



National Agricultural  
Marketing Council

Promoting market access for South African agriculture

# ANNUAL REPORT 2017/**2018**





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Marketing Council

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## National Agricultural Marketing Council

### Annual Report on Predetermined Objectives 2017/18

I have the honour of submitting the Annual Report for 2017/18  
of the National Agricultural Marketing Council (NAMC)

Chairperson of the  
National Agricultural Marketing Council

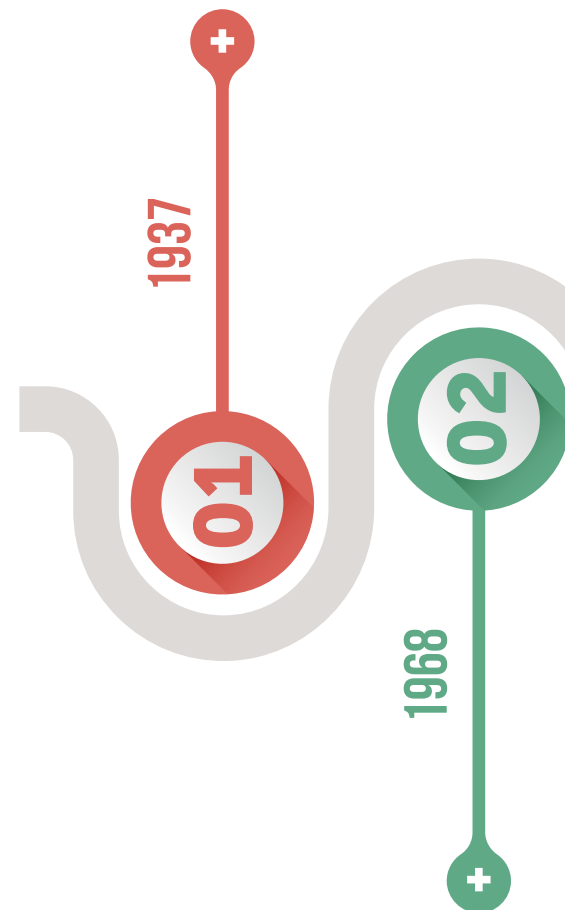


## National Agricultural Marketing Council

Promoting market access for South African agriculture

The National Marketing Council (NMC) formed to administer the 1937 Marketing Act and advise the Minister of Agriculture on the provision of the Act.

# Evolution of National Agricultural Marketing Council



One of the intentions with the promulgation of the MAP Act was that the NAMC should operate "arms-length" from the Department and subsequently became a statutory body. This meant that the NAMC will be only administering the MAP Act thereby serving as an advisory body. It also applied to the deregulation of the former Control Boards to Industry Trusts.

Marketing Act of 1937 was replaced by the Marketing Act 3 of 1968 later the promulgation of the 1996 Marketing Act came into being.

NMC changed to the National Agricultural Marketing Council.

MAP Act amended to inter alia make provision for certain aspects regarding the transfer of staff from the Department to the NAMC.

By this period, 80% of total agricultural production was subjected to statutory measures in South Africa.





# BRANDING OF SOUTH AFRICAN AGRICULTURE

The National Agricultural Marketing Council through the Agriculture CEO's Forum, was tasked with coordinating and implementing a strategy (Branding of RSA Agriculture) to enhance the brand of South Africa's agricultural sector, both domestically and abroad.

The aim of the branding of RSA agriculture initiative is to curve a positive identity for the agricultural sector recognizable by South African citizens by communicating positive agriculture stories, aspects, activities and milestones for public consumption.

For more information, contact:  
Tel: (012) 341 1115 | Email: [info@namc.co.za](mailto:info@namc.co.za)

## PARTNERS



# Table of Contents

NO	ITEM	PAGE
1	<b>PART 1:</b> PUBLIC ENTITY'S GENERAL INFORMATION	7
2	<b>PART 2:</b> STRATEGIC OVERVIEW	9
2.1	VISION	10
2.2	MISSION	10
2.3	CORE VALUES	10
2.4	STRATEGIC OUTCOMES ORIENTATED GOALS	10
2.5	ORGANISATIONAL STRUCTURE	11
2.6	FOREWORD BY THE CHAIRPERSON	12
2.7	CHIEF EXECUTIVE OFFICER'S OVERVIEW	14
2.8	CHIEF FINANCIAL OFFICER FINANCIAL OVERVIEW	16
2.9	COUNCIL MEMBERS	18
3	<b>PART 3:</b> PERFORMANCE INFORMATION	21
3.1	STATEMENT OF RESPONSIBILITY FOR PERFORMANCE INFORMATION	22
3.2	KEY POLICY DEVELOPMENT AND LEGISLATIVE CHANGES	23
3.3	FUNDING	24
3.4	PROGRAMME PURPOSE	24
4	<b>PART 4:</b> PERFORMANCE INFORMATION	29
4.1	<b>PROGRAMME 1:</b> ADMINISTRATION	29
4.1.1	SUB-PROGRAMME 1: OFFICE OF THE CHIEF EXECUTIVE OFFICER	29
4.1.2	SUB-PROGRAMME 2: FINANCE AND ADMINISTRATION	30
4.1.3	SUB-PROGRAMME 3: HUMAN RESOURCES MANAGEMENT	31
4.2	<b>PROGRAMME 2:</b> MARKETS AND ECONOMIC RESEARCH CENTRE	32
4.3	<b>PROGRAMME 3:</b> STATUTORY MEASURES	35
4.4	<b>PROGRAMME 4:</b> AGRICULTURAL TRUSTS	36
4.5	<b>PROGRAMME 5:</b> AGRIBUSINESS DEVELOPMENT	37
4.6	NARRATIVES	40
5	<b>PART 5:</b> CORPORATE GOVERNANCE	75
6	<b>PART 6:</b> HUMAN RESOURCES OVERSIGHT STATISTICS	89
7	<b>PART 7:</b> FINANCIALS	98

# Abbreviations

AEASA	Agricultural Economics Association of South Africa
Agri-BBBEE	Agricultural Broad-Based Black Economic Empowerment
APAP	Agricultural Policy Action Plan
CEC	Crop Estimates Committee
CELC	Crop Estimates Liaison Committee
CFP	Custom Feeding Programme
DAFF	Department of Agriculture, Forestry & Fisheries
DAGs	Directly Affected Groups
DTI	Department of Trade & Industry
FANRPAN	Food, Agriculture and Natural Resources Policy Analysis Network
GDP	Gross Domestic Product
ICT	Information and Communication Technology
ITAC	International Trade Administration Commission
MAP ACT	Marketing of Agricultural Products Act
MERC	Markets and Economics Research Centre
MTSF	Medium-Term Strategic Framework
NAMC	National Agricultural Marketing Council
NDP	National Development Plan
NRMDP	National Red Meat Development Programme
PPECB	Perishable Products Export Control Board
SAGAP	South Africa GAP
SIP	Strategic Infrastructure Plan
Tralac	Trade Law Centre of Southern Africa



# Part 1

## Public Entity's General Information



## Part 1: Public Entity's General Information

REGISTERED NAME: National Agricultural Marketing Council

REGISTRATION NUMBER (if applicable): N/A

PHYSICAL ADDRESS: 536 Francis Baard Street  
Meintjiesplein Building  
Block A, 4th Floor, Arcadia  
Pretoria, 0002

POSTAL ADDRESS: Private Bag X 935  
Pretoria  
0001

TELEPHONE NUMBER: 012 341 1115

FAX NUMBER: 012 341 1811

EMAIL ADDRESS: [info@namc.co.za](mailto:info@namc.co.za)

WEBSITE ADDRESS: [www.namc.co.za](http://www.namc.co.za)

EXTERNAL AUDITORS: Auditor General of South Africa

BANKERS: Standard Bank of South 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, in both our behaviour and service offering:

### Integrity

- Honest • Ethical • Trustworthy • Transparent

### Assertive

- Accountable • Responsible • Reliable
- Taking Ownership • Confident

### Collaborative

- Consultative • Teamwork • Participative
- Cooperative

### Service Excellence

- Performance-Driven • Target-Oriented
- Service-Oriented • Motivated
- Committed • Diligent

### Fairness

- Equal Treatment • Respectful
- Tolerance • Consistency

### Objective

- Analytical • Rational • Attention To Detail
- Conceptual

### Innovative

- Creative • Proactive • Adaptive
- Flexible • Initiative

## 2.4 Strategic Outcomes Orientated Goals

### Strategic Outcomes Oriented Goal

- Increasing market access to all market participants
- More efficient marketing of agricultural products
- Increased export earnings from agricultural products
- Enhanced viability of agricultural sector

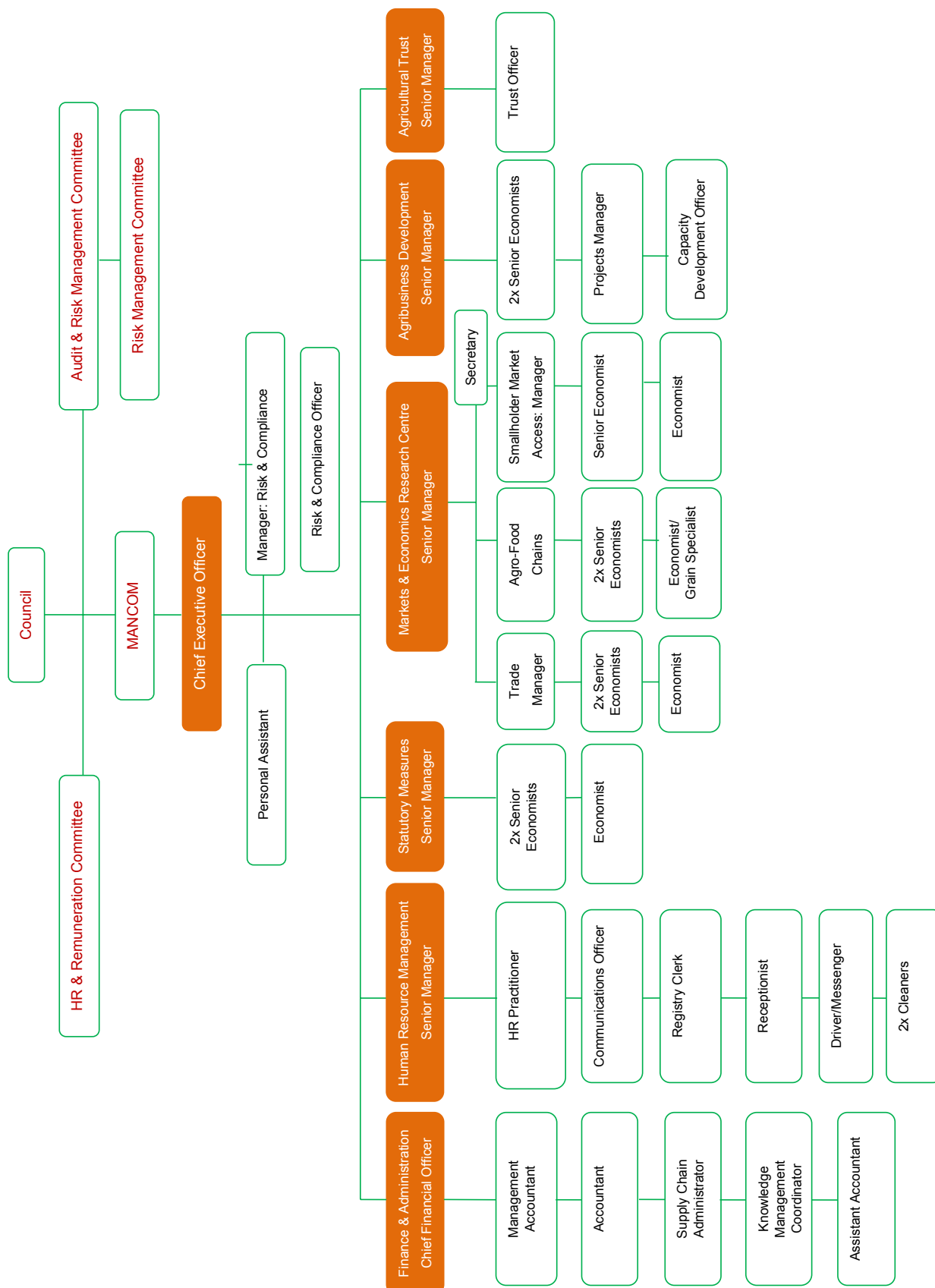
### Goal Statement

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

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

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

## 2.5 Organisational Structure



## 2.6 Foreword by the Chairperson



**Prof P.K. Chauke**

Honourable Minister, the National Agricultural Marketing Council is delighted to submit its 2017/2018 Annual Report to your honorable office. As articulated in our last annual report, we assumed duty not only at a time when the organization's substantive CEO had just resigned but also at the end of our predecessors' term of office. The foundation that the former council laid has always been a critical leverage that allowed us to uphold and further enhance the vision and mission of NAMC. While the latter two events could be construed as having been impediments to both corporate governance and functional management of the organization, they presented the new Council opportunities to conduct introspections that culminated in focused approaches to our organizational statutory mandates. We can therefore confirm Minister that since our appointment, fundamental changes have taken shape at NAMC, paramount to which being renewed focus on the objectives of NAMC as depicted in the Marketing of Agricultural Product Act of 1996 (Act No 47 of 1996) (MAP Act) as amended.

One other notable achievement Honourable Minister was the appointment of Mr. Zama Xalisa as the organisation's new Chief Executive Officer. The clean audit that we shall be presenting to your honorable office was largely due to his high level managerial ability, especially his immense skills in harnessing the minimal resources at our disposal to organisational advantage. Importantly, Mr. Xalisa was tasked with the responsibility of aligning the work of NAMC to its statutory strategic pillars as set out in the MAP Act. We are pleased with the management response in this regard. Honourable minister it is indeed appropriate to also acknowledge the high-level commitment and dedication displayed by the new Council members.

For the past 16 years, statutory levy income has been increasing in nominal terms. The total funds collected through statutory levies as part of the 2017 survey amounted to approximately R517.0 million, which is 5.6 % higher than the 2016 survey's reported R489.8 million. Some of these funds are rerouted to transformation imperatives of the industry. This is where the NAMC's Transformation Review Committee's work becomes important. The committee was established to among other achievements ensure collection of statutory levies for industries that contribute meaningfully to the development of black farmers. Milk SA's commercialization project in the Free State, for instance, developed nine projects that supported black farmers with cattle, feed, milking parlour and electrification of their farming operations. The result is that some black farmers are now able to supply formal markets such as Nestle. Visits undertaken by our Agri Trusts division to these industry transformation projects is important for verification and authenticity. It enables us to adequately advise DAFF on levy spent and accountability.

It was also during the period under review honourable minister a number of ministerial trustees inclusive of those in the Maize, Meat Industry and Red Meat Research Development, Oil and Protein Seed Development trusts were appointed. To ensure maximum beneficiation from the latter all were subjected to the vetting process. Also, in terms of stakeholder relations, the NAMC has been able to provide strategic direction in areas of agricultural promotion and farmer development. Firstly, the annual Agricultural Research Symposium, a concerted effort among ARC, Land Bank and NAMC, was successfully hosted. Various stakeholders came together to discuss certain aspects of the land reform process, especially the new Land Expropriation Without Compensation policy that has received massive coverage in the last few months. Recommendations from the symposium will be submitted to Parliament's Constitutional Review Committee. In addition, the NAMC has led in providing quality accredited training and development through AgriBiz. It is also appropriate minister to showcase the Female Entrepreneurship to female agri-entrepreneurs initiative that has over the years upskilled more than 300 beneficiaries. Also worth mentioning is the National Red Meat Development Programme, especially in KwaZulu Natal that has provided market access to communal land farmers generating in excess of R10 million.

Honourable Minister, like the 2015 drought, the beginning of 2018 greeted South Africa with an outbreak of listeriosis especially in the poultry and piggery industries, resulting sales decline for processed products. As the National Agricultural Marketing Council, it became incumbent upon us to provide an agricultural economic perspective to help salvage the pork industry from incessant scrutiny. Thus, on a monthly basis, the NAMC took heed of the issue of listeria in its analysis of food price trends. Coupled with this, we managed to release podcasts of food prices of the 28 selected basic food items in five languages

and distributed to community radio stations. This was done to also allure fears on listeria especially to the most vulnerable.

In closing, Council looks forward to the amendment process of the MAP Act. As FANRPAN Node host, the NAMC was appointed to lead the AFRICAP initiative on climate smart agriculture in South Africa and policy briefs on the subject will be provided. This initiative comes at an important time when RSA Agriculture is leading the BRICS climate smart agriculture. Crucially, youth development is necessary and we look to identify more youth agricultural leaders to become ambassadors of our sector.

I would sincerely like to thank my Council colleagues and management for seamlessly working and achievement of targets. The contribution made by All NAMC staff and stakeholders is highly acknowledged.

Honourable Minister I officially present to you the audited NAMC Annual Report.



**Prof P.K. Chauke**

Chairperson: NAMC



## 2.7 Chief Executive Officer's Overview



**Zama Xalisa**

The annual report is a culmination of all the work done during the financial year. I am happy to present the annual report of the National Agricultural Marketing Council (NAMC) and in the report we have done all that for which we have received funding. In the bigger scheme of things, the NAMC through its operational divisions has played its role in ensuring that: (i) statutory measures work is addressed diligently and reported accordingly, (ii) industry trusts matters are dealt accordingly and reported, (iii) research work is done well to assist the NAMC in pursuit of its mandate.

I am in no doubt that the National Agricultural Marketing Council is undergoing transitional phase. The NAMC Council, asked management in the beginning of the year to approach things differently, I am genuinely happy to report that we have adhered to the demand from our Board. As such, a new philosophy in approaching our work, defined our performance in the last seven (7) months of the financial review period.

On areas of strategic performance, we worked on initiatives aimed at unlocking the potential of the agricultural sector – with a marketing perspective. First, the Branding of South African agriculture went ahead with full steam as the campaign 'Love RSA Agriculture' was endorsed by the CEO'S Forum. Only remaining part is the implementation and addition of resources to the campaign. The campaign seeks to communicate positive aspects about agriculture with the objective of enhancing the viability of the agricultural sector for all market participants. Secondly, working with FANRPAN we have begun to enter into a space of not only climate smart agriculture but implementing the concept. As indicated by the Chairperson, NAMC was appointed lead research coordinator of the AFRICAP and the Free State was identified as the first ideal province to conduct climate smart agriculture trials.

Honourable Minister, our primary stakeholders are smallholder farmers and ensuring barriers to market access are removed. The NAMC achieves this at macro and micro level working with all stakeholders. One of the shining amours of this is the National Red Meat Development Programme. During the period in review, 2234 animals from 404 farmers went through the NRMDP Custom Feedlot Program generating R16 802 826.96 as income. Currently, the programme employs 133 people which includes programme manager, provincial coordinators, animal field officers, herdsmen and administrators.

At macro level, the NAMC works on the SMAT Market Access Tracker which is a pilot project on market access for smallholder beef farmers in South Africa. The study conducted a sample



of 109 farmers in three provinces (Eastern Cape, KwaZulu-Natal and North West) which shows that a majority of farmers that participated sold cattle, with the local informal market being the most popular market channel. Out of this, we are able to inform government and industry policy direction.

To enhance the efficiency of marketing of agricultural products, the NAMC as secretariat of the Supply & Demand Estimates Report publishes an official grain and oilseeds supply and demand estimates on a monthly basis. The report provides an analysis of the fundamental conditions of the major grain and oilseeds in South Africa. This report is widely considered as the benchmark for which private and public agricultural forecasts are based on.

In terms of strategic operational matters, the new council underwent training on ethics of corporate governance. I am indebted to the Human Resources Division for ensuring that all the vacant positions are attended too. We filled in two vacant positions, (i) a Senior Manager Agricultural Trusts position and (ii) a Risk and Compliance Manager position. Furthermore, we added to our operations a legal manager who will assist the organisation on matters of corporate governance, compliance to legislative frameworks and statutory measures applications. We happy to report that under the year review, there were no instances that caused irreparable harm to the organisation or posed any conflicts.

In conclusion, I would like to thank the Chairperson and Council members for their unwavering support and confidence in me leading this astute institution. I am very humbled and indebted to the NAMC employees for the commitment to work hard in pursuit of the mandate of the NAMC in line of the four objectives of the MAP Act, we could not be where we are without you colleagues.

I also feel obliged to express my sincere gratitude to the Department of Agriculture, Forestry and Fisheries (DAFF) for the leadership and support in delivering on the set objectives for the year, including all our stakeholders, we appreciate all the efforts in making sure the NAMC remains relevant to the sector.



**Zama Xalisa**

Chief Executive Officer

National Agricultural Marketing Council

## 2.7 Chief Financial Officer's Report



**Sarah Fhulufhedzani Netili**

### Introduction

2017/18 was a year of both successes and challenges. Yet, through the support from DAFF and stakeholders, NAMC endured the challenges and did well. The support given to our initiatives gave us the assurance that the work we undertake is both relevant and needed by the sector.

For the financial year 2017/18 the NAMC has operated on an allocation of R41 million budget. Also other income was generated from investments, as well as management fees (charged by managing the projects on behalf of sponsors) which assisted in carrying out some of the expenditure that could not be accommodated through the MTEF budget allocation.

Within the limited financial resources, as sustained progress in achieving its targets and delivering on the mandate as stipulated on the MAP Act was achieved.

### Overall financial performance

The financial result for year ended 31 March 2018, reflects a surplus of R5,2 million this represents an increase in surplus of 91% (R5,1 million) as compared to previous financial year with the deficit of R61 thousand.

The surplus for this financial year is as a result of interest generated from investment of surplus

funding and management fee generated from management of projects on behalf of sponsors. The total revenue of R95 Million has increased by 19% against last year's figure of R80,1 million due to increase in the number of project managed on behalf of the sponsors.

The total expenses of R90,5 million has increased by 13% as compared to previous year's expenditure of R80,2 million as a result of increase in personnel costs of R7,1 million (20%) as compared to previous financial year's expenditure. This is driven by annual salary adjustments and increase in the number of employee particularly on the National Red Meat Development Project and also an increase in operational expenditure of R1,9 million (5%).

### Financial position

Total assets increased by 40%, due to additional non-current assets purchased, increase in receivables which relates to outstanding invoices of R49 million raised with the Department of Rural Development and Land Reforms towards the end of financial year for the National Red Meat Development project. These invoices were subsequently paid in April 2018.

Total liabilities increased by 36% due to the amount of revenue deferred relating to sponsorship projects.

At the end of this financial year, the entity had cash and cash equivalents balance of R62,2 million. The bulk of this cash relates to sponsorship funding for project managed by the entity on behalf of sponsors.

### Conclusion

The NAMC financial management practices remain sound and the entity will continue to manage its budget and expenditure in line with the government's initiatives for cost containment and thereby ensuring the future sustainability of the entity.

**Sarah Fhulufhedzani Netili**  
Chief Financial Officer

# ...tralac Book Launch



## WTO; Africa Agriculture Issues

On 21 April, the NAMC and Tralac hosted a book launch titled 'WTO: Africa Agriculture Issues.' The book covers aspects related to African trade policy position at the World Trade Organisation. It asks pertinent questions about the process or policy of WTO to Africa on agricultural related issues said Ron Sanderey.

The book examines the complex multilateral trade negotiations, specifically regarding the inclusion of agriculture as part of the multilateral talks. The agriculture trade talks started in 2000 in terms of the original mandate of the Agreement on Agriculture, and then became part of the Doha Round of negotiations in 2001. This book focuses on these developments as well as the increasingly important role of non-tariff barriers that

impact international agricultural products. In addition, an examination of dispute resolution provisions in the WTO and in regional trade agreements is also presented.

The objective of the book is to examine the current proposals associated with the DDA and assess what successful agreements might mean for African agriculture. We concentrate upon the three key themes that are core to agriculture in the WTO; those of domestic supports, market access and export incentives.

There is a recognition that the WTO and the DDA is more than just these core themes, and the book introduces many of these activities in different chapters to assess the WTO's relevance to African agriculture.

## 2.9 Council Members



**Prof Phineas Khazamula Chauke**

Chairperson of NAMC Council

PhD Agriculture Economics (University of Venda), Master's in Agricultural Economics (University of Pretoria), Bachelor of Science in Agricultural, Economics (University of Fort Hare), Higher Education Diploma (University of Fort Hare)

Member of the Vhembe and Sekhukhune Land Development tribunals, MEC Advisory Council, Limpopo Department of Agriculture and Land Bank Chair for Univen.



**Mr Harry Prinsloo**

Deputy Chairperson of NAMC Council

Bachelor of Science in Agriculture (University of the Free State). A former Chairman of the National Wool Growers' Association [NWGA], Member of Cape Wools Board, Member at Wool Testing Bureau, Former Chairman of the Producers' Working Group at the International Wool and Textile Organization (IWTO), Chairman of the Commodity Chamber and Commercial Agriculture Policy Committee.



**Mr Sindile Sid Faku**

NAMC Council Member

Master of Science (Jackson State University), Bachelor of Arts Honours Education (UKZN), Bachelor of Arts (Walter Sisulu University), Leadership in Local Government (Thailand), Postgraduate Diploma in Corporate Governance (IOD)

Member and Chair of HR Committee Western Cape Gambling Board, Non-Executive Director and Shareholder Stonevest Property Group, Audit Committee Chairman -Department of Human Settlements, Member – Audit and Risk Committee Eastern Cape Education, Chairman of Dakhile Property.



**Ms Fezeka Mkile**

NAMC Council Member

Bachelor of Administration (University of Durban Westville), Diploma Office Management and Information Technology (Infotech College), Introduction to Corporate Governance and Board Effectiveness, Bieng a Director Part 1-5, Governance of Ethics, Financial insights for Non-financial Directors, Mastering Chairmanship (Institute of Directors Southern Africa), Certificate of Competence in Leadership and Team Building (Ubumbo Research and Development).

Deputy Chairperson of the Board of Director – Eastern Cape Rural Development Agency (ECRDA), Director - Fezz Business Enterprises and Suppliers, Director at Kangela Citrus Farm, Independent Trustee at Cookhouse Trust.



**Mr Happy Mohane**

NAMC Council Member

Masters in Commerce Economics (University of Natal), Masters Science Agricultural Economics (University of Pretoria), Bachelor of Science Honours Degree Agricultural Economics (University of Pretoria), Bachelor of Science Agriculture (University of North West).

Board Member of Orange River Cellars (ORC); Board Member of Orange River Tankers (ORT); Board Member of the South African Grain Information Service (SAGIS); Board Member of the Grain Farmer Development Association (GFADA); Trustee of Sorghum Trust; Member of the Audit Committee of the Department of Economic Development, Environmental Affairs and Tourism (Free State).



**Mr Boikanyo Mokgatle**

NAMC Council Member

Bachelor of Agricultural Economics (University of Fort Hare), Bachelor of Agricultural Economics Honours (Fort Hare University).

Chair of Board of Directors of the South African Grain Laboratory; Commissioner at International Trade Administration Commission (ITAC); Member of RSA Steel Committee; Trustee at the Winter Cereal Trust Board; Industry representative at the International Grains Council (IGC), International Association of Operatives Millers and Global Millers Symposiums; Industry representative at various structures including DAFF CEO Forum, DTI Industry Forum, Wheat and Maize Forum, National Agricultural Research Forum, Crop Estimates Liaison Committee, Agricultural Trade Forum, JSE Advisory Committee, S&DE Committee, Crop Estimate Liaison Committee, etc.





**Ms Nonie Mokose**

NAMC Council Member

MAgric. Rural Development University of Pretoria (finalising dissertation), McDonalds International Quick Service Restaurant Management Certification McDonalds Corporation, BSc. Nutritional Sciences Cornell University, Ithaca, New York.

Memberships: African Farmers Association of SA (AFASA) and Agricultural Economics Association of SA (AEASA)

Board Appointments: Current- NAMC - Member of Council, Audit & Risk Committee, African Women's Entrepreneurship Program SA - Director. Previous - NAMC Smallholder Market Access Tracker Reference Group Member (SMAT) (2016 to 2017), Agri Mega NPC - Chairperson (2013 to 2015), Agri Mega Enterprises - Director (2012 to 2015), Potato Industry Development Trust (PIDT) Ministerial Trustee (2010 to 2015), Potatoes South Africa (PSA)- Member of National Council, Board, Marketing Committee, Chairperson: Transformation Committee (2008 to 2015)



**Prof Diale Rangaka**

NAMC Council Member

Master of Arts (Sussex), Master's in Education (Wits), Bachelor of Arts (University of Limpopo), Bachelor of Arts Honours (University of Limpopo), Management Development Programme (University of Stellenbosch).

