispensation in South Africa and the role and functions of the NAMC. The feeling among the emerging farmers appears to be that more must be done in terms of distributing marketing information and infrastructural development to support the commercialisation of agriculture. A summary of National Agricultural Marketing Council marketing workshops with farmers from 2000/01 financial year until the 2002/03 financial year, are as follows:

Province	2000/1	2001/2	2002/3
Eastern Cape	1	2	4
Free State	1	3	4
Gauteng	1	2	3
Kwa-Zulu Natal	-	3	3
Limpopo	3	6	4
Mpumalanga	3	1	4
North West	1	2	2
Northern Cape	-	-	2
Western Cape	-	1	4



TABLE 7: OUTPUTS AND SERVICE DELIVERY TRENDS - COUNCIL

Sub-programmes	Outputs	Indicator	Performance
Council meetings	Agenda items	Expected number	Actual number
	Council sittings	11	11
	Presentations by delegates	4	5
	Submissions to the Minister	44	45
	Management directives	9	10
	Comments on reports	12	10

4. STATUS REPORT ON THE LIQUIDATION OF THE CONTROL BOARDS

The following control boards have been disbanded, and the schemes have been repealed in terms of section 26 and 27 of the Marketing of Agricultural Product Act, 1996 (No. 47 of 1996) which came into operation on 1 January 1997.

	Name of Control Board	Date scheme repealed
1.	Canning Fruit Board	30 September 1997
2.	Cotton Board	5 January 1998
3.	Dried Fruit Board	31 December 1998
4.	Milk Board	5 January 1998
5.	Sorghum Board	30 September 1997
6.	Lucerne Seed Board	30 August 1997
7.	Mohair Board	31 December 1997
8.	Oilseeds Board	31 March 1998



The following control boards still exist as a result of extensions granted by the Minister in terms of section 27(2)(c) and section 27(3) of the Act.

Name of entity	Number of extensions granted	Date of last financial statements submitted for audit	Date of last audit report finalised
Meat Board	6 months to Jun 98 6 months to Dec 98 7 months to July 99 12 months to Jul 00 12 months to Jul 01 12 months to Jul 02 12 months to Jul 03		
Maize Board	6 months to Jun 98 6 months to Dec 98 7 months to Jul 99 12 months to Jul 00 12 months to Jul 01 12 months to Jul 02 12 months to Jul 03		
Citrus Board	3 months to 31 Mar 98 3 months to 30 Jun 98 6 months to Dec 98 7 months to Jul 99 12 months to Jul 00 12 months to Jul 01 12 months to Jul 02 12 months to Jul 03		
Wheat Board	6 months to Jun 98 6 months to Dec 98 7 months to Jul 99 12 months to Jul 00 12 months to Jul 01 12 months to Jul 02 12 months to Jul 03		
Wool Board	6 months to Jun 98 6 months to Dec 98 7 months to Jul 99 12 months to Jul 00 12 months to Jul 01 12 months to Jul 02 18 months to Dec 03		



Deciduous Fruit Board	9 months to Sep 98		
	3 months to Dec 98		
	7 months to Jul 99		
	12 months to Jul 00		
	12 months to Jul 01		
	12 months to Jul 02		
	12 months to Jul 03		



PROGRAMME 2: ADMINISTRATION (STAFF AND OFFICE)

1. AIM

To provide overall, day-to-day administrative support to the management of the NAMC.

2. KEY PROGRAMMES AND ACHIEVEMENTS

The Administration Section comprises all the administration and support staff of the Secretariat, which provides routine support to the economists and Council members. During the year under review, the administrative staff complement was composed as follows:

- Office Manager (General Manager)
- Financial staff
- Secretarial and PA staff
- Clerical staff
- Messenger/driver

During the course of the year under review the Council made the following appointments:

- Two interns from disadvantaged groups were appointed to empower them with experience and to promote the activities of the NAMC to its stakeholders. Both of them obtained employment after they left the services of the Council.
- Consultants were commissioned to develop the NAMC's website. Phase 2 is completed in the 2002/03 financial year and the Council currently have a fully operational website. Further developments are however foreseen in order to provide a more comprehensive service to the clients of the Council. An extremely useful facility that will become available is that farmers could register with the NAMC to receive marketing information *via* SMS messages.



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

- The compilation of a Preferred Service Providers List
- Compile the procedure regarding the delegation of authority
- Introduction of a Standard Service Contract
- Drafting of reviewed service conditions
- Training of staff
- Development of a procurement system
- Management of contractors and consultants
- Management of the HR system
- Management of the financial system
- Management of the logistics and travel plans
- Safekeeping of assets.

3. TABLE 8: OUTPUTS AND SERVICE DELIVERY TRENDS - ADMINISTRATION

Sub-programmes	Outputs	Service delivery indicators	Actual performance
PFMA requirements	Appointment of internal auditors	In terms of the PFMA, the NAMC was required to appoint internal auditors	Internal auditors performed their duties in the 2002/03 financial year
	Appointment of Audit Committee	In terms of the PFMA, the NAMC was required to appoint an Audit Committee	Audit Committee operational in the 2002/03 financial year
	Obtaining 2002/03 budget approval	The NAMC's business plan and budget were approved by the Executive Authority in June 2002	Business plan and budget approved in June 2002
Human resources	Drafting reviewed service conditions	The NAMC set itself the target of finalising and adopting the reviewed service conditions by 31 March 2002	Final draft of the reviewed service conditions available but not adopted at year end
	Adoption of a staff evaluation system	The target date for adoption of the staff evaluation system was 31 March 2003	Staff evaluated in terms of the newly adopted system during the year under review



PROGRAMME 3: HORTICULTURE

1. AIM

To further the objectives and carry out the functions of the NAMC, focusing in particular on the subtropical fruit, citrus, sugar, flower, fresh produce, deciduous fruit, canning fruit, dried fruit and wine industries.

2. KEY PROGRAMMES AND ACHIEVEMENTS

One of the primary functions of the NAMC is to investigate the possible introduction or continuation of statutory measures: levies, registration, records and returns. The following statutory measure investigations were undertaken during the period under review:

- Wine industry: request for the increase of the information as well as research and development levy amounts
- Potatoes: introduction of measures – levy, registration, records and returns.

The Marketing of Agricultural Products Act (No. 47 of 1996) empowers the NAMC to investigate issues pertaining to agricultural marketing and marketing policy. A number of investigations, described below, were either initiated or completed during the period under review.

- The NAMC approved the final report of the Section 7 Committee investigation looking at problems experienced by the fynbos industry with regard to transporting flowers via airfreight from Cape Town International Airport. Submission of the final report to the Minister was held back so that current information could be added and it is expected that the final report will be forwarded to the Ministry of Agriculture early in the next financial year.
- The Section 7 Committee investigating the impact of deregulation on the citrus industry finalised its activities. The report will be submitted to the Minister early in the next financial year.



- A Section 7 Committee Investigation was launched looking at the current status of transformation as it relates to the participation of PDI's in the agricultural marketing chain. It is expected that the investigation will be completed in the following financial year.
- A Section 7 Committee Investigation looking at the impact of deregulation on the South African wine industry was initiated and completed. The report will be released to the public early in the next financial year.
- The study looking at the impact of deregulation on household food security in South Africa was made publicly available and a workshop involving interested parties was held on 13 November 2002 to discuss the outcome of the study
- A study was commissioned looking at the impact of the production and sale of cheap wine in South Africa, due to concerns brought to the attention of the government regarding the increased availability of cheap wine (at the time) and its possible negative impact on society. The report was finalised in November 2002. The NAMC arranged a workshop to discuss the report with industry role-players, Government Departments and other interested parties in March 2003. It is expected that the report will be made publicly available early in the next financial year.
- The NAMC initiated and completed an investigation into the export of unprocessed raisins, due to concerns raised by the industry that local processing facilities could run below capacity as a result of these exports.
- A working group investigation looking at harbour facilities for fresh fruit exports was launched after concerns were raised by a number of industry role players regarding capacity problems, inefficiencies and a lack of competition. The report will be finalized in the following financial year.

The NAMC continued to advise the Minister on tariff investigations and tariff and rebate reviews. During the period under review the NAMC made inputs regarding the following reviews:



- Poultry tariff review;
- Cotton rebate; and
- Red meat tariff natural honey rebate.

