



National Agricultural
Marketing Council

Promoting market access for South African agriculture

Annual Report 2013/2014





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

National Agricultural Marketing Council

Annual Report on Predetermined Objectives 2013/14

**I have the honour of submitting the Annual Report for 2013/14 of the
National Agricultural Marketing Council (NAMC).**

**Mr Andre Young
Acting Chairperson of the
National Agricultural Marketing Council**



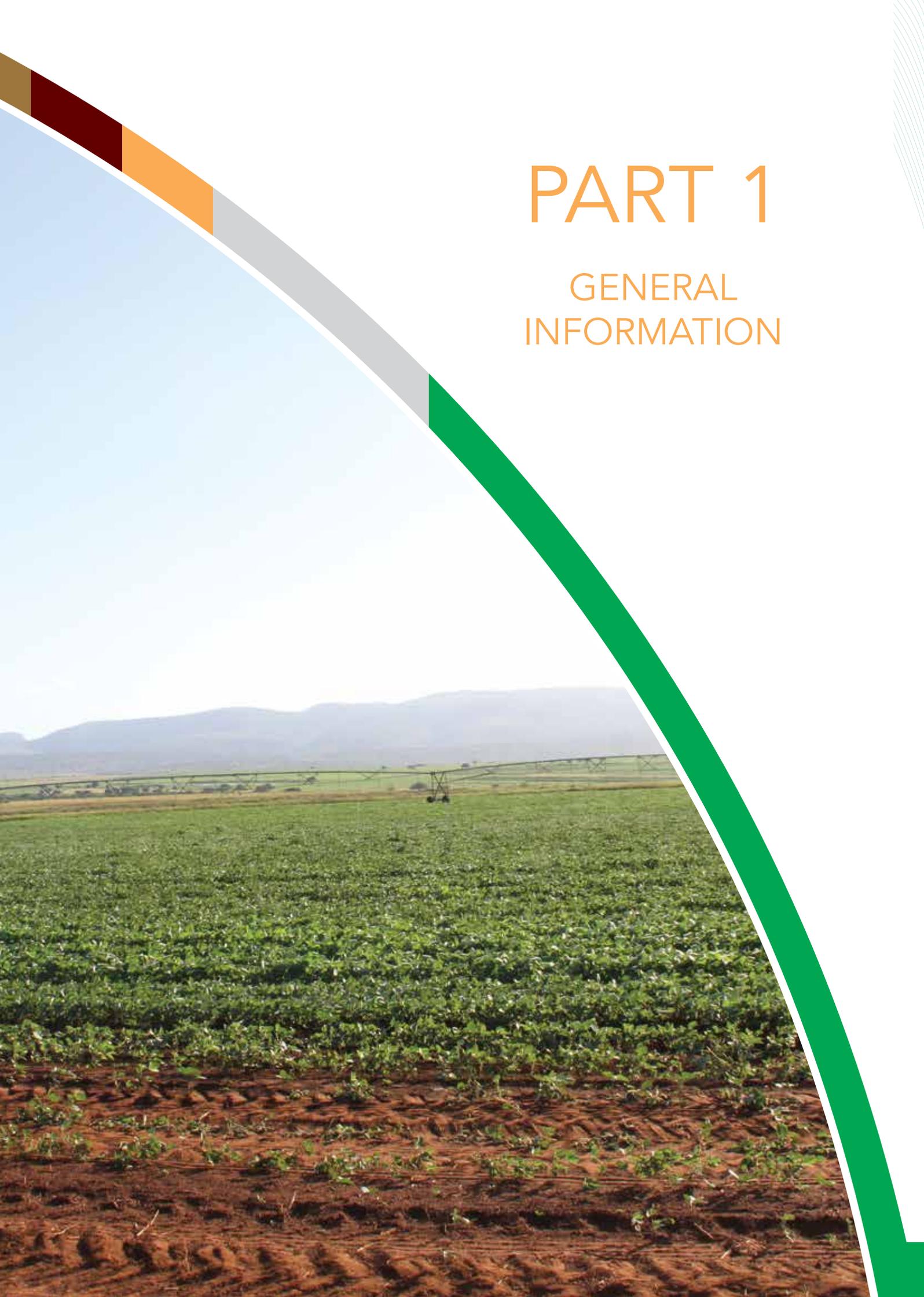
In Loving Memory Of
Ma Ntombi Msimang
(Former Chairperson of the NAMC)

We thank you for all the years you have shared with us.



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PART 1

GENERAL INFORMATION



PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	National Agricultural Marketing Council
REGISTRATION NUMBER (if applicable):	N/A
PHYSICAL ADDRESS:	Block A, 4th Floor 535 Francis Baard Street, Arcadia Pretoria, 0002
POSTAL ADDRESS:	Private Bag X 935 Pretoria 0001
TELEPHONE NUMBER:	012 341 1115
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E-MAIL ADDRESS:	info@namc.co.za
WEBSITE ADDRESS:	www.namc.co.za
EXTERNAL AUDITORS:	Akanani Consulting Auditors
BANKERS:	Standard Bank

ABBREVIATIONS

AEASA Agricultural Economics Association of South Africa

CEC Crop Estimates Committee

CELC Crop Estimate Liaison Committee

CFP Custom Feeding Programme

DAFF Department of Agriculture Forestry & Fisheries

DAGs Directly Affected Groups

DM District Municipality

DTI Department of Trade & Industry

FANRPAN Food, Agriculture and Natural Resources Policy Analysis Network

GDP Gross Domestic Products

MAP Act Marketing of Agricultural Products Act

MERC Markets and Economic Research Centre

MTSF Medium Term Strategic Framework

NAMC National Agricultural Marketing Council

NRMDP National Red Meat Development Programme

PPECB Perishable Products Export Control Board

SAGAP South African GAP

Tralac Trade Law Centre of Southern Africa

PART 2

STRATEGIC OVERVIEW



PART 2: STRATEGIC OVERVIEW

2.1 VISION

Strategic positioning of agriculture in a dynamic global market.

2.2 MISSION

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

2.3 CORE VALUES

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

- a) Integrity (honest/ethical/trustworthy/transparent)
- b) Assertive (accountable/responsible/reliable/taking ownership/confident)
- c) Collaborative (consultative/teamwork/participative/co-operative)
- d) Service excellence (performance driven/target oriented/service oriented/motivated/committed/diligent)
- e) Fairness (equal treatment/respectful/tolerance/consistency)
- f) Objective (analytical/rational/attention to detail/conceptual)
- g) Innovative (creative/pro-active/adaptive/flexible/initiative)

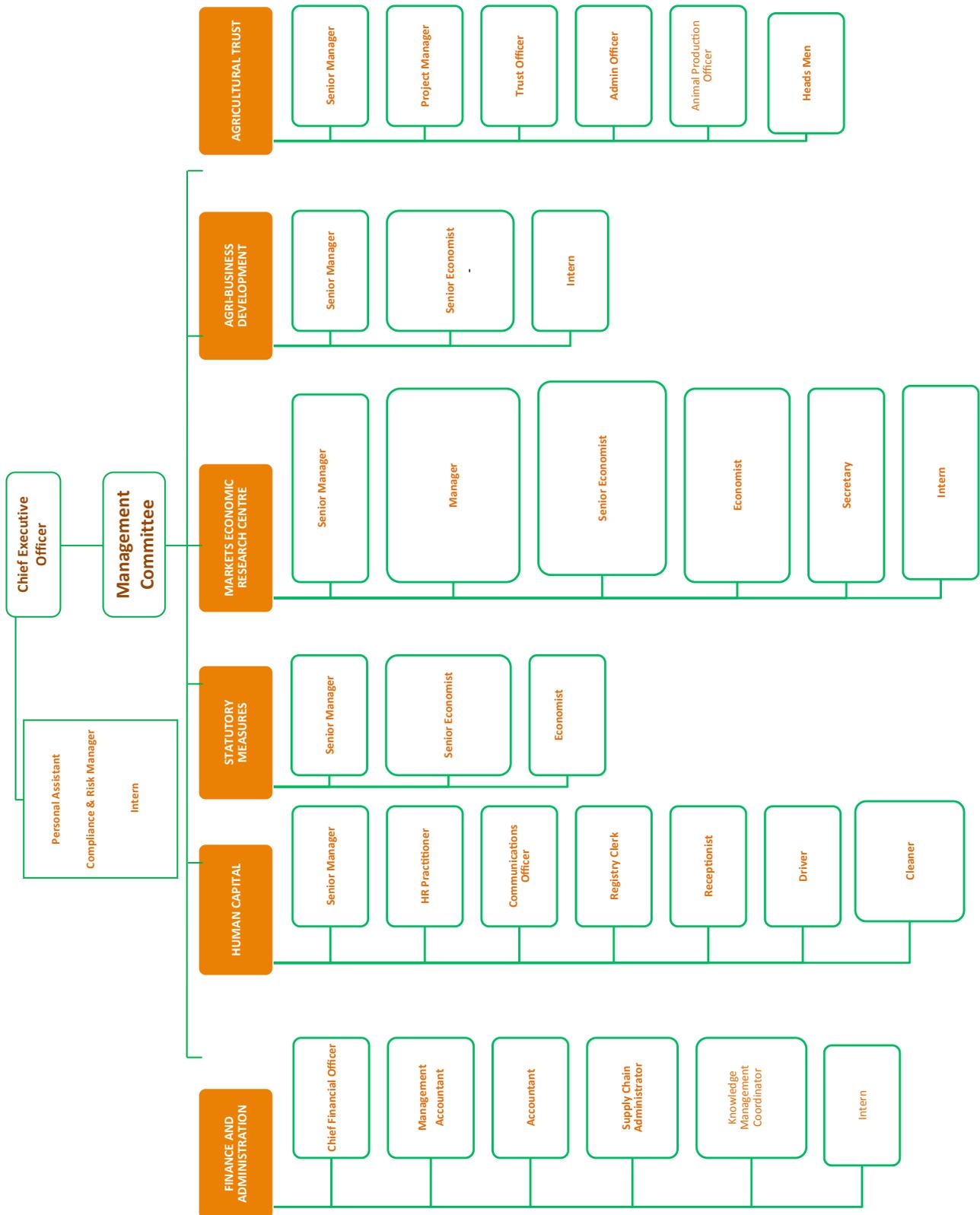
2.4 STRATEGIC OUTCOMES ORIENTED GOALS

Strategic Outcomes Oriented Goal	<ul style="list-style-type: none">a) Increasing market access to all market participantsb) More efficient marketing of agricultural productsc) Increased export earnings from agricultural productsd) Enhanced viability of agricultural sector
Goal Statement	To provide agricultural marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system.

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

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

2.5 ORGANISATIONAL STRUCTURE



2.6 FOREWORD BY THE CHAIRPERSON



Andre Young
Acting Chairperson

INTRODUCTION

The new financial year started on a sad note for the National Agricultural Marketing Council when we had to endure the pain of losing our much loved Chairperson Mrs. Ntombi Msimang who unexpectedly passed away in April 2014. As an organisation we are all still coming to terms with this untimely loss. So much she planned, presented, hoped for, accumulated and so much she still had to do and achieve for this sector. Her time may have come but her spirit and her contributions to the sector can never be eclipsed. I humbly take up this mantle with this thought in mind and in my acting capacity will do my best to deliver on the vision we've set for the sector.

STRATEGIC ISSUES

Honourable Minister, the mandate given by your department under this period of review was at best rewarding, challenging and stretched us to our limits. As an entity we were indeed honoured to spearhead the compilation of the business plan for Presidential Strategic Infrastructure Project 11 (SIP11). The entire process was successful. We can report to you that the draft SIP11 business plan was submitted to the Presidential Infrastructure Coordinating Commission for consideration and approval.

As far as the Food Security was here too we managed to provide impetus to the Integrated Food and Nutrition Security Initiative (IFNSI). This tour de force exemplifies the true character of our existence and the role we play in agriculture. Another significant milestone reached in the financial year under review was the establishment of the Supply and Demand Estimates Liaison Committee role of providing secretariat oversight. The Committee was established with the purpose to oversee the work done by the Supply and Demand Estimates Committee.

The opportunity for promoting access to markets especially under the transformation agenda still remains one of government's priorities. On the 14 June 2013, DAFF published amendments to the MAP Act leading to a plethora of meetings hosted by the NAMC to discuss the proposed draft Bill with role players of the sector. Written comments were submitted to the department however the review process was put on hold. The NAMC continued with the transformation process by hosting a workshop on developing 'Transformation Guidelines. Honourable Minister, the rationale behind the transformation workshop came about because of the unhappiness by some role players in the sectors, who expressed an opinion that the current system in use by industry to measure and evaluate transformation was not yielding satisfactory results. Prior to this workshop, the NAMC also facilitated a workshop with Industry Trusts to determine how best transformation can be leveraged.

NAMC still continues with the release of its quarterly publications of the Food Cost Monitor. This area of our operations has solicited great interest over the past year, and led to the additional release of what we refer to as our Annual Food Cost Review. Trade Probe is also another important publication, especially when taking into account the important information relating to the invasion of the black spot on our citrus products which was disseminated through this publication, without which panic would have triggered in export markets. We continue to release trade reports that tracked the performance of agricultural products and commodities.

Under the period review, 31 investigations on statutory measures were conducted as mandated by the MAP Act. The total gross value of agricultural production for 2013 was estimated at R161 427 million. The gross value of animal products contributed 46.2%, horticultural products 24% and field crops contributed 29.0% to the total gross value of agricultural production. Honourable Minister, interest by Asian

markets for macadamia nuts also grabbed our attention and a baseline study was conducted to this effect which focused on the status quo of the industry and the level of support needed by growers. Within the same frame of the industry, the Southern African Macadamia Growers Association (SAMAC) applied for the establishment of statutory measures for shell macadamia nuts, macadamia kernel and macadamia trees for a four year period.

STAKEHOLDER RELATIONS

It is a major source of pride that the NAMC is still involved in areas of partnerships, not only for the benefit of stakeholders but for the benefit of providing market access to those previously disadvantaged. The Vineyard Development Scheme for example is one programme that has taken-off well, with planned expansion into other areas on the horizon. This project is one of the anchor infrastructure projects identified and an example of a good story for government to tell. It is such programmes Honourable Minister that defines stakeholder relations – government, private sector and public working together to achieve sustainable development.

As a state owned entity it is of utmost importance and necessity to never take for granted the real people we serve – farmers. Developing their skills and capacitating them with extensive knowledge is one of the ways of enhancing the viability of the agricultural sector. Working with various stakeholders to conduct and deliver training programmes has been a remarkable achievement that has produced tangible results. This year, the NAMC celebrated our 14 years relationship with Market Matters on aspects related to training and skills development. Continentally and internationally we continued to represent South African Agriculture. As a FARNPAN node host, connecting with other African states in terms of knowledge production has benefitted us immensely, in especially on the part of food security. The Agri-benchmark network which NAMC is part off has ensured we learn from international agricultural research practices and apply them to our own localities.

GOVERNANCE

We are pleased to report that all Council committees reported on clean governance, and all risks identified were mitigated. Two Council seats became vacant where after the Ministry advertised the positions. One vacancy has been filled. We also recommended the appointments of new Trustees to serve on all various Industry Trusts. Honourable Minister, we are still in line in achieving the mandate set in our strategic plan for 2019. New internal auditors were appointed in order to strengthen our financial systems and controls.

THE YEAR AHEAD

We have taken pre-emptive steps in expanding our research base into fisheries. This has been an industry not sufficiently analysed and we're hoping by the end of the year a strategy approach will be developed together with all stakeholders. We will still dig in our resources to ensure that farmers are well informed of the trends in the sector and the latest methods applied in agribusiness. Identifying and designing development schemes will still continue as we're of the view that promoting agricultural products across the spectrum is to the benefit of the country.

ACKNOWLEDGEMENTS

On behalf of Council, I would like to thank our former colleague, the late NAMC Chairperson Mrs. Ntombi Msimang for her sterling work and commitment to the industry and to the NAMC. Thanks is also extended to her husband Mavuso Msimang for the sacrifice he too had to make in the process.

Sincere gratitude and thanks is also extended to the previous Minister of Agriculture, Forestry and Fisheries for her support of the NAMC. To DAFF, and it's various directorates thank you for the role you always play in assisting us achieve our mandate. To the Portfolio Committee for your oversight role, this is always greatly appreciated. To all my fellow Council members please accept my gratitude, thanks and appreciation for the extended hours of work that you've all put in. To the CEO you've lead the NAMC with distinction.....keep up the good work. To the NAMC staff, you are the organisation's life blood.....all we have achieved and still to achieve is attributable to your passion for what you do and your commitment in fulfilling the NAMC's mandate.

Stakeholders, we are because you are. Thank you for your participatory approach in dealing with issues. We are making strides.



André Young: Acting Chairperson
National Agricultural Marketing Council
30 May 2014

2.7 CHIEF EXECUTIVE OFFICER'S OVERVIEW



Ronald Ramabulana
Chief Executive Officer

Challenges that the sector faced in the year under review illustrated the need for detailed research in areas such as food security, market development, agricultural infrastructure development and transformation in the agricultural sector. The NAMC has made meaningful progress in the identified areas. We have developed and implemented a business plan on Strategic Integrated Projects 11 (Part of the Presidential Infrastructure Coordination Commission- PICC), approved new guidelines on how transformation funds should be spent.

The year in review has seen significant food price inflation (6% or more) in the following products in the food basket: rice, cabbage, potatoes, tea, maize meal, instant coffee and milk. Clearly, rural communities were the most directly affected groups by price inflation. Therefore, the NAMC will continue to support government efforts to improve both national and household food security under integrated food security and nutrition initiative (IFNSI).

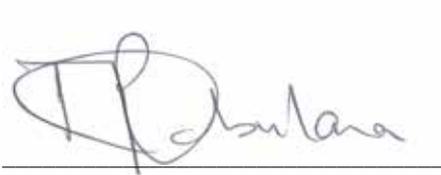
Honourable Minister, under this period review, we received directive from the Presidential Infrastructure Coordination Commission (PICC) to coordinate SIP11. A lot of work was put to ensure that a business plan on investments in agro-logistics and rural infrastructure is developed and implemented. We further undertook an infrastructure audit on agriculture and rural infrastructure throughout the country in order to identify infrastructure gaps that should inform the investments required. We are confident that the business plan developed will assist the sector in realizing the challenge highlighted in the National Development Plan of “expanding agriculture to create 1 million jobs.”

The NAMC reviewed its transformation guidelines with the aim of improving the effectiveness of transformation projects implemented with partner organizations that use statutory measures. We are confident that the new guidelines will improve the effectiveness of programmes implemented with levy income collected by industries as part of statutory measures. The income for the year under review was R372 million. Of these, R84 million was used for transformation, R106 million for research, R92 million for market development, R43 million for information.

The development schemes program launched over five years ago is bearing fruit. The NAMC's Vineyard Development Scheme in Northern Cape has over 500 ha of wine grapes, table grapes and raisin under production. This will allow meaningful participation of black farmers in the entire value chain rather than focusing on primary production. The red meat development scheme has increased its carrying capacity to over 3000 animals. This allows small holder farmers to fatten their animals in order to guarantee a good price for the market. Other similar schemes include dry bean, sunflower and macadamia development schemes.

On the issues concerning governance, two senior management vacancies and one new management vacancy were filled. Out of the 46 staff turnover, there were no issues of grievance and S.H.E (Safety, Health and Environment) reported. All Council Committees and project committees were diligently undertaken and helped to shape our organisation. I would like in this instance to pay special tribute to our former Chairperson, Mrs. Ntombi Msimang, who sadly passed away in 2014. Her leadership will be missed by staff and management of the NAMC, the entire agricultural sector and myself.

Lastly, I would like to acknowledge Council and its members for providing strategic leadership. Secondly, I would like to acknowledge all the hardwork put by management and staff. Finally, to all our stakeholders thank you for your support and cooperation.



MR. RONALD RAMABULANA

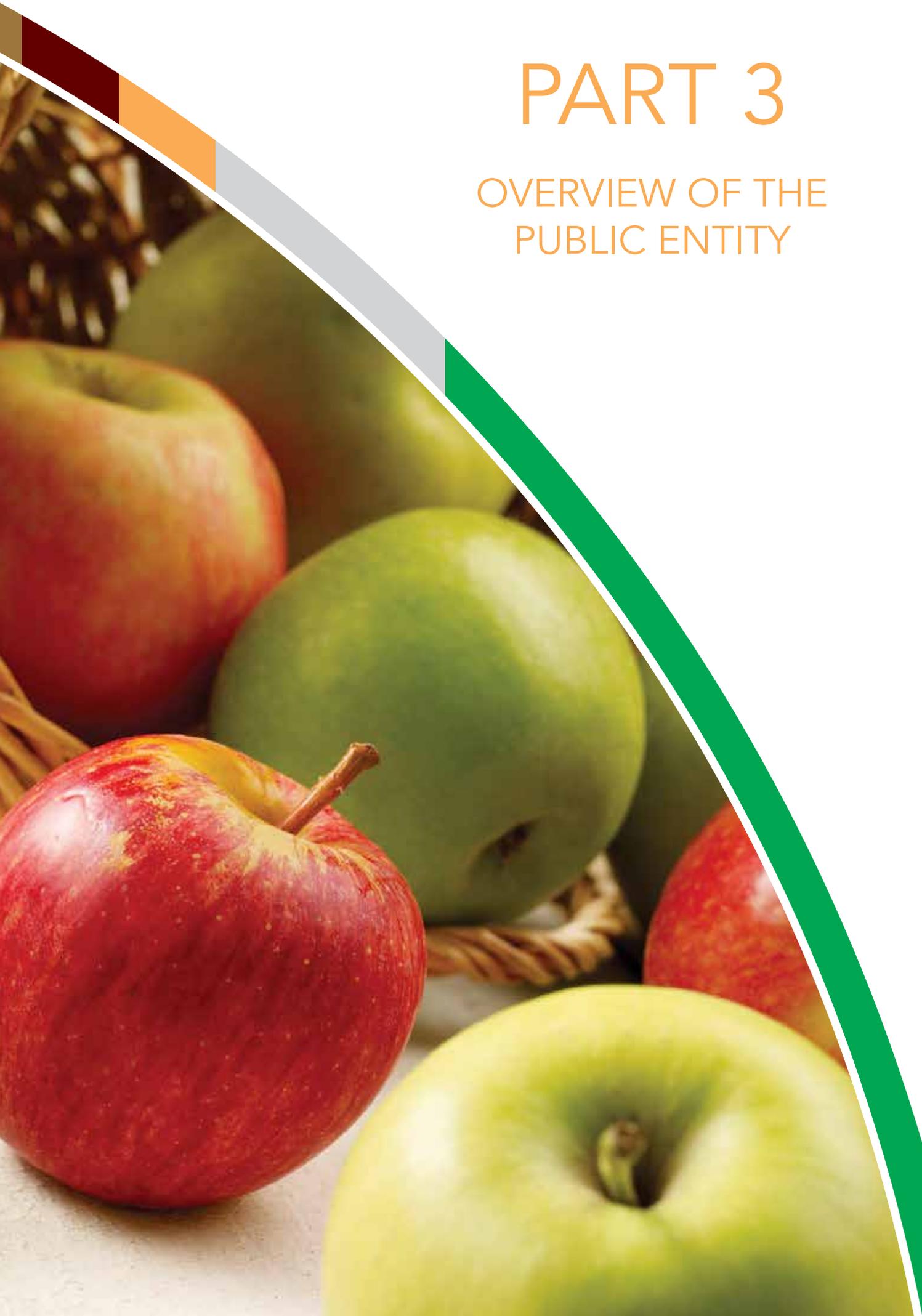
Chief Executive Officer

National Agricultural Marketing Council

30 May 2014

PART 3

OVERVIEW OF THE PUBLIC ENTITY



3.1 STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION

OFFICIAL SIGN-OFF

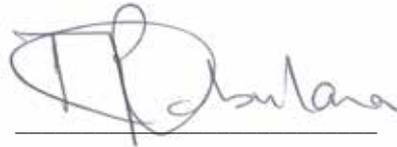
It is hereby certified that the Annual Report:

- Was developed by the management of the NAMC, under the guidance of the Executive Authority, Acting Chairperson of Council
- Takes into account all the relevant policies, legislation and other mandates for which the NAMC is responsible
- Accurately reflects the achieved strategic objectives for the period 2013 to 2014.

TR Ramabulana

Chief Executive Officer

Signature: _____



Approved by:

Andre Young

Acting Chairperson

Signature: _____



3.2 KEY POLICY DEVELOPMENT AND LEGISLATIVE CHANGES

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

The mandate as spelled out in the MAP Act reads as follows:

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

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

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

In addition, in terms of section 9 (1) of the MAP Act, the NAMC shall monitor the application of statutory measures and report to the Minister, and shall review such measures at least every two years. The accountability arrangements of the NAMC to the Minister for the National Department of Agricultural Forestry & Fisheries are as follows:

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

Funding

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

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

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

3.3 STRATEGIC OUTCOME ORIENTED GOALS OF THE NAMC

Strategic Outcome Oriented Goal	<ol style="list-style-type: none">1. Increasing market access to all market participants2. More efficient marketing of agricultural products3. Increased export earnings from agricultural products4. Enhanced viability of agricultural sector
Goal statement	To provide agricultural marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system

3.4 PROGRAMME PURPOSE

PROGRAMME 3.4.1: Administration

Strategic Goal 1	To ensure internal business excellence within the NAMC
Goal statement	To ensure internal excellence in practices supporting the NAMC in effectively delivering on its mandate
Justification	This aims to ensure that the NAMC functions optimally through effective business processes, corporate governance and support services
Links	Government outcomes 5 and 12 2009 Government Priority 7

The purpose of this programme is to provide support services towards achieving internal business excellence within the NAMC. In support of this goal, the following objectives are pursued:

- To provide business process services in support of NAMC objectives
- To provide financial services in support of NAMC objectives, and
- To provide corporate resource services in support of NAMC objectives.

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

- Sub-programme 1.1 : Office of the Chief Executive Officer
- Sub-programme 1.2 : Finance & Administration Management
- Sub-programme 1.3 : Human Resources Management.