Chairman of Kopanong Hospital Board, Chairperson of the African Vintners Alliance Cooperative, Board Membership (Wines of South Africa, South African Wine Industry Trust), Member (National English Literary Museum Council, HSPCSA Subcommittee Environment Health Officers Profession, KoelenhofKelders Co-op, Cape Winelands District Municipality), Chairman of Bright and Futures Foundation.



**Mr Gerhardus Schutte**

NAMC Council Member

Master in Agriculture, Baccalaureus Honours in Agriculture Animal Nutrition, Bachelor of Science Agriculture.

Member of CEO's Forum,  
Member of National Agricultural Research Forum,  
Trustee (Meat Industry Trust, Red Meat Research and Development Trust, Animal Improvement Trust), Manager - National Stock Theft Prevention Forum, Chairman - Planning Committee Beef and Small Stock of Red Meat Research and Development,



**Mr Zandisile Wapi**

NAMC Council Member

Trustee - Wool Trust

Master's Degree in Sustainable Agriculture University of Free State, BTech Agricultural Management (UNISA), Diploma in Agriculture Fort Cox College.

# Part 3

## Overview of the Public Entity




## 3.1. Statement of Responsibility for Performance Information

### Official Sign-Off

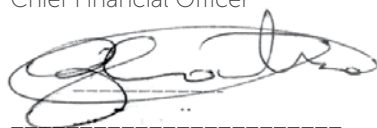
It is hereby certified that the Annual Report:

- Was developed by the management of the NAMC, under the guidance of the Executive Authority, Prof. PK Chauke, 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 2017/18.



**Ms FS Netili**

Chief Financial Officer



**Mr ZW Xalisa**

Chief Executive Officer



**Approved by: Prof. PK Chauke**

Chairperson: Council



## 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 the 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 arrangements for the accountability of the NAMC to the Minister for the National Department of Agriculture, Forestry and 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.

### 3.3. Funding

The NAMC is funded by Parliament through Vote 26 under the Programme: Agricultural Trade and Policy Analysis of the National Department of Agriculture, Forestry and Fisheries. The aim of the NAMC is to provide strategic agricultural marketing advice to the Minister for the National Department of Agriculture, Forestry and 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 developments or legislative changes.

### 3.4. Programme Purpose

#### PROGRAMME 1: ADMINISTRATION

<b>Strategic objective (1)</b>	To ensure internal business excellence within the NAMC
<b>Objective statement</b>	To provide effective and efficient human resources, financial and supply chain management, risk management and general administrative support services to the NAMC
<b>Justification</b>	This aims to ensure that the NAMC functions optimally through effective business processes, corporate governance and resource support services
<b>Links</b>	Government outcome 5 and 12 Government Priority 7 National development plan Agricultural Policy Action Plan

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

- Office of the Chief Executive Officer
- Financial Management (including ICT support)
- Human Resources Management

## PROGRAMME 2: MARKETS AND ECONOMIC RESEARCH CENTRE

<b>Strategic objectives (3&amp;5)</b>	Objective 1: Promote the efficiency of the marketing of agricultural products  Objective 2: Enhance viability of agricultural sector
<b>Objective statements</b>	Objective statement 1: To undertake value chain analysis that contributes to the understanding and growth of livestock, grains, vegetables and wine subsectors  Objective statement 2: To increase the funding from statutory levies that is allocated to research
<b>Justification</b>	This aims to inform key stakeholders to contribute to policy debate and create a more efficient and inclusive marketing system
<b>Links</b>	National development plan  Integrated Growth and Development Plan  Agricultural Policy Action Plan  Revitalisation of the Agriculture and Agro-processing Value Chain  Government outcomes 4 and 7  2009 Government Priority 4  MAP Act objectives 1,2,3 and 4  State of the Nation address on national priorities

MERC programme has the following sub-programmes:

- Smallholder Market Access Research
- Agro-Food Chain Research
- Trade Research
- Strategic Integrated Projects Coordination (SIP11)

### PROGRAMME 3: STATUTORY MEASURES

<b>Strategic Objective (3&amp;4)</b>	Objective 3: Promote the efficiency of the marketing of agricultural products Objective 4: Optimise export earnings from agricultural products
<b>Objective statement</b>	Objective statement 3: To facilitate the implementation of statutory measures on registration, records & returns and statutory levies in the field crop, horticultural and livestock subsectors Objective statement 4: To increase the amount allocated to export promotions through statutory measures in order to increase the export of South African agricultural products
<b>Justification</b>	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, control exports
<b>Links</b>	National Development Plan Integrated growth and development plan Agricultural Policy Action Plan Government outcomes 4 and 7 Government Priority 4 NAMC outcomes 1, 2, 3 and 4

Statutory Measures programme has the following sub-programmes:

- Field crop products.
- Horticultural products.
- Livestock products.

### PROGRAMME 4: AGRICULTURAL TRUSTS

<b>Strategic Objective (2)</b>	Objective 2: Enhance the viability of the agricultural sector
<b>Objective statement</b>	To increase the funding from statutory levies allocated to research
<b>Justification</b>	This aims to ensure that the viability of the agricultural sector is enhanced
<b>Links</b>	National Development Plan Integrated Growth and Development Plan Agricultural Policy Action Plan Government outcomes 7 and 12 2009 Government priorities 2,4,6 and 7 NAMC outcomes 1 and 4 Agri-BBBEE code

Agricultural Industry Strategic Advisory Services have the following sub-programmes:

- Agricultural industry trusts support.
- Industry transformation support.

## PROGRAMME 5: AGRI-BUSINESS DEVELOPMENT

<b>Strategic Objective (1)</b>	Objective 1: Increasing market access to all market participants
<b>Objective statement</b>	To promote production and marketing of smallholder farmers through the implementation of development schemes
<b>Justification</b>	This aims to increase access to markets by smallholder farmers / agri-businesses
<b>Links</b>	National Development Plan Integrated Growth and Development Plan Government outcomes 4 and 7 2009 Government priorities 2, 4 and 6 NAMC outcome 1 Agricultural Policy Action Plan (APAP)

Agri-business Development facilitation has the following sub-programmes:

- Agricultural capacity development facilitation.
- Development Scheme programme design & implementation facilitation.
- Business linkages facilitated (technical support plans).
- Market access facilitation.

# Part 4

## Performance Information



## 4.1 Programme 1: Administration

### 4.1.1 OFFICE OF THE CHIEF EXECUTIVE OFFICER, PERFORMANCE INFORMATION

Strategic Objectives (KPA)	Performance Indicator	Audited Performance 2016/2017	Planned Annual Targets 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement	Comments on deviations
<b>Corporate Governance Support</b>	Compliance reports produced (n).	Compliance reports.	Produce (4) compliance reports by end of financial year.	(4) Compliance reports were produced.	None	None
<b>Corporate Governance Support</b>	Risk reports produced (n).	Risk reports.	Produce (4) risk reports by end of financial year.	(4) Risk reports were produced.	None	None
<b>Corporate Governance Support</b>	Council committees' secretarial support reports produced (n).	Council committees' secretarial support reports.	Produce (4) Council committees' secretarial support reports by end of financial year.	(4) Council committees' secretarial support reports were produced.	None	None
<b>Corporate Governance Support</b>	Council committees' 'performance evaluation report produced (n).	Council committees' performance evaluation report.	Produce (1) Council committees' performance evaluation report by end of financial year.	(1) Council committees' performance evaluation report was produced.	None	None
<b>Corporate Governance Support</b>	Strategic Plan produced (n).	Strategic Plan.	Produce (1) Strategic Plan by March.	(1) Strategic Plan produced.	None	None
<b>Corporate Governance Support</b>	Annual Performance Plan produced (n).	Annual Performance Plan.	Produce (1) Annual Performance Plan by March.	(1) Annual Performance Plan produced.	None	None
<b>Corporate Governance Support</b>	Performance information reports produced (n).	Performance Information reports.	Produce (4) performance Information reports by end of financial year.	(4) Performance Information reports were produced.	None	None
<b>Corporate Governance Support</b>	Annual Report produced (n).	Annual Report.	Produce (1) Annual Report by end of financial year.	(1) Annual Report was produced.	None	None

#### 4.1.2 FINANCE AND ADMINISTRATION PERFORMANCE INFORMATION

Strategic Objectives	Performance Indicator	Audited Performance 2016/2017	Planned Annual Targets 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement	Comments on deviations
<b>Financial Management Support</b>	Budget submitted for approval (n).	Approved budget.	Submit (1) budget for approval by 28 February 2018.	(1) Budget was submitted for approval on 28 February 2017.	None	None
<b>Financial Management Support</b>	Annual Statutory Financial Report produced within prescribed time (n).	Annual Statutory Financial Report.	Produce (1) Annual Statutory Financial Report by 31 July 2017.	(1) Annual Statutory Financial Report was produced.	None	None
<b>Financial Management Support</b>	Quarterly statutory financial reports produced within prescribed time (n).	Quarterly statutory financial reports.	Produce (4) statutory financial reports by end of financial year.	(4) Statutory financial reports were produced.	None	None
<b>Financial Management Support</b>	Monthly statutory financial reports produced within prescribed time (n).	Monthly statutory financial reports.	Produce (12) statutory financial reports by end of financial year.	(12) Statutory financial reports were produced.	None	None
<b>Financial Management Support</b>	BBBEE procurement reports produced (n).	-	Produce (4) BBBEE procurement reports by end of financial year.	(4) BBBEE procurement reports were produced.	None	None
<b>IT Support</b>	IT performance reports produced (n).	IT performance reports.	Produce (4) IT performance reports by end of financial year.	(4) IT performance reports were produced.	None	None



#### 4.1.3 HUMAN RESOURCES MANAGEMENT PERFORMANCE INFORMATION

Strategic Objectives	Performance Indicator	Audited Performance 2016/2017	Planned Annual Targets 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement	Comments on deviations
<b>Business Process Support</b>	Corporate communication service reports produced (n).	Corporate communication service reports.	(4) Corporate communication service reports by end of financial year.	Produce (4) corporate communication service reports were produced.	None	None
<b>Business Process Support</b>	Human resources reports produced (n).	Human resources reports.	Produce (4) Human Resources reports by end of financial year.	(4) Human resources reports were produced.	None	None

## 4.2 Markets And Economic Research Centre Performance Information

Strategic Objectives	Performance Indicator	Audited Performance 2016/2017	Planned Annual Targets 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement	Comments on deviations
<b>Smallholder Market Access Research</b>	Smallholder market access research reports produced (n).	Smallholder market access research reports.	Produce (1) Smallholder market access research reports by end of financial year.	(1) Smallholder market access research reports were produced.	None	None
<b>Smallholder Market Access Research</b>	Smallholder Market Access Academic Journal articles produced (n).	Smallholder Market Access Academic Journal articles.	Produce (2) Smallholder Market Access Academic Journal articles by end of financial year.	(2) Smallholder Market Access Academic Journal articles were produced.	None	None
<b>Smallholder Market Access Research</b>	Agri-preneur reports produced (n).	Agri-preneur reports.	Produce (4) agri-preneur reports by end of financial year.	(4) Agri-preneur reports were produced.	None	None
<b>Smallholder Market Access Research</b>	Monitoring & evaluation reports produced (n).	Monitoring & evaluation reports.	Produce (1) monitoring & evaluation reports by end of financial year.	(1) Monitoring & evaluation reports were produced.	None	None
<b>Agro – Food Chain Research</b>	Food Price Monitor reports produced (n).	Food Price Monitor reports.	Produce (4) Food Price Monitor reports by end of financial year.	Produce (4) Food Price Monitor reports were produced.	None	None

Strategic Objectives	Performance Indicator	Audited Performance 2016/2017	Planned Annual Targets 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement	Comments on deviations
<b>Agro-Food Chain Research</b>	Food Cost Review Report produced (n).	Food Cost Review Report.	Produce (1) Food Cost Review Report by end of financial year.	(1) Food Cost Review Report was produced.	None	None
<b>Agro-Food Chain Research</b>	Input cost monitoring reports produced (n).	Input cost monitoring reports.	Produce (4) input cost monitoring reports by end of financial year.	(4) input cost monitoring reports were produced.	None	None
<b>Agro – Food Chain Research</b>	Supply and demand estimates reports produced (n).	Supply and demand estimates reports	Produce (12) supply and demand estimates reports by end of financial year.	(12) Supply and demand estimates reports were produced.	None	None
<b>Agro – Food Chain Research</b>	Agro-food chain research reports produced (n).	Agro-food chain research reports	Produce (1) agro-food chain research report by end of financial year.	(1) Agro-food chain research reports were produced.	None	None
<b>Agro – Food Chain Research</b>	Agro-Food Chain academic Journal articles produced (n).	Agro-Food Chain Academic Journal articles	Produce (2) Agro-Food Chain Academic Journal articles by end of financial year.	(2) Agro-Food Chain Academic Journal articles were produced.	None	None
<b>Agro-Food Chain Research</b>	Farm-to-retail price spreads (FTRPS) reports produced (n).	Farm-to-retail price spreads (FTRPS) reports	Produce (4) farm-to-retail price spreads (FTRPS) reports.	(4) Farm-to-retail price spreads (FTRPS) reports were produced.	None	None
<b>Trade Research</b>	Trade Probes reports produced (n).	Trade Probes reports	Produce (4) Trade Probes reports by end of financial year.	(4) Trade Probes reports were produced.	None	None
<b>Trade Research</b>	Fruit Flow reports produced (n).	Fruit Flow reports.	Produce (4) Fruit Flow reports by end of financial year.	(4) Fruit Flow reports were produced.	None	None
<b>Trade Research</b>	FANRPAN Annual Report produced (n).	FANRPAN Report	Produce (1) FANRPAN Annual Report by end of financial year.	(1) FANRPAN Annual Report was produced.	None	None

Strategic Objectives	Performance Indicator	Audited Performance 2016/2017	Planned Annual Targets 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement	Comments on deviations
<b>Trade Research</b>	ITAC Report produced (n).	Produce (1) ITAC Report by end of financial year.	Produce (1) ITAC Report by end of financial year.	(1) ITAC Report was produced.	None	None
<b>Trade Research</b>	South African Agricultural Economic Professional Fellowship Report produced (n).	Produce (1) South African Agricultural Economic Professional Fellowship Report by end of financial year.	Produce (1) South African Agricultural Economic Professional Fellowship Report by end of financial year.	(1) South African Agricultural Economic Professional Fellowship Report was produced.	None	None
<b>Trade Research</b>	Trade Research reports produced (n).	Trade research reports.	Produce (1) Trade research reports by end of financial year.	(1) Trade research reports were produced.	None	None
<b>Trade Research</b>	Trade academic journal articles produced (n).	Trade academic journal articles.	Produce (2) Trade academic journal articles by end of financial year.	(2) Trade academic journal articles were produced.	None	None
<b>Strategic Integrated Projects Coordination</b>	SIP11 project monitoring reports produced (n).	SIP 11 project monitoring reports.	Produce (4) SIP 11 project monitoring reports by end of financial year.	(4) SIP 11 project monitoring reports were produced.	None	None

## 4.3 Statutory Measures Performance Information

Strategic Objectives	Performance Indicator	Audited Performance 2016/2017	Planned Annual Targets 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement	Comments on deviations
<b>Statutory Measures Implementation</b>	Percentage of statutory measures investigations received and responded to.	-	100% of statutory measures investigations received and responded to.	100% achieved.	None	None
<b>Statutory Measures Implementation</b>	Percentage of statutory measures approved, promulgated and received.	-	100% of statutory measures approve, promulgated and received.	100% achieved.	None	None
<b>Statutory Measures Implementation</b>	Percentage of surplus funds utilisation requests received and responded to.	-	100% of surplus funds utilisation requests received and responded to.	100% achieved.	None	None
<b>Statutory Measures Implementation</b>	Percentage of inspector appointments received and responded to.	-	100% of inspector appointments received and responded to.	100% achieved.	None	None
<b>Statutory Measures Compliance Monitoring</b>	Status of Statutory Measures Report produced (n).	Status of Statutory Measures Report.	Produce (1) Status of Statutory Measures Report by end of financial year.	(1) Status of Statutory Measures Report was produced.	None	None
<b>Committee Secretarial Support</b>	Committee Secretarial Support Report produced (n).	Committee Secretarial Support Report.	Produce (1) Committee Secretarial Support Report by end of financial year.	(1) Committee Secretarial Support Report was produced.	None	None
<b>Register of Directly Affected Groups Administration</b>	Register of Directly Affected Groups Administration Report produced (n).	Register of Directly Affected Groups Administration Report.	Produce (1) Register of Directly Affected Groups Administration Report by end of financial year.	(1) Register of Directly Affected Groups Administration Report was produced.	None	None

## 4.4 Agricultural Trusts Performance Information

Strategic Objectives	Performance Indicator	Audited Performance 2016/2017	Planned Annual Targets 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement	Comments on deviations
<b>Agricultural Industry Trusts Support</b>	Agricultural Industry Trusts reports produced (n).	Agricultural Industry Trusts reports.	Produce (4) Agricultural industry trusts reports by end of financial year.	(4) Agricultural industry trusts reports were produced.	None	None
<b>Agricultural Industry Trusts Support</b>	Status Report of Agricultural Trusts produced (n).	Status Report of Agricultural Trusts.	Produce (1) Status Report of Agricultural Trusts by end of financial year.	(1) Status Report of Agricultural Trusts was produced.	None	None
<b>Industry Transformation Support</b>	Industry Transformation support reports produced (n).	Industry Transformation support reports.	Produce (4) Industry Transformation support reports by end of financial year.	(4) Industry Transformation support reports were produced.	None	None

## 4.5 Agri-Business Development Performance Information

Strategic Objectives	Performance Indicator	Audited Performance 2016/2017	Planned Annual Targets 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement	Comments on deviations
<b>Agri-Business Development</b>	Agricultural Capacity Development Facilitation Report produced (n).	-	Produce (2) agricultural capacity development facilitation reports by end of financial year	(2) Agricultural capacity development facilitation reports were produced.	None	None
<b>Agri-Business Development</b>	Training evaluation reports produced (n).	-	Produce (2) training evaluation reports by end of financial year	(2) Training evaluation reports were produced.	None	None
<b>Agri-Business Development</b>	Agricultural development schemes designed (n).	-	Design (1) Agricultural Development Scheme by end of financial year	(1) Agricultural Development Scheme was designed.	None	None
<b>Agri-Business Development</b>	Agricultural development schemes implementation facilitation reports produced (n).	-	Produce (1) Agricultural Development Scheme implementation Facilitation Report by end of financial year	(1) Agricultural Development Scheme Implementation Facilitation Report was produced.	None	None

Strategic Objectives	Performance Indicator	Audited Performance 2016/2017	Planned Annual Targets 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement	Comments on deviations
<b>Agri-Business Development</b>	Technical assistance plans developed (n).	-	Develop (2) technical assistance plans by end of financial year	(2) Technical assistance plans were produced.	None	None
<b>Agri-Business Development</b>	Development farmers' database updates reports produced (n).	-	Produce (4) Development farmers' database updates reports by end of financial year.	(4) Development farmers' database updates reports were produced.	None	None
<b>Agri-Business Development</b>	Market Access Facilitation Programmes Report produced (n).	-	Produce (1) Market Access Facilitation Programmes Report by end of financial year.	(1) Market Access Facilitation Programmes Report was produced.	None	None
<b>Agri-Business Development</b>	Project management reports produced.	-	Produced (4) Project management reports by end of financial year	(4) project management reports were produced.	None	None



# INDUSTRY AND GOVERNMENT MEET TO MULL OVER PROPOSED TRANSFORMATION GUIDELINES



- By Bongani Radebe  
National Agricultural Marketing Council

On the 10th of April 2018, the NAMC hosted its Transformation Workshop at the Protea Hotel – Marriott OR Tambo Airport, Johannesburg. The workshop was aimed to unpack the new proposed transformation guidelines, as transformation was very important in the Agricultural sector. The NAMC executive management and its officials along with colleagues from the Department of Agriculture, Forestry and Fisheries presented on various transformation imperatives.

NAMC constituted a Transformation Review Committee (TRC) for purposes of independently reviewing, commenting and providing inputs to the industries' transformation business plans and reports. The TRC further conducts Monitoring and Evaluation of the agricultural industry transformation projects funded through the 20% levy meant for transformation.

On 20 March 2008, the AgriBEE sector codes were first introduced with seven (7) pillars. Then, on 8 December 2017, the new amended AgriBEE sector codes were gazetted and displayed five (5) pillars. Upon the release of the new amended AgriBEE Act, the NAMC deemed it necessary to amend its transformation guidelines to be aligned with the amended AgriBEE sector codes of 8 December 2017. Following the workshop, it was decided that the proposed guidelines will be effective on the new levy applications. Furthermore, the levy administrators requested 30 days after the meeting to provide inputs on the proposed guidelines. The NAMC agreed with the request by the industries.

One of the core divisions of the NAMC is Statutory Measures, which facilitates the process to implement statutory measures in order to promote the efficiency of the marketing of agricultural products. Schalk Burger,

Senior Manager of Statutory Measures, who has been in the organisation for more than 30 years gave historical background of statutory measures and the importance of industry applying statutory measures. He further mentioned that the total statutory levy income increased from R45 million in 2002 to R517 million in 2017. It was an indication of the important role statutory measures playing in the agricultural economy.

Rudolf Abercrombie Deputy Director DAFF under the BBBEE Charters Compliance presented on the amended AgriBEE Sector Code. 5 elements of the AgriBEE scorecard were amended namely; Ownership, Management Control, Skills Development, Enterprise and Supplier Development and Socio-Economic Development. According to Abercrombie, the amendments are aimed at pulling Black South Africans involved in all levels of agricultural activities.

# NARRATIVES

## PROGRAMME 1: ADMINISTRATION

### Sub- programme 1: Office of the Chief Executive Officer

#### Risk Management

Compliance assessments were conducted during the 2017/18 financial year by the Risk and Compliance unit. The compliance reports provide information on non-compliance, as well as incidents that have an impact on NAMC operations. The NAMC held an annual risk assessment workshop during April 2017, which was attended by members from Council, the Human Resources and Remuneration Committee, the Audit and Risk Committee, and the Management Committee. A risk assessment workshop format enabled participants to both contribute and learn in a natural environment. The result was not only the compilation of a ranked list of key risks, but also a fascinating discussion about the control environment, risk appetite, and individual risk tolerances affecting the NAMC. Risk assessments were also conducted during the year and discussed in meetings held in April 2017, August 2017, October 2017, November 2017 and January 2018.

#### Corporate Governance Support

The Council held five meetings during the financial year. During these meetings, members deliberated on specific issues and forwarded submissions to the Minister, through the Department of Agriculture, Forestry and Fisheries (DAFF). Submissions forwarded to the Minister included the South African Food Cost Review, Agricultural Trust Report, Section 7 Committee Report, and reports on investigations into the implementation of statutory measures.

Council conducted an evaluation of the Audit and Risk Committee which focused on the role of the Audit and Risk Committee as a support Committee to Council.

### Sub- programme 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 the Treasury regulations.

#### Strategic reviews and compliance with strategic objectives

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

#### Supply Chain Management

The division renders supply chain management services to the NAMC and is responsible for the following: demand and acquisition, logistics 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 NAMC acquired goods and services through a competitive bidding process, and this was for the following:

- Vineyard Development Scheme Project

#### Asset Management

The NAMC conducted asset verifications, which resulted in the disposal of obsolete computer equipment with a book value of R293 000.

For the period under review the NAMC 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 were outsourced to Praxis Computing; they provide professional services with regard to IT on a daily basis.

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 were implemented within the NAMC, and the IT Steering Committee also looked at addressing audit findings as raised by both internal and external auditors to ensure that the queries were resolved within a specified timeframe.

### **Risk assessment and management**

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

### **Functioning Audit and Risk Committee**

The NAMC's Audit and Risk Committee continued to function and met four (4) times during the period under review.

### **Internal audit function**

The internal audit function of the NAMC is outsourced to Nexia SAB & T, and during the period under review the internal auditors conducted various reviews and assessments of the NAMC's control environment, the results of which were reported to the Audit and Risk Committee. No significant deviations from the internal audit were reported during the assessments.

### Sub-programme 3: Human Resources Management



**Virginia Nkobi**  
**Senior Manager Human Resources**

The Human Resources (HR) Committee is pleased to present the performance report which is aligned to the National Human Resources Standards developed by the Southern African Board for People Practices (SABPP). The SABPP is an independent body that oversees, and advises the human resources profession within Southern Africa. The SABPP quality assurance body, in association with HR Future, developed the first set of National HR standards in 2013 which consists of the 13 Standard Elements, outlined in Table 1. Companies are encouraged to align HR processes with the Human Resources Standards.

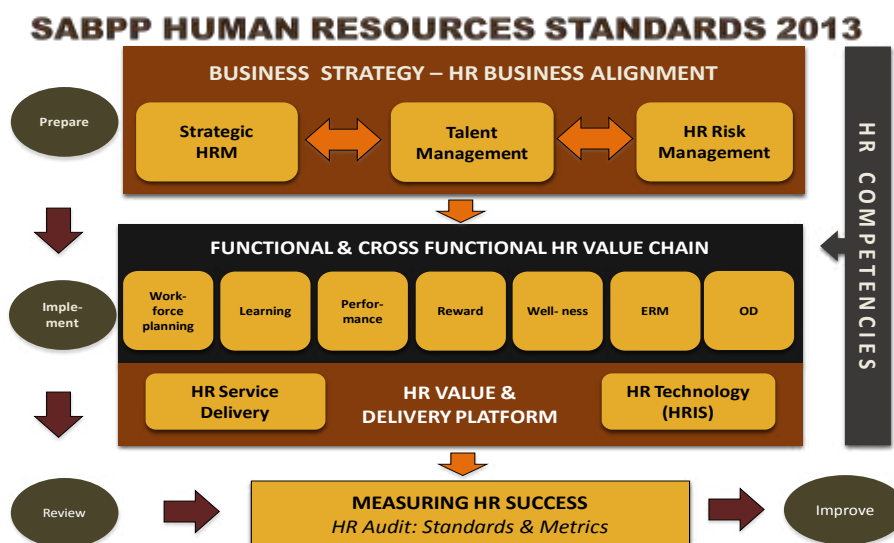
The HR Committee strategically created several innovative solutions and services that were responsive to implementation of the standards in order to:

- Improve HR systems to enhance operational effectiveness, efficiency and increase employee satisfaction.

- Build capacity through training and professional development programmes that are strategic aligned to the NAMC objectives.
- Support the execution of career management and investing in skills that accelerate employee's professional and personal development.
- Implement effective career models and competency development approaches.
- Provide a full range of support services, programmes and resources in the areas of employee benefits, compensation, compliance, employee relations, recognition, and talent management and professional development.

The HR Committee was able to make a significant impact in transforming from a traditional, transactional role to a strategic, value-added partner. There was more collaboration with business units and the Staff Representative Committee (SRC) on the development of human resources policies and procedures. In addition, the HR Committee was able to develop HR structure, allocate tasks and monitor the development of HR competence to deliver on HR strategic objectives.

**Table 1: Human Resources Standards**



### Human Resources Strategy

The execution of the Human Resources Strategy was the overriding theme in 2017 and beyond. The HR agenda was to develop and implement policies and plans that enables the Human Resources Division to achieve its objectives. In addition the HR had to:

- Ensure that the HR strategy was derived from and aligned to the organisation's objectives in consultation with key organisational stakeholders.
- Analyse the internal and external socio-economic, political and technological environment and provide proactive people-related business solutions.
- Provide strategic direction and measurements for strategic innovation and sustainable people practices.
- Provide a foundation for the employment value proposition of the organisation.
- Establish a framework for the HR element of the NAMC's governance, risk and compliance policies, practices and procedures which balance the needs of all stakeholders.

### Talent Management

In applying our connectedness value, we ensure that employees are engaged through internal communications in a continuous interactive process, which allows employees access information and provides an opportunity to engage with management. We also make use of internal newsletters, digital media and social media. This is a commitment to value our employees and this has increased staff morale and productivity. To this end, we ensure that our employees understand their roles within the NAMC, their contribution to the overall NAMC strategic objectives and what is happening within the agricultural industry. They are the first to hear important news. Furthermore, suggestions made by employees are taken seriously and acted upon. Through talent management initiatives, HR managed to implement the following initiatives:

- Build a talent culture which defines the organisation's philosophy, principles, and integrated approach to talent with clear employment value proposition;

- Set up processes and systems to assist HR to attract a sustainable pool of talent for current and future organisation needs;
- Report on the achievement employment equity progress and talent management;
- Identified strategically critical positions and leadership roles and capabilities in the organisation.