3. **TABLE 9: OUTPUTS AND SERVICE DELIVERY TRENDS - HORTICULTURE**

Sub-programmes	Outputs	Service delivery indicators	Actual performance
Deciduous Fruit Board	Submissions to the Minister Engaging the industries regarding outstanding issues	Submissions forwarded to the Minister Industry consulted	Submissions forwarded Settlement Agreement reached between Unifruco and Capespan Liquidation Committee completed its work
Citrus Board	Submissions to the Minister Engaging the industries regarding outstanding issues	Submissions forwarded to the Minister Industry consulted	Submission forwarded Working group investigation completed
Application for new statutory measures	The application for the increase of the information, and research and development statutory levies in the wine industry was made during the financial year	Outcome of the levy to be known within 60 days of application.	Levy application still to be finalised.
	The potato levy application was made during the financial year	Outcome of application was to be known within 60 days of application.	Levy application still to be finalised
Citrus, Deciduous Fruit, Wine and SA Plant Improvement Industry Trust	Ministerial representation in place and reports submitted to the Minister	Ensuring that Ministerial representation is in place at all times, and submissions are made to the Minister regarding Trust performance	Submissions re appointment of trustees in the Citrus and Deciduous Trusts forwarded to the Minister Ministerial reports submitted after Trustee meetings



PROGRAMME 4: FIELD CROPS

1. AIM

This programme serves the grains, oilseeds, cotton, lucerne, tobacco and tea and coffee industries.

2. KEY PROGRAMMES AND ACHIEVEMENTS

The following statutory measures were investigated, approved and implemented (refer to Annexure B for more details):

- Statutory levies on Sorghum
- Statutory levies on Winter cereals
- Statutory measures relating to registrations, records and returns for Cotton.

A number of investigations were either initiated or completed during the period under review. They included the following:

Maize

- The Minister approved on 21 June 2002 that the period for which the Maize Scheme will be valid, be extended for a further period of 12 months until 31 July 2003.
- The NAMC Section 7 Committee investigating the impact of deregulation on the Maize industry produced a formal report which was sent to other role players such as the Department of Transport for their response on recommendations, after which it was finally submitted to the Minister for consideration in January 2003.
- Finalising of Financial and legal matters with regards to outstanding levies is in progress. Outstanding levy funds successfully recovered thus far by the Maize Board by means of legal actions since 2000/01 Financial Year until January 2003 amounts to R10, 194, 415.00. Since 2000/01 a total of R2, 764,



907.00 has been spent on legal fees. Informal processes to recover outstanding fees amounting to approximately R9 million are still in progress.

- On the 15 October 2002 the Minister approved the transfer of the Maize Boards Archives and Mineral Rights to the Maize Trust.
- The Maize Board liquidation process is expected to progress further during the next financial year to finalise outstanding legal matters, sale of the Maize Board building and Maize Trade.

Winter cereals

- The Minister approved on 21 June 2002 that the period for which the Winter Cereal Scheme will be valid, be extended for a further period of 12 months until 31 July 2003.
- Progress was made towards finalising the liquidation of the Wheat Board, with approval being granted on 15 August 2002 to amend Section 30 of the Winter Cereal Scheme, in order to provide that; “in the event of discontinuance of the Scheme all assets of the Board after all its debts have been paid, shall be handed over to the Trustees of the Winter Cereal Trust and these assets shall be utilised in accordance with the objectives of the Trust”. The closure of the Wheat Board will be completed after the Auditor-General has finalised the Wheat Board’s Financial Statements.

Consumer issues

- A process was initiated to develop a communication structure to enhance consumer decision-making in agriculture, food security and food safety. The Outcome of the workshop on “The communication structure to enhance consumer interest and decision making in agriculture, food security and food safety”, which was held on 19 October 2001, was reported to the Minister and Director-General for the Department of Agriculture.
- The Food Price Monitoring Program has been established in collaboration with Provincial Departments of Agriculture.. Some of the activities of this program include recording of food prices at a total of six (6) monitoring



points in all nine (9) provinces at retail level. Data collected through this program forms part of data used by the Food price Monitoring Committee in its work.

- The Food Price Monitoring Committee (FPMC) was appointed on 09 January 2003, and inaugurated by Minister on 20 January 2003. Following its inauguration, the Committee held its first meeting on 24 February 2003. The Committee confirmed its Terms of Reference and allocated responsibilities among themselves. Meeting to obtain first hand information and co-operation from industry role players were held with various industry role players. The NAMC established an e-mail line (foodprice@namc.co.za), toll-free number (0800 203 216) and a fax line (012-341 1911) to obtain and facilitate response and inputs from the public and other role players. The Committee sent the first media release to newspapers on 23 March 2003. This was aimed at informing the public/consumers about agricultural products' and food price trends.
- The Committee will continue with its work until the end of the third quarter of 2003/04, date at which the final report is expected.

Study on grain trading

- A working group to assess the trading of grain by black role players and identify opportunities, problems, level of participation with the view to promote broader participation and contribution to food security was established. Questionnaires were sent to the relevant industry role players such as producers, stores, traders and millers. Subsequent to that, field trips, interviews and visits in the different provinces were conducted, and background information was obtained from previous studies and news articles on the subject.
- Findings so far indicate that liberalisation has widened the choices of markets, but has disadvantaged small-scale farmers. Some feel that the large-scale commercial farmers are better off in the deregulated marketing environment because they have access to markets, information and credit, while small-scale farmers apparently do not. Moreover, relatively few small-scale farmers are



surplus producers, and only those able to market surpluses have benefited from improved producer prices. Meanwhile as they adjust to the loss of state subsidies, poorer farming households remain vulnerable to the higher cost of agricultural inputs and increased user charges for social services.

- Some role players indicated that deregulation also resulted in a new generation of commodity brokers, financiers, traders and other intermediaries. Suddenly the business base of the industry has both broadened and deepened. Agricultural Co-operatives also converted into companies and agri-businesses merged in response to perceived market forces.
- The Working group is expected to complete its work and produce the final report by September 2003
- Depending on the outcome of this study, a Section 7 Committee to investigate this matter further may be established.

Study the effect of deregulation in the Oilseeds industry

- A working group to investigate the effect of deregulation on the oilseeds industry was established. Questionnaires were sent out to directly affected groups, such as producers, processors, and research and information institutions. In addition to that field visits were conducted to obtain more information from industry role players. Responses showed that emerging farmers are still concerned about issues such as lack of access to land, finance, marketing information, production inputs, subsidies, and extensions services.
- As far as developmental projects are concerned, some institutions indicated their involvement and the commercial sector's main issues revolved around pricing, productiveness, competition, supply & demand, improved market access, tariffs etc.
- The Working group is expected to complete its work and produce the final report by September 2003
- Depending on the outcome of this study, a Section 7 Committee to investigate this matter further may be established.



3. TABLE 10: OUTPUTS AND SERVICE DELIVERY TRENDS - FIELD CROPS

Sub-programmes	Outputs	Service delivery indicators	Actual performance
Maize Board	Submission sent to the Minister on the liquidation of the Maize Board Engaging the industry regarding outstanding issues	Submissions to the Minister Responses to the industry	Submission was forwarded to the Minister on 12 June, 02 December and 24 February 20003.
Wheat Board	Letters to amend Section 30 of the Winter Cereal scheme Submission sent to the Minister on discontinuance of the Winter Cereal Scheme	Letters to the Minister Consultation with Wheat Board and Ministry Letters to the Minister Consultation with Wheat Board and Ministry	Letter was forwarded to the Minister on 22 May 2002 and 09 May 2003. Consultation carried out and Minister advised accordingly. Submission was forwarded on 02 December 2002, meeting held with the Deputy Minister on 12 December 2002, and meeting held with the industry on 03 February 2003, and further memo was sent to the Minister on 03 February 2003.
Applications for statutory measures	Report and submissions on the new <u>sorghum</u> levy applications	Consultation with industry Submissions to Minister	Submission made to the Minister Levy implemented on 5 March 2002
	Report and submissions on the new <u>sorghum</u> levy application	Submission to the Minister Consultation with industry	Submission made to the Minister Levy implemented on 21 February 2003
	Report on submissions on the continuation of statutory measures relating to registration, records and returns for <u>cotton</u>	Consultation with industry Submissions to Minister	Submission made to Minister and measures amended on 12 July 2002
	Report and submissions on the new levies on <u>winter cereals</u>	Consultation with industry Submissions to Minister	Submission made to the Minister and measures implemented on 13 September 2002



<p>Monitoring of statutory measures</p>	<p>Regular reports to the Minister on sorghum, cotton and winter cereal statutory measures</p>	<p>Annual reports on levy programme performance against approved objectives to be submitted to the Minister by 31 March 2002</p>	<p>Performance reports submitted to Minister's office on 28 November 2001</p>
<p>Sorghum, Oil and Protein Seeds Development, Winter Cereal, and Maize</p>	<p>Reports and submissions to the Minister</p>	<p>Advice on expiry of terms of trustees</p>	<p>Submissions on nominating Ministerial trustees on: (a) Sorghum Trust sent to Minister on 5 March 2002 (b) Oil and Protein Seeds Development Trust on 20 March 2002 (c) Maize Trust on 01 August 2002, and Minister confirmed the appointment of three Ministerial Trustees on 13 November 2002.</p>



PROGRAMME 5: LIVESTOCK

1. AIM

The aim of this programme is to further the objectives and carry out the functions of the NAMC, focusing particularly on the aquaculture, dairy, game, goat, mohair, ostrich, poultry, red meat and wool industries.