PROGRAMME 3.4.2: The Markets and Economic Research Centre (MERC)

Strategic Goal 2	To provide quality research to key stakeholders in support of agricultural marketing decision making
Goal statement	Effectual agricultural marketing decisions will enhance competition, result in more effective market structures and increased market access
Justification	This aims to inform directly affected groups and policy makers to contribute to policy debate and creation of a more efficient marketing system
Links	Government outcome 7 2009 Government Priority 4 NAMC outcomes 1, 2, 3 & 4

The Markets and Economic Research Centre (MERC) was established in 2007. At the time the need was realised by the NAMC that in order to fulfil its mandate much more intensive research is required. The MERC consists of different focus areas, i.e. information and knowledge management, trade and market access and agro-food chains. Broadly stated, the MERC aims to:

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

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

PROGRAMME 3.4.3: Statutory Measures

Strategic Goal 3	To provide statutory measure recommendations in support of an effectual agricultural marketing system
Goal statement	Providing objective recommendations to the Minister based on investigations conducted
Justification	This aims to enable the agricultural sector to collect levies to finance generic functions, collect and disseminate information, to promote the efficiency of the marketing of agricultural products, to promote market access, to increase export earnings and when required, to control exports
Links	Government outcome 7 2009 Government Priority 4 NAMC outcomes 1, 2 & 3

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

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

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

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

PROGRAMME 3.4.4: Agricultural Trusts

Strategic Goal 4	To provide advisory services relating to trusts to the Minister
Goal statement	To provide objective advisory services to the Minister based on the process of monitoring the operations of trusts
Justification	This aims to ensure that the viability of the agricultural sector is enhanced
Links	Government outcomes 5, 7 & 12 2009 Government Priority 2, 4, 6 & 7 NAMC outcomes 1 & 4

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

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

PROGRAMME 3.4.5: Agri-business development

Strategic Goal 5	To provide development programmes that will link smallholder farmers to markets
Goal statement	To provide development programmes to smallholder farmers to overcome their constraints in accessing the markets
Justification	This aims to increase access to markets by smallholder farmers
Links	Government outcomes 5 & 7 2009 Government Priority 2, 4 & 6 NAMC outcome 1

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



PART 4

PERFORMANCE INFORMATION



PART 4: PERFORMANCE INFORMATION

4.1 OFFICE OF THE CHIEF EXECUTIVE OFFICER PERFORMANCE INFORMATION

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Business process support	Compliance assessment conduct (4)	Compliance assessment conduct (4)	Compliance assessment conduct (4)	Four (4) Compliance assessments were conducted.	None	None
Business process support	Risk assessment conducted (5)	Risk assessment conducted (5)	Risk assessment conducted (5)	Four (4) Risks assessments were conducted.	- Risk meeting scheduled for January 2014 was postponed. - Risk assessment workshop was not conducted due to budget constraints	- Risk meeting scheduled for January 2014 was postponed. - Risk assessment workshop was not conducted due to budget constraints
Business process support	Council committee secretarial support conducted (4)	Council committee secretarial support conducted (4)	Council committee secretarial support conducted (4)	Five (5) Council Committee secretarial support were conducted	None	None
Business process support	Council committee performance evaluation (1)	Council committee performance evaluation (1)	Council committee performance evaluation (1)	One (1) Council Committee performance evaluation conducted in May 2013.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Business process support	Legislative requirements compliance by line managers number of times monitored (1)	-	Legislative requirements compliance by line managers number of times monitored (1)	Assisted the HR division to migrate from manual leave system to electronic ESS system.	None	None
To ensure effective management in all units	Respond to audit issues received annually (100%)	-	Respond to audit issues received annually (100%)	Responded to all audit queries by both internal and external auditors.	None	None
To ensure effective management in all units	Business plans including resources plans developed annually	-	Business plans including resources plans developed annually (1)	The business plan was developed.	None	None
To ensure effective management in all units	Business performance targets achieved (90%)	-	Business performance targets achieved (90%)	Targets set for were partially achieved.	- Risk meeting scheduled for January 2014 was postponed. - Risk assessment workshop was not conducted due to budget constraints	- Risk meeting scheduled for January 2014 was postponed. - Risk assessment workshop was not conducted due to budget constraints
To ensure effective management in all units	Approved and funded positions filled (90%)	-	Approved and funded positions filled (90%)	There were no vacant positions.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	An employee satisfaction rating achieved (based on what is within management's control) (60%)	-	An employee satisfaction rating achieved (based on what is within management's control) (60%)	An employee satisfaction rating based on what is within management's control was achieved. No grievance lodged during the financial year.	None	None
To ensure effective management in all units	Grievances / disputes lodged versus attended to within specified time (100%)	-	Grievances / disputes lodged versus attended to within specified time (100%)	No grievance disputes/lodged for the period under review.	None	None
To ensure effective management in all units	Variance budget spent (8%)	-	Variance budget spent (8%)	The variance budget spent is below the (8%)target for the financial year	None	None
To ensure effective management in all units	Performance review frequency (3)	Performance review (3)	Performance review frequency (3)	Three (3) performance evaluations were conducted.	None	None
To ensure effective management in all units	Lead time from resources content request received until content provided (3days)	-	Lead time from resources content request received until content provided (3days)	Responded to all audit queries raised by Internal and External Auditors.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Policies planned to be developed / reviewed versus developed / reviewed (80%)	-	Policies planned to be developed / reviewed versus developed / reviewed (80%)		None	None
To ensure effective management in all units	Defaults on contractual agreements detected versus resolved (100%)	-	Defaults on contractual agreements detected versus resolved (100%)	No defaults on contractual agreements were detected during the financial year.	None	None
To ensure effective management in all units	Audit opinion status clean	-	Audit opinion status clean	Unqualified Report	None	None

4.2. FINANCE AND ADMINISTRATION PERFORMANCE INFORMATION

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Financial support Management accounting, Financial accounting, Asset / inventory management Supply chain management	Approved budget (1)	Approved budget (1)	Approved budget (1)	One (1) Budget was approved by the Minister.	None	None
Financial support	Annual statutory financial information provided within prescribed time (1)	Annual statutory financial information provided within prescribed time (1)	Annual statutory financial information provided within prescribed time (1)	One (1) Annual financial statement was submitted in May 2014 to Auditor-General and National Treasury	None	None
Financial support	Quarterly statutory financial information provided (4)	Quarterly statutory financial information provided (4)	Quarterly statutory financial information provided (4)	Four (4) quarterly reports for the period April 2013 – March 2014 was prepared and submitted to Audit & Risk committee, Council and DAFF.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Financial support	Monthly statutory financial information reports(12)	Monthly statutory financial information reports(12)	Monthly statutory financial information reports(12)	Twelve (12) monthly expenditure reports were prepared and distributed to senior managers.	None	None
Business Process Support	BEE procurement targets met (70%)	-	BEE procurement targets met (70%)	The supplier data base was reviewed and meets the BEE target. Conducted Asset and inventory count in March 2014.	None	None
Business Process Support	Average lead time from accurate creditor payment information received until paid (30 days)	Average lead time from accurate creditor payment information received until paid (30 days)	Average lead time from accurate creditor payment information received until paid (30 days)	Suppliers were paid within 30 days of receipt of invoice.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Business Process Support	Procurement lead time targets achieved as per delegations of authority (100%)	Procurement lead time targets achieved as per delegations of authority (100%)	Procurement lead time targets achieved as per delegations of authority (100%)	Procurement target were met as per the delegation of authority	None	None
Business Process Support	Complaints received versus resolved (100%)	-	Complaints received versus resolved (100%)	No complaints received during the financial year.	None	None
IT support	IT client satisfaction survey rating achieved (60%)	-	IT client satisfaction survey rating achieved (60%)	An IT survey was conducted with all business units.	None	None
IT support	Average response time from IT call logged until responded to (3 hours)	-	Average response time from IT call logged until responded to (3 hours)	Average response time from IT call logged was (2 hours).	None	None
IT support	Back-up tests conducted (4)	-	Back-up tests conducted (4)	Four (4) back-up tests were conducted.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
IT support	Local Area Network availability (95%)	-	Local Area Network availability (95%)	Network connectivity and availability has improved to 99% due to new server installation.	None	None
To ensure effective management in all units	Respond to audit issues received annually (100%)	Respond to audit issues received annually (100%)	Respond to audit issues received annually (100%)	Responded to all audit queries by both internal and external auditors.	None	None
To ensure effective management in all units	Business performance targets achieved (90%)	-	Business performance targets achieved (90%)	Targets set for Finance and Administration were achieved.	None	None
To ensure effective management in all units	Approved and funded positions filled (90%)	-	Approved and funded positions filled (90%)	There were no vacant funded positions under Finance and Administration.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	An employee satisfaction rating achieved (based on what is within management's control) (60%)	-	An employee satisfaction rating achieved (based on what is within management's control) (60%)	An employee satisfaction rating based on what is within management's control was achieved. No grievance lodged during the financial year.	None	None
To ensure effective management in all units	Grievances / disputes lodged versus attended to within specified time (100%)	-	Grievances / disputes lodged versus attended to within specified time (100%)	No grievances/ disputes lodged for the period under review.	None	None
To ensure effective management in all units	Variance budget spent (8%)	-	Variance budget spent (8%)	The variance budget spent is below the (8%) target for the financial year.	None	None
To ensure effective management in all units	Business plans including resources developed annually(1)	Business plan developed (1)	Business plans including resources plans developed annually (1)	The Finance and Administration business plan was developed.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Performance review frequency (3)	Performance review frequency (3)	Performance review frequency (3)	Three (3) performance evaluations for Finance and Administration staff were conducted.	None	None
To ensure effective management in all units	Lead time from resources content request received until content provided (3days)	-	Lead time from resources content request received until content provided (3 days)	Responded to all audit queries raised by Internal and External Auditors.	None	None
To ensure effective management in all units	Policies planned to be developed / reviewed versus developed / reviewed (80%)	Policies planned to be developed / reviewed versus developed / reviewed (80%)	Policies planned to be developed / reviewed versus developed / reviewed (80%)	All Finance, Administration and IT Policies were during the period 2013/14.	None	None
To ensure effective management in all units	Defaults on contractual agreements detected versus resolved (100%)	Defaults on contractual agreements detected versus resolved (100%)	Defaults on contractual agreements detected versus resolved (100%)	No defaults on contractual agreements were detected during the financial year.	None	None
To ensure effective management in all units	Audit opinion (status clean)	Audit opinion status clean	Audit opinion status clean	Unqualified report	None	None
Shared logistical Support	Shared logistical support services client satisfaction rating achieved (60%)	-	Shared logistical support services client satisfaction rating achieved (60%)	The shared logistical support was facilitated.	None	None

4.3 HUMAN RESOURCES MANAGEMENT PERFORMANCE INFORMATION

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Business process support	Consolidated strategic and annual performance plan provided within prescribed time (1)	Approved strategic and annual performance plan (1)	Submit strategic and annual performance plan within prescribed time (1)	One (1) Strategic Plan and Annual Performance Plan for was approved by Council.	None	None
Business process support	Organisational quarterly performance reports to DAFF (4)	Submitted organisational quarterly performance reports to DAFF (4)	Submit organisational quarterly performance reports to DAFF (4)	Four (4) organisational quarterly performance reports were submitted to DAFF.	None	None
Business process support	Organisational performance system adhered to by line managers PMDS (3)	Organisational performance system PMDS (3)	Facilitate organisational performance evaluation PMDS (3)	Three (3) organisational performance evaluation were facilitated	None	None
Business process support	Organisational structure review (1)	Reviewed organisational structure (1)	Review the organisational structure review (1)	One (1) organisational structure was reviewed.	None	None
Business process support	Annual report provided (1)	Submitted (1) annual report	Submit (1) annual report	One (1) Annual Report was submitted to DAFF	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Business process support	Internal events conducted (5)	Internal events conducted (3)	Coordinate (5) internal events	Five (5) Internal events were coordinated: <ul style="list-style-type: none"> - Women's Day - Heritage Day: - Commemorating World Aids Day: Leratong Hospice - Youth Months: PMA Career Fairs - Corporate Social Responsibility: Francis Rasimphi and Dimani High School 	None	None
Business process support	Media services support required vs. provided (40 %)	-	Facilitate the Media services support required vs. provided (40 %)	A Media Monitoring Report was produced.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Business process support	Marketing campaigns support requested vs. provided (90 %)	-	Marketing campaigns support requested vs. provided (90 %)	<p>The following Marketing campaigns were provided:</p> <p>NAMC was profiled on the following :</p> <ul style="list-style-type: none"> - The Farmworker - Lesedi FM - NAMC profiled on Living Land programme SABC 2 <p>Marketing Campaigns</p> <p>The following are Marketing Campaigns supported:</p> <ul style="list-style-type: none"> - Agri-Biz Women Management Training - Beef Cattle Farming Indaba - AEASA Conference - Agri-BEE Threshold Handover-Study <p>Stakeholder Engagement:</p> <ul style="list-style-type: none"> - Published 5 electronic mail NAMC Newsletters - Following events attended to market NAMC: - Agri+Mega Week - Tshwane Spring Show <p>Assisted stakeholders in the following launches:</p> <ul style="list-style-type: none"> - Launch of Skoko Wines - Launch of Fetsa Tlala - Launch of AWEF 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Human Resources Support	Lead time from recruitment requisition received until appointment recommendation made (90 days)	-	Lead time from recruitment requisition received until appointment recommendation made (90 days)	The appointments of the following positions was facilitated : - Senior Manager MERC - Senior Manager Agribusiness - Manager Smallholder Market Access: - Driver Messenger	None	None
Human Resources Support	Work place skills development budget utilised (100 %)	-	Implement (100 %) the Work place skills development budget	The Work place skills plan was developed and implemented	None	None
Human Resources Support	Labour relations support requested versus provided (100 %)	-	Implement (100 %) Labour relations request	The HR facilitated (1) Labour Relations request.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Human Resources Support	Wellness sessions conducted (4)	Wellness sessions conducted (4)	Conduct the implementation of (4) Wellness Sessions	Four (4) Wellness Sessions were implemented: - Men Diversity Forum - Women Diversity Forum - World Aids Day - Year End Function	None	None
Human Resources Support	HR administration support requested versus provided within service standards (90 %)	-	Provide HR administration support requested versus provided within service standards (90 %)	There were no requests during the financial year.	None	None
To ensure effective management in all units	Compliance with Human Resources regulatory frameworks (%)	-	Conduct (1) Employee Satisfaction ratings and develop a plan	The plan was developed.	None	None
Human Resources support	Respond to audit issues received annually (100 %)	-	Respond to audit issues received annually (100 %)	Provided information to internal auditors on performance information audit.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Business performance targets met (90 %)	-	Business performance targets met (90 %)	The human resources and communications business performance targets were met.	None	None
To ensure effective management in all units	Approved and funded positions filled (90 %)	-	Approved and funded positions filled (90 %)	There were no vacant positions under human resources division.	None	None
To ensure effective management in all units	Grievances / disputes lodged versus attended to within specified time (100 %)	-	Grievances / disputes lodged versus attended to within specified time (100 %)	There were no grievances lodged during the financial year.	None	None
To ensure effective management in all units	Variance on budget spent (8 %)	-	Variance on budget spent (8 %)	The variance spent on budgets was below the (8 %) target.	None	None
To ensure effective management in all units	Business plans including resource plans developed annually (1)	Business plans including resource plans developed annually (1)	Business plans including resource plans developed annually (1)	The human resources business plan was completed and incorporated in the Annual Operational Plan.	None	None
To ensure effective management in all units	Performance review frequency (3)	Performance review frequency (3)	Performance review frequency (3)	Three (3) performance reviews were conducted	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Lead time from resource content requests received until content provided three (3) days	-	Lead time from resource content requests received until content provided three (3) days	There were no requests received during the financial year.	None	None
To ensure effective management in all units	Policies planned to be developed / reviewed versus developed / reviewed (80 %)	-	Policies planned to be developed / reviewed versus developed / reviewed (80 %)	- Four (4) Human Resources policies were reviewed and approved - Three (3) Communications policies were developed.	None	None
To ensure effective management in all units	Defaults on contractual agreements detected versus resolved (100 %)	-	Defaults on contractual agreements detected versus resolved (100 %)	There were no defaults on contractual agreements during the financial year.	None	None
To ensure effective management in all units	Audit opinion status clean	-	Audit opinion status clean	Unqualified report.	None	None
Shared logistical support	Shared logistical support services client satisfaction rating achieved (60 %)	-	Shared logistical support services client satisfaction rating achieved (60 %)	Facilities the shared logistical support services on auxiliary, receptionist and there were no complaints received.	None	None

4.4 MARKETS AND ECONOMIC RESEARCH CENTRE PERFORMANCE INFORMATION

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Agricultural marketing knowledge management	Food price monitor reports released (4)	Released (4) Price Monitor (FPM) reports	Release (4) Quarterly Food Price Monitor (FPM) reports	Four (4) FPM reports for May 2013, Aug 2013, Nov 2013 and Feb 2014	None	None
Agricultural marketing knowledge management	Food cost review released (1)	Released (1) Annual Food Cost Review report	Release (1) Food Cost Review report	One Annual Food Cost Review was published in November 2013.	None	None
Agricultural marketing knowledge management	Input cost monitoring reports released (4)	Released (4) Input Cost Monitoring (ICM) reports	Release (4) Input Cost Monitors (ICM) reports	Four reports were published namely <ul style="list-style-type: none"> - Trends in selected agricultural input prices (1st Quarter) - Trends in selected agricultural input prices (2nd Quarter) - Trends in selected agricultural input prices (3rd Quarter) - Trends in selected agricultural input prices (4th Quarter) 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Agricultural marketing knowledge management	Agri benchmark reports released (2)	2 Agri benchmark reports released	2 Agri benchmark reports released	2 Agri benchmark reports released: <ul style="list-style-type: none"> - 1 Beef & Sheep Report - 1 Cash Crop Report (in the form of a PowerPoint presentation) 	None	None
Agricultural marketing knowledge management	Trade probes released (6)	Trade probes released (6)	6 Trade Probes	Six (6) TradeProbes were published and available on NAMC website www.namc.co.za : <ul style="list-style-type: none"> - Issue No. 45 in May, - Issue No. 46 in July, - Issue No. 47 in September, - Issue No 48 in November , - Issue No. 49 in January, - Issue No. 50 in March 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Agricultural marketing knowledge management	Fruit Flow(4)	Published (4) Fruit Flow reports	Publish (4) Fruit Flow reports	Four (4) Fruit Flow reports were published and available on the NAMC website www.namc.co.za : <ul style="list-style-type: none"> - Issue No.10 in June, - Issue No 11 in September, - Issue No 12 in December, - Issue No 13 in February. 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Agricultural marketing knowledge management	Host seminar presentations (8)	Hosted (8) Seminars	Host seminar presentations (8)	<p>The following Seminars were presented:</p> <ul style="list-style-type: none"> - South Africa economy wide effect as results of increased total factor productivity on the agriculture sector. - Rural post harvest grain handling and distribution in a communal setting. - Functioning of South Africa's grain & oilseed Supply & Demand Estimates Committee - Meeting the food security challenge, the road to 2050. - Food safety from consumer's perspective - SA Agricultural Trade Competitiveness study - Seminar on climate change and trade nexus - Determining agricultural output gap and its link with food price dynamic in South Africa - Concept notes for development schemes in South Africa 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Agricultural marketing knowledge management	FANRPAN engagements requests received vs attended to (100%)	-	Received vs attended to (100%)	100% of requests attended to: - Quantifying the effects of climate change on smallholder farmers "a case of Limpopo and KwaZulu-Natal - Survey of on household vulnerability in Eastern Cape and Limpopo	None	None
Agricultural marketing knowledge management	South African Agricultural Economic Professional Fellowships (1)	-	South African Agricultural Economic Professional Fellowships (1)	South African Agricultural Economic Professional Fellowship conducted successfully (Report available)	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Research (Agro food & industrial products value chain research, Agricultural market access research)	Agro food & industrial products value chain studies conducted (3)	3 Agro-food Value Chain Studies	3 Agro-food Value Chain Studies	<p>The following studies were been conducted for Agro-food Value Chain.</p> <ul style="list-style-type: none"> - Value chain study on Wheat - Poultry feed value study-draft - Commodity analysis for Agricultural Policy Action Plan (APAP) was done. 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Research	Market profiles (5)	5 market profiles	5 market profiles	Eleven (11) market profiles were compiled: <ul style="list-style-type: none"> - Market profile in African Market - Market Profile in Chinese Market - Market profile on SADC region - South African trade relations with Iran - Market Profile for Rwanda - Market Profile for Peru - Market profile for AGOA - Market Profile for Zimbabwean - Market Profile for trade agreements between EU and South Africa - Market profile for India - Market Profile for Nigerian 	Target exceeded	Target exceeded due to data and capacity availability to compile more profiles

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Research	Product profile (5)	5 product profiles	5 product profiles	Fifteen (15) product profiles were compiled: <ul style="list-style-type: none"> - Rice - Mushrooms and truffles - Cranberries, blueberries and other fruits of Genes Vaccinium - Pork - Tobacco - Spices - Olive oil - Strawberries - Apples and Apples juice - Urea - Pecan Nuts - Coffee - Tea - Potatoes - Wine - Maize 	Target exceeded	Target exceeded due to data and capacity availability to compile more profiles

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Research	Trade reports (2)	2 reports	2 reports	<p>Three trade reports were published:</p> <ul style="list-style-type: none"> - Climate Change and Trade Nexus – Assessing the carbon emissions embodied in South African fruit export chains - A working paper on Terms of Trade in Agriculture trade which published on Tralac website www.tralac.org 	Target exceeded	An additional report was deemed necessary
Research	Export promotion stakeholder consultations(4)		4 consultations	<p>4 consultations were held:</p> <ul style="list-style-type: none"> - A paper was presented during the African Association of Agricultural Economists – South Africa's economy wide effect as a result of increased total factor productivity on agriculture - A paper was presented on the perceptions of farmers regarding climate change - A workshop on climate change nexus and trade was held during AEASA conference - Geographical indicators workshop 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Research	ITAC comments request vs report provided (100%)		Request vs report provided (100%)	<p>The NAMC was requested by International Administrations Commission (ITAC) to make comments of the following applications (the NAMC commented on all of them). The NAMC:</p> <ul style="list-style-type: none"> - Commented on the application for the creation of a rebate facility for juice concentrates (granadilla (HS 20098940), cranberry (HS 20098110), pear (HS 20098950) and grape (HS 200969). - Commented on the application for an increase in the rate of duty for roasted chicory (HS – 21013010) from 9.2c/kg to 37% ad valorem tariff. - Commented on the application for a permit in terms of the rebate provision 460.02/0904.20/01.06 on dried or ground capsicum (Paprika). - Commented on custom tariff dispensation for oil cake, - Commented on increased duty on laminated paper and foil, - Commented on the application for a creation of a rebate facility for palm oil - Commented on the application for an increase in the Dollar Based Reference Price for sugar (HS – 17.01) from the current US\$358/ton to US\$764.64/ton - Commented on application for an increase in the duty on certain chicken products. the 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Research	Mandated research requests received vs research conducted/ facilitated (100%)		Research conducted	<p>100% of research requests received were conducted:</p> <ul style="list-style-type: none"> - Baseline study amongst poultry producers completed - Diagnostic study on Citrus growers in KZN completed. - One base conducted for the Tzaneen emerging farmers underway - Baseline study on contract broiler farming is extended to other provinces and SAPA is the main stakeholder assisting with the process. - Diagnostic study on citrus growers in the KwaZulu-Natal is underway and contacts have been made with the stakeholders. - Compiled literature review on the economic impact of infrastructural investment - Compiled of the infrastructure audit and various SIP 11 presentations 	None	None
Research	Conduct BRICS research studies conducted (1)	A book was published	Conduct BRICS research studies conducted (1)	The BRICS book was published in March 2013	The BRICS book was published in March 2013	The BRICS book was published in March 2013

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Research	Case studies (2)	2 Case studies	2 Case studies	2 Case studies <ul style="list-style-type: none"> - case study on Smallholder fish farming is completed - 1 case Study on market access for smallholder in the sugar industry is underway - Case study on blueberries was finalized 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Research	Intra divisional research requests received vs research conducted (70%)	-	Requests received	<p>100% of requests received were conducted:</p> <ul style="list-style-type: none"> - A business plan was finalized for the Northern Cape Custom Feeding Programme (Kuruman Area), - A chapter on the economic contribution of infrastructure investment was compiled. - Five manuscripts accepted for domestic/ international conference presentation - Two papers accepted for domestic conference presentation as a poster - A draft document of Fetsa Tlala Business Plan (bid document was compiled and an SLA was prepared) was finalised, - In collaborations with the Agribusiness Development work on calling for service providers for ploughing was done and short listing. 	30% more requests were conducted	Capacity was available to do more

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Research	Farmer support investigations requested vs conducted (80%)	-	Requests received	100% of requests were conducted - A draft report on contract farming is finalised and policy brief document was finalised	Only one request was made and it was attended to	Only one request was made and it was attended to
Research	Competition / trade law investigations conducted (2)	-	2 Competition Commission/Trade Law investigations	- The trade law investigations was published (conference presentation and food cost review) - Competition Policy and Agriculture Impediment to, or Instrument of Cooperation	None	None
Research	Respond to audit issues received annually (100%)	-	Respond to audit issues received annually (100%)	Responded to all audit queries by both internal and external auditors.	None	None
To ensure effective management in all units	Business performance targets achieved (90%)	-	Business performance targets achieved (90%)	The business performance targets for the financial year were partially achieved.	The BRICS book was published in March 2013	The BRICS book was published in March 2013

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Approved and funded positions filled (90%)	-	Approved and funded positions filled (90%)	The position of - Senior MERC - Manager Smallholder Market Access was filled	None	None
To ensure effective management in all units	An employee satisfaction rating achieved (based on what is within management's control) (60%)	-	An employee satisfaction rating achieved (based on what is within management's control) (60%)	An employee satisfaction rating was achieved based on what is within management's control	None	None
To ensure effective management in all units	Grievances / disputes lodged versus attended to within specified time (100%)	-	Grievances / disputes lodged versus attended to within specified time (100%)	There were no grievance lodges during the financial year.	None	None
To ensure effective management in all units	Variance budget spent (8%)	-	Variance budget spent (8%)	The variance budget spent is (16.18%)	The reason for variance is due to the payment of bonus that is currently not budgeted for under each division.	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Business plans including resources plans developed annually	-	Business plans including resources plans developed annually	The MERC business plan was developed.	None	None
To ensure effective management in all units	Performance review frequency (3)	-	Performance review frequency (3)	(3) Performance evaluations for MERC staff were conducted.	None	None
To ensure effective management in all units	Lead time from resources content request received until content provided (3days)	-	Lead time from resources content request received until content provided (3days)	Responded to all audit queries raised by Internal and External Auditors.	None	None
To ensure effective management in all units	Policies planned to be developed / reviewed versus developed / reviewed (80%)	-	Policies planned to be developed / reviewed versus developed / reviewed (80%)	There were no policies developed during the financial year	None	None
To ensure effective management in all units	Defaults on contractual agreements detected versus resolved (100%)	-	Defaults on contractual agreements detected versus resolved (100%)	No defaults on contractual agreements were detected during the financial year.	None	None
To ensure effective management in all units	Audit opinion status clean	-	Audit opinion status clean	Unqualified report	None	None

4.5 STATUTORY MEASURES PERFORMANCE INFORMATION

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Statutory measure investigations	Statutory measure investigations conducted (36)	30 Statutory measure investigations	36 Statutory measure investigations conducted	31 investigations	86%	During the 2013/14 financial year, the poultry industry decided not to apply for the continuation of their statutory measures. The red meat industry will only apply for the continuation of their statutory measures early in the new financial year.
Statutory measures implementation	Statutory measures promulgated (24)	20 Statutory measures gazetted	24 Statutory measures promulgated	13 promulgations	54%	Poultry industry – decided not to apply for the continuation of their statutory measures. Red meat industry – will only apply in the new financial year. Investigations regarding applications from the lucerne-, pork- and sorghum industries started during the 2013/14 financial year, but promulgations will only be done in the next financial year.

