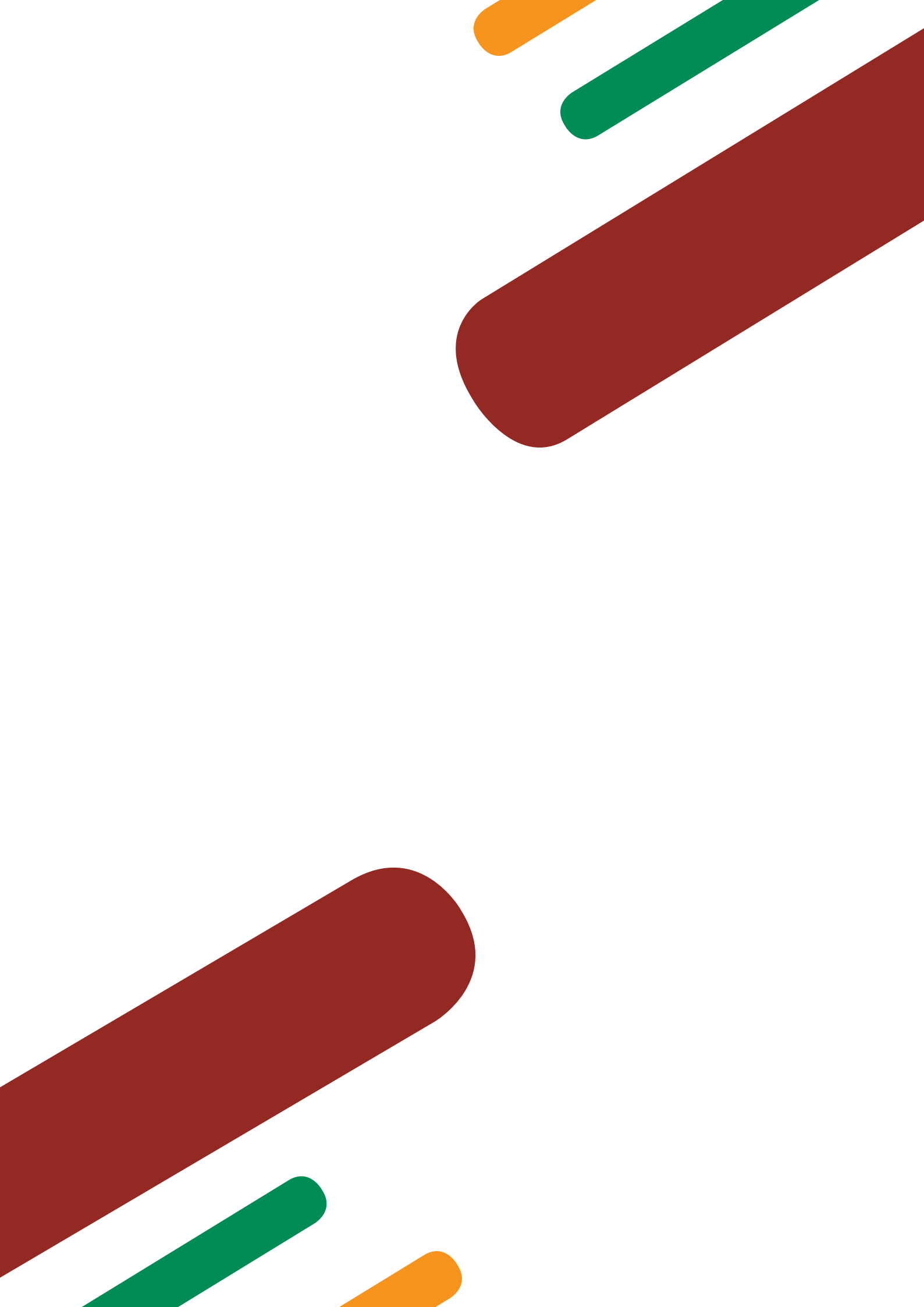




2018/2019
ANNUAL REPORT





National Agricultural Marketing Council

**Annual Report on
Predetermined Objectives
2018/19**

I have the honour of submitting the Annual Report for 2018/19
of the National Agricultural Marketing Council (NAMC)

Acting Chairperson of the
National Agricultural Marketing Council

What

do you love about South African

AGRICULTURE?





About NAMC

The NAMC was established in terms of the Marketing of Agricultural Products Act No. 47 of 1996, as amended by Act No. 59 of 1997 and Act No. 52 of 2001. We are a statutory body reporting to the Minister of Agriculture, Forestry and Fisheries.

Our mandate is captured in our four core divisions namely:



**Agribusiness
Development**



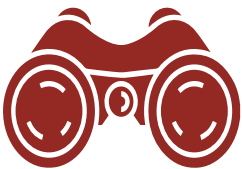
Agricultural Trusts



Statutory Measures



**Markets and
Economic Research
Centre (MERC)**



Our Vision

Strategic positioning of agriculture in a dynamic global market.



Our Mission

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

The work of the NAMC is aligned to the four strategic objectives as set out in Section 2 of the MAP Act, 1996 namely:

Increasing market access
to all market participants



More efficient marketing of
agricultural products



Increased export earnings
from agricultural products



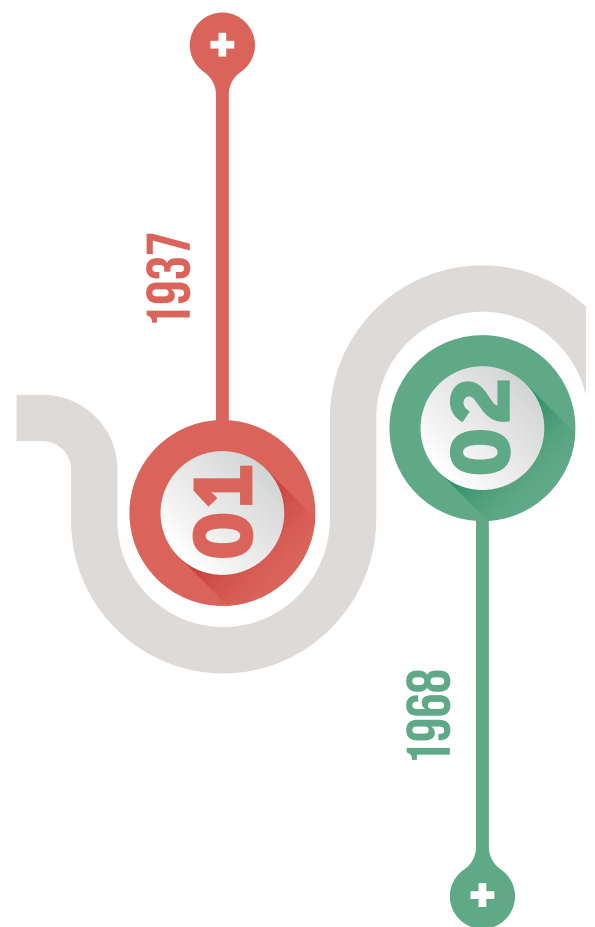
Enhanced viability of the
agricultural sector





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 1968 Marketing Act 3 decades later the promulgation of the 1996 Marketing Act came into being.



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LIST OF ABBREVIATIONS

APAP	Agricultural Policy Action Plan	MSc	Master of Science
ARC	Agricultural Research Council	MT	Maize Trust
BBBEE	Broad-Based Black Economic Empowerment	NAMC	National Agricultural Marketing Council
CFP	Custom Feedlot Programme	NERPO	National Emergent Red Meat Producers' Organisation
CA	Citrus Academy	NLT	National Lucerne Trust
CGA	Citrus Growers' Association	NRMDP	National Red Meat Development Programme
CGA-GDC	Citrus Growers' Association Grower Development Company	NWGA	National Wool Growers' Association
CIT	Citrus Industry Trust	NQF	National Qualifications Framework
DAFF	Department of Agriculture, Forestry and Fisheries	OPDT	Oil and Protein Seeds Development Trust
DFI	Deciduous Fruit Industry	PhD	Philosophiae Doctor
DFIDT	Deciduous Fruit Industry Development Trust	PIDT	Potato Industry Development Trust
DRDAR	Department of Rural Development and Agrarian Reform	PSA	Potatoes South Africa
DRDLR	Department of Rural Development and Land Reform	RPO	Red Meat Producers' Organisation
EWP	Employees Wellness Programme	SACTA	SA Cultivar & Technology Agency
FANRPAN	Food, Agriculture & National Resources Policy Analysis Network	SAGIS	South African Grain Information Support
FTRPS	Farm-to-Retail Price Spreads	SAMIC	South African Meat Industry Company
GDP	Gross Domestic Product	SAWIT	South African Wine Industry Trust
GFADA	Grain Farmer Development Association	SMAT	Smallholder Market Access Tracker
HR	Human Resources	SMME	Small, Medium and Micro-sized Enterprises
IDC	Industrial Development Corporation	SRC	Staff Representative Committee
ITAC	International Trade Administration Commission of South Africa	ST	Sorghum Trust
MAP	Marketing of Agricultural Products Act	TRC	Transformation Review Committee
MDF	Men's Diversity Forum	WCT	Winter Cereals Trust
MERC	Markets and Economic Research Centre	WDF	Women's Diversity Forum
MOU	Memorandum of Understanding	WT	Wool Trust



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For more information, contact:

Bongani Radebe

Tel: (012) 341 1115 | Email: info@namc.co.za



www.namc.co.za

GENERAL INFORMATION

1



1.1 Public Entity's General Information

REGISTERED NAME:	National Agricultural Marketing Council
REGISTRATION NUMBER (if applicable):	N/A
PHYSICAL ADDRESS:	Block A, 4th Floor 535 Francis Baard Street, Arcadia Pretoria, 0002
POSTAL ADDRESS:	Private Bag X 935 Pretoria 0001
TELEPHONE NUMBER:	012 341 1115
FAX NUMBER:	012 341 1811
EMAIL ADDRESS:	info@namc.co.za
WEBSITE ADDRESS:	www.namc.co.za
EXTERNAL AUDITORS:	Auditor General of South Africa
BANKERS:	Standard Bank of South Africa
COMPANY SECRETARY	Mrs Enica Mpete

STRATEGIC OVERVIEW

2



2.1 Vision

Strategic positioning of agriculture in a dynamic global market.

2.2 Mission

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

2.3 Core Business 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



Assertiveness

Accountable | Responsible | Reliable | Taking ownership | Confident



Collaboration

Consultative | Teamwork | Participative | Co-operative



Service excellence

Performance driven | Target oriented | Service oriented | Motivated | Committed | Diligent



Fairness

Equal treatment | Respectful | Tolerance | Consistency



Objectivity





Analytical | Rational | Attention to detail | Conceptual



Innovation

Creative | Proactive | Adaptive | Flexible | Initiative

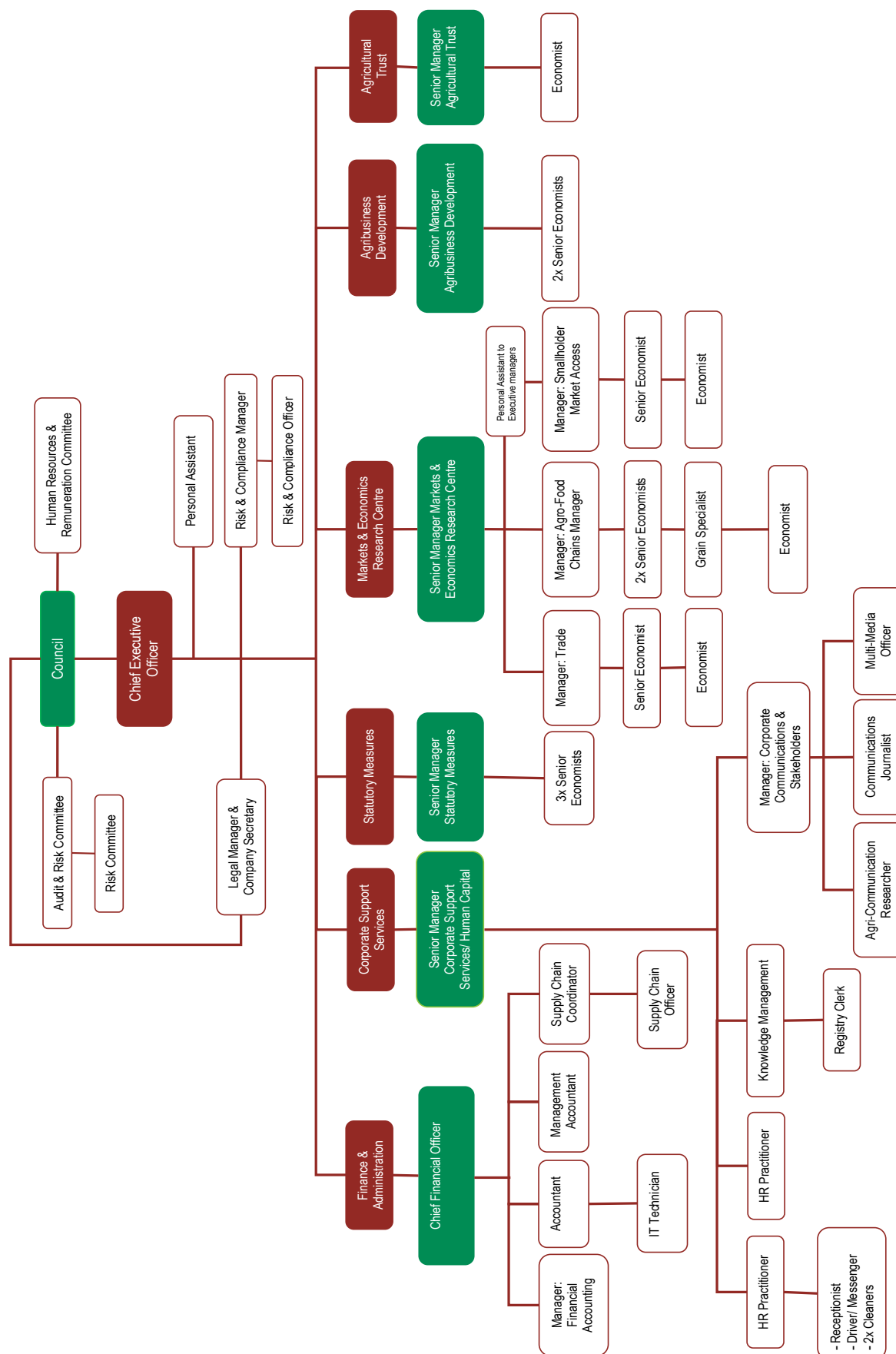
2.4 Strategic Outcomes-Oriented Goals

Strategic Outcomes-Oriented Goal	 a) Increasing market access to all market participants
	 b) More efficient marketing of agricultural products
	 c) Increased export earnings from agricultural products
	 d) 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 of business goals.

The NAMC will collaborate 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



THE COUNCIL



“The Council,

which is the accounting authority of the NAMC, convenes at least four times per year to consider its business in accordance with

Section 9 (1) of the MAP Act”



FROM LEFT TO RIGHT:

Prof. Phineas Khazamula **Chauke** | Mr. Harry **Prinsloo** | Mr. Boikanyo **Mokgatle** | Ms. Fezeka **Mkile** | Mr. Happy **Mohane** |
Prof. Diale **Rangaka** | Mr. Sindile Sid **Faku** | Mr. Zandisile **Wapi** | Ms. Nonie **Mokose** | Mr. Gerhardus **Schutte**

2.6 Foreword: Acting Chairperson



Mr JH Prinsloo

South Africa's agricultural sector at the tipping point

The South African economy is arguably at its weakest point since the turn of the 21st century, with the economic growth rate struggling to pass the 1% mark in the past three years. Agriculture and the food sector have always been strong pillars of the South African economy by generating employment for the most vulnerable sections of the population that reside in rural areas. However, the sector has also battled with its own challenges lately. The impact of drought since 2015 continues to hammer the production levels, in particular, produce from smallholder farmers that have weak adaptation capability due to limited support and resources.

“

The National Agricultural Marketing Council has taken great strides to ensure all sector players take their responsibility to turn around the agricultural economy such that the sector projects a positive growth.

”

Various outbreaks of plant and animal diseases affected the ability of the sector to maintain open access to its markets. Collectively, these challenges have constrained the agricultural economic growth rate to an average of 0.1% per annum between 2015 and 2018.

Honourable Minister, the aforementioned indicators imply that the sector is at a tipping point, hence decisive strategic interventions needed to be instituted by all agricultural players to boost growth and development in the sector. The National Agricultural Marketing Council has taken great strides to ensure all sector players take their responsibility to turn around the agricultural economy such that the sector projects a positive growth.

The NAMC focused on increasing market access and market information that talks to economic transformation, job creation, skilling of farmers and ensuring agricultural products reach domestic markets and beyond so we can have a better Africa and a better world.

Through the industry round-tables, the NAMC, working together with government and business partners, have identified and prioritised export markets for export-oriented products such as fruits and wines to ensure a demand-driven agricultural growth. The NAMC uses Statutory Measures as a tool to finance industries' activities on market access and promotions, thus ensuring that the products of South Africa remain known and competitive in international markets.

Through our Statutory Measures Division, we can record that the total funds collected through statutory levies as part of the 2018 survey amounted to approximately R 589.2 million, which is 14.0 % higher than the 2017 survey's reported R 517.0 million.

Throughout our engagements with stakeholders, market access has always been at the pinnacle of discussions. Specifically, emerging farmers have raised serious concerns about the assistance the NAMC provides to increase market access. Through our Agribusiness Development Division, we created programmes and schemes that link the produce of farmers with markets. One of these programmes is the National Red Meat Development Programme (NRMDP), which improves the quality and marketability of animals owned by smallholder farmers.

During the period under review, through the NRMDP, smallholder farmers managed to sell more than 6000 cattle, 563 sheep and 757 goats through market infrastructures that the NAMC has built together with its partners in three provinces. These animals were sold through formal and informal sales generating R41 342 168 as income for 1707 farmers who participated in the programme. The success of this programme has given us hope that it will be assimilated to other industries like the mohair, grains, vegetables and fruit industries.