2. KEY PROGRAMMES AND ACHIEVEMENTS

The Marketing of Agricultural Products Act (No. 47 of 1996) empowers the NAMC to investigate issues pertaining to agricultural marketing and marketing policy. A number of investigations were either initiated or completed during the period under review.

- The Meat Board continued to wind down its activities, but the Scheme could not be repealed due to a pending court case. The only reason for the continued existence of the Meat Board is the court action instituted by the Board (on behalf of its former employees) against Meddent Medical Fund (now known as Omni Health Medical Fund) in the dispute regarding medical cover for pensioners of the Board. In order for the Meat Board to be involved in the court case, the Meat Scheme was extended until July 2003. The Board indicated that they continue in their efforts to settle this matter other than going to court.

On 18 April 2002 the NAMC consulted with the State Law Advisors on the involvement of the Meat Board in the Meddent case. The State Law Advisors questioned the reasons why the Board became involved in the Meddent case. On the other hand the Board is of the opinion that they are party to an agreement that is currently in dispute. The State Law Advisors were of the opinion that because the Meat Board is already involved in the Meddent court case, the Board cannot now withdraw at this late stage. On the question



if the Board could “transfer” its responsibilities regarding the Meddent case to another body, it was indicated to the NAMC that the Board is a statutory body functioning within the parameters of the Marketing Act, 1968, which does not allow for the transfer of such duties to any other entity. In summary the State Law Advisors were of the opinion that under these circumstances the legal status of the Board should be extended for a further period.

- The Wool Board continued with the process of withdrawing from the International Wool Secretariat. The Wool Board Liquidation Committee is in the process of preparing for a renewed legal battle against KPMG for their perceived fair share in the Woolmark (trademark). The Wool Board is anticipating that this legal battle might take at least a year since the court case is scheduled for 2003. For this reason the Minister approved that the Wool Scheme be extended until December 2003.
- The NAMC established a Section 7 Committee to investigate the impact of deregulation on the ostrich industry. The South African ostrich industry is one of a few agricultural industries where South Africa is the undisputed world leader in terms of farming as well as the first level of value adding. During the past ten years, however, South Africa market share in the world of these exclusive products declined from approximately 85% in 1993 to approximately 60% in 2002. It is expected that the report of the Committee would be completed by the end of April 2003.
- In the past year, the NAMC received a number of enquiries on the marketing of poultry products. These enquiries were mainly from the emerging sector that enquired about markets for their products. It seems that markets, funding, feed prices, etc. are some of the problems that are being experienced by small-scale producers. A Poultry Workgroup was formed and started their activities in September 2002. Questionnaires have been developed. A number of meetings were held with poultry producers where the questionnaire was explained and completed. Eventually a report will be compiled explaining all the problems experienced by emerging poultry



producers. It is envisaged that the final report will be completed early in the 2003/04 financial year.

Representatives of the Council held meeting with poultry producers in the following districts:

PROVINCE	PLACE	DATES	FARMERS ATTENDED
North West	Mmabatho	7 November 2002	105
	Potchesfstroom	11 February 2003	48
	Rustenburg	29 January 2003	20
Limpopo	Tzaneen	12 November 2002	75
	Giyani	13 November 2002	70
Mpumalanga	Elukwatini	20 November 2002	65
	Leandra	22 November 2002	60
Free State	Thabanchu	21 January 2003	131
	Kofiefontein	22 January 2003	34
	Phuthadichaba/ Qwaqwa	23 January 2003	130
Eastern Cape	Queenstown	4 February 2003	18
	Amathole	5 February 2003	21
	Port Elizabeth	6 February 2003	15
Gauteng	Germiston	12 February 2003	75
	Zuurbekom	27 November 2002	50
Western Cape	Farmbordeaux	18 February 2003	20
	Rustfontein	19 February 2003	10
	Riverlands	20 February 2003	9
KwaZulu / Natal	Cedara	26 March 2003	41
Northern Cape	Longlands / Warrenton	18 March 2003	15
	Colesburg	20 March 2003	20

- On 8 October 2002 the NAMC received an application for the introduction of statutory measures in the dairy industry. The application relates to the registration of milk producers and the completion of records and returns by milk producers. The NAMC completed its investigation in this regard and recommended to the Minister to approve this application for the introduction



of statutory measures on milk producers. It is envisaged that this statutory measures be promulgated early in the 2003/04 financial year.

- On 7 March 2003 the NAMC received a further application for the introduction of statutory measures in the dairy industry, but this time the statutory measures would apply to the secondary role-players in the dairy industry. The statutory measures refer to levies, registration and records & returns. As these statutory measures were only received by the end of the 2002/03 financial year, it would be dealt with in the 2003/04 financial year.

3. **TABLE 11: OUTPUTS AND SERVICE DELIVERY TRENDS - LIVESTOCK**

Sub-programmes	Outputs	Service delivery indicators	Actual performance
Meat Board	Submissions to the Minister Consultation with the industries regarding outstanding issue	Submission forwarded to the Minister Industry consultation	Submissions forwarded to Minister. The Board not liquidated due to outstanding legal issue
Wool Board	Submissions to the Minister Engaging the industries regarding outstanding issues	Submission forwarded to the Minister Meetings with industry	Submissions forwarded to Minister. The Board not liquidated due to outstanding issues regarding South Africa's withdrawal from the International Wool Secretariat
Application for new statutory measures	An application for the introduction of statutory measures (registration of milk producers and the completion of records and returns by milk producers) was made during the financial year	Outcome of the application to be known early in the 2003/04 financial year.	Submissions forwarded to Minister.
	The secondary role-players in the dairy industry applied for statutory measures refer to levies, registration and records & returns	Outcome of application to be known after Council made a recommendation to the Minister to consider.	The Council still need to investigate the application



Meat, Wool and Mohair Industry Trusts	Ministerial representation in place and reports submitted to the Minister	Advice to the Minister regarding trustee term expiry dates	Submissions re appointment of trustees in the relevant Trusts forwarded to the Minister; Ministerial reports submitted after Trustee meetings
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PART 4
AUDITOR-GENERAL'S REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2002



AUDITOR - GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE NATIONAL AGRICULTURAL MARKETING COUNCIL FOR THE YEAR ENDED 31 MARCH 2002

1. AUDIT ASSIGNMENT

The financial statements set out on pages 41 to 53 for the year ended 31 March 2002, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 8(4) of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those statements require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material mis-statement.

An audit includes:

- examining on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statements presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the National Agricultural Marketing Council (NAMC) at 31 March 2002 and the results of its operations and cash flow for the year then ended in accordance with Statements of Generally Accepted Accounting Practice and in the manner as prescribed by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following:

Matter affecting the financial statements

Attention is drawn to the contents of note 8.2 of the financial statements. In terms of section 53(3) of the PFMA, written approval should be obtained from the National Treasury to retain accumulated surplus funds. Although approval will be requested to retain the surplus funds, it is uncertain whether approval will be granted.

5. APPRECIATION

The assistance rendered by the staff of the NAMC during the audit is sincerely appreciated.

H van Zyl
for Auditor-General
Pretoria
31/07/02



**NATIONAL AGRICULTURAL MARKETING COUNCIL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2002**



**NATIONAL AGRICULTURAL MARKETING COUNCIL
FINANCIAL STATEMENTS
for the year ended 31 March 2002**

The reports and statements set out below are presented in compliance with the requirements of the Marketing of Agricultural Products Act, 1996, as amended.

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Approval

The financial statements, which appear on pages 45 to 53, were approved by the accounting authority and signed on its behalf.

The accounting authority is responsible for keeping full and proper records of the financial affairs of the public entity, prepare financial statements for each financial year in accordance with generally accepted accounting practice and must ensure that the public entity has and maintains an effective, efficient and transparent system of financial and risk management and internal control.

Chairperson

31 May 2002

Date



NATIONAL AGRICULTURAL MARKETING COUNCIL CHAIRPERSON'S REPORT

It is my pleasure to submit the Fourth Annual Report of the National Agricultural Marketing Council on behalf of the members of the Council. During the period under review, the Council has continued to support the agricultural sector by conducting investigations into statutory measures requests and issues related to the marketing of agricultural products, and by serving as industry trustees and members of former control boards' liquidation committees.