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Surplus funds	Requests received for surplus funds utilization vs recommendations made (100%)	-	Requests received for surplus funds utilization vs recommendations made (100%)	No applications received	None	None
Appointment of inspectors	Requests received for inspector appointments vs recommendations made (100%)	-	Requests received for inspector appointments vs recommendations made (100%)	Only one application received – one recommendation was made	100%	None
Status Report	Status of statutory measures report(1)	-	Status of statutory measures report(1)	One report compiled	100%	None
Compliance monitoring to conditions	To arrange two crop estimates liaison committee meetings per year (2)	-	To arrange two crop estimates liaison committee meetings per year (2)	Two meetings were arranged, namely on – <input type="checkbox"/> 7 May 2013; and <input type="checkbox"/> 29 November 2013	100%	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Compliance monitoring to conditions	To arrange two supply and demand estimates liaison committee meetings per year (2)	-	To arrange two supply and demand estimates liaison committee meetings per year (2)	Two meetings were arranged, namely on – <input type="checkbox"/> 17 April 2013; and <input type="checkbox"/> 10 January 2014	100%	None
Register of directly affected groups	Invitations to key agricultural stakeholders provided (1)	-	Invitations to key agricultural stakeholders provided (1)	On 31 January 2014, key agricultural stakeholders were invited to register with the NAMC.	100%	None
To ensure effective management in all units	Respond to audit issues received annually (100%)	-	Respond to audit issues received annually (100%)	Responded to all audit queries by both internal and external auditors.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Business performance targets achieved (90%)	-	Business performance targets achieved (90%)	The business performance targets for the financial year were partially achieved.	During the 2013/14 financial year, the poultry industry decided not to apply for the continuation of their statutory measures. The red meat industry will only apply for the continuation of their statutory measures early in the new financial year.	During the 2013/14 financial year, the poultry industry decided not to apply for the continuation of their statutory measures. The red meat industry will only apply for the continuation of their statutory measures early in the new financial year.
To ensure effective management in all units	Approved and funded positions filled (90%)	-	Approved and funded positions filled (90%)	There were no vacant positions during the financial year.		
To ensure effective management in all units	An employee satisfaction rating achieved (based on what is within management's control) (60%)	-	An employee satisfaction rating achieved (based on what is within management's control) (60%)	An employee satisfaction rating based on what is within management's control was achieved as there were no grievance or complaints lodged during the financial year.	None	None
To ensure effective management in all units	Grievances / disputes lodged versus attended to within specified time (100%)	-	Grievances / disputes lodged versus attended to within specified time (100%)	There were no grievance lodges during the financial year.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Variance budget spent (8%)	-	Variance budget spent (8%)	The variance budget spent is (14.07%)	The reason for variance is due to the payment of bonuses that is currently not budgeted for under each division.	None
To ensure effective management in all units	Business plans including resources plans developed annually (1)	-	Business plans including resources plans developed annually (1)	The Statutory Measure business plan was developed.	None	None
To ensure effective management in all units	Performance review frequency (3)	-	Performance review frequency (3)	(3) Performance evaluations for Statutory Measure staff were conducted.	100%	None
To ensure effective management in all units	Lead time from resources content request received until content provided (3day)	-	Lead time from resources content request received until content provided (3day)	Responded to all audit queries raised by Internal and External Auditors.	None	None
To ensure effective management in all units	Policies planned to be developed / reviewed versus developed / reviewed (80%)	-	Policies planned to be developed / reviewed versus developed / reviewed (80%)	There were no policies developed during the financial year.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Audit opinion status clean	-	Audit opinion status clean	Unqualified report	None	None

4.6 AGRICULTURAL TRUSTS PERFORMANCE INFORMATION

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Trustee Capacity Development	Board of Trustee meetings participated in (10)	-	Board of Trustee meetings participated in (10)	There were 14 board meeting that were attended by the division.	None	None
Trustee Capacity Development	Trustees required to be appointed vs appointment facilitated (100%)	-	Trustees required to be appointed vs appointment facilitated (100%)	7 submissions were prepared for appointment by the Minister namely: <ul style="list-style-type: none"> - Citrus Trust - Wool Trust - Oil Protein Seed Dev Trust - Winter Cereal Trust - National lucerne Trust - Potato Trust and - Agricultural Marketing Schemes Trust (AMS) 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Trustee Capacity Development	Training programme conducted (1)	-	Trustees training programmes conducted (1)	No training was conducted due to budget constraints.	In assessment of the budget, the agricultural trust workshop was prioritised over the training.	In assessment of the budget, the agricultural trust workshop was prioritised over the training.
Trustee – ministerial communication facilitation	Status report of agricultural trusts (1)	-	Status report of agricultural trusts (1)	1 status report completed	None	None
	Meeting/ workshop with trustees (1)	-	Meetings/ workshop between ministerial trustees (1)	Agricultural Trust workshop was held on the 14 February 2014. Workshop report available.	None	None
National Red Meat Programme	Custom feeding facilities (3)	Custom feeding facilities (3)	Custom feeding facilities (3)	The three Custom Feeding Facilities are fully operational.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
National Red Meat Programme	Custom feeding facilities capacity utilised (100%)	-	Custom feeding facilities capacity utilized (100%)	A total of 124 animals were housed and fed for a period of 120 days within the 3 CFP in the Eastern Cape.	The ECDRDARD pledged to support the NRMMDP with feed for 2013-4 financial year. The arrangement was later changed as government funding was prioritized for the Fetsa Tlala (maize planting) initiative. Hence no intake was held in Q1 and Q2 of 2013-14.	The ECDRDARD pledged to support the NRMMDP with feed for 2013-4 financial year. The arrangement was later changed as government funding was prioritized for the Fetsa Tlala (maize planting) initiative. Hence no intake was held in Q1 and Q2 of 2013-14.

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
National Red Meat Programme	Facilitate Auctions co-ordination (6)	-	Co-ordinated Auctions (6)	<p>The NAMC participated in the following auctions:</p> <ul style="list-style-type: none"> - Seymour Auction Pen: In May 76 cattle sold with gross income of about R334 400 (4400 average price) - Lowerstwit Auction Pen: in May 102 animals sold with gross income of R 471 240 (R 4 620 average price) - Seymour Auction Pen: In December 90 animals were sold with income of R362 000 (R 4 000) - Lowerstwit Auction Pen: In December 165 animals sold generation income of R645 000 (average income R 3909) - On the 09/01/2014, an auction was held in Cedarville. A total of 1877 oxen and heifers sold. The average income generated was per animal is R 3500. 	<p>The ECDRDARD pledged to support the NRMMDP with feed for 2013-4 financial year. The arrangement was later changed as government funding was prioritized towards maize planting. Hence no intake was held in Q1 and Q2 of 2013-14. We were therefore unable to do intake, hence were unable to participate in auctions.</p>	<p>The ECDRDARD pledged to support the NRMMDP with feed for 2013-4 financial year. The arrangement was later changed as government funding was prioritized towards maize planting. Hence no intake was held in Q1 and Q2 of 2013-14. We were therefore unable to do intake, hence were unable to participate in auctions.</p>

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
National Red Meat Programme	Farmer training facilitated (5)	-	Farmer training facilitated (5)	There were farmer training conducted on: <ul style="list-style-type: none"> - Ncorha CFP on the 28 September 2013 - Mount Frere on 22 October 2013 - Ncorha CFP on 19 November 2013 - Fort Cox on 19 February 2014 - And Tsomo College of Agri on the 21 February 2014 	None	None
Management of the Agricultural marketing schemes (AMS) Trust	Fund raising initiatives conducted (5)	-	Fund raising initiatives conducted (5)	The following fundraising initiatives were conducted for 2013-14: <ul style="list-style-type: none"> - MOU with the Northern Cape Dept of Agriculture for the Vineyard dev scheme of the AMS Trust - Partnership with the uThukela District Municipality for construction of MLIP GFP - Sekhukhune Development Agency - Signed SLA with DRDLR for 5 years for the establishment red meat centres across SA. - Uspire for the construction of GFP in Amatole District for R500 000. - Intsika Yethu Municipality 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Respond to audit issues received annually (100%)	-	Respond to audit issues received annually (100%)	Responded to all audit queries by both internal and external auditors.	None	None
To ensure effective management in all units	Business performance targets achieved (90%)	-	Business performance targets achieved (90%)	The business performance targets for the financial year were partially achieved.	The ECDRDARD pledged to support the NRMMDP with feed for 2013-4 financial year. The arrangement was later changed as government funding was prioritized towards maize planting. Hence no intake was held in Q1 and Q2 of 2013-14. We were therefore unable to do intake, hence were unable to participate in auctions.	The ECDRDARD pledged to support the NRMMDP with feed for 2013-4 financial year. The arrangement was later changed as government funding was prioritized towards maize planting. Hence no intake was held in Q1 and Q2 of 2013-14. We were therefore unable to do intake, hence were unable to participate in auctions.
To ensure effective management in all units	Approved and funded positions filled (90%)	-	Approved and funded positions filled (90%)	There were no vacant positions during the financial year.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	An employee satisfaction rating achieved (based on what is within management's control) (60%)	-	An employee satisfaction rating achieved (based on what is within management's control) (60%)	An employee satisfaction rating based on what is within management's control.	None	None
To ensure effective management in all units	Grievances / disputes lodged versus attended to within specified time (100%)	-	Grievances / disputes lodged versus attended to within specified time (100%)	There were no grievance lodges during the financial year.	None	None
To ensure effective management in all units	Variance budget spent (8%)	-	Variance budget spent (8%)	The variance budget spent is below the (8%) target for the financial year.	None	None
To ensure effective management in all units	Business plans including resources plans developed annually (1)	-	Business plans including resources plans developed annually (1)	The Agricultural Trust business plan was developed.	None	None
To ensure effective management in all units	Performance review frequency (3)	-	Performance review frequency (3)	(3) Performance evaluations for Agricultural Trust staff were conducted.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Lead time from resources content request received until content provided (3day)	-	Lead time from resources content request received until content provided (3day)	Responded to all audit queries raised by Internal and External Auditors.	None	None
To ensure effective management in all units	Policies planned to be developed / reviewed versus developed / reviewed (80%)	-	Policies planned to be developed / reviewed versus developed / reviewed (80%)	There were not policies developed during the financial year.	None	None
To ensure effective management in all units	Defaults on contractual agreements detected versus resolved (100%)	-	Defaults on contractual agreements detected versus resolved (100%)	There were no defaults on contractual agreements detected.	None	None
To ensure effective management in all units	Audit opinion status clean	-	Audit opinion status clean	Unqualified report	None	None

4.7 AGRI-BUSINESS DEVELOPMENT PERFORMANCE INFORMATION

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Agricultural marketing training facilitation	Agricultural marketing training programmes facilitated (4)	Agricultural marketing training programmes facilitated (4)	Agricultural marketing training programmes facilitated (4)	8 training programmes capacitating the emerging producers were facilitated <ul style="list-style-type: none"> - Agribiz training for women entrepreneurs - Making Market Matters workshop - Basic Record Keeping - Basic Financial Management - GlobalGap and HACCP - Accredited Livestock Production - Business planning process - Corporate governance 	None	None
Agricultural marketing training facilitation	Farmers trained (200)	Farmers trained (200)	Farmers trained (200) (50) per quarter	262 farmers trained	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Agricultural marketing training facilitation	Training evaluation reports provided (4)	Training evaluation reports provided (4)	Training evaluation reports provided (4)	7 training evaluation reports provided	None	None
Business linkage	Agricultural development schemes designed (1)	Agricultural development schemes designed (1)	Agricultural development schemes designed (1)	2 business concept were designed - Sunflower - Dry Beans	None	None
Business linkage	Agricultural development schemes implementation facilitation provided (1)	Facilitate the implementation of Agricultural development schemes (1)	Facilitate the implementation of Agricultural development schemes (1)	Facilitated the implementation of 1 Agricultural Development Scheme - Vineyard Development Scheme	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Business linkage	Technical assistance plans developed (4)	-	Technical assistance plans developed (4)	6 technical assistant plans were developed <ul style="list-style-type: none"> - Citrus in the Eastern Cape - Deciduous in the Western Cape - Blueberries in Mpumalanga - Ostrich Growers Cooperatives in Northern Cape - Potato Packhouse in Free State - S'koko Wine launching in Gauteng Facilitated the development of 4 business plans <ul style="list-style-type: none"> - Macadamia Nuts in Limpopo - Citrus (2) in KZN - IFNSI 	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
Business linkage	Development farmers' database update frequency (4)	-	Development farmers' database and update frequency (4)	Database updated frequently	None	None
Business linkage	Guidelines developed and / reviewed vs developed / reviewed (70%)	-	Guidelines developed and / reviewed vs developed / reviewed (70%)	One workshop conducted with agricultural industries to review the transformation guidelines	None	None
To ensure effective management in all units	Respond to audit issues received annually (100%)	-	Respond to audit issues received annually (100%)	Responded to all audit queries by both internal and external auditors.	None	None
To ensure effective management in all units	Business performance targets achieved (90%)	-	Business performance targets achieved (90%)	The business performance targets for the financial year were achieved.	None	None
To ensure effective management in all units	Approved and funded positions filled (90%)	-	Approved and funded positions filled (90%)	The appointment of Senior Manager Agribusiness was conducted.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	An employee satisfaction rating achieved (based on what is within management's control) (60%)	-	An employee satisfaction rating achieved (based on what is within management's control) (60%)	An employee satisfaction rating based on what is within management's control.	None	None
To ensure effective management in all units	Grievances / disputes lodged versus attended to within specified time (100%)	-	Grievances / disputes lodged versus attended to within specified time (100%)	There were no grievance lodges during the financial year.	None	None
To ensure effective management in all units	Variance budget spent (8%)	-	Variance budget spent (8%)	The variance budget spent is below the (8%) target for the financial year.	None	None
To ensure effective management in all units	Business plans including resources plans developed annually (1)	-	Business plans including resources plans developed annually (1)	The Agribusiness Development business plan was developed.	None	None

Strategic Objectives	Performance Indicator	Actual Achievement 2012/2013	Planned Target 2013/2014	Actual Achievement 2013/2014	Deviation from planned target to Actual Achievement	Comments on deviations
To ensure effective management in all units	Performance review frequency (3)	-	Performance review frequency (3)	(3) Performance evaluations for Statutory Measure staff were conducted.	None	None
To ensure effective management in all units	Lead time from resources content request received until content provided (3day)	-	Lead time from resources content request received until content provided (3day)	Responded to all audit queries raised by Internal and External Auditors.	None	None
To ensure effective management in all units	Policies planned to be developed / reviewed versus developed / reviewed (80%)	-	Policies planned to be developed / reviewed versus developed / reviewed (80%)	There were no policies developed during the financial year.	None	None
To ensure effective management in all units	Defaults on contractual agreements detected versus resolved (100%)	-	Defaults on contractual agreements detected versus resolved (100%)	Unqualified report	None	None
To ensure effective management in all units	Audit opinion status clean	-	Audit opinion status clean		None	None



NARRATIVES

SUB-PROGRAMME 1.1: OFFICE OF THE CHIEF EXECUTIVE OFFICER

Risk management

The NAMC Council is responsible for ensuring that the NAMC environment supports the effective functioning of risk management. Council with the assistance of the Audit and Risk Committee approved an updated Risk Management Strategy and Framework for implementation by Management. Risk management at the NAMC is an ongoing process which is focused on identifying, assessing, managing and monitoring all known forms of significant risk affecting the NAMC. The focus of risk management in the NAMC is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

SUB-PROGRAMME 1.2: FINANCE AND ADMINISTRATION

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

Strategic reviews and compliance with strategic objectives

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

Supply chain management

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

Compliance with legislation and regulations in terms of reporting has been achieved. The supplier database has been updated with the new tax clearance certificate and BEE certificates. An advertisement for suppliers to register on our database has been placed and the supplier database was updated.

For the period under review the entity acquired goods and services through a competitive bidding process, and this was for the following:

- Internal Audit Tender
- Vineyard Development Scheme.

Asset management

The entity conducted asset verifications, which resulted in the disposal of obsolete computer equipment with a book value R 56 916.05. This computer equipment was donated to the Kwazulu Natal Developing Pig Farmers' Organisation, affiliated to the South African Pork Producers' Organisation.

One (1) set of computer equipment with a book value of R 7 030.00 was stolen and the proceeds from insurance were received.

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

Information Technology

The Information Technology (IT) functions have been outsourced to Application Technology; they provide professional services with regard to IT on a daily basis. The contract has been renewed for two (2) year starting from 1 March 2014 and has been signed with the IT service provider.

For the period under review the IT Steering Committee continued to function and had to look at ensuring that the Information Technology (IT) Strategy and policies are implemented within the entity.

Risk assessment and management

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

Functioning audit committee

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

SUB-PROGRAMME 1.3: HUMAN RESOURCES MANAGEMENT

Introduction

The Human Resources report reflects key activities undertaken during the financial period review. As per the Human Resources Plan, the following key focuses areas were achieved:

- Attraction of the right skills
- The retention and development of the right skills
- The creation of a culture of learning excellence
- Staff are engaged and motivated

- Employee relations
- HR operational excellence, and
- Corporate social responsibility.

In supporting diversity the HR managed to attract three employees at management level with the required critical skills. We also managed to increase the number of women in management which represented a 4.83 %. The Indian and Coloured demographics remains a challenge that must be addressed by the NAMC.

In addition, the division partnered with the heads of agricultural schools and presented career guidance and bursaries to agricultural learners. The partnership has seen a success as this project has yielded results in establishing a library as well as donating computers to two schools.

Through the implementation of the Human Resources Plan, the Conditions of Employment and structure reviews were conducted to be in line with the business plan of the NAMC. The NAMC adheres to the core values which are Integrity, Assertiveness, Fairness, Collaboration, and Service Excellence.

Many thanks to employees who were committed to the core values and this has made the NAMC a great place to work for in 2013.

CORPORATE GOVERNANCE

Human Resources risks

The Human Resources Division has developed a risk-monitoring system which is managed at a divisional level. During the financial year, five HR Risks pillars were identified and reported to the Risk Management Committee.

Table A: HR Risks

Risk Number	Risk Description	Contributory Factors – Inadequate skills and capacity	Existing Controls
1.	Failure to comply with legislation governing the human resources.	Non-compliance on Human Resources Policies and Procedures.	Policies are accessible under the central drive.
2.	Talent management	Not having the right talent in the right place at the right time.	The Human Resources strategy and plan are in place.
3.	Performance management	Lack of understanding of performance management system.	The Performance Management and Development Policy was developed. A workshop on performance management was conducted.
4.	Leave	Abuse of Sick Leave by employees.	The Leave Policy is monitored on a quarterly basis to ensure compliance.
5.	Lack of core skills and competencies within NAMC	Lack of understanding on key trends in the business environment	The core skills and competencies within NAMC were identified.

ATTRACTION OF THE RIGHT SKILLS

Recruitment & Selection

The role of Human Resources (HR) was to empower line managers to have an understanding of recruitment processes. The HR facilitated the filling of vacant positions and performed quality assurance through qualification verifications and reference checks. The following positions were filled:

- Senior Manager Markets & Economic Research Centre
- Senior Manager Agribusiness Development, and
- Manager Smallholder Market Access
- Driver Messenger

Internship Programme

As part of its skills development NAMC has an Internship programme tailor made to assist young graduates to apply theory in practice, in a spirit of learning on the job. The internships are offered training on research skills for one year. After the internships, individuals are evaluated and excellent performers are absorbed as permanent employees. During the year, six interns were recruited as part of the skills development project funded by Agri-SETA, which rolled out an amount of R 225 000.

Induction Process

A presentation on the Conditions of Employment was facilitated. The main aim was to ensure that new recruits are informed of relevant policies and legal issues.

Probation

The probation process was facilitated through performance evaluations and employees who met the criteria were confirmed for permanent appointment.

Overall staff turnover

NAMC's overall staff turnover was 4.83 % for the financial year.

Turnover due to retirement

Turnover due to retirements was 1.61 %.

Exit Interviews

Exit interviews were conducted with departing employees just before they left. The primary aim was to ascertain reasons for the person's departure. Processes were put in place to enable a transfer of knowledge from the departing employee to a team. The departing employees were given a questionnaire to indicate reasons for leaving and areas for improvement.

Supporting a diverse workforce

HR values diversity and is committed to removing workplace barriers that negatively affect individuals or groups. Our 2013 employment equity demonstrates an increase in the number of women in management, which represents 4.83 %.

We recognise our challenge in not meeting the demographics under the categories Indian and Coloured. The NAMC will continue to work at all levels to develop and implement strategies to correct these gaps.

THE RETENTION AND DEVELOPMENT OF THE RIGHT SKILLS

Developing our people

The aim of developing our people was to remedy skills deficiencies among new entrants to meet strategic needs of the organisation. In addressing the skills gaps, training and development programmes were offered through various universities. Employees were given an opportunity to pursue degrees in agricultural fields and this saw a total of three employees graduating.

Mentoring and coaching

The NAMC has a mentorship programme, aimed at employees involved in research work. This programme allows experienced managers to supervise high potential employees, and with junior economists also benefiting from this initiative. The programme focuses on sharpening research skills, through publishing in recognised journals.

Skills plan

The Agri-SETA was established as a Sectoral Education and Training Authority for the economic sub-sector that includes primary and secondary agriculture through the Skills Development Act of 1998. As part of skills development, the NAMC submitted the Work Skills Plan report to the Agri-SETA.

THE CREATION OF A CULTURE OF LEARNING EXCELLENCE

Remuneration

The NAMC has a competitive remuneration package based on total cost to company. The remuneration package is greatly valued by employees and is an attractive incentive for new employees. The package also includes a cover on deadly diseases and risk benefits to all employees.

Salary increase

During the financial year, a merit increase of 7 % across the board was implemented.

Performance management

The HR developed and implemented the Performance Management Policy. As part of quality assurance, individual performance agreements were linked to NAMC strategic objectives set by Council.

The performance evaluations for the financial year were formally assessed against set targets as per the Annual Operational Plans. The employees received regular feedback on performance.

Employee recognition

NAMC recognises long service and this is reflected in the NAMC core values. Through the rewards of service excellence, three awards were presented, namely:

- Best interdivisional collaboration
- Best consistent performer, and
- Best project.

Performance Bonus

The performance bonus incentive was granted to employees who performed exceptionally well and thirty-two employees were eligible for bonuses.

STAFF ARE ENGAGED AND MOTIVATED

Fostering a healthy workplace

One of our goals is to foster a healthy work environment, through the implementation of Employee Diversity Forums. The HR facilitated the following Wellness Sessions:

Employee Diversity Forums

- Men's Diversity Forum

There was an undertaking from the Men's Diversity Forum to establish a soccer team to inspire a healthy lifestyle. The forum practices soccer in order to participate in corporate soccer leagues with other organisations.

- Celebration of Women's Month

The Women's Month celebration predominantly focused on aspiring women. A video was presented showcasing all the women entrepreneurs in South Africa and how they made it to the corporate ladder. This was followed by intense discussions on the challenges faced by women in the workplace and the Men Diversity forum acknowledged the roles played by their mothers in shaping their lives. The Chairperson of Council indicated that HR must encourage educational sessions on the role of women.

Counselling

For the 2013/14 financial year, nine (9) employees participated in the counselling programme as compared to four (4) last year. The NAMC contracted the services of PROCARE to provide counselling sessions and information on health tips. The HR remains committed to partner with other health organisations to foster a healthy work environment.

HIV/AIDS commemoration

Its incumbent upon a state agency to support government initiatives aimed at raising awareness. The NAMC through its Wellness Programme and Corporate Social Responsibility commemorated World Aids Day. World AIDS Day is observed every year on 1 December and is dedicated to raising awareness of the HIV/AIDS pandemic caused by the spread of HIV infection. The HR visited Leratong Hospice to spend time and learn about the effects of this pandemic and to what extent the NAMC can provide support to the hospice.

NAMC year-end function

As part of the HR Plan, it was vital for NAMC to organise a year-end function for staff. This was also conducted to honour the tireless work undertaken by our staff in the course of 2013. Introspectively, the year-end function was a chance to reflect and gather the strength to enter 2014.

EMPLOYEE RELATIONS

Enabling decision making

In terms of compliance with relevant legislative frameworks, human resources policies were reviewed to ensure compliance. HR played an essential role in making sure that employees understood the policies and delivered educational awareness sessions. The following policies were reviewed and approved by Council:

- The Conditions of Employment
- Disciplinary code and Incapacity Procedures Policy
- Grievance Policy and Procedures
- Leave Policy
- Recruitment and Selection Policy
Grievances

There were no grievances lodged during the financial year.

Disciplinary hearing

There was no disciplinary hearing during the financial year.

ENSURE HR OPERATIONAL EXCELLENCE

Leave management

HR's role was to monitor and detect abuse of sick leave. As part of compliance, leave reconciliations were conducted on a monthly basis.

Personnel files

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

Injury, illness and death

No injury or deaths during official duty were reported.

Occupational health & safety

The Occupational Health Service supports employees and managers in achieving a healthy, productive and effective workplace. The Occupational Health & Safety Committee was established to oversee matters affecting health and safety within the NAMC.

Service benefits

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

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility

In compliance with the King III principles of good corporate governance and regulation, two agricultural schools were identified (Francis Rasimphi and Dumani High School) as part of corporate social responsibility. The HR facilitated the career guidance and offered bursaries to agricultural students. Five laptops were donated and the NAMC will continue to:

- Provide assistance in setting up an internet station and a library
- Install laptops and ensure software is upgraded and internet line is established
- Establish a permanent food garden
- Identify students requiring bursaries well in time and monitor their progress
- Formally institute bursary schemes for top achieving learners registered in the field of agriculture.