## Human Resources Risk Management

High-level human resources risks were identified and control measures are in place to monitor the risks. Risk compliance reports on people management practices and HR governance, are developed and submitted to relevant committees on a quarterly basis. In addition, risk assessment practices and procedures relating to people factors are embedded within the NAMC risk register. Table 2 below represents the HR risk register

**Table 2 HR Risk Register**

No	Risk Category	Risk Description
1	Strategic Human Resources Management	Non-alignment of HR Strategy to organisational strategy
2.	Talent Management	Lack of core skills and competencies within the NAMC Lack of learning and development plans Lack of reward and recognition
3.	Workforce Planning	Lack of workforce planning Inadequate organisational structure to support NAMC strategy
4.	Performance Management	Inadequate Performance Management System
5.	Employment Relations Management	Failure to comply with policies and procedures governing the human resources Lack of participation and attendance of wellness programmes

## Workforce Planning

A Workforce Plan and the Employment Equity Plan were developed to guarantee the identification of the right people in the right place at the right time. The plans took into account the labour market trends within the agriculture planning and budgeting cycle.

In 2017, 16 graduates were hired to gain experimental work experience. These interns were offered training and assigned to different managers for coaching and mentorship. The graduate placement has allowed us to build a talent pool of skilled employees for the future.

Most pleasingly, the HR was able to employ (02) of the students who had successfully completed their internship into available permanent positions.



### **Learning and Development**

A leadership development competency framework was implemented. Within the framework are training and development programmes aimed at improving leadership effectiveness. In 2017, 15 employees attended training and skills development at a cost of R128 505.00. This included (07) managers who attended an executive coaching programme, and various training in critical skills. In addition, (03) employees attended the leadership development programme intended to equip employees with the skills to better manage and lead their teams.

We also provided seminars to agricultural economists to ensure that employees are informed of agricultural trends. The agricultural economists were given an opportunity to publish papers on research topics in recognised agricultural journals.

### **Bursary Programme**

The NAMC provides bursary support to internal employees and external agricultural economists who wish to pursue their studies in agriculture. On completion of their studies, student bursars can apply for the NAMC's graduate development programme. A total of 47 bursaries were awarded to students studying at tertiary institutions in the 2017 academic year. Of the bursaries awarded, 27 of the students were external students pursuing agriculture and the balance of 20 were internal employees. The pass rate for our bursars was 100% for all modules written. The bursaries cost R692 000 for the financial year.

### **Learnership Programme**

The NAMC runs a formal learnership programme. During the financial year (03) participants were offered experimental training on plant and crop production, as well as entrepreneurship skills. Most of the learnership participants have shown interest in this initiative, and beyond 2017 the programme will be implemented in three provinces. The learnership programme cost R92 640.00. Three learners graduated and have since registered a company focusing on plant production.

### **Internship Programme**

In terms of Internship and experiential programmes in support of our agricultural plans, we hosted 16 internships with a budget of R450 000.00. All the interns, after completion of the programme, were appointed in various agricultural industries.

### **Graduate Placement**

HR has a graduate training scheme in place and intends to invest in recruiting graduates who have demonstrated impressive academic ability but who have little or no experience in the world of work. A graduate training programme is a way of bridging the gap. Our graduate training programme is tailor made to ease candidates into the world of work and give them the skills necessary to become part of the larger team. Our graduate placement is a one-year programme which offers students the opportunity to experience several different areas of business before choosing a final career path within the organisation. We hosted 05 graduate placements at a cost of R225 000.00.

### **Performance Management**

More focus was directed on developing, supporting, aligning and improving individual and team performance. The performance management policy is in place and seeks to:

- Help employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.
- Boost the performance of the employees by encouraging employee empowerment, motivation and the implementation of an effective reward mechanism.
- Promote a two-way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities, communicating the functional and organisational goals, providing a regular and transparent feedback for



improving employee performance and continuous coaching.

- Identify the barriers to effective performance and resolve those barriers through constant monitoring, coaching and development interventions.
- Create a basis for several administrative decisions, strategic planning, succession planning, promotions and performance-based payment.
- Promote personal growth and advancement in the career of the employees by helping them to acquire the desired knowledge and skills.

Performance contracts were developed and aligned with the annual operational plan and employee's agreed to the evaluation criteria. Managers were also required to attest that they thoroughly reviewed the employee's performance and considered various portfolios of evidence. HR facilitated the performance evaluations in all trimesters. The Moderating Committee ensured that the performance was conducted in a consistent and fair manner.

### **Reward and Recognition**

Compensation plays an integral role in the successful delivery of the NAMC's strategic objectives. The HR developed and implemented a reward strategy aligned with the NAMC's strategy and relevant legislation. In line with current national and international industry and sector norms, a 7.5% salary increase was implemented at the beginning of the financial year. A retention strategy is in place, which comprises the following three key elements: Firstly, long service award bonuses, certificates and a function for 10, 20 and 30 years' service, long service certificates and a function for 10 years' service.

Secondly, an annual performance bonus is awarded to staff who have exceeded job

requirements. Thirdly, encouraging a culture of support by managers, by providing coaching and mentorship to employees.

The NAMC also provides other benefits such as, group risk benefit schemes, a group life scheme for death cover, a group income continuation scheme for disability cover, funeral cover and the provident fund. HR manages the service benefits in consultation with the service provider.

### **Employee Wellness**

The Health and Safety Committee is responsible for employee's health, safety issues and works closely with HR on training and employee welfare. There is a clear process of support mechanisms for dealing with potential health and safety threats, and safety representatives have been placed on each floor to provide assistance. All incidents and accidents pertaining to NAMC employees and visitors are recorded and reviewed. No injuries on duty were reported during this period.

### **Employee Assistance Programme**

We are proactive in addressing employees' queries through established structures and processes. HR provides workshops on financial management and risk management and this has had the added benefit of improving staff employee morale.

### **Employment Relations Management**

Employee relations is an empowerment programme, initiated in 2017, and it continues. The employee management framework is provided to manage conflicts through the Staff Representation Committee (SRC). To mitigate the risk of labour disputes, we engage the SRC frequently on issues pertaining to the conditions of service.

### **Human Resources Policies and Procedures**

We keep all our human resources policies under review to ensure they follow best practices and meet all our legal obligations. In addition, (07) policies were development and approved. An area where we continue to compare favourably

with other organisations is leave management. Our absence levels have remained low since the implementation and monitoring of sick leave. We have a well-established absence management process and have good support mechanisms in place, including an employee assistance programme and health awareness programmes,

### **Organisational Development**

The NAMC is in the process of reviewing the organisational structure. The organisational structural review is necessary to build capacity as well as to ensure alignment with the NAMC's objectives as stipulated in the MAP Act. The proposed structure will enable the organisation to fully implement the MAP Act objectives.

### **Human Resources Service Delivery**

HR provided advice and guidance to employees regarding labour laws and other legislative requirements.

### **Termination**

There were (04) employee terminations during the financial year due to resignations. In line with the NAMC employment equity plan, annual reports are submitted to the Department of Labour.

### **Human Resources Technology**

In order to extract HR information in real time and deliver effective HR information, the following technological systems were introduced; Job descriptions, skills audits / assessment tools, job analysis and design, quick skills system, reward and recognition, job evaluation systems, VIP payroll systems, records management, and employee self-service (ESS).

### **Human Resources Measurement**

HR partnered with the SABPP to align and benchmark human resources processes. A scorecard to measure HR service delivery and how it impacts the NAMC was developed. The scorecard has assisted in identifying gaps on the human resources standards, and appropriate solutions and improvement plans have been developed.

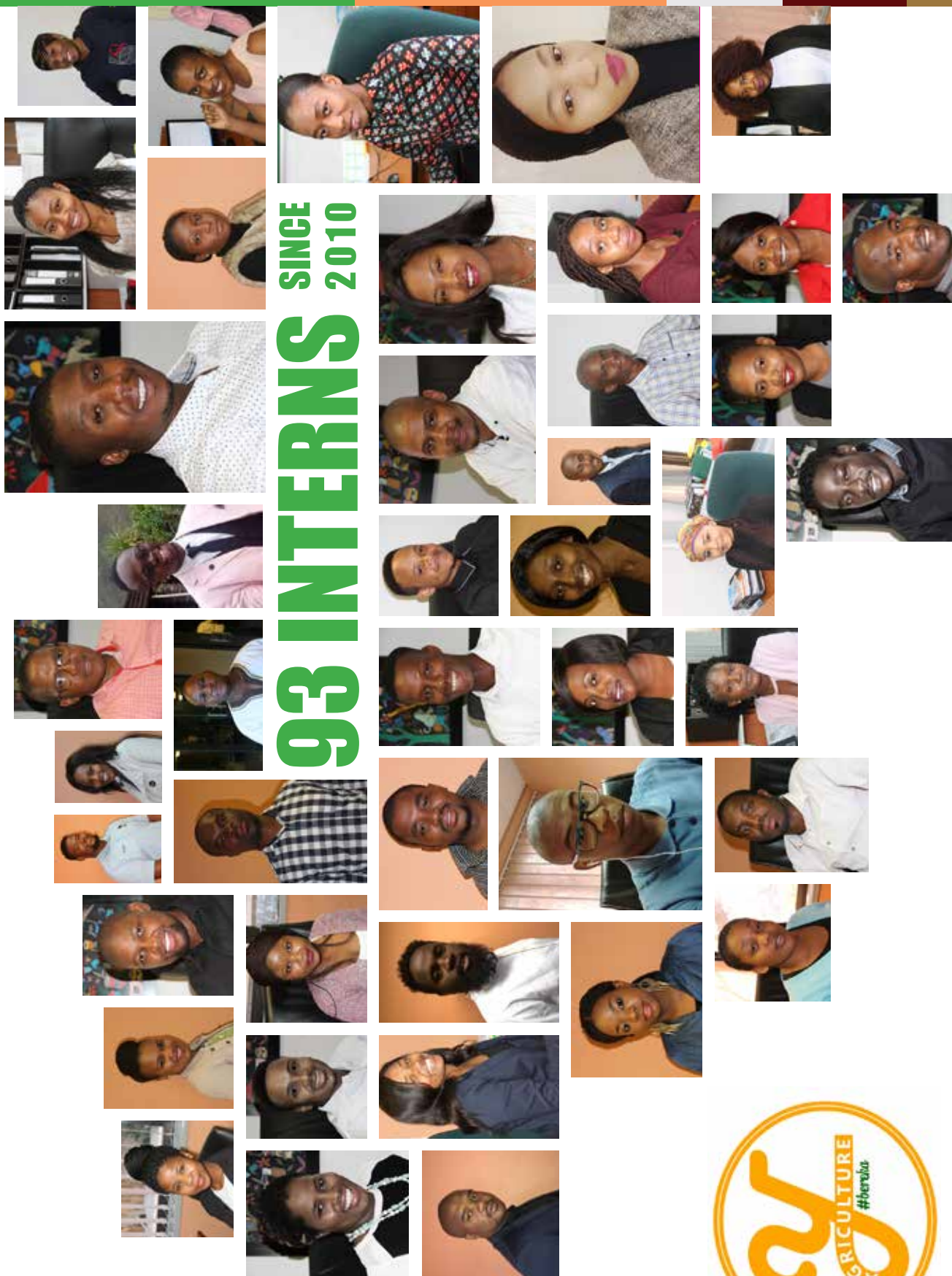
### **Conclusion**

Human Resources will continue providing valued services and programmes to help employees succeed at every stage of employment. In 2018, we will be looking forward to enhancing the hiring process to attract a more diverse pool of top talented candidates. The implementation of applicant tracking system has resulted in a reduction in hiring time and the development of a candidate pool whose skills more closely match specific job requirements. Human Resources also developed an induction programme to welcome new employees, to integrate them into the workplace, and increase their level of engagement.

In 2018 HR will provide leadership development and teambuilding programmes. In addition, the employee training curriculum has been expanded to include newly designed training modules that reinforce learning. The HR will also continue to offer wellness interventions aimed at providing health care information through a newly designed Wellness Programme that will help employees make informed decisions.

A cross-representative Employee Wellness Committee will aid Human Resources in the development and marketing of wellness and wellbeing programming.

Improving employee engagement and two-way communication remains an overarching top priority of the HR. HR will continue to hold employee focus groups and conduct employee surveys to make sure we are listening and responding appropriately and efficiently. HR will also continue holding conversations with employees about setting expectations, establishing realistic goals that support the NAMC's Strategic Plan, and the importance of professional development.



# 93 INTERNS

SINCE 2010



## Corporate Communications

The Corporate Communications Unit is tasked with the responsibility to promote the NAMC. It reports under the Human Capital division, with four staff complement. Alignment to NAMC Objectives is based on a) increasing market access and b) enhancing the viability of the agricultural sector. In achieving this, the unit is guided by three functions; stakeholder relations, public relations and media relations.

*Below are highlights of the work done by Corporate Communications;*

### Stakeholder Relations

The function of stakeholder relations programme is aimed at enhancing the viability of the agricultural sector. It works to bring stakeholder projects closer towards farmers, policy makers and agricultural stakeholders in general. Under the period of 2017/2018, the following formed part of stakeholder relations programme;

#### Department of Agriculture, Forestry and Fisheries

The NAMC is a public entity of the Department of Agriculture, Forestry and Fisheries. Under the period review, the NAMC worked with DAFF on a number of initiatives. Key areas of communication enhanced included the following;

*Agribusiness Female Entrepreneurs.* The NAMC annually hosts the Agribiz for Female Entrepreneurs and this year marked the 10th year celebration. Over 350 female entrepreneurs have come through this programme and DAFF expressed satisfaction with the progress of the initiative.

*SARA (Ivory Coast) Exhibition.* The NAMC was invited to the SARA agricultural exhibition in Ivory Coast. The NAMC attended the planning meetings and contributed in terms of the

direction and status of South African agriculture. The NAMC assisted in supplying of promotional materials and videos of the sector including linking with agricultural industries to promote South African agriculture.

#### Food, Agriculture, Natural Resources and Policy Analysis Network (FANRPAN)

The NAMC is a node of FANRPAN in South Africa and shares its knowledge with the continental body to disseminate South African agricultural research, policy, youth initiatives to Africa. During the 2017/2018 period, the NAMC assisted FANRPAN to organize its annual policy dialogue which was hosted in Durban, South Africa. The event was hosted to enhance South Africa's agriculture and open dialogue with other African counterparts.

#### National Red Meat Development Programme (NRMDP)

The NRMDP is a project managed under the Agribusiness Development Division. The Department of Rural Development and Land Reform is a primary stakeholder. Under the period review, the unit managed to enhance the programme's appeal by establishing a mini magazine titled 'Beef Indaba.' Two issues were released focusing on communal livestock beef farming and the many strides made by the NRMDP in providing farmers with access to markets. The mini-magazine was distributed across all provinces and stakeholders.

#### Research Promotion

The Agricultural Research Council, Land Bank and the NAMC, under the period review managed to host a seminar on the effects of climate change and hosted a seminar on Land Redistribution without compensation breakfast seminar. The latter was significant in collecting views from the sector and the approach to the subject. The seminar was greatly covered in media.



### **Branding of RSA Agriculture Committee**

The Branding of South African Agriculture project is an initiative of the Agricultural CEO's Forum. The Committee managed to review the developed portal for the agricultural sector. This project aims to promote the positive stories on agriculture and its contribution to the economy.

### **WTO-Africa Trade Issues Launch.**

The NAMC works with Tralac on agricultural trade related research matters. Under the period review, the NAMC and Tralac launched the WTO Africa Trade Issue Book with the launch attended by various stakeholders.

### **Public Relations**

Public Relations programme relates to informing the public on the work of the NAMC. Three types of public are targeted; smallholder farmers, youth and ordinary citizens through the following;

### **Campaigns**

Under the period review, the NAMC undertook the following campaigns;

*Food Prices:* The NAMC targeted community radio stations in various languages to disseminate the quarterly food price monitor podcast. The analysis of food prices was converted into six language podcasts namely; Zulu, Xhosa, Afrikaans, Sepedi, Tshivenda and Siswati. This was targeted at ordinary citizens.

*AgriPreneur Journal;* The NAMC designed an Agripreneur journal to cover stories of successful emerging smallholder farmers. These stories are aimed at ensuring that they encourage other inspiring farmers entering the market. The other objective is to inform these smallholder farmers about the opportunities available and market developments in various industries.

*Y Agriculture;* Youth Agriculture programme is another programme of the NAMC that targets youth to be involved in agriculture. A portal was developed and it is updated with youth in agriculture making headways.

### **Events**

Events and exhibitions are vital in engaging with all public members. Under the period review, the unit target 6 events. However, financial constraints limited communications movement. Below are the events and exhibitions NAMC managed to attend and engage the public;

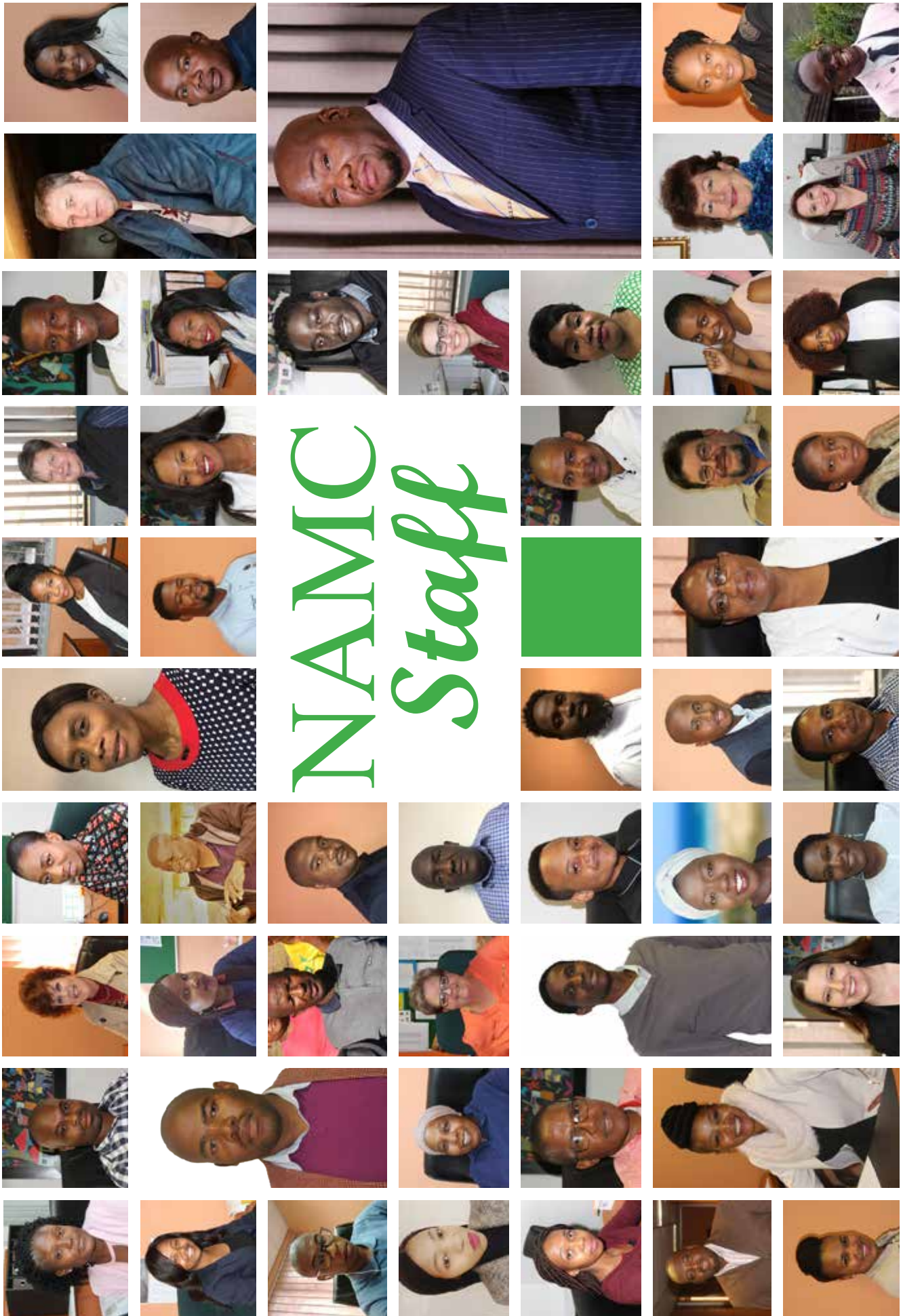
- NRMDP Auction – Nkandla and Newcastle
- DAFF Budget Vote
- SANSOR Youth Forum
- AFASA Annual Conference
- AEASA Conference
- Annual Research Symposium
- Land Seminar Breakfast
- FANRPAN Dialogue

### **Media Relations**

The NAMC continues to engage media in several ways to generate mileage in the work it does. Infographs, videos, website, social media and newsletter are the main sources used to attract media to NAMC programmes.

During the 2017/2018 financial review period, the NAMC media monitor indicated that the NAMC work was covered by 6 known media outlets. It featured about 29 times on average during the financial year. Of importance is that the NAMC was provided with a weekly guest feature on GrootPlaas TV.

Such developments have encouraged the NAMC to develop a comprehensive Market Information programme that will enable our programmes to have a broader reach to audiences.







# Factors influencing the growth of South Africa's agricultural exports to world markets

X.Y. Potelwa, M.H. Lubinga and T. Ntshangase

South Africa is a net exporter of agricultural products into the world market. Owing to the fact that Agriculture is one of the major earners of foreign exchange, an empirical analysis was conducted to determine factors influencing the growth of South Africa's agricultural exports to the world market. Findings indicate an improvement in South Africa's export earnings and the importer's GDP plays an important role in the increase in agricultural exports. The importer's population and the export capacity showed a positive relationship on the growth of South Africa's agricultural exports to its trading partners. Trading agreements, which include AGOA and the TDCA with the EU, show a positive impact on increase in export performance.

For the full paper, go to: <http://www.namc.co.za/research-portal/wp-content/uploads/2017/10/Factors-influencing-the-growth-of-South-Africa%E2%80%99s-Agricultural-Exports-to-World-Markets.pdf>

This paper was published in the European Scientific Journal, Vol 12, No. 34 (December 2016). It could also be accessed via the journal's website: <https://ejournal.org/index.php/esj/article/view/8487>



## PROGRAMME 2: MARKETS AND ECONOMIC RESEARCH CENTRE



**Dr. Simphiwe Ngqangweni**  
**Senior Manager: MERC**

### About the Markets and Economic Research Centre

The Markets and Economic Research Centre (MERC) is one of the four core divisions of the NAMC, focusing on the provision of research evidence in support of the four objectives of the NAMC. The MERC Division conducts research on smallholder market access in order to inform stakeholders on progress, challenges and opportunities for opening up of lucrative markets for smallholder farmers in South Africa.

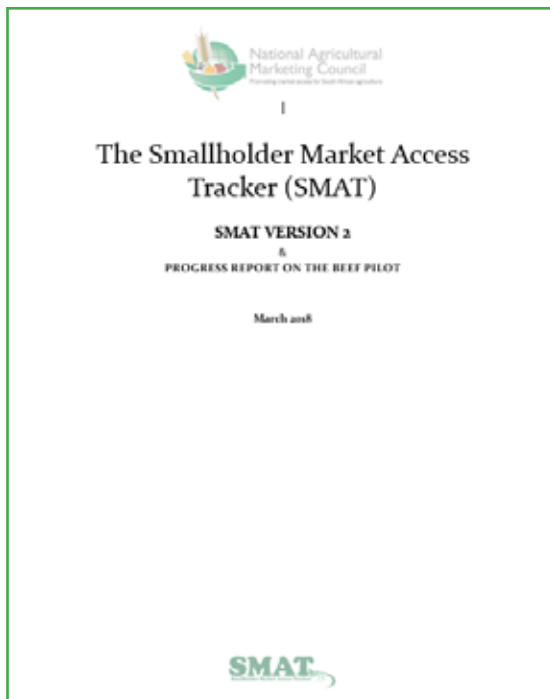
In support of the enhancement of efficiency of the marketing of agricultural products, MERC produces a number of value-chain reports that, among other things, monitor the movement of various cost items throughout the agro-food value chain. Specific attention is paid to monitoring input prices as well as the price of food at retail level. Various publications also focus on the margins between prices at farm level as well as prices at retail level.

Under MERC's trade research focus area, studies are conducted to support the NAMC objective of optimising export earnings from agriculture. In this regard, MERC participates in analysing the merits of applications for various trade remedies aimed at protecting South African producers from unfair international competition. These analyses are often used by the International Trade Administration Commission (ITAC) to make decisions on whether to support or reject applications for such measures as import tariffs and anti-dumping duties. Regular publications are produced by the trade research focus area to study opportunities for South African producers to access international markets.

To enhance viability of the agricultural sector, MERC has introduced an initiative to promote public and policy awareness on the role of agriculture in the South African economy, to support efforts in promoting South African products in international markets, as well as to ultimately attract investment into the South African agricultural sector. The Branding South African Agriculture initiative is supported by the Agricultural CEO's Forum.

The rest of this narrative provides some of the key research work done in support of the four NAMC objectives.

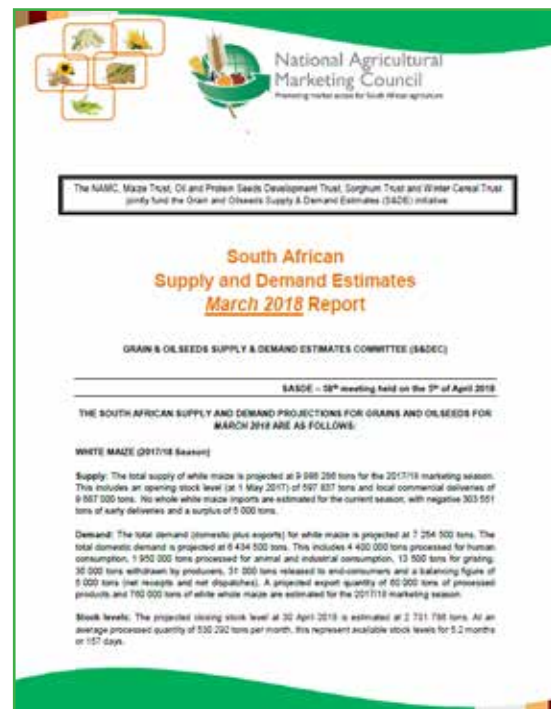
## Increasing market access to all participants



### SMAT Pilot Report on Beef: March 2018

A pilot on market access for smallholder beef farmers in South Africa has been completed. The study, which was conducted on a sample of 109 farmers in three provinces (Eastern Cape, KwaZulu-Natal and North West) shows that a majority of farmers participate in selling cattle, with the local informal market being the most popular market channel. Other options that are available for these farmers to sell their cattle include auctions, abattoirs and feedlots. Selling arrangements are mostly informal and happen on the spot without the use of formal contracts. Payments to farmers under informal market arrangements are normally immediate. The majority of smallholder beef farmers surveyed indicated that they had no access to formal market support services such as market information, holding facilities, credit, training and transport.

## Enhancing the efficiency of marketing of agricultural products



### Supply & Demand Estimates Report

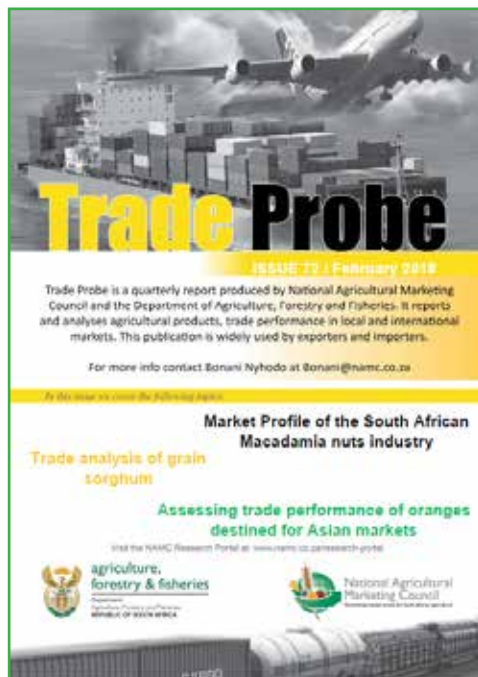
The primary objective of the Supply & Demand Estimates Report is to publish official grain and oilseeds supply and demand estimates on a monthly basis. This occurs through the:

Collection of trade, production and consumption information by the NAMC.

- Extrapolation of historical data obtained from the South African Grain Information Service (SAGIS) where necessary.
- Processing of Crop Estimates Committee information with regard to crop estimates in supply terms.
- Calculation of an official estimate on grain and oilseeds stock levels, at a specific month, for the rest of the marketing year.

The report provides an analysis of the fundamental conditions of the major grain and oilseeds in South Africa. This report is widely considered as the benchmark to which private- and public agricultural forecasts are compared.