The citrus, deciduous fruit, maize, red meat, winter cereals and wool schemes were still in existence during the year under review. These schemes had no intervening power in the market, but their legal standing had to be maintained for the finalisation of outstanding legal issues related to levies and assets ownership. Although it had been the Council's purpose to disband all the schemes during the year under review, it was not possible to achieve this because of unsettled legal issues.

Applications for levies, registration and records and returns were received from various industries during 2001/2. Out of six applications received, four were new while two were for the continuation of statutory measures. All in all, three statutory measures applications were approved in 2001/2.

The introduction of statutory levies is playing a vital role in the financing of research, information and development, which form the cornerstone of international competitiveness. Similarly, registration and records and returns ensure that crucial statistics are maintained as a basis for sound business decisions. Statutory levy collections contributed about 27% of the total investment in research and development in the agricultural sector during the year under review.

As part of its monitoring function, the Council continued to investigate the impact of deregulation on various industries. Investigations were commissioned to study the impact of deregulation on household food security, the effect of cheap wine on communities, the export of second-class table grapes, the impact of deregulation on the ostrich industry, and airfreight space problems in the flower industry. These studies have revealed that deregulation has contributed to improved competition in the market. However, various industry role players have expressed concern about the collection and dissemination of information and cargo handling at port.

During the 2002/03 financial year the Council will finalise projects initiated in 2001/02. In addition it will promote market driven production campaigns and investigate statutory measures applications and investigations into the marketing of poultry and ostrich products.



I am glad to report that NAMC has systems in place to enable compliance with the public Finance Management Act and other relevant legislation.

During the year under review there were ten Council members, as shown on page 71 of this report. Members of the Council were appointed on 1 January 2001.

In conclusion, I take this opportunity to thank both the Honourable Minister and the Deputy Minister for Agriculture and Land Affairs for their continued guidance and support.

Thanks are also due to the Director-General of the National Department of Agriculture and her support staff, the Office of the Auditor-General, the Board on Tariffs and Trade and other government departments, for their cooperation.

This report could not have been compiled without the dedication and commitment of our Council members and our lean and mean Secretariat, who applied themselves selflessly to the work of the Council.

M. G. RATHOGWA
CHAIRPERSON
1 July 2002



Report of the Chairperson of the NAMC regarding the service fees paid to the executive authority in compliance with Section 55 of the PFMA read with Treasury Regulation 28.1.1 and 28.1.2, for the financial year 2001/02.

Fees for services (Council)

FULL-TIME MEMBERS	BASIC SALARY	BONUSES	PENSION ALLOWANCE	CAR ALLOWANCE	CAR ALLOWANCE	OTHER	TOTAL
TOTAL	R710 821.75	R59 021.00	R81 474.40	R17 712.00	R319 670.65	R9 888.00	R1 198 006.67
Part-time members	Sitting allowance (Council & industries)	Office allowance (use of own equipment)	Back pay	Other			
TOTAL	R343 884.45	R100 800.00	R11 362.17				R456 046.62
GRAND TOTAL							R1 654 053.29



NATIONAL AGRICULTURAL MARKETING COUNCIL
BALANCE SHEET
as at 31 March 2002

	Notes	2002 R	2001 R
Assets			
Non-current assets			
Property, plant and equipment	2	684,982	746,563
Current assets			
Accounts receivable		4,177,439	4,683,873
Cash and cash equivalents	3	388,799	165,381
		3 788,640	4,518,492
Total assets		4,862,421	5,430,436
Equity and liabilities			
Capital and reserves			
Distributable reserve		3,895,458	4,965,177
Current liabilities			
Accounts payable and provisions	4	966,963	465,259
Grant received in advance	5	960,552	458,848
		6,411	6,411
Total equity and liabilities		4,862,421	5,430,436



NATIONAL AGRICULTURAL MARKETING COUNCIL
INCOME STATEMENT
for the year ended 31 March 2002

	Notes	2002 R	2001 R
INCOME		7,566,692	7,288,305
Government grant		6,935,000	6,669,000
Interest		610,535	514,219
Grant - Section 7 committee		-	68,297
Profit on disposal of property, plant and equipment		3,056	20,898
Recoupment of expenses		18,101	15,891
EXPENDITURE		8,636,411	6,788,346
Auditors' remuneration	6	173,716	58,225
Consultants		1,244,646	635,820
Depreciation		269,854	155,620
Other operating expenses		885,995	932,877
Personnel expenses		4,340,324	3,617,618
Rental – equipment		45,401	395
Rental – premises		432,692	477,588
Section 7 Committees		28,710	171,886
Subsistence and travel		1,215,073	738,317
(Deficit)/Surplus for the year		<u>(1,069,719)</u>	<u>499,959</u>
Retained surplus at beginning of year		<u>4,965,177</u>	<u>4,465,218</u>
Retained surplus at end of year		<u>3,895,458</u>	<u>4,965,177</u>



NATIONAL AGRICULTURAL MARKETING COUNCIL
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2002

	Distributable reserves R
Balance at 01 April 2000	4,465,218
Retained surplus for the year	<u>499,959</u>
Balance at 01 April 2001	4,965,177
Retained loss for the year	<u>(1,069,719)</u>
Balance at 31 March 2002	<u><u>3,895,458</u></u>



**NATIONAL AGRICULTURAL MARKETING COUNCIL
CASH FLOW STATEMENT
for the year ended 31 March 2002**

	Notes	2002 R	2001 R
Cash flows from operating activities			
Cash (utilised in)/generated by operating activities	9.1	(1,135,170)	191,346
Interest received		<u>610,535</u>	<u>514,219</u>
Net cash from operating activities		<u>(524,635)</u>	<u>705,565</u>
Cash flows from investing activities			
<i>Expenditure to maintain operating capacity</i>			
Property, plant and equipment acquired		(249,404)	(481,901)
Proceeds of disposals of property, plant and equipment		<u>44,187</u>	<u>52,000</u>
Net cash used in investing activities		<u>(205,217)</u>	<u>(429,901)</u>
(Decrease)/Increase in cash and cash equivalents		(729,852)	275,664
Cash and cash equivalents at the beginning of the year	9.2	<u>4,518,492</u>	<u>4,242,828</u>
Cash and cash equivalents at the end of the year	9.2	<u><u>3,788,640</u></u>	<u><u>4,518,492</u></u>



**NATIONAL AGRICULTURAL MARKETING COUNCIL
NOTES TO THE STATEMENTS
as at 31 March 2002**

1. Accounting basis

The financial statements are prepared on the historical cost basis. The following are the principal accounting policies used by the Council, which are consistent with those of the previous year.

These financial statements comply with the statements of generally accepted accounting practice.

1.1. Revenue recognition

Government grants and other income are recognised as income on the accrual basis.

1.2. Property, plant and equipment

Depreciation is calculated by a charge to income computed on a straight-line basis so as to write off the cost of the assets over their expected useful lives.

The depreciation rates applicable to each category of property, plant and equipment are as follows:

Motor vehicles	20.0 %
Furniture and fittings	15.0 %
Office equipment	20.0 %
Computer equipment	33.3 %
Computer software	33.3 %

Assets costing R1000 or less are written off in the year of acquisition. Assets transferred from the state are shown at a nil value.

1.3. Bursaries

Bursaries awarded are charged against income as and when paid.



1.4. Retirement benefits

Retirement benefits are paid for all employees, except full-time Council members, through a fund governed by the Pension Fund Act (No. 24 of 1956) on the basis of defined contribution plans. Contributions are made 100% by the employer at a rate of 12.5% of total cost to employer. Contributions are written off in the year incurred.

1.5 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, accounts receivable and accounts payable. These financial instruments are generally carried at their estimated fair value, which is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable people, willing parties in an arm's length transaction. The Council is therefore exposed to the following risks:

- Interest rate risk, which is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates with respect to cash and cash equivalents, and
- Credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss with respect to accounts receivable and accounts payable.