The globalisation of food markets has led to many global farmers shipping their produce to our local market shelves. The NAMC has provided policy advisory services to the International Trade Administration Commission (ITAC) pertaining to changes in tariffs to protect local industries against unfair increases of agricultural imports coming into the country. Some of these advisories includes changes in import tariffs for poultry and sugar products.

In addition, the NAMC has provided advisory services on the potential impact of the newly promulgated carbon tax and sugar levy on the sector. The key message is that while such taxes are justifiable for a better environment and healthy citizens, support is needed to affected industries to ensure a smooth transition from their current production processes towards the green economy.

During the period review, Council meetings were able to convene and policies were approved. Fundamentally, the concerns were in part ensuring the NAMC operates like other state-owned entities and the policies are prioritised as such. In terms of our risk exposure, there were no serious risks to the NAMC environment.

On behalf of Council and staff, we would like to thank the previous administration and Minister Senzeni Zokwana for their support. I also wish to thank the Portfolio Committee on Agriculture, Forestry and Fisheries for its extended guidance and oversight on areas of development.

Going forward the NAMC is strategically positioned and stands ready to facilitate better market access conditions for farmers and also provide market information to ensure a transformed agricultural economy that creates jobs, alleviates poverty and leads to a better Africa and a better world.



MR JH PRINSLOO

Acting Chairperson

National Agricultural Marketing Council

2.7 Chief Executive Officer's Overview



Mr Zama Xalisa

National Agricultural Marketing Council still fit for purpose

Over the last three years, South Africa's agriculture and food sector has shown its resilience to withstand various forms of shocks and challenges. Despite the ongoing drought that commenced in 2015, the sector continues to record a positive trade balance, reaching R51.26 billion in 2018. The main drivers of this resilience are horticultural and grain producers that relied on export markets to generate foreign earnings.

“

The NAMC programmes and tools still fit to be directed in pursuit of the seven overarching tasks identified by the President in order to tackle poverty, inequality and unemployment in the country.

”

The National Agricultural Marketing Council (NAMC) administered the collection and utilisation of statutory levies by various agricultural industries, ensuring industries are empowered to fund research, transformation, market development and export promotion. These funds assisted the industries to withstand various environmental and economic shocks, thus boosting the sector's viability and performance in the past years.

The NAMC also administers the management and utilisation of assets under agricultural trusts. The total asset value of these trusts currently stands at R2.44 billion. Part of the interest from the investment of these assets is used annually to promote transformation of the sector by supporting the growth of black agricultural enterprises.

Furthermore, the NAMC's research economic modelling work continues to contribute to policy formulation on issues such as drought, agricultural trade, food prices, and smallholder market access. A tool to monitor smallholder market access; the Smallholder Market Access Tracker (SMAT) is due for release by the NAMC in the coming months. A campaign coordinated by the NAMC, called “Love South African Agriculture” will be launched before the end of the next financial year. It aims to promote more appreciation of agriculture by the public and also spark more interest by the youth and women to actively engage in agricultural production and agro-processing.

The National Agricultural Marketing Council recognises the importance of providing skills development and opportunities to assist the youth with their entrepreneurial endeavours. This saw the establishment of the Y (Youth)-Agriculture programme, which is aimed at building a pipeline of talented young entrepreneurs with the requisite skills and knowledge to meet the future needs of the sector. We have partnered with Buhle Farmers' Academy and the Mpaila Irrigation Scheme to provide internship and learnership opportunities in crop and animal production.

During the financial period reviewed, we took the baton to ensure we are aligned to corporate governance. New members of the audit and risk management invoked a sense of urgency in our operations and we ensured the recommendations provided are implemented. As we concluded the financial year of 2018, the 6th Administration of the South African government was instituted. President Ramaphosa has identified seven priorities to grow and develop the country's economy going forward. Some of his priorities such as economic transformation and job creation as well as spatial integration and a better Africa and a better world talks directly to the NAMC strategic objectives of increasing access to markets in order to create a market-driven economy.

The NAMC programmes and tools still fit to be directed in pursuit of the seven overarching tasks identified by the President in order to tackle poverty, inequality and unemployment in the country. With the new leadership at the helm in the merged departments of agriculture, land reform and rural development, the NAMC is still fit for purpose. To the previous leadership, on behalf of NAMC employees, we would like to thank the department, including the former Minister Senzeni Zokwana and Deputy Minister Sifiso Buthelezi, for their guidance and support in the year 2018/19.



MR ZW XALISA

Chief Executive Officer

National Agricultural Marketing Council

2.8 Chief Financial Officers' Report



Ms Sarah Netili

Revenue

The NAMC received a budget allocation of R43,2 million for the period under review, representing a 3% (R1,3 million) increase from the previous year's budget of R41,9 million. Other income was generated from investments, as well as management fees charged by NAMC for managing the projects on behalf of sponsors which assisted in carrying out some of the expenditure, that could not be accommodated within the budget allocation.

Overall financial performance

The financial results for the period under review reflects a surplus of R1,2 million, which represents a decline in surplus of 64% (R2,1 million) as compared to the previous financial year's restated surplus of R3,3 million.

For the period under review the total revenue realised and recognised in the statement of financial performance amounted to R90,4 million, representing a decrease of 2% (R2,6 million) as compared to the previous financial year's amount of R93,1 million). This is due to a decrease in the number of projects managed by the NAMC on behalf of sponsors, for which management fees were charged.

The total expenditure of R89,2 million decreased by 0.6% as compared to the previous year's expenditure of R89,8 million. This is a result of decrease in project related expenditure as well as the implementation of cost containment measures as compared to the previous financial year's expenditure.

Financial position

Total assets decreased by 70.6%, mainly due to decrease in receivables, cash and cash equivalents, as well as decrease in inventory on hand as at year end.

Total liabilities decreased by 77% mainly due to an amount of R53,5 million that was returned to National Treasury as per their directives, with these funds being earmarked for the implementation of the Agricultural Marketing Information System (AIMS).

Cashflow

At the end of this financial year, the entity had a cash and cash equivalents balance of R18,5 million. The bulk of this cash is related to sponsorship funding for projects managed by the entity on behalf of sponsors.

Conclusion

The entity will continue to manage its budget and expenditure with the government's initiatives for cost containment and thereby ensuring the future sustainability of the entity.

SARAH NETILI
Chief Financial Officer
National Agricultural Marketing Council

National Agricultural Marketing Council Core Divisions

AGRIBUSINESS DEVELOPMENT

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

AGRICULTURAL TRUSTS

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

Moreover, the Industry Trusts portfolio, the division is also entrusted to monitor activities on transformation in the agricultural sector.

STATUTORY MEASURES

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

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

RESEARCH

The Markets and Economic Research Centre (MERC) was established in 2007 as part of the transformation of NAMC and expanding its functions to enable it to dispense more evidence-based markets and economic advice to the Minister and other stakeholders. MERC is an economic and market research programme that tracks economic trends, provides market information and undertakes marketing policy research. Its research focuses on three main focus areas in line with the strategic objectives of the NAMC: agro-food chains and markets; trade and; smallholder market access

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OVERVIEW OF THE PUBLIC ENTITY

3

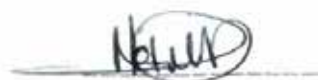


3.1. Statement of Responsibility for Performance Information

Official Sign-Off

It is hereby certified that the Annual Report:

- Was developed by the management of the National Agricultural Marketing Council, under the guidance of the representative of the Accounting Authority, Mr Harry Prinsloo, Acting Chairperson of Council.
- Takes into account all the relevant policies, legislation and other mandates for which the NAMC is responsible.
- Accurately reflects the achieved strategic objectives for the period 2018/19.



Ms FS Netili
Chief Financial Officer



Mr ZW Xalisa
Chief Executive Officer



Approved by: Mr JH Prinsloo
Acting 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:

- Agricultural marketing policy and its application
- The coordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments
- The possibilities for promoting the objectives of the MAP Act, mentioned in section 2 (2) of the MAP Act, and
- 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:

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

3.3. 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.

3.4. Programme Purpose

Programme 1: Business Excellence

Strategic objective	To ensure internal business excellence within the NAMC
Objective statement	To provide effective and efficient human resources, financial and supply chain management, risk management and general administrative support services to the NAMC
Justification	This aims to ensure that the NAMC functions optimally through effective business processes, corporate governance and resource support services
Links	Government Outcomes 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 CEO

- Corporate Governance
- Corporate Planning
- Strategic Leadership
- Enterprise Risk Management
- Compliance Function
- Business Continuity
- Legal Services
- Projects Management.

Finance

- Financial Management
- Supply Chain Management
- Audit
- IT Support.

Human Capital

- Human Resources Strategy
- Talent Management
- Employee Relations
- Workforce Planning.

Marketing and communication

- Stakeholder relations
- Media relations
- Public relations.

Programme 2: Market Access for all Participants

Strategic Objective	Increase market access for all market participants
Objective Statements	To promote production and marketing of livestock, grains and horticulture for smallholder farmers through facilitation of agribusiness development programmes
Justification	This aims to increase access to markets by smallholder farmers agri-businesses
Links	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

In order to increase market access for all participants the following sub-programmes were formed:

- Smallholder market access research
- Financing of transformation through statutory levies
- Development scheme programme design & implementation facilitation
- Market access facilitation
- Industry transformation support.

Programme 3: Efficiency of the Marketing of Agricultural Products

Strategic Objective	Promote the efficiency of the marketing of agricultural products
Objective Statement	To undertake value chain analysis and facilitate the implementation of statutory measures on information and research that contributes to the understanding and growth of livestock, grains and horticultural subsectors.
Justification	This aims to enable the agricultural sector to understand and collect information, to promote the efficiency of the marketing of agricultural products, to promote market access, to increase export earnings and when required, control exports
Links	National Development Plan Integrated Growth and Development Plan Agricultural Policy Action Plan Government Outcomes 4 and 7 Government Priority 4 MAP Act Objectives 1,2,3 and 4

In order to promote the efficiency of the marketing of agricultural products, the following sub-programmes were put in place:

- Agro food chain research
- Financing of information and research
- Agricultural capacity development facilitation.

Programme 4: Export Earnings from Agricultural Products

Strategic Objective	Optimise export earnings from agricultural products
Objective Statement	To provide relevant agricultural trade advice and increase the amount allocated to export promotions through statutory measures in order to increase exports of South African agricultural products.
Justification	This aims to enable the agricultural sector to increase export earnings
Links	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 MAP Act objective 1 and 4 Agri-BBBEE Code

The following sub-programmes were created to optimise export earnings from agricultural products:

- Trade research
- Financing of export promotions and quality control
- Business linkages facilitation (technical support plans).

Programme 5: Viability of the Agricultural Sector

Strategic Objective	Enhance the viability of the agricultural sector
Objective Statement	To increase the funding from statutory levies that is allocated to research
Justification	This aims to ensure that the viability of the agricultural sector is enhanced
Links	National Development Plan Integrated Growth and Development Plan Government Outcomes 4 and 7 2009 Government Priority 2, 4 and 6 MAP Act Objective 1 Agricultural Policy Action Plan (APAP)

In order to enhance the viability of the agricultural sector, the following sub-programmes will be embarked upon:

- Strategic Integrated Projects coordination (SIP 11)
- Registrations, Records and Returns
- Secretarial support for the Supply and Demand Committee, Supply and Demand Liaison Committee and the Crop Estimates Committee
- Register of Directly Affected Groups
- Agricultural Industry Trusts support.

PERFORMANCE INFORMATION

4



Programme 1: Business Excellence

Office of the Chief Executive: Performance Information

Strategic Objectives (KPA's)	Performance Indicators	Audited Performance 2017/2018	Planned Annual Targets 2018/2019	Actual Achievements 2018/2019	Deviation from Planned Target to Actual Achievement	Comments on Deviations
Business Excellence	Compliance reports produced (n)	Compliance reports	Produce (4) compliance reports by end of financial year.	(4) Compliance Reports were produced.	None	None
Business Excellence	Risk reports produced (n)	Risk reports	Produce (4) risk reports by end of financial year.	(4) Risk Reports were produced.	None	None
Business Excellence	Council Committee Secretarial support reports produced (n)	Council Committee Secretarial support reports	Produce (4) Council Committee Secretarial support reports by end of financial year.	(4) Council Committees Secretarial support reports were produced.	None	None
Business Excellence	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 committee performance evaluation report was produced.	None	None
Business Excellence	Strategic Plan produced (n)	Strategic plan	Produce (1) Strategic Plan by March.	(1) Strategic Plan was produced.	None	None
Business Excellence	Annual Performance Plan produced (n)	Annual Performance Plan	Produce (1) Annual Performance Plan by March.	(1) Annual Performance Plan was produced.	None	None
Business Excellence	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
Business Excellence	Annual report produced (n)	Annual report	Produce (1) Annual report by end of financial year.	(1) Annual report for financial year 2017/18 was produced.	None	None

Project Management

Strategic Objectives (KPA's)	Performance Indicators	Audited Performance 2017/2018	Planned Annual Targets 2018/2019	Actual Achievements 2018/2019	Deviation from Planned Target to Actual Achievement	Comments on Deviations
Project Management support	Project management reports produced	-	Produce (4) Project management reports produced	(4) Project management reports were produced.	None	None

Audit and Finance

Strategic Objectives (KPA's)	Performance Indicators	Audited Performance 2017/2018	Planned Annual Targets 2018/2019	Actual Achievements 2018/2019	Deviation from Planned Target to Actual Achievement	Comments on Deviations
Audit and Finance Support	Budget submitted for approval (n)	Approved budget	Submit (1) budget to Council for approval by 28 February 2019	(1) budget was submitted to Council for approval.	None	None
Audit and Finance Support	Annual statutory financial report produced within prescribed time (n)	Annual statutory financial report	Produce (1) Annual Statutory Financial report by 31 July 2018.	(1) Annual Statutory Financial report was produced.	None	None
Audit and Finance Support	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
Audit and Finance Support	Monthly statutory financial reports produced within prescribed time (n)	Monthly statutory financial reports.	Produce (12) Statutory financial report by end of financial year	(12) Statutory financial reports were produced.	None	None
Audit and Finance Support	BBBEE procurement reports produced (n)	-	Produce (4) BBBEE procurement reports by end of financial year.	(4) BBBEE procurement reports were produced.	None	None

Information Technology Support

Strategic Objectives (KPA's)	Performance Indicators	Audited Performance 2017/2018	Planned Annual Targets 2018/2019	Actual Achievements 2018/2019	Deviation from Planned Target to Actual Achievement	Comments on Deviations
IT Support	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

Human Capital

Strategic Objectives (KPA's)	Performance Indicators	Audited Performance 2017/2018	Planned Annual Targets 2018/2019	Actual Achievements 2018/2019	Deviation from Planned Target to Actual Achievement	Comments on Deviations
Human Capital	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

Marketing and Communications

Strategic Objectives (KPA's)	Performance Indicators	Audited Performance 2017/2018	Planned Annual Targets 2018/2019	Actual Achievements 2018/2019	Deviation from Planned Target to Actual Achievement	Comments on Deviations
Marketing and Communication Support	Marketing and Communications reports produced (n)	Corporate communication service reports	Produce (4) Marketing and Communications reports by end of financial year	(4) Marketing and Communications reports were produced.	None	None

Programme 2: Market Access to all Participants

Strategic Objectives (KPA's)	Performance Indicators	Audited Performance 2017/2018	Planned Annual Targets 2018/2019	Actual Achievements 2018/2019	Deviation from Planned Target to Actual Achievement	Comments on Deviations
Smallholder Market Access Research	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
Smallholder Market Access Research	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
Smallholder Market Access Research	Monitoring & Evaluation reports produced (n)	Monitoring & Evaluation reports	Produce (1) Monitoring & Evaluation reports by end of financial year.	(1) Monitoring & Evaluation report was produced.	None	None
Smallholder Market Access Research	Smallholder Market Access Journal Articles produced (n)	Smallholder Market Access Academic Journal Articles	Produce (2) Smallholder Market Access Journal Articles by end of financial year.	(2) Smallholder Market Access Journal Articles were produced.	None	None
Financing of Transformation	Percentage of Statutory levies allocated to transformation activities	-	Percentage of Statutory levies allocated to transformation activities	20% of statutory levies was allocated to Transformation activities.	None	None
Development Scheme programme design	Agricultural development schemes designed (n)	-	Produce (1) Agricultural development schemes designed report by end of financial year	(1) Agricultural development schemes designed report was produced.	None	None
Market access facilitation	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
Market access facilitation	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
Industry transformation support	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

Programme 3: Efficiency of the Marketing of Agricultural Products

Strategic Objectives (KPA's)	Performance Indicators	Audited Performance 2017/2018	Planned Annual Targets 2018/2019	Actual Achievements 2018/2019	Deviation from Planned Target to Actual Achievement	Comments on Deviations
Agro Food Chain Research	Food price monitor reports produced (n)	Food Price Monitor reports.	Produce (4) Food Price Monitor Reports by end of financial year.	(4) Food Price Monitor reports were produced.	None	None
Agro Food Chain Research	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
Agro Food Chain Research	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
Agro Food Chain Research	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
Agro Food Chain Research	Agro food chain research reports produced (n)	Agro Food Chain Research reports	Produce (1) Agro food chain research reports by end of financial year.	(1) Agro food chain research reports were produced.	None	None
Agro Food Chain Research	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
Agro Food Chain Research	Agro-food chains journal articles produced (n)	Agro food chain academic journal articles	Produce (2) Agro food chain journal articles by end of financial year.	(2) Agro food chain journal articles were produced.	None	None
Agro Food Chain research	Food basket price monthly reports produced (n)	-	Produce (12) Food basket price monthly reports by end of financial year.	(12) Food basket price monthly reports were produced.	None	None
Financing of Information and Research	Percentage of Statutory measures investigations received and responded to	-	100% of Statutory measures investigations received and responded to	100% achieved.	None	None
Agricultural Capacity Development Facilitation	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
Agricultural Capacity Development Facilitation	Training evaluation reports produced (n)	-	Produce (2) Training evaluation reports by end of financial year	(2) Training evaluation reports were produced	None	None