## Optimisation of export earnings

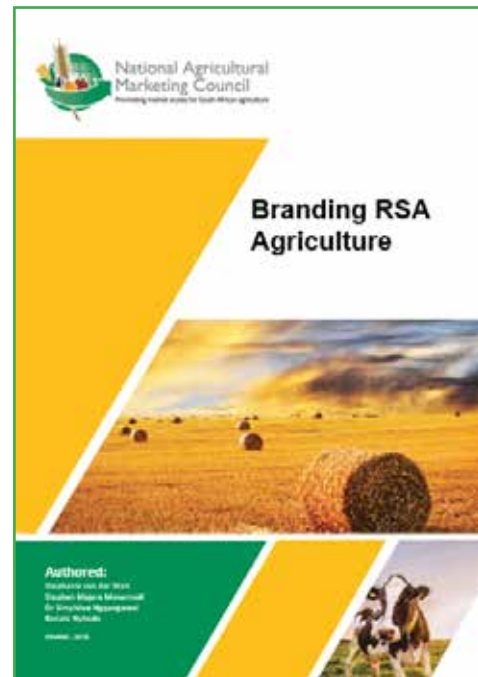


### Trade Probe Report

The Trade Probe publication communicates easy-to-read and factual information on the trade of agricultural products. The following are some of the topics covered in the Trade Probe during the 2017/18 financial year:

- Assessing the trade performance of oranges destined for Asian markets
- Trade profile of milk and cream (HS 0401)
- An outlook on tobacco and manufactured tobacco substitutes (HS 24)
- Market profile of the South African mohair industry
- Dispute resolution and protection of foreign investment: An overview of China and South Africa
- Trade review of the South African meat industry
- Outline of South Africa's table grape opportunities under the SADC-EU Economic Partnership Agreement
- Trade analysis of the South African pork industry (HS: 0203)
- Three broad types of international trade agreements – is AGOA still a unilateral agreement for South Africa?

## Enhancing viability of the agricultural sector



### Branding South African Agriculture Plan

The National Agricultural Marketing Council, through the Agriculture CEO's Forum, was tasked with coordinating and implementing a strategy to enhance the brand of South Africa's agricultural sector, both domestically and abroad. The NAMC is strategically positioned, both in terms of its legislative mandate and with regard to linkages between the private sector, government and parastatal institutions, to facilitate and manage the process of creating and sustaining a South African Agriculture brand. Across the world, the branding of national agriculture resides with entities with mandates and organisational placement similar to that of the NAMC. The branding initiative will be rolled out in three phases, namely: (1) Public awareness; (2) Policy advocacy; (3) Exports and investment promotions. The NAMC will partner with stakeholders in both the public and the private sector, including the DAFF, DTI, DIRCO, Proudly SA, Brand SA, Tourism SA and organised agriculture and agribusiness structures.

# Myriad questions on land reform



# LEVY ADMINISTRATORS



**Dried Fruit  
Technical  
Services**



**KATOEN  
SUID-  
AFRIKA**



**COTTON  
SOUTH  
AFRICA**



Red Meat Levy Admin



SOUTH AFRICAN PORK  
PRODUCERS' ORGANISATION



National Agricultural  
Marketing Council  
Promoting market access for South African agriculture

For more information, contact:  
Tel: (012) 341 1115 | Email: [info@namc.co.za](mailto:info@namc.co.za)



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

## PROGRAMME 3: STATUTORY MEASURES



**Schalk Burger**  
**Senior Manager: Statutory Measures**

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

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

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

- Publish a notice setting out particulars of the request and an explanation in connection therewith in the *Government Gazette* and such magazines or newspapers as may be sufficient in order to bring the request to the attention of directly affected groups, and inviting such directly affected groups

to submit any comments relating to the request within a specified time (normally 14 days);

- Consider such comments to ensure that there is sufficient support amongst directly affected groups for the proposed statutory measure; and
- Report on its findings and make a recommendation to the Minister.

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

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

### Summary of Statutory Measures

The following table summarises the statutory measures that were applicable in the South African agricultural sector during the 2017/18 financial year:

**Table 3: Statutory measures applicable during the 2017/18 financial year**

INDUSTRY	Administration body	Statutory Measures		
		Statutory levy	Records and returns	Registration
Citrus exported	Citrus Growers' Association (CGA)	✓	✓	✓
Cotton	Cotton SA	✓	✓	✓
Dairy	Milk SA	✓	✓	✓
Deciduous fruit	HORTGRO Services	✓	✓	✓
Dried fruit	Dried Fruit Technical Services	✓	✓	✓
Fynbos (proteas)	Cape Flota SA	✓	✓	✓
Grains (maize, oilseeds, sorghum, and winter cereals)	South African Grain Information Service (SAGIS)		✓	✓
Lucerne	National Lucerne Trust	✓	✓	✓
Macadamias	Southern African Macadamia Growers' Association (SAMAC)	✓	✓	✓
Milk	Milk Producers' Organisation		✓	✓
Olives	SA Olive	✓	✓	✓
Pecans	SA Pecan Producers' Association	✓	✓	✓
Pomegranates	Pomegranate Association of SA	✓	✓	✓
Pork	SA Pork Producers' Organisation	✓	✓	✓
Potatoes	Potatoes SA	✓	✓	✓
Red meat	Red Meat Levy Admin	✓	✓	✓
Sorghum	Sorghum Trust	✓		
Table grapes exported	SA Table Grape Industry	✓	✓	✓
Grapes and grape juice intended for the production of wine	SA Wine Information and Systems (SAWIS), Wine Industry Network of Expertise and Technology (Winetech), Wines of South Africa (WOSA)	✓	✓	✓
Winter cereals	Winter Cereal Trust	✓		
Wool	Cape Wools SA		✓	✓



## Total Statutory Levy Income

The total funds collected through statutory levies as part of the 2017 survey amounted to approximately R517.0 million, which is 5.6 % higher than the 2016 survey's reported R489.8 million.

**TABLE 4: Total statutory levy income – 2017 survey**

Product	Levy income	Total value of product at the first point of sale	Levy income as a percentage of the value of the product	Levy collection rate
	R	R	%	%
Citrus (exported)	59 660 770	13 200 000 000	0,5%	100
Cotton lint	4 037 710	378 000 000	1,1%	100
Dairy products	46 870 696	14 524 000 000	0,3%	113
Deciduous fruit	97 346 530	10 743 559 443	0,9%	95
Dried fruit	5 026 184	1 512 703 209	0,3%	94
Fynbos (proteas)	157 195	64 324 285	0,2%	41
Lucerne	1 771 688	251 520 000	0,7%	154
Macadamias	8 648 747	2 779 435 153	0,3%	83
Olives	1 474 439	85 673 241	1,7%	117
Pecans	2 742 331	877 550 000	0,3%	78
Pomegranates	592 186	107 198 954	0,6%	99
Pork	26 094 759	5 405 400 000	0,5%	103
Potatoes	39 472 663	7 030 000 000	0,6%	96
Red meat	40 614 546	44 930 000 000	0,1%	123
Sorghum	1 094 367	233 201 750	0,5%	85
Table grapes	20 676 651	5 000 000 000	0,4%	94
Wine	95 498 563	5 030 100 000	1,9%	103
Winter cereals	65 189 391	7 663 128 367	0,9%	104
<b>TOTAL</b>	<b>516 969 416</b>	<b>119 815 794 402</b>	<b>0,4%</b>	<b>96</b>

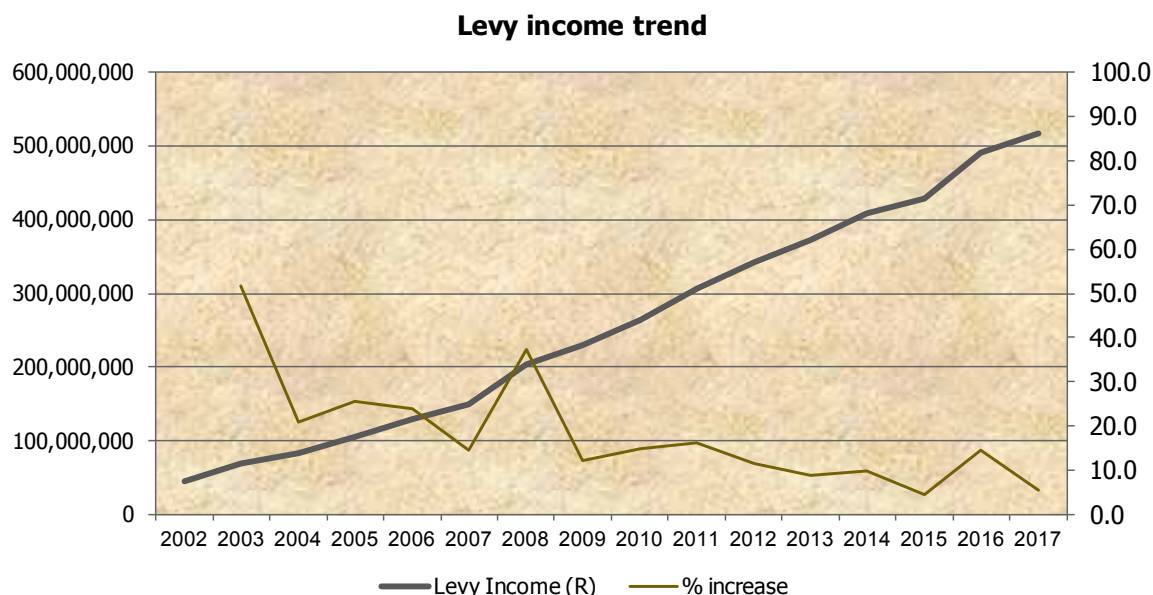
The MAP Act stipulates that a statutory levy may not exceed 5 % of the price realised for a specific agricultural product at the first point of sale. The maximum of 5 % must be based on a guideline price, calculated as the average price at the first point of sale over a period not exceeding three years. For the 2017 survey, the total levy income as a percentage of the value of agricultural products at the first point of sale is approximately 0.4 %.

The average collection rate of all products is approximately 96 %. It must be mentioned that it was mainly the smaller industries which achieved a relative low collection rate. These industries are fynbos (41 %), macadamias (83 %), pecans (78 %) and sorghum (85 %). In its letter dated 21 November 2016, the Sorghum Forum indicated that they had decided to stop using their statutory levy. The sorghum statutory levy will expire on 28 February 2018 and the industry will not apply for the continuation of the sorghum statutory levy. Other industries that did not request for the continuation of statutory measures were the poultry industry (2013) and the mango industry (2014).

### The Trend in Total Statutory Levy Income

For the past 16 years, statutory levy income has been increasing every year in nominal terms. However, it is important to note that the percentage increase, decreased over time. For example, during the first four years from 2002 to 2005, the average increase in statutory levy income was approximately 30.6 %, while the average increase was only approximately 8.6 % during the last four years from 2014 to 2017.

**FIGURE 1: Statutory levy income trend**



### Total statutory levy expenditure

The 2017 survey shows that approximately R505.1 million was spent on industry functions – an increase of 3.2 % compared to the 2016 survey. Of the total expenditure, approximately 35.9 % was spent on research, 18.6 % on transformation projects, 12.6 % on export promotion/market access, and 10.3 % on information.

**TABLE 5: Allocation of levy expenditure– 2017 survey**

Functions	2015 survey	2016 survey	2017 survey	2017
	R	R	R	%
Administration	19 121 246	26 846 253	30 720 833	6,1
Information	44 559 122	33 507 938	52 100 101	10,3
Research	179 640 753	176 362 303	181 455 248	35,9
Transformation	86 684 333	88 846 024	94 100 152	18,6
Export promotion/ market access	79 233 031	81 121 908	63 457 305	12,6
Consumer education / promotions	45 898 192	52 102 231	49 646 329	9,8
Production development	4 175 338	8 146 266	10 385 802	2,1
Plant improvement	4 775 529	5 712 346	5 832 081	1,2
Quality control	9 159 350	16 994 722	17 365 018	3,4
<b>TOTAL</b>	<b>473 246 894</b>	<b>489 639 991</b>	<b>505 062 869</b>	<b>100</b>

### Allocation of Statutory Levies

#### Administration

The NAMC's guidelines on the utilisation of levy funds stipulate that not more than 10 % of levies collected should be used for administrative purposes. The 2017 survey shows an average of approximately **6.1 % (R30.7 million)** of levies collected was spent on administration costs, which is well below the guideline of 10 %. Audit fees are one of the major components of administration costs.

#### Information

The 2017 survey indicated that approximately **10.3 % (R52.1 million)** of total levy expenditure was allocated to the information function. The wine industry spent R17.3 million and the potato industry R10.8 million on information and industry liaison. Statutory measures relating to records & returns and registrations play an important role in an effective information function. The information and the analysis thereof make market signals visible for the role players in the industry and for government institutions and contribute significantly to the achievement of the relevant objectives of the Act. It also facilitates communication in the industry aimed at matters of common interest such as technical issues, food safety, product standards and other issues regarding the improvement of the viability of the industry. Confidential information of any person subject to a statutory measure, obtained by the administrator through the implementation, administration and enforcement of these statutory measures, are dealt with in accordance with section 23 (2) of the Act.

#### Research

Research is the generic function that receives the largest proportion of total statutory levies. The 2017 survey shows that approximately **35.9 % (or R181.5 million)** of total levy expenditure was allocated to the research function. The satisfactory performance of the South African agricultural sector, despite the lack of high-potential arable land and the low rainfall, can to a great extent be attributed to the development and application of agricultural research results. The allocation towards research can increase significantly in the next few years, because recently, SACTA obtained ministerial approval to collect a winter cereal breeding levy and they budgeted to collect approximately R47 million per

year. The NAMC is also in the process to make a recommendation to the Minister regarding the soybean breeding levy, which could add another R51 million to research spending.

### Transformation

Since 2000 statutory levies were approved, with the provision that approximately 10 % of levy income should be spent on transformation activities. In August 2005, this guideline was changed to approximately 20 %, and in 2010 it was changed again, with the provision that at least 20 % of levy income should be used for transformation activities. In 2014 the NAMC adopted new transformation guidelines, in line with the AgriBEE scorecard, in an effort to increase the return on investment of funds being used for transformation. Although the 'at least 20 %' provision was not changed, the NAMC adopted specific generic transformation guidelines with the focus on enterprise development.

In terms of the new transformation guidelines, levy administrators should, on an annual basis and three months before the start of a financial year, submit a business plan in respect of transformation activities envisaged for the coming financial year. Six months after the close of a particular financial year, levy administrators should also report on actual transformation activities, by comparing their activities with the budget for that financial year. The NAMC appointed a Transformation Review Committee to manage this process.

The NAMC further endorsed the view of the Department of Agriculture, Forestry and Fisheries that all its stakeholders should adhere to the Employment Equity Amendment Act, No 47 of 2013, which strives to achieve equity in the workplace by promoting equal opportunities and fair treatment in employment, and to ensure equitable representation in all occupational levels in the workforce. Therefore, administrators of statutory levies will be requested to submit an employment equity plan, setting out the steps they intend taking to achieve employment equity, with every statutory levy application to the NAMC and the Minister.

According to the 2017 survey, approximately **18.6 % (R94.1 million)** was spent on transformation projects, compared to R88.8 million reported in the previous survey, an increase of 6.0 %. It should be noted that a levy income of R48.8 million of the total income, that is R23.1 million collected specifically for deciduous fruit market development and R25.7 million for the fruit fly control programme, is not subjected to the condition of spending 20 % on transformation. **If these are excluded, 20.1 % of total levies is spent on transformation.**

The following table provides information about the allocation to transformation activities as reported for the 2017 survey.

**TABLE 6: Transformation expenditure**

Industry	Levy income	Transformation	Transformation as % of levy income	Total expenditure
	R	R	%	R
Citrus (exported)	59 660 770	11 357 955	19,0%	62 095 917
Cotton lint	4 037 710	650 195	16,1%	7 315 352
Dairy products	46 870 696	7 012 142	15,0%	41 153 899
Deciduous fruit	97 346 530			87 154 649
***Pome and stone	48 536 894	9 626 004	19,8%	44 475 781
***Fruit fly Africa	25 720 107	0		23 803 343
***Market access	23 089 529	0		18 875 525
Dried fruit	5 026 184	2 188 119	43,5%	7 056 166
Fynbos (proteas)	157 195	38 960	24,8%	157 195
Lucerne	1 771 688	143 620	8,1%	2 035 541
Macadamias	8 648 747	1 005 637	11,6%	10 131 552
Olives	1 474 439	426 479	28,9%	1 225 732
Pecans	2 742 331	802 408	29,3%	3 140 989
Pomegranates	592 186	0	0,0%	114 920
Pork	26 094 759	9 345 953	35,8%	29 015 395
Potatoes	39 472 663	8 103 647	20,5%	39 959 104
Red meat	40 614 546	7 249 472	17,8%	39 714 324
Sorghum	1 094 367	147 576	13,5%	1 379 254
Table grapes	20 676 651	5 219 644	25,2%	19 185 826
Wine	95 498 563	23 537 183	24,6%	89 037 663
Winter cereals	65 189 391	7 245 158	11,1%	65 189 391
<b>TOTAL</b>	<b>516 969 416</b>	<b>94 100 152</b>	<b>18,2%</b>	<b>505 062 869</b>
	468 159 780	94 100 152	20,1%	

Statutory levies reported as part of the 2017 survey were approved for a period of up to four years and on condition that at least 20 % of levies collected should be used for transformation activities, in line with the NAMC's transformation guidelines. Although some of the industries did not meet the 20 % guideline during the latest audited financial year, their performance must be measured over the period for which the levy was approved (normally four years). The NAMC will monitor this situation and will take the necessary steps in order to meet this guideline.

### **Consumer education / local promotions**

As per the 2017 survey, approximately **9.8 % (R49.6 million)** of total levy expenditure was spent on consumer education / promotions, compared to the R52.1 million (10.6 % of total expenditure) reported in the previous survey. It is mainly the livestock industries which are strongly of the opinion that a major part of statutory levies must be allocated to consumer education / local promotions. The dairy industry allocates 44.8 % of levy funds towards this function, while the pork and red meat industries respectively allocate 55.8 % and 30.6 % of levy funds towards consumer education and local promotions to market their produce. The cotton, potato and olive industries also allocate a percentage of statutory funds towards this function.

### **Export Promotion and Market Access**

The 2017 survey indicated that approximately **12.6 % (R63.5 million)** of total levy expenditure was allocated to export promotion and market access, compared to the approximately R81.1 million (16.6 %) reported in the 2016 survey. The horticultural industries, namely the citrus, deciduous fruit, table grape and wine industries, spent a major portion of their statutory funds on export promotion activities. In recent years, role players involved in the horticultural industries have been convinced that expenditure on export promotion activities offers a satisfactory return on investment and also assists them in selling their produce at higher prices on overseas markets.

### **Quality Control**

The function of quality control is mainly undertaken by the cotton, dairy, lucerne, pork and red meat industries, with the objective of ensuring that consumers have peace of mind when using these products. An amount of **R17.4 million (3.4 % of total levy expenditure)** was spent on quality control. In the red meat industry, the meat classification function is the responsibility of the Department of Agriculture, Forestry and Fisheries (DAFF) and is being done in terms of the Agricultural Products

Standards Act (Act No. 119 of 1990). Due to various reasons, the South African Meat Industry Company (SAMIC) was appointed as an assignee to perform this function on behalf of DAFF. Although SAMIC is performing this function on behalf of DAFF, the red meat industry is paying for this function through a statutory levy.

### **Plant Improvement**

The deciduous fruit and dried fruit industries spent approximately **R5.8 million (1.2 % of total levy expenditure)** on plant improvement. In the deciduous fruit industry, a number of plant improvement services are being addressed on an industry basis, some of which were previously dealt with by government. This includes dealing with certain quarantine organisms, the genetic upgrading of cultivars, the phytosanitary upgrading of plant material, horticultural evaluation, the maintenance of nucleus, foundation and mother blocks, as well as the multiplication and certification of superior plant material.

### **Production Development**

Although only a small percentage of statutory levy expenditure was allocated to production development, it is noticed that the percentage increase over the past four years is much higher than the percentage allocation to other functions. The macadamia, pecan nut and red meat industries spent **R10.4 million (2.1 % of total levy expenditure)** on production development. In its recent application for statutory measures (including statutory levies), the red meat industry indicated that production development is of vital importance for the sustainability of the industry and is in line with the strategic plan for South African Agriculture and the National Development Plan.

# NODE HOST



## About FANRPAN

The origins of the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) date back to 1994, when the Ministers of Agriculture from Eastern and Southern Africa saw the need for an independent policy input to address chronic food insecurity and the challenges of managing natural resources. In 1997, the Deans of the Faculties of Agriculture from eight countries in the SADC met and agreed to set up FANRPAN in response to the decision of the ministers. Following the drafting of a constitution with support from USAID funding, FANRPAN was officially registered as a private voluntary organization (PVO) in Zimbabwe in 2003. FANRPAN has maintained its registration in Zimbabwe, although it has since moved its regional secretariat office to Pretoria, South Africa where it operates as a fully-fledged international office with diplomatic status. The broad objectives of FANRPAN are to:

- Promote the development of appropriate agricultural policies in order to reduce poverty,
- Enhance food security in Africa, and
- Promote sustainable agricultural development in Africa.

Since 2005, FANRPAN has pioneered regional learning and knowledge acquisition in agricultural and food security policy analysis and advocacy, initially in Southern and Eastern Africa, and latterly extending its contribution and reach to continental and global levels. Through strong collaborative and experiential learning with its constituent stakeholders at national and regional levels, FANRPAN has progressively developed its food and agricultural policy engagement and action cycle which is the cornerstone of its distinctive approach to innovation and learning for policy and capacity development at regional and national levels.

## NAMC- NODE HOST INSTITUTION

The Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) is regional multi-stakeholder network formed in response to a call by Agriculture Ministers in the Eastern and Southern Africa region for a network that could provide independent evidence to inform policy harmonization at regional level (see [www.fanrpan.org](http://www.fanrpan.org) for details). The network is representative of key stakeholders in the Food, Agriculture and Natural Resources (FANR) which include governments, farmer organizations, researchers, the private sector, parliamentarians and the media. FANRPAN currently works in 16 countries: Angola, Botswana, Democratic Republic of Congo (DRC), Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

The National Agricultural Marketing Council role as a node host is to amongst others; policy dialogue meetings, commissioning and supervising national policy research, tracking national policy agenda and maintaining a database of ongoing policy research and policy processes in the country. Notable Policy Commission Briefs NAMC has facilitated with FANRPAN include the following; Comprehensive African Agriculture Development Programme and the Climate Smart Agriculture Policy Workshop.

For more information, contact Bonani Nyhodo at [bonani@namc.co.za](mailto:bonani@namc.co.za)

## PROGRAMME 4: AGRICULTURAL TRUSTS



**Bonani Nyhodo**  
Senior Manager: Agricultural Trusts

### AGRICULTURAL TRUSTS

The Agricultural Industry Trusts Division has its mandate as to facilitate the communication process between the agricultural industry trusts and the Ministry of Agriculture, Forestry and Fisheries (DAFF). The division coordinates the appointment of Ministerial Trustees to all the agricultural industry trusts. Moreover, the division is also entrusted to align industry transformation activities and monitor them on regular basis. To perform the outlined mandate the division is currently structured into two sub-programmes, namely: **Sub-programme 1:** Agricultural Industry Trusts Support; and **Sub-programme 2:** Industry Transformation Support. This report presents all the activities the division performed during the financial year ending March 2018. The document is broken down into the two sub-programmes.

#### Agricultural Trusts Division Sub-Programme

This sub-programme covers a number of activities that were performed by the division such as the appointment of Ministerial Trustees, capacitation of Ministerial Trustees, production

of the Status of the Trusts report and convening of the Trusts workshop and ensuring attendance of Trust meetings.

#### Sub-programme 1: Agricultural Industry Trusts Support

##### Appointment of Ministerial Trustees & Induction

During the period under review, the terms of office of the Ministerial Trustees in the Maize Trust, Oil and Protein Seed Development Trust, Meat industry Trust and Red Meat Research Development Trust lapsed. This necessitated that the NAMC advertise the availability widely and short-list candidates whose names were then submitted to the NAMC Council for a decision to recommend or not to the Minister. Subsequent to the NAMC Council having recommended the names, the NAMC then made submissions with proposed candidates to the Minister of DAFF for approval. It is with great pleasure to communicate the appointment of the following persons as ministerial representatives:

Trust name	Newly appointed Ministerial Representatives
Maize Trust	Mr Z. Ngejane, and Ms M. Mabe
Meat Industry Trust & Red Meat Research Development Trust	Ms B. Tlhabane, Ms N. Motshegoa and Dr T. Hewu
Oil and Protein Seed Development Trust	Mr K. Gaoraelwe

The NAMC arranged the induction of the newly appointed ministerial trustees and communicated with the trust administrators to ensure that the registration process with the Master of High Court is done. It is important to note that the process



### Capacity Building

The NAMC has the responsibility to recommend to the Minister candidates with credentials who have insight into the agricultural industry and government. In some instances these persons need to be strengthened in certain aspects of their professional and governance environment. As such the NAMC facilitated training for all the ministerial trustees on 15 March 2018, focusing mainly on Corporate Governance and Ethics. The main purpose of the training was to capacitate Ministerial Trustees with principles on Ethics and Corporate Governance. The training was also aimed at ensuring that ministerial trustees understand their roles and responsibilities, as well as legal obligations on the trusts they serve.

### Status Report on Agricultural Industry Trusts

Annually, the Agricultural Industry Trusts Division prepares The Status of the Agricultural Industry Trusts Report. Noteworthy is that this is the flagship publication of the division with the main purpose to communicate the status of the agricultural trusts to the Minister. The report covers the current operations of trusts, in terms of financial performance, current projects performance and newly projects implemented. Furthermore, to update the Minister on the work of the trusts in terms of the transformation support in the agricultural sector. The status report for the financial year 2017/18 (which is effectively 2017 calendar year) has been finalised. The NAMC as the Minister's communication linkage with the agricultural trusts; the NAMC sits in many of the industry trusts board meetings on an observer status. This serves as a platform to share information and engage face-to-face with the industry trusts on issues of transformation and provide guidance on the governance of the trusts; and moreover provide strategic advice to the trusts.

### Agricultural Industry Trusts Workshop

The NAMC on an annual basis (subject to budget availability) conducts an agricultural trusts workshop, where the Minister is invited and the trusts share the successes and challenges that the industry trusts face in the agricultural sector, particularly on transformation. This engagement is comprised of Industry and ministerial trustees, trust administrators, transformation managers and other related stakeholders to engage with the Minister of DAFF on matters of interest. In the 2017/18 financial year in which the workshop was convened, the NAMC Council (which was relatively new at the time of the engagement) met with representatives from all industry trusts to engage on and have common understanding of the status and affairs of the trusts.

### Sub-Programme 2: Industry Transformation Support

Through the Council, the Transformation Review Committee (TRC) was established in 2014, to independently review, comment and provide inputs to the transformation business plans supplied by the industries; to monitor the transformation activities supported by the industries, and to establish how government can collaborate with industries in support of transformation. The Committee was established to independently monitor the administration and utilization of the 20% transformation levy income and expenditure. Furthermore, ensure that industries adhere with the NAMC guidelines in spending the 20% levy fund.

### Industry Transformation Business plans

The NAMC TRC focuses on the transformation work done under the Statutory Measures Division (levy expenditure) and the Agricultural Industry Trusts Division in terms of expenditure of monies that are given to industry partners. The levy expenditure has a minimum requirement of 20% and that recently the TRC has re-worked the guidelines and the approval process is under review. The committee has reviewed proposals (levy expenditure) from the following industries: Milk South Africa, South African Poultry

Association, Red Meat Industry Forum (Comprised of RPO, RMAA, NERPO, SAFA, SAMIC & NFMT), and Cotton South Africa.

### Stakeholder Engagement

The Agricultural Industry Trusts Division engaged with many stakeholders during the period under review in addressing its work commitment. These are some of the stakeholders that were met during the period under review: industries bodies, Agriculture Industry Trusts, Farmers Organisations, Government Departments. A bigger portion of the meetings are on matter relating to transformation work The TRC has attended industry transformation committees which included Potatoes SA & Grain SA congresses, Potatoes SA transformation committees, South African Pork Producers Organisation AGM & developing farmers committees, Mohair Empowerment Trust, Milk SA transformation advisory committees and AgriBEE Provincial Forums.