2. Property, plant and equipment

	2002			2001		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
	R	R	R	R	R	R
Motor vehicles	320,813	74,856	245,957	320,813	10,694	310,119
Furniture and fittings	292,272	100,742	191,530	274,724	58,401	216,323
Office equipment	110,788	63,294	47,494	152,320	57,546	94,774
Computer equipment	304,729	147,084	157,645	147,687	71,783	75,904
Computer software	92,055	49,699	42,356	68,460	19,017	49,443
	<u>1,120,657</u>	<u>435,675</u>	<u>684,982</u>	<u>964,004</u>	<u>217,441</u>	<u>746,563</u>



The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
	R	R	R	R	R
Motor vehicles	310,119	-	-	(64,162)	245,957
Furniture and fittings	216,323	17,549	-	(42,342)	191,530
Office equipment	94,774	6,232	(30,801)	(22,711)	47,494
Computer equipment	75,904	202,028	(10,330)	(109,957)	157,645
Computer software	49,443	23,595	-	(30,682)	42,356
	<u>746,563</u>	<u>249,404</u>	<u>(41,131)</u>	<u>(269,854)</u>	<u>684,982</u>

3. Cash and cash equivalents

	2002 R	2001 R
Call deposit	3,787,256	4,514,499
Bank	1,246	3,727
Cash	138	266
	<u>3,788,640</u>	<u>4,518,492</u>

4. Accounts payable and provisions

Accounts payable	813,262	289,151
Leave provision	147,290	169,697
	<u>960,552</u>	<u>458,848</u>

5. Grant received in advance

Grant received from the Netherlands Embassy to be used for investigation into fresh produce marketing	6,411	6,411
	<u>6,411</u>	<u>6,411</u>

6. Auditors' remuneration

Audit fees current year	173,716	65,911
Over-provision previous year	-	(7,686)
	<u>173,716</u>	<u>58,225</u>



7. Future commitments

Projects to the value of R875 760 were committed by the Council for the 2001/2002 financial year. These projects have not yet commenced and will be carried over to the 2002/2003 financial year.

8. Contingent liabilities

8.1. Litigation and claims

A claim against the Council by a previous employee is still outstanding. The claim was referred to the Labour Court and the outcome thereof is uncertain.

8.2. Retained income

In terms of section 53(3) of the Public Finance Management Act, 1999, prior written approval should be obtained from National Treasury to retain accumulated surplus funds. If approval is not granted to retain all of the prior year's accumulated surplus funds, the Council may be obliged to repay the accumulated surplus funds to the National Revenue Fund as determined by National Treasury.

9. Notes to the cash flow statement

9.1. Cash (utilised in)/generated by operating activities

	2002	2001
	R	R
Retained (deficit)/surplus for the year	(1,069,719)	499,959
Adjustment for:		
Depreciation	269,854	155,620
Interest received	(610,535)	(514,219)
Profit on disposal of property, plant and equipment	(3,056)	(20,898)
	<u>(1,413,456)</u>	<u>120,462</u>
Movements in working capital		
(Increase)/decrease in accounts receivable	(223,418)	67,303
Increase in accounts payable	501,704	71,879
Increase in grant received in advance	-	(68,298)
	<u>(1,135,170)</u>	<u>191,346</u>



9.2. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash and cash equivalents	<u>3,788,640</u>	<u>4,518,492</u>
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PART 5

AUDIT COMMITTEE REPORT



PART 5: AUDIT COMMITTEE REPORT

The year under review presented some challenges, but we are nevertheless happy to report on the following:

1. A fraud prevention report was finalised by management, working in conjunction with external consultants. All that now remains is to monitor the processes on a regular basis.
2. Internal control procedures were reviewed during the year. The internal control weaknesses revealed will be regularly followed up until this situation has been satisfactorily resolved.
3. We are not aware of any fraud perpetrated on the organisation during the year.
4. There was, however, a disagreement with the external consultant contracted to help with the implementation of financial procedures and policies. This has now been resolved, and the outstanding amount involved will be settled in due course.

The major concern of the Audit Committee is the quality of the NAMC's financial staff. An evaluation of their competency has been made and the report forwarded to Council via the Human Resource Committee for action.

We are confident that an effective system of internal control will be put in place in the course of the current financial year.

MR AJ TSANWANI
Chairperson: NAMC Audit Committee



PART 6

ANNEXURES



ANNEXURE A: CONTACT DETAILS OF INDUSTRY STRUCTURES

CONTACT DETAILS OF TRUSTS

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Citrus Industry Trust	Citrus	Ms Elsa Taylor PO Box 359 GROENKLOOF 0027	012 667 3113	012 667 3128	emtaylor@iafrica.com
Cotton Trust	Cotton	Mr Hennie Bruwer PO Box 912232 SILVERTON 0127	012 804 1462	012 804 8616	genie@cottonsa.org.za
Deciduous Fruit Industry Trust	Deciduous fruit	Mr Anton Rabe PO Box 163 PAARL 7620	021 871 1132	021 871 1305	johlida@deciduous.co.za
Deciduous Fruit Producers Trust	Deciduous fruit	Mr Anton Rabe PO Box 163 PAARL 7620	021 870 2900	021 870 2915	johlida@deciduous.co.za
Dry Bean Trust	Dry beans	Mr Jerry van Vuuren Private Bag x 135 PRETORIA 0001	012 323 1696	012 325 6102	dpo@agric.co.za http://www.beans.co.za



Name	Commodities	Contact details	Tel	Fax	E-mail and website
Lucerne Seed Industry Research and Development Trust	Lucerne seed	Mr Derrick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	
Maize Trust	Maize	Mr Leon du Plessis PO Box 12203 QUEENSWOOD 0121	012 333 3634	012 333 3634	l-iagric@mweb.co.za
Meat Industry Trust	Meat	Mr Tim Davidson PO Box X3060 RANDBURG 2125	011 784 6611	011 784 6611	mwmtrust@mweb.co.za
Mohair Trust	Mohair	Mr David Hobson PO Box 2243 SYDENHAM PE 6056	041 487 1386	041 487 1336	info@mohair.co.za
Oil and Protein Seed Development Trust	Oilseeds	Mr Gerhald Keun PO Box 5562 RIVONIA 2128	011 234 3400	011 234 3402	oliesade@worldonline.co.za
Potato Trust	Potatoes	Mr Frank Lawrance Private Bag x 135 PRETORIA 0001	012 323 1696	012 325 6102	rcronje@agric.co.za



Name	Commodities	Contact details	Tel	Fax	E-mail and website
Sorghum Trust	Sorghum	Mr Nico Fouché PO Box 14826 SINOVILLE 0129	012 804 8504	012 845 1264	
Winter Cereal Trust	Winter cereals	Mr Awie Coetzee PO Box 7408 CENTURION 0046	012 663 1600	012 663 1604	
SA Wine Industry Trust	Wine	Mr Marthinus Saunderson Private Bag x 5034 STELLENBOSCH 7599	021-809-3164	021-889-5900	mssawit@nietvoor.agric.za
Wool Trust	Wool	Mr Dirk Schreuder PO Box 2500 Noordeinde PORT ELIZABETH 6056	041 484 4307	041 484 4309	wooltrust@eastcape.net



CONTACT DETAILS OF SECTION 21 COMPANIES

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Cape Wool SA	Wool	Mr Paul Buys PO Box 2191 Noordeinde PE, 6056	041 484 4301	041 484 6792	stats@capewools.co.za www.capewools.co.za
Citrus Growers Association of Southern Africa	Citrus	Mr Justin Chadwick PO Box 461 HILLCREST 3650	031 765 2514	031 765 8029	justchad@iafrica.com www.cga.co.za
Cotton SA	Cotton	Mr Hennie Bruwer PO Box 912232 SILVERTON 0127	012 804 1462	012 804 8616	http://www.cottonsa.org.za
Dried Fruit Technical Services	Dried Fruit	Mr Dappies Smit PO Box 426 PAARL 7620	021 872 1502	021 872 2675	dappies@dtd.co.za
Lucerne Seed Industry Organisation	Lucerne seed	Mr Derrick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern@mweb.co.za
Mohair South Africa	Mohair	Mr Frans Loots P O Box 2243 SYDENHAM PE 6056	041 487 1386	041 487 1336	www.mohair.co.za



Name	Commodities	Contact details	Tel	Fax	E-mail and website
South African Grain Information Service (SAGIS)	Maize, sorghum, winter cereal, oilseeds, sorghum	Ms Anna Enslin PO Box 669 PRETORIA 0001	012 325 2133	012 323 2636 012 324 3018	info@sagis.org.za www.sagis.org.za
South African Grain Laboratory	Wheat, oats, maize, malt, sorghum and other grains	Ms Corlia Buitendag PO Box 1059 SILVERTON 0127	012 349 2683	012 349 2686	
South African Game Ranchers' Association	Game	Prof Piet du Plessis PO Box 4722 PRETORIA 0001	012 320 0691	012 320 5561	www.sagro.co.za
SAWIS (South African Wine Industry Information & Systems)	Wine	Mr Andre Matthee PO Box 238 PAARL 7620	021 807 5703	021 871-1360	matthee@sawis.co.za www.sawis.co.za
WINETECH (Wine industry Network of Expertise and Technology)	Wine	Mr Jan Booysen PO Box 528 SUIDER-PAARL 7624	021 807 3324	021 807 3385	booysej@kwv.co.za http://www.winetech.co.za
WOSA (Wines of South Africa)	Wine	Ms Su Birch P.O. Box 987 Stellenbosch 7599	021 883 3860	021 883 3861	info@wosa.co.za http://www.wosa.co.za