Career Guidance

At Francis Rasimphi it was encouraging to see learners from Grade 10 interested in the subject of agricultural economics and the perception they had about agriculture being a farming activity only. The NAMC also presented careers in agriculture and the HOD of Agriculture highlighted the challenges of students not receiving information on agriculture. HR will continue to work at all levels to roll out career guidance to other provinces.

COMMUNICATIONS

The Communications Unit is responsible for marketing and promoting the organisation and directly reports to the Human Resources Division. Its responsibility is to oversee the implementation of the Corporate Communication Strategy and ensure

NAMC programmes are efficiently communicated. Under the current year review, three focus areas determined the scope of our operations; Internal Communications, Media Services and Marketing Campaigns.

Internal Communications

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

Internal Newsletter

The target of four newsletters was met, with an additional newsletter published. The newsletters were published in the following quarters;

- May/June Newsletter 2013
- August/September Newsletter 2013
- October/November Newsletter 2013
- Christmas Newsletter 2013
- March Newsletter 2014.

Internal Events

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

- **Youth Month**

Through the course of youth month in June, the NAMC participated in the PMA Career Fairs hosted by the University of Pretoria. The event date was later postponed to a date in August. NAMC employees participated in the event and offered career guidance to learners.

- **Women's Month**

The theme of the year focused on Women Entrepreneurs and how they managed to climb the corporate ladder. The event was organised on behalf of NAMC women with the intention to encourage them in financial management and investment.

- **Heritage Day**

The NAMC is a diversified organisation with a hybrid of all South African cultures. This year, we celebrated the traditions of Sepedi culture and received valuable insights into their way of life.

- **Corporate Social Responsibility: Francis Rasimphi High School**

As part of our Corporate Social Responsibility, the NAMC visited a school it adopted two years ago. The intention was to monitor student academic progress and also arm the school with the necessary support it required. We also managed to provide presentations to learners from Grade 10 to Grade 12 on various agricultural careers.

- **World Aids Day**

In commemorating World Aids Day, the NAMC has for the past two years dedicated this day to ensure that employees use their little time in supporting those affected by the epidemic. On this day the NAMC contributes items of toiletries and food.

MEDIA SERVICES

Under the financial year review we continued providing media services support. This was carried out in the form of distributing press releases, arranging media interviews and following up on media requests. Altogether, this provided a base to conduct media monitoring in order to determine areas in which the NAMC was covered and reported on. We thus released two media monitoring reports highlighting programmes that received the most media attention.

These were the Food Price Monitoring and the Supply Crop Estimates.

MARKETING CAMPAIGNS

Our marketing campaign drive consisted of profiling the NAMC, marketing and stakeholder engagement. All these aimed at creating and building the corporate profile of the organisation and interacting with the public.

Profiling

For the year under review, the NAMC sponsored two editions to be featured in the Farmworker magazine. The idea behind such sponsorship was to inform Western Cape farmers and farm workers about the role of the NAMC. Secondly, the NAMC through the source and help of Living Land produced a programme on SABC 2 on trade promotion. This was intended to explain to viewers the processes of exporting and its requirements. Lastly, SABC radio station Lesedi Fm conducted a profile interview about the NAMC in one of its agricultural morning shows.

Marketing

The NAMC normally undertakes three events: AEASA, Agribiz Women's Entrepreneurship Training Programme and the Beef Cattle Farming Indaba. These events are very important for the NAMC as they provide a prolonged interaction with the target audience. In such events, the NAMC has managed to market its services and explain in detail its mandate.

The Agricultural Economics Association of South Africa holds an annual event that welcomes agricultural economists from all around South Africa. In conjunction with AEASA's Exco, the NAMC organises pre-workshops before the real proceedings of the event. For the Beef Cattle Farming Indaba, the NAMC highlights the achievements of the National Red Meat Development Programme. This is an event organised in conjunction with municipalities.

Stakeholder engagement

Our website has usually formed a pillar of linking us to the stakeholders. However, in the period under review the NAMC developed its first ever electronic mail newsletter dedicated to informing stakeholders about what has happened or what is currently happening at the organisation. For the year alone, the NAMC published five email newsletters.

With the aim of assisting and supporting stakeholders, under this period we managed to assist three organisations with product launches. These were the Department of Agriculture, Forestry and Fisheries with the launch of Fetsa Tlala, the African Women's Entrepreneurship Programme and S'koko Wines.

PROGRAMME 2: MARKETS AND ECONOMIC RESEARCH CENTRE

Food prices

The NAMC collaborates with the Department of Agriculture, Forestry and Fisheries, Provincial Departments of Agriculture and Statistics South Africa to monitor and report on food price trends in South Africa. During the reporting period 2013/14, four quarterly Food Price Monitoring (FPM) reports were published. The FPM report published in February 2014 provides valuable insights into trends in food prices from January 2013 to January 2014. According to this report, food and non-alcoholic beverages inflation recorded for January 2014 was 4.3 %.

The international price of wheat (US No. 2, Hard Red Winter ord. Prot, US Fob Gulf) decreased by 17.01 %, while domestic wheat prices increased by 3.03 % between January 2013 and January 2014. Urban consumers paid 5.11 % more for a loaf of brown bread (700 g) and 3.98 % more for a loaf of white bread (700 g) during the same period. Local yellow maize prices increased by 40.37 % between January 2013 and January 2014. International yellow maize prices decreased by 34.58 % during the same period. The price of super maize meal increased by 3.75 % and special maize meal also

increased by 11.12 % between January 2013 and January 2014.

The prices of beef cuts decreased between January 2013 and January 2014. The prices followed the trends seen on producer prices of the different meat classes. The average producer prices of class A2/A3, Class B2/B3 and C2/C3 beef declined in total by 4.05 %, 3.75 % and 6.90 %, respectively. The decline in retail prices ranged between 4.99 % and 2.51 %. However, it should be noted that month-on-month beef prices have increased. Lamb/mutton meat prices showed an increase of 10.32 % in January 2014 compared to a year ago. For the mutton/lamb producer prices, only the A2/A3 class showed an increase between January 2013 and January 2014. The price of fresh chicken portions increased by 2.91 % in January 2014 compared to January 2013. In January 2014, the price of frozen chicken portions increased by 5.32 % year-on-year.

When comparing January 2013 to January 2014, significant price inflation (6 % or more) was experienced for the following products in the food basket: rice, cabbage, potatoes, tea, maize meal, margarine, instant coffee and milk. This could have a negative impact on household food security in South Africa, affecting the affordability of important staple foods (rice, bread, and maize meal), as well as other food items making a major contribution to dietary diversity.

In addition to the four FPM reports, the NAMC published the South African Food Cost Review, focusing on trends in the agro-food industry in 2012. This report covered six key issues, namely, the South African Social Assistance Programme, Trade Facilitation, the Right to Water, and the Financial Position of the Agricultural Sector. Four quarterly Input Cost Monitor reports, which track trends in farm input prices, were published during the financial year under review.

Agro-food chain research

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

that is topical and demand driven. This research includes the following:

- Value chain study on wheat
- Poultry feed value study-draft
- Commodity analysis for Agricultural Policy Action Plan (APAP)

Trade Research

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

The NAMC also provided comments to ITAC regarding tariff and rebate applications. The NAMC hosted a workshop on the Climate Change–Trade Nexus during the annual conference of the Agricultural Economics Association of South Africa.

Linking farmers to markets

The NAMC's MERC division has a unit looking at research on case studies of successes in linking farmers to markets. The aim of such studies is to showcase success stories with the aim of them being customised and duplicated elsewhere, or where there are failures lessons can be drawn in order to avoid the reasons for such failures. During the financial year under review the unit undertook the following case studies, focused on developing

black farmers:

- Case study on smallholder fish farming
- Case study on market access for smallholders in the sugar industry
- Case study on blueberries.

In addition to these case studies, the NAMC's unit linking farmers to markets compiled the following baseline studies:

- Baseline study amongst poultry producers
- Diagnostic study on citrus growers in KZN completed
- Baseline study on Tzaneen emerging farmers
- Baseline study on contract broiler farming, and
- Diagnostic study on citrus growers in the KwaZulu-Natal.

PROGRAMME 3: STATUTORY MEASURES

Introduction

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

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

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

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

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

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

The following investigations were undertaken by the Statutory Measures division during the 2013/14 financial year:

1. Appointment of a Working Group to establish a model for successful land reform

By the end of 2013, the NAMC appointed a Working Group to draft the mechanisms by which commercial farmers and agribusinesses can assist in successful land reform with the initial focus on sustainable and improved productivity on transferred land in the Mpumalanga Province. The need for appointing this Working Group arose from the National Planning Commission's proposed model for land reform as stated in chapter 6 of the National Development Policy.

The Working Group met for the first time on 24 January 2014 at the offices of the NAMC, and the second meeting was on 30 January 2014 at the offices of the Premier of Mpumalanga. A newly appointed Provincial Committee met on 7 February 2014 in Nelspruit, and a Technical Committee meeting was held on 26 February 2014 at the NAMC Office in Pretoria.

Progress has been made in negotiations with the ministry of the Department of Rural Development and Land Reform (DRDLR), agri-businesses, commercial farmers, the Landbank and other financiers. All made a firm commitment to make the initiative a success. The process of appointing a Project Manager, finalisation of the finance model, and the selection of farms, financiers and beneficiaries were well under way by the end of March 2014. Liaison with Mpumalanga Government and municipalities were also continued.

2. Amendments to the Notice regarding the Declaration of Agricultural Products for purposes of the MAP Act

On 4 September 1997, a Notice was published in the Government Gazette to declare a number of agricultural products as agricultural products for purposes of the MAP Act. The current Notice regarding the declaration of agricultural products declared 'natural fibres' as agricultural products. The cotton industry requested that it be amended to include cotton under natural fibres, as well as products containing cotton, as listed in the Customs and Excise Tariff Book.

On 28 May 2013 the Council decided to recommend to the Minister to approve the proposed amendment of Government Notice No. R. 1189 dated 4 September 1997, in order to include cotton and products containing cotton to be regarded as agricultural products for purposes of the MAP Act. The proposed amendment was approved and signed by the Minister on 5 December 2013, and was published in the Government Gazette of 31 January 2014.

3. AMIE statutory measures

On 26 February 2014, the Association of Meat Importers and Exporters (AMIE) applied for the

establishment of statutory measures relating to levies, registrations, the keeping of records and rendering of returns regarding the importation of chicken products. AMIE proposed a statutory levy of 2 c/kg (excluding VAT) on imported chicken products. The estimated income from the proposed statutory levies is between R 5.1 million (for 2014/15) and R 5.9 million (for 2017/18) per year. AMIE requested the Minister's approval for the establishment of the proposed statutory measures for a period of four years. By the end of March 2014 the NAMC was still in the process of finalising its investigation in this regard, where-after the Council will make a recommendation to the Minister.

4. Cotton statutory measures

On 17 October 2013, Cotton SA, on behalf of the directly affected groups in the cotton industry, applied for the continuation of the following statutory measures (the then existing statutory measures lapsed on 31 March 2014) for four years as from 1 April 2014:

- registration of certain role players (in terms of section 19 of the MAP Act)
- the keeping of records and the submission of returns (in terms of section 18 of the MAP Act), and
- a cotton levy at a rate of 22 c/kg (VAT excluded) with annual increases as from 1 April 2015 equal to inflation rate expectations (in terms of section 15 of the MAP Act), payable by South African ginners on cotton lint produced, in order to ensure the continuation of the functions performed by Cotton SA.

On 27 February 2014 the Minister approved the proposed cotton statutory measures, and the measures were promulgated in the Government Gazette of 28 March 2014.

5. Dairy statutory measures

On 7 May 2013, the South African Milk Processors' Organisation (SAMPRO) applied for the continuation of statutory measures (registration, records & returns and levies), in the South African dairy industry. SAMPRO proposed that the previous statutory levies increase by 30 %, representing a 2.5 % increase in real terms over a 12-year period. According to SAMPRO, the requested increase of 30 % is very modest as it will be the first increase in eight years. On 7 June 2013 the NAMC published a Notice in the Government Gazette requesting all directly affected groups to comment on the proposed statutory measures. The NAMC received a number of objections from directly affected groups on the continuation of statutory measures and the proposed 30 % increase in levies.

On 31 July 2013, the NAMC decided that an independent facilitator should lead a discussion regarding the continuation of statutory measures in the South African dairy industry. The NAMC Council requested that such a discussion should be opened allowing for the following: a) where the applicant for the statutory measures could make a presentation; and b) where some of the dairy processors who objected to the statutory measures, could clarify their concerns. On 28 August 2013, the NAMC hosted a discussion where the applicant (SAMPRO) of statutory measures made a presentation on the current statutory measures to the objectors and the NAMC. To enable the NAMC to finalise its investigation regarding the continuation of statutory measures in the dairy industry, it was proposed that a forum be established, to discuss the emphasised issues regarding the continuation of dairy statutory measures. On 15 October 2013, Milk SA hosted a forum meeting to continue discussions regarding the application for the continuation of statutory measures in the South African dairy industry. The representation in the structures of Milk SA

was discussed. It was decided that Milk SA will appoint one member on their Board who is a levy payer in the South African dairy industry and who is not a member of SAMPRO. On 29 November 2013, the Minister approved the introduction of the proposed statutory measures (statutory levies, registration and submission of records and returns) in the South African dairy industry, for a period of four years to lapse on 31 December 2017. The relevant notices were published in the Government Gazette of 20 December 2013.

6. Dairy statutory measures (appointment of inspectors)

On 16 January 2014, the NAMC received an application from Milk SA for the Minister to approve the appointment of inspectors in terms of section 21 of the MAP Act. The appointment of inspectors is needed to assist Milk SA to administer the promulgated dairy statutory measures.

Milk SA therefore requested the Minister to designate and authorise two persons as proposed by them, to perform the functions as inspectors set out in Section 21 (3) of the MAP Act. On 25 February 2014, the NAMC supported the appointment of inspectors in the dairy industry. By the end of March 2014, the decision of the Minister's Office was still outstanding.

7. Direct exports from fresh produce markets

In April 2012 the NAMC started the process to investigate exports from our fresh produce markets. The NAMC Council requested that the Secretariat should investigate allegations of fruit and vegetables destined for the local market being exported to neighbouring countries.

In order to assist the NAMC in this regard, the NAMC appointed Agri Inspec to advise us on the extent of these exports. On 26 April 2013 the NAMC received a report in this regard. The report was sent to DAFF which requested PPECB to investigate the export of the products from our fresh produce markets and to ensure that inspections of these exported products into neighbouring countries are taking place.

8. Grain products statutory measures

On 23 January 2014, the Maize Forum and the Wheat Forum applied for the introduction and promulgation of statutory measures, namely registration and the keeping of information and submitting monthly returns in respect of maize products, wheaten products and animal feeds. The proposal entails that the South African Grain Information Service (SAGIS) will be responsible for the registration, as well as the collection, processing and distribution of the information associated with the statutory measures that were requested.

The two forums agreed to propose that each seller, importer and exporter of animal feed, maize products and wheaten products should keep complete records for each calendar month in respect of animal feed, maize products and wheaten products sold, imported or exported for commercial purposes. Furthermore, the same persons mentioned should within 10 working days from the end of each calendar month submit to SAGIS an accurate prescribed return in respect of animal feed, maize products and wheaten products sold, imported or exported. Every seller and exporter of animal feed should also within 10 working days from the end of each calendar month submit to SAGIS an additional accurate prescribed return in respect of animal feed raw materials added to or used in the production or manufacturing of animal feed. Responsible persons include any person who acts in the capacity of the persons mentioned above.

The application was published in the Government Gazette on 21 February 2014 to invite directly affected groups in the grain and oilseeds industries to comment on the application. By the end of March 2014 the NAMC was still in the process of finalising its investigation, where-after we will make a recommendation to the Minister for her consideration.

9. Lucerne statutory levies

On 15 November 2013, the National Lucerne Trust (NLT) requested, on behalf of directly affected groups in the lucerne industry, for the continuation and increase of statutory levies, to be promulgated for four years. The proposed levies (VAT excluded) amount to:

- 80 c/kg on clean seed, payable by lucerne seed cleaners
- R 4/t for lucerne hay not analysed by a NIR instrument, payable by the first lucerne hay dealer dealing with such lucerne hay, and
- R 6/t for lucerne hay analysed by a NIR instrument, payable by the owner of the NIR instrument.

The current statutory levies on lucerne seed and lucerne hay that were implemented for a period of three years will lapse on 9 September 2014.

An explanatory note regarding the proposed statutory levies was published in the Government Gazette of 29 November 2013 and such media as needed to bring the request to the attention of directly affected groups. The only objection received was from SANSOR. By the end of March 2014, SANSOR and the NLT were in consultation to agree on their future roles and the functions needed in the lucerne seed industry.

10. Lucerne statutory measures

On 24 October 2012, the National Lucerne Trust (NLT) requested the Minister's approval for the continuation of the following statutory measures for another four years, namely:

- the keeping of records and the submission of returns to the NLT by dealers and processors of lucerne seed and hay, in terms of section 18 of the MAP Act; and
- the registration of producers, processors and dealers of lucerne seed and hay, in terms of section 19 of the MAP Act.

The main objective of these measures is to provide a database of all role players involved in the lucerne industry and to gather information necessary for role players to take informed decisions.

On 26 February 2013 the NAMC supported the proposed lucerne statutory measures. The NAMC recommendations were submitted to the Minister on 6 March 2013. On 4 April 2013 the Minister approved the proposed lucerne statutory measures promulgated in the Government Gazette of 26 April 2013.

11. NAMC's Transformation Guidelines

The NAMC's current Transformation Guidelines were adopted in June 2007, after an extensive consultation process with directly affected groups in the agricultural sector. In terms of these guidelines, at least 20 % of statutory levies collected in terms of the MAP Act, should be used for transformation projects.

On 28 May 2013 the NAMC gave a directive to its Secretariat to investigate possible alternatives regarding the administration and utilisation of the 20 % portion of the levy fund meant for transformation. The request was made as a result of other directly affected groups' opinion that the current system that industries are following does not yield the desired results. Therefore, in order to ensure

that there is a bigger impact and better return on investment of the funds available for transformation, the NAMC was of the opinion that the Secretariat should investigate possible alternatives regarding the administration and utilisation of the 20 % portion meant for transformation. In the second half of 2013, the NAMC Secretariat arranged a number of meetings with levy administrators and came to the conclusion that the current transformation guidelines are too broad. In 2007, when the guidelines were compiled, only one set of guidelines was drawn up. Due to the fact that industries differ so much from each other, we had no choice but to make the guidelines as broad as possible. To ensure a bigger impact with available transformation funds, the NAMC proposed two options. With option 1, levy administrators should submit annual business plans which include individual customised guidelines with key measurable outcomes for transformation, while option 2 entails that levy administrators should transfer the 20 % portion of their statutory levy income earmarked for transformation to an independent third party.

In order to give levy administrators the opportunity to make inputs regarding the administration and utilisation of the 20 % portion meant for transformation and the two options proposed, a workshop was held between DAFF, NAMC and agricultural industries on 12 March 2014. After discussions with the levy administrators, it was clear that they preferred option 1. By the end of March 2014, the NAMC was in the process to arrange meetings with levy administrators in order to finalise the individual customised guidelines for each industry.

12. Macadamia statutory measures

On 5 March 2014, the Southern African Macadamia Growers' Association (SAMAC), on behalf of directly affected groups in the macadamia industry, applied for the establishment of statutory measures (levies,

registration and records & returns) on in-shell macadamia nuts, macadamia kernel and macadamia trees (both in nurseries and in the field) for a four year period. SAMAC applied for the following statutory measures:

- A levy of 23 c/kg (excluding VAT) on in-shell macadamia nuts (1.5 % kernel moisture)
- Registration with SAMAC, and
- Keeping of records and submission of returns to SAMAC.

The proposed levy is needed by SAMAC to finance functions relating to research, technology transfer, provision of industry information, transformation, generic promotion, and industry liaison with government and other bodies both locally and internationally.

The proposed levy of 23 c/kg for in-shell macadamia nuts (1.5 % kernel moisture, is approximately 0.77 % of the domestic producers' selling price (first point of sale) of macadamia products. This could result in an income of approximately R 7.82 million per annum based on a conservative macadamia nut production estimate of 34 000 tons.

On 14 March 2014 the NAMC published a Notice in the Government Gazette requesting all directly affected groups to comment on the proposed statutory measures. By the end of March 2014, the NAMC was still in the process of finalising its investigation regarding the proposed macadamia statutory measures application.

13. Pork statutory measures

On 27 September 2013, the South African Pork Producers' Organisation (SAPPO) applied for the continuation of statutory measures (registration, records & returns and levies), in the South African pork industry. The then existing statutory levy was R 7.00 per slaughter pig or live pig exported (excluding VAT). SAPPO proposed that the statutory levy increase to R 8.50 per pig (VAT excluded) for the period 1 November 2013 to 31 October

2014, to R 8.93 per pig (VAT excluded) for the period 1 November 2014 to 31 October 2015 and to R 9.38 per pig (VAT excluded) for the period 1 November 2015 to 31 October 2016. Although the current statutory measures will only lapse on 31 October 2014, SAPPO requested ministerial approval for the establishment of the proposed statutory measures for a new period of three years, from 1 November 2013 (one year earlier) to expire on 31 October 2016. On 26 November 2013 the NAMC supported the proposed pork statutory measures to be approved by the Minister. By the end of March 2014, the decision from the Minister's Office was still outstanding.

14. Proposed Amendment Bill

On 14 June 2013 the DAFF published proposed amendments to the MAP Act. Stakeholders were requested to forward written comments to DAFF within 60 days, in other words by 14 August 2013. Since the publication of the Proposed Amendment Bill, the NAMC held a number of meetings to discuss the Proposed Bill with role-players in order to compile written comments to DAFF by 14 August 2013. However, on 26 July 2013, the DAFF announced that the Minister has decided to cancel the public consultation process on the Amendment Bill until further notice.

15. Sorghum statutory levies

On 21 January 2014, the Sorghum Forum, on behalf of the directly affected groups in the sorghum industry, requested the Minister's approval, in terms of Section 15 of the MAP Act, for the introduction and promulgation of the following statutory levy, for a period of four years:

A levy of R 10/ton sorghum (excluding VAT) payable by buyers, importers, exporters and processors of sorghum

and payable to the Sorghum Trust, to provide financial support for the following functions that the sorghum industry has identified as essential and in the interest of the industry as a whole, namely the

- rendering of information services to all role-players
- support of sorghum research, and
- support of transformation initiatives.

The then existing statutory levy on sorghum of R 16/ton, excluding VAT, was implemented on 1 March 2010 for a period of four years, to lapse on 28 February 2014.

On 6 March 2014, the NAMC submitted its recommendations regarding the proposed sorghum statutory levy to the Minister for consideration and possible approval. By the end of March 2014, the decision from the Minister's Office was still outstanding.

16. Wine statutory measures

On 16 April 2013, the wine industry applied, in terms of the MAP Act, for the continuation of statutory measures (registration, records & returns and levies) in the wine industry. The applicants for the proposed continuation of the statutory measures are the South African Liquor Brandowners' Association (SALBA), representing traders, Wine Cellars SA (WCSA), representing wine cellars, and VinPro, representing wine grape producers. The previous statutory measures in the wine industry lapsed on 31 December 2013.

On 24 September 2013, the NAMC Council supported the continuation of statutory measures in the wine industry, but recommended to the Minister that a Wine Transformation Committee be established to oversee the allocation of transformation funds. On 21 October 2013, the NAMC's

submission was sent to the Minister's Office for consideration. The Minister approved the establishment of a Wine Transformation Committee as well as the proposed statutory measures in the wine industry. The relevant statutory measures were promulgated in the Government Gazette of 20 December 2013.



STATUTORY MEASURES PROMULGATED DURING THE 2013/14 FINANCIAL YEAR

Notice	Date	Description
No. R.309	26 April 2013	Lucerne – records & returns
No. R.315	26 April 2013	Lucerne – registration of role players
No. R.1013	20 December 2013	Wine– statutory levies
No. R.1013	20 December 2013	Wine– records & returns
No. R.1013	20 December 2013	Wine– registration of role players
No. R.1218	20 December 2013	Dairy products – statutory levies
No. R.1219	20 December 2013	Dairy products – registration of role players
No. R.1220	20 December 2013	Dairy products – records & returns
No. R.34	31 January 2014	Register of Directly Affected Groups
No. R.46	31 January 2014	Declaration of agricultural products: Amendment
No. R.	28 March 2014	Cotton – statutory levies
No. R.	28 March 2014	Cotton – records & returns
No. R.	28 March 2014	Cotton – registration of role players

SUMMARY OF STATUTORY MEASURES

The following table summarises the statutory measures that were applicable in the South African agricultural sector during the 2013/14 financial year:

Table 1: Statutory measures applicable during the 2013/14 financial year

INDUSTRY	Administration body	Statutory Measures		
		Statutory levy	Records & Returns	Registration
Citrus (export only)	Citrus Growers' Association	√	√	√
Cotton	Cotton SA	√	√	√
Dairy	Milk SA	√	√	√
Deciduous fruit (pome and stone fruit)	HORTGRO Services	√	√	√
Dried fruit	Dried Fruit Technical Services	√	√	√
Fynbos (proteas)	HORTGRO Services	√	√	√
Grains (maize, oilseeds, sorghum, and winter cereals)	The South African Grains and Information Services (SAGIS)		√	√
Lucerne	Lucerne Producers' Organisation	√	√	√

INDUSTRY	Administration body	Statutory Measures		
		Statutory levy	Records & Returns	Registration
Mangoes	Subtrop	√	√	√
Milk	Milk Producers' Organisation		√	√
Mohair	Mohair SA		√	√
Olives	SA Olive	√		√
Pecans	SA Pecan Producers' Association	√	√	√
Pork	SA Pork Producers' Organisation	√	√	√
Potatoes	Potatoes SA	√	√	√
Poultry and eggs	Southern African Poultry Association	√	√	√
Red meat	Meat Statutory Measure Services	√	√	√
Sorghum	Sorghum Trust	√	-	-
Table grapes (export only)	SA Table Grape Industry	√	√	√
Wine grapes and grape juice intended for the production of wine	SAWIS (information) Winetech (research) WOSA (export promotion) WIDA (transformation)	√	√	√
Winter cereals	Winter Cereal Trust	√		
Wool	Cape Wools SA		√	√

Statutory levies collected

The NAMC reviews statutory measures on an annual basis. The 2012 survey regarding statutory measures was completed in July 2013. As part of the 2012 survey, the NAMC received the latest audited financial statements as submitted by the relevant levy administrators – the financial year end for each levy administrator could differ from each other. Table 2 indicates the levy income, the value of products at the first point of sale (as provided by levy administrators), levy income as a percentage of the value of the product and the levy collection rate for the different commodities captured for the 2012 survey.