Programme 4: Export Earnings from Agricultural Products

Strategic Objectives (KPA's)	Performance Indicators	Audited Performance 2017/2018	Planned Annual Targets 2018/2019	Actual Achievements 2018/2019	Deviation from Planned Target to Actual Achievement	Comments on Deviations
Trade Research	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
Trade Research	Fruit flow reports produced (n)	Fruit Flow reports.	Produce (4) Fruit Flow Reports by end of financial year.	Produce (4) Fruit Flow Reports were produced.	None	None
Trade Research	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
Trade Research	ITAC report produced (n)	ITAC report	Produce (1) ITAC report by end of financial year.	(1) ITAC report was produced.	None	None
Trade Research	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
Trade Research	Trade academic journal articles produced (n)	Trade journal articles	Produce (2) Trade journal articles by end of financial year.	(2) Trade journal articles were produced.	None	None
Trade Research	Export promotion impact research report	-	Produce (1) Export promotion impact research report by end of financial year.	(1) Export promotion impact research report was produced.	None	None
Financing of export promotions and quality control	Financing of export promotions and quality control monitored as per the NAMC guidelines/status of statutory measures report	-	Produce (1) Financing of export promotions and quality control monitored as per the NAMC guidelines/status of statutory measures report by end of financial year	(1) Financing of export promotions and quality control monitored as per the NAMC guidelines/status of statutory measures report was produced.	None	None
Business linkages facilitation (technical support plans)	Technical assistance plans developed (n)	-	Develop (2) Technical assistance plans by end of financial year	(2) Technical assistance plans were developed.	None	None

Programme 5: Viability of the Agricultural Sector

Strategic Objectives (KPA's)	Performance Indicators	Audited Performance 2017/2018	Planned Annual Targets 2018/2019	Actual Achievements 2018/2019	Deviation from Planned Target to Actual Achievement	Comments on Deviations
Strategic Integrated Projects coordination	SIP11 project monitoring reports produced (n)	SIP 11 Project Monitoring reports	Produce (4) SIP11 project monitoring reports by end of financial year.	(4) SIP11 project monitoring reports were produced	None	None
Registrations, Records and Returns	Percentage of registrations, records and returns received and responded to	-	100% of registrations, records and returns received and responded to.	100% Achieved	None	None
Secretarial support for the Supply and Demand Committee, Supply and Demand liaison Committee and the Crop Estimates	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
Register of Directly Affected Groups	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
Agricultural Industry Trusts support	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
Agricultural Industry Trusts support	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
Status of Statutory Measures	Status of statutory measures report produces	(1) Status of statutory measures report produced	Produce (1) Status of statutory measures report	(1) Status of statutory measures report was produced.	None	None

NARRATIVES

5



5.1 Programme 1: Administration

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

Risk Management

The process to develop the compliance universe has commenced. The NAMC held an annual risk assessment workshop during May 2018, which was attended by members of 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 strategic risks, but also a fascinating discussion about the control environment. Risk assessments were also conducted during the year and discussed in meetings held in the financial year.

Corporate Governance Support

The Council held five (5) ordinary meetings and one (1) special meeting during the financial year. During these meetings, members deliberated on specific issues and forwarded submissions for consideration by 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.

5.1.2 Sub-programme 2: Audit and Finance

The purpose of this division is to provide direction on matters of financial performance.

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, Logistic Management, Disposal Management and regular assessment of supply chain performance.

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

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

- Internal Audit Services

Asset Management

The NAMC conducted asset verifications, which resulted in the disposal of obsolete computer equipment with a book value of R231 000.00.

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

Information Technology

The Information Communication Technology (ICT) function is outsourced to Praxis Computing; they provide professional services with regard to IT on a daily basis. The ICT Steering Committee was established to ensure that ICT controls exist within the organisation.

For the period under review the ICT Steering Committee continued to function and had to look at ensuring that the Information and Communication Technology (ICT) Strategy and policies are implemented within the NAMC. With regards to ICT governance, this was not fully addressed because the ICT governance framework is currently being developed. The ICT 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 continues to function and met four (4) times during the period under review.

Internal Audit

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 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.

5.1.3 Sub-programme 3: Human Capital Management

HIGHLIGHT

The Y (Youth)-Agriculture programme seeks to build a pipeline of young agricultural entrepreneurs with the necessary skills and knowledge to meet the future needs of the sector. Internship, learnership and graduate placement opportunities in the following agricultural disciplines were facilitated:

- Theoretical knowledge in agricultural technology and plant production;
- Competency based practical skills training in farm management;
- Business and financial management;
- Life skills;
- Farm mechanism and tractor operation
- Risk Management; and
- Communication skills.

Ten (10) learners completed the learnership programme. They acquired the following skills: production planning, budgeting, market research, cash flow management, business plan formulation, and administration and business leadership.

Top 5 Youth in Agriculture

The youths were selected from various industries, profiled as ambassadors of the Y-Agriculture programme. This initiative seeks to brand and attract youth into the agricultural sector.

Diversity Forum

Message from the Chairperson of the Women's Diversity Forum (WDF) - Ms. Nonhlanhla Gwamanda

Existing empirical studies of gender in agricultural literature consistently show that globally gender inequalities between men and women exist. Moreover, the previous findings from Sub Saharan Africa show that men take over crops or livestock from women or even sell the crops grown by women and confiscate the income. Similar to the rest of the world, South African women are also subjected to various forms of gender inequalities when compared to their male counterparts.

These inequalities are mainly embedded in culture, community norms and socioeconomic factors. However, the National Agricultural Marketing Council (NAMC) and its management is committed towards addressing gender inequalities in the working environment. The organisation has an existing Women's Diversity Forum (WDF) which serves as a platform to address all the women issues in the workplace. The WDF is open to all the women within the organisation and they are treated with dignity and respect.

Representatives are elected by women to be responsible for the management of the forum and its activities. These activities include trips to various destinations in the country, and participation in athletics events, games and a platform for women to discuss their challenges with confidentiality and respect. In the 2018/19 financial year, the WDF undertook a trip to Bela Bela in the Limpopo Province, participated in the sports day, and bought gifts for women on Valentine's Day.

The WDF would like to express its appreciation to the management of the NAMC, for its unwavering support and commitment towards the empowerment of women in the organisation.

Message from the Chairperson of the Men's Diversity Forum (MDF) - Dr. Ndumiso Mazibuko

Poet John Donne states that "No man is an island, entire of itself, every man is a piece of the continent, a part of the main". The NAMC Men's Diversity Forum (MDF) is a voluntary association for men in the NAMC. The platform was established to discuss and assist men with everyday issues that affect them, whether in the workplace or at home. Furthermore, the forum forms part of the NAMC's wellness initiative.

The annual MDF general meeting was held on 31 May 2018, at Abba Game Lodge, Modimolle, Limpopo. The MDF currently consists of 40 members and 34 attended the AGM. Each member contributes towards the event and approximately R 54 000.00 was raised. The activities included hunting, table tennis, soccer and discussions on issues affecting men. The following members were elected to serve in the executive

committee, Dr. Ndumiso Mazibuko as Chairperson, Mr. Kayaletu Sotsha as Deputy Chairperson, Mr. Elekanyani Nekhavhambe as Secretary, Mr. Mandla Bokwe as Treasurer, Mr. Evans Khosa as the Sports Coordinator and Mr. Lucius Phaleng as the Electoral Chairperson.

Members partake in soccer practices, every fortnight in a month, with an understanding that “Wellness is an asset without equal”. For the 2019/20 financial year the MDF is planning to coordinate soccer matches with other State-Owned Entities and Departments of Government. We are of the opinion that this will increase our working relationships, with other organisations outside the work environment.

In conclusion, I would like to stress the important role that the NAMC Management Committee and the Corporate Support Services play in ensuring that the MDF is able to make time for the above-mentioned activities. We will continue to introduce initiatives to promote men’s unity, improve on communication and build strong relationships amongst the members.

Strategic Human Capital Management

The Human Capital Division is pleased to present the report for the period April 2018 to March 2019. The division is committed to creating a high-performance, diverse and inclusive workforce and recognising the skills and capabilities of our employees. This is the reason we provide regular learning and development opportunities, which enable employees to improve and maintain their skills and capabilities. This report is in line with the 13 National Human Resource Management System Standards.

The following policies and procedures were approved:

- Human Capital Strategy;
- Talent Management Strategy; and
- Internship and Learnership Framework.

Moreover, the collaboration between HC, the business units and Staff Representative Committee (SRC), has strengthened the employer-employee relationship.

Talent Management

Human Capital places great emphasis on attracting and retaining highly skilled employees and providing developmental and career growth opportunities to employees. The focus was on:

- leadership development; and
- executive coaching for senior management.

Career Guidance Programme

The programme is aimed at promoting skills development within the agricultural sector, and the following agricultural institutions were invited to attend career guidance:

- Waterberg TVET College,
- Grootfontein Agricultural College; and
- Lilian Lehethla Special School.

Human Capital Risk Management

An HR risk analysis was conducted and a number of high-impact risks were identified. Talent management and the implementation of critical and scarce skills are the main risks. Another risk is the potential loss of institutional knowledge in specialised areas. HR risk interventions for talent management, workforce planning, succession planning and training are monitored on a quarterly basis. Table 1 below represents the HC Risk Register.

Table 1: HC Risk Register

No	Risk Category	Risk Description
1	Strategic Human Capital Management	<ul style="list-style-type: none"> • Non-alignment of HC Strategy to organisational strategy. • Review of organisational structure to align with NAMC objectives.
2.	Talent Management	<ul style="list-style-type: none"> • Lack of core skills and competencies within NAMC. • Lack of learning and development plans. • Lack of reward and recognition.
3.	Employee Wellness	<ul style="list-style-type: none"> • Review of current wellness policy. • Lack of budget for wellness programmes. • Low participation in wellness programmes.
4.	Performance Management	<ul style="list-style-type: none"> • Lack of adequate Performance Management Procedure. • Lack of procedure for bonus allocation.
5.	Employment Relations Management	<ul style="list-style-type: none"> • Failure to comply with policies and procedures governing the human capital.

Workforce Planning

The key aspect of workforce planning is to ensure a steady pipeline of talent. The workforce profile was assessed to ensure that:

- The NAMC has the right number of competent people, at the right place, at the right time, doing the right work;
- Critical and scarce skills are identified; and
- The organisational structure is aligned with the NAMC mandate.

Table: 2 represents the appointments and termination for this period.

Table 2: Appointments

Permanent Employees	1x Legal Manager/ Company Secretary 1x Risk & Compliance Manager 1x Manager: Trade
Contract Employees	15 x Herdsmen; 3 x Animal Health Officers; and 3 x Administrative Officers.
Terminations	1 x Legal Manager

LEARNING AND DEVELOPMENT

Training needs assessments were conducted and training was provided. In addition, the HC rolled out the executive coaching for senior managers and strengths finder assessments.

Graduations

- Two (2) employees graduated with a PhD in Agricultural Economics;
- Two (2) employees graduated with a Master's in Agricultural Economics;
- One (1) employee graduated with a Master's in Business Administration and one (1) employee with Master's in Business Leadership;
- One (1) employee obtained a Chartered Accountant Management qualification; and
- One (1) external student graduated with a Master's in Agricultural Economics

Bursary

A discretionary grant was received from Agri-SETA. Nineteen (19) employees and twenty-three (23) external students were awarded bursaries. Figure 1 illustrates the gender distribution of the bursary holders.

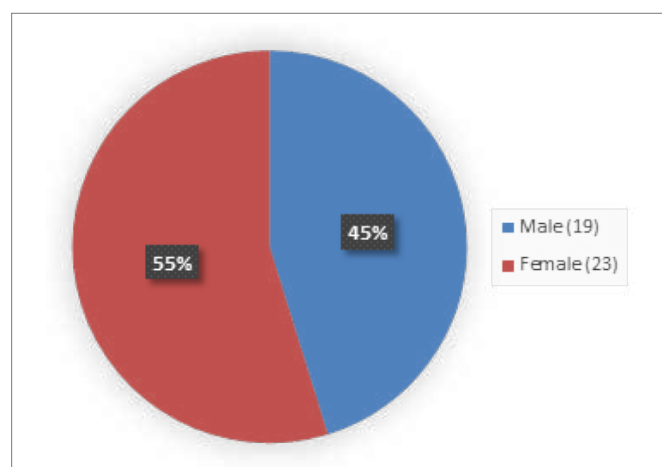


Figure 1: Gender Equity

Internship

The internship's aim is to create employment opportunities for learners who require experiential learning to obtain a qualification. We received R 270 000.00 for six internships. Table 3 is a list of interns that were appointed:

Table 3: Internship appointments

No.	Name	Gender	Position	Placement
1.	Hluli Mashava	Female	Finance Administration Intern	Finance Division (NAMC)
2.	Pulane Xaba	Female	Administration Intern	Fruit SA
3.	Puleng Malele	Male	Information Technology Intern	Agricultural Research Council
4.	Selby Makhani	Male	Plant Production Intern	Mpaila irrigation scheme
5.	Ntakadzeni Sikhware	Male	Plant Production Intern	Mpaila irrigation scheme
6.	Tovhowani Maduguma	Male	Plant Production Intern	Mpaila irrigation scheme

Learnership

The learnership initiative seeks to equip the youth with agricultural skills and knowledge relevant in the labour market. The NAMC received R 327 320.00 to appoint 10 learnerships. Table 4 provided a list of learnership appointments.

Table 4: Learnership Appointments

No.	Name	Gender	Position
1.	Portia Sikhala	Female	Learnership Crop Production
2.	Alucia Ngoben	Female	Learnership Crop Production
3.	Sinethemba Machi	Female	Learnership Crop Production
4.	Queen Sibiya	Female	Learnership Crop Production
5.	Tiny Khatshwayo	Female	Learnership Crop Production
6.	Maurice Pilusa	Male	Learnership Crop Production
7.	John Mamba	Male	Learnership Crop Production
8.	Mthandeni Ntuli	Male	Learnership Crop Production
9.	Murena Nkhumeleni	Male	Learnership Crop Production
10	Mlungisi Nkosi	Male	Learnership Crop Production

Graduate Placement

The graduate placement programme equips graduates with relevant skills and practical working experience. Graduates are appointed for a 12-month period and placed within the various industries. The HC received an amount of R238 500.00. In Table 5 is a list of graduates that were appointed:

Table 5: Graduate Appointments

No.	Name	Gender	Position	Placement
1.	Samella Nozibela	Female	Corporate	Human Capital Division
2.	Sarah Makgatho	Female	Risk & Compliance	Office of the CEO
3.	Onele Tshitiza	Female	Agricultural Economist	MERC: Trade Unit
4.	Brain Makhele	Male	Agricultural Economist	Agribusiness Development Division
5.	Emanuel Mafokoane	Male	Agricultural Economist	Grain Farmers Development Association

Performance Management

The HR plays an important role in facilitating performance management and ensures that regular feedback is given to employees. Performance contracts were aligned with the annual operational plan and employees agreed to the evaluation criteria. Managers were also required to attest that they had thoroughly reviewed the employees' performance and considered various portfolios of evidence.

HR facilitated the performance evaluations for the three trimesters. The scores were moderated by the Performance and Development Moderating Committee.

Reward and Recognition

Compensation plays an integral role in the successful delivery of the NAMC's strategic objectives. The HC implemented reward and recognition that are in line with relevant legislation. Employees were awarded performance bonuses and a 6% salary increase was implemented.

Long-Services Awards

A remuneration strategy was developed to attract high calibre talent, reward employees and motivate them to achieve the organisation's goals and objectives. Mashudu Siobo, Rika Verwey, Precious Nengwekhulu, Klarien Bothma and Tina De Klerk qualified for 10 years' long service and Meshack Letlape qualified for 20 years' service. These employees were awarded certificates.

Risk Benefits

The following benefits are provided;

- Group Risk Benefit Schemes;
- Group Life Scheme for death cover;
- Group Income Continuation Scheme for disability cover; and
- Funeral Cover and the Provident Fund.

Employee Wellness

The employee wellness programme ensures that a safe and healthy work environment exists within the NAMC. It enables employees to perform optimally, while meeting the health and safety standards. Health and safety issues are managed by the Health and Safety Representatives Committee. Incidents and accidents are recorded and no injuries on duty were recorded.

Wellness Day

The HC also facilitated a wellness day in November 2018.

Employee Assistance Programme

HC facilitated health screenings, massages for employees and workshops on financial management and risk management.

Heritage Day Event

The Heritage Day event was celebrated in September 2018. The event was aimed at embracing the various cultures.

Corporate Social Responsibility

As part of Corporate Social Responsibility, the NAMC visited an orphanage and donated cloths, books and toys.

Employment Relations Management

The Staff Representation Committee (SRC) is in place to engage staff on conditions of employment. Part of the staff engagements include the Women's and Men's Diversity Forum.

Message from the Chairperson of the Staff Representative Committee - Dr Abongile Balarane

Once again as the Chairperson of the NAMC Staff Representative Committee (SRC) it is my great honour to serve as the leader of this committee. Reflecting on the road that we had travelled, indeed it was not a smooth path. I must say a lot has changed when looking at where we come from.

We had been able to negotiate and we are still continuing to negotiate with the NAMC Management to ensure that basic work conditions and staff demands are addressed accordingly. I must indicate to you that apart from negotiating for staff demands, the SRC has successfully managed to come up with a strategy and plans. To ensure that we maintain or build the NAMC as the best organisation to work for.

As the Chairperson of the SRC, I would like to encourage the NAMC staff to have confidence in us. Fortunately, the staff that we represent are professionals and agriculturalists. In agriculture we plant a seed of fruit today and reap the fruits later on after harvesting. As I am serving my last term, it has been a great pleasure and source of pride to serve as your leader. I thank you for having confidence and trust in me.