Name	Commodities	Contact details	Tel	Fax	E-mail and website
Potatoes SA	Potatoes	Dr. N. Theron Private Bag X135 Pretoria 0001	012-323-1696	012-325-6102	ntheron@agric.co.za
South African Cut Flower Growers Association	Flowers	Mr. Dirk de Bruin P.O. Box 1927 Krugersdorp 1740	011-692-4237	011-693-7051	safflower@global.co.za
South African Protea Producers and Exporters Association	Flowers	Private Bag X12 Bot River 7185	028-284-9745	028-284-9777	sappex@hermanus.co.za
South African Meat Industry Company (SAMIC)	Red meat	Mr Manie Booysen PO Box 26151 ARCADIA 0007	012 361 4545	012 361 6004	www.samic.co.za



CONTACT DETAILS OF FORUMS

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Fresh Produce Exporters Forum	Citrus, deciduous fruits and subtropical fruit	Mr Stuart Symington PO Box 190 NEULANDS 7725	021 674 3202	021 683 6280	info@fpef.co.za
Deciduous Canning Fruit Forum	Deciduous Canning Fruit	Mr S.J. Victor PO Box 414 PAARL 7620	<u>021 872 1401</u>	<u>021 872 2675</u>	inmaak@mweb.co.za
Meat Forum	Meat	Dr Daan Opperman PO Box 980 PRETORIA 0001	012 348 5111	012 348 1379	dpjo@mweb.co.za
SA Groundnut Forum SA Sunflower Forum SA Soya Bean Forum	Groundnuts Sunflowers Soya beans	Mr Gerhald Keun PO Box 5562 RIVONIA 2128	011 234 3400	011 234 3402	oliesade@worldonline.co.za
Sorghum Forum	Sorghum	Mr Nico Fouché PO Box 14826 SINOVILLE 0129	012 804 8504	012 845 1264	



Name	Commodities	Contact details	Tel	Fax	E-mail and website
Wheat Forum	Wheat	Mr Peter Cownie PO Box 7408 CENTURION 0046	012 663 1600	012 663 1604	sacb@blue.co.za
Wool Forum	Wool	Mr Paul Buys PO Box 2191 NOORDEINDE; PE 6056	041 484 4301	041 484 6792	capewool@capewools.co.za
Cotton SA	Cotton	Mr Hennie Bruwer PO Box 912232 SILVERTON 0127	012 804 1462	012 804 8616	http://www.cottonsa.org.za
Lucerne Industry Forum	Lucerne seed	Mr Derrick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern@mweb.co.za
SA Wine Industry Information and System	Wine	Mr André Matthee PO Box 238 PAARL 7620	021 807 5703	021 807 6003	matthee@sawis.co.za www.sawis.co.za
Maize Forum	Maize	Mr Jannie de Villiers PO Box 7262 CENTURION 0046	012 663 1660	012 663 3109	



Name	Commodities	Contact details	Tel	Fax	E-mail and website
Fresh Produce Forum	Fruits/vegetables	Mr Guilluame Cloete PO Box 86482 CITY DEEP 2049	011 613 6251	011 613 6494	info@fpef.co.za



ANNEXURE B: STATUTORY MEASURES: LEVIES, REGISTRATION, RECORDS AND RETURNS

STATUTORY MEASURE (LEVIES): STATUS REPORT AS AT 31 MARCH 2003

DETAILS OF STATUTORY MEASURE	ADMINISTRATING BODY	PURPOSE OF STATUTORY MEASURE
<p>WINTER CEREAL LEVIES</p> <p>A. R4,00 per metric ton (exclusive of VAT) on wheat processed to finance the research function; and R0, 50 per metric ton (exclusive of VAT) on wheat, durum wheat, barley or oats processed to finance the information function. Published on 16 March 1998 and expired on 30 October 1998. Payable by processors.</p> <p>B. R4,00 per ton wheat processed for research and R0,50 per ton wheat, durum wheat, barley and oats for information, published on 18 September 1998, and expired in September 2002. To be recovered at first point of sale</p> <p>C. – R7.50 per metric ton for wheat, – R7.00 per metric ton for barley, – R4.50 per metric ton for oats, and – R4.50 per metric ton for durum wheat, (VAT excluded)</p> <p>Imposed on all winter cereal sold, imported, processed or converted, exported, and in respect of which a SAFEX silo receipt has been issued if the levy in respect of such a winter cereal has not been paid before. Implemented on 01 October 2002, and will lapse on 30 September 2006.</p>	<p>The administrations of the Winter Cereal Trust are responsible for the collection and administration functions associated with the information and research levies, respectively.</p> <p>The object of the Winter Cereal Trust is to develop the winter cereal industry in the RSA by supporting market and production research with regard to winter cereals, the broadening of the market for South African produced winter cereals, the collection, processing and distribution of market information on winter cereals and the winter cereal industry in the RSA and the administration of the Wheat Forum. Trustees represent commercial producers, emerging farmers, grain handlers, processors, consumers, labour and the Minister of Agriculture.</p> <p>The secondary objective of the Winter Cereal Trust is to undertake and /or support research with regard to winter cereal in the RSA in the interest of the winter cereal industry in the RSA.</p> <p>The Trustees represent commercial producers, emerging farmers, processors, consumers and the Minister of Agriculture.</p>	<p>Traditionally, the amounts appropriated to researchers for a specific calendar year have been based on the amount collected by means of levies in the preceding year to strengthen the relevant fund. It was ensured that sufficient money would be kept in reserve in the event of a crop failure where the income from levies might not be sufficient to maintain continuous projects and/or possible new ones. In view of continued research in all sectors of the industry, it was envisaged that levies would provide the most appropriate mechanism for continued funding.</p> <p>A part of the levy is used to fund the winter cereal industry's share of the SAGIS budget. All levies collected would be deposited into the bank account of the Winter Cereal Trust.</p>



DETAILS OF STATUTORY MEASURE

COTTON LEVY

A. 12c/kg cotton lint produced, excluding VAT, payable by ginners, and payable to Cotton South Africa. Published on 8 May 1998 and lapsed on 31 March 2000

B. 14c/kg cotton lint produced, excluding VAT, payable by ginners, and payable to Cotton South Africa. Published on 31 March 2000 and will lapse on 31 March 2004.

SORGHUM LEVY

A. R3, 10 per ton sorghum, excluding VAT, payable by a producer who sells sorghum directly for use or processes sorghum, by a sorghum dealer, feed manufacturer, malt manufacturer, processor, by a sorghum agent or broker, by an importer of sorghum, by an exporter from SA, and by a person who receives sorghum as remuneration for any services rendered or for any goods delivered by him or her or on his or her behalf. Published on 8 May 1998 and would have lapsed on 31 July 2000, but was extended twice to lapse on 28 February 2002. A R5.00 per ton sorghum levy implemented on 5 March 2002, expired on 28 February 2003.

B. The above was replaced by a levy of R6.00 per ton, VAT excluded, implemented on 01 March 2003 and will lapse on 28 February 2006.

ADMINISTRATING BODY

Cotton SA is a non-profit seeking company incorporated under section 21 of the Companies Act, 1973. The Company is industry driven but independent and in a good position to adhere to the specific needs of participants.

The Board of Directors includes representatives of producers and small-scale farmers, the cotton ginning industry, the cotton spinning industry, the clothing and household textile sector, the national consumers organisation and the labour sector.

The Sorghum Trust administers this statutory levy. The main objectives of the Trust are to maximise the income of the Trust and to provide funding for the benefit of the sorghum industry and sorghum research and development projects and the maintenance of information required by the sorghum industry.

PURPOSE OF STATUTORY MEASURE

The statutory levy was implemented to provide financial support for the following functions that the cotton industry has identified as essential and in the interest of the industry as a whole:

- Rendering of information services to provide support to all role-players
- Stimulation of production and use of cotton
- Enhancement of the marketability of cotton through research, quality standards and norms, and training.

The purpose of this statutory levy is to provide financial support for the sorghum research and information functions that the sorghum industry identifies as essential and in the interest of the industry as a whole.



WINE INDUSTRY LEVIES

Information levy:

R6.30/ton on grapes
R0,09 per litre on grape juice concentrate and
R0,09 per litre on drinking wine.