Table 2: Total Amount of Levies Collected

Product	Levy income R	Total value of product at first point of sale R	Levy income as a percentage of value of product %	Levy collection rate %
Citrus	42 216 161	6 000 000 000	0.70	100
Cotton lint	4 301 824	239 000 000	1.80	100
Dairy products	33 049 860	9 665 544 000	0.34	112
Deciduous fruit	54 919 659	1 470 379 716	3.74	96
Dried fruit	2 439 865	569 626 735	0.43	96
Fynbos: proteas	332 502	44 180 000	0.75	95
Lucerne	981 934	3 347 000 000	0.03	85
Mangoes	1 402 074	93 471 600	1.50	94
Olives	190 662	unknown	unknown	7
Pecans	1 165 000	unknown	unknown	95
Pork	17 365 607	3 187 500 000	0.54	103
Potatoes	30 656 649	6 600 000 000	0.46	97
Poultry	26 939 374	37 806 000 000	0.07	91
Red meat	25 026 348	20 878 000 000	0.12	100
Sorghum	2 072 332	487 960 000	0.42	89
Table grapes	19 220 068	3 170 115 222	0.61	95
Wine	61 748 389	3 594 400 000	1.72	99
Winter cereal	47 947 145	6 368 127 000	0.75	99
TOTAL	371 975 453	103 521 864 273	0.36	92

Levy income

The total levies collected as part of the 2012 survey amounted to approximately R 372.0 million, which is 8.9 % more than the approximately R 341.7 million reported as total levy income in the 2011 survey.

Value of agricultural products at first point of sale

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

According to the 2012 survey, the total value at first point of sale of all products which were subject to a statutory levy was approximately R 103.5 billion. The total levy income as a percentage of the value of agricultural products at the first point of sale is on average, approximately 0.36 %.

Levy collection rate

Most levy administrators achieved a high collection rate. The average collection rate of all products is approximately 92 %. This is attributable mainly to the thorough consultative process that takes place before a levy is implemented and the fact that role players from the whole value chain are represented in most of the decision-making institutions. It may therefore be concluded that, once an industry applies for a statutory levy, the role players are willing to pay these levies. In evaluating an application for statutory levies, both the NAMC and the industry concerned have to ensure that there is sufficient support for a levy. Another factor contributing to the high collection rate in most industries is the low number of collecting points.

Discontinuation of statutory measures

Since the promulgation of the MAP Act, more and more industries have applied to the Minister for the approval of statutory measures. The first two statutory measures which were approved in terms of the MAP Act were the sorghum statutory levy on 8 May 1998 and the winter cereal statutory levy on 1 October 1998. Although statutory measures can only be approved for a maximum period of four years, industries which making use of statutory measures normally apply to the Minister for the continuation of statutory measures, with the result that statutory measures could be applicable for a very long time. For example, the sorghum statutory levy has now been in existence for almost 16 years, after the industry requested on a number of occasions (a few months before the expiry date) for the continuation of these statutory levies. For some reason or another, commodity organisations could also decide not to apply for the continuation of statutory measures. The first industry which did so was the grapefruit industry. In November 2010 the Minister approved a grapefruit statutory levy for a period of two years, to finance export promotions. This grapefruit statutory levy lapsed on 25 November 2012, but the grapefruit industry decided not to apply for the continuation of this levy. Recently, on 9 October 2013, the poultry statutory measures lapsed, only four years after implementation. In this case also, the poultry industry, the biggest agricultural industry in South Africa, decided not to apply for the continuation of the statutory measures. The NAMC is of the opinion that statutory measures could have major benefits for the development of a particular agricultural industry and that all directly affected groups should participate to create an enabling environment for more industries to make use of statutory measures.



Allocation of statutory levies

For the 2012 survey, the total expenditure was approximately R 372.5 million, which is 8.6 % more than the R 342.2 million reported in the 2011 survey. The allocation of statutory expenditure to the various functions for the 2012 survey is set out in Table 3 below, compared to the allocations in the 2011 and 2010 surveys.

Table 3: Functions to be financed through statutory levies

Functions	Amount spent R	% of total levy expenditure	% of total levy expenditure	% of total levy expenditure
		2012	2011	2010
Administration	18 756 860	5	6	6
Transformation	83 695 832	23	23	21
Export promotion & market access	61 262 679	16	15	10
Research	106 187 123	29	27	32
Information and industry liaison	43 004 535	11	10	11
Production development	6 569 206	2	1	1
Plant improvement	3 277 005	1	2	1
Quality control	19 305 563	5	4	5
Local promotion and consumer education	30 480 103	8	12	13
TOTAL LEVY EXPENDITURE	372 538 906	100	R 342.2 million	R 315.2 million

Administration

The NAMC has implemented a guideline that not more than 10 % of levies collected should be used for administrative purposes. On average, approximately 5 % (R 18.8 million) of levies collected was spent on administration, which is below the guideline of not more than 10 %.

Information

Approximately 11 % (R 43.0 million) of total levy expenditure was allocated to the information function. Accessible, accurate market information that is regularly and timeously available not only increases market access but also promotes efficiency in the marketing of a specific agricultural product. It also contributes to the optimisation of export earnings and enhances the viability of the relevant agricultural industries and the agricultural sector at large. Market information is essential for all role players in a deregulated marketing environment if they are to make informed decisions and if the market is to operate effectively. Without a continuous stream of proper, accurate and timeous market information, the market will not develop as it should and role players, including emerging farmers, will not be able to participate on an equal footing.

Research

The satisfactory performance of the South African agricultural sector, despite the lack of high-potential arable land and the low rainfall, can be attributed to a great extent to the development and application of agricultural research. Approximately 29 % (R 106.2 million) of total levy expenditure was spent on research projects in the 18 industries that collected levies. Some of the industries are doing or initiating their own research, but a major portion of the R 106.2 million was made available to the Agricultural Research Council (ARC) to undertake research in the agricultural sector, in consultation with the industries concerned.

Transformation

Before August 2005, the NAMC's guideline was that at least 10 % of levy income should be used to the benefit of previously disadvantaged individuals (PDIs). In an attempt to increase the amount spent on transformation, the NAMC changed the guideline in August 2005 to require that approximately 20 % of levy income should be used for transformation purposes. According to the 2012 survey, the total amount spent on transformation projects was approximately R 83.7 million, compared to the approximately R 79.8 million spent on transformation in the 2011 survey – an increase of 4.9 %.

The increase in production by black farmers as a percentage of total production may be regarded as one of the main indicators for monitoring the process of bringing black farmers into the mainstream of commercial agricultural production. This enables the NAMC to monitor progress made in improving emerging farmers' production. The 2012 survey indicated that the market share of emerging farmers increased in most sectors, but is still relatively small in most agricultural industries.

During the 2013/14 financial year, the NAMC started the process to amend its transformation guidelines. After consultation with levy administrators, the NAMC proposed two options in order to ensure that there is a bigger impact and better return on

investment of the funds available for transformation. The two options are as follows:

Option 1

Levy administrators submit on an annual basis, three months before the start of their financial year, a business plan regarding their transformation activities envisaged for that financial year to the NAMC for comments and inputs. In this business plan, the transformation funds (at least 20 % of levy income), will be pooled and allocated to different transformation activities. For example, only salaries of persons actually involved with transformation will form part of this Business Plan for transformation.

Within six months after a specific financial year, levy administrators should report on its actual transformation activities, by comparing their activities with the budget for that financial year. As part of their annual business plan, levy administrators should compile customised guidelines with key measurable outcomes for transformation.

Option 2

The levy administrators transfer the 20 % portion of their statutory levy income, earmarked for transformation, to an independent third party.

- An 'independent third party' could be a committee appointed by the NAMC and the relevant industry, assisted by an audit company, to promote transformation in the particular industry.
- This committee will be financed from administration costs (which must not be more than 10 % of levy income). The 2012 survey indicated that total administration costs were only approximately 5 % of total expenditure.
- To ensure that some of the existing transformation projects can continue, levy administrators will be allowed to apply to the established independent third party for funds to pay for these activities.

On 12 March 2014, during a workshop between the NAMC, DAFF, levy administrators and other directly affected groups, it was decided that Option 1 would be the preferred option. By the end of March 2014, the NAMC was in the process of meeting with the individual levy administrators in order to discuss their customised guidelines with key measurable outcomes for transformation.

Export promotion

A total amount of approximately R 61.3 million was spent on export promotion. Wines of South Africa (WOSA) is promoting South African wine on overseas markets. WOSA has offices in Canada, Germany, Denmark, Sweden, the Netherlands, the United States (USA) and the United Kingdom (UK), and participates in international wine shows. Other industries, such as the citrus, deciduous fruit and potato industries, are also promoting their commodities in overseas markets.

Local promotion

The dairy, pork and poultry industries spent 33 %, 42 % and 25 % respectively of total expenditure on promotion activities in the local market. On 16 August 2005, the NAMC held a workshop with levy administrators to discuss the desirability of generic promotions. The outcome was a decision that generic promotions should continue provided there was sufficient support within a specific industry. It was also agreed that these promotions should in future be referred to as the promotion of 'consumer awareness'.

During 2010, the NAMC investigated the economics and impact of generic promotion on agricultural commodities that are funded by statutory levies. According to the study, generic promotion could have positive effects, but it is only one of many factors affecting the demand for agricultural products. The rationale for generic promotion is particularly strong where there are large numbers of producers responsible for a generally homogeneous agricultural product, and individual

producers are unable to differentiate and promote their own products. This rationale diminishes where relatively few producers are producing a product or where the product is not homogeneous and is easy to differentiate. The specific objectives of generic promotion are to increase sales or to contain reductions at given prices, to augment prices or at least to contain reductions, and to induce consumer loyalty.

Agricultural products subjected to statutory levies

The total gross value of agricultural production for 2013 (total production during the production season valued at the average basic prices received by producers) is estimated at R 164 427 million, compared to R 140 417 million in the previous year – an increase of 17.1 %. The gross value of animal products, horticultural products and field crops contributed 46.2 %, 24.8 % and 29.0 % respectively to the total gross value of agricultural production. The poultry meat industry made the largest contribution with 21.1 %, followed by maize with 14.9 % and cattle / calves slaughtered with 13.2 %.

Table 4 provides information about agricultural products which are subjected to statutory levies, based on the gross value of the individual agricultural products. (Source: DAFF 2013 Abstract).

TABLE 4: AGRICULTURAL PRODUCTS SUBJECTED TO STATUTORY LEVIES

	Products levied R ' million	Percentage levied	Products not levied R ' million	Percentage not levied	Total R ' million
Field crops	Cotton	212			
	Sorghum	417			
	Winter cereals	5 617			
	Lucerne seed & hay	3 347			
	Sugarcane	5 921			
	Maize			24 512	
	Oilseeds			5 973	
	Other			1 713	
	Sub-total	15 514	32.5	32 198	67.5
Horticulture	Citrus	7 734			
	Deciduous and dried fruit	10 735			
	Mangoes	65			
	Potatoes	5 349			
	Viticulture	3 862			
	Vegetables			8 864	
	Other			4 168	
		Sub-total	27 745	68.1	13 032
Animal products	Dairy	10 195			
	Red meat	21 742			
	Pork	3 564			
	Poultry and eggs	34 633			
	Other			5 804	
		Sub-total	70 134	92.3	5 804
	TOTAL	113 393	69.0	51 034	31.0

According to Table 4, approximately 69.0 % of all agricultural products, in terms of the gross value of the individual products, are subjected to a statutory levy. If the statutory measures relating to registration, records and returns are included, 83.9 % of all agricultural products (in terms of their gross value) make use of statutory measures.

It is also clear from Table 4 that directly affected groups involved with animal products are more inclined to make use of statutory levies: 92.3 % of animal products, in terms of gross value, have statutory levies. The maize industry, which is the second largest agricultural sector after the poultry industry, with a gross value of R 24.5 billion, does not use statutory levies because it has sufficient funds in the Maize Trust. These funds were transferred from the former Maize Board and are used to finance generic functions in the maize industry. Only 20.1 % of field crops have a statutory levy – taking into consideration the situation regarding maize and the fact that the sugar industry collects funds in terms of other legislation.

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

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

During the 2013/14 financial year, the CELC met twice. The first CELC meeting was held on 7 May 2013, to discuss the final calculated winter crops for the 2012 production season was released and published. The second CELC meeting was held on 29 November 2013, during which the CELC agreed to the calculation of the final total summer crops for 2012/13, but requested that more effort be put into the mechanisms to ensure the correctness of crop estimates.

Sub-programme: The Supply and Demand Estimates Liaison Committee (S&DELC)

The Grains and Oilseeds Supply and Demand Estimates Liaison Committee (S&DELC) was established to operate in the same manner as the Crop Estimates Liaison Committee (CELC) which are functional for many years. The S&DELC is composed of directly affected groups in the grain and oilseeds industry, with the main purpose to oversee the work done by the Supply and Demand Estimates Committee (S&DEC), and meet once a year or as the need arise. The S&DELC is facilitated by the NAMC, and the latter also provides secretarial support to the committee. The S&DELC met on 17 April 2013 to determine the best way forward in performing the task of estimating the supply and demand for grains and oilseeds, given certain pointers by the Competition Commission

in their advisory opinion on the matter of 8 March 2013. The S&DELC made decisions with regard to the criteria for appointment of members on the S&DEC, the composition of the S&DEC, a confidentiality clause, methodology, format of reporting by S&DEC and disclaimer, and the budget and financial implications for Trusts and the NAMC. Another meeting was held by the S&DELC on 10 January 2014 to discuss the progress made with supply and demand estimates. The S&DELC made proposals on further improvements but was of the opinion that good progress had been made by the S&DEC and all parties involved appreciate it as not perfect yet, but useful and positive.

Sub-programme: Registration of Directly Affected Groups

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

On 31 January 2014, the NAMC published in the Government Gazette its annual invitation to directly affected groups to register with the NAMC (in terms of section 20 of the MAP Act). Since the publication, four new groups have been registered, while several groups have updated their contact details.

PROGRAMME 4: AGRICULTURAL TRUSTS

Introduction

The Agricultural Trusts division has been mandated to manage the communication process between the Agricultural Industry Trusts and the Ministry of Agriculture, Forestry and Fisheries (DAFF). In managing the communication process, the division prepared a status report on the performance of the Industry Trusts in terms of their contribution towards Marketing, Information dissemination, Transformation and Financial performance.

The Industry Trusts workshop was held on 14 February 2014, where these industry bodies presented their transformation achievement to the Chairperson of the NAMC, the late Ms Ntombi Msimang, the Chairperson of the Portfolio Committee on Agriculture, Forestry and Fisheries, his Excellency, Mr Mlungisi Johnson, and other role players in the agricultural sector. The issue that was highlighted was the need for government to clearly outline what transformation entails more specifically in the agricultural sector.

During the financial year under review, we saw the closure of the Cotton SA Trust. The decision was taken during a trust meeting on the 12 September 2012. The assets worth R 7 552 898, were transferred to Cotton SA. All the accounts have been audited and closed.

Part of the management of communication between the Minister and Industry Trusts, is the nomination of ministerial representatives to serve on the board of the 12 industry trusts. This year saw the appointment of new trustees in the Citrus Trust, Ms Patricia Motlogeloa, the Winter Cereal Trust, Mr Nosey Pietersen, Mr Neo Mashitela, Mr Andrew Makenete and Ms Johlene Ntwane and the Oil Protein Seed Development Trust, Ms Connie Seopengwe. Ms Mina Gill, Mr Zandisile Wapi, Mr Tato Make and Ms Mmaphefo Mabe were reappointed for another term of 3 years to serve on their respective trusts.

Due to the late appointment of trustees, the induction workshop for the new trustees will be held on 15 May 2014, this induction process assists in enhancing and capacitating the new trustees in doing their tasks in more professional manner.

Table 1: List of Ministerial Trustees and Trusts Administrators

Trusts	Administrator	Ministerial Trustees
Citrus Trust	Ms Elsa Taylor	Mr Godfrey Rathogwa Ms Patricia Motlogeloa Dr Tieho Mafeo
Cotton SA Trust	Mr Koot Louw	Mr Siphon Ngxongo (CLOSED)
Deciduous Fruit Industry Development Trust	Mr Anton Rabe	Mr Mxoli Poto Mr Trevor Abrahams Ms Shulay Erasmus Ms Malmsey Rangaka
National Lucerne Trust	Mr Derrick Engelbrecht	Ms Mina Gill
Maize Trust	Mr Leon du Plessis	Mr Karabo Peele Dr Thamsanqa Hewu Ms Penny Daly
Meat Industry Trust	Ms Alet du Plessis	Dr Steven Cornelius Dr Vuyelwa Penxa Dr Ziyanda Majokweni
Mohair Trust	Mr Deon Saayman	Mr Thukela Mashologu
Oil and Protein Seeds Development Trust	Mr Gerhard Keun	Ms Connie Seopengwe
Potato Industry Development Trust	Ms Elsabe Els	Ms Nonie Mokose
Sorghum Trust	Mr Leon du Plessis	Ms Dudu Mashile
Winter Cereal Trust	Mr Awie Coetzee	Mr Nosey Pietersen Mr Tato Make Ms Johlene Ntwane Ms Mmaphefo Mabe Mr Andrew Makenete Mr Neo Mashitela
SA Wine Industry Trust	Mr Charles Erasmus	Ms Sharon Marco-Thyse Mr Willem Williams Mr Barry Stemmert Mr Fatima Shabodien Prof. Diale Rangaka
Wool Trust	Mr Andre van der Venter	Mr Zandisile Wapi

SPECIAL PROJECTS

AgriBEE Threshold Study

On 28 May 2010, the Department of Agriculture, Forestry and Fisheries published a tender for a service provider to conduct the economic study to review the income thresholds of primary and secondary agriculture. The proposals received were not accepted, as the tendering companies did not understand the core requirements of the study. The tendering process was done twice, still yielding unsatisfactory results. The NAMC was approached by the Directorate: BBBEE Charters Compliance to conduct the study on behalf of the department. As submission was prepared, where the DG approved the appointment of NAMC to conduct the study at a cost of R 4 million. The Service Level agreement was signed by DAFF and NAMC on the 16 February 2012.

The Project Working Committee was also appointed consisting of the following experts within the agricultural sector:

- Mr Andrew Makenete
- Dr Tobias Doyer
- Mr Wanda Sowazi and
- Prof Andre Pelser

The Project Steering Committee was appointed to oversee the day to day activities of the study, consisting of DAFF and NAMC staff members namely:

- Mr Zama Xalisa (chairperson)
- Dr Madime Mokoena
- Mr Christo Joubert
- Mr Rudolph Abercrombie
- Ms Londiwe Thabethe
- Mr Patrick Nemabubani
- Mr Tshepiso Maphatane
- Ms Tsepo Khati

The NAMC conducted its own BID Adjudication process, where PricewaterhouseCoopers (PwC) was appointed by the NAMC to conduct the study.

Numerous meetings and visits were held between the PSC and PwC and PwC to discuss the methodology used and preliminary findings. The draft report was presented to the AgriBEE Charter Council where it was scrutinised and thoroughly interrogated.

On 27 August 2013, the NAMC held a gala dinner at the Southern Sun Hotel, in Pretoria, to officially hand over the final report on the AgriBEE Threshold Review Study to the Acting Director-General of the Department of Agriculture, Forestry and Fisheries (DAFF), Mr Mortimer Mannya. The event brought together government and industry to officially witness the handover of the report that will be used to direct policy for the AgriBEE sector codes. The event was attended by the CEO's of the Agricultural Institutions, Dr Shadrack Moemphei (ARC), Dr Steve Cornelius (OBP), Dr John Purchase (AgBIZ). The General Manager of Grain Farmers Development Association (GFDA) was amongst the guests, together with other agribusinesses and senior government officials.

The report was accepted by the AgriBEE Charter Council.

NATIONAL RED MEAT DEVELOPMENT (NRMDP)

Background Information

The National Agricultural Marketing Council (NAMC) has since 2009 been managing the National Red Meat Development Programme (NRMDP) after inheriting the programme from the ComMark Trust (having been initiated as a project in 2005). The NRMDP is an active and practical attempt at addressing livestock marketing challenges for small-scale and semi-commercial farmers. Even though government is steadfastly attempting to address the social and economical issues faced by the majority of the South African people, the agricultural sector lags far behind when compared to other sectors. With the majority of our people living in the rural areas, this puts more pressure on the state to engage itself in vigorous rural development programmes that would eventually improve household livelihoods and create food

security across the Republic.

The NRMDP seeks to address this malaise by engaging the rural people in turning the latent livestock potential into cash reserves that would eventually improve the quality of life through informed and improved farming programmes. The National Red Meat Development Programme (NRMDP) works with emerging and communal farmers to increase the income that they earn from raising cattle, through greater and more beneficial participation in formal red meat markets. The project was launched in the Ngqushwa Municipality in the Amathole District Municipality in 2005, but is now operating at varying levels in 6 district municipalities. Though currently being implemented in the Eastern Cape, the programme has consulted and engaged with farmers and officials in KwaZulu-Natal, Northern Cape and North West (see distribution list).

Unlike most other interventions to assist livestock farmers in the province, which are production-focused, the NRMDP focuses primarily on connecting farmers to formal markets and systematising the informal markets. The programme has three main thrusts:

- a programme to enable farmers to understand the structure, operation and requirements of formal red meat markets
- initiatives to develop marketing channels that will increase their participation in formal red meat markets
- training and practical assistance to align the age, health and breeding of animals more closely to market demand.

The programme to introduce farmers to formal markets operates through guided visits to formal market institutions such as auctions and abattoirs, complemented by on-site training on how these institutions work and on what the requirements are for participating in them successfully. Information about grading, pricing and current prices is disseminated on an ongoing basis.

The initiatives to develop new marketing channels include:

- bringing the point of sale closer to farmers by establishing new auction pens, reviving existing un-/underutilised auction pens and rural abattoirs, and working with the Department of Agriculture, farmers, auctioneers and abattoir owners to bring them into operation
- pioneering 'custom feeding programmes' - low-cost feedlots, customised to respond to local people, resources and markets - to prepare cattle for marketing, primarily for abattoirs, and
- negotiating pre-slaughter sales between retailers and groups of farmers to facilitate the sale of larger numbers of cattle at the most favourable prices.

PARTNERSHIP INITIATIVES OF THE PROGRAMME

The NRMDP kept its promise of spreading beyond the Eastern Cape into other provinces and has been holding vigorous engagement meetings with key stakeholders in the following provinces:

- Northern Cape (John Taolo Gaetsewe District Municipality)
- KwaZulu-Natal (uThukela District Municipality)
- Limpopo (Sekhukhune District Municipality)
- North West (Ruth Mompati District Municipality)

The inroads that have been made have yielded the setting up and the building of custom feeding facilities in more than one province.

In the Eastern Cape the NAMC signed partnership agreements with the Chris Hani DM, Aspire (Amathole District Municipality Development Agency) and Intsika Yethu Local Municipality, thus increasing the number of Custom Feeding

facilities from the present 3 to 7, including a feedlot (Sakhisizwe Local Municipality). This is an investment of R 4 million worth infrastructure in typical rural areas that have never had these facilities before. (Please see production plans).

Beyond the extension of the programme into the afore-mentioned provinces, the biggest achievement for the programme was the partnership agreement with the Department of Rural Development and Land Reform (DRDLR). This partnership and support will see the programme becoming active in all the provinces within a period of less than 5 years. This will in turn allow the NAMC to set up Red Meat Production Centres through the programme trusts and through these the small-scale farmers would be able to play an active role up the red meat value chain.

DELIVERABLES

The Auctioneering Programme – auctions continue being held in Ngqushwa and Nkonkobe bi-monthly, with a collective 2 500 animals being sold for the year (average price of R 3 900). This has generated a total income of R 9.75 million into these local economies and reduces the number of animals exposed to droughts and severe winters.

The Custom Feeding Programme – The 3 facilities (Fort Cox, Ncorha and Umzimvubu) have sold a collective 300 oxen (average price of R 7 500) raising R 2.250 million for the farmers. This is despite the programme struggling to secure funds for feed during 5 months of the 2013/14 financial year.

Pre-slaughter sales – The express purpose of this thrust is for previously disadvantaged farmers to sell their livestock directly to an abattoir or a meat retailing environment and the NAMC continues to hold talks with the big chain stores. This grants the farmers an opportunity to directly contribute into the country's food security whilst moving up the red meat value chain. The renovation of the Cala abattoir in 2014 will afford the farmers of Sakhisizwe especially the feedlot and the custom feeding facilities in Chris Hani DM an opportunity

to be part of a dedicated meat chain. The feedlot is currently busy with its first intake of 500 animals whilst Ncorha and Gxwalibomvu CFPs have cohorts of 120 each per intake.

The construction process – In 2013/14 the NAMC oversaw the construction of 5 new custom feeding facilities in the Chris Hani DM in the following local municipalities:

- Lukhanji municipality – Lower Hukuwa and Kamastone (Zulukama Development Trust)
- Intsika Yethu municipality – Ncorha and Gxwalibomvu
- Engcobo municipality – Lahlangubo

The funds are a direct contribution of the District in its drive to improve people's livestock through their own resources. The construction includes the black-owned feedlot which services the 156 members of the Ikhephu Secondary Co-op in the Sakhisizwe municipality. In total, R 4 million has been invested by the district into these value adding facilities and this has created 100 interim jobs during the construction process. The facilities will eventually employ about 25 people on a long-term basis as they become operational.

In the Eastern Cape the NAMC has partnered with Aspire (Amathole DM Development Agency) to increase each other's role playing in the District. The first product of the joint venture is the building of the cattle and sheep custom feeding facility in the Mbhashe municipality.

The NRMDP through support by DRDLR is currently putting up Custom Feeding facilities in the following provinces:

- Northern Cape (John Taolo Gaetsewe District Municipality)
- KwaZulu-Natal (uThukela District Municipality)
- Limpopo (Sekhukhune District Municipality)
- North West (Ruth Mompati District Municipality)

The production plan – Through the extension process the programme has the capacity to increase its production and generate at least R 50 million per annum through these feeding facilities. This will be linked with programmes from DAFF and provincial departments as the CFPs have demonstrated what can be achieved when the developing sector is understood and there are express actions invested in what is regarded as a marginal livestock farming environment.