We will soon reap some fruits of the planted seeds in 2018. I must announce that the NAMC Management has approved our request to connect NAMC employees on WIFI. Some of the fruits we will enjoy in 2019 as we look forward to the year ahead. We will continue to negotiate with the NAMC Management on some of the key critical matters that we believe are instrumental for employees.

As I am about to step down as the SRC Chairperson, I would like to thank you all for your efforts and spirit to continue working hard for this organisation. I must agree with you every household has its own challenges. I therefore believe that we can also resolve our own challenges by talking to and advising each other.

Human Capital Policies and Procedures

We ensure that our policies are aligned with best practices and review them annually. The following policies were reviewed:

Table 6: Human Capital Policies and Procedures

Human Capital Policies and Procedures
Acting Allowance Policy
Bursary Policy
Conditions of Employment Policy
Disciplinary Code and Incapacity Procedure
Employment Equity Policy
Grievance Policy & Procedure
HIV/AIDS Policy
Human Capital Strategy
Internship & Learnership Framework
Leave, Sick Leave and Incapacity Guidelines
Occupational Health & Safety Policy and Procedure
Recruitment and Selection Policy and Procedure
Remuneration Strategy
Sexual Harassment Policy and Procedure
Talent Management Strategy

Human Capital Service Delivery

Policy Awareness Sessions

Policy awareness sessions were facilitated.

Exit Interview

One exit interview was conducted.

Employee Engagement

An employee engagement session was facilitated and best performing employees were recognised.

Human Capital Technology

The following HC systems are in place:

- Quick skills system;
- Job evaluation systems;
- VIP Payroll systems; and
- Employee Self Service (ESS).

Human Capital Measurement

The HC partnered with the SABPP to align the human capital processes with the SABPP Standards. An HC scorecard was implemented to measure HC service delivery and how it impacts the NAMC.

Conclusion

In 2019/2020 the HC will focus on leadership developmental programmes that include executive coaching and mentorship programmes. The HC will continue to offer wellness interventions that are aimed at providing health care information to employees.

A cross-representative employee Wellness Committee will aid the Human Capital to develop and promote wellness programmes. Improving employee engagement and two-way communication remains an overarching priority of the division, and we will continue to hold employee focus groups and conduct employee surveys.



NAMC Staff



5.1.4 Sub-programme 4: Marketing & Corporate Communications

During the 2018/2019 reporting period, the NAMC intensified its communication approach in 3 forms; a) Love RSA Agriculture, b) Social Media and c) Agri-Inspire Journal. Since the soft launch of Love RSA Agriculture, demand for the rollout of the programme on the ground has increased. Analytics conducted of social media reveal that the NAMC was among the top 10 agricultural institutions with an impressive social media following.

Another milestone set included the Agri-Inspire Journal which focussed on reporting positive stories on the ARC, Land Bank and NAMC. The Agricultural Research Symposium was gradually acknowledged as an imperative platform to advise on agricultural policy. The 2018 Symposium specifically looked into areas of land reform and land redistribution without compensation.

Increased visibility of NAMC programmes suggested that the public were taking heed of our messages. This resonated with the food prices reports. The introduction of Agri-Trusts Digests also heightened the service delivery carried out by the NAMC. For a while, the work of Industry Trusts was under hibernation with no public profile. This initiated a process where the Citrus Industry Trust requested the NAMC to develop a CI Brand Manual.

Altogether, such recognition ushered in the development of a new NAMC Corporate Communications and Stakeholder Relations Strategy which was approved by Council. Hence the Corporate Communications unit is guided by three functions resulting from the strategy namely stakeholder relations, public relations and media relations

Stakeholder Relations

An important facet of Corporate Communications is to ensure that stakeholder programmes find relevance in the agricultural sector. Below are highlights of the stakeholder relations value provided by the NAMC;

Department of Rural Development and Land Reform

The Department of Rural Development and Land Reform anchors the National Red Meat Development Programme (NRMDP).

In the Eastern Cape, the NAMC with the assistance of DRDAR launched the Alwal North Feedlot. For KZN, coverage and promotion of auctions was facilitated with a subsequent publication of a magazine - KZN NRMDP Beef Indaba which was released in August 2018.

Department of Agriculture, Forestry and Fisheries

The NAMC was appointed to lead the ACHIAR (High Value Beef Partnership). A portal was developed for the project and 4x newsletters published. The NAMC continued to provide valuable support to DAFF and contributed to the World Food Day, BRICS Agricultural Ministerial Summit and Investment Summit.

Industry

Agricultural Trusts Workshop

An Agricultural Trusts Workshop comprising of the 11 Industry Trusts was convened to deliberate on areas of transformation guidelines.

Citrus Industry Trust

The NAMC developed a Branding Manual for the Citrus Industry Trusts to brand itself and be distinguishable in the market.

Agricultural Research Committee

A successful Research Symposium was held during the reporting period. A joint publication titled Agri-Inspire Journal was also launched during the reporting period.

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

Two AFRICAP workshops were convened on behalf of FANRPAN. A report and video of the proceedings of both workshops was published.

MERC Seminars

Seven seminars were conducted, with the focus being for junior staff to present their research papers.

Public Relations

The public relations core function is to communicate NAMC programmes to the public by ensuring they receive attention and interest. In this period, the below was conducted:

Events

The NAMC participated in the following events;

- **Transformation Guidelines Workshop:** On 10 April 2018, the NAMC hosted its Transformation Workshop at the Protea Hotel – Marriott OR Tambo Airport, Johannesburg. The workshop was aimed at unpacking the new proposed transformation guidelines.
- **GreenTech Trade Mission:** The NAMC (Ms KC Mosoma) participated in the Trade Mission to the Netherlands during the world leading Agri/horticultural event called GREENTECH in Amsterdam. The Mission took place from 10th – 15th of June 2018. This event was identified as an ideal platform to expose South African companies in the Horticulture and Agriculture space to the European market as well as other companies taking part in the exhibition.
- **Agricultural Research Symposium:** The symposium was held on 13 June 2018 in The Maslow, Times Square, Menlyn, Pretoria with over 150 delegates in attendance. The theme of the Symposium was “towards a high-performing agricultural sector through accelerated land reform and comprehensive support”.
- **Agricultural Ministerial BRICS Summit:** The Summit was held from 19 – 22 June in Nelspruit with over 200 delegates in attendance (local and international). Climate Smart Agriculture was subject under discussion with the NAMC providing contributions. In the ambit of exhibitions, the Agricultural BRICS Minister where taken through the work of Statutory Measures and its impact to the agricultural economy.
- **Africas Big 7 training:** A three-day conference was held between the 24 – 26 June 2018 at Gallagher Convention Centre. Africa’s Big 7 provides attendees with an unrivalled opportunity to meet and engage with buyers and potential business partners from across the continent. Ms KC Mosoma (NAMC), presented the route to market.

- **Northern Cape Economic Colloquium:** The Northern Cape Government - Economic Colloquium took place at Mittah Seperepere, Kimberly from 30-31 July 2018. This was the first time the Northern Cape Government held an Economic Colloquium themed “Advancing the socioeconomic development through innovation and investment in the Northern Cape”.
- **SA AFRICAP Launch:** The Agricultural and Food-Systems Resilience - Increasing Capacity and Advising Policy (AFRICAP) was launched in South Africa and took place in Bloemfontein on 15 August 2018.
- **DAFF/NAMC Shareholder Partnership:** Agriculture, Forestry and Fisheries hosted a shareholder partnership meeting on 25 - 26 September 2018. The occasion was convened to chart a shareholder compact between DAFF and NAMC.
- **World Food Day:** DAFF hosted a World Food Day on 24 October 2018 in Mossel Bay. The NAMC participated to promote its food prices reports.
- **Macadamia Nut Festival:** The 1st Annual Macadamia Festival Event was held on the 2-4 November 2018 in East London, Eastern Cape. The Festival was celebrating the transformation of communal land into commercial venture based on Ncera Macadamia Farming in the Eastern Cape Province.

Campaigns

The NAMC Campaigns are aimed at enhancing the viability of the agricultural sector through:

Food Prices: The NAMC published food price podcasts in 5 various languages and distributed them to the various community radio stations. Positive responses were received from public including these community radio stations.

Love South African Agriculture: Through this programme, the NAMC has managed to profile emerging agri-processors and other agritourism ventures.

Research Promotion

The NAMC also used the following significant platform such agricultural magazines or newsletter and formal reports to promote research:

- **The Trumpet Newsletter:** The Trumpet is an economic research newsletter established as an alternative option for stakeholders to access research outputs of the NAMC. This reporting year, 2x issues were published.

- **Agripreneur:** Through this publication, the NAMC seeks to create a platform where farmers, particularly smallholders, share their knowledge and skills, challenges, experiences and insights with one another. 3x issues were released this year.
- **NAMC Email Newsletter:** The NAMC has migrated to the latest digital system of sending email newsletter called Evalytics. Currently, the NAMC is able to distribute information to the public using the following newsletter.
- **Digests Newsletter:** The NAMC used this platform to distribute the monthly Agri-Trusts, FANRPAN and Transformation Digests to the public. Three email newsletters were distributed through the platform.

Media Relations

During the year review, the Unit continued to facilitate media engagements (facilitating interviews) for senior managers. Social media also ensured that the NAMC received media mileage.

Interviews

Corporate Communications monitors news media and keeps track of issues raised in the media affecting the NAMC. The following were the results for media monitoring from April 2018 to January 2019:

- **SABC News:** On the 5th of July 2018, Mr Bonani Nyhodo was interviewed on SABC Prime News on climate smart agriculture as a build up to the launch of AFRICAP in South Africa.
- **ENCA:** On the 4th of September 2018, Dr Sifiso Ntombela was interviewed on the release of Stats SA GDP numbers. Context was placed on the job losses attributed to agriculture. The interview was during prime viewing 18h00 – 19h00.
- **Umhlobo Wene FM:** On the 05th of October 2018, Mr Bonani Nyhodo was interviewed on the role of NAMC in agriculture and the status of Agricultural Industry Trusts. He also featured in the same programme on 'Citrus Industry and the contribution to assisting black farmers.
- **ENCA:** On the 08th of October 2018, Dr Sifiso Ntombela on the show called Tonight with Jane Dutton discussing Food systems under threat in South Africa.

- **Radio 702:** On the 12th of October 2018, Dr Christo Joubert was featured discussing the quality of fruits and vegetables based on its outside appearance and the size of the produce which are factors affecting grade.
- **Farmers Weekly:** On the 26th of October 2018, Dr Christo Joubert contributed with food price stats on Farmers weekly.
- **Ukhozi FM:** In October 2018, Dr Sifiso Ntombela was interviewed on ukhozi FM on the Rwanda green revolution.
- **Agri Orbit:** Dr Christo Joubert discussed how 2018 producers tackle and what effect will the consumers should have on the challenges of the year in a podcast.
- **Lesedi FM:** On 21 August, Mr Majara Monamodi was interviewed on the Mohair saga concerning the mohair animal cruelty.

Other significant interviews covered appeared in print media such as newspapers and agricultural magazines regarding the various topics; food prices, supply and demand estimates, mohair industry etc.

NAMC YouTube Channel

Corporate Communications has a channel titled AgriBiz Talk which aims to interview staff on current matters and their publications, and also branding South African Agriculture. The branding coverage includes Buhle Farmers' Academy and Setsong Tea.

Social Media

The number of NAMC Facebook followers has tremendously gone up from a mere 600 followers to more than 2700 followers. This has been attributed to the incessant posting of information from the NAMC and making content easily readable.

During the year reviewed, the NAMC Corporate Communications Unit did fairly well albeit with limited resources. The addition of one staff member resulted in efficiency of work and unlocking areas of work we had battled with before i.e. internal communications. In the next financial year, the NAMC shall place more emphasis on international relations. This item has been a red herring for a while and through the DAFF/ NAMC shareholder compact will be begin to attempt to participate in international forum.

Chris Hani District
Municipality

Gxwalibomvu CFP
Eastern Cape



National **Red** Meat Development Programme

A streaming line of livestock farmers ferrying in their livestock for auction sales

Brought to you by:



rural development
& land reform

Department:
Rural Development and Land Reform
REPUBLIC OF SOUTH AFRICA



NAMC

Promoting market access for South African agriculture

Partners:



read

Department:
Rural, Environment and Agricultural
Development
North West Provincial Government
REPUBLIC OF SOUTH AFRICA



CHRIS HANI
DISTRICT MUNICIPALITY
SUSTAINING GROWTH
THROUGH OUR PEOPLE



Seithudiyane
Development
Agency



Province of the
EASTERN CAPE
RURAL DEVELOPMENT AND
AGRARIAN REFORM



agriculture
& rural development
Department:
Agriculture and Rural Development
PROVINCE OF KWAZULU-NATAL



ABOUT SMAT

NAMC Team:

- Ms. Thulisile Mokoena
- Prof. Victor Mmbengwa
- Dr. Simphiwe Ngqangweni
- Mr. Khathutshelo Rambau
- Mr. Kayaletu Sotsha

The Reference group members profile:

- Prof. André **Louw** – UP
- Prof. Michael **Aliber** – UFH
- Dr. Edward **Mabaya** – African Development Bank
- Dr. Petronella **Chaminuka** – ARC
- Dr. Jemina **Moeng** – DAFF
- Dr. Moraka **Makhura** – UP
- Dr. Anri **Manderson** – The Southern Africa Food Lab
- Dr. Granny **Senyolo** – TUT
- Dr. Langelihle **Simela** – ABSA
- Mr. Sydwell **Lekgau** – DBSA
- Mr. Douglas **Mosese** – DAFF
- Mr. Livhuwani **Ngwekhulu** – AgriSA
- Mr. Elvis **Ramohlale** – DAFF
- Mr. Meshack **Zwane** – ECD

The NAMC is leading a project to develop a dashboard tool as a measure of progress towards achievement of “market access for all participants” and in particular, market access for the smallholder farmers in South Africa. The construction of the SMAT tool commenced in April 2016 where the first pilot was conducted in potatoes. A second pilot was then conducted on beef (beginning April 2017). These pilots culminated to a citrus baseline in April 2018. The process was overseen by a group of representatives selected from various agricultural stakeholders in South Africa (referred to as reference group).

The SMAT tool is made of indicators whose data is sourced primarily through a survey that is specifically designed to collect primary data on smallholder market access. The indicators were identified using some key market access variables gathered from empirical research and are the heart of the SMAT tool, and could have either positive, negative or neutral effect on the smallholder farmers’ likelihood to access the market. They are categorized into two group. The first group tracks the progress from the supply perspective (farmers’ perspective) and is referred to as A2 indicators. The second group tracks the progress from the demand side (market’s perspective) and is referred to as B1 indicators.

WHY SMAT?

The importance of the SMAT cannot be overemphasized. It is desirable for increasing knowledge of all stakeholders about the progress towards achievement of development for the new South Africa, as specified in the RDP and other subsequent policy and programme documents. The NAMC, as the entity responsible for overseeing market access for all participants, is well suited to lead the development of the SMAT.

Did You Know?

It has taken two years for the SMAT to produce the first baseline due to the fact that the success of the SMAT relies heavily on the selection of the right indicators. Hence, the NAMC team has appointed a reference group that is made up of a number of experts in the field of marketing.

5.2 Programme 2: Increase market access for all participants

Increasing market access means the provision of tangible linkages to local and international markets for producers for their products.

The NAMC is expected to play a role of advisory, research and provision of information in achieving the objective of increasing market access for all participants. The NAMC achieves this through the following;

Smallholder Market Access

The Markets and Economic Research Centre (MERC) conducts research on smallholder market access in order to inform stakeholders on progress, challenges and opportunities for opening of lucrative markets for smallholder farmers in South Africa.

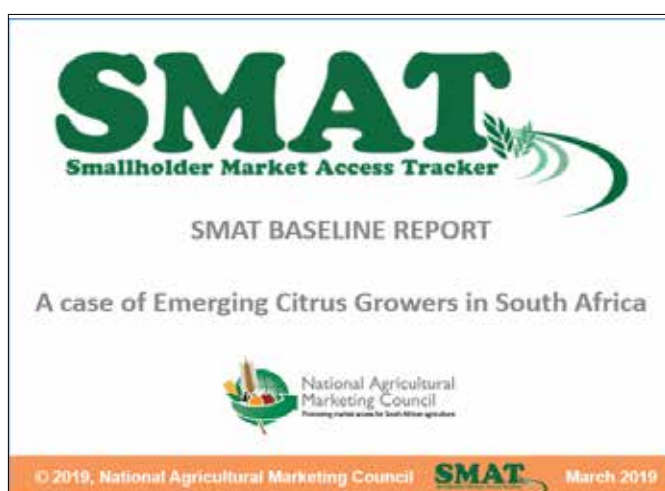


Figure 2: Increasing market access for all participants

SMAT Baseline Report on Citrus: March 2019

A baseline on market access for smallholder citrus farmers in South Africa has been completed. The study, which was conducted on a sample of 69 farmers in six provinces (Eastern Cape, Limpopo, Mpumalanga, Gauteng, KwaZulu-Natal and North-West) shows that a majority of farmers participate in the citrus market, with the export market being the most popular market channel.

Agricultural Development Schemes Design

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.

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 programme that affords the developing farmers an opportunity to upscale their involvement and role playing in marketing of their stock. The farmers are trained on the various markets, grading and classification, pricing and formal markets such as livestock auctions, custom feeding programmes 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 yield positive results for the NRMDP. The programme is operational in the Eastern Cape (12 CFP, 6 under construction); KwaZulu Natal (3 CFP operational and 5 under construction) and North West (2 CFP operational and 1 Constructed).

During the period under review, more than 6000 cattle, 563 sheep and 764 goats went through the NRMDP CFP. These animals were sold through formal and informal sales generating R48 702 011 as an income for 1707 farmers who participated in the programme.