Research and development levy:

R8,40/ton on grapes
R0,012 per litre on grape juice concentrate
R0,012 per litre on drinking wine, and
R0,01 per litre on distilling wine and wine spirit.

Wine export generic promotion levy:

R0,05 per litre on export wine in bulk, otherwise
R0.07 per litre.

DECIDUOUS FRUIT LEVIES

5c/kg on all exported volumes (all classes) **plums**, payable by a plum exporter on behalf of the producer from which plums have been procured in respect of all plums exported. Implemented on 1 December 2000 and will lapse on 31 October 2004.

9c/kg on all **apricots** for export all classes) and domestic volumes (all classes), payable by an apricot exporter or municipal market or retailer on behalf of the producer from which such apricots have been procured in respect of all apricots procured. Implemented on 1 December 2000 and will lapse on 31 October 2004.

5c/kg on all exported volumes (all classes) **table grapes**, payable by a table grape exporter on behalf of the producer from whom such table grapes have been procured in respect of all table grapes exported. Implemented on 1 December 2000 and will lapse on 31 October 2004.

6,5c/kg on all **peaches and nectarines** on export (all classes) and domestic volumes (all classes) on municipal markets and retail level.

1c/kg on all **cling peaches** destined for domestic fresh consumption (all classes) in the informal sector not marketed via the marketing channels of municipal markets and retail level,

Levies are collected by SAWIS (SA Wine Information & Systems), a company incorporated under section 21 of the Companies Act, 1973, who act on behalf of SAWSEA (SA Wine and Spirits Exporters Association) and Winetech (Wine Industry Network of Expertise and Technology).

Levies payable to Deciduous Fruit Producers Trust (DFPT) Finance (Section 21 Company), and administered by DFPT.

Levies payable to DFPT Finance (Section 21 Company), and administered by DFPT.

Levies payable to DFPT Finance (Section 21 Company), and administered by DFPT.

Levies payable to DFPT Finance (Section 21 Company), and administered by DFPT.

Levies payable to DFPT Finance (Section 21 Company), and administered by DFPT

The information levy is needed by SAWIS to fund the registration of industry role players, and to ensure the collection and dissemination of information relating to various products in the wine industry. The objectives of a research and development levy are to support the wine industry with expertise, enabling it to be cost effective while producing quality wines and other grape-based products through the application of environmentally friendly technologies. Training and education, a culture of technological innovation and the dissemination thereof to all the sectors of the industry, development of resource-poor and previously disadvantaged farmers and establishment of world leadership in selected niche markets will be financed. The levy on export wine aims at increasing the profit margin for the industry in each focus market.

Levy objectives are to fund research projects, information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for pluMs

Levy objectives are to fund research projects, information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for apricots.

Levy objectives are to fund research projects, information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for table grapes.

Levy objectives are to fund research projects, information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for peaches and nectarines.

Levy objectives are to fund research projects, information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for cling peaches.



All of the above payable by peach and nectarine exporters, municipal markets and retailers on behalf of the producer from whom such peaches and nectarines have been procured, and payable by producers of such cling peaches in respect of all cling peaches not sold via exports, municipal markets and retailers. Implemented on 1 December 2000 and will lapse on 31 October 2004.

1.5c/kg on all **apples** on export and domestic volume on municipal and retail level; and 0.6c/kg on all apples destined for the manufacturing of apple juice concentrate by concentrate processing plants. Implemented on 11 December 2001 and will lapse on 30 October 2005.

1.5c/kg on all **pears** on export and domestic volumes on municipal and retail level. Implemented on 11 December 2001 and will lapse on 30 October 2005.

CITRUS LEVY

1.4c/kg export citrus fruit, payable by the PPECB and exporters of the citrus fruit concerned and recovered from producers of export citrus fruit, administered by CGA.

Implemented on 30 March 2001 and will lapse on 31 March 2005.

DRIED FRUIT LEVY

4c/kg on dried vine fruit and 6c/kg for dried apricots, apples, nectarines, pears, peaches and prunes, payable by packers of dried fruit to the DFTS.

Implemented on 6 April 2001 and will lapse on 30 May 2005.

Levies payable to DFPT Finance (Section 21 Company), and administered by DFPT.

Levies payable to DFPT Finance (Section 21 Company), and administered by DFPT.

Levies payable to DFPT Finance (Section 21 Company), and administered by DFPT.

The levy is collected and administered by the Citrus Growers Association (CGA), a Section 21 Company.

(DFTS) a Section 21 Company, collects and administers the levies.

Levy objectives are to fund research projects, information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for peaches and nectarines.

Levy objectives are to fund research projects, information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for peaches and nectarines.

Levy objectives are to fund research projects, information and technology transfer, plant improvement functions, information and market statistics, market development and access to new markets for peaches and nectarines.

Levy is needed to gain and maintain market access, to fund and control research and development, to set fruit quality standards and to ensure effective communication.

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



STATUTORY MEASURES (REGISTRATION, RECORDS AND RETURNS): STATUS REPORT AS AT 31 MARCH 2003

DETAILS OF STATUTORY MEASURE

Grains: Processors and purchasers of grains should register with SAGIS, and exporters, importers, processors, purchasers and stores of these grains must keep records and furnish returns to SAGIS.

Maize: Implemented on 28 November 1997 and amended on 27 October 2000.

Wheat: Implemented on 30 January 1998.

Oilseeds: Implemented on 9 April 1998 and amended on 15 June 2001.

Sorghum: Implemented on 9 April 1998.

Amendments to the above measures published on 27 October 2000

Cotton: Registration implemented on 8 May 1998, and records and returns implemented on 9 April 1998, and lapsed on 31 March 2002. These statutory measures were continued by the Minister for a further four (4) years, and will lapse on 31 March 2006.

Wool: each broker, trader, processor, importer and exporter of wool to register and furnish records and returns to Cape Wools SA. Implemented on 1 July 2000.

Wine: All bottlers, grape producers, wine exporters, wine producers and wine traders to register with SAWIS and keep records and render returns on vines, grapes, grape juice, and wine produces, received, stored, sold, exported or otherwise utilised. Implemented on 1 July 1999.

ADMINISTRATING BODY

The South African Grain Information Service (SAGIS) is a non-profit seeking company under section 21 of the Companies Act, formed jointly by the wheat, maize, sorghum and oilseeds industries. SAGIS was formed for the purpose of information gathering, collation and distribution in respect of the various grains and oilseeds industries in South Africa, and to publish macro generic market information to the relevant industries on a monthly basis

Cotton SA is a non-profit seeking company incorporated under section 21 of the Companies Act, 1973. The company is industry driven but independent and in a good position to adhere to the specific needs of the participants involved.

Cape Wools SA is a Section 21 Company performing the essential functions identified by the Wool Forum. Its board of directors represents the directly affected groups in the wool industry. The main objective of the company is to promote the group interests involved in the production and consumption of wool.

SAWIS (South African Wine Industry Information and Systems) registered as a non-profit seeking company incorporated under section 21 of the Companies Act on 1 July 1999. SAWIS has the proven expertise, infrastructure and systems, is industry driven, independent and in a good

PURPOSE OF STATUTORY MEASURE

The purpose and aims of these statutory measures are to compel parties to keep records and render returns, to ensure that continuous, timeous and accurate information relating to the products is available to all role players. Market information is deemed essential to make informed decisions. Introduction of the levy makes it possible to process and disseminate market information for the whole of the industry.

Information is dealt with in a confidential manner and no sensitive or potentially sensitive client-specific information is made available to any party without the prior approval of the party or parties whose rights are affected.

These measures are essential for the market to operate effectively and efficiently and to ensure that generic market information is supplied to all role players on a continuous basis.

Same as above

See above

See above



DETAILS OF STATUTORY MEASURE

ADMINISTRATING BODY

PURPOSE OF STATUTORY MEASURE

Fruit: All producers, exporters and traders of **table grapes, stone fruit and pome fruit** for fresh domestic consumption and/or exports, to register with DFPT.

All producers, exporters and traders of table grapes, stone fruit and pome fruit to keep records and render returns relating to vines and trees and grapes, plums, peaches, nectarines, apricots, apples and pears destined for domestic fresh consumption and exports.

Statutory Measures on table grapes and stone fruit (plums, apricots, peaches and nectarines) were implemented on 1 December 2000 and will lapse on 31 October 2004.

Statutory measures on pome fruit (apples and pears) were implemented on 11 December 2001 and will lapse on 30 October 2005.

Citrus: All exporters and all producers of export citrus fruit will register with the CGA.