### Monitoring and Evaluation

In order to monitor the transformation work done through the statutory levies funding and the industry trusts funding the NAMC organizes visit to see progress. During the period under review transformation visits were done to the following industries: South African Table Grapes (Ezelo Farms), SAMIC, Milk South Africa, and National Lucerne Trust



#### Background

*On 15 March 2018, the Agricultural Industry Trusts Division facilitated training on corporate governance and ethics for all Ministerial Trustees. The purpose of the training was to capacitate Ministerial Trustees with principles on Ethics and Corporate Governance. Ministerial Trustees are appointed by the Minister of Agriculture, Forestry and Fisheries to serve in different Trusts. Ministerial trustees are expected to ensure that the Minister's vision is expressed in the Trusts. Furthermore, to create a platform for ministerial trustees to engage and understand their roles and responsibilities, and legal obligations on the trusts they serve as ministerial representatives.*



# 2017-2018 National **Red** Meat Development Programme



**R31 190 873**  
Income generated



**R9 993 237**  
Investment made

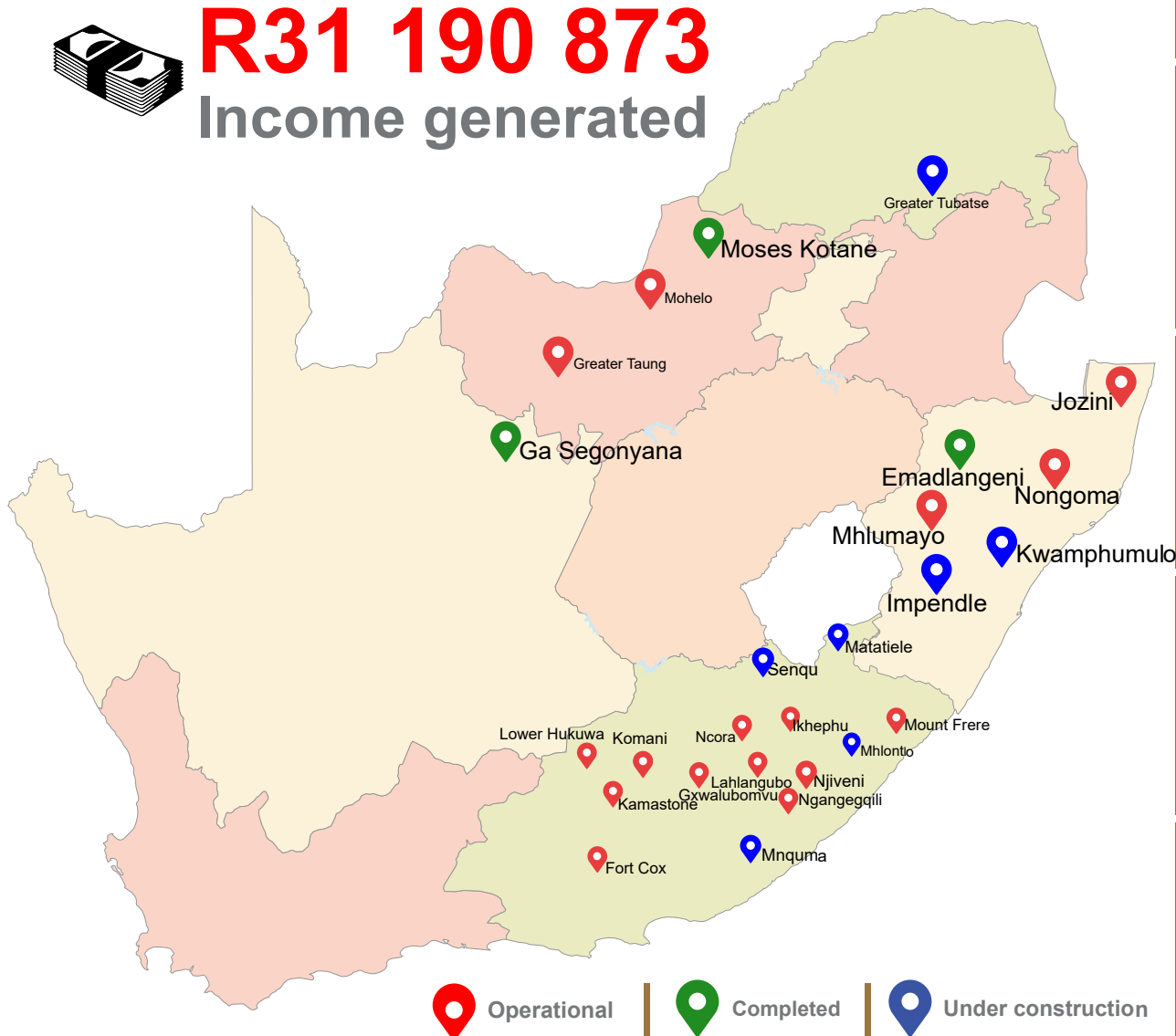
**+700**  
Beneficiaries

**16**  
Operational CFPs

**5560**  
Animals Capacity

**3953**  
Animals sold

**10**  
Auctions



Building farmers' understanding of structure, operation, requirements of formal markets through broadening, deepening, and reducing distance to markets in emerging/communal farming areas by training, practical assistance to align age, health, breeding of animals more closely with market demand



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Rural Development and Land Reform  
REPUBLIC OF SOUTH AFRICA

## PROGRAMME 5: AGRIBUSINESS DEVELOPMENT



**Khumbuzile Mosoma**

### **Senior Manager: Agribusiness Development**

In 2017/2018 financial year, the NAMC collaborated with both public and private institutions to design and facilitates the implementation of programmes that aimed at supporting small holder farmers to increase their market access, encourage new business development and capacitating historically disadvantaged individuals in the agricultural sector. In addition to other Government policies, three (3) of the four (4) objectives of the MAP act provide guidance to the agribusiness division in designing its programmes. That is;

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

The performance of the NAMC's agribusiness development division for the 2017/2018 financial year is presented below.

### **Development Schemes**

The NAMC designed and facilitated the implementation of development schemes with both private and public institutions. The schemes are designed and implemented to uplift the

black producers in the agricultural sector and to encourage their integration into the commercial mainstream.

### **Vineyard Development Scheme**

The NAMC facilitated the implementation of Vineyard development scheme in Northern Cape Province in partnership with the Northern Cape Department of Agriculture, Land Reform and Rural Development (DALRRD). The aim of the project is to establish 500 ha of wine, raisins and table grapes in the Northern Cape Province. The scheme is focusing on three commodities, viz: raisins, wine grapes and table grapes. In 2017/2018 financial year, there were 5 projects operating under the Vineyard Development Scheme Namely: Blocuso, Eiland, eksteenskuil, Lemoendraai Wine and Silver Moon. The project is funded by DALRRD.

The project is still operating through its two committees, namely, the Project Implementation Committee (PIC) that focus on the implementation of the projects. The second committee is the Project Steering committee (PSC), the high decision making committee of the vineyard development scheme. The PSC meetings are held quarterly with stakeholders to track progress on project activities, which includes among other things, soil preparation, the supply, delivery and installation of trellis material, fertilizers, herbicides, diesel, fencing material to support the farms that are part of the scheme in the province.

The NAMC has also conducted and presented the Monitoring and Evaluation report to the project steering committee whereby the impact of the interventions on the livelihoods of beneficiaries is assessed.

### **National Red Meat Development Programme**

The South African livestock production setup represents a major under-tapped source of -income for many of the country's poorest households. Even though many of the small



scale and developing farmers own livestock, they are often faced with multiple challenges to market their stock and when they do they rarely make it beyond the farm gate. Promising opportunities exist through increasing their participation in formal red meat markets, but access to these markets has been constrained by distance, lack of suitable marketing channels, lack of adequate information and poorly suited animals.

The NRMDP is thus a market facilitation program that affords the developing farmers an opportunity to upscale their involvement and role playing in marketing of their stock. The farmers are trained about the various markets, grading & classification, pricing and formal markets such as livestock auctions, custom feeding programs and feedlots.

The NAMC is working in collaboration with Department of Rural Development and Land reform as a funder, Provincial Department of Agriculture, development agencies and other relevant stakeholders to yields positive results for the NRMDP. The Programme is operational in the Eastern Cape (11 CFP, 3 under construction); Kwa-Zulu Natal (3 CFP operational and 7 under construction) and North West (2 CFP operational and 1 Constructed).

During the period in review, 3953 animals from more than 700 farmers went through the NRMDP CFP generating R31 190 873.96 as an income. There are 133 people employed under the NRMDP including the programme manager, provincial coordinators, animal field officers, herdsman and administrators.

#### **King Cetshwayo Essential Oils Cluster**

In the financial year 2017-2018, the NAMC worked with the King Cetshwayo District Municipality (KCDM), formerly known as UThungulu District Municipality in the development of the 500 hectares identified for the establishment of the King Cetshwayo Essential Oils Cluster. The participating farmers are from all the five local municipalities (UMfolozi, Nkandla, City of

UMhlathuze, Umlalazi and Mthonjaneni) within the District.

A business plan which will assist the farmers to secure funding was finalised and the market for all the 5 projects was also secured. It is estimated that 50 hectares will create 120 employment opportunities and the 500 hectares could potentially result in 1200 permanent jobs during the production process, excluding processing and value adding in the factories.

#### **Business Linkages**

During the 2017/2018 financial year, the NAMC supported the emerging produces with their endeavors to export their produce. Under this programme, the following were achieved:

#### **Supply Chain and Logistics Development Programme**

The NAMC in partnership with the Western Cape Department of Agriculture and various stakeholders are involved in the implementation of the Supply Chain & Logistics Development Programme (SCLP) in Langkooof, Ceres and Grabouw regions of the Western Cape Province. The objective of the 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 of the SCLP.

In the financial year 2017/18 the majority of the SCLP projects received their support including the technical support from Jobs Fund through Hortgro and there were only 5 remaining farms that were not part of the Jobs Fund. These farmers were catered for under the SCLP and similar support package as those under Jobs Fund were offered to them. As a result, the technical support on production was provided to 5 remaining growers. Four quarterly meeting also took place in Elsenburg to track progress on the implementation and address some identified challenges faced along the way. Five growers

from the group attended Fruit Logistica in Berlin with officials from the WCDoA and Hortgro.

### **Zululand Potatoes Farmers**

The NAMC conducted a diagnostic analysis study to a group of potatoes producing small scale farmers from the Zululand District in the KwaZulu Natal Province. The main objective of the study was to identify the challenges faced by the potatoes small holder farmers and then devise strategies to address them. The main finding of the study revealed that the majority of the farmers were struggling to find the certified potatoes seed and technical support and that was a hinderance towards them finding a formal market. In consultation with the industry and Potatoes South Africa, it was recommended that the identified farmers be under a Small Grower Development.

## **Markets Development Facilitation**

### **Market Information**

Market information it's a crucial program which has been assisting farmers with agricultural market price update. Mr. ET Ndou, continued to advise and communicate with the farmers on the ground level through Phalaphala FM and commodity meeting invites. The programme is presented every Mondays and Tuesdays at 4h30am for 30 min, where marketing information on agricultural products is broadcasted live.

### **Maize Market for Flagstaff Farmers**

The NAMC in collaboration with the Eastern Cape Department of Agriculture facilitated and secure the market for 800 farmers in the Eastern Cape under the O.R. Tambo District Municipality at Ingquza Hill local municipality in Flagstaff at Mzenge area. These farmers specialised on white and yellow maize production and they have a total area of 400 ha under production. The farmers needed to be organised into Legal Entities (Registered Co-ops etc.), so that they could sell their produce collectively and then distribute the profits according to the number of bags contributed.

### **Soweto Market**

Market facilitation program aimed at preparing farmers to meet the market requirements, while envisioned at linking the buyer and the seller who is our developing farmers to the developed and developing agricultural markets. The markets explored were local, national and international for SA fruits and vegetables. National fresh produce markets, Joburg fresh produce, Tshwane fresh market and Durban market was the most favored markets by producers, followed by the local supermarket and informal markets. Towards new developments, the NAMC engaged with Mogalakwena Sustainable Development Incubator (Pty) Ltd in an initiative to develop Soweto Agro community market. The initiative targets the fruits and vegetables small scale producers in and around Gauteng province.

### **Capacity Building**

During 2017/2018 financial year the NAMC facilitated two 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 implemented:

### **Management Training for Women Entrepreneurs (AGRIBIZ)**

The NAMC hosted an annual five-day training course for 32 women entrepreneurs from 15 to 19 May 2017 at the Lord Charles Hotel, Somerset West. This is the NAMC's annual training course with an objective of capacitating women entrepreneurs on marketing, financial and strategic management skills. The training course was funded by the private sector and government departments. The following organisations were acknowledged for their support and sponsorship: The Land Bank, DAFF and Western Cape Department of Agriculture. The Provincial Departments of Agriculture (Western Cape, Eastern Cape, Northern Cape, North West, Free State, Limpopo, KwaZulu Natal and Gauteng) nominated women entrepreneurs and sponsored their travelling expenses.

### **Making Markets Matter Workshop Programme.**

The 17<sup>th</sup> Making Markets Matter (MMM) agribusiness education programme was held at the Lord Charles Hotel in Somerset West, South Africa, from May 2017. The goal of this annual programme is to increase the capacity of African agribusinesses to meet the ever-increasing demands of today's global food system. The NAMC sponsored 15 farmers/ professionals to attend the programme.

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.

### **Farm Business Management Course**

The NAMC and the Lepelle Farmers' Union identified a capacity-building need as one of the crucial requirements for the development of their participating farmers. Consequently, 25 farmers affiliated under Lepelle Farmers' Union, received training. The Union is comprised of five smallholder pig farmers from Sekhukhune District, Limpopo Province. The purpose of the training was to capacitate the farmers on the business management and marketing of their produce.

### **Top of the Class Training**

The National Agricultural Marketing Council (NAMC) in collaboration with the Western Cape Department of Agriculture facilitated and provided training on the fruit value chain with a focus on the marketing of all the 28 SCLP beneficiaries, from the regions of Langkloof, Ceres and Grabouw in the Western Cape Province. This training was particularly designed for the fruit industry and the Fresh Produce Exporters' Forum and it is SETA accredited. The

training is aimed at developing the skills and knowledge of the farmers throughout the value chain, as well as empowering them in the agricultural sector, and it was funded by the Western Cape Department of Agriculture.

### **Training Evaluation**

During the 2017/2018 financial year NAMC evaluated two training programmes. The purpose of the training evaluation is to measure the impact and the relevance of the training. Below are the different trainings courses that were evaluated:

### **AGRIBIZ 2016 Training Evaluation**

During the period under review, the NAMC conducted the evaluation of the 2016 AGRIBIZ Training for Women in Agribusiness. In the year 2016, 45 participants from all the provinces received training in financial and marketing management. The outcome of the evaluation revealed that the majority of beneficiaries were positive about the programme and that it had made a meaningful impact on their enterprises. They further recommended that the programme should be continued to assist even more farmers.

### **Middlesdrift Training Evaluation**

The NAMC conducted a training evaluation for farmers in Middlesdrift, Eastern Cape who were trained on financial management. The farmers are farming with small stock, vegetables and processing. The training evaluation followed the training which was provided by Buhle Farmers' Academy during the financial year 2016/2017. The outcome of the evaluation revealed that the majority of beneficiaries were positive about the programme. The training offered farmers a financial tool to record and interpret the financial business standing. Farmers were motivated to work as a group and learn from one another.



# Part 5

## Corporate Governance



## INTRODUCTION

Government has identified good corporate governance as being 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.

## PORTFOLIO COMMITTEE

Parliament exercises its oversight role of the NAMC by evaluating its performance and interrogating its annual financial statements and other relevant documents. This oversight role is fulfilled by the Portfolio Committee on Agriculture, Forestry and Fisheries and by the Standing Committee on Public Accounts (SCOPA).

The Portfolio Committee oversees service delivery and performance in accordance with the mandate and strategy of the NAMC. It reviews financial and non-financial information, such as efficiency and effectiveness measures, and therefore reviews the non-financial information contained in the annual report of the NAMC. SCOPA oversees the financial performance and accountability of the NAMC in terms of the PFMA. It therefore reviews the annual financial statements and audit reports from the Auditor General of South Africa.

## EXECUTIVE AUTHORITY

Parliament oversees the Executive Authority, which is required to provide it with full and regular reports concerning matters under its control. The Executive Authority for the NAMC is the Minister of Agriculture, Forestry and Fisheries. The MAP Act, No. 47 of 1996, provides that

the Executive Authority can appoint or dismiss members of Council, including the Chairperson, Vice-Chairperson and members of Council.

The appointment procedure for Council members is set out in subsection (4) of the MAP Act. Before the expiration of a member's term of office, the procedure set out in subsection (4) of the MAP Act must be followed for the appointment of a successor.

The NAMC Council submits quarterly reports on actual performance against predetermined objectives to the Executive Authority within 30 days of the end of a quarter.

## THE ACCOUNTING AUTHORITY / COUNCIL

### Introduction

The MAP Act, No. 47 of 1996, provides guidelines for the composition of the Council. The Minister of Agriculture, Forestry and Fisheries is responsible for appointing one of the members of the Council to the position of Chairperson and another member as Vice-Chairperson. The Council is composed of 10 members. The current Council was appointed on 25 May 2017 and their term of office is four (4) years.

### 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; and
- (iii) the possibilities for promoting the objectives mentioned in section 2 (2); and
- (iv) the effect that marketing of products has on the objectives mentioned in section 2 (2).

(f) shall monitor the application of statutory measures and report thereon to the Minister, and shall evaluate and review such measures at least every two years;

(g) shall prepare a budget of its expenses, in consultation with the Director-General, on an annual basis for approval by the Minister.

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

### Council Charter

As recommended by the King III Corporate Governance Report, the Council is governed by a Charter, which details the roles, structures and functions of the Council and its various subcommittees.

## COMPOSITION OF THE COUNCIL BOARD

Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship (List of entities)	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team	No. of meetings attended
Prof. Phineas Khazamula Chauke	Chairperson of the NAMC Council	25 May 2017	-	PhD Agriculture Economics (University of Venda), Master's in Agricultural Economics (University of Pretoria), Bachelor of Science in Agricultural, Economics (University of Fort Hare), Higher Education Diploma (University of Fort Hare)	Agricultural Economics	Member of the Vhembe and Sekhukhune Land Development tribunals, MEC Advisory Council, Limpopo Department of Agriculture and Land Bank Chair for Univen.	Chairperson Council	9 out of 10
Mr Harry Prinsloo	Council Member	25 May 2017	-	Bachelor of Science in Agriculture (University of the Free State).	Wool Grower Commercial Farmer	A former Chairman of the National Wool Growers' Association [NWGA], Member of Cape Wools Board, Member at Wool Testing Bureau, Former Chairman of the Producers' Working Group at the International Wool and Textile Organization (WTO), Chairman of the Commodity Chamber and Commercial Agriculture Policy Committee	Deputy Chairperson	9 out of 10
Mr Sindile Sid Faku	Council Member	25 May 2017	-	Master of Science (Jackson State University), Bachelor of Arts Honours Education (UKZN), Bachelor of Arts (Walter Sisulu University), Leadership in Local Government (Thailand), Postgraduate Diploma in Corporate Governance (IOD)	Human Resources	Member and Chair of HR Committee Western Cape Gambling Board, Non- Executive Director and Shareholder Stonevest Property Group, Audit Committee Chairman -Department of Human Settlements, Member – Audit and Risk Committee Eastern Cape Education, Chairman of Dakhile Property	Chairperson HR & R Committee	9 out of 10

Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship (List of entities)	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Ms Fezeka Mkile	Council Member	25 May 2017	-	Bachelor of Administration (University of Durban Westville), Diploma Office Management and Information Technology (Infotech College), Introduction to Corporate Governance and Board Effectiveness, Bieng a Director Part 1-5, Governance of Ethics, Financial insights for Non-financial Directors, Mastering Chairmanship (Institute of Directors Southern Africa), Certificate of Competence in Leadership and Team Building (Ubumbo Research and Development).	Agribusiness Development	Deputy Chairperson of the Board of Director – Eastern Cape Rural Development Agency (ECDRA), Director - Fezz Business Enterprises and Suppliers, Director at Kangela Citrus Farm, Independent Trustee at Cookhouse Trust.	HR & R Committee Member	9 out of 10
Mr Happy Mohane	Council Member	25 May 2017	-	Masters in Commerce Economics (University of Natal), Masters Science Agricultural Economics (University of Pretoria), Bachelor of Science Honours Degree Agricultural Economics (University of Pretoria), Bachelor of Science Agriculture (University of North West).	Agricultural Economics, Agribusiness Development	Board Member of Orange River Cellars (ORC); Board Member of Orange River Tankers (ORT); Board Member of the South African Grain Information Service (SAGIS); Board Member of the Grain Farmer Development Association (GFADA); Trustee of Sorghum Trust; Member of the Audit Committee of the Department of Economic Development, Environmental Affairs and Tourism (Free State).	HR & R Committee Member	10 out of 10

Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship (List of entities)	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Mr Boikanyo Mokgatle	Council Member	25 May 2017	-	Bachelor of Agricultural Economics (University of Fort Hare), Bachelor of Agricultural Economics Honours (Fort Hare University).	Agricultural Economics	Chair of Board of Directors of the South African Grain Laboratory; Commissioner at International Trade Administration Commission (ITAC); Member of RSA Steel Committee; Trustee at the Winter Cereal Trust Board; Industry representative at the International Grains Council (IGC), International Association of Operatives Millers and Global Millers Symposiums; Industry representative at various structures including DAFF CEO Forum, DTI Industry Forum, Wheat and Maize Forum, National Agricultural Research Forum, Crop Estimates Liaison Committee, Agricultural Trade Forum, JSE Advisory Committee, S&DE Committee, Crop Estimate Liaison Committee.	Audit and Risk Committee Member	9 out of 10



Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship (List of entities)	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Ms Nonie Mokose	Council Member	25 May 2017	-	MAgric. Rural Development University of Pretoria (finalising dissertation), McDonalds International Quick Service Restaurant Management Certification McDonalds Corporation, BSc. Nutritional Sciences Cornell University, Ithaca, New York.  Memberships: African Farmers Association of SA (AFASA) and Agricultural Economics Association of SA (AEASA)	Agribusiness Development, Nutrition Science	Board Appointments: Current- NAMC - Member of Council, Audit & Risk Committee, African Women's Entrepreneurship Program SA - Director. Previous - NAMC Smallholder Market Access Tracker Reference Group Member (SMAT) (2016 to 2017), Agri Mega NPC - Chairperson (2013 to 2015), Agri Mega Enterprises - Director (2012 to 2015), Potato Industry Development Trust (PIDT) Ministerial Trustee (2010 to 2015), Potatoes South Africa (PSA)- Member of National Council, Board, Marketing Committee, Chairperson: Transformation Committee (2008 to 2015)	Audit and Risk Committee Member	10 out of 10
Prof. Diale Rangaka	Council Member	25 May 2017	-	Master of Arts (Sussex), Master's in Education (Wits), Bachelor of Arts (University of Limpopo), Bachelor of Arts Honours (University of Limpopo), Management Development Programme (University of Stellenbosch).	Winery, Executive Management	Chairman of Kopanong Hospital Board, Chairperson of the African Vintners Alliance Cooperative, Board Membership (Wines of South Africa, South African Wine Industry Trust), Member (National English Literary Museum Council, HSPCSA Subcommittee Environment Health Officers Profession, KoelenhofKelders Co- op, Cape Winelands District Municipality), Chairman of Bright and Futures Foundation.	Audit and Risk Committee Member	10 out of 10

Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship (List of entities)	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Mr Gerhardus Schutte	Council Member	25 May 2017	-	Master in Agriculture, Baccalaureus Honours in Agriculture Animal Nutrition, Bachelor of Science Agriculture.	Red Meat Farming, Executive Management	Member of CEO's Forum, Member of National Agricultural Research Forum, Trustee (Meat Industry Trust, Red Meat Research and Development Trust, Animal Improvement Trust), Manager – National Stock Theft Prevention Forum, Chairman – Planning Committee Beef and Small Stock of Red Meat Research and Development,	Audit and Risk Committee Member	9 out of 10
Mr Zandisile Wapi	Council Member	25 May 2017	-	Master's Degree in Sustainable Agriculture University of Free State, BTech Agricultural Management (UNISA), Diploma in Agriculture Fort Cox College.	Agribusiness Development	Trustee – Wool Trust	HR & R Committee Member	10 out of 10

## Council Committees – 1 April 2017 To 31 March 2018

### AUDIT AND RISK COMMITTEE

No.	Name	Role	Meetings Attended
1	Mr P Slack	Chairperson	4 out of 4
2	Ms AR Ngwenya	Audit and Risk Committee Member	4 out of 4
3	Dr L Magingxa	Council Member (Appointment was terminated in May 2017)	1 out of 1
4	Ms TE Zimu	Council Member (Appointment was terminated in May 2017)	1 out of 1
5	Mr Gerhard Schutte	Council Member	3 out of 3
6	Ms Nonie Mokose	Council Member	3 out of 3

### HUMAN RESOURCES & REMUNERATION COMMITTEE

No.	Name	Role	Meetings Attended
1	Ms JM van der Merwe	Chairperson (Appointment was terminated in May 2017)	1 out of 1
2	Mr AD Young	Council Chairperson (Appointment was terminated in May 2017)	1 out of 1
3	Ms MM Gill	Council Member (Appointment was terminated in May 2017)	1 out of 1
4	Mr Sindile Faku	Chairperson	4 out of 4
5	Mr Happy Mohane	Council Member	4 out of 4
6	Ms Fezeka Mkile	Council Member	3 out of 4

## RISK MANAGEMENT COMMITTEE

No.	Name	Role	Representative attended meeting	Number of meetings attended
1.	Ms A.R. Ngwenya	Chairperson Audit and Risk Committee Member	-	4 out of 4
2.	Ms S F Netili	Chief Financial Officer	0 out of 1	3 out of 4
3.	Ms V. Nkobi	Senior Manager: Human Resources Management	1 out of 2	2 out of 4
4.	Dr Simphiwe Ngqan-gweni	Senior Manager: Markets and Economics Research Centre	-	4 out of 4
5.	Mr S. Burger	Senior Manager: Statutory Measures	1 out of 1	3 out of 4
6.	Ms K. Mosoma	Senior Manager: Agribusiness Development	1 out of 1	3 out of 4
7.	Mr Z. Xalisa	Chief Executive Officer	0 out of 3	1 out of 4
8.	Mr T. Maphatane	Compliance & Risk Manager	1 out of 1	3 out of 4
9.	Mr Bonani Nyhodo	Acting Senior Manager: Agricultural Trusts	1 out of 2	1 out of 4

# REPORT OF THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is pleased to present the report for the financial year ended 31 March 2018. The Audit and Risk Committee exists as an independent Statutory Committee appointed by the Council of National Agricultural Marketing Council ("NAMC"). The duties and responsibilities of the Audit and Risk Committee are included in the report below.

## Audit and Risk Committee Terms of Reference

The Committee therefore reports that it has adopted appropriate formal terms of reference as approved by the Council and it is satisfied that it has discharged its responsibilities as per the Public Finance Management Act ("PFMA") and King Code of Corporate Governance.

## Audit & Risk Committee Members and Meeting Attendance

The Audit & Risk Committee consists of the members listed hereunder and met four times per annum as per its approved Terms of Reference. During the current year four (4) meetings were held.

The Audit and Risk Committee consists of four members with the Chairperson of the Committee being independent together with the Chairperson of the Risk Management Committee who serves as an independent member of the Audit Committee. The Chief Executive Officer, Chief Financial Officer, Risk and Compliance Manager and other assurance providers (Internal and External Auditors) attend meetings by invitation only.

During the year under review, the following meetings were held:

## Audit and Risk Committee Meetings

No	MEMBER	POSITION	MEETING ATTENDANCE
1.	Mr PK Slack	Chairperson Independent member	4 out of 4
2.	Ms AR Ngwenya	Independent member	4 out of 4
3.	Ms N Mokose	Council member	3 out of 4
4.	Mr Gerhard Schutte	Council member	3 out of 4

## Roles and Responsibilities of the Audit and Risk Committee

### Statutory Duties

The Audit and Risk Committee's role and responsibilities include its statutory duties in terms of Regulations 27 (1) read together with Sections 51 (1) (a) (ii) and 76(4)(d) of the Public Finance Management Act ("PFMA") and the requirements of King Code of Corporate Governance.

To execute its key functions and discharge its responsibilities as outline in its Terms of Reference the Committee, during the period under review:

- Assisted the Council in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems, risk management and auditing processes applied within NAMC day to day management of its business,
- Facilitated and promoted communication between Council, management, the external auditors and Internal auditors on matters which are the responsibility of the Committee,
- The risk areas of NAMC operations to be covered in the scope of the internal and external audits;
- The accounting and auditing concerns identified because of the internal and external audits;
- NAMC compliance with legal and regulatory provisions, the MAP Act, the PFMA as well as the Treasury Regulations; and
- The independence and objectivity of the external auditors.