The 2018/2019 highlight of NRMDP programme has been the auctions conducted in KwaZulu Natal. KZN conducted about 26 auctions in the 2018/19 period and 1 501 communal farmers have benefited. Auctions occurred at Newcastle, Dannhauser, St. Paul, Mhlumayo, Jozini, Ndawana, Nqutu, Ikusasa Lemfuyo, Inkandla, Maphumulo, Impendle and Emadlangeni. The Jozini FPSU has conducted 12 out of the 26 auctions which benefited 838 farmers. Jozini FPSU sold 757 goats and 1 873 cattle in the 2018/19 period which generated about R17 422 740.00 of revenue.

Table 7: NRMDP Auction Statistics

Auction	District	Date	Number of sellers	Female Sellers	Male Sellers	Top price	Highest Income	Number of goats	Number of cattle	Total Revenue
Newcastle	Amajuba	13 April '18	67	8	59	R13.600.00	R161.550.00		180	R1.459.900.00
Dannhauser	Amajuba	04 May '18	67	6	61	R14.100.00	R75.600.00		152	R1.177.250.00
St. Paul	Harry Gwala	18 May '18	72	14	58	R13.300.00	R165.900.00		147	R1.157.200.00
Mhlumayo	Uthukela	23 May '18	84	11	73	R15.200.00	R114.700.00		152	R1.503.900.00
Jozini	Umkhanyakude	18 May '18	34	8	26	R13.000.00	R65.000.00		54	R427.950.00
Jozini	Umkhanyakude	31 May '18	45	15	30	R13.500.00	R54.400.00		60	R538.350.00
Jozini	Umkhanyakude	21 June '18	54	10	44	R14.200.00	R78.500.00		106	R738.350.00
Ndawana	Harry Gwala	20 June '18	43	12	31	R12.800.00	R255.800.00		170	R1.223.625.00
Nqutu	Umkhanyakude	26 June '18	74	4	70	R12.000.00	R79.800.00		113	R927.390.00
Ikusasa Lemfuyo	Uthukela	03 July '18	65	10	55	R14.200.00	R85.200.00		149	R1.384.375.00
Jozini	Umkhanyakude	11 July '18	72	12	60	R16.900.00	R94.300.00		155	R1.342.900.00
Inkandla	King Cetshwayo	16 July '18	94	8	86	R13.600.00	R85.200.00		200	R1.728.550.00
Mapumulo	Ilembe	31 July '18	68	8	60	R13.200.00	R65.400.00		101	R798.950.00
Jozini	Umkhanyakude	18 Aug '18	92	18	72	R15.300.00	R96.300.00		182	R1.650.800.00
Newcastle	Amajuba	24 Aug '18	45	8	37	R13.900.00	R65.400.00		91	R689.100.00
Jozini	Umkhanyakude	18 Sep'18	72	4	68	R17.100.00	R179.400.00		208	R1.795.500.00
Jozini	Umkhanyakude	16 Oct'18	76	9	85	R15.800.00	R145.350.00		195	R1.914.700.00
Jozini	Umkhanyakude	20 Nov '18	85	18	103	R15.100.00	R159.400.00	366	227	R2.273.295.00
Impendle	Umgungundlovu	04 Dec'18	26	8	34	R11.500.00	R48.400.00	7	66	R447.800.00
Jozini	Umkhanyakude	11 Dec'18	64	14	78	R15.200.00	R83.400.00	170	150	R1.700.300.00
Emadlangeni	Amajuba	12 Dec'18	64	8	72	R14.300.00	R68.400.00	0	146	R840.600.00
Jozini	Umkhanyakude	29 Jan '19	84	14	70	R14.500.00	R60.400.00	171	199	R1.732.595.00
Jozini	Umkhanyakude	26 Feb '19	90	22	68	R13.500.00	R75.400.00	50	220	R1.787.400.00
Jozini	Umkhanyakude	19 Marc'19	70	16	54	R15.100.00	R65.400.00		117	R1.520.600.00
Mhlumayo	Uthukela	20 Marc'19	80	11	69	R18.800.00	R72.300.00		233	R2.000.050.00
Newcastle	Amajuba	29 Marc'19	75	15	60	R17.150.00	R65.400.00		259	R1.926.726.00
Totals			1762	291	1583		R1.136.450.00	764	4032	R34.688.156.00

King Cetshwayo Dry Beans Development Scheme

In the financial year 2017-2018, the NAMC collaborated with the King Cetshwayo District Municipality (KCDM), formerly known as UThungulu District Municipality in the design of the Dry Beans Development Scheme. There are 219 hectares of land identified for dry beans projects from various local municipalities (Umfolozi, Mthonjaneni, Umbonambi, Umhlathuze and Nkandla). A business plan was developed to assist to secure funding and finalized.

Gauteng Potatoes Development Scheme

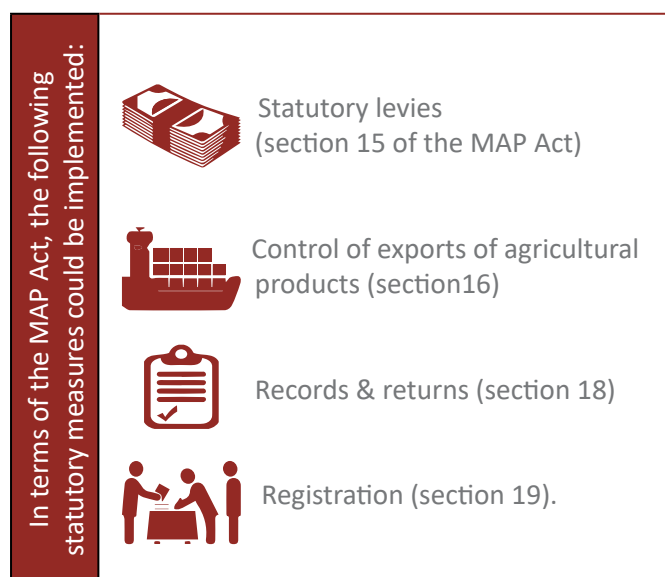
The NAMC collaborated with various stakeholders to design the Gauteng potatoes development scheme. The development scheme is composed of Good Morning Agricultural Solutions in partnership with Schietpoort Primary Cooperative Limited Association, which are both from the Bronkhorstpruit area. There are 400 ha of land allocated to this project. A business plan was developed to assist the farmers to secure funds and the market with Tshwane Fresh Produce Market.

Market Access Facilitation Programme

Market access facilitation program aimed at preparing farmers to meet the market requirements, while envisioned at linking the buyer and the seller who are our developing farmers for agricultural markets. The markets explored were local and national for fruits and vegetables. During the period under review, the NAMC engaged Freshmark, SPAR, Pick n Pay, Joburg Fresh Produce Market, Makhado Rhodes food group, to source market information and requirements that will enable the farmers to supply these markets. The information was shared with litchi, macadamia, avocado, vegetables, pecan nut, mango and tomatoe farmers in Limpopo and Mpumalanga. A report detailing the activities of the programme and farmers assisted within the programme was produced.

5.3 Programme 3: Promote the Efficiency of the Marketing of Agricultural Products

The promotion of the efficiency of the marketing of agricultural products refers to all activities meant to ensure the provision of goods to consumers in the required form, at the required time and place, and with the lowest possible marketing costs consistent with the interests of both the producer and consumer. The NAMC is expected to continually study factors affecting market efficiency (prices, margins, competition issues) and competitiveness.



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. Application for statutory measures

Section 10 of the MAP Act stipulates that a directly affected group may request the Minister to establish, continue, amend or repeal one or more statutory measures. Directly affected group refers to any group of persons which is party to the production, sale, purchase, processing or consumption of an agricultural product and includes labour employed in the production or processing of such product. It is important to understand that the application for statutory measures by commodity organisations is a voluntary process.

Support from directly affected groups for statutory measures

The MAP Act stipulates that an application for statutory measures must contain particulars or evidence of support by directly affected groups. For the past almost two decades the NAMC used the guideline that two-thirds of directly affected groups, representing two thirds of the production, must support an application for statutory measures. This is only a guideline and much larger support is preferable for the successful administration of statutory measures in the agricultural sector.

Conditions of approval

Statutory levies are normally approved for a period of up to four years. In addition to this period, the Minister approves statutory levies on the following conditions:

- That approximately 70% of the levy income is spent on generic functions such as consumer education, export promotions, information, research, etc.;
- That not more than 10% of levy income is spent on administration costs;
- That a minimum 20% of levy income is spent on transformation activities, including the development of emerging farmers and other role players in line with the NAMC's transformation guidelines;
- That the statutory levy income and expenditure are audited by the Auditor General, with the percentage allocated towards transformation clearly indicated;
- That surplus funds do not form part of the assets of the administrator, and that surplus funds be utilised with the approval of the Minister upon the lapsing of the statutory period (for example, after four years);
- That the administrator submits an employment equity plan in order for the NAMC to monitor progress on employment equity within the relevant institution;
- That the administrator maintains a database of black role players and their market share in order to monitor the progress of transformation in the relevant industry; and
- That the NAMC has observer status on the board of the administrator to ensure compliance with the original intent of the application.

Surplus funds

The MAP Act stipulates that "any levies remaining in the possession of or under the control of any person or body after the period for which such levies were approved, shall be utilized in a manner determined by the Minister". In most cases, statutory levies are approved for a period of four years. Over the past few years, the NAMC has followed the guideline to recommend to the Minister that all surplus funds must be used for transformation activities, unless levy administrators can convince the NAMC to recommend otherwise.

Over the past few years, more levy administrators have highlighted the fact that in cases where administrators of statutory levies request the continuation of levies, and where they operate as a going concern, it may cause financial difficulties if all surplus funds are solely used for transformation activities, leaving administrators at a deficit and unable to cover operational expenditure including salaries, accommodation and other commitments during the first few months of a new four year levy period. During its May 2018 meeting, the NAMC debated this issue and it was concluded that, depending on the merits of each case, a maximum of two months of levy income in a relevant industry, may be used to cover operating expenditure (salaries, accommodation and other commitments) of administrators in order for them to operate as a going concern.

Summary of statutory measures

The following table summarises the statutory measures that were applicable in the South African agricultural sector during the 2018/19 financial year:

Table 8: Statutory measures applicable during the 2018/19 financial year

Industry	Administration body	Statutory Measures		
		Statutory levy	Records and returns	Registration
Citrus exported	Citrus Growers' Association	√	√	√
Cotton	Cotton SA	√	√	√
Dairy	Milk SA	√	√	√
Deciduous fruit	HORTGRO	√	√	√
Dried fruit	Dried Fruit Technical Services	√	√	√
Fynbos (proteas)	Cape Flora SA	√	√	√
Maize, Winter cereals, Sorghum and Oilseeds	South African Grain Information Service		√	√
Lucerne	National Lucerne Trust	√	√	√
Macadamias	Southern African Macadamia Growers' Association	√	√	√
Milk	Milk Producers' Organisation		√	√
Olives	SA Olive	√	√	√
Pecan nuts	SA Pecan Producers' Association	√	√	√
Pomegranates	Pomegranate Association of South Africa	√	√	√
Pork	SA Pork Producers' Organisation	√	√	√
Potatoes	Potato Industry Development Trust	√	√	√
Red meat	Red Meat Levy Admin	√	√	√
Sorghum	Sorghum Trust	√		
Table grapes	SA Table Grape Industry	√	√	√
Wine	SA Wine Information & Systems; Wine Industry Network of Expertise and Technology, Wines of South Africa and SA Wine Industry Transformation Unit	√	√	√
Winter cereals	Winter Cereal Trust SA Cultivar and Technology Agency (SACTA)	√		
Wool	Cape Wools SA		√	√

Total statutory levy income

The total funds collected through statutory levies as part of the 2018 survey amounted to approximately R589.2 million, which is 14.0 % higher than the 2017 survey's reported R517.0 million.

Table 9: Total statutory levy income – 2018 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)	78 825 938	17 663 744 070	0,4%	102
Cotton lint	2 524 884	216 000 000	1,2%	92
Dairy products	48 725 636	15 091 262 000	0,3%	110
Deciduous Fruit	100 369 096	9 673 236 515	1,0%	97
***Pome and stone	56 296 364			112
***Fruitfly Africa	25 502 212			98
***Market Access	18 570 520			81
Dried fruit	7 803 213	1 070 636 726	0,7%	105
Fynbos (proteas)	1 179 670	97 351 581	1,2%	98
Lucerne	2 353 970	399 000 000	0,6%	138
Macadamias	7 969 375	3 270 000 000	0,2%	82
Olives	2 026 776	85 673 241	2,4%	102
Pecan nuts	4 120 537	1 155 000 000	0,4%	135
Pomegranates	646 686	97 045 952	0,7%	108
Pork	28 620 500	6 017 752 400	0,5%	105
Potatoes	42 463 090	9 200 000 000	0,5%	98
Red meat	44 139 306	57 700 000 000	0,1%	121
Sorghum	1 191 752	301 878 000	0,4%	68
Table grapes	27 968 400	5 000 000 000	0,6%	111
Wine	106 087 941	5 827 000 000	1,8%	110
Winter cereals	82 184 461	8 602 478 704	1,0%	102
***SACTA	50 668 848			110
***Winter Cereal Trust	31 515 613			93
TOTAL	589 201 231	141 468 059 189	0,4%	105

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 2018 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 105 %, which mean that in total, the industries collected more than had budgeted to collect in the relevant period. It must be mentioned that it was mainly the smaller industries which achieved a relatively low collection rate. These industries are macadamias (82 %) and sorghum (68 %). Recently, the Sorghum.

Forum decided to stop using their statutory levy. The sorghum statutory levy expired on 28 February 2018 and the industry did not apply for the continuation of the sorghum statutory levy.

The trend in total statutory levy income

For the past 17 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 9.7 % during the last four years from 2015 to 2018.

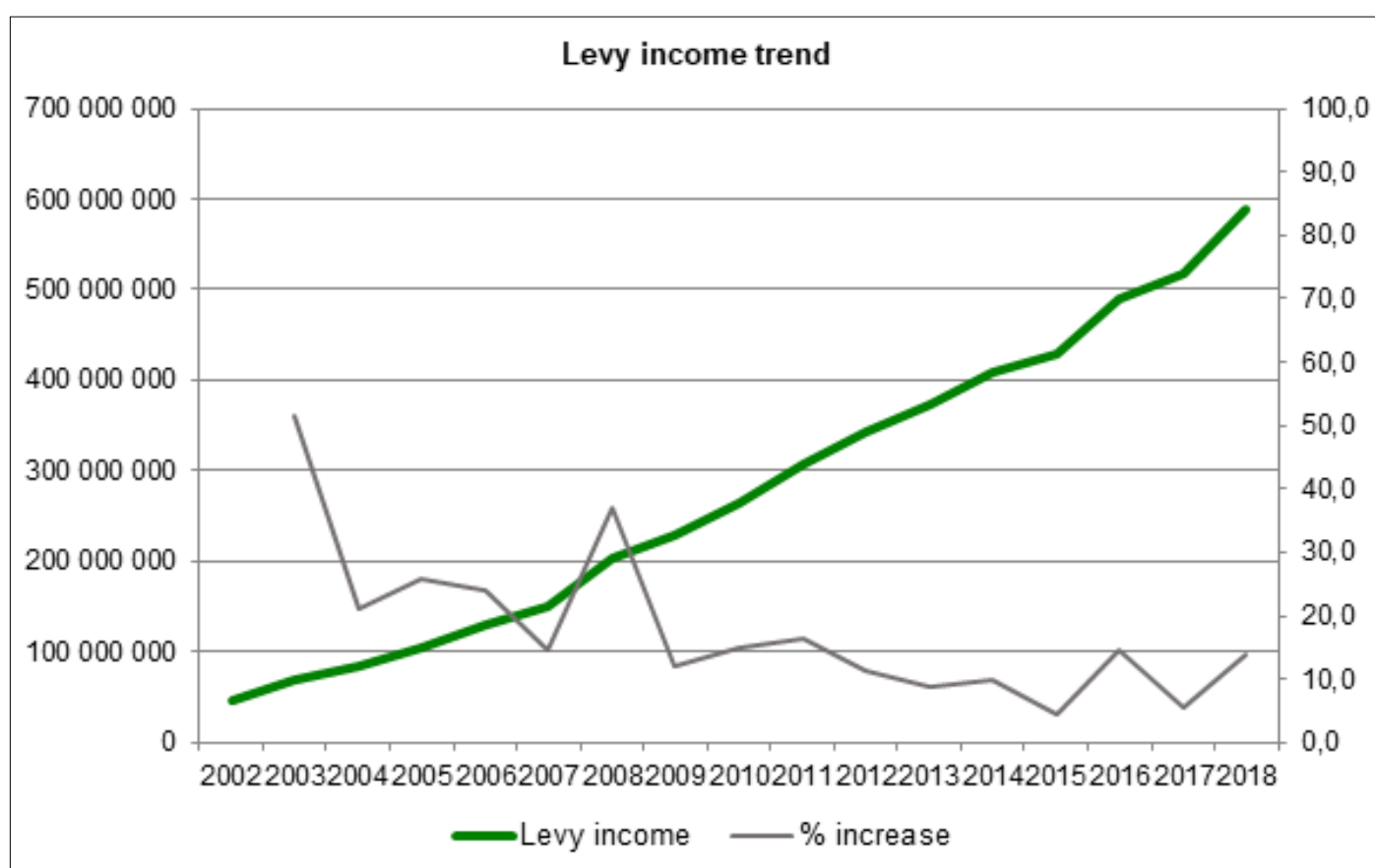


Figure 3: Statutory levy income trend

Total statutory levy expenditure

The 2018 survey shows that approximately R590.9 million was spent on industry functions – an increase of 17.0 % compared to the 2017 survey. Of the total expenditure, approximately 36.5 % was spent on research, 19.2 % on transformation projects, 12.2 % on export promotion/market access, and 10.3 % on information.