BEEF CATTLE FARMING INDABA

Over the past three years, the Beef Cattle Indaba has been organised by the National Agricultural Marketing Council under the auspices of the National Red Meat Development Programme (NRMDP). The first Indaba was held at Fort Cox College, near King Williams Town, in 2011, the second in 2012 at Mount Frere Elugangeni Village, and the final Indaba held in 2013 at Ncorha Village near Cofimvaba. The BCFI involves a tour of the custom feeding programme, explains the operations of the programme (from cattle intake to sales) and the technical assistance granted by the NAMC and government departments.

Since its inception, the Beef Cattle Farming Indaba has attracted leading government personalities and in 2011, the Chairperson of the Portfolio Committee on Agriculture, Forestry and Fisheries MPL Mr Lulu Johnson was the first honoured guest to deliver a keynote address. The 2012 BFC Indaba also served as a catalyst to raise strong government and local authority involvement in the programme. For the first time, the Indaba attracted the various Eastern Cape Province provincial kingdoms and chiefdoms. This paved way for the Honourable Minister of Rural Development and Land Reform Mr Gugile Nkwinti to deliver the keynote address in 2013.

A gala dinner was held on the 20 November 2013, where the agricultural business community was addressed by the Executive Mayor of Chris

Hani District Municipality, Cllr Mxolisi Koyo, the Deputy Director-General of the Department of Rural Development and Land Reform Dr Moshwe Swartz, and the Senior Manager of the Department of Rural Development and Agrarian reform amongst others. The event was themed 'From village to folk: Is this a reality or pipe dream?', and it was aimed specifically at exploring how the programme can best market communal cattle while contributing to rural development.

The indaba took place at the Ncorha feedlot on 21 November 2013. The event brought together over 2 000 members of the farming community in the area. The keynote address was by the Minister of Rural Development and land Reform, Hon. Gugile Kwinti, who urged farmers to use their livestock and land to contribute to the national economy, by being their own employers. In that way, there will be a better life for all.

In conclusion, through the stakeholder engagements, testimony can be given that the NRMDP, especially its outreach leg (Beef Cattle Farming Indaba), is one of the yearly flagship programmes of the NAMC that has a direct effect on marketing of livestock from subsistence farmers. It has received assistance from a number of government departments like DRDLR, Intsika Yethu Municipality, the Uthukela DM and other projects earmarked for the coming financial year.

PROGRAMME 5: AGRIBUSINESS DEVELOPMENT

During the 2013/2014 financial year, the NAMC continued collaborating with institutions in the public and private sectors in designing programmes that were aimed at increasing market access, encouraging new business development and capacitating historically disadvantaged enterprises in the agricultural sector.

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

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

The performances of the NAMC's agribusiness development division for the 2013/2014 financial year are presented below:

DEVELOPMENT SCHEMES

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

Vineyard Development Scheme

During this reporting period, the NAMC began the implementation of the Vineyard Development Scheme in Northern Cape Province in partnership with the Northern Cape Department of Agriculture, Land Reform and Rural Development. The aim of

the project is to establish 800 ha of wine, raising and table grapes in the Northern Cape Province. As the Project Management Unit (PMU), the NAMC facilitated the supply, delivery and installation of trellis material, irrigation material, machinery and equipment. The NAMC further coordinated the quarterly progress meeting with key stakeholders coupled by a series of Project Approval Committee (PAC) meetings. The PAC is the highest decision-making body that approves service providers who provide different services to the project. During the period under review, the NAMC facilitated the supply and delivery of trellis materials, machinery and implements to support the farms that are part of the scheme in the province.

The Vineyard Development Scheme is one of the anchor projects that will be contributing towards the achievements of the Strategic Integrated Projects (SIP 11) targets. The Department of Agriculture, Land Reform and Rural Development has a MoU with the NAMC to facilitate the implementation of the Northern Cape Vineyard Development Scheme as set out in the approved business plan. The scheme is focusing on three commodities, viz. raisins, wine grapes and table grapes. To date, 100.5 ha have been planted under raisins, 67.14 ha with wine grapes and 135 ha with table grapes. In 2014/15 financial year, 64.6 ha have been earmarked for development and a budget has been allocated for it. In the next two years, 71.14 ha of raisins and 156.94 ha of wine grapes will be developed. The Service Level Agreement between the NAMC and the Northern Cape department has been developed and signed.

Dry Beans Development Scheme

During this financial year, the NAMC collaborated with Limpopo Department of Agriculture (LDA) and the Limpopo Economic Development Agency (LEDA) to design and facilitate the implementation of a dry beans irrigation scheme in the Sekhukhune district of Limpopo Province. The NAMC secured an off-take agreement from Tiger Brands food to supply bags of dry beans of specific varieties to its factory in Marble Hall. Under this partnership, the NAMC facilitated a series of meetings and site visits to the farms between the producers, the buyer (Tiger

Brands), LDA, LEDA and financiers, i.e. Land Bank, to establish a Dry Beans Development Scheme. The project document was then developed to explain how the project will be managed and implemented, including the roles and responsibilities of various role players. LDA as the custodian of the farmers in the province led the processes of identifying the rightful producers and beneficiaries of the project. This relates to the partnerships formed over the years between the NAMC and both private and public organisations to strategically cooperate in the design and implementation of agribusiness support models in the provinces.

The model consists of Tiger Brands as the processor of the dry beans into tinned KOO products. Tiger Brands entered into a contract with Northern Seed Producers (a company appointed by Tiger Brands) to supply the right seeds, technically assist the growers to produce, harvest, clean and package the commodity on behalf of Tiger Brands. Northern Seeds Producers then entered into an agreement with growers. The company makes seeds available, assists the growers to plant, grow and harvest (technical support) the commodity, clean the beans after harvesting (remove stones, leaves, etc.) and package the commodity according to the specifications before it is delivered to Tiger Brands factory in Marble Hall. The costs of seeds are paid later after harvest. It takes approximately 105 days for the crop to be ready for harvest. Farmers need to have the right implements and irrigation systems to produce a high quality product. Prices are determined before planting. Tiger Brands aims for a long-term relationship with growers. Having said that, it then became necessary to establish a pilot project this season. Ten (10) hectares of land was planted in February 2014 as a pilot project. The Limpopo Department of Agriculture and the Limpopo Economic Development Agency in the district are on site providing the necessary support required at various levels.

Sunflower Development Scheme

The NAMC in collaboration with the Land Bank, Oil and Protein seed industry trust and the Limpopo Department of Agriculture identified a group of sixteen (16) emerging grain producing farmers from

the Mookgopong Local Municipality of Limpopo Province. The farmers were then organised into a cluster to participate in the Sunflower Development Scheme. This project seeks to roll out the model that was tested and was successful in the North West province in the 2012/13 financial year. The Land Bank is the key stakeholder in this initiative through the programme called Retail Emerging Markets (REM). Under this partnership, the Land Bank shall provide production loans to the producers participating in this programme. The Limpopo Department of Agriculture through CASP shall assist the growers to develop infrastructure in the farms. During the period under review, individual business plans were developed following the discussions that took place and visits undertaken to the selected farms. The producers collectively produce on approximately 2 000 ha of arable land. Most of the land is communally owned and other portions were acquired through the Land Reform programme.

Integrated Food and Nutrition Security Initiative (IFNSI)

The NAMC chairs the Project Management Unit (PMU) of the IFNSI. The main goal of the IFNSI is to create food secure rural economies and eradicate rural unemployment by establishing one million hectares of grains. During the period under review, the NAMC, as chair of the PMU reported the progress in terms of the design and implementation of the production component of the IFNSI as outlined in the Terms of Reference (ToR). The progress report highlighted key outcomes and achievements of the key deliverables of the ToR. One of the key outcomes was the completion of the Comprehensive business plan of the project. The plan clearly articulated the rollout plan and division of responsibilities among stakeholders to avoid duplication of efforts. It also touched on the potential of the provinces in terms of available arable land, target beneficiaries, the mechanisation and inputs requirements associated with production of selected enterprises in specific regions. Maize and dry beans as main staple crops are the main focus being prioritised with sorghum and sunflower as third and fourth commodities. This is based on the suitability of these crops in the various parts of

the selected provinces. The other crucial element was the infrastructure Audit that supports the Fetsa tlaala project. The NAMC on its capacity as the coordinator of SIP 11 has been busy conducting an infrastructure audit that proves to be a very paramount for the Fetsa tlaala initiative. Customised to suit this initiative, the purpose was to determine types and capacity of infrastructure that exist in the agricultural fraternity including both private and publicly funded infrastructure.

BUSINESS LINKAGES

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

Macadamia project – The NAMC continued with their support to the Macadamia Growers' Cooperative in the Vhembe district of Limpopo Province. The cooperative consists of 14 members with a total of 125 hectares. The business plan for project has been finalised. The business plan development followed a series of meetings and serious engagements with key stakeholders such as IDC, DAFF, LDA and Subtropical growers' association. The baseline and diagnostic studies conducted in the previous season created the platform for interactions by presenting a clear picture of the status quo and the level of support needed for the growers.

The service provider presented his final report of the business plan to stakeholders on the 27 January 2014. The plan assessed and analysed the viability of the macadamia orchards in detail. It further unpacked the situation on those farms and the activities that need to take place to grow the businesses commercially. The business plan found that the macadamia farms surveyed have fantastic potential with fully grown macadamia plantations being a huge asset to the beneficiaries. It is common knowledge that macadamias are relatively easy to farm, and if the climatic conditions suit the product, it is potentially profitable. However, the most difficult part is the period until full production and with most

of the plantations in the area already fully grown, the farms have the potential to become one of the real success stories of transformation. It is an asset to cherish.

The business model entails the idea of linking the growers with a commercial farming entity with sufficient knowledge and expertise, equipment and facilities to the group of farmers. The commercial farm would offer technical expertise, services (like the provision of fertilisers and crop protection products), equipment (like spray cars) and facilities (like a packhouse, drying unit, de-husking, and training area). The commercial farm would make use of the advantage of the numbers to negotiate better prices and be able to give that through to the smaller farmers, who on their own will not have that advantages. The emerging farmers in return will supply their products (macadamia nuts) to the central farm (Mununzvu Estate). In essence, the model consists of a central commercial agricultural services supply hub to assist emerging macadamia farmers, within close proximity of the hub, to become independent commercial farmers and to organise the formation of groups that can support them. The main purpose of the hub is to provide mentorship, agricultural inputs and services and a market take-off for the nuts. The costs of the agricultural inputs and services will be deducted from the price that the hub pays for the nuts. Emerging farmers will have to commit to supply the hub with their product for as long as they make use of the services of the hub and/or when all their debts have been recovered.

A number of role players interact in this venture. This includes among others the ARC, NAMC, LDA, IDC, Land Bank, Subtrop, etc. The venture basically uses all that is good of a traditional cooperative or in other words acts as a one-stop shop.

NAMC/CGA partnership – During this financial year, the NAMC collaborated with Citrus growers association to conduct the development of two citrus business plans for new Land Reform project in Kwazulu-Natal Province. This initiative followed a request received from the Department of Rural Development and Land reform (DRDLR). The purpose of developing the two business plan for the two separate farms is to guide the Department of

Rural Development and Land Reform to efficiently allocate the Recapitalisation fund that is earmarked to develop the businesses. The service provider (fruit industry expert) was appointed to render the service. A series of meetings with the beneficiaries of the project were held to collect the relevant data that assisted them to develop the business plans. Once the reports are completed, the NAMC shall organise a meeting with the DRDLR to present the report and also provide advisory support on how the project should be implemented. This shall include proposing a model which will be used to run the business profitably to benefit the communities. The two farms were acquired and/or transferred through the Restitution programme support.

Through this partnership, the diagnostic study of the value chain was conducted for the three citrus growers in the Eshowe region of KwaZulu-Natal province. The aim of the study was to identify and analyze the gaps and opportunities of the selected group of growers along the citrus value chain and also to understand the constraints that limit the growers to produce to full potential of the farms. The technical assistance plans drawn from the report shall assist the NAMC to design and/or coordinate the support mechanisms for the growers and most importantly guide the NAMC in terms of selecting relevant stakeholders for the project going forward.

Supply Chain and Logistics Development Programme

– The implementation of SCLP is underway in the Ceres and Grabouw regions of the Western Cape. The aim of SCLP project is to assist small producers of fresh fruits and vegetables (FFV) in accessing international markets particularly the EU, by enhancing productive capacities and enhancing compliance with technical requirements and by promoting certification. NAMC is the project management Unit (PMU). The programme is currently being funded by the Department of Agriculture in the Western Cape (WCDoA). As the PMU, NAMC implement specific business support activities with inputs from WCDoA (i.e. capacity building in certification, packaging, quality control, logistics planning and business linkages with potential buyers) by reverting back to its

existing network of partners and/or by contracting new implementing agencies with the respective knowledge and resources. The first phase of the project started in 2010 and ended in September 2012 when the contract between NAMC and International Trade Centre (ITC) came to an end. The NAMC then signed the new MoU with WCDoA to continue with phase two of the project.

During the period under review, the technical support on production was well received by all the growers with the addition of three developing growers benefiting from the programme. This brings the total number of farmers benefiting from this programme to 18. A diagnostic study of the additional three growers was conducted. The NAMC further coordinated four quarterly meeting to discuss progress and to address specific challenges encountered during the process of project implementation. Through this programme, some growers were able to sell their produce on the international markets for the first time. However, most of the growers still supply the local retailers and processors.

Developmental projects of this nature normally take a long time to yield a meaningful impact for the targeted beneficiaries. However, two years since the NAMC/WCDoA started with the interventions, new varieties have been planted and tested on several farms. On one of the farms (Klein Ezeljacht), the Stargrow exclusive pear, Celina, performed so well that Stargrow held several field days on this farm to show growers from all over. Three trees were well looked after due to commitment from the farm owner (a true example of how successful BEE farming can be). The farm owner is actively planting a few hectares himself as this pear will perform financially above average and there is a big demand from the market. This pear will also highlight Klein Ezeljacht as a farm on the cutting edge as it will supply some of the first fruit to the market.

The WCDoA through its Casidra funding programme has funded some of the key infrastructure related costs on these farms. Subsequent to this, the proposal for funding for the 2014/2015 financial year was approved and the total budget was increased from R 360 000 to R 500 000. The Land Bank also

expressed their interest in partnership with NAMC and WCDoA on the project in the next financial year. This will assist in addressing issues relating to lack of access to funding as far as production inputs are concerned.

Makholokoe Potato Packhouse

The NAMC collaborated with Department of Rural Development and Land Reform (DRDLR), and the Branch Rural Infrastructure Development (RID). The objective of the project was to conduct a feasibility study and business plan for potato packhouse efficiency. The potato packhouse was built by RID for the Makholokoe community in Harrismith's Makholokoeng Village. The project is currently managed by eight members. Since its construction, the running of the packhouse has been underutilised. The Branch Rural Enterprises and Industrial Development (REID) in the Free State Province proposed adding processing equipment for the efficient running of the packhouse, but the viability and type of equipment required was unknown.

The NAMC consulted Potato SA industry to assist with the potato production feasibility study, which will be a medium guide to address the efficient operation of the packhouse. The pre-feasibility study was conducted and further implementations are to be recommended in the next financial year.

Hartsvallei Ostrich Growers' Cooperatives Pilot Project

The NAMC collaborated with SEDA to pilot the Hartsvallei Ostrich Growers' Cooperative's Pilot Project. The objective of this pilot project is to introduce an ostrich farming project in the Hartsvallei area (Hartswater, Jan Kempdorp and Pampierstad) in order to test the success rate in the Northern Cape terrain, and if successful mobilise all stakeholders to roll it out throughout the Northern Cape Province. The project comprises 11 primary cooperatives of which ten (10) are pre-startups and one a startup which has been in operation as a close corporation since 2009 on the Oreatile Farm.

Members from various locations in the Hartswater, Jan Kempdorp and Pampierstad collectively known as Hartsvallei were mobilised; trained on pre-incorporation workshop and assisted with the registration process by SEDA's regional facilitator working jointly with an official from the NAMC. The registration process was concluded in September 2013, which was followed by the phase of certification. Oreatile Farm has now been registered as 'Kapa Bokono Ostrich Growers Cooperative Limited' and is the only cooperative which is operational, with the premises accredited as fit to grow ostriches for export meat market by the South African Ostrich Chamber of Business (SAOCB). The other ten (10) prestart-up cooperatives are in the process of getting certified and have all started setting up their houses for operations. All eleven (11) cooperatives have entered into a lease agreement with a commercial farmer to lease the land for five years at an agreed monthly rent of R 1 500 per cooperative, payable after the first sale of ostriches.

SEDA and NAMC arranged a workshop between all the members and the ostrich business chamber in August 2013 during which the criteria to qualify for ostrich farming was presented and explained to the members. The NAMC has also arranged basic record keeping training for the members in November 2013. A total of 60 members belonging to the 11 ostrich cooperatives were trained on governance and the business planning process. The project phase 1 has been implemented successfully.

Blueberries Production – Coromandel Trust

The NAMC collaborated in a FAO pilot project Coromandel Trust. The project is currently in a multi production of milk, grains, and blueberries. Special attention was focused on blueberries production whereby training and audits were recommended. PPECB conducted the GLOBALGAP and HACCP pre-audits focusing on blueberries production. A document was compiled which institutes activities to be addressed relating the GLOBALGAP (production) and HACCP for the packhouse. Two training sessions on GLOBALGAP and hygiene

were conducted. Farmers were further assisted in documenting operational documents of the farm. The project was implemented successfully.

TRAINING

During the year under review, the NAMC facilitated 9 different training programmes to capacitate the producers to operate their businesses successfully. One of the training courses was tailor-made for women entrepreneurs. Below are the different training courses which were attended by the producers:

AgriBiz Training for Women Entrepreneurs

The NAMC hosted an annual four days' training course for 40 women entrepreneurs from 13 to 16 May 2013 in Stellenbosch. This is the NAMC annual training course with an objective of capacitating women entrepreneurs through marketing, financial and strategic management training skills. The training course was made available by the financial support of the private sector and government departmental directorates. The following organisations were acknowledged for their sponsorship support: Land Bank, the South African Women Entrepreneur's Network (SAWEN), and all Agricultural Departments that nominated women entrepreneurs and sponsored their travelling expenses.

Making Markets Matter Workshop

The NAMC in collaboration with its industry partners and other government agencies supported 10 producers to participate at the annual Making Markets Matter workshop hosted at Lord Charles, Somerset West, from 5 to 10 May 2013. The NAMC collaborated with USAAA, HORTGRO, and SATI to financially support the emerging producers to attend the training workshop.

The Making Markets Matter Workshop is an intensive multi-day business development training

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

GlobalGAP and HACCP Management

The NAMC in collaboration with Mpumalanga Department of Agriculture, FAO and PPECB offered two trainings which were identified to address the challenges faced by Coromandel Trust farm. The two trainings were attended by 32 participants. 22 participants attended the 'hygiene and first aid' training and 10 participants attended GlobalGAP and HACCP management training. The training was rolled out successfully.

Record Keeping and Financial Management

NAMC in collaboration with Mzinti training centre in Mpumalanga facilitated three separate training programmes to capacitate farmers on business and financial management. Under the programmes implemented, 73 farmers were capacitated. The training was facilitated by one of our partners, Buhle Farmers' Academy based in Mpumalanga.

Separate training was conducted in the Northern Cape Vaalharts area. The group of ostrich growers' cooperatives was trained in record keeping and 21 farmers from different cooperatives were trained. Buhle Farmers' Academy, the NAMC partner, facilitated the programme. The training was rolled out successfully.

Livestock Production Training

The NAMC in partnership with Buhle Farmers' Academy sponsored 26 farmers to attend the livestock production training. The course provides new farmers with an excellent grounding in livestock production. It covers modules in beef and dairy cattle, sheep and goat production, pig production, artificial insemination and farm business management together with life skills modules. This level 3 course is accredited by Agri-SETA. The course duration was from 13 January to 21 March 2014.

Business Planning Process and Corporate Governance

The NAMC in collaboration with SEDA Kimberly identified needs which were critical for the operation of the cooperatives. Two training courses were recommended: business planning process and corporate governance. A total of 60 farmers were nominated from 11 ostrich grower cooperatives to attend the two recommended courses. The training was rolled out successfully.

MARKET INFORMATION

The NAMC continued its partnership with Phalaphala FM in Limpopo province to disseminate marketing information to the emerging producers. Marketing information is being aired to the emerging producers every Tuesday morning at 04h30. The Agribusiness Development division is currently conducting the programme impact which will aid in rolling it out to other radio station of different languages.

S'KOKO WINE LAUNCH

The Soweto Wine Investment group is an energetic mix of black business women and entrepreneurs from Gauteng, Limpopo, KZN and North West Provinces. They intend rolling out a Soweto Winery and Convention Centre in the near future. This is a new world-class winery which will enable local wine

entrepreneurs to produce their own wine brands, whilst creating an opportunity for others to explore the wine value chain. This wine tourism development will be built at the Soweto Empowerment Zone, an area dedicated by the City of Johannesburg to be a manufacturing hub which will create jobs and opportunities for previously disadvantaged communities of Soweto.

To kick-start their dream, the group has bottled their own wine range called S'koko, which was announced and showcased at the latest Soweto Wine and Lifestyle Festival, 5 to 7 September 2013, at the University of Johannesburg Soweto Campus. The NAMC has sponsored the Soweto wine investment group to launch S'koko Wines.

PART 5

CORPORATE GOVERNANCE



PART 5: CORPORATE GOVERNANCE

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

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

The mission of the NAMC is captured by these targets:

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

FUNCTIONS OF COUNCIL

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

- (1) Subject to the provisions of section 2, the Council –
 - (a) shall, when requested by the Minister, or of its own accord, investigate in terms of section 11 (2), the establishment, continuation, amendment or revocation of

statutory measures and other regulatory measures affecting the marketing of agricultural products, evaluating the desirability, necessity or efficiency of, and if necessary proposing alternatives to, the establishment, continuation, amendment or repeal of a statutory measure, or other regulatory measure, and to report to and advise the Minister accordingly

- (b) shall prepare and submit to the Minister for consideration statutory measures and changes to statutory measures which the Minister directs it to prepare
- (c) shall, whenever requested by the Minister, and at least once annually, report on the activities of the Council
- (d) may direct any institution or body of persons designated for the purpose of the implementation or administration of a statutory measure in terms of section 14, to furnish the Council with such information pertaining to a statutory measure as the Council or the Minister (or the parliamentary committees) may require
- (e) may undertake investigations and advise the minister regarding:
 - (i) agricultural marketing policy and the application thereof
 - (ii) the co-ordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments
 - (iii) the possibilities for promoting the objectives mentioned in section 2 (2), and
 - (iv) the effect that marketing of products has on the objectives mentioned in section 2 (2)

- (f) shall monitor the application of statutory measures and report thereon to the Minister, and shall evaluate and review such measures at least every two years
 - (g) shall prepare a budget of its expenses, in consultation with the Director-General, on an annual basis for approval by the Minister.
- (2) Copies of all reports which are submitted to the Minister in terms of subsection (1) shall simultaneously be dispatched to the parliamentary committees for their information.

COMMITTEES OF COUNCIL

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

Council has established the following sub-committees:

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



COMPOSITION OF THE BOARD

Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned	Qualification	Area of expertise	Board Directorship (List of entities)	Other committees or task teams (e.g. Audit Committee/ Ministerial task team)	No. of meetings attended
Ms N Msimang	Chairperson of NAMC Council	27 October 2011	-	Bachelor of Science in Accounting	Commercial production of agricultural products	Board Member South African Table Grape Industry, AFASA Council Member, Chairperson of Nozala Trust, Chairperson ASUF	-	5 out of 5
Ms MM Gill	Council Member	27 October 2011	-	Computer Literate Certificate	The production and marketing of agricultural products by small-scale and previously disadvantaged	Chairperson of Women in Agriculture and Rural Development in the Northern Cape Province; National Secretary of ANC Ward, Board Member of the National Lucerne Trust	HR and Remuneration Committee	4 out of 5
Mr AD Young	Council Member	27 October 2011	-	Bachelor of Administration	Agricultural Economics including agricultural marketing and international agricultural trade	-	Chairperson of HR and Remuneration Committee	2 out of 5

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

INTERNAL AUDIT AND RISK COMMITTEES

Name	Qualifications	Internal or External	If internal, position in the public entity	Date appointed	Date resigned	No. of meetings attended
Mr P Slack	Chartered Accountant (SA)	External	Chairperson of Audit and Risk Committee	01 July 2009	-	4 out of 5
Mrs GR Dinga	B Tech in Internal Auditing	External	Audit and Risk Committee	01 October 2012	-	5 out of 5
Ms AR Ngwenya	Masters of Business Administration	External	Audit and Risk Committee	01 October 2012	-	3 out of 5
Mrs TE Zimu	Bachelor of Arts in Nursing Science	Internal	Council Member	27 October 2011	-	3 out of 5
Dr L Magingxa	PhD in Agricultural Economics	Internal	Council Member	27 October 2011	-	5 out of 5

HUMAN RESOURCES & REMUNERATION COMMITTEE

The purpose of the committee is to manage human resources and remuneration matters, to ensure that the NAMC protects persons who were disadvantaged by the unfair discrimination of the past, and to promote the achievement of equality within the NAMC. The committee, consisting of the members listed below, held four (4) meetings during the year under review.

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

RISK MANAGEMENT COMMITTEE

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

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

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

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

RISK MANAGEMENT COMMITTEE

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

FRAUD AND CORRUPTION

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

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

MINIMISING CONFLICT OF INTEREST

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

CODE OF CONDUCT

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

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

Health, Safety and Environmental Issues

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

COMPANY SECRETARY

None

SOCIAL RESPONSIBILITY

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

REPORT OF THE AUDIT COMMITTEE

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

We are pleased to present our report for the financial year ended 31 March 2014.

Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder and meets four times per annum as per its approved terms of reference. During the current year five (5) meetings were held.

No	Name	Role	Number of meetings Attended
1.	Mr PK Slack	Chairperson Independent member	4 out of 5
2.	Dr LL Magingxa	Council member	5 out of 5
3.	Ms AR Ngwenya	Independent member	4 out of 5
4	Mrs GR Dinga	Independent member	5 out of 5
5.	Mrs TE Zimu	Council member	3 out of 5

Audit Committee Responsibility

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

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

The effectiveness of internal control

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

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

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

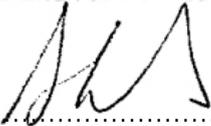
The Audit Committee has noted and is satisfied with the content and quality of the quarterly reports prepared and issued by the Accounting Officer during the year under review. Suggestions were made and implemented to improve deficiencies on the reports.