### **The Effectiveness of the Internal Controls**

The Audit and Risk Committee assessment of the internal controls at NAMC is that the systems, although applicable, can be improved. The Audit and Risk Committee believes that internal controls are adequate to ensure that financial records can be relied upon in preparing the Financial Statements and ensure that accountability for the assets and liabilities is maintained. This is also supported by the explanations given by Senior Management and the discussions held with the Auditor-General of South Africa on the results of the audits concluded.

From the results of the audits conducted by the Internal Auditors on the review of the design, implementation and effectiveness of the NAMC system of internal controls during the financial year 2017/18 the Internal Auditors considered information and explanations received from Senior Management and discussions with the External Auditors on the results of their audit. The Audit Committee can conclude that the NAMC system of internal controls is effective and forms the basis for the preparation of the reliable Financial Statements.

### **Whistle-Blowing**

The Audit and Risk Committee receives and deals with any concerns or complaints within the organisation or outside the NAMC that relates to the accounting practices, the content or audit of the NAMC Financial Statements and other matters which need its attention through the whistle-blowing hotline.

### **External Auditors**

During the 2017/18 financial year, the Audit and Risk Committee met with the External Auditors. The Committee is satisfied that it complied with its legal, regulatory and/or other responsibilities. The Audit and Risk Committee in consultation with Senior Management agreed to the Engagement Letter, Audit Plan, Audit Strategy and Budgeted Audit Fees for the 2017/18 financial year.



During the 2017/18 financial year, the Committee met with the External Auditors without management being present. The Committee in consultation with the senior management agreed to the engagement letter, audit plan and audit fees for the financial year ended 31 March 2018.

The Committee:

- Approved the external auditors annual audit plan and the related scope of work,
- Monitored the effectiveness of the external auditors in terms of their skills, independence, execution of the audit plan, reporting and overall performance

### **Financial Statements and Accounting Policies of the NAMC**

The Committee has reviewed the annual financial statements of the Council for the financial year 31 March 2018 and it is satisfied that they comply in all material aspects with the requirements of South African Standards of GRAP issued by the Accounting Standards Board (ASB) and the requirements of the PFMA.

The review of the Financial Statements with specific attention to the following:

- Reviewed and discussed the audited Financial Statements included in the Annual Report with the external auditors, the Chief Executive and the Chief Financial Officer,
- Reviewed the external auditors report and management response to it,
- Underlying accounting policies or changes thereto,
- Reviewed areas of significant judgements and estimates in the annual financial statements,
- Received and considered reports from the internal auditors.

### **Expertise and Experience of the Finance Function**

The Committee has considered and has satisfied itself of the overall appropriateness of the expertise and adequacy of resources of the finance function and the experience of the senior member of management responsible for the finance function.

## **Duties assigned by the Council**

### **Governance of Risk**

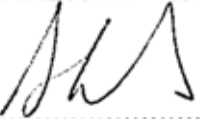
The Council has assigned the oversight of the NAMC Risk and Compliance function to the Risk Management Committee. One member of the Audit and Risk Committee is the Chairperson of the Risk Management Committee. This is to ensure that information relevant to this committee is transferred regularly. The Audit and Risk Committee fulfils an oversight role regarding financial reporting risks, business risks and fraud risk as it relates to financial reporting.

## **Internal Audit**

The Audit and Risk Committee is responsible to ensure that the NAMC Internal Audit Function is independent and has the necessary resources and authority within the NAMC to enable it to perform its duties. The Internal Audit Function's Annual Audit Plan was approved by the Audit and Risk Committee. The Internal Audit Function reports with responsibility on reviewing and providing assurance on the adequacy of the internal control environment across all the NAMC operations. The findings of the Internal Audit work performed against the agreed Internal Audit Plan is to report to the Audit and Risk Committee on a regular basis.

## **Conclusion**

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

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**Mr Paul Slack**  
**Chairperson of the Audit and Risk Committee**

# Part 6

HR Statistics



OTHER PERSONNEL COST					
Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % (R'000)	No. of Employees	Average per-sonnel cost per employee (R'000)
The Red Meat Programme	30 460	10 876	1%	133	82
Council & Other Committees	= 2 025	0	0%	16	0
Contracts	0	1 402 500	67%	9	155833
Internships	0	693 159	32%	16	43322
<b>TOTAL</b>	<b>32 485</b>	<b>2 106 535</b>	<b>100%</b>	<b>174</b>	<b>199 238</b>

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	9 731	38%	8	1	1
Professional Qualified	11 913	46%	20	1	1
Skilled	1 795	7%	9	0	0
Semi-skilled	2 114	8%	5	0	0
Unskilled	396	2%	3	0	0
<b>TOTAL</b>	<b>25 949</b>	<b>100%</b>	<b>45</b>	<b>2</b>	<b>2</b>

PERFORMANCE REWARDS NAMC				
Level	Personnel Expenditure (R'000)	% of personnel expenditure to total personnel	No. of employees	Average personnel cost per employee (R'000)
Top Management	1 785 016	51%	6	298
Professional Qualified	1 292 075	37%	17	76
Skilled	172 423	5%	3	57
Semi-skilled	199 469	6%	4	50
Unskilled	51 017	1%	3	17
<b>TOTAL</b>	<b>3 500 000</b>	<b>100%</b>	<b>33</b>	<b>498</b>

PERFORMANCE REWARDS REDMEAT				
Level	Personnel Expenditure (R'000)	% of personnel expenditure to total personnel	No. of employees	Average personnel cost per employee (R'000)
Professional Qualified	235 977	60%	1	236
Skilled	158 367	40%	8	20
<b>TOTAL</b>	<b>394 344</b>	<b>100%</b>	<b>9</b>	<b>256</b>

TRAINING & BUSARY COSTS						
Directorate/ Business Unit	Personnel Expenditure	Training Expenditure (R'000)	Training Expenditure as a % of personnel cost (R'000)	No. of employees trained	Average training cost per employee	
Programme:1 CEO's Office	2 468	52 237	4%	3	17 412	
Programme 1: Finance & Administration	5 411	63 993	5%	3	21 331	
Programme 1 : Human Resources	3 905	152 148	13%	3	50 716	
Programme 2: MERC	10 726	314 523	27%	6	52 421	
Programme3: Statutory Measures	2 817	35 101	3%	2	17 551	
Programme 4: Agricultural Trust	1 868	42 354	4%	1	42 354	
Programme 5: Agribusiness Development	2 648	43 500	4%	2	21 750	
External Students	-	467 164	40%	27	17 302	
<b>TOTAL</b>	<b>29 843</b>	<b>1 171 020</b>	<b>100%</b>	<b>47</b>	<b>24 915</b>	



NUMBER OF EMPLOYEES AND VACANCIES					
Programme	2017/2018 Approved Posts	2017/2018 No. of employees	2016/2017 Vacancies	% of Vacancies	
Programme 1: CEO's Office	4	3	1	2	
Programme 1: Finance & Administration	6	6	0	0	
Programme 1: Human Resources	8	8	0	0	
Programme 2: MERC	14	14	0	0	
Programme 3: Statutory Measures	4	4	0	0	
Programme 4: Agricultural Trusts	2	2	0	0	
Programme 5: Agribusiness Development	7	7	0	0	
<b>TOTAL</b>	<b>45</b>	<b>44</b>	<b>1</b>	<b>2</b>	

REASONS FOR STAFF LEAVING (% OF TERMINATION)		
Reasons	Number	% of total no. of staff leaving
Death	0	0%
Resignation	4	9%
Retrenchment	0	0%
Retirement	0	0%
ILL Health	0	0%
Expiry of Contract	0	0%
Dismissal	0	0%
<b>TOTAL</b>	<b>4</b>	<b>9%</b>

NUMBER OF DISABLED PERSONNEL				
Levels	Male	Target	Female	Target
Top Management	0	0	0	0
Professional Qualified	1	0	0	0
Skilled	0	0	0	0
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

ORGANISATIONAL DISABLED STAFF (% OF TOTAL STAFF)		
Staff	Number	% of total staff
Disabled staff	1	2%
<b>TOTAL STAFF</b>	<b>45</b>	<b>2%</b>

MANAGEMENT GENDER EQUITY (% OF TOTAL STAFF)		
Gender	Number	% of total staff
Top Management - Males	4	57%
Top Management - Females	3	43%
<b>TOTAL</b>	<b>7</b>	<b>100%</b>

ORGANISATIONAL MANAGEMENT GENDER EQUITY (% OF TOTAL STAFF)		
Gender	Number	% of total staff
Top Management - Males	4	9%
Top Management - Females	3	7%
<b>TOTAL STAFF</b>	<b>45</b>	<b>16%</b>

EMPLOYMENT GENDER EQUITY			
Gender	Number	% of total staff	
Males	18		40%
Females	27		60%
<b>TOTAL EMPLOYEES</b>	<b>45</b>		<b>100%</b>

EMPLOYMENT EQUITY FEMALES					
Levels	Female African	Female White	Female Indian	Female Coloured	
Top management	3	0	0	0	
Professional qualified	3	6	0	1	
Skilled	6	0	0	0	
Semi-skilled	3	3	0	0	
Unskilled	2	0	0	0	
<b>TOTAL</b>	<b>17</b>	<b>9</b>	<b>0</b>	<b>1</b>	<b>1</b>

EMPLOYMENT EQUITY MALES					
Levels	Male African	Male White	Male Indian	Male Coloured	
Top management	3	1	0	0	0
Professional qualified	9	1	0	0	0
Skilled	3	0	0	0	0
Semi-skilled	0	0	0	0	0
Unskilled	1	0	0	0	0
<b>TOTAL</b>	<b>16</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>

LABOUR RELATIONS: MISCONDUCT & DISCIPLINARY ACTION	
Nature of disciplinary Action	Number
Verbal Warning	0
Written warning	0
Final written warning	0
Dismissal	0
<b>TOTAL</b>	<b>0</b>

# Part 7

## Financial Information



# CONTENTS

	PAGE
General Information	99
Report of the Auditor General	100
Report of the Chief Executive Officer	105
Statement of Responsibility	112
Statement Of Financial Position	113
Statement Of Financial Performance	114
Statement Of Changes In Net Assets	115
Cash Flow Statement	116
Statement of Comparison of Budget and Actual Amounts	117
Accounting Policies	118
Notes to the Annual Financial Statements	134



## General Information

Country of Incorporation  
and Domicile

South Africa

Nature of Business and  
Principal Activities

Administration of the 1996 Marketing Act and advise the Minister of Agriculture on the provision of the Act, and provision of marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system in South Africa

Accounting Authority

Prof. Phineas Khazamula Chauke : Chairperson of the Council  
Mr. Harry Prinsloo: Deputy Chairperson of the Council  
Mr. Silindile Sid Faku  
Ms. Fezeka Mkile  
Mr. Happy Mohane  
Mr. Boikanyo Mogatle  
Ms Nonie Mokose  
Prof. Diale Rangaka  
Mr Gerhardus Schutte  
Mr. Zandisile Wapi

Registered Office

536 Francis Baard Street  
Meintjiesplein Building  
Block A, 4th Floor Arcadia  
Pretoria  
0002

Bankers

Standard Bank of South Africa

Value Added Tax Number

None

External Auditors

Auditor-General of South Africa

# Report of the auditor-general to Parliament on the National Agricultural Marketing Council

## Report on the Audit of the Financial Statements

### Opinion

1. I have audited the financial statements of the National Agricultural Marketing Council set out on pages 113 to 169, which comprise statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. 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 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999) (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the accounting authority for the financial statements

6. The council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the National Agricultural Marketing Council's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

# Report of the auditor-general to Parliament on the National Agricultural Marketing Council

## Report on the Audit of the Financial Statements

### Auditor-general's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### Report on the audit of the annual performance report

#### Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2018:

Programme	Pages in the annual performance report
Programme 2 –Market and Economic Research Centre	35 - 34
Programme 3 – Statutory Measures	35
Programme 5 – Agribusiness Development	37 - 38

# Report of the auditor-general to Parliament on the National Agricultural Marketing Council

## Report on the Audit of the Financial Statements

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2 – Market and Economic Research Centre
  - Programme 3 – Statutory Measures
  - Programme 5 – Agribusiness Development

### Other matter

15. I draw attention to the matter below.

### Achievement of Planned Targets

16. Refer to the annual performance report on page(s) x to x; x to x for information on the achievement of planned targets for the year and explanations provided for the under/over achievement of a number of targets.

### Report on the audit of compliance with legislation

#### Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

### Other information

19. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report [which includes the CEOs' report, the audit committee's report and the council's report]. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

# Report of the auditor-general to Parliament on the National Agricultural Marketing Council

## Report on the Audit of the Financial Statements

20. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
21. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
22. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### Internal control deficiencies

23. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Pretoria  
31 July 2018

*Auditor-General*



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the separate financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit 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 public entity's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
  - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Agricultural Marketing Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



# Report of the Chief Executive Officer for the year ended 31 March 2018

## 1. Financial overview of the Business and Operations

### 1.1 National Agricultural Marketing Council (NAMC) Funding and Financial Performance

The NAMC received funding of R 41,9 million which represents the annual budget allocation for 2017/18 from the Department of Agriculture, Forestry and Fisheries (DAFF) during the period under review, whilst other income amounted to R46,2 million and interest generated amounted to R6 million. Total expenditure for 2017/18 amounted to R89,8 million.

### 1.2 Statement of Financial Position as at 31 March 2018 is as follows:

- Total assets increased by 40%, mainly due to increase in receivables relating to the invoices outstanding as at year-end relating to the National Red Meat Development project.
- Total liabilities increased by 36% mainly due to the amount of revenue deferred relating to sponsorship projects.

### 1.3 Cash Flow

The NAMC's cash position as at 31 March 2018 was R62,2 million. This entails unutilised sponsorship funding relating to projects as disclosed under note 20 of the annual financial statements, of which an amount of R49,1 million was still receivable as at year-end.

## 2. Utilisation of Sponsorship Funding

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

Name of project	Opening Balance	Amount received/receivable	Amount utilised	Closing balance
<b>2018</b>				
Strategic Infrastructure Project: SIP 11	561	-	(416)	145
Supply Chain Logistic Programme (Western Cape)	464		(391)	73
National Red Meat Development (NRMDP)	14,063	63,908	(35,013)	42 958
Agricultural Sector Education, Training Authority (AgriSeta)	3	1,756	(1,744)	15
Agricultural Information Management System: (AIMS)	46,227	7,310	(60)	53 477
Smallholder Farming in Agro-processing industry	540	-	(341)	199
Ceres abattoir	5,983	-	(3,766)	2 217
Operation Phakisa	217	340	(241)	316
Food and Agriculture Organisation of the United Nations (FAO)	15	-	(15)	0
Eastern Cape Red Meat Development programme	-	5,609	(1,479)	4 130
<b>Total</b>	<b>68,072</b>	<b>78,923</b>	<b>(43,466)</b>	<b>103 530</b>
<b>Agent and Principal sponsoship funding</b>				
<b>2018</b>				
Vineyard Development Scheme	4,687	8,663	(12,332)	1 018
Maize Meat Hub Feedlot	4,930	-	(2,214)	2 716
Australian Centre for International Agricultural Research (ACIAR)	909	22	(282)	649
<b>Total</b>	<b>10,526</b>	<b>8,685</b>	<b>(14,828)</b>	<b>4 383</b>

### **2.1 Strategic Infrastructure Project: SIP 11**

An amount of R561 thousand was deferred to the statement of financial position during the previous financial year 2016/17. The funding was provided by Department of Agriculture Forestry and Fisheries for the implementation of the Strategic Infrastructure Project.

An amount of R416 thousand was utilised. The balance of R145 thousand was deferred to the statement of financial position.

### **2.2 Vineyard Development Scheme project**

An amount of R4,7 million was deferred to the statement of financial position in 2016/17 financial year, an additional amount of R8,7 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.

An amount of R12,3 million was utilised, and the balance of R1 million was deferred to the statement of financial position.

### **2.3 Supply Chain Logistic Programme: Western Cape Department of Agriculture**

An amount of R464 thousand was deferred to the statement of financial position in 2016/17 financial year, these funds were received for the purpose of implementing the Southern Africa Development Community Supply Chain & Logistics Development programme.

An amount of R391 thousand was utilised. The balance of R73 thousand was deferred to the statement of financial position.

### **2.4 National Red Meat Development Project**

An amount of R14 million was deferred to the statement of financial position in 2016/17 financial year, these funds were received for the development of Red Meat Production Centres in nine (9) provinces. An amount of R14,8 million was received from the Department of Rural Development and invoices to the amount of R49 million were raised. As at the reporting date the invoices were still outstanding. An amount of R35 million was utilised, and the balance of R43 million was deferred to the statement of financial position.

### **2.5 Agricultural Information Marketing System: (AIMS)**

An amount of R46,2 million was deferred to the statement of financial position in 2016/17 financial year; an additional amount of R7,3 million was received, these funds were received to implement the National roll-out of Agricultural Information Marketing System.

An amount of R60 thousand was utilised and the balance of R53,5 million was deferred to the statement of financial position.

## **2.6 Agricultural Sector, Education Training Authority (AgriSeta)**

An amount of R3 thousand was deferred to the statement of financial position in 2016/17 financial year, an additional amount of R1,643 thousand was received from AgriSeta for bursaries and interns for 2016/17 financial year. And invoice amounting to R113 thousand was raised and as at this reporting period the invoices were not yet paid.

An amount of R1,744 thousand was utilised, and an amount of R15 thousand was deferred to the statement of financial position.

## **2.7 Smallholder Farming in Agro-processing**

An amount of R540 thousand was deferred to the statement of financial position in 2016/17 financial year, these funds were received from Gauteng Department of Agriculture and Rural Development to conduct research on meaningful economic contribution of smallholder farmers in Gauteng province, promotion of gender and youth participation in Agro-processing and provide sustainable socio-economic benefits.

An amount of R341 thousand had been utilised and the balance of R199 thousand was deferred to the statement of financial position.

## **2.8 Australian Centre for International Agricultural Research (ACIAR)**

An amount of R909 thousand was deferred to the statement of financial position in 2016/17 financial year, an additional amount of R22 thousand was received. The purpose of the funding is to identify, modify and develop a wider range of market systems and value chains available for small scale and emerging beef farmers in South Africa.

An amount of R282 thousand had been utilised and the balance of R649 thousand was deferred to the statement of financial position.

## **2.9 Ceres Abattoir project**

The Department of Rural Development and Land Reform has appointed NAMC for governance, implementation, formal structuring and mentoring of beneficiaries as well as to give advice on how improvement of livestock should be undertaken, the Ceres Abattoir project is implemented in the Western Cape.

An amount of R5,9 million was deferred to the statement of financial position in 2016/17 financial year, an amount of R3,7 million had been utilised and the balance of R2,2 million was deferred to the statement of financial position.

## **2.10 Operation Phakisa**

The Operation Phakisa: Agriculture and Land Reform platform is aimed at generating consensus around the challenges facing the agricultural sector and finding lasting solutions in line with the country's long-term vision as articulated in the National Development Plan: Vision 2030.

It is supported by knowledge and information generated through research. Hence the Department of Agriculture, Forestry and Fisheries (DAFF) commissioned the National Agricultural Marketing Council (NAMC) to undertake the research to support Operation Phakisa: Agriculture and Land Reform over a six-month period from September 2016 to February 2017.

An amount of R217 thousand was deferred to the statement of financial position in 2016/17 financial year. An additional amount of R340 thousand was received. As at this reporting period an amount of R 241 had been utilised and the balance of R316 thousand was deferred to the statement of financial position.

### **2.11 Food and Agriculture Organisation of the United Nations (FAO)**

The NAMC entered into a service level agreement with FAO for:

- conducting of a study to ascertain availability of agricultural inputs in South Africa for export to other countries in the region;
- ascertaining the capacity of drought affected vulnerable communities and households in Swaziland to timely access inputs, given the eroding impact of the El Nino drought on farmers

An amount of R15 thousand was deferred to the statement of financial position in 2016/17. As at this reporting period the amount of R15 thousand was fully utilised.

### **2.12 The Maize Meat Hub Feedlot project**

The Department of Rural Development and Land Reform has appointed NAMC to manage the construction of the Maize Meat Hub Feedlot in Elundini Local Municipality.

An amount of R4,9 million was deferred to the statement of financial position in 2016/17 financial year, an amount of R2,2 million had been utilised and the balance of R2,7 million was deferred to the statement of financial position

### **2.13 Eastern Cape Red Meat Development project**

An amount of R3 million was received from Eastern Cape of Department of Agriculture, Rural Development and Agrarian Reform to support the National Red Meat project in the Eastern Cape. In addition to that, feed amounting to R2,6 million were bought by the Department and delivered to the custom feeding lot in the Eastern Cape.

An amount of R1,5 million was utilised, and the balance of R4,1 million was deferred to the statement of financial position.

## **3. Events after the Reporting Date**

None.

## **4. Materiality Framework**

In terms of Treasury Regulation 28.2.1, the NAMC had a materiality framework for the period 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.

## **5. 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.

## **6. Annual Financial Statements**

The annual financial statements have been prepared in accordance with the Statements of Generally Recognised Accounting Practices (GRAP) and applicable legislations as stated in the 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.

## **7. Corporate Governance**

The NAMC as a public entity confirms its commitment to the principles of corporate governance as stated in the King IV 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.

### **7.1 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 2018:

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

Their respective terms of reference are outlined in the form of Committee charters.

### **7.2 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:

#### **7.2.1 The Role of Governance Committees**

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 continued to function during the period under review. The Audit & Risk Committee has been assigned to play an oversight role in the enterprise-wide risk management activities.

### **7.2.2 Internal Controls**

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.

### **7.2.3 Internal Audit**

As from 01 August 2015, the internal audit is outsourced to Nexia SAB & T 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.

During the period under review, the internal auditors conducted Information Technology Service Level Maintenance and Performance Process audit, Project management follow-up audit, Supply chain management and contract management, Governance review, Marketing and Communications, Audit on Predetermined Objectives, Finance & Asset Management and follow-up on prior year audit findings. The results were reported to management and Audit and Risk Committee.

### **7.2.4 Code of Conduct**

The NAMC has a 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.



**Mr. ZW Xalisa**

Chief Executive Officer

# STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of our knowledge and belief, we confirm the following:

All information and amounts disclosed in this Annual Report are consistent with the 2017/18 Annual Financial Statements of NAMC audited by the Audited General.

The Annual Report is complete, accurate and free from any omissions.

The Annual Report has been prepared in accordance with the Annual Report Guide for Schedule 3A and 3C Public Entities issued by National Treasury.

The Annual Financial Statements of NAMC in (Part 113-169) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the Council.

The Council is the Accounting Authority, is responsible for ensuring that the Council prepares the Annual Financial Statements and for the judgements made on this information.

The Chief Executive Officer is responsible for establishing, implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The Office of the Auditor General of South Africa was engaged to express an independent opinion on the Council Annual Financial Statements for the 2017/18 financial year and their report is included in Part (102-103) of this Annual Report.

In our opinion, the NAMC Annual Report fairly reflects the operations, the performance, the human resource information and the financial affairs of the Council for the financial year ended 31 March 2018.

Yours faithfully



**Prof P.K. Chauke**

Chairperson of Council

# Statement of Financial Position

Financial Statements for the year ended 31 March 2018

Figures in R `000	Notes	2018	2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	5,252	6,606
Investment property	13	1,723	-
Intangible assets	14	247	358
Receivables from exchange transactions	10	251	251
<b>Total non-current assets</b>		<b>7,473</b>	<b>7,214</b>
<b>Current assets</b>			
Inventories	8	1,750	2,505
Receivables from non-exchange transactions	9	48,780	384
Receivables from exchange transactions	10	81	121
Cash and cash equivalents	11	62,199	75,666
<b>Total current assets</b>		<b>112,810</b>	<b>78,677</b>
<b>Total assets</b>		<b>120,283</b>	<b>85,892</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Finance lease obligation	17	65	63
Deferred liability	20	53,477	41,227
<b>Total non-current liabilities</b>		<b>53,542</b>	<b>41,290</b>
<b>Current liabilities</b>			
Finance lease obligation	17	104	49
Operating lease payable	18	43	96
Payables from exchange transactions	19	2,900	3,051
Deferred liability	20	54,436	37,371
<b>Total current liabilities</b>		<b>57,483</b>	<b>40,567</b>
<b>Total liabilities</b>		<b>111,025</b>	<b>81,857</b>
<b>Net assets</b>		<b>9,258</b>	<b>4,034</b>
<b>Represented by:</b>			
<b>Equity</b>			
Accumulated surplus		9,258	4,034
<b>Total</b>		<b>9,258</b>	<b>4,034</b>

# Statement of Financial Performance

Financial Statements for the year ended 31 March 2018

Figures in R `000	Notes	2018	2017
<b>Revenue from non-exchange transactions</b>			
Government grants and subsidies	2	41,917	35,005
Other income/sponsorship	2	46,199	38,477
<b>Revenue from exchange transactions</b>			
Rendering of services	2	777	1,750
Interest income	2	6,060	4,926
Insurance profit and loss	2	99	-
<b>Gross surplus</b>		<b>95,052</b>	<b>80,158</b>
<b>Expenses</b>			
		<b>(90,145)</b>	<b>(79,377)</b>
Administrative expenses	4	(5,954)	(5,348)
Operating expenses	5	(36,605)	(34,702)
Depreciation and amortisation	6	(4,803)	(3,674)
Personnel expenditure	3	(42,760)	(35,638)
Finance costs		(23)	(15)
Profit/(Loss) on disposal of property, plant & equipment and investments property	6.1	315	(74)
Assets transferred		-	(534)
Impairment loss on property, plant & equipment		-	(227)
Impairment loss on inventory		-	(6)
<b>Surplus / (deficit) from operating activities</b>		<b>5,224</b>	<b>(61)</b>
<b>Surplus / (deficit) for the year</b>		<b>5,224</b>	<b>(61)</b>
<b>Surplus / (deficit) for the year attributable to:</b>			
Owners of the controlling entity		5,224	(61)
<b>Surplus/( Deficit) for the year</b>		<b>5,224</b>	<b>(61)</b>

## Statement of Changes in Net Assets

Financial Statements for the year ended 31 March 2018

Figures in R `000	Accumulated surplus	Total
<b>Balance at 1 April 2016</b>	4,095	4,095
<b>Changes in equity</b>		
Deficit for the period	(61)	(61)
<b>Balance at 31 March 2017</b>	<b>4,034</b>	<b>4,034</b>
<b>Balance at 1 April 2017</b>	4,034	4,034
<b>Changes in equity</b>		
Surplus for the period	5,224	5,224
Surplus for the period	5,224	5,224
<b>Balance at 31 March 2018</b>	<b>9,258</b>	<b>9,258</b>

## Statement of Cash Flows

Financial Statements for the year ended 31 March 2018

Figures in R `000	Notes	2018	2017
<b>Cash flows (used in) / from operating activities</b>			
<b>Cash receipts</b>		<b>80,233</b>	<b>128,077</b>
Project receipts		36,547	91,650
Other receipts		1,769	1,422
Receipts from government		41,917	35,005
<b>Cash paid to suppliers and employees</b>		<b>(96,669)</b>	<b>(118,896)</b>
Payments to suppliers for goods and services		(14,853)	(11,682)
Payments to suppliers - projects		(40,155)	(71,576)
Payments to and on behalf of employees		(31,533)	(29,249)
Payments to and on behalf of employees - projects		(10,128)	(6,389)
<b>Net cash flows (used in) / from operations</b>	7	<b>(16,436)</b>	<b>9,181</b>
Interest received		5,834	4,757
Insurance proceeds	2	99	-
<b>Net cash flows (used in) / from operating activities</b>		<b>(10,503)</b>	<b>13,938</b>
<b>Cash flows used in investing activities</b>			
Proceeds from sales of property, plant and equipment		-	10
Purchase of property, plant and equipment	12	(3,315)	(4,748)
Proceeds from sales of investment property		550	-
Purchase of investment property		-	-
Purchase of intangible assets	14	(52)	(329)
<b>Cash flows used in investing activities</b>		<b>(2,817)</b>	<b>(5,067)</b>
<b>Cash flows (used in) / from financing activities</b>			
Finance lease payments		(122)	(125)
Finance costs		(23)	(15)
<b>Cash flows (used in) / from financing activities</b>		<b>(145)</b>	<b>(140)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(13,465)</b>	<b>8,731</b>
Cash and cash equivalents at beginning of period		75,666	66,935
<b>Cash and cash equivalents at end of period</b>	11	<b>62,199</b>	<b>75,666</b>

The cash flow has been prepared on a cash basis.