Table 10: Allocation of levy expenditure– 2018 survey

Functions	2016 survey	2017 survey	2018 survey	2018
	R	R	R	%
Administration	26 846 253	30 720 833	35 555 179	6,0
Information	33 507 938	52 100 101	60 641 637	10,3
Research	176 362 303	181 455 248	215 400 274	36,5
Transformation	88 846 024	94 100 152	113 382 930	19,2
Export promotion / market access	81 121 908	63 457 305	72 274 642	12,2
Consumer education / promotions	52 102 231	49 646 329	53 235 633	9,0
Production development	8 146 266	10 385 802	16 450 062	2,8
Plant improvement	5 712 346	5 832 081	3 713 823	0,6
Quality control	16 994 722	17 365 018	20 261 675	3,4
TOTAL	489 639 991	505 062 869	590 915 855	100

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 2018 survey shows that an average of approximately 6.0 % (R35.6 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 2018 survey indicated that approximately 10.3 % (R60.6 million) of total levy expenditure was allocated to the information function. The wine industry spent R16.3 million and the potato industry R7.5 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 2018 survey shows that approximately 36.5 % (or R215.4 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 Minister also approved 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 2018 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 2018 survey, approximately 19.2 % (R113.4 million) was spent on transformation projects, compared to R94.1 million reported in the previous survey, an increase of 20.5 %. It should be noted that a levy income of R44.1 million of the total income, that is R 18.6 million collected specifically for deciduous fruit market development and R25.5 million for the fruit fly control programme, is not subjected to the condition of spending 20 % on transformation. If these are excluded, 20.8 % of total levies are spent on transformation.

The following Table provides information about the allocation to transformation activities as reported for the 2018 survey.

Table 11: Transformation expenditure as a percentage of levy income

Industry	Levy income	Transformation	Transformation as % of levy income	Total expenditure
	R	R		R
Citrus (exported)	78 825 938	12 615 132	16,0%	74 168 966
Cotton lint	2 524 884	522 296	20,7%	7 856 996
Dairy products	48 725 636	10 395 573	21,3%	52 653 680
Deciduous fruit	100 369 096	11 856 762		90 724 229
***Pome and stone	56 296 364	11 551 403	20,5%	50 191 061
***Fruit Fly Africa	25 502 212	305 359	1,2%	24 545 692
***Market Access	18 570 520	0		15 987 476
Dried fruit	7 803 213	2 024 001	25,9%	6 713 516
Fynbos (proteas)	1 179 670	195 104	16,5%	447 374
Lucerne	2 353 970	660 000	28,0%	2 225 425
Macadamias	7 969 375	1 931 048	24,2%	11 553 554
Olives	2 026 776	346 235	17,1%	1 519 908
Pecan nuts	4 120 537	808 015	19,6%	3 643 449
Pomegranates	646 686	20 331	3,1%	143 412
Pork	28 620 500	5 886 774	20,6%	24 305 236
Potatoes	42 463 090	10 083 016	23,7%	41 910 549
Red meat	44 139 306	8 533 266	19,3%	44 084 773
Sorghum	1 191 752	68 976	5,8%	1 059 178
Table grapes	27 968 400	4 929 382	17,6%	27 480 242
Wine	106 087 941	31 761 817	29,9%	113 527 990
Winter cereal	82 184 461	10 745 202	13,1%	86 897 378
***SACTA	50 668 848	7 533 190	14,9%	46 456 337
***Winter Cereal Trust	31 515 613	3 212 012	10,2%	40 441 041
TOTAL	589 201 231	113 382 930	19,2%	590 915 855
	545 128 499	113 382 930	20,8%	

Statutory levies reported as part of the 2018 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.

On 10 April 2018, the NAMC held a Workshop with industry representatives and representatives of DAFF in order to discuss new transformation guidelines. Consequently, the following Transformation Guidelines outlined in Table 7.2 were adopted:

Table 12: Revised transformation guidelines

Pillar	Activities	%
Enterprise Development	<ul style="list-style-type: none"> • Fund agribusinesses of black-owned farms with the procurement of production infrastructure, material and inputs. • For field crops and horticultural products, the industry shall fund with soil preparation services. • For livestock, the industry shall fund the purchase of vaccinations, dosage programmes and veterinary services. • Fund the cost of accreditation, various legal and professional services (such as Siza or HACCP). • The industry shall assist farmers to access the market, including the facilitation of supply agreements or purchase contracts. • The industry shall fund the development of business plans. • The industry shall explore other funding alternatives to increase the transformation budget (such as CASP, Jobs Fund and others). • Assist in ensuring that appropriate agricultural infrastructure, machinery and equipment are in place and in good condition (e.g. electricity and water, bio-security measures, etc.). • The industry shall procure materials, inputs and services from black-owned enterprises and agribusinesses. 	60 %
Skills Development	<ul style="list-style-type: none"> • The industry shall fund training and mentoring farmers and other production chain actors such as propagators, herders, processing staff and marketers, machine and equipment users, mechanics and supervisors to develop capabilities to better manage their farms and agribusinesses. • Training shall be provided by SETA- accredited skills developers in terms of the AgriBEE Charter • To ensure these capabilities in future to manage farms and agribusinesses, the industry shall fund bursaries for black people to develop such capabilities. 	18 %
Management Control	The industry shall fund the position of transformation manager. Only appointments in this capacity of members of Black Designated Groups that promote equity shall be funded.	17 %
Ownership	The industry themselves or using funding alternatives shall or can purchase equity in existing enterprises for Black Designated Groups.	5 %
Socio Economic Development	Industries are encouraged to engage in activities that contribute positively to the quality of life of workers and their communities.	

Consumer education / local promotions

As per the 2018 survey, approximately 9.0 % (R53.2 million) of total levy expenditure was spent on consumer education / promotions, compared to the R49.6 million (9.8 % 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 41.6 % of levy funds towards this function, while the pork and red meat industries respectively allocate 29.9 % and 23.5 % of levy funds towards consumer education and local promotions to market their produce.

Export promotion and market access

The 2018 survey indicated that approximately 12.2 % (R72.3 million) of total levy expenditure was allocated to export promotion and market access, compared to the approximately R63.5 million (12.6 %) reported in the 2017 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 R20.3 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 Product Standards Act (Act No. 119 of 1990). Due to various reasons, 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 industry spent approximately R3.7 million (0.6 % 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, genetic upgrading of cultivars, 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, pork and red meat industries spent R16.5 million (2.8 % 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.

Efficiency of marketing

The MERC Division 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.

Supply & Demand Estimates Report

The primary objective of 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 South African Grain Information Service (SAGIS) where necessary.

- Processing of the Crop Estimates Committee information with regards 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.

Agricultural Capacity Development Facilitation

During 2018/2019 financial year, the NAMC facilitated 2 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 days training course for 35 women entrepreneurs from the 13th - 19th May 2018 at the Lakes hotel and conference centre, Lakefield, Benoni. This is the NAMC 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: Land Bank, DAFF and Western Cape Department of Agriculture. Provincial Department of Agriculture (Western Cape, Eastern Cape, Northern Cape, Free State, Limpopo, KwaZulu Natal, Mpumalanga and Gauteng) nominated women entrepreneurs and sponsored their travelling expenses.

The programme is a collaborative effort between the National Agricultural Marketing Council (NAMC), DAFF and Buhle Farmers' Academy. The AGRIBIZ 2018 offered fully accredited course with 6 SAQA credits on Agricultural Marketing and Financial management (NQF Level 3). The participants are engaged in a variety of agricultural activities, ranging from vegetables and small stock farm. Few participants were involved in more specialised commodities which are aquaculture and wine processing. To date, over 390 female farmers have gone through the hands and moulds of the programme since its inception in 2007.

Piggery Production Training

The National Agricultural Marketing Council (NAMC) in collaboration with Buhle Farmers' Academy conducted the pig production training in the Northern Cape. The training was held at Bonita Park (Church) located at Phokwane municipality, Hartswater in the Northern Cape. The training program was implemented from 27th - 29th November 2018 for 24 farmers. The participants ages varied from 19-70 years. The participants are from the group of farmers rearing pigs, alternately in the process of registering a cooperative.

Training Evaluation

During 2017/2018 financial year NAMC evaluated 2 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 2017 Training Evaluation

During the period under review, The NAMC conducted the evaluation of the 2017 AGRIBIZ Training for women in Agribusiness. AGRIBIZ training is a collaborative initiative between National Agricultural Marketing Council (NAMC) and DAFF. In the financial year 2017/2018, 32 participants from all the provinces received training on Financial and Marketing Management. The outcome of the evaluation revealed that the majority 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.

Livestock Management Training Evaluation

The NAMC conducted a training evaluation for farmers in North West who were trained on livestock management. The training evaluation followed the training which was provided by Buhle Farmer's Academy during the financial year 2017/2018 that covered the following subtopics: breeding season; reproduction and beef management; feed management and nutrient requirements; pig, goat, boar management; animal health and disease management. The outcome of the evaluation revealed that the majority beneficiaries were positive about the programme.

5.4 Programme 4: Optimise Export Earnings from Agricultural Products

The optimisation of export earnings means ensuring a positive trade balance of South Africa's agricultural trade through increasing agricultural products exported while managing imports, and making use of current and future export opportunities to ensure that potential increase of export earnings is realised.

The NAMC is expected to undertake the analysis and identification of export opportunities for South African agricultural products.

Export promotion and market access

The 2018 survey indicated that approximately 12.2 % (R 72.3 million) of total levy expenditure was allocated to export promotion and market access, compared to the approximately R 63.5 million (12.6 %) reported in the 2017 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.

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.

Optimisation of export earnings

Trade Probe Report

The Trade Probe publication communicates easy to read and factual information on trade of agricultural products. The following are some of the topics covered in the Trade Probe during the 2018/19 financial year:

- Trade implications of the foot and mouth disease outbreak
- Economic effects of Avian Influenza
- The outbreak of listeriosis and its impact on the pork industry
- Trade profile of peaches including nectarines
- South Africa's stone fruit export prospects in Africa

Get Yourself Agri-Inspire Issue 3

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TRADE PROBE

The theme of the current issue looked at trade implication of diseases outbreak in the agricultural sector. It is notable that beside the disease outbreak, the sector has been facing challenges associated with adverse environmental conditions such as drought.

The publication looked at four diseases outbreak

(i) FMD – neighbouring countries have placed bans on imports of cloven-hoofed animals from South Africa. Given the imposed imports bans, SA is bound to lose significant market share in favour of Namibia as it already supplies the biggest portion of live animals in the region.

(ii) Avian Influenza – the monthly imports increased from an average of 38 000 tons in 2015 to 43 607 tons in 2018, which is equivalent to a 15% growth in imports. Therefore, the increasing imports raises concerns about the SA production of poultry. The degrading local production is likely to be due to disease outbreak, feed costs & persistent drought.

(iii) Listeriosis – the outbreak of listeriosis has resulted in some African countries restricting processed meat imports from SA. The general impact of the listeriosis outbreak and other factors can be determined looking at the monthly trade trends. The export value of processed meat decreased by R3 853 between March 2017 and December 2018.

(iv) Fall armyworm invasion – this invasion affects mainly the maize industry and the trade performance of maize can be driven by the outbreak and other factors such as drought. The monthly exports decreased by R188 133 between January 2017 and December 2018.



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GCRF_AFRICAP IN SOUTH AFRICA

By: NAMC/ AFRICAP TEAM

The province of the Free State welcomed AFRICAP in South Africa on 12 July 2018, Mangaung. Styled around climate smart agriculture, the objective of the Agricultural and Food-Systems Resilience: Increasing Capacity and Advising Policy (AFRICAP) workshop was to introduce the four-year project to local stakeholders engulfed with the work of climate smart agriculture.

AFRICAP aims to identify and implement evidence-based policy pathways to facilitate the development of sustainable, productive, climate smart agricultural systems to meet food security and economic development needs. The programme is funded by the UK government's Global Challenge Research Fund (GCRF) and championed by the University of Leeds in collaboration with the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) with NAMC charged with the responsibility to convene stakeholder engagement activities within South Africa.

According to Country Coordinator Bill Kunin from the University of Leeds, the GCRF-AFRICAP modality is to translate research into evidence, evidence into policy and policy into practice. The Free State was an ideal base for the research as it was bordered by other provinces and was unique due to its flexibility to accommodate grains, livestock and horticulture.

Andries Fourie represented the Free State Department of Agriculture and outlined the province's agricultural landscape. He passed a passionate plea to build capacity for government officials and to work closely on identified special agricultural zones. Stephen King of AFRICAP said the Special Agricultural Zones (SAZ's) where geographic indicators which will be piloted for government policy recommendation. "SAZs will deliver outcome-oriented activities that will be owned and have traction with stakeholders, leading to the creation of institutions, knowledge-sharing communities, tools and approaches that remain after the initial project ends" he said.

The Department of Agriculture, Forestry and Fisheries also presented an overview of the South Africa Climate Smart Agriculture (CSA) strategic framework. Solely, the aim of the framework was to implement and upscale the best CSA practises and approaches that will promote sustainable agriculture and assist to achieve sustainable development and ensure food security in South Africa.

A follow-up workshop was hosted in November 2018.



5.5 Programme 5: Enhance the Viability of the Agricultural Sector

The objective is cross cutting and involves the first three objectives. Taken collectively, this objective refers to the ability of agricultural economic activity to carry on, uninterrupted, for the foreseeable future.

The NAMC continues to implement any other additional work that it deems relevant towards achieving the objective of enhancing the viability of the agricultural sector. Altogether, the NAMC achieved the following;

Agricultural Industry Trusts

The Agricultural Industry Trusts Division mandate is to coordinate the communication process between the Minister of the Department of Agriculture, Forestry and Fisheries (DAFF) and the various agricultural industry trusts. The matters reported to the Minister Zokwana include, but are not limited to: the appointment of Ministerial Trustees (recommending names and the Minister makes the appointments), the coordination of the engagements between the Minister and the Trusts (to get first-hand information on the progress and directly engage the Trusts), and the submission of the Status Report (to apprise the Minister of the status) that is substantiated by the monitoring and evaluation visits to the transformation projects (trusts and levies).

Furthermore, coordination of the in-country FANRPAN policy dialogues, commissioning and supervising national policy research, tracking national policy agenda and maintaining a database of ongoing policy research and policy processes in the country. The Agricultural Industry Trusts Division is currently structured into three sub-programmes and it is aligned with the MAP Act objective relating to enhancing the viability of the agricultural sector.

- Sub-programme 1: Agricultural industry trusts support;
- Sub-programme 2: Industry Transformation support; and
- Sub-programme 3: FANRPAN support

In this report, the activities of the Agricultural Industry Trusts Division for the year are outlined.

Agricultural Industry Trusts Support

Appointment of Ministerial Trustees & Induction

The terms of the Ministerial Trustees in the Potato Industry Development Trust (PIDT) and Mohair Trust (MT) have lapsed. In the PIDT, the term of Mr S. Mabuza lapsed and he was reappointed, while in the MT, the term of Mr T. Mashogu lapsed and he was replaced by Ms N. Hadi. In the South African Cultivar Technology Agency (SACTA), two Ministerial Trustees (Prof P. Mashela and Mr A. Mbotshelwa) were appointed. Noteworthy is the appointment of the second Ministerial Trustee (Mrs Unati Ntintelo Speirs) in the Oil and Protein Seeds Development Trust. The NAMC made submissions with proposed candidates to the Minister of DAFF for approval, and the appointed Ministerial Representatives were inducted.

Engagement between the Minister and Industry Trusts

On the 9th November 2018, a workshop between the Minister of DAFF and Agricultural Industry Trusts was held. The attendance was very good, as almost all the Trusts were represented. The engagement was twofold: a closed session was held between the Minister and his Trustees, and another session was held between the Minister and the Trusts. The workshop was aimed at creating a platform of engagement on key strategic matters which required the Minister's intervention. Furthermore, it allowed the Minister to share his expectations regarding the operations and deliverables from the Industry Trusts. It is with no doubt that the Industry Trusts are key vehicles for driving transformation in the agricultural sector. After a successful workshop, the key strategic matter relating to the delays experienced in registering Trustees by the Masters of the High Court needs Ministerial intervention (in this regard, Minister Zokwana undertook to engage the Minister of Justice).

Status report on Agricultural Industry Trusts

Annually, the Agricultural Industry Trust Division prepares the status report on the Agricultural Industry Trusts (AIT). The main purpose of AIT is to advise the Minister of DAFF on the operations, financial performance and transformation expenditures of the respective Trusts. The status report for 2018 survey is finalized and is in the verge of being published and shared with the Minister and the general public. Important to note is that the information on the Status Report on Agricultural Trusts is a year behind because the NAMC has to wait for the Trusts to close their financial years and submit the audited financial statements. The NAMC sits in some of the industry trusts boards as observers. 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. Moreover, providing strategic advice to the Trusts.

Industry Transformation Support

The Transformation Review Committee (TRC) is a vehicle that is used to ensure active and meaningful participation of the previously disadvantaged individuals within the industry value chain. The following happened during the period under review:

Stakeholder engagements

Transformation workshop: On 10 April 2018, a transformation workshop was held with all the administrators of statutory levies. The purpose of the workshop was to present (and request inputs) the new NAMC proposed transformation guidelines which came as a result of DAFF newly amended AgriBEE Sector Codes of practice. A further engagement was convened to provide feedback on the transformation work of the NAMC together with the industries.

Other industry engagements: Deciduous Fruit Industry Development Chamber AGM and the Citrus Industry Symposium.

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 trust 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.

The committee has reviewed proposals (levy expenditure) from the following industries:

- Citrus Growers Association (CGA)
- Macadamia industry (SAMAC)
- South Africa Cultivar and Technology Agency,
- National Lucerne Trust,
- Wine Industry (export levy)
- Milk South Africa
- South African Poultry Association
- Potatoes South Africa
- Red Meat Industry Forum (Comprised of RPO, RMAA, NERPO, SAFA, SAMIC & NFMT); and
- Cotton South Africa.

Monitoring and evaluation of the trusts' funded transformation initiatives

The NAMC was involved in farm visits as part of the monitoring and evaluation of the transformation work. For the reporting period, the transformation initiatives in the Potato Industry Development Trust, National Lucerne Trust, Citrus Industry, Pecan Nuts and Mohair Trust were visited. The NAMC is satisfied with the transformation work to date.