Evaluation of Annual Financial Statements

The Audit Committee has:

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

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

id and r... of


Mr. P Slack

Chairperson of the Audit Committee

Date: 26 August 2014



Part 6

Human Resources Oversight Statistics



PART 6: HUMAN RESOURCES OVERSIGHT STATISTICS

PERSONNEL COST BY PROGRAMME

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a %	No. of Employees	Average personnel cost per employee (R'000)
MERC	11 550	8 171	33 %	16	1
Finance & Administration	8 905	3 004	12 %	6	1
Statutory Measures	2 312	1 974	8 %	4	0
Human Resources	3 858	3 134	13 %	12	0
CEO's Office	4 771	3 348	14 %	4	1
Agribusiness Development	15 387	1 942	8 %	5	0
Agricultural Trust/ Red Meat	11 421	3 056	12 %	15	0
TOTAL	58 204	24 629	100 %	62	3

PERSONNEL COST BY SALARY BAND

Level	Personnel Expenditure (R'000)	% of personnel expenditure to total personnel	No. of Employees	Average personnel cost per employee (R'000)
Top Management	3 400	14 %	2	2
Senior Management	5 279	21 %	7	1
Professional qualified	9 090	37 %	15	1
Skilled	3 704	15 %	18	0
Semi-skilled	2 645	11 %	7	0
Unskilled	511	2 %	13	0
TOTAL	24 629	100 %	62	4

PERFORMANCE REWARD

Programme	Performance Reward	Personnel Expenditure (R'000)	% of Performance rewards to total personnel cost (R'000)
Top Management	2	463	23 %
Senior Management	4	603	30 %
Professional qualified	13	639	32 %
Skilled	7	169	8 %
Semi-Skilled	4	108	5 %
Unskilled	2	17	1 %
TOTAL	32	1 999	100 %

TRAINING COST

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of personnel cost (R'000)	No. of employees trained	Average training cost per employee
MERC	11 550	85	43 %	7	12
Finance & Administration	8 905	23	12 %	4	6
Statutory Measures	2 312	16	8 %	1	16
Human Resources	3 858	16	8 %	2	8
CEO's office	4 771	52	26 %	1	52
Agribusiness Development	15 387	0	0 %	2	0
Agricultural Trust/Red meat	11 421	6	3 %	1	6
TOTAL	58 204	199	100 %	18	101

EMPLOYMENT AND VACANCIES

Programme	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of Vacancies
CEO's Office	3	4	4	0	0
MERC	16	15	16	0	0
Agribusiness	3	3	5	0	0
Agricultural Trusts & Red Meat	15	2	15	0	0
Finance & Administration	4	6	6	0	0
Statutory Measures	4	4	4	0	0
Human Resources	9	9	12	0	0
TOTAL	54	43	62	0	0

Programme	2012/2013 No. of Employees	2013/2014 Approved Posts	2013/2014 No. of Employees	2013/2014 Vacancies	% of Vacancies
Top Management	2	2	2	0	0
Senior Management	5	5	6	0	0
Professional qualified	23	15	16	0	0
Skilled	5	10	15	0	0
Semi-skilled	8	8	10	0	0
Unskilled	11	3	13	0	0
TOTAL	54	43	62	0	0

EMPLOYMENT CHANGES

Programme	Employment at beginning of period	Appointments	Terminations	Employment at the end of period
Top Management	2	0	0	2
Senior Management	5	2	1	6
Professional qualified	23	1	0	15
Skilled	5	6	1	18
Semi-skilled	8	0	1	8
Unskilled	11	2	1	13
TOTAL	54	11	4	62

REASONS FOR STAFF LEAVING

Reasons	Number	% of total no of staff leaving
Death	0	0 %
Resignation	2	3 %
Retrenchment	1	2 %
Retirement	1	2 %
Ill Health	0	0 %
Expiry of Contract	0	0 %
TOTAL	4	6 %

EQUITY TARGET AND EMPLOYMENT STATUS

MALE									
	African current	Target	White	Target	Coloured current	Target	Indian	Target	
Top Management	1	0	0	0	0	0	0	0	0
Senior Management	3	0	1	0	0	0	0	0	0
Professional qualified	8	0	1	0	0	0	0	0	0
Skilled	6	0	0	0	0	0	0	0	0
Semi-skilled	2	0	0	0	0	0	0	0	0
Unskilled	10	0	0	0	0	0	0	0	0
TOTAL	30	0	2	0	0	0	0	0	0

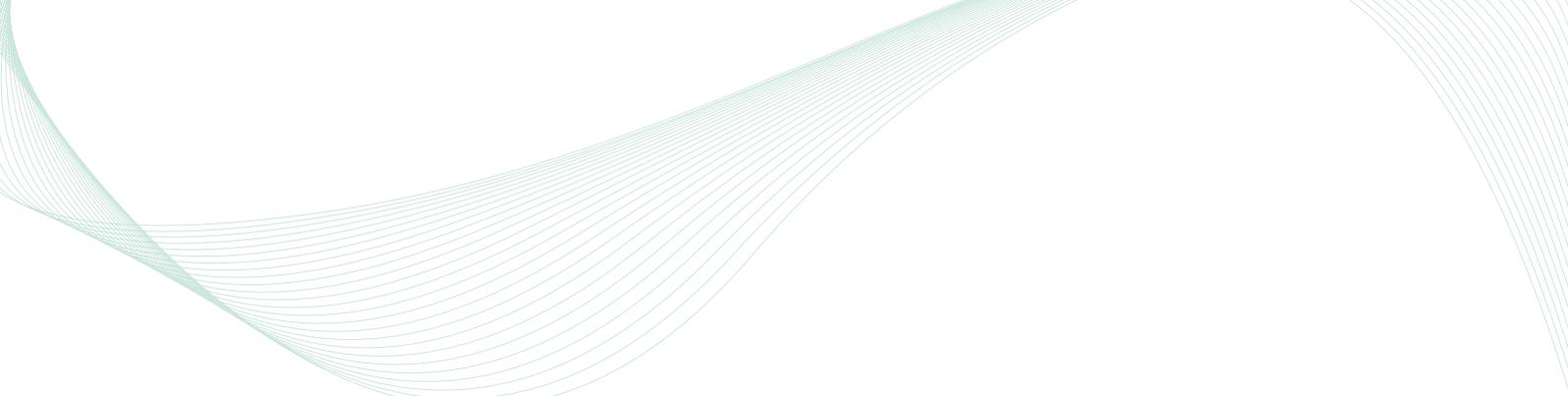
FEMALE									
	African current	Target	White	Target	Coloured current	Target	Indian	Target	
Top Management	1	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	0	0	0	0	0
Professional qualified	2	0	5	0	0	0	0	0	0
Skilled	9	0	0	0	0	0	0	0	0
Semi-skilled	5	0	3	0	0	0	0	0	0
Unskilled	3	0	0	0	0	0	0	0	0
TOTAL	22	0	8	0	0	0	0	0	0

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

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

DISABLED STAFF

Level	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	1	0	0	0
Skilled	0	0	0	0
TOTAL	1	0	0	0



Part 7

Financials





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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the National Agricultural Marketing Council set out on pages 149 to 166, which comprise the statement of financial position as at 31 March 2014, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Agricultural Marketing Council as at 31 March 2014 and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practices (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

7. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2014 :
 - Program 2: Market and Economic research centre performance information on pages 39 to 54
 - Program 3: Statutory Measures Performance Information on pages 55 to 59
 - Program 5: Agri business development performance information on pages 69 to 74
9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPPI).
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. The material findings in respect of the selected objectives are as follows:

Program 2: Market and Economic Research

Usefulness of reported performance information

13. The FMPPPI requires that:
 - Performance targets must be specific in clearly identifying the nature and required level of performance and that the period or deadline for delivery must be specified. A total of 22% of the targets were not specific and time bound.
 - Indicators must have clear definitions so that data can be collected consistently and is easy to understand and use. It must further be possible to validate the processes and systems that produced the indicator, meaning that the indicator must be verifiable. A total of 25% of the indicators were not well defined, while 38% were not verifiable.

This was due to a lack of proper systems and processes for performance planning and management to provide for the development of performance indicators and targets included in the annual performance plan and technical indicator descriptions.

Program 3: Statutory Measures

Usefulness of reported performance information

14. Treasury Regulation 5.2.4 requires the strategic and annual performance plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 37% of the targets reported were not consistent with those in the approved strategic plan and annual performance plan. This was because the planned objectives, indicators and targets were changed in the year.
15. Treasury Regulation 5.1.1 requires the executive authority to approve the strategic and annual performance plan. Therefore, if this plan is changed in the year due to significant policy or mandate changes, the executive authority must also approve the updated plan. Material changes were made to indicators and targets reported in the annual performance report without these changes being approved.

Programme 5 – Agri Business

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for this objective.

Additional matters

17. I draw attention to the following matters

Achievement of planned targets

18. Refer to the annual performance report on pages 12 to 60 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information for the selected objectives reported in paragraphs 13 to 15 of this report.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Program 2: Market and Economic Research. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness of the reported performance information.

Unaudited supplementary information

20. The supplementary information set out on pages 61 to 143, does not form part of the annual performance report and is presented as additional information. I have not audited this information and, accordingly, I do not report thereon.

Compliance with legislation

21. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

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

Leadership

23. There was a lack of proper systems and processes for performance planning and management to provide for the development of performance indicators and targets included in the annual performance plan and technical indicator descriptions.

Auditor-General

Pretoria

31 July 2014



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

1. GENERAL REVIEW OF THE BUSINESS AND OPERATIONS

The report of the Accounting Authority forms part of the annual financial statements of the National Agricultural Marketing Council (NAMC) for the year ended 31 March 2014.

The Chief Executive Officer presents his report for the year ended 31 March 2014.

Spending trends 2010/11-2013/14 as per Standard items:

Expenditure Categories	Actual Expenditure			Actual
	R'000	R'000	R'000	R'000
	2010/11	2011/12	2012/13	2013/14
Personnel	20,917	22,848	22,301	25,392
Operating	3,302	4,050	7,024	5,475
Rental: Office space	939	944	948	1,433
Research, workshops & investigations	5,899	5,238	4,723	23,112
Other administrative	3,608	3,505	3,508	4,486
Total	34,665	36,585	38,504	59,897
Baseline allocation	31,194	36,049	31,409	33,819
Donor funds	2,007	555	4,610	26,601

The table above reflects the expenditure trends for the previous three years, as well as the results of the 2013/14 financial year.

The MTEF baseline allocation for 2013/14 increased by of 8% as compared to 2012/13 financial year.

The actual expenditure for 2013/14 is R59,9 million, which includes an amount of, depreciation and amortisation on assets amounting to R707 thousand, leave pay provision amounting to R686 thousand, it should be noted that an amount of R650 thousand has been prepaid to the suppliers as per their requests and this has been disclosed in the statement of financial position, the prepayments were for the events that would take place in the financial year 2014/15.

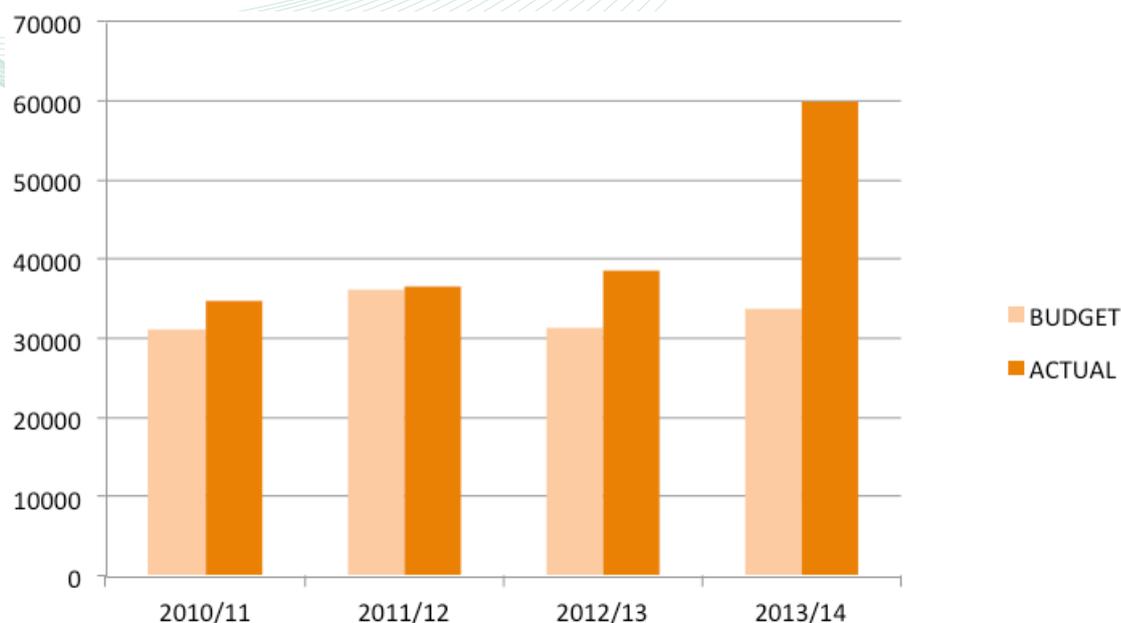
An increase of 14% in personnel expenditure is as a result of increase in the amount paid toward performance bonuses and the annual salary adjustments of 7%.

A decrease of 22% on operating expenditure is due to the decrease in the number of Section 7 and workgroup investigations.

As disclosed in note 6 to the annual financial statements, the rental expense reflects an Increase of 51% which is a result of the additional office space acquired during the financial year 2013/14, the actual escalation rate for operating leases is 10% p.a. refer to note 20 of the annual financial statements.

An increase of 389% in professional services is as a result of an increase in expenditure for sponsored projects as disclosed under note 18 (Deferred revenue) of the annual financial statements.

Budget vs. Actual



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

2. NAMC FUNDING

The NAMC received funding of R 33,8 million from the Department of Agriculture, Forestry and Fisheries during the year under review, whilst other income amounted to R26,6 million and interest generated amounted to R872 thousand. Total expenditure amounted to

R 59, 9 million.

3. UTILISATION OF DONOR FUNDS

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

a) Strategic Infrastructure Project: SIP 11

An amount of R10 million was received from the Department of Agriculture, Forestry & Fisheries for the management of SIP 11 project.

As at 31 March 2014 an amount of R5,9 million had been utilised. And the balance of R4,1 million was rolled over to the financial year 2014/15.

b) Sponsorship: AgriBEE Study

An amount of R292 thousand was deferred to the Statement of Financial Position during 2012/13, an additional amount of R420 thousand was received from Department of Agriculture, Forestry & Fisheries to conduct the Economic Study to determine appropriate threshold for AgriBEE Sector Code.

As at 31 March 2014 an amount of R712 thousand had been utilised.

c) Sponsorship: Western Cape Government (Department of Agriculture)

An amount of R313 thousand was deferred to the statement of financial position in 2012/13 financial year and an additional amount of R517 thousand was received from the Western Cape Government for the purpose of implementing the Southern Africa Development Community Supply Chain & Logistics development programme.

As at 31 March 2014 an amount of R378 thousand had been utilised. The balance of R452 thousand was rolled over to the financial year 2014/15.

d) Sponsorship: National Red Meat Development Project

An amount of R6,5 million was received from Department of Rural Development and Land Reform, for the development of Red Meat Production Centres in nine (9) provinces..

As at 31 March 2014 an amount of R4, 2 million had been utilised, and the balance of R2, 3 million was rolled over to the financial year 2014/15.

e) Sponsorship: Vineyard development Scheme project

An amount of R23,4 million was received from Northern Cape Department of Agriculture, Land Reform and Rural Development, for the purpose of facilitating the implementation of the Vine Yard Development Scheme in the Northern Cape Province.

Interest amounting to R201 thousand was generated from the investment of surplus fund for Vine Yard Development Scheme.

As at 31 March 2014 an amount of R11, 9 million had been utilised, and the balance of R11, 7 million was rolled over to the financial year 2014/15.

f) Sponsorship: Agricultural Sector, Education Training Authority (Agriseta)

Invoices to the amount of R390 thousand were raised to Agriseta for bursaries for 2014/15 financial year.

As at 31 March 2014 an amount of R390 thousand had not been received.

g) Other Income

An amount of R3,5 million was generated as "Other Income" under the Finance and Administration, Agricultural Trust division and Market and Economic Research Division, Agribusiness Development and Human Resources.

- R13 thousand was proceeds from insurance for computers that were stolen.

- R3 million from the Department of Rural Development and Land Reform to assist rural communities and smallholders livestock farmers to participate in the Integrated Food and Nutrition Security Initiative (IFNSI) and the NAMC's National Red Meat Development programme in order to improve food security and quality of their animals at the point of sale.
- R131 thousand was received from Agricultural Sector Education, Training Authority for skill development as a result of claim made on expenditure incurred in 2012/13.
- R100 thousand was received from Land Bank sponsorship for Agribiz workshop held in May 2013.
- R4 thousand was received from Trade Mark SA for Seychelles study.
- R205 thousand from Old Mutual for the partitioning of the first floor.
- R80 thousand was received from Intsika Yethu Municipality as management fee for livestock improvements project.

As at 31 March the amount of R3, 5 million had been utilised and the balance of R900 thousand was rolled over to the financial year 2014/15.

Summary of donor funds and sponsorship recognised in the statement of financial performance during financial year 2013/14

Name of donor/Project	Amount received R'000
Trade Mark SA: Seychelles study	4
AIG Insurance: Proceeds from insurance	13
Intsikayethu Municipality	80
Land Bank	100
Agricultural Sector Education, Training Authority	131
Old Mutual	205
Western Cape Government (SCLP)	378
Department of Agriculture, Forestry and Fisheries (AgriBEE Study)	712
Northern Cape Department of Agriculture: Vineyard Development Scheme	11 916
Department of Rural Development and Land Reform: IFNSI	3 000
Department of Rural Development and Land Reform: National Red Meat Development Project	4 207
Department of Agriculture, Forestry and Fisheries: SIP 11	5 855
Income from sale of cattle	1
TOTAL	26 601

4. EVENTS AFTER THE REPORTING DATE

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

5. MATERIALITY FRAMEWORK

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

6. GOING CONCERN

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

7. ANNUAL FINANCIAL STATEMENTS

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

To the best of my knowledge, all representations made in the annual financial statements are appropriate and valid.

8. CORPORATE GOVERNANCE

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

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

A service provider (BDO) was tasked by the Council to conduct a Council evaluation review (the “review”) during the financial year. The objective of the review was to perform a Council and sub-committee evaluation as well as an adequacy review on the communication processes between the Council and Executive Management

so as to provide assurance on the adequacy of controls in place to ensure the timeliness, completeness and accuracy of information communicated between the NAMC's Executive Management and the Council.

The assessment found that the overall result of the Council Evaluation is exceptionally good. The report indicated that the NAMC Council is a mature unit with strong leadership, a variety of committed membership and input supported by a competent management team with a clear strategy and vision of what needs to be achieved. The report also highlighted that the performance of the evaluation was an indication that the Council was committed to the principles of good governance and striving for continual improvement.

8.1. Governance structures

In order to comply with these principles, the Council has and continues to design and implement appropriate governance structures across the organisation. The Council acknowledges that, for it to set up an effective governance framework, robust governance structures need to be in place.

The following Council Committees were functional as at 31 March 2014 their respective terms of reference are outlined in the form of Committee charters:

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

8.2. The role of governance committees

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

8.2.1 Risk management

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

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

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

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

8.2.2 Internal control

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

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

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

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

8.2.3. Internal audit

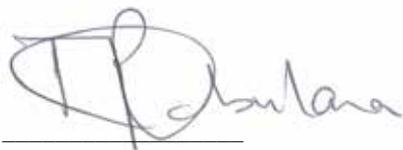
The internal audit function for the entity was outsourced to Outsourced Risk and Compliance Assessment (Pty) Ltd (ORCA) for the period 2010/11- 2012/13. The contract with ORCA had expired in October 2013. As from 01 November 2013, the internal audit is currently outsourced to Akanani Consulting for a period of three (3) years.

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

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

8.2.4 Code of conduct

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



Chief Executive Officer

Ronald Ramabulana

STATEMENT OF RESPONSIBILITY

For the year ended 31 March 2014

The Accounting Authority is responsible for the preparation, integrity and fair presentation of the financial statements of the National Agricultural Marketing Council. The annual financial statements presented on pages 11 to 44 have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board, and include amounts based on judgements and estimates made by management. The Accounting Authority also prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the financial statements.

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

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

The audit report of the Auditor-General is presented on page xx. The annual financial statements were approved and signed by the Accounting Authority on 29 July 2014.

Acting Chairperson of the Council
Andre Young

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2014

		2014	2013
	Notes	R'000	R'000
ASSETS			
Non-current assets		2 077	1 402
Property, plant and equipment	11	1 964	1 238
Intangible assets	12	113	164
Current assets		21 900	2 040
Inventory	13	53	59
Receivables from exchange transactions	14	901	141
Receivables from non- exchange transactions	14	464	213
Cash and cash equivalents	15	20 482	1 627
Total assets		23 977	3 442
LIABILITIES			
Non-current liabilities		110	41
Finance lease liability	16	110	41
Current liabilities		21 734	2 664
Finance lease liability	16	168	154
Payables from exchange transactions	17	2 224	1 639
Deferred revenue	18	19 020	605
Funds held in trust	17,2	176	162
Operating lease liability	20	146	104
Total liabilities		21 844	2 705
Total net assets		2 133	737
NET ASSETS			
Reserves			
Accumulated surplus		2 133	737
Net assets		2 133	737

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 31 March 2014

		2014	2013
	Notes	R'000	R'000
Revenue		61 292	36 743
Non-exchange revenue	2	60 420	36 019
Exchange revenue	3	872	724
Expenses		59 840	38 445
Administrative expenses	4	3 687	2 840
Personnel expenditure	5, 9 & 10	25 392	22 301
Operating expenses	6	30 019	12 695
Depreciation and amortisation	7	707	577
Finance cost	8	35	32
Gain/(loss) on disposal of property, plant & equipment		(57)	(59)
Surplus/(deficit) for the year		1 396	(1 761)

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 March 2014

	Accumulated surplus
	R'000
Balance at 1 April 2012	2 498
Deficit for the year	(1 761)
Balance at 1 April 2013	737
Surplus for the year	1 396
Total net assets	2 133

CASH FLOW STATEMENT

For the year ended 31 March 2014

		2014	2013
		R'000	R'000
Cash flow from operating activities			
Cash receipts		78 396	36 019
Grants and transfers		33 819	31 409
Other receipts		44 577	4 610
Cash paid to suppliers and employees		(59 074)	(36 477)
Employee costs		(25 089)	(22 348)
Suppliers		(33 985)	(14 129)
Cash generated from operations	19	19 323	(458)
Interest received		872	724
Net cash flows from operating activities		20 195	266
Cash flow from investing activities			
Proceeds on disposal of non-current assets		13	19
Acquisition of property plant and equipment		(1 105)	(309)
Acquisition of intangible assets		-	(53)
Net cash flows from investing activities		(1 092)	(343)
Cash flows from financing activities			
Finance lease payments		(296)	(187)
Finance costs		(35)	(32)
Movement in finance lease liability		83	21
Net cash flows from financing activities		(248)	(198)
Net increase/(decrease) in cash and cash equivalents		18 855	(275)
Cash and cash equivalents at the beginning of the year	15	1 627	1 902
Cash and cash equivalents at end of year	15	20 482	1 627

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

For the year ended 31 March 2014

Description	Approved budget	Adjustments	Final budget	Actual on a comparable basis	Variance	Var. %
	R'000	R'000	R'000	R'000	R'000	
Revenue						
Grant received	33 819	-	33 819	33 819	-	-
Other income	-	-	-	26 601	(26 601)	(100)
Interest received	850	-	850	872	(22)	(3)
Total revenue	34 669	-	34 669	61 292	(26 623)	(77)
Expenses						
Personnel expenditure	21 399	-	21 399	25 392	(3 993)	(19)
Administration expenses	6 447	-3 331	3 116	3 687	(571)	(18)
Operating expenses	4 740	3 344	8 084	29 522	(21 438)	(265)
Depreciation & amortisation	707	-13	694	707	(13)	(2)
Finance cost	36		36	35	1	3
Information Technology costs (IT costs)	490	-	490	554	(64)	(13)
Total expenses	33 819	-	33 819	59 897	(26 078)	(77)
Surplus/(deficit) for the period	850	-	850	(1396)	(546)	0

1. ACCOUNTING POLICIES

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

1.1 REPORTING INSTITUTION

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

The financial statements were approved by the Accounting Authority in May 2014.

1.2 FUNCTIONAL AND PRESENTATION CURRENCY

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

1.3 BASIS OF PREPARATION

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

1.4 USE OF ESTIMATES AND JUDGEMENTS

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

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

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

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

1.5 REVENUE RECOGNITION

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

Revenue from exchange transactions

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

Measurement

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

Interest income

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

Revenue from non-exchange transactions

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

Recognition

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

Measurement

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

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

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

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

1.6 FINANCE COST

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

1.7 IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

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

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

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

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

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

1.7.1 Unauthorised expenditure

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

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

1.8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

Residual values

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

Depreciation

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

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

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

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

Subsequent cost

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

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

1.9 INTANGIBLE ASSETS

An intangible asset is recognised when:

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

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

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

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

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

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

Item	Estimated useful life in years
Computer software	3-5 years

1.10 IMPAIRMENT

Impairment of cash-generating assets

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

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

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

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

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

If there is an indication that an individual asset may be impaired, an impairment loss is recognised immediately in surplus and deficit when the asset's recoverable amount is less than the carrying amount. The impairment loss is recognised by reducing the asset's carrying amount to its recoverable amount. the impairment loss is treated as a revaluation decrease.

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

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

mpairment of non- cash-generating assets

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

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

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

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

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable service amount.

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

1.11 LEASES

Operating leases as the lessee

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

Finance leases as the lessee

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

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

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

Finance lease liabilities

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

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

1.12 FINANCIAL INSTRUMENTS

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Measurement

Financial assets

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

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

Trade and other receivables

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

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

Cash and cash equivalents

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

Financial liabilities

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

Trade and other payables

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

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

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

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

Finance income, gains and losses

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

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

Method and significant assumptions in determining fair value

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

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

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

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

Offsetting a financial asset and a financial liability

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

Derecognition of financial instruments

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

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

1.13 PROVISIONS

Provisions are recognised when the entity has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Measurement

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

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

1.14 INVENTORIES

Initial recognition

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

Measurement at recognition

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

Measurement after recognition

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

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

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

1.15 RELATED PARTIES

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

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

1.16 COMMITMENTS

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

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

Commitments are disclosed under note 30 of the annual financial statements.