# Statement of Comparison of Budget and Actual Amounts

Financial Statements for the year ended 31 March 2018

Figures in R `000	Approved budget	Virement	Final budget	Actual amount on comparative basis	Difference between final budget and actual	Var. %	Reference
<b>Revenue</b>							
<b>Revenue from non-exchange transactions</b>							
Government grants and subsidies	41,917	-	41,917	41,917	-	0 %	
Other income/sponsorship utilised	-	-	-	46,199	46,199	100 %	
<b>Revenue from exchange transactions</b>							
Rendering of services	-	-	-	777	777	100 %	
Interest	1,800	-	1,800	6,060	4,260	237 %	
Insurance proceeds	-	-	-	99	99	100 %	
<b>Total revenue</b>	<b>43,717</b>	<b>-</b>	<b>43,717</b>	<b>95,052</b>	<b>51,335</b>	<b>117 %</b>	<b>24.1.1</b>
<b>Expenses</b>							
Personnel expenditure	27,663	(839)	26,824	31,566	(4,742)	-18 %	<b>24.1.2</b>
Personnel expenditure (NRM DP Project)	-	-	-	11,194	(11,194)	-100 %	<b>24.1.2</b>
Administration expenses	9,744	953	10,697	4,211	6,486	61 %	<b>24.1.3</b>
Administration projects	-	-	-	1,743	(1,743)	-100 %	<b>24.1.3</b>
Operating expenses	3,585	(114)	3,471	10,539	(7,068)	-204 %	<b>24.1.4</b>
Operating expenses (Projects)	-	-	-	26,066	(26,066)	-100 %	<b>24.1.4</b>
Depreciation and amortisation	900	-	900	4,803	(3,903)	-434 %	<b>24.1.5</b>
Gain on Disposal of assets				(315)	315	-100 %	
Finance costs	25	-	25	23	2	8 %	
<b>Total expenses</b>	<b>41,917</b>	<b>-</b>	<b>41,917</b>	<b>89,828</b>	<b>(47,911)</b>	<b>-114 %</b>	
<b>(Deficit) / surplus before tax</b>	<b>1,800</b>	<b>-</b>	<b>1,800</b>	<b>5,224</b>	<b>3,424</b>		



## Accounting Policies

For the year ended 31 March 2018

### 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. 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 Department 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.

#### 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 55(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 judgements 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 23. Significant estimates and judgement made by management

## Accounting Policies

For the year ended 31 March 2018

### *Trade and other receivables*

The NAMC assesses its trade receivables and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in surplus or deficit, the NAMC makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for trade and other receivables is calculated on a portfolio basis and all debts over three months old, where payments are not being received, are impaired.

### *Useful lives of property, plant and equipment, and intangible assets*

The NAMC determines the estimated useful lives and related depreciation charges for property, plant and equipment, and intangible assets. This estimate is based on the condition and use of the individual assets in order to determine the remaining period over which the asset can and will be used.

## 1.5 Revenue recognition

### **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 cash, goods, services or use of assets to the other party in exchange. The entity's revenue from exchange transactions comprises of interest generated from investments and management fees. The management fees recognised in the statement of financial performance is based on the stage of completion of the project, that is, project cost incurred to date as a percentage of total project cost multiplied by the total management fee.

### **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.

### **Measurement**

Revenue from exchange transaction is measured at the fair value of the consideration received or receivable. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### **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.

## Accounting Policies

For the year ended 31 March 2018

### Recognition

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

### Measurement

Revenue from non-exchange transactions are measured at the cost of asset received or receivable, 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 and 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 cost 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 payables.

### 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;
- the State Tender Board Act, 1968 (Act No. 86 of 1968). or any regulations made in terms of that Act, 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.

## Accounting Policies

For the year ended 31 March 2018

### 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 rental to others or for administrative purposes and are expected to be used during more than one financial period.

#### Recognition

An item of property, plant and equipment is recognised as an asset if it is probable that future 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 bringing asset to the location and condition necessary for it to be capable of operating in a manner intended by management.

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

#### Initial Measurement

Tangible non-current assets are initially measured at cost. Where an asset is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

#### Subsequent Measurement

Tangible non-current assets are subsequently 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 reasonably 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.

#### Residual values

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

#### Depreciation

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

## Accounting Policies

For the year ended 31 March 2018

The estimated remaining 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:

Asset class	Estimated useful life in years
Leasehold improvements	3 - 7 years
Motor vehicles	5 - 10 years
Fixtures and fittings	6 - 26 years
Office equipment	4 - 26 years
Computer equipment	3 - 17 years
Leased office equipment	2 - 3 years
Farming equipment	3 - 5 years
Project Assets	1 - 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 lesser of useful life or period of the lease.

Project assets are capitalised for the lesser of useful life or the period of the contract.

### **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the Statement of Financial Performance in the year it is derecognised.

#### **1.8.1 Construction Work-in- Progress**

Construction Work-in-Progress (WIP) is a non-current asset account in which the costs of constructing long-term assets are recorded. The Construction Work-in-Progress account will have a debit balance and is reported on the statement of financial position as part of the entity's Property, Plant and Equipment.

## Accounting Policies

For the year ended 31 March 2018

The construction WIP includes materials, labour and overhead costs that are either directly related or allocated to the construction or development of assets.

The costs of a constructed asset are accumulated in the Construction Work-in-Progress account until the asset is available for use. When the asset is completed and available for use, the Construction Work-in-Progress account will be transferred with the accumulated costs of the asset and recognised to the appropriate Property, Plant and Equipment account. Depreciation is charged when the asset is available for use. The Construction Work-in-progress is disclosed under note 12 of these financial statements.

### 1.9 Investment property

Investment property is property (land or a building – or part of a building – or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of operations.

#### Recognition

Investment property shall be recognised as an asset when, and only when:

- (a) it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity; and
- (b) the cost or fair value of the investment property can be measured reliably.

#### Initial Measurement

An investment property shall be measured initially at its cost (transaction costs shall be included in this initial measurement).

Where an investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

The entity investment properties are accounted for at the fair value of the asset received on transaction date.

#### Subsequent measurement

After initial recognition, the entity uses the cost model to measure all of its investment property in accordance with GRAP 16.

Investment property are subsequently measured at cost less any subsequent accumulated depreciation and any 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.

## Accounting Policies

For the year ended 31 March 2018

### Depreciation

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

Asset class	Estimated useful life in years
Land	Infinite
Building	20 years

### Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position):

- (a) on disposal (including disposal through a non-exchange transaction) or;
- (b) when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in surplus or deficit in the period of the retirement or disposal.

### 1.10 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

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.

Gains and losses on disposal of intangible assets are determined by comparing the net proceeds from disposal with the carrying amount of intangible asset, and are recognised within the surplus or deficit. The amortisation period and amortisation method for intangible assets finite useful life 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

Computer software

The amortisation of intangible assets is disclosed in the statement of financial performance as part of the depreciation and amortisation line item.



## Accounting Policies

For the year ended 31 March 2018

### 1.11 Impairment

A cash-generating unit is the smallest identifiable group of assets managed with the 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 it is not possible to estimate the recoverable amount of the individual assets, an entity shall determine the recoverable amount of the cash generating unit to which the asset belongs 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 or 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. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall 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.

#### ***Impairment of non- cash-generating assets***

Non-cash-generating assets are assets other than cash-generating assets. At each reporting date, the entity reviews by considering the internal and external factors whether there is an indication that a non- cash generating asset 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.

## Accounting Policies

For the year ended 31 March 2018

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.

### 1.12 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.

Minimum 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). The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. 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 exclusive of interest 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.

### 1.13 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.

## Accounting Policies

For the year ended 31 March 2018

### 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 cost.

The entity recognises financial assets using trade date accounting.

### Measurement

#### Finance 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 cost.

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, highly liquid investment that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents are stated at cost.

#### Finance 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 cost plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at cost/amortised cost which relates to finance leases, 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.

## Accounting Policies

For the year ended 31 March 2018

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**

The entity did not offset financial assets, financial liabilities and revenue and expenses in the statement of financial performance and 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.

### **1.14 Provisions**

A provision is a liability of uncertain timing or amount.

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. The unwinding of the discount is recognised as finance cost. 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

## Accounting Policies

For the year ended 31 March 2018

value of the expenditures expected to be required to settle the obligation. The unwinding of the discount is recognised as finance cost. 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.

### 1.15 Inventories

#### Initial recognition

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

#### Measurement at recognition

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

#### Measurement after recognition

Inventories shall be measured at the lower of cost and current replacement cost where they are held for:

- Distribution through a non-exchange transaction, or
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.
- 

The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

When inventories are issued, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised, and the inventory is derecognised.

Redundant and slow-moving inventories are identified and written down from cost to current replacement cost with regard to their estimated economic or realisable values and the write-down or reversal is recognised against the expense.

## Accounting Policies

For the year ended 31 March 2018

The amount of any reversal of any write-down of inventories, arising from an increase in 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.

The cost of inventories, shall be assigned using the weighted average cost formula.

### 1.16 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Related party transactions are transactions that involve the transfer of resources, services or obligations 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 notes 3, 15 and 16 of the annual financial statements.

### 1.17 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 for the period under review are as disclosed under note 30.

### 1.18 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.

## Accounting Policies

For the year ended 31 March 2018

A contingent asset is a possible asset 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 not wholly within the control of the entity.

### 1.19 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.

#### *Accrual for leave pay*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is 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.

#### ***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, if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

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.

#### *Termination benefits*

A liability for termination benefit is recognised at the earlier of when the offer can no longer be withdrawn and when the related restructuring costs are recognised.

Information in respect of post employment benefit plan is disclosed under note 3 of the financial statements.

### 1.20 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 budget differences and the basis of budget preparation are as per disclosure note 24 of these annual financial statements.



## Accounting Policies

For the year ended 31 March 2018

### 1.21 Comparative figures

Where necessary comparative figures have been adjusted to conform to changes in presentation in the period under review. The nature and reason for such reclassifications and restatements are also disclosed in the notes where applicable.

### 1.22 Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events. Where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.23 Segment reporting

The segment reporting standard requires entities to present more specific and detailed information about the major activities undertaken by an entity during a particular period, along with the resources allocated to those activities, to enable users of the financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environment in which it operates. Segments information and reports are disclosed under note 25 of the annual financial statements.

## Accounting Policies

For the year ended 31 March 2018

### 1.24 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 approved, but not yet effective:

GRAP 20	Related Party Disclosures
GRAP 32	Service Concession Arrangements: Grantor
GRAP 34	Separate Financial Statements
GRAP 35	Consolidated Financial Statements
GRAP 36	Investments in Associates and Joint Ventures
GRAP 37	Joint Arrangements
GRAP 38	Disclosure of Interests in Other Entities
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents
IGRAP 17	Service Concession arrangements where a Grantor controls a Significant Residual interest in an Asset
GRAP 110	Living and Non-living Resources

The effective date of the above standards is not yet determined by the Minister of Finance. 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 Financial Statements

For the year ended 31 March 2018

Notes to the Financial Statements	2018	2017
Figures in R `000		

### 2. Revenue

#### 2.1 Revenue from exchange transactions consists of the following amounts

Management fee for rendering of services	777	1,750
Interest	6,060	4,926
Proceeds from insurance	99	-
	<b>6,936</b>	<b>6,676</b>

##### 2.1.1 Management fee for rendering of service

The amount included in rendering of services arose from exchange transactions of R776,534 (2017 R1750,000) relating to Vineyard Development Scheme, Operation Pakisa, Supply Chain Logistic Programme and Ceres abbatoir projects.

#### 2.2 Revenue from non-exchange transactions consists of the following amounts

Department of agriculture - MTEF Allocation	41,917	35,005
Other income/sponsorship utilised	44,199	38,477
Donations: Umtata Donated assets	2,000	-
	<b>88,116</b>	<b>73,482</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

Notes to the Financial Statements	2018	2017
Figures in R `000		

## 3. Personnel expenditure

### 3.1 Personnel expenditure is analysed as follows:

Non-management	29,810	23,408
Basic salaries	22,646	18,635
Termination accruals: NRMDP	1,065	-
Performance awards	2,002	1,197
Other non-pensionable allowance	1,015	909
Leave payments on resignation	162	30
UIF	261	105
Other salary related cost	365	321
Pension: Post employment benefits	2,274	2,211
Settlement agreement amount paid (CCMA)	20	-
Senior management remuneration	11,921	11,658
Council members' remuneration	1,029	572
<b>Total personnel expenditure</b>	<b>42,760</b>	<b>35,638</b>

Termination accruals are for National Red Meat Development project employees. The contract between Rural Development and Land Reforms and NAMC expired in March 2018. A decision was taken to terminate the employees's contracts by end of September 2018, therefore a provision for retrenchment packages was raised, refer to Note 19.

## 4. Administrative expenses

### 4.1 Administrative expenses consist:

General administrative expenses	895	633
Printing and stationery	796	811
Audit committee fees	181	228
Auditors remun. - fees	686	660
Internal audit fees	418	281
Fruitless & Wasteful Expenditure	-	12
Bank charges	52	44
IT costs	1,384	1,279
Promotions and publicity	5	1
Refreshments and catering	131	113
Training and development	1,406	1,285
	<b>5,954</b>	<b>5,348</b>

## Notes to the Financial Statements

For the year ended 31 March 2018

Notes to the Financial Statements	2018	2017
Figures in R `000		
<b>5. Operating expenses</b>		
<b>5.1 Operating expenses consist:</b>		
Rentals in respect of operating lease	3,354	3,479
Levy costs	415	697
Municipal charges	1,060	267
Communication costs	289	231
Project expenses	25,827	24,997
Section 7 Committees and Consultancy	448	468
Computer consumables	11	8
Courier and delivery charges	36	57
Maintenance, repairs and running costs	83	119
Research & workshops	2,047	2,186
Travel and subsistence	3,035	2,193
<b>Total other expenses</b>	<b>36,605</b>	<b>34,702</b>
<b>6. Depreciation and amortisation</b>		
Depreciation	4,640	3,579
Amortisation	163	95
	<b>4,803</b>	<b>3,674</b>
<b>6.1 Gains or losses on net non-monetary position consist:</b>		
Gain/losses on net non-monetary position	<b>(315)</b>	<b>74</b>

## Notes to the Financial Statements

For the year ended 31 March 2018

Notes to the Financial Statements		2018	2017
Figures in R `000			
7.	Reconciliation of (deficit)/surplus for the year to net cash flows from operating activities		
	Surplus for the year	5,224	(61)
	Adjustments to reconcile surplus		
	Adjustments for finance income	(6,060)	(4,926)
	Adjustments for finance costs	23	15
	Adjustments for decrease in inventories	755	(1,224)
	Adjustments for increase in trade accounts receivable	(48,396)	7,284
	Adjustments for discount received	(75)	-
	Adjustment for inventory donation received	352	
	Adjustments for decrease in other operating receivables	40	-
	Adjustment for decrease or increase in trade accounts payable	(154)	2,211
	Adjustments for increase in deferred income	29,315	1,366
	Adjustments for depreciation and amortisation expense	4,802	3,674
	Adjustments for increase finance lease	57	-
	property Adjustments for non-cash investment	(2,000)	-
	Adjustments for gains and losses on disposal of non-current assets	(315)	74
	Assets transferred	-	534
	Impairment loss on property, plant and equipment	-	227
	Impairment loss on inventory		6
	Total adjustments to reconcile surplus	(21,656)	9,242
	Net cash flows from operations	(16,436)	9,181

## Notes to the Financial Statements

For the year ended 31 March 2018

Notes to the Financial Statements	2018	2017
Figures in R `000		

### 8. Inventories

#### 8.1 The balances of inventories are as follows:

Consumable stores	52	42
Inventory on hand (Feed)	1,698	2,463
	<b>1,750</b>	<b>2,505</b>
Total current inventories	1,750	2,505
	<b>1,750</b>	<b>2,505</b>

Inventories were not pledged as security.

The amount of any write-down of inventories to current replacement cost and all losses of inventories shall

be recognised as an expense in the period in which the write down or loss occurs.

Inventories expenditure recognised in the statement of financial performance

<b>9,851</b>	<b>13,603</b>
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### 9. Receivables from non-exchange transactions

#### 9.1 Receivables from non-exchange transactions comprise:

Receivables from non-exchange transactions	48,780	384
Total current receivables	<b>48,780</b>	<b>384</b>

The receivables are mainly for invoices raised towards the end of the financial year with the Department of Rural Development and Land Reform for the National Red Meat Development Project.



# Notes to the Financial Statements

For the year ended 31 March 2018

Notes to the Financial Statements	2018	2017
Figures in R `000		
<b>10. Receivables from exchange transactions</b>		
<b>10.1 Receivables from exchange transactions comprise:</b>		
Prepayments	81	121
Deposits	251	251
	<b>332</b>	<b>372</b>
Less non-current portion	(251)	(251)
Total current receivables	<b>81</b>	<b>121</b>
<b>10.2 Items included in Receivables from exchange transactions not classified as financial instruments</b>		
Prepayments	81	121
<b>Total non-financial instruments included in trade and other receivables</b>	<b>81</b>	<b>121</b>
<b>10.3 Movements in impairment of receivables from exchange transactions are as follows:</b>		
<b>At start of year</b>	-	-
Impairment raised	-	-
<b>At end of year</b>	-	-
The amount that best represents its maximum exposure to credit risk (usually the carrying amounts of instruments) at the end of the reporting period without taking account of any collateral held or other credit enhancements (e.g. netting agreements that do not qualify for offset in accordance with paragraphs .92 to .100);	-	-
In respect of the amount disclosed in (a), a description of collateral held as security and other credit enhancements;		
<b>Financial assets that are not past due</b>	<b>48,780</b>	<b>384</b>

## Notes to the Financial Statements

For the year ended 31 March 2018

Notes to the Financial Statements	2018	2017
Figures in R `000		
<b>11. Cash and cash equivalents</b>		
<b>11.1 Cash and cash equivalents comprise:</b>		
<b>Cash</b>		
Cash on hand	2	1
Balances with banks	62,197	75,665
<b>Total cash</b>	<b>62,199</b>	<b>75,666</b>
<b>Total cash and cash equivalents included in current assets</b>	<b>62,199</b>	<b>75,666</b>
<b>Net cash and cash equivalents</b>	<b>62,199</b>	<b>75,666</b>

Cash and cash equivalents comprise cash and short-term highly liquid investments, that are held with registered banking institutions with maturities of three months or less and that are subject to insignificant interest rate risk. The cash held by the entity as at year end mainly relates to unutilised conditional grants as disclosed under note 20 of the annual financial statements.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 12. Property, plant and equipment

#### 12.1 Balances at year end and movements for the year

	Leasehold improvements	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Leased office equipment	Farming equipment	NRM DP Assets	NRM DP Project Assets (WIP)	Total
<b>Reconciliation for the year ended 31 March 2018</b>										
<b>Balance at 1 April 2017</b>										
At cost	1,264	458	1,017	227	1,634	274	36	8,161	1,198	14,269
Accumulated depreciation	(1,193)	(176)	(762)	(189)	(1,023)	(171)	(31)	(4,117)	-	(7,662)
<b>Gross carrying amount</b>	<b>71</b>	<b>282</b>	<b>255</b>	<b>38</b>	<b>611</b>	<b>103</b>	<b>5</b>	<b>4,044</b>	<b>1,198</b>	<b>6,607</b>
<b>Movements for the year ended 31 March 2018</b>										
Additions other than through business combinations	29	294	30	101	100	3	-	1,686	1,072	3,315
Depreciation	(45)	(82)	(61)	(26)	(250)	(52)	(1)	(4,093)	-	(4,610)
Increase (decrease) through other changes	-	-	-	-	-	-	-	1,172	(1,172)	-
Disposals	-	(55)	-	-	(5)	-	-	-	-	(60)
Property, plant and equipment at end of period	<b>55</b>	<b>439</b>	<b>224</b>	<b>113</b>	<b>456</b>	<b>54</b>	<b>4</b>	<b>2,809</b>	<b>1,098</b>	<b>5,252</b>
<b>Closing balance at 31 March 2018</b>										
At cost	1,293	646	1,046	328	1,634	148	36	10,923	1,098	17,152
Accumulated depreciation	(1,238)	(207)	(822)	(215)	(1,178)	(94)	(32)	(8,114)	-	(11,900)
<b>Gross carrying amount</b>	<b>55</b>	<b>439</b>	<b>224</b>	<b>113</b>	<b>456</b>	<b>54</b>	<b>4</b>	<b>2,809</b>	<b>1,098</b>	<b>5,252</b>

# Notes to the Financial Statements

For the year ended 31 March 2018

	Leasehold improvements	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Leased office equipment	Farming equipment	NRM DP Project Assets	NRM DP Project Assets (WIP)	Total
<b>Balance at 1 April 2016</b>										
At cost	1,263	457	1,020	244	1,540	399	36	4,901	761	10,621
Accumulated depreciation	(1,098)	(120)	(696)	(194)	(940)	(315)	(30)	(1,235)	-	(4,628)
<b>Gross carrying amount</b>	<b>165</b>	<b>337</b>	<b>324</b>	<b>50</b>	<b>600</b>	<b>84</b>	<b>6</b>	<b>3,666</b>	<b>761</b>	<b>5,993</b>

For the period under review no item of property plant and equipment were pledged as security for liabilities.

An amount of R1,172,000 was transferred from Work-in-Progress to completed assets during the period under review.

## Reconciliation for the year ended 31 March 2017

### Balance at 1 April 2016

At cost	1,263	457	1,020	244	1,540	399	36	4,901	761	10,621
Accumulated depreciation	(1,098)	(120)	(696)	(194)	(940)	(315)	(30)	(1,235)	-	(4,628)
<b>Gross carrying amount</b>	<b>165</b>	<b>337</b>	<b>324</b>	<b>50</b>	<b>600</b>	<b>84</b>	<b>6</b>	<b>3,666</b>	<b>761</b>	<b>5,993</b>

## Movements for the year ended 31 March 2017

Additions other than through business combinations	-	-	6	8	351	145	-	3,323	1,198	5,031
Depreciation	(94)	(55)	(75)	(18)	(329)	(88)	(1)	(2,916)	-	(3,576)
Transfers (to) from investment property carried at fair value through surplus or deficit	-	-	-	-	-	-	-	-	(534)	(534)
Increase (decrease) through other changes	-	-	-	-	-	-	-	-	(227)	(227)
Disposals	-	-	-	(2)	(11)	(38)	-	(29)	-	(80)
Property, plant and equipment at end of period	<b>71</b>	<b>282</b>	<b>255</b>	<b>38</b>	<b>611</b>	<b>103</b>	<b>5</b>	<b>4,044</b>	<b>1,198</b>	<b>6,607</b>

## Closing balance at 31 March 2017

At cost	1,264	458	1,017	227	1,634	274	36	8,161	1,198	14,269
Accumulated depreciation	(1,193)	(176)	(762)	(189)	(1,023)	(171)	(31)	(4,117)	-	(7,662)
<b>Gross carrying amount</b>	<b>71</b>	<b>282</b>	<b>255</b>	<b>38</b>	<b>611</b>	<b>103</b>	<b>5</b>	<b>4,044</b>	<b>1,198</b>	<b>6,607</b>

## Repairs and maintenance

A total amount of R92,153 has been spent on repairs and maintenance on assets under leasehold improvements, computer equipment, furniture and motor vehicles.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 13. Investment property

#### 13.1 Balances at year end and movements for the year

	Land	Building	Total
<b>Reconciliation for the year</b>			
<b>Balance at start of year</b>			
At fair value	-	-	
<b>Gross carrying amount</b>	-	-	
<b>Movements for the year</b>			<b>2018</b>
Additions from acquisitions	800	1,200	<b>2,000</b>
Depreciation	-	(27)	(27)
Disposals	(250)	-	(250)
Investment property at end of period	<b>550</b>	<b>1,173</b>	<b>1,723</b>
<b>Closing balance at end of year</b>			
At fair value	-		
At cost	550	1,200	<b>1,750</b>
Accumulated depreciation	-	(27)	<b>(27)</b>
<b>Gross carrying amount</b>	<b>550</b>	<b>1,173</b>	<b>1,723</b>

For the period under review no item of investment property were pledged as security for liabilities.

No repairs and maintenance expense incurred on the entity's investment properties during the period under review.

For the period under review the Minister of Agriculture Forestry and Fisheries authorised the transfer of the property in a form of a house and land formerly belonging to the former Transkei Agricultural Marketing Board to National Agricultural Marketing Council, the property and the land were recognised in the books of the NAMC at fair value, as per expert valuation report.

Rental income from investment property, net of direct operating expense.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 14. Intangible assets

#### 14.1 Reconciliation of changes in intangible assets

	Computer Software	Computer Software	Total
<b>Reconciliation for the year ended 31 March 2018</b>			
<b>Balance at 1 April 2017</b>			784
			(427)
<b>Net carrying amount</b>	<b>320</b>	<b>37</b>	<b>357</b>
<b>Movements for the year ended 31 March 2018</b>			
			52
			(162)
	<b>240</b>	<b>7</b>	<b>247</b>
<b>Closing balance at 31 March 2018</b>			
			837
			(590)
<b>Gross carrying amount</b>	<b>240</b>	<b>7</b>	<b>247</b>

For the period under review no intangible assets were pledged as security for liabilities.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 15. Council members' emoluments

Figures in R `000	Fees for Services	Other Payments	2018 Total	2017 Total
<b>Members Name</b>				
Prof. PK Chauke: Chairperson (Appointed in May 2017)	124	0	124	-
Mr JH Prinsloo: Vice-Chairperson (Appointed in May 2017)	95	0	95	-
Mr. S Faku (Appointed in May 2017)	99	0	99	-
Mrs. F Mkile (Appointed in May 2017)	78	0	78	-
Mr HT Mohane (Appointed in May 2017)	100	0	100	-
Ms N. Mokose (Appointed in May 2017)	120	0	120	-
Mr B Mogatle (Appointed in May 2017)	47	0	47	-
Dr D Rangaka (Appointed in May 2017)	92	0	92	-
Mr. GM Schutte (Appointed in May 2017)	112	1	113	-
Mr. ZW Wapi (Appointed in May 2017)	85	0	85	-
Mr. A Young (Term ended in May 2017)	-	0	0	108
Mr. A Hendricks (Term ended in May 2017)	4	0	4	46
Mr. AM Cronje (Term ended in May 2017)	-	0	0	-
Dr. JL Purchase (Term ended in May 2017)	3	0	3	28
Mrs. JM vd Merwe (Term ended in May 2017)	21	0	21	86
Dr. LL Magingxa (Term ended in May 2017)	16	0	16	99
Ms. M Gill (Term ended in May 2017)	15	0	15	101
Ms TE Zimu (Term ended in May 2017)	15	0	15	104
<b>Total</b>	<b>1,026</b>	<b>3</b>	<b>1,029</b>	<b>572</b>
<b>Remuneration paid to Audit and Risk Committee members</b>				
Chairperson: P Slack			56	57
Member:AR Ngwenya (Audit & Risk Committee member and Chairperson of Risk Management Committee)			124	112
Member:GR Dinga			-	59
<b>Total</b>			<b>181</b>	<b>228</b>

## Notes to the Financial Statements

For the year ended 31 March 2018

### 16. Senior managers' emoluments

	Basic salary	Allowances	Performance bonus	Pension contribution payments	UIF	Total 2018	Total 2017
Mr R Ramabulana - Chief Executive Officer: Resigned in April 2017	282	-	-	-	-	<b>282</b>	2,480
Ms F Netili - Chief Financial Officer	1,371	-	327	196	4	<b>1,898</b>	1,742
Mr Schalk Burger - Senior Manager – Statutory Measures	1,063	15	254	224	4	<b>1,560</b>	1,352
Mr Z Xalisa - Chief Executive Officer (Appointed 1 December 2017)	1,291	204	442	185	4	<b>2,126</b>	1,267
Mr. B. Nyhodo: Acting Senior Manager - Agritrust	767	49	107	83	2	<b>1,008</b>	-
Ms V. Nkobi - Senior Manager: Human resources	1,063		254	152	4	<b>1,473</b>	1,352
Dr. S Ngqangweni - Senior Manager - MERC	1,063		254	152	4	<b>1,473</b>	1,352
Ms KC Mosoma - Senior Manager – Agribusiness Development	1,063		254	152	4	<b>1,473</b>	1,352
Mr .T Maphathane - Compliance and Risk Manager Resigned in February 2018	547		-	79	3	<b>629</b>	761
	<b>8,510</b>	<b>268</b>	<b>1,892</b>	<b>1,223</b>	<b>28</b>	<b>11,921</b>	11,658



## Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000	2018	2017
<b>17. Finance lease obligation</b>		
<b>17.1 Finance lease obligation is analysed as follows:</b>		
Finance lease obligation 1	169	112
	<b>169</b>	<b>112</b>
Non-current liabilities	65	63
Current liabilities	104	49
	<b>169</b>	<b>112</b>

### 17.2 Finance lease obligations - lease payment reconciliations

#### Gross finance lease obligations - minimum lease payments

Not later than one year	104	49
Later than one year and not later than five years	65	63
Present value of finance lease obligations net of impairments	<b>169</b>	<b>112</b>

The National Agricultural Marketing Council has during the period under review made a total contribution of R145,000 to finance leases as defined in GRAP13.