FANRPAN Support

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 (visit www.fanrpan.org for details). The network is representative of key stakeholders in the Food, Agriculture and Natural Resources (FANRPAN) which include governments, farmer organizations, researchers, the private sector, parliamentarians and the media. FANRPAN currently works in 16 African countries including South Africa. The National Agricultural Marketing Council (NAMC) is the Node Hosting Institution of FANRPAN in South Africa. As Node Hosting Institution the NAMC coordinates in country FANRPAN policy dialogues, commissioning and supervising national policy research, tracking national policy agenda and maintaining a database of ongoing policy research and policy processes in the country.

For the period under review, the AFRICAP project has made significant progress and the following happened:

- Sites for the implementation of the projects in the free state were identified and site visits were conducted.
- The regional dialogue was convened in Mozambique
- The AGRA project was concluded
- The in-country stakeholder engagements were convened.

Branding South African Agriculture Plan

The National Agricultural Marketing Council through the Agriculture CEO's Forum, is currently at the initial stages of implementation of a branding initiative for South African agriculture, dubbed "Love Agriculture". The branding initiative envisages three outputs namely: Campaign slogan: "Love South African Agriculture", An independent online campaign platform to profile the sector and its diverse participants, and Campaign in other media platforms to profile the sector and its diverse participants (social media, print, radio, TV, billboards, etc). The NAMC will partner with stakeholders in both the public and the private sector, including DAFF, DTI, DIRCO, Proudly SA, Brand SA, Tourism SA and organised agriculture and agribusiness structures.

Business Linkages Facilitation (Technical Support Plans)

During the 2018/2019 financial year, the NAMC supported the emerging produces with their endeavors to export their produce. Under this programme, the following were achieved:

Umzimkhulu Maize Farmers

A diagnostic study was conducted on group five smallholder farmers representing different co-operatives in UMzimkhulu, KwaZulu-Natal. The farmers are producing maize and a wide variety of cash crops which includes vegetables, dry beans and sorghum. The data was collected using the qualitative study through a structured questionnaire. The study sought the information relating to the farmer's biographic characteristics, marketing strategy, production systems, irrigation methods, level of farm mechanization and farmers' records and membership to associations.

The diagnostic analysis revealed farmers are faced with challenges including lack of agricultural inputs such as improved seeds, fertilizers and chemicals; farmers don't have access to mechanization necessary or essential for maize production; lack of transport, irrigation infrastructure, storage facility and government support funds; lack of access to market information and markets. A technical support plan was drawn highlighting the roles of stakeholder to participate in assisting these farmers. The aim of this technical support plan is to assist farmers to produce maize and supply maize to Ghana.

Beef Farmers in KwaZulu Natal And North West

The diagnostic analysis study was conducted from the group of smallholder beef farmers in the Harry Gwala District Municipality from the KwaZulu-Natal Province and Dr Ruth Segomotsi Mompoti District from the North-West province. The purpose of the study was to diagnose the production status and challenges faced by the beef farmers in order to design the technical support plan for their enterprises.

The challenges that farmers experience in their livestock farming were common in both districts (Dr Ruth Mompoti and Harry Gwala). These challenges include lack of ownership to land; livestock theft; shortage of grazing land due to the effect of drought; and insufficient water and limited rights. A technical support plan was drawn highlighting the roles of stakeholder to participate in assisting these farmers. The aim of this technical support plan is to link these farmers to the China market to supply red meat and red meat products.

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:
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CORPORATE GOVERNANCE

6



6.1. Corporate Governance Overview

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 by the King Codes 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 pre-determined objectives to the Executive Authority within 30 days of the end of a quarter.

The Accounting Authority / Council

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. (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

The Council is governed by a Charter as recommended by the King Codes on Corporate Governance, which details the roles, structures and functions of the Council and its various sub-committees.

COUNCIL MEMBERS

Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned / terminated	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	5 out of 5
Mr Harry Prinsloo	Vice Chairperson of the NAMC Council	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 of 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	Deputy Chairperson	5 out of 5

Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned / terminated	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 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, NonExecutive 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	4 out of 5
Mr Happy Mohane	Council Member	25 May 2017	-	Masters in Commerce Economics (University of Natal), Master's of Science in Agricultural Economics (University of Pretoria), 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	5 out of 5

Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned / terminated	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, Being 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 (ECRDA), Director - Fezz Business Enterprises and Suppliers, Director at Kangela Citrus Farm, Independent Trustee at Cookhouse Trust.	HR & R Committee Member	5 out of 5

Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned / terminated	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		5 out of 5
Ms Nonie Mokose	Council Member	25 May 2017	-	MMAgric. Rural Development (University of Pretoria), BSc. Nutritional Sciences (Cornell University, Ithaca, New York)	Rural Development, Agricultural and Farmer Empowerment and Development, Food Manufacturing and Consumer Marketing	Council Member- Central University of Technology (Free State) Specialist Agriculture Portfolio; Member of Planning, Finance and Resources Committee- Central University of Technology (Free State)	Member of Audit and Risk Committee NAMC	5 out of 5

Name	Designation (in terms of public entity board structure)	Date appointed	Date resigned / terminated	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 Diale Ran- gaka	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 Coop, Cape Winelands District Municipality), Chairman of Bright and Futures Foundation.		5 out of 5
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		5 out of 5
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 the CEO Forum; Vice Chairperson of National Animal Health; Forum Board; Member of Onderstepoort Advisory Board; Member of National Agricultural Research Forum; Manager of National Stock Theft Forum; Member of Predation Management South Africa; Director and executive member of Red Meat Industry Forum	Audit and Risk Committee Member	5 out of 5

6.2 Council Committee Meetings – 1 April 2018 - 31 March 2019

Audit and Risk Committee

No	Name	Role	Term	No. of Meetings attended
1	Mr Paul Slack	Chairperson of Audit and Risk Committee (term expired)	End date - 31 July 2018	2 out of 2
2	Ms Antoinette Ngwenya	Member and Chairperson of the Risk Management Committee (term expired)	End date - 30 September 2018	3 out of 3
3	Ms Lerato Mothae	Chairperson of Audit and Risk Committee (new term)	Start date - 01 March 2018	7 out of 7
4	Ms Ayanda Mafuleka	Audit and Risk Committee Member	Start date - 01 September 2018	6 out of 6
5	Dr Pritish Dala	Audit and Risk Committee Member and Chairperson of the Risk Management Committee	Start date - 01 September 2018	6 out of 6
6	Mr Gerhard Schutte	Council Member	Start date - 25 May 2017	8 out of 8
7	Ms Nonie Mokose	Council Member	Start date - 25 May 2017	8 out of 8

Human Resources & Remuneration Committee

No	Name	Role	No. of Meetings attended
1	Mr Sindile Faku	Chairperson Council Member	4 out of 4
2	Mr Happy Mohane	Council Member	4 out of 4
3	Ms Fezeka Mkile	Council Member	4 out of 4

Risk Management Committee

No	Name	Role	No. of Meetings attended
1.	Ms. Antoinette Ngwenya	Chairperson and Audit and Risk Committee Member (End date - 30 September 2018)	2 out of 2
2.	Dr. Pritish Dala	Chairperson and Audit and Risk Committee Member (Start date - 01 September 2018)	3 out of 3
3.	Mr. Zama Xalisa	Chief Executive Officer	0 out of 5
4.	Ms. Sarah Netili	Chief Financial Officer	3 out of 5
5.	Ms. Virginia Nkobi	Senior Manager: Human Resources Management	4 out of 5
6.	Dr. Simphiwe Ngqangweni	Senior Manager: Markets and Economic Research Centre	3 out of 5
7.	Mr. Schalk Burger	Senior Manager: Statutory Measures	3 out of 5
8.	Ms. Khumbuzile Mosoma	Senior Manager: Agribusiness Development	4 out of 5
9.	Mr. Bonani Nyhodo	Senior Manager: Agricultural Trusts	3 out of 5
10.	Mr. Tebogo Marishane	Compliance & Risk Manager	4 out of 5
11.	Mr. Stephen Monamodi	Communications Officer	3 out of 5

REPORT OF THE AUDIT & RISK COMMITTEE

The Audit and Risk Committee is pleased to present the report for the financial year ended 31 March 2019. The Audit and Risk Committee exists as an Independent Statutory Committee appointed by the Council of the National Agricultural Marketing Council ("NAMC"). The duties and responsibilities of the Committee are included in the report below.

The Audit and Risk Committee adopted an Audit and Risk Committee Charter that was approved by the Council and it is satisfied that it has discharged its responsibilities as per the Public Finance Management Act, Treasury Regulations and King Code of Corporate Governance.

Audit and Risk Committee Member's Attendance

During the financial year under review the term of two independent members lapsed and three new independent members were appointed. As a result of the appointment of new Audit and Risk Committee members, more than four meetings were held as per the requirements of the Charter, necessitated by the need to provide induction to the Committee on the business model of the entity as well as the review of policies that govern the operations of the entity.

No.	Member	Role	No of Meeting Attended
1	Mr. Paul Slack	Chairperson Independent Member <i>Term ended 31 July 2018</i>	2 out of 2
2	Ms. Antoinette Ngwenya	Independent Audit and Risk Committee Member and Chairperson of the Risk Management Committee <i>Term ended 30 September 2018</i>	3 out of 3
3	Ms. Lerato Mothae	Chairperson Independent Member <i>Effective from 01 March 2018</i>	7 out of 7
4	Ms. Ayanda Mafuleka	Independent Audit and Risk Committee Member <i>Effective date: 01 September 2018</i>	6 out of 6
5	Dr. Pritish Dala	Independent Audit and Risk Committee Member and Chairperson of the Risk Management Committee <i>Effective date: 01 September 2018</i>	6 out of 6
6	Mr. Gerhard Schutte	Council Member <i>Effective date: 25 May 2019</i>	8 out of 8
7	Ms. Nonie Mokose	Council Member <i>Effective date: 25 May 2019</i>	8 out of 8

Roles and Responsibilities of the Audit and Risk Committee

Statutory Duties

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

As per the stated legislation above, here are some of the roles and responsibilities:

- Assist the Council in its evaluation of the adequacy and effectiveness of the internal control systems, governance, accounting practices, information systems, risk management and auditing processes applied within the NAMC's day to day management of its business;
- Facilitate and promote communication between Council, Management, the External Auditors and Internal Auditors on matters which are the responsibilities of the Audit and Risk Committee;
- Ensure the risk areas of NAMC operations are covered in the scope of Internal and External Audit;
- Ensure the accounting and auditing concerns identified because of the internal and external audits conducted during the period are addressed;
- Ensure the NAMC complies with legal and regulatory provisions, the MAP Act and the PFMA as well as the Treasury Regulations; and
- Ensure the independence and objectivity of the Internal and External Auditors

The Effectiveness of the Internal Controls

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

The Audit and Risk Committee's assessment of the internal controls at the NAMC is that there are systems in place that can be improved. Areas of concern include Information Communication and Technology Governance, Cyber Security, Compliance Management, Risk Management, Business Continuity Management, Record Keeping, Performance Information, Supply Chain Management as well as Effective Policy Monitoring. This is supported by the discussions held with the Auditor-General on the results of the External Audit as detailed in the Audit Report and Management Letter.

From the results of the audit conducted by the Internal Auditors on the review of the adequacy and effectiveness of controls, Risk Management and Governance, the Internal Auditors noted that the system of internal control was not effective in the area of Performance and Compliance Monitoring. The Audit and Risk Committee can conclude that the entity's systems of internal control have proved to be ineffective.

Whistle blowing

The whistleblowing hotline is in place and any matters are reported to the Audit and Risk Management Committee for further action.

External Auditors

The Audit and Risk Committee in consultation with Management agreed to the Engagement Letter, Audit Strategy and Audit fees for the financial year ending 31 March 2019. During the financial year under review, the Audit and Risk Committee met with the External Auditors without Management being present.

The Audit and Risk Committee also monitored the effectiveness of the External Auditors in terms of their skills, independence, execution of the Audit Plan and Reporting and overall performance of the audit.

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

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

Evaluation of Annual Financial Statements

The Audit Committee has:

- Reviewed the appropriateness of accounting policies;
- Reviewed the appropriateness of assumptions made by Management in preparing the Annual Financial Statements;
- Reviewed the significant accounting and reporting issues, and understood their impact on the Annual Financial Statements;
- Reviewed the Annual Financial Statements, and considered whether they are complete, consistent with prescribed accounting practices and information known to Audit and Risk Committee members;
- Obtained assurance from Management with respect to the accuracy of the Annual Financial Statements;
- Reviewed with Management and the External Auditors the results of the External Audit, including any significant issues identified; and
- Reviewed the Annual Performance Information before release and considered the accuracy and completeness of the information.

Duties Assigned by the Council

Governance of Risk

The Council has assigned the oversight of Risk Management to the Audit and Risk Committee. A separate Risk Management Committee which is Chaired by an Independent Member of the Audit and Risk Committee has been established.

The Audit and Risk Committee fulfils an oversight role regarding Enterprise Risk Management, Compliance, Anti-corruption and Fraud, Business Continuity Management and Combined Assurance.

Internal Audit

The Audit and Risk Committee is responsible for ensuring 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 Annual Internal Audit Plan was approved by the Audit and Risk Committee.

The Internal Audit function has the responsibility of reviewing and providing assurance on the adequacy and effectiveness of the internal control environment across all the NAMC operations. The findings of the Internal Audit work performed against the agreed Internal Audit Plan were reported to the Audit and Risk Committee on a quarterly basis.

Conclusions

The Audit and Risk Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and the Annual Performance Report and believes that they be accepted and read together with the report from the Auditor-General..



Ms. Lerato Mothae
Independent Member
Chairperson of the Audit and Risk Committee

HUMAN CAPITAL OVERSIGHT STATISTICS

7



Table 13: Personnel Costs by Programme Permanent Employees

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % (R'000)	No. of Employees	Average personnel cost per employee (R'000)
Programme 1: CEO's Office	5 703	4 940	86,6%	5	988
Programme 1: Finance & Administration	17 532	6 201	35,4%	7	886
Programme 1: Human Capital	6 349	3 997	63,0%	13	307
Programme 2: MERC	12 298	10 557	85,8%	13	812
Programme 3: Statutory Measures	3 201	3 055	95,4%	4	764
Programme 4: Agricultural Trust	2 695	2 035	75,5%	2	1018
Programme 5: Agribusiness Development	9 658	2 579	26,7%	3	860
TOTAL	57 436	33 364	58%	47	710

Table 14: Personnel Costs by Contract, Council & Other Committees

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % (R'000)	No. of Employees	Average personnel cost per employee (R'000)
The Red Meat Programme	28 589	12 354	43%	134	92
Committees	1 718	1 134	66%	18	63
Internships / Graduate Placement	851	851	100%	11	77
Internships	658	658	100%	10	66
TOTAL	31 816	14 997	47%	173	87

Table 15: Personnel Cost by Salary Band (Permanent Employees)

Programme	Personnel Expenditure (R'000)	Personnel Expenditure as a % (R'000)	No of Employees	Average personnel cost per employee (R'000)
Top Management	3 803	11%	2	1 902
Senior Management	6 490	19%	8	811
Professionals	16 784	50%	17	987
Skilled	4 462	13%	15	297
Semi-Skilled	1 537	5%	3	512
Unskilled	288	2%	2	144
TOTAL	33 364	100%	47	710

Table 16: Performance Rewards Permanent Employees

Level	Personnel Expenditure (R'000)	% of personnel expenditure to total personnel	No. Employee	Average personnel cost per employee (R'000)
Top Management	634	14%	2	317
Senior Management	1 082	25%	5	216
Professional Qualified	1 598	36%	16	100
Skilled	819	19%	17	48
Semi-skilled	200	4%	2	100
Unskilled	74	2%	3	25
TOTAL	4 407	100%	45	98

Table 16 Variance: Two (2) employees did not qualify for a performance bonus

Table 17: Performance Rewards (NRMDP)

Level	Personnel Expenditure (R'000)	% of personnel expenditure to total personnel	No. Employee	Average personnel cost per employee (R'000)
Professional Qualified	201	42%	1	201
Skilled	280	58%	13	22
TOTAL	481	100%	14	34

Table 17 Variance: From the 134 employees, 14 employees were eligible for a performance bonus.

Table 18: Training and Bursaries

Programme	Personnel Expenditure	Training Expenditure (R'000)	Training Expenditure as a % of personnel cost (R'000)	No. of employees and external students trained	Average training cost per employee and students
Programme:1 CEO's Office	4 940	72	1%	3	24
Programme 1: Finance & Administration	6 201	110	2%	2	55
Programme 1 : Human Capital & External students (23)	3 997	836	21%	25	33
Programme 2: MERC	10 557	239	2%	5	48
Programme 3: Statutory Measures	3 055	42	1%	2	21
Programme 4: Agricultural Trust	2 035	75	4%	2	38
Programme 5: Agribusiness Development	2 579	51	2%	3	17
TOTAL	33 364	1425	4%	42	34

Table 18 Variance: 23 External students were offered bursaries & reported under Programme 1 (Human Capital).