1.17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
- The amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities are disclosed under note 29 of the financial statements.

1.18 EMPLOYEE BENEFIT COST

Short –term employee benefits

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

Post employment benefits

Defined contribution plan

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

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

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

Accrual for leave pay

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

1.19 BUDGET INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in a separate statement of comparison of budget and actual amounts and material the budget differences and the basis of budget preparation are as per disclosure note 25 of these annual financial statements.

1.20 COMPARATIVE FIGURES

Where necessary comparative figures have been adjusted to conform to changes in the presentation of the period under review as disclosed under note 31 of the annual financial statements.

1.21 EFFECTS OF NEW GRAP STANDARDS

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

- GRAP 20: Related Party Disclosures
- GRAP 18: Segment Reporting
- GRAP 105: Transfer of Functions between Entities under Common Control
- GRAP 106: Transfer of Functions between Entities Not Under Common Control
- GRAP 107: Mergers
- GRAP 108: Statutory Receivables
- GRAP 32: Service Concession Arrangements

The effective date of the above standards is not yet determined. The effect of adopting these GRAP Standards when they become effective is not expected to have a significant impact on the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014	2013
	R'000	R'000
2. Non-exchange revenue		
Department of Agriculture – MTEF allocation	33 819	31 409
Other income/sponsorship received	26 601	4 610
Total	60 420	36 019
3. Exchange revenue		
Interest revenue	872	724
	872	724
4. Administrative expenses		
General administrative expenses	1 156	806
Audit committee fees	295	163
Audit fees: External	468	332
Bank charges	29	67
Internal audit fees	276	111
Promotions and publicity	122	144
Refreshments and catering	283	266
Stationery and printing	492	405
Training and development	286	305
Venues and facilities – office parking	280	241
Total	3 687	2 840
5. Personnel expenditure		
Salaries – non-senior management	14 310	12 533
Basic salaries	12 672	11 248
Performance awards	934	845
Other non-pensionable allowance	470	387
Leave payments on resignation	28	53
Retrenchment paid out	206	-
	2 018	1 810
UIF	61	53
Other salary related cost	225	198
Pension	1 732	1 559
Senior management remuneration	8 301	7 477
Council members' remuneration	763	481
Total	25 392	22 301

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014	2013
	R'000	R'000
6. Operating expenses		
Communication costs	252	273
Consultants, contractors and special services	104	165
Courier and delivery charges	18	19
Computer consumables	13	6
Fruitless and wasteful expenditure	-	40
Maintenance, repairs and running costs	56	42
Office Rent	2 180	1 552
- Municipal charges	203	303
- Levy costs	545	301
- Rentals in respect of operating lease	1 432	948
Research, workshops and investigations	23 112	4 723
Section 7 and workgroup investigations	1 502	3 610
Travel and subsistence	2 782	2 265
Total	30 019	12 695
7. Depreciation and amortisation		
Depreciation on property, plant and equipment	656	507
Amortisation on intangible assets	51	70
Total	707	577
8. Finance costs		
Finance leases	35	32
Total	35	32

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

9. Council member's emoluments

Members Name	2014			2013	
	Fees for services R'000	Other payments R'000	Total amount paid R'000	Total amount paid R'000	Total amount paid R'000
Ms Ntombi Misimang	186	1	187		105
Ms Mina Gill	144	1	145		130
Mr Andre Young	86	1	87		45
Mr AM Cronje	18	-	18		33
Dr LL Magingxa (Audit & Risk Committee member)	164	1	165		25
Dr JL Purchase	19	-	19		15
Mrs JM vd Merwe	45	1	46		57
Mr. L Maduna	-	-	-		1
Ms TE Zimu (Audit & Risk Committee member)	95	1	96		70
Total	757	6	763	481	2013
			2014	R'000	R'000
				295	162
Remuneration paid to audit and risk committee members					
Chairperson: P.Slack			56		65
Member:GR Dinga			97		22
Member:AR Ngwenya			142		37
Member:R. Matlou			-		28
Member:M. Moja			-		10

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

10. Senior managers' emoluments									
Members Name	Basic Salary R'000	Allowances R'000	Performance bonus R'000	Pension contribution payments R'000	UIF R'000	Other R'000	Total amount paid 2014 R'000	Total amount paid 2013 R'000	
Mr R Ramabulana CEO	1 240	172	310	202	2	-	1 926	1 657	
Ms F Muvhulawa CFO	1 073	-	153	154	2	-	1 382	1 291	
Prof A Jooste	-	-	-	-	-	-	-	575	
Senior Manager - MERC									
Mr Schalk Burger	833	-	119	119	2	-	1 073	972	
Senior Manager – Statutory measures									
Mr H Mohane	486	-	-	69	1	-	556	1 003	
Senior Manager – Agribusiness									
Mr Z Xalisa	833	-	182	119	2	-	1 136	981	
Senior Manager – Agritrust									
Ms V. Nkobi	833	-	119	119	2	-	1 073	1 000	
Senior Manager: Human resources									
Dr. S Ngqangweni	625	-	182	109	2	-	918	-	
Senior Manager - MERC									
Ms KC Mosoma	208	-	-	30	-	-	238	-	
Senior Manager – Agribusiness									
Total	6 131	172	1 065	921	12	-	8 301	7 477	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

11. Property, Plant and Equipment

2013/14	Balances as at 01 April 2013			Movement for the year			Balances as at 31 March 2014		
	Net carrying amount R'000	Accumulated depreciation R'000	Net carrying amount R'000	Additions R'000	Disposal R'000	Depreciation R'000	Gross carrying amount R'000	Accumulated depreciation and impairment R'000	Net carrying amount R'000
Own Assets									
Office Equipment	306	(222)	84	12	-	(21)	318	(243)	75
Vehicles	370	(227)	143	-	-	(9)	370	(236)	134
Computer Equipment	836	(394)	442	340	57	(192)	1 050	(506)	544
Office Furniture & Fittings	789	(462)	327	23	-	(67)	810	(527)	283
Farming Equipment	36	(25)	11	-	-	(2)	36	(27)	9
Leased assets	-	-	-	-	-	-	-	-	-
Leased office equipment	487	(308)	179	323	-	(235)	646	(378)	268
Leasehold improvements	510	(458)	52	730	-	(130)	1 239	(588)	651
Total	3 334	(2 096)	1 238	1 428	57	(656)	4 469	(2 505)	1 964

456

An amount of R13,000.00 was received from insurance for the lost computer and damaged cellphone.

11. Property, Plant and Equipment

2012/13	Balances as at 01 April 2012			Movement for the year			Balances as at 31 March 2013		
	Net carrying amount R'000	Accumulated depreciation R'000	Net carrying amount R'000	Additions R'000	Disposal R'000	Depreciation R'000	Gross carrying amount R'000	Accumulated depreciation and impairment R'000	Net carrying amount R'000
Own Assets									
Office Equipment	273	(199)	74	32	-	(22)	306	(222)	84
Vehicles	370	(221)	149	-	-	(6)	370	(227)	143
Computer Equipment	794	(398)	396	247	59	(142)	836	(394)	442
Office Furniture & Fittings	766	(388)	378	21	-	(73)	789	(462)	327
Farming Equipment	36	(18)	18	-	-	(7)	36	(25)	11
Leased assets									
Leased office equipment	311	(154)	157	176	-	(154)	487	(308)	179
Leasehold improvements	502	(355)	147	9	-	(103)	510	(458)	52
Total	3 052	(1 733)	1 319	485	59	(507)	3 334	(2 096)	1 238

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

12. Intangible assets

2013/14	Balances as at 01 April 2013			Movement for the year			Balances as at 31 March 2014		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions	Disposal	Amortisation charge	Gross carrying amount	Accumulated amortisation and impairment	Net carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	436	(272)	164	-	-	(51)	436	(323)	113
Total	436	(272)	164	-	-	(51)	436	(323)	113

12. Intangible assets

2012/13	Balances as at 01 April 2012			Movement for the year			Balances as at 31 March 2013		
	Gross carrying amount	Accumulated depreciation	Net carrying amount	Additions	Disposal	Amortisation charge	Gross carrying amount	Accumulated amortisation and impairment	Net carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Computer software	383	(202)	181	53	-	(70)	436	(272)	164
Total	383	(202)	181	53	-	(70)	436	(272)	164

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014	2 013
	R'000	R'000

13. Inventory

Consumable stores	53	59
Total	53	59

Inventories were not pledged as security.

The amount of inventory recognised as expense in the current and prior period	99	60
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The amount of any write-down of inventories recognised as an expense in the period in which the reversal occurs. For the period under review no inventory were written down.

14. Receivables from exchange transactions

Prepayments	650	-
Rental deposit (property lease)	251	141
Total	901	141

14.1 Receivables from non-exchange transactions

Accrued income	456	213
Sundry debtors	8	-
	464	213

Age analysis of trade receivables/accrued income

	2014		2 013
	Gross	Impairment	Gross
Not past due	377	-	101
Past due for less than one month	79	-	2
Past due for longer than one month but for less than one year	-	-	110

Past due for longer than one year

Total	456		213
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

15. Cash and cash equivalents

	2014	2 013
	R'000	R'000
Current account	20 479	1 624
Cash on hand	3	3
Total	20 482	1 627

Cash and cash equivalents comprise cash and short-term highly liquid investments, that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk.

16. FINANCE LEASE LIABILITY

Finance lease liability	278	195
Less: Current portion	(168)	(154)
Outstanding balance	110	41

The National Agricultural Marketing Council has during the period under review made a total contribution of R296,000.00 to finance leases as defined in GRAP13.

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

Terms and conditions

- i) All the leases are for an agreed period of 24 - 36 months, with an option to renew.
- ii) The photocopiers are installed and then the contract will continue on a monthly basis until the entity decides to terminate the contract with one month's written notice.
- iii) The contract will be renewed for a period of one year if the entity does not give written notice of cancellation of contract.

Reconciliation between the minimum lease payments and the present value:

Minimum lease payments	278	195
Payable within 1 year	182	170
Payable within 1 - 5 years	119	41
Less interest portion	(23)	(16)
Present value of minimum lease payments	278	195
Payable within 1 year	168	154
Payable within 1 - 5 years	110	41

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

16.1. Finance lease liability

	2014	2013
The entity as lessee	R'000	R'000
Up to 1 year		
- Future minimum lease payments	182	170
- Less: Finance charges	(14)	(16)
- Present value of the future minimum lease payments	168	154
Between 1 and 5 years		
- Future minimum lease payments	119	42
- Less: Finance charges	(9)	(1)
Present value of the future minimum lease payments	110	41

17. Payables from exchange transactions

Trade creditors	1 538	1 112
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17.1 Employee benefits due

Leave accrual	686	527
Total	2 224	1 639

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

17.2 Funds held in trust

Agricultural Marketing Scheme and Grain Farmer Development Trust (AMS&GFD)	176	162
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18. Deferred revenue

	2014			
Name of project	Opening balance	Amount received	Amount utilised	Closing balance
Strategic Infrastructure Project: Sip 11	-	10 000	5 855	4 145
Vineyard Development Scheme	-	23 656	11 916	11 740
Supply Chain Logistic Programme(WesternCape)	313	517	378	452
AgriBEE Study	292	420	712	-
National Redmeat Development Project	-	6 500	4 207	2 293
Agricultural Sector Education, Training Authority (AgriSeta) (Accrued)	-	390	-	390
Total	605	41 483	23 068	19 020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013			
Name of project	Opening balance	Amount received	Amount utilised	Closing balance
International Trade Centre	31	-	31	-
Agribenchmark	99	-	99	-
Supply Chain Logistic Programme(WesternCape)	-	326	13	313
AgriBEE Study	-	3 580	3 288	292
Total	130	3 906	3 431	605

Deferred revenue reflects that amount of income received during the current and previous financial year, but which will be utilised in the 2014/15 financial year for research projects and Agricultural Marketing Scheme and Grain Farmer Development Trust. Conditions to the contract have not been met as at 31 March 2014.

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

	2014	2013
	R'000	R'000
Surplus/(Deficit)	1 396	(1 761)
Adjusted for:		
Loss on disposal of property, plant & equipment.	57	55
- Amortisation on intangible assets	51	70
- Interest received	(872)	(724)
- Finance cost	35	32
- Depreciation on property, plant and equipment	656	507
Accrued income	(50)	-
Operating cash flows before working capital changes	1 273	(1 821)
Working capital changes	18 051	1 363
(Increase)/decrease in receivable from exchange & non-exchange transactions	(1 011)	304
Decrease/(increase) in inventory	6	(4)
Increase/(decrease) in payables from exchange transactions	19 056	1 063
Net cash utilised in operations	19 323	(458)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014	2013
	R'000	R'000
20. Operating lease commitment		
Up to 1 year	2 144	1 187
Between 2 and 5 years	3 107	3 212
Total	5 251	4 399

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

	1432	948
Amount deferred to the statement of financial position due to straight-lining	146	104

21. Financial instruments

Introduction and overview

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

Risk management

Financial risk management

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

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

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

		Carrying amount 2014	Carrying amount 2013
	Note	R'000	R'000
Financial assets at amortised cost		21 847	1 981
Cash and cash equivalents	15	20 482	1 627
Receivables	14	1 365	354
Financial liabilities at amortised cost		2 502	1 834
Finance leases	16	278	195
Payables	17	2 224	1 639

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

2014	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Interest income	872	-	872
Finance costs	-	(35)	(35)
Total	872	(35)	837

2013	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
Interest income	724	-	724
Finance costs	-	(32)	(32)
Total	724	(32)	692

Exposure to risks: Credit risk

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

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

	Carrying amount 2014	Carrying amount 2013
	R'000	R'000
Financial assets at amortised cost	21 847	1 981
Cash and cash equivalents	20 482	1 627
Receivables	1 365	354

21. Financial instruments (continued)

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

Exposure to risks: Liquidity risk

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

	2014		2013	
	Gross R'000	Impairment R'000	Gross R'000	Impairment
Cash and equivalents				
Neither past due nor impaired	20 482	-	1 627	-
Receivables				
Neither past due nor impaired	1 365	-	354	-
Total	21 847	-	1 981	-

The following table provides information regarding the maturity analysis on NAMC's contractual undiscounted cash flows for its payables:"

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	Carrying amount	Total contractual cash flows	Not later than one year	1-5 years
	R'000	R'000	R'000	R'000
31-Mar-14				
Finance lease liabilities	278	278	168	110
Payables	2 224	2 224	2 224	-
Total	2 502	2 502	2 392	110

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

Exposure to risk: Market risk

Interest rate risk

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

Concentration of interest rate risk

	2 014	2013
	R'000	R'000
Variable rate instruments		
Financial assets	20 482	1627
Financial Liabilities	(278)	(195)
Total	20 204	1 432
Fixed rate instruments		
Financial liabilities: Accounts payable	2 224	1 639
Financial assets: Accounts receivable	1 365	354
Total	3 589	1 993

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

21. Financial instruments (continued)

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

Increase/(decrease) in net surplus for the year

	Change in interest rate	Upward change
2014		R'000
Cash and cash equivalents	1%	205
Finance lease	1%	(1)
2013		R'000
Cash and cash equivalents	1%	16
Finance lease	1%	(1)
		(1)

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

22. Tax exemption

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014	2013
	R'000	R'000

23. Related parties

Relationship

In accordance with the requirements of GRAP 20, all public entities within the national sphere of government are related parties.

Related transactions

Department of Agriculture, Forestry and Fisheries - Grant	33 819	31 409
Department of Agriculture, Forestry and Fisheries -Strategic infrastructure project and AgriBEE	10 420	3 580
Department of Rural Development and Land Reform,	9 500	-
Land and Agricultural Bank of South Africa	100	50
The transaction with related party transactions indicates the amount received from related parties during 2013/14.	53 839	34 989

Key management personnel: refer to note 9 & 10 of the financial statements

Related parties balances

Department of Agriculture, Forestry and Fisheries -Strategic infrastructure project and AgriBEE	4 145	292
Department of Rural Development and Land Reform,	2 293	-
Land and Agricultural Bank of South Africa	50	-
The balances on related parties transactions indicates the surplus funding remaining to be utilised during the financial year 2014/15.	6 438	292

24. Significant estimates and judgement made by management

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

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

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

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

25. Budget differences

25.1 Material differences between budget and actual amounts

Personnel expenditure

The overexpenditure of 19% is as a result of increase in the amount paid towards performance bonuses and the salaries for National Red Meat Development Project employees which is not included in the NAMC budget but funded through the project.

Administration expenses

Overspending on administration expenses by 18% is as a result of increase in number of international trips during the financial year 2013/14.

Operating expenses

Overspending on operating expenditure by 265% is due to the increase in the number of sponsored projects: SIP11, National Red Meat development project and Vineyard development scheme project.

25.2 Budget and the actual amounts basis of preparation and presentation

The budget is approved on an accrual basis by nature of classification. The approved budget covers the period from 1 April 2013 to 31 March 2014. The budget and accounting bases are the same, both are on the accrual basis. The financial statements are prepared using classification on the nature of expenses in the statement of financial performance.

26. Change in accounting estimates

During the current period management have reviewed the useful lives and residual values of the entity's property, plant and equipment and have restated the depreciation figures prospectively. The effect of this review has decreased the depreciation charges for the current and future periods by R64,000.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2014	2013
	R'000	R'000
27. Fruitless and Wasteful expenditure		
Opening balance	40	-
Amount not condoned	-	40
Less amount recovered	(40)	-
Closing balance	-	40

An amount of R40 000. was charged to NAMC as a result of late payment of Pay As You Earn (PAYE) to South African Revenue Services (SARS) in May 2012, consultation with SARS regarding the reversal of this amount were made, and an amount of R40 000 was reversed by SARS.

28. Reconciliation of irregular expenditure

Opening balance	2 908	-
Add irregular expenditure current year	833	-
Amount not condoned	-	2 908
Less amount condoned by accounting authority	-	-
Less amount recoverable (condoned)	-	-
Less amount not recoverable (not condoned)	(3 668)	-
Irregular expenditure awaiting condonation	73	2 908
Analysis of expenditure awaiting condonation per age analysis		
Current year	73	-
Prior years	-	-
Total	73	-

Details of irregular expenditure - Current year

		2014
Incident	Disciplinary steps taken/ criminal proceedings	Amount 'R000
Engaging with a service provider without a tax clearance certificate	In progress	73

Details of irregular expenditure not recoverable (not condoned)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

	2013
	R'000
Incident	Amount 'R000
Awarding a contract to a service provider without following competitive bidding process	3 668

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

The NAMC has written a letter to National Treasury for the condonement of the overdraft, but was not condoned. National Treasury recommended procedure to be followed when the irregular expenditure is not condoned by National Treasury. NAMC conducted an investigation to determine whether there is anybody liable, however there was no one liable and no financial loss was incurred as the entity received the services from the supplier and therefore the irregular expenditure was condoned by Council.

The NAMC did not follow the proper procurement procedure with regard to sourcing the supplier for AgriBEE study and an expenditure for an amount of R3,6 million was incurred.

The NAMC has written a letter to National Treasury for the condonement of the irregular expenditure, but was not condoned.

National Treasury recommended procedure to be followed when the irregular expenditure is not condoned by National Treasury. NAMC conducted an investigation to determine whether there is anybody liable, however there was no one liable and no financial loss was incurred as the entity received the services from the supplier and therefore the irregular expenditure was condoned by Council.

29: Contingent liabilities

Categories of contingent liability	Nature of contingent liability	Estimated amount
		2014
		R'000
Claims against NAMC- labour legal matter	Possible settlement amount for employee retrenched during 2013/14.	326
Total		326

For contingent liability raised above, as at year-end the NAMC was uncertain as to the timing of any outflow.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

30. Commitments schedule for the orders issued to the suppliers as at 31 March 2014

	2014
Name of supplier	R'000
Altivex 731 (PTY)LTD	8 721
Agrico (PTY) LTD	1 239
Idada Trading (PTY) LTD	486
TR Plant Hire & Construction	327
SW Regenstein	300
Kaap Agri Upington	72
Eksteenskuil Agricultural Co-operative Limited	212
Alex excel	120
BVI Consulting Engineers	114
The Government Printing Works	9
Vika Holdings	19
Khwatlano Tours	4
Supaswift	2
Agri-icingo PTY LTD	1
Total	11 626

31. Reclassifications

Receivables from exchange transactions and non-exchange transactions

An amount of R354,000 previously disclosed as trade and other receivables has now been split to disclose receivables from exchange transactions and non-exchange transactions.

Payables from exchange transactions

An amount of R1,639,000 previously disclosed as trade and other payables has now been disclosed on the face of the statement of financial position as payables from exchange transactions.

Deferred Revenue

An amount of R162 000 for Agricultural Marketing Scheme and Grain Farmer Development Scheme trusts previously classified under Deferred revenue has now been classified as Funds held in Trust on the face of the statement of financial position and also disclosed separately under note 17.2 of the financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2014

Finance lease liability

The movement in finance lease liability of R21,000 previously included in the movement of trade and other payables under note 19, has now been disclosed on the face of the cashflow statements for the current and previous financial year.

Prior period error

Related parties transactions

An omission in the prior year was identified, where not all related parties transactions were disclosed, this has now been disclosed under note 23 of the annual financial statements.

The related party transactions omitted in the previous financial year were as follows:

Related transactions

	2013
	Amount R'000
Department of Agriculture, Forestry and Fisheries - AgriBEE study	3580
Land and Agricultural Bank of South Africa	50
Total	3630

Related parties balances

Department of Agriculture, Forestry and Fisheries - AgriBEE study	292
Total	292

The prior period error did not have an impact on the statement of financial performance, statement of financial position and statement of changes in net assets.

ANNEXURE A: CONTACT DETAILS

CONTACT DETAILS OF INDUSTRY TRUSTS

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Citrus Industry Trust	Citrus	Ms Elsa Taylor PO Box 359 GROENKLOOF 0027	012 667 3113	012 667 3128	emtaylor@iafrica.com
Cotton Trust	Cotton	Mr Hennie Bruwer PO Box 912232 SILVERTON 0127	012 8041462	012 804 8616	henniebruwer@cottonsa.org.za
Deciduous Fruit Industry Development Trust	Deciduous fruit	Mr Anton Rabe PO Box 163 PAARL 7620	021 870 2900	021 871 1305	anton@hortgro.co.za
Dry Bean Trust	Dry beans	Mr CF Kleingeld PO Box 15587 PRETORIA 0039	012 808 1660	012 808 1662	marketing@beanseed.co.za http://www.beans.co.za
Lucerne Seed Industry Research and Development Trust	Lucerne	Mr Derick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern@mweb.co.za
Maize Trust	Maize	Mr Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 349 8707	lagric@mweb.co.za
Meat Industry Trust	Red meat	Ms Alet du Plessis PO Box 36802 MENLOPARK 0102	012 348 7572	012 361 9837	aletd@levyadmin.co.za
Mohair Trust	Mohair	Mr Deon Saayman PO Box 2243 PORT ELIZABETH 6056	041 487 1386	041 487 1336	info@mohair.co.za

ANNEXURE A: CONTACT DETAILS

CONTACT DETAILS OF INDUSTRY TRUSTS

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Oil and Protein Seed Development Trust	Oilseeds	Mr Gerhard Keun PO Box 5562 RIVONIA 2128	011 234 3400	011 234 3402	oliesade@worldonline.co.za
Potato Industry Development Trust	Potatoes	Mr Gawie Geyer Private Bag x 135 PRETORIA 0001	012 349 1906	012 325 6102	ggeyer@agric.co.za www.potatoes.co.za
Sorghum Trust	Sorghum	Mr Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 349 8707	lagric@mweb.co.za
Winter Cereal Trust	Winter cereals	Mr Awie Coetzee PO Box 7088 CENTURION 0046	012 663 1660	012 663 3109	wct@grainmilling.co.za
SA Wine Industry Trust	Wine	Mr Charles Erasmus Private Bag x 5034 STELLENBOSCH 7599	021 809 3164	021 889 5900	www.sawit.co.za
Wool Trust	Wool	Mr André van de Venter PO Box 2500 PORT ELIZABETH 6056	041 484 4307	041 484 4309	andre@wooltrust.co.za

ANNEXURE B: CONTACT DETAILS

CONTACT DETAILS OF INDUSTRY ASSOCIATIONS

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Cape Wool SA	Wool	Mr Louis de Beer PO Box 2191 Port Elizabeth 6056	041 484 4301	041 484 6792	louise@capewools.co.za www.capewools.co.za
Citrus Growers' Association of Southern Africa	Citrus	Mr Justin Chadwick PO Box 461 HILLCREST 3650	031 765 2514	031 765 8029	justchad@iafrica.com www.cga.co.za
Cotton SA	Cotton	Mr Hennie Bruwer PO Box 912232 SILVERTON 0127	012 804 1462	012 804 8616	http://www.cottonsa.org.za
Dried Fruit Technical Services	Dried fruit	Mr Dappies Smit PO Box 426 PAARL 7620	021 872 1502	021 872 2675	dappies@dtd.co.za
Lucerne Seed Organisation	Lucerne seed	Mr Derick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern@mweb.co.za
Milk Producers' Organisation	Milk	Dr Koos Coetzee PO Box 1284 Pretoria 0001	012 843 5600	012 804 4811	Koos.coetzee@po.co.za
Milk South Africa	Dairy	Mr Nico Fouche PO Box 1961 BROOKLYN SQUARE 0075	012 460 7312	012 460 9909	nico@milksa.co.za

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Mohair South Africa	Mohair	Mr Deon Saayman P O Box 2243 SYDENHAM PE 6056	041 487 1386	041 487 1336	deon@mohair.co.za www.mohair.co.za
SATI (The South African Table Grape Industry)	Table grapes	Ms Elaine Alexander P O Box 2932 PAARL 7620	021 872 1438	021 872 4375	rhomona@satgi.co.za www.satgi.co.za
SAGIS (South African Grain Information Service)	Barley, canola, groundnuts, maize, oats, sorghum, soybeans, sunflower seed and wheat	Ms Anna Enslin PO Box 669 PRETORIA 0001	012 523 1400	012 523 1401	management@sagis.org.za www.sagis.org.za
South African Grain Laboratory	Wheat, oats, maize, malt, sorghum and other grains	Ms Wiana Louw PostNet Suite #391 Private Bag x1 The Willows 0041	012 807 4019	012 807 4160	Info@sagl.co.za www.sagl.co.za