The finance lease liability for the entity are photocopying machines and cellular phones. At the inception of the lease the interest rate was estimated at the prime rate. The entity leased photocopyers from Konica Minolta and Cellular phone from Vodacom for a period of 36 and 24 months respectively.

#### Terms and conditions

- i) All the leases are for an agreed period of 24 - 36 months, with an option to renew.
- ii) The photocopyers 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.

## Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000	2018	2017
<b>18. Operating lease liabilities</b>		
<b>18.1 Operating lease liabilities are analysed as follows:</b>		
Operating lease liability	43	96
	<b>43</b>	<b>96</b>
Current liabilities	43	96
<b>18.2 Future minimum lease payments</b>		
Not later than one year	1,320	3 894
Later than one year and not later than five years	63	1 302
	<b>1,383</b>	<b>5 196</b>
The operating leases for the entity are for office rental and telephone management system with a lease period of 36 months. The escalation rate for rental of office space is 8% p.a. and no escalation clause for the telephone management system.		
Operating expenditure recognised in the statement of financial performance on a straight line basis.	<b>3,354</b>	<b>3 479</b>
<b>19. Payables from exchange transactions</b>		
<b>19.1 Payables from exchange transactions are made up as follows:</b>		
Trade creditors	1,054	2 303
Termination accruals	1,065	0
Leave accrual	781	748
<b>Total payables from exchange transactions</b>	<b>2,900</b>	<b>3 051</b>

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.

# Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000			2018	2017
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## 20. Deferred Liabilities

### 20.1 Deferred revenue

Name of project	Opening balance	Amount received/receivable	Amount utilised	Closing balance
<b>2018</b>				
Strategic Infrastructure Project: SIP 11	561	-	(416)	145
Supply Chain Logistic Programme (Western Cape)	464		(391)	73
National Red Meat Development (NRMDP)	14,063	63,908	(35,013)	42 958
Agricultural Sector Education, Training Authority (AgriSeta)	3	1,756	(1,744)	15
Agricultural Information Management System: (AIMS)	46,227	7,310	(60)	53 477
Smallholder Farming in Agro-processing industry	540	-	(341)	199
Ceres abattoir	5,983	-	(3,766)	2 217
Operation Phakisa	217	340	(241)	316
Food and Agriculture Organisation of the United Nations (FAO)	15	-	(15)	0
Eastern Cape Red Meat Development programme	-	5,609	(1,479)	4 130
<b>Total</b>	<b>68,072</b>	<b>78,923</b>	<b>(43,466)</b>	<b>103 530</b>

### Agent and principal liability

Name of project	Opening balance	Amount received/receivable	Amount utilised	Closing balance
<b>2018</b>				
Vineyard Development Scheme	4,687	8,663	(12,332)	1 018
Maize Meat Hub Feedlot	4,930	-	(2,214)	2 716
Australian Centre for International Agricultural Research (ACIAR)	909	22	(282)	649
<b>Total</b>	<b>10,526</b>	<b>8,685</b>	<b>(14,828)</b>	<b>4 383</b>

Included in the amount received for Vine Yard Development Scheme, is interest of R4,975 (2017: R112,000).

<b>Total liabilities 2017/2018</b>	<b>107 913</b>
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# Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000			2018	2017
Name of project	Opening balance	Amount received/receivable	Amount utilised	Closing balance
<b>2017</b>				
Strategic Infrastructure Project: SIP 11	1,507	-	(946)	561
Supply Chain Logistic Programme (Western Cape)	477	500	(513)	464
National Red Meat Development (NRMDP)	19,221	25,405	(30,563)	14 063
Agricultural Sector Education, Training Authority (AgriSeta)	617	978	(1,592)	3
Agricultural Information Management System: (AIMS)	37,398	9,000	(171)	46 227
Smallholder Farming in Agro-processing industry	400	250	(110)	540
Ceres abattoir	-	6,000	(17)	5 983
Operation Phakisa		3,058	(2,841)	217
Food and Agriculture Organisation of the United Nations (FAO)	-	217	(202)	15
<b>Total</b>	<b>59,620</b>	<b>45,408</b>	<b>(36,955)</b>	<b>68 072</b>

Deferred revenue reflects the amount of income received during the current and previous financial year, but which will be utilised in the subsequent years.

## Agent and principal liability

Name of project	Opening balance	Amount received/receivable	Amount utilised	Closing balance
<b>2017</b>				
Vineyard Development Scheme	13,349	32,517	(41,179)	4 687
Maize Meat Hub Feedlot	-	4,930	-	4 930
Australian Centre for International Agricultural Research (ACIAR)	-	942	(33)	909
<b>Total</b>	<b>13,349</b>	<b>38,389</b>	<b>(41,212)</b>	<b>10 526</b>
<b>Total liabilities 2016/2017</b>				<b>78 598</b>

## 20.2 Agent and principal liability

### Nature of the relationship

#### 20.2.1 Vineyard Development Scheme

The NAMC has entered into a service level agreement with Northern Cape Department of Agriculture, Land Reform and Rural Development for the purpose of facilitating the implementation of Vineyard Development Scheme in the Northern Cape. The contract value is R8,9 million. The NAMC is an agent and the Department is the principal. The NAMC charges management fee of 5% of the contract value.

## Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000

2018

2017

### 20.2.2 Maize Meat Hub Feedlot

The NAMC has entered into a service level agreement with the Department of Rural Development and Land Reform For the Management of the construction of the Maize Meat Hub feedlot in a Elundini local municipality with a contract value of R4,9 million, The NAMC act as an agent and the Department is the principal.

### 20.2.3 Australian Centre for International Agricultural Research (ACIAR)

The NAMC has entered into a service level agreement with the Department of Agriculture, Forestry and Fisheries, to identify, modify and develop a wider range of market systems and value chains available for small scale and emerging beef farmers in South Africa. The contract value is R919 thousand. The NAMC act and as an agent and the Department is the principal.

## 21. Financial instruments

### 21.1 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.

### 21.2 Risk Management

#### Financial risk management

## Notes to the Financial Statements

For the year ended 31 March 2018

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 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.

### Figures in R `000

2018

2017

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

	Carrying amount	
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	62,199	75,666
Receivables	49,031	635
	<b>111,230</b>	<b>76,301</b>
<b>Financial liabilities at amortised cost</b>		
Finance leases	169	112
Payables	2,900	3,051
	<b>3,069</b>	<b>3,163</b>

**Prepayments are excluded from financial instruments in both financial years**

## Notes to the Financial Statements

For the year ended 31 March 2018

### Figures in R `000

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

	Financial assets at amortised cost	Financial assets at amortised cost	Total
<b>2018</b>			
Interest income	6,060	-	6,060
Finance costs	-	(23)	(23)
<b>Total</b>	<b>6,060</b>	<b>(23)</b>	<b>6,037</b>
<b>2017</b>			
Interest income	4,926	-	4,926
Finance costs	-	(15)	(15)
<b>Total</b>	<b>4,926</b>	<b>(15)</b>	<b>4,911</b>

### Exposure to risks: Credit risk

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

#### Financial assets at amortised cost

	Carrying amount	
Cash and cash equivalents	62,199	75,666
Receivables	49,031	635
	<b>111,230</b>	<b>76,301</b>

#### Financial liabilities at amortised cost

Finance leases	169	112
Payables	2,900	3,051
	<b>3,069</b>	<b>3,163</b>

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

### 21.2.4 Exposure to risks: Liquidity risk

The entity minimises this risk by ensuring that enough working capital (cash reserves and short-term receivables) are available to cover its current liabilities through the analysis of the commitments against the cash available in our current and call accounts.

## Notes to the Financial Statements

For the year ended 31 March 2018

### Figures in R `000

	2018		2017	
	Gross	Impairment	Gross	Impairment
Cash and equivalents				
- Neither past due nor impaired	62,199	-	75,666	-
Receivables				
- Past due but not impaired	-	-	65	-
- Neither past due nor impaired	49,031	-	570	-
<b>Total</b>	<b>111,230</b>	<b>-</b>	<b>76,301</b>	<b>-</b>

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

	Carrying amount	Total contractual cash flows	Not later than one year	2 to 5 years
<b>2018</b>				
Finance lease liabilities	169	169	65	63
Payables	2,900	2,900	-	-
<b>Total</b>	<b>3,069</b>	<b>3,069</b>	<b>65</b>	<b>63</b>
<b>2017</b>				
Finance lease liabilities	112	112	49	63
Payables	3,051	3,051	5,163	-
<b>Total</b>	<b>3,163</b>	<b>3,163</b>	<b>5,212</b>	<b>63</b>



## Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000	2018	2017
<b>21.2.5 Exposure to risk: Market risk</b>		
Interest rate risk		
<b>Concentration of interest rate risk</b>		
<b>Variable rate instruments</b>		
Financial assets	62,199	75,666
Financial liabilities	(169)	(112)
<b>Total</b>	<b>62,030</b>	<b>75,554</b>
<b>Fixed rate instruments</b>		
Financial assets: Accounts receivable	49,031	635
Financial liabilities: Accounts payable	(2,900)	(3,051)
<b>Total</b>	<b>46,131</b>	<b>(2,416)</b>

The exposure to the changes in interest rates primarily affects NAMC's current and call accounts and finance lease arrangements.

## Notes to the Financial Statements

For the year ended 31 March 2018

### Figures in R `000

**21.2.6** An averaged 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:

	Change in Interest	Current Balance	Upward change (+1%)	Downward change (+1%)
<b>2018</b>				
Net surplus		5,224	5,846	4,602
Change in net surplus			12	(12)
Cash and cash equivalents	0.01	62,199	622	(622)
Net Surplus for the year				
Change in Net Surplus		5,224	5,222	5,226
Finance lease	0.01		(0.03)	0.03
		169	(2)	2
<b>2017</b>				
Net surplus		(61)	696	(818)
Change in net surplus			(12)	12
Cash and cash equivalents	0.01	75,666	757	(757)
Net Surplus for the year				
Change in Net Surplus		(61)	(62)	(60)
Finance lease	0.01		1.84%	-1.84%
		112	(1)	1

## Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000	2018	2017
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### 22. Related parties

Parties related to National Agricultural Marketing Council

Relationship	Name of related party
Executive Managers	
Controlling entity	Department of Agriculture, Forestry and Fisheries
National department - (under common control with controlling entity)	Department of Rural Development and Land Reform
Land and Agricultural Bank of South Africa (under common control with NAMC)	Land and Agricultural Bank of South Africa

#### 22.1 Related Transactions

Department of Agriculture, Forestry and Fisheries - Grant	41,917	35 005
Department of Agriculture, Forestry and Fisheries - Strategic Infrastructure Project, Operation Phakisa and ACIAR.	939	3 821
Department of Rural Development and Land Reform- National Red meat Development, Ceres abbatoir and Maize Hub Project	40,993	30 580
Land and Agricultural Bank of South Africa	214	-
	<b>84,063</b>	<b>69 406</b>

The transaction with related party transactions indicate the amounts utilised from grants from related parties during 2017/18.

#### Related party balances

Department of Agriculture, Forestry and Fisheries -Strategic Infrastructure Project, Operation Phakisa and ACIAR	1,110	1 686
Department of Rural Development and Land Reform	47,891	24 976
<b>Total</b>	<b>49,001</b>	<b>1 686</b>

The balances on related parties indicates the conditional grants remaining to be utilised during the financial year 2018/19. The balances disclosed are interest free and not secured.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 23. 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 assumptions 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.

#### Use of service of an expert.

The entity has during the period under review utilised the service of professional valuer to value the investment property in Umthata, this value as per the expert was utilised to recognise the asset in the books of the entity as at 31 March 2018.

#### Change in Accounting estimates

During the current period the management 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 annual depreciation for the current and future periods by R293 thousand.

## Notes to the Financial Statements

For the year ended 31 March 2018

### Figures in R `000

#### 24. Budget differences

##### 24.1 Material differences between budget and actual amounts

###### 24.1.1 Revenue

An increase in total revenue of R51,3 million mainly relates to R43 million received and utilised for sponsorship projects as disclosed under note 20 of the financial statements, and other sponsorships and donations received in the current financial year for an amount of R4 million and an increase in interest of R4,3 million was generated from investment of surplus funds.

###### 24.1.2 Personnel expenditure

An unfavourable variance of R4,7 million is as a result of salaries for interns and performance bonuses. The intern's salaries were paid through AgriSeta funding and performance bonus which were funded through management fee on projects and interest from investments.

Disclosed separately is the amount of personnel expenditure which relates to National Red Meat Development Project.

###### 24.1.3 Administration expenses

A favourable variance of R6,5 million is as a result of decrease in audit committee fee, stationery and printing due to cost containment and other variance is as a result of classification differences between MTEF budget allocation and annual financial statements allocations (operational and administrative expenditure).

###### 24.1.4 Operating expenses

The operating expenditure shows an unfavourable variance R7 million this is as a result of classification differences between MTEF budget allocation and annual financial statements allocations (operational and administrative expenditure).

###### 24.1.5 Depreciation

An unfavourable variance of R3,9 million on depreciation and amortisation due to the increase in the number of assets purchased for National Red Meat Development Project, which is not budgeted for as it relates to project.

##### 24.2 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 2017 to 31 March 2018. Which is based on the MTEF budget allocation that is published on the Estimation of National Expenditure by National Treasury every year. The project funding is not budgeted for, however a separate budget control to track expenditure against the actual funding received is in place. The budget and annual financial statements are both on the accrual basis. The financial statements are prepared using classification on the nature of expenses in the statement of financial performance. The difference between approved and final budget is due to reallocation between various programmes and line items within the programmes.

## Notes to the Financial Statements

For the year ended 31 March 2018

### Figures in R `000

#### 25. Segment reporting

##### 25.1 Measurement of segment surplus or deficit, assets and liabilities

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

##### Segment information

The entity is organised and reports to Accounting Authority and Executive Authority on the basis of five segments. The segments were organised around the type of services they deliver/provide. Management uses these same segments for determining strategic objectives.

Information reported about these segments is used by management as a basis for evaluating the segment's performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The NAMC's financing (including finance costs and finance income) and revenue from taxes and transfers are allocated to operating segments. Inter-business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information through quarterly performance information reports.

The entity business operations offices are in Pretoria, and with satellite offices for the National Red Meat Development project.

The NAMC has the following five primary reportable segments:

#### Programme 1: Administration

The purpose of this programme is to provide support services towards achieving internal business excellence within the NAMC. 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 and;
- Sub Programme 1.3 : Human Resources Management.

## Notes to the Financial Statements

For the year ended 31 March 2018

### Figures in R `000

The segments were aggregated on the basis of services delivered as management considered that the economic characteristics of segments throughout the NAMC were sufficiently similar to warrant aggregation.

#### **Programme 2: Markets and Economic Research Centre (MERC)**

The purpose of this programme is to provide quality research to key stakeholders in support of agricultural marketing decision making.

#### **Programme 3: Statutory Measures**

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.

#### **Programme 4: Agricultural trusts**

The purpose of this programme is to provide advisory services relating to trusts to the Minister.

#### **Programme 5: Agri-business Development**

The purpose of this programme is to provide development programmes that will link small holder farmers to markets.

## Notes to the Financial Statements

For the year ended 31 March 2018

### 25.2 Segment surplus or deficit, assets and liabilities

Figures in R `000	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
<b>2018</b>						
<b>Revenue</b>						
Revenue from non-exchange transactions	26,535	16,022	2,709	1,755	41,196	88,217
Revenue from exchange transactions	-	204	-	-	573	777
<b>Total segment revenue</b>	<b>26,535</b>	<b>16,226</b>	<b>2,709</b>	<b>1,755</b>	<b>41,769</b>	<b>88,994</b>
<b>Expenses</b>						
Salaries and wages	13,507	10,726	2,817	1,868	13,842	42,760
Depreciation and amortisation	679	-	-	-	4,124	4,803
Other expenses	16,718	6,083	200	253	18,991	42,244
<b>Total segment expenses</b>	<b>30,904</b>	<b>16,809</b>	<b>3,017</b>	<b>2,121</b>	<b>36,957</b>	<b>89,807</b>
<b>Total segment surplus</b>	<b>(4,369)</b>	<b>(583)</b>	<b>(308)</b>	<b>(366)</b>	<b>4,812</b>	<b>(813)</b>
Interest revenue	6,060	-	-	-	-	6,060
Interest expense	23	-	-	-	-	23
<b>Surplus for the period</b>	<b>1,668</b>	<b>(583)</b>	<b>(308)</b>	<b>(366)</b>	<b>4,812</b>	<b>5,224</b>



## Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
<b>2018</b>						
<b>Assets</b>						
Segment assets (tangible assets)	3,068	-	-	-	3,907	6,975
Segment assets (intangible assets)	240	-	-	-	7	247
Receivable from exchange and Non-exchange transactions	669	-	3	-	48,440	49,112
Inventory	52	-	-	-	1,698	1,750
Cash and cash equivalent	736	57,288	12	7	4,156	62,199
<b>Total assets</b>	<b>4,765</b>	<b>57,288</b>	<b>15</b>	<b>7</b>	<b>58,208</b>	<b>120,283</b>
<b>Liabilities</b>						
Other Liabilities	325	167	77	7	1,486	2,062
Segment liabilities	412	57,288	12	7	51,244	108,963
<b>Total Liabilities</b>	<b>737</b>	<b>57,455</b>	<b>89</b>	<b>14</b>	<b>52,730</b>	<b>111,025</b>
<b>Other information</b>						
Capital expenditure*	2,156	-	-	-	2,758	4,914
Non-cash items excluding depreciation	1,675	-	-	-	352	2,027
Accrued expense	397	285	12	7	353	1,054
Deferred revenue	15	57,003	-	-	50,895	107,913

## Notes to the Financial Statements

For the year ended 31 March 2018

### 25.3

Figures in R `000	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
<b>2017</b>						
<b>Revenue</b>						
Revenue from non-exchange transactions	20,059	15,327	2,290	1,500	34,306	73,482
Revenue from exchange transactions	-	109	-	-	1,640	1,749
<b>Total segment revenue</b>	<b>20,059</b>	<b>15,436</b>	<b>2,290</b>	<b>1,500</b>	<b>35,946</b>	<b>75,231</b>
<b>Expenses</b>						
Salaries and wages	13,447	9,832	2,588	1,396	8,375	35,638
Depreciation and amortisation	719	-	-	-	2,955	3,674
Other expenses	11,947	5,054	261	205	23,424	40,891
<b>Total segment expenses</b>	<b>26,113</b>	<b>14,886</b>	<b>2,849</b>	<b>1,601</b>	<b>34,754</b>	<b>80,203</b>
<b>Total segment surplus</b>	<b>(6,054)</b>	<b>550</b>	<b>(559)</b>	<b>(101)</b>	<b>1,192</b>	<b>(4,972)</b>
Interest revenue	4,926	-	-	-	-	4,926
Interest expense	15	-	-	-	-	15
<b>Surplus for the period</b>	<b>(1,143)</b>	<b>550</b>	<b>(559)</b>	<b>(101)</b>	<b>1,192</b>	<b>(61)</b>

## Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R ` 000	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
<b>2017</b>						
<b>Assets</b>						
Segment assets (tangible assets)	1,366	-	-	-	5,240	6,606
Segment assets (intangible assets)	321	-	-	-	37	358
Receivable from exchange and Non-exchange transactions	545	212	-	-	-	757
Inventory	42	-	-	-	2,463	2,505
Cash and cash equivalent	2,485	54,675	-	-	18,506	75,666
<b>Total assets</b>	<b>4,759</b>	<b>54,887</b>	<b>-</b>	<b>-</b>	<b>26,246</b>	<b>85,892</b>
<b>Liabilities</b>						
Other liabilities	597	178	85	18	105	983
Segment liabilities	262	54,727	-	-	25,887	80,875
<b>Total Liabilities</b>	<b>859</b>	<b>54,905</b>	<b>85</b>	<b>18</b>	<b>25,992</b>	<b>81,858</b>
<b>Other information</b>						
Capital expenditure*	839	-	-	-	4,521	5,360
Non-cash items excluding depreciation	74	-	-	-	2,289	2,363
Accrued expense	259	275	-	-	1,743	2,277
Deferred revenue	3	54,452	-	-	24,143	78,598

## Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000	2018	2017
<b>26. Impact of the application of the new and revised standards, voluntary changes in accounting policy and errors</b>		
<b>26.1 Impact on assets, liabilities and equity of the application of the above new and revised standards, voluntary changes in accounting policy and errors</b>		
	At 1 April 2017 as previously reported	At 1 April 2017 as restated
Property, plant and equipment	6,607	6,607
Intangible assets	357	357
Trade and other receivables	251	251
<b>Total non-current assets</b>	<b>7,215</b>	<b>7,215</b>
Inventories	2,505	2,505
Trade and other receivables	505	505
Cash and cash equivalents	75,665	75,665
<b>Total current assets</b>	<b>78,675</b>	<b>78,675</b>
<b>Total assets</b>	<b>85,890</b>	<b>85,890</b>
Trade and other payables	41,228	41,228
<b>Total non-current liabilities</b>	<b>41,291</b>	<b>41,291</b>
Trade and other payables	40,421	40,421
<b>Total current liabilities</b>	<b>40,566</b>	<b>40,566</b>
<b>Total liabilities</b>	<b>81,857</b>	<b>81,857</b>
<b>Net assets and liabilities</b>	<b>4,034</b>	<b>4,034</b>
Accumulated surplus	4,034	4,034
<b>Total effect on equity</b>	<b>4,034</b>	<b>4,034</b>

## Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000		2018	2017
<b>27. Categories of contingent liability</b>			
	Nature of contingent liability		Estimated amount
Claims against NAMC by a service provider, including interests	Breach of contract by NAMC		7,349
<b>Total Contingent Liabilities</b>			<b>7,349</b>
<b>28. Contingent Assets</b>			
<b>28.1</b> Claims against a service provider by NAMC	Breach of contract by Altivex		3,704
<b>28.2</b> Claim against a service provider by NAMC	Breach of contract by Kgalagadi Trading and Investments		182
<b>Total Contingent Assets</b>			<b>3,886</b>

### Litigation claim against the service provider by NAMC

The NAMC's reporting date is 31 March 2018, and on the 14th of October 2016, The NAMC received legal summons from the High Court of South Africa ( Northern Cape High Court, Kimberly), the matter relates to a service provider (Altivex 731 (Pty) Ltd), who was appointed to provide construction material for Vineyard development project, during 2013/14 financial year. The service provider has sued NAMC for breach of contract for an amount of R6,033,866. interest accrued of R815,000 and legal costs of R500,000.

The NAMC in pleading to the particulars of claims of Altivex, made a counterclaim against Altivex 731 (Pty) Ltd of an amount of R3,351,566. plus interest of R351,914. as per legal opinion. The NAMC plea and counterclaim has been filed and Altivex is yet to plea to NAMC's counterclaim.

### Claims against a service provider by NAMC

During 2015/16 financial year, the NAMC engaged a service provider to supply the Trellis material for the Eiland project. The total value of the contract was R358,000. The service provider was paid in full following the confirmation from the Department of Agriculture, Rural and Land reform, that all materials were delivered and payment can be processed. The Department later realised that not all the materials were delivered, therefore requested NAMC to follow-up with the supplier to deliver the outstanding materials. Letter of demand was sent to the supplier by NAMC, but no response was received from the supplier. the total value of the outstanding material is R182,050. the legal summon relating to this matter has been sent to the supplier. The lawyer's opinion is that the cases will be favourable to NAMC.

## Notes to the Financial Statements

For the year ended 31 March 2018

Figures in R `000	2018	2017
<b>29. Fruitless and wasteful expenditure</b>		
<b>Reconciliation of fruitless and wasteful expenditure</b>		
Opening balance -	12	-
Add: Fruitless and wasteful expenditure - current year	-	12
Add: Fruitless and wasteful expenditure - prior year	-	-
Less: Condoned or written off by relevant authority	-	-
Less: Transfer to receivables for recovery	-	-
<b>Fruitless and wasteful expenditure closing balance</b>	<b>12</b>	<b>12</b>

The fruitless and wasteful expenditure relates to the payment of R11,750. made to an incorrect bank account.

An amount of R1,744,536. was disclosed as contingent assets as a results of payment made for goods not delivered by the supplier. As at year end the investigations were still not concluded. This may be disclosed as fruitless and wasteful expenditure once all the investigations has been concluded and confirmed.

### 30. Commitments

Name of supplier	Amount : R'000
Siyaphambili livestock co-operative	118
<b>Total</b>	<b>118</b>

### 31. Tax exemption

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

## Notes to the Financial Statements

For the year ended 31 March 2018

### 32. Subsequent events after reporting date

**32.1** Subsequent to year end, investigations on fruitless and wasteful expenditure were completed and a disciplinary hearing was held, a final written warning was recommended and implemented against the employee concerned.

**32.2** Subsequent to year end the NAMC has received a summon from high court of South Africa with regard to reinstatement of Mr Solomon Koto to his former position of a General Manager, which he was occupying before the disbandment of the Transkei Marketing Board by the Former Minister of Agriculture, Forestry and Fisheries, (Minister Derek Hanekom). the applicant is claiming that he has been performing the duty of a General manager despite the disbandment of the board.

The applicant is claiming that arrear salary be paid to him with interest dating back 29 September 2000. The NAMC is the 3rd respondent to this summon, the Minister of Department of Agriculture, Forestry and Fisheries is the 1st respondent in this case and all the matters relating to this summon are handled by the Department. This is therefore classified as non-adjusting event.

## ANNEXURE A: CONTACT DETAILS

### CONTACT DETAILS OF INDUSTRY TRUSTS

Name	Commodities	Contact details	Tel	Fax	E-mail and website
Citrus Industry Trust	Citrus	Dr Konanani Liphadzi Grain Building Agrihub Office Park 477 Witherite Road The Willows, Pretoria, 0040	012 007 1150	012 667 3128	ceo@fruitsa.co.za
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  <a href="http://www.beans.co.za">http://www.beans.co.za</a>
Lucerne Seed Industry Research and Development Trust	Lucerne	Mr Derick Engelbrecht PO Box 185 OUDTSHOORN 6620	044 272 8991	044 329 2838	lusern@mwweb.co.za
Maize Trust	Maize	Mr Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 349 8707	l-lagric@mwweb.co.za
Meat Industry Trust	Red meat	Ms Alet Calitz 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



# 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	Ms Elsabe Els Private Bag x 135 PRETORIA 0001	012 349 1906	012 325 6102	ggeyer@agric.co.za www.potatoes.co.za
Sorghum Trust	Sorghum	Mr Leon du Plessis PO Box 74626 Lynnwood Ridge 0040	012 807 3958	012 349 8707	l-lagric@amweb.co.za
Winter Cereal Trust	Winter cereals	Dr Simon Letsoalo 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

# CONTACT DETAILS

## CONTACT DETAILS OF LEVY ADMINISTRATORS AND TRANSFORMATION MANAGERS

Administering Body	Contact Person	Transformation Manager
Cape Flora SA	Karien Bezuidenhout T 021 870 2900 F 021 870 2915 karien@hortgro.co.za	
Citrus Growers' Association of SA	Mr Justin Chadwick T 031 765 2514 F 031 765 8029 justchad@iafrica.com	Mr Lukhanyo Nkombisa 072 257 8386 lukhanyo@cga.co.za
Cotton SA	Mr Hennie Bruwer T 012 804 1462/7 F 012 804 8616 henniebruwer@cottonsa.org.za	Mr Peter Komane 012 804 1462 082 952 9871 peter.cottonsa@vodamail.co.za
National Lucerne Trust	Mr Derick Engelbrecht T 044 272 8991 F 044 279 2838 lusern1@mweb.co.za	
Milk SA	Mr Nico Fouché T 012 460 7312 F 012 460 9909 nico@milksa.co.za	Mr Godfrey Rathogwa 012 460 7312 082 900 6712 godfrey@milksa.co.za
Fruit Fly	Nando Baard T 021 882 9541 F 086 756 8656 nando@fruitfly.co.za	
HORTGRO	Mr Anton Rabe T 021 870 2900 F 021 870 2915 anton@hortgro.co.za	
Mohair South Africa	Mr Deon Saayman T 041 4871386 F 041 487 1336 deon@mohair.co.za	
SA Macadamia Growers' Association	Mr Barry Christi T 015 306 6240 info@subtrop.co.za	Ms Nomvuyo Matlala 0790419696 0848820763 nomvuyo@subtrop.co.za

# CONTACT DETAILS

## CONTACT DETAILS OF LEVY ADMINISTRATORS AND TRANSFORMATION MANAGERS

Administering Body	Contact Person	Transformation Manager
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