All exporters and all producers to keep records and render the returns as may be required by the CGA relating to export citrus fruit produced, received or sold, exported or otherwise utilised. Implemented on 30 March 2001 and will lapse on 31 March 2005.

Dried fruit: All importers, packers, exporters and processors of dried fruit to register with DFTS.

Each importer, packer, exporter and processor of dried fruit to keep complete records for each calendar month in respect of dried fruit handled, imported and exported by him or her, and furnish accurate returns to DFTS in respect of dried fruit handled, imported or exported by him or her. Implemented on 6 April 2001 and will lapse on 30 May 2005.

position to adhere to the specific needs of the participants involved.

Deciduous Fruit Producers Trust (DFPT).

See above

Citrus Growers Association (CGA), a Section 21 Company.

See above

Dried Fruit Technical Services (DFTS) is a Section 21 Company. It is industry driven but independent and in a good position to adhere to the specific needs of the participants involved.

See above



ANNEXURE C

CONTACT DETAILS FOR NAMC COUNCIL MEMBERS AND THEIR PORTFOLIOS

COUNCIL MEMBER	TELEPHONE NO.	FAX. NO.	PORTFOLIO ALLOCATION
Mr Godfrey Rathogwa (Chairperson)	012 341 1115	012 341 1811	Market access, flowers, subtropical fruits and WTO & international affairs
Mrs Dora Ndaba	012 341 1115	012 341 1811	Deciduous fruit, vegetables and mohair
Mr Winston Mvabaza	012 341 1115	012 341 1811	Communications Committee, sugar, red meat, wool and poultry
Mrs Lillibeth Moolman	012 460 3002	012 460 3002	Maize, winter cereals and oilseeds
Dr Cyprian Buthelezi	035 337 0031	035 337 1871	Cotton, tea and coffee
Prof Johan Kirsten	012 420 3248	012 420 3247	Commodity prices, tariffs and research
Mr Peter Dall	028 840 1735 (O & H)	028 840 2373	Tobacco, dried fruit and canning fruit
Mr Inus Bezuidenhout	054 491 1325	054 491 1141	Lucerne seeds, wine and ostriches
Mr Balfour Makhetha	011 932 0235	011 932 0235	Sorghum and citrus
Mr Willie Fourie	017 687 2068	017 687 2068	Game and dairy



ANNEXURE D

PROGRESS REPORT ON LIQUIDATION OF THE FORMER CONTROL BOARDS

Deregulation of the control boards

In line with international trends towards liberalised, deregulated agricultural marketing environments, it was decided (in 1996) that the various commodity control boards and their marketing schemes had to be abolished. To ensure a smooth transition from a controlled to a liberal environment, the boards submitted business plans for a period of 12 months or less. These plans were evaluated by the NAMC and submitted to the Minister for Agriculture and Land Affairs for approval. Altogether 14 business plans were considered. The current position relating to the 6 remaining boards is summarised below.

Citrus fruit

On 11 June 1998 the Citrus Board Liquidation Committee replaced the Citrus Board. The Citrus Board Liquidation Committee appointed a working group to ensure that all the assets of the Citrus Board were accounted for before the Citrus Scheme was finally repealed. The Liquidation Committee completed its investigation and submitted its report to the Minister in 2001. The Scheme was extended until 31 July 2003, as the Minister was still considering the issue. The Scheme could lapse as soon as the liquidation has been finalised.

The Minister appointed six Trustees to the Citrus Industry Trust on 7 June 1999. One of the Ministerial Trustees retired in 2001. The NAMC therefore forwarded a submission to the Minister in November 2001 recommending that a trustee be appointed.

With regard to international trade, phytosanitary requirements and quality standards should be adhered to, and PPECB certificates are still needed for exports.

Deciduous fruit

The Deciduous Fruit Board was disbanded on 5 January 1998 and replaced by a Liquidation Committee. New industry structures include:

- Deciduous Fruit Industry Forum, a Section 21 Company
- Deciduous Fruit Producers' Trust (DFPT)
- Deciduous Fruit Exporters Forum
- Deciduous Fruit Industry Trust.



Since the 1997/98 season the marketing of export fruit has been free, subject to compliance with minimum quality standards in terms of the Agricultural Products Standards Act.

The Deciduous Fruit Scheme was extended until 31 July 2003, as the issue of the DFB/Unifruco Settlement Agreement was still being considered by the Minister and had not yet been finalised

Maize

The Maize Scheme was extended until 31 July 2002, and the liquidation of the Board and finalising of financial and legal obligations with regard to outstanding levies is continuing. The information function has been performed by SAGIS since 30 April 1997, funded by, amongst others, the Maize Trust. The Trust also funds research. The only marketing intervention left in the maize industry is a variable import tariff applied by the Department of Trade and Industry. With regard to exports, phytosanitary requirements and quality standards must be adhered to, and PPECB certificates are still needed for exports.

The Maize Board continues with the marketing of the Maize Board building, various attempts to sell the Maize Board building were made, however the sale of the building could not be finalised. The Maize Board is continuing with the sale of the building.

Red meat

The Meat Board was replaced by a Liquidation Committee at the end of November 1997 and the Meat Forum, Meat Trust and South African Meat Industry Company (SAMIC), a Section 21 Company, were established. SAMIC performs the information function, funded by, amongst others, the Meat Industry Trust. Research is financed from income from the Meat Industry Trust. The Meat Scheme has been extended until 31 July 2003.

The Meat Board has not finalised all its activities in terms of the Meat Scheme. The only remaining issue is the court case between the Meat Board and ex-employees on the one side and a medical fund on the other, regarding higher medical premiums to be paid by the ex-employees of the Board.

The indications are that the Meat Board will request the Minister to extend the Meat Scheme for a further period beyond 31 July 2003 to allow them to attend to the pending court case.



Winter cereals

The Wheat Board terminated its marketing functions on 31 October 1997. The Executive Committee of the Board is currently managing the liquidation process. The Wheat Forum, representing the directly affected groups in the winter cereal industry, already existed at the time the deregulation process started. The Winter Cereal Research and Development Trust and the Winter Cereal General Trust were subsequently formed and then merged into a single Winter Cereal Trust. Statutory levies of R4,00 per ton of winter cereal to finance research and 50c/ton of winter cereal to finance information were implemented during 1998. The information function was taken over by SAGIS, funded by the General Trust and statutory levies. Research is funded by the Trust by means of statutory levies. The import tariff on wheat and flour are currently under investigation by the Board on Tariffs and Trade.

The Wheat Board building has been sold for R15,5 million. The net proceeds from the sale of the building were transferred to the Wheat Board's Reserve Fund, and will eventually be transferred to the Winter Cereal Trust.

Interest earned from the Reserve Fund covers the Board's monthly expenses. Further submissions regarding the final transfer of funds to the Winter Cereal Trust will follow.

The two barley cooperatives, Bredasdorp Napier Co-op (BNK) and Caledon Riviersonderend Co-op (CRK), instituted arbitration proceedings against the Wheat Board in April 1998. The BNK and CRK insisted that the barley taken in from producers during 1996/97 was of malting grade, and instituted claims against the Wheat Board for R11 281 534,21 and R2 277 034,08 respectively. Interest was also claimed on these amounts. The Wheat Board had no alternative but to defend these claims based on its point of view that the barley in question was, in fact, feed grade. Both cases have been settled for approximately R7,5 million over the past two years.

The Winter Cereal Scheme was extended for another year until 31 July 2003. During the year under review the Minister approved the amendment of section 30 of the Winter Cereal Scheme to enable the Wheat Board to donate any surplus funds to the Winter Cereal Trust at the discontinuation of the Scheme. The Scheme needed to be amended prior to its lapsing in order to ensure that assets are appropriately transferred. Since then, the final audit of the Wheat Board's Financial Statements is being conducted, after which the final amount to be transferred to the Winter Cereal Trust will be known, and the final revocation of the Winter Cereal Scheme can be signed by the Minister.

Wool

The Wool Board was replaced by a Liquidation Committee on 31 August 1997. The Wool Forum, the Wool Trust and Cape Wool SA (a Section 21 Company) were subsequently established. The information function is performed by Cape Wool SA and funded by the Wool Trust. Research is also financed with income from the Wool Trust.



The Wool Scheme has been extended until 31 December 2003. The Liquidation Committee of the Wool Board is in the process of finalising outstanding issues. The South African Wool Board negotiated a settlement with its Australian counterparts whereby South Africa received approximately R48 million as its share of the intellectual value of the Woolmark. The South African Wool Board is also in the process of formulating a claim against KPMG, the first valuator of the Woolmark, for so-called “unprofessional behaviour” on its side (which is related to the first valuation).