Table 19: Number of Employees and Vacancies

Programme	2018/2019 Approved Posts	2018/2019 No. Of Employees	2018/2019 Vacancies	% of Vacancies
Programme 1: CEO's Office	5	5	0	0
Programme 1: Finance and Administration	7	7	0	0
Programme 1: Human Capital	13	13	0	0
Programme 2: MERC	13	13	0	0
Programme 3: Statutory Measures	4	4	0	0
Programme 4: Agricultural Trusts	2	2	0	0
Programme 5: Agribusiness Development	3	3	0	0
TOTAL	47	47	0	0

Table 20: Reasons for staff leaving

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

Table 21: Number of Disability Personnel (Permanent Employees)

Levels	Males	Females
Top Management	0	0
Senior Management	1	0
Professional Qualified	0	0
Skilled	0	0
Unskilled	0	0
TOTAL	1	0

Table 22: Number of Disability Personnel (Contracts, Internships / Graduate Placement and Learnership)

Classification	Males	Females
National Red Meat Development Programme	1	0
Internships / Graduate Placement	0	0
Learnership	0	0
TOTAL	1	0

Table 23: Female Employment Equity (Permanent)

Levels	African Females	Coloured Females	Indian Females	White Females
Top Management	1	0	0	0
Senior Management	2	0	0	0
Professional qualified	3	0	0	5
Skilled	7	0	0	0
Semi-skilled	0	0	0	3
Unskilled	2	0	0	0
TOTAL	15	0	0	8

Table 24: Female Employment Equity (Contracts, Internships / Graduate Placement and Learnership)

Levels	African Females	Coloured Females	Indian Females	White Females
The National Red Meat Development Programme	39	1	0	0
Internships / Graduate Placement	5	0	0	0
Learnership	5	0	0	0
TOTAL	49	1	0	0

Table 25: Male Employment Equity (Permanent)

Levels	African Males	Coloured Males	Indian Males	White Males
Top Management	1	0	0	0
Senior Management	2	0	0	1
Professional qualified	8	0	0	1
Skilled	10	0	0	0
Semi-skilled	0	0	0	0
Unskilled	1	0	0	0
TOTAL	22	0	0	2

Table 26: Male Employment Equity (Contracts, Internships / Graduate Placement and Learnership)

Levels	African Males	Coloured Males	Indian Males	White Males
The National Red Meat Development Programme	94	0	0	0
Internships / Graduate Placement	6	0	0	0
Learnership	5	0	0	0
TOTAL	105	0	0	0

Table 27: Management Gender Equity

Gender	Number of employees	% of total staff
Management - Males	4	50%
Management - Females	4	50%
TOTAL	8	100%

Table 28: Labour Relations: Misconduct & Disciplinary Actions

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

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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FINANCIALS

8



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General Information

Country of Incorporation and Domicile	Republic of 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	<p>Prof. PK Chauke : Chairperson of the Council (Contract terminated in May 2019)</p> <p>Mr. JH Prinsloo: Deputy Chairperson of the Council</p> <p>Mr. S Faku</p> <p>Mrs. F Mkile</p> <p>Mr. H Mohane</p> <p>Mr. B Mogatle</p> <p>Ms. N Mokose</p> <p>Prof. D Rangaka</p> <p>Mr GM Schutte</p> <p>Mr. ZW Wapi</p>
Registered Office	<p>536 Francis Baard Street</p> <p>Meintjiesplein Building</p> <p>Block A, 4th Floor Arcadia</p> <p>Pretoria</p> <p>0002</p>
Bankers	Standard Bank of South Africa
Value Added Tax Number	None
External Auditors	Auditor-General of South Africa
Company Secretary	Mrs E Mpete

Report of the Auditor-General to Parliament on 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 120 to 175, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, the statement of cash flows and the statement of comparison between 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 2019, and its financial performance and cash flows for the year then ended in accordance with the 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).

Context for the 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 sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA codes) 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.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 31 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors' in the financial statements of the public entity at, and for the year ended, 31 March 2019.

Report of the Auditor-General to Parliament on National Agricultural Marketing Council

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
9. 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 appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

10. 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report of the Auditor-General to Parliament on National Agricultural Marketing Council

Report on the audit of the annual performance report

Introduction and scope

12. 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.
13. 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.
14. 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 2019:

Programmes	Pages in the annual performance report
Programme 2 - market access to all participants	37
Programme 3 - efficiency of the marketing of agricultural products	38
Programme 5 - viability of the agricultural sector	40

15. 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.
16. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 2 - market access to all participants

Various indicators

17. There was no clear and logical link between the indicators and targets and the strategic objective of 'increasing market access to all participants' to which they relate. The indicators focused on reports produced, while the strategic objective focussed on increasing participants' access to markets. The method of calculation for the achievement of these indicators were also not clearly defined.

Report of the Auditor-General to Parliament on National Agricultural Marketing Council

Indicator description	Strategic objective
Smallholder access research reports produced	Increasing market access to all participants
Increasing market access to all participants	Increasing market access to all participants
Smallholder market access journal articles produced	Increasing market access to all participants
Monitoring & evaluation reports produced	Increasing market access to all participants
Industry transformation support reports produced	Increasing market access to all participants
Market access facilitation programmes report produced	Increasing market access to all participants

Programme 3 - efficiency of the marketing of agricultural products

Various indicators

18. There was no clear and logical link between the indicators and targets and the strategic objective of 'promote the efficiency of the marketing of agricultural products' to which it relates. The indicators focused on reports produced, while the strategic objectives focussed on promoting the efficiency of the marketing of agricultural products. The method of calculation for the achievement of these indicators were also not clearly defined.

Indicator description	Strategic objective
Input cost monitoring reports produced	Promote the efficiency of the marketing of agricultural products
Food basket price monthly reports produced	Promote the efficiency of the marketing of agricultural products
Agro food chain research reports produced	Promote the efficiency of the marketing of agricultural products
Agricultural capacity development facilitation report produced	Promote the efficiency of the marketing of agricultural products
Training evaluation reports produced	Promote the efficiency of the marketing of agricultural products

Programme 5 - viability of the agricultural sector

Various indicators

19. There was no clear and logical link between the indicators and targets and the strategic objective of 'enhance the viability of the agricultural sector' to which it relates. The indicators focused on reports produced, while the strategic objectives focussed on enhancing the viability of the agricultural sector. The method of calculation for the achievement of these indicators were also not clearly defined.

Indicator description	Strategic objective
SIP11 project monitoring reports produced	Enhance the viability of the agricultural sector
Status report of agricultural trusts produced	Enhance the viability of the agricultural sector
Status of statutory measures report produced	Enhance the viability of the agricultural sector

Report of the Auditor-General to Parliament on National Agricultural Marketing Council

Other matter

20. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Achievement of planned targets

21. Refer to the annual performance report on pages' to 34; 40 to for information on the achievement of planned targets for the year. This information should be considered in the context of the qualified opinions expressed on the usefulness of the reported performance information in paragraphs 17, 18 and 19 of this report.

Report on the audit of compliance with legislation

Introduction and scope

22. 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.

23. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of the property, plant and equipment and the cash flow statement identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

25. Some of the construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board and did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7 A).

26. Sufficient appropriate audit evidence could not be obtained that all extensions or modifications to contracts were approved by a properly delegated official, as required by treasury instruction note 3 of 2016/17.

Other information

27. The National Agricultural Marketing Council accounting authority is responsible for the other information. The other information comprises the information included in the annual 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 National Agricultural Marketing Council

28. 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.
29. 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.
30. 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

31. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
32. Control deficiencies in the control environment relating to oversight was not effective in the areas of performance and compliance reporting to ensure performance reporting is credible and compliance matters are adhered to.
33. The entity did not have adequate controls for monitoring compliance in the area of supply chain management and strategic planning. This resulted in non-compliance not being detected and misstatements in financial reports not detected prior to the submission of financial statements.

Auditor – General

Pretoria
31 July 2019



Annexure - Auditor-General's responsibility for the audit

Opinion

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 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
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

Annexure - Auditor-General's responsibility for the audit

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

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 43,2 million which represents the annual budget allocation for 2018/19 from the Department of Agriculture, Forestry and Fisheries (DAFF), whilst other income amounted to R40,3 million and interest generated amounted to R6,3 million. Total expenditure for 2018/19 amounted to R89,3 million.

1.2 Statement of Financial Position as at 31 March 2019 is as follows:

- Total assets decreased by 70.6%, mainly due to decrease in receivables and cash and cash equivalents.
- Total liabilities decreased by 77.61% mainly due to the funds amounting to R53,477 million returned to National Treasury, **as per National Treasury's directives. This was for the Agricultural Information Marketing System (AIMS) and a material decrease in deterred revenue.**

1.3 Cash Flow

The NAMC's cash position as at 31 March 2019 was R18,5 million. This entails unutilised sponsorship funding relating to projects as disclosed under note 20 of these annual financial statements.

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/ Returned	Closing balance
2018/19	R'000	R'000	R'000	R'000
Strategic Infrastructure Project: SIP 11	145	-	(61)	84
Supply Chain Logistic Programme (Western Cape)	73	500	(31)	542
Agricultural Sector Education, Training Authority (AgriSeta)	15	2,156	(2,017)	154
Smallholder Farming in Agroprocessing industry	199	-	(126)	73
Ceres abattoir	2,217	-	(3)	2 214
Operation Phakisa	316	-	-	316
National Red Meat Development (NRMDP)	42,958	-	(28,589)	14,369
Agricultural Information Management System: (AIMS)	53,477	-	(53,477)	-
Eastern Cape Red Meat Development programme	4,130	7,000	(7,953)	3,177
Total	103,530	9,656	(92,257)	20,929

Agent and Principal sponsorship funding

Name of project	Opening balance	Amount received/ receivable	Amount utilised/ Returned	Closing balance
2018/19	R'000	R'000	R'000	R'000
Vineyard Development Scheme	1,018	-	(398)	620
Maize Meat Hub Feedlot	2,716	-	(2,472)	244
Australian Centre for International Agricultural Research (ACIAR)	649	-	(139)	510
Total	4,383	-	(3,009)	1,374

2.1 Strategic Infrastructure Project: SIP 11

An amount of R145,000.00 was deferred to the statement of financial position during the previous financial year 2017/18. The funding was provided by Department of Agriculture Forestry and Fisheries for the implementation of the Strategic Infrastructure Project.

An amount of R61,000.00 was utilised. The balance of R84,000.00 was deferred to the statement of financial position.

2.2 Vineyard Development Scheme project

An amount of R1,018,000.00 was deferred to the statement of financial position in 2017/18 financial year, and no additional amount 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 R398,000.00 was utilised, and the balance of R620,000.00 was deferred to the statement of financial position.

2.3 Supply Chain Logistic Programme: Western Cape Department of Agriculture

An amount of R73,000.00 was deferred to the statement of financial position in 2017/18 financial year. An additional amount of R500,000.00 was received. These funds were received for the purpose of implementing the Southern Africa Development Community Supply Chain & Logistics Development programme.

An amount of R31,000.00 was utilised. The balance of R542,000.00 was deferred to the statement of financial position.

2.4 National Red Meat Development Project

An amount of R42,958,000.00 was deferred to the statement of financial position in 2017/18 financial year. These funds were received for the development of Red Meat Production Centres in nine (9) provinces.

An amount of R28,589,000.00 was utilised, and the balance of R14,369,000.00 was deferred to the statement of financial position.

2.5 Agricultural Information Marketing System: (AIMS)

An amount of R53,477,000.00 was deferred to the statement of financial position in 2017/18 financial year. An amount of R53,477,000.00 was returned to the National Treasury in October 2018 as per directive from National Treasury, as Service level agreements signed between the NAMC and the Department of Agriculture, Forestry and Fisheries expired.

2.6 Agricultural Sector, Education Training Authority (AgriSeta)

An amount of R15,000.00 was deferred to the statement of financial position in 2017/18 financial year. An additional amount of R2,156,000.00 was received from AgriSeta for bursaries and interns for 2018/19 financial year.

An amount of R2,017,000.00 was utilised, and an amount of R154,000.00 was deferred to the statement of financial position.

2.7 Smallholder Farming in Agro-processing Industry

An amount of R199,000.00 was deferred to the statement of financial position in 2017/18 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 R126,000.00 was been utilised and the balance of R73,000.00 was deferred to the statement of financial position.

2.8 Australian Centre for International Agricultural Research (ACIAR)

An amount of R649,000.00 was deferred to the statement of financial position in 2017/18 financial year. 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 R139,000.00 was been utilised and the balance of R510,000.00 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 R2,217,000.00 was deferred to the statement of financial position in 2017/18 financial year, an amount of R3,000.00 had been utilised and the balance of R2,214,000.00 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 R316,000.00 was deferred to the statement of financial position in 2017/18 financial year. As at this reporting date, no amount had been utilised and the balance of R316,000.00 was deferred to the statement of financial position.

2.11 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 R2,716,000.00 was deferred to the statement of financial position in 2017/18 financial year. An amount of R2,472,000.00 had been utilised and the balance of R244,000.00 was deferred to the statement of financial position.

2.12 Eastern Cape Red Meat Development project

An amount of R4,130,000.00 was deferred in the statement of financial position in 2017/18. The funds were received from Eastern Cape of Department of Agriculture, Rural Development and Agrarian Reform to support the National Red Meat project in the Eastern Cape. An additional amount of R7,000,000.00 was received.

An amount of R7,953,000.00 was utilised, and the balance of R3,177,000.00 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 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 in alignment with King codes for strategic direction, policy, performance and accountability, 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 2019:

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

Their respective terms of reference are outlined in the 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 risks 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 June 2018, the internal audit was 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, Audit on Predetermined Objectives, Finance Discipline review 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

National Agricultural Marketing Council

Accounting Authority Responsibilities and Approval

The Accounting Authority is responsible for the preparation, integrity and fair presentation of the financial statements of the National Agricultural Marketing Council. The annual financial statements presented on pages 120 to 175 have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board, and include amounts based on judgements and estimates made by management. The Accounting Authority also prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the financial statements.

The going concern basis has been adopted in preparing the annual financial statements. The Accounting Authority has no reason to believe that the National Agricultural Marketing Council will not be a going concern in the foreseeable future. These annual financial statements support the viability of the National Agricultural Marketing Council. The annual financial statements as set out on pages 120 to 175 were approved and signed by the accounting authority on 31 July 2019 and were signed on their behalf by:



Mr. JH Prinsloo

Acting Chairperson

National Agricultural Marketing Council

National Agricultural Marketing Council

Statement of Financial Position

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	Notes	2019	Restated 2018
Assets			
Non-current assets			
Property, plant and equipment	12	12,852	5,252
Investment property	13	1,723	1,723
Intangible assets	14	375	247
Receivables from exchange transactions	10	251	251
Total non-current assets		15,201	7,473
Current assets			
Inventories	8	1,232	1,750
Receivables from non-exchange transactions	9	242	48,876
Receivables from exchange transactions	10	337	81
Cash and cash equivalents	11	18,527	62,199
Total current assets		20,338	112,906
Total assets		35,539	120,379
Liabilities			
Non-current liabilities			
Finance lease obligation	17	-	65
Deferred liability	20	-	53,477
Total non-current liabilities		-	53,542
Current liabilities			
Finance lease obligation	17	65	104
Operating lease payable	18	80	43
Payables from exchange transactions	19	2,531	2,900
Deferred liability	20	22,303	54,436
Total current liabilities		24,979	57,483
Total liabilities		24,979	111,025
Net assets		10,561	9,354
Represented by:			
Net asset			
Accumulated surplus		10,561	9,354
Total		10,561	9,354

National Agricultural Marketing Council

Statement of Financial Performance

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	Notes	2019	Restated 2018
Revenue from non-exchange transactions			
Government grants and subsidies	2	43,239	41,917
Other income/sponsorship	2	40,333	44,296
Revenue from exchange transactions			
Rendering of services	2	582	777
Interest income	2	6,315	6,060
Insurance profit and loss	2	2	99
Gross surplus		90,471	93,149
Expenses		(88,993)	(90,144)
Administrative expenses	5	(5,969)	(5,953)
Operating expenses	6	(33,727)	(36,605)
Depreciation and amortisation	4	(924)	(4,803)
Personnel expenditure	3	(48,361)	(42,760)
Finance costs		(12)	(23)
Profit/(Loss) on disposal of property, plant & equipment and investments property	6	(229)	315
Loss on write-down of inventory	6	(42)	-
Surplus from operating activities		1,207	3,320
Surplus for the year		1,207	3,320
Surplus for the year attributable to:			
Owners of the controlling entity		1,207	3,320
Surplus/(Deficit) for the year		1,207	3,320

National Agricultural Marketing Council

Statement of Changes in Net Assets

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	Accumulated surplus	Total
Balance at 1 April 2017 as previously reported	4,034	4,034
Increase (decrease) due to corrections of prior period errors	2,000	2,000
Balance at 1 April 2017 as restated	6,034	6,034
Changes in equity		
Surplus for the period	3,320	3,320
Balance at 31 March 2018 as restated	9,354	9,354
Balance at 1 April 2018 as previously reported	9,258	9,258
Increase (decrease) due to corrections of prior period errors	96	96
Balance at 1 April 2018 as restated	9,354	9,354
Changes in equity		
Surplus for the period	1,207	1,207
Balance at 31 March 2019 as restated	10,561	10,561

National Agricultural Marketing Council

Statement of Cash Flows

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	Notes	2019	2018
Cash flows (used in) / from operating activities			
Cash receipts		103,942	80,233
Project receipts		58,177	36,547
Other receipts		2,526	1,769
Receipts from government		43,239	41,917
Cash paid to suppliers and employees		(144,927)	(96,669)
Payments to suppliers for goods and services		(13,189)	(14,853)
Payments to suppliers - projects		(29,894)	(40,155)
Funds returned to National Treasury		(53,477)	-
Payments to and on behalf of employees		(35,942)	(31,533)
Payments to and on behalf of employees - projects		(12,425)	(10,128)
Net cash flows used in operations	7	(40,985)	(16,436)
Interest received		6,315	5,834
Insurance proceeds	2	2	99
Net cash flows (used in) / from operating activities		(34,668)	(10,503)
Cash flows used in investing activities			
Proceeds from sales of property, plant and equipment		-	-
Purchase of property, plant and equipment	12	(8,548)	(3,315)
Proceeds from sales of investment property		-	550
Purchase of intangible assets	14	(334)	(52)
Cash flows used in investing activities		(8,882)	(2,817)
Cash flows used in financing activities			
Finance lease payments		(110)	(122)
Finance costs		(12)	(23)
Cash flows used in financing activities		(122)	(145)
Net (decrease) / increase in cash and cash equivalents		(43,672)	(13,465)
Cash and cash equivalents at beginning of period		62,199	75,666
Cash and cash equivalents at end of period	11	18,527	62,199

The cash flow has been prepared on a cash basis.

National Agricultural Marketing Council

Statement of Comparison of Budget and Actual Amounts

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	Approved budget	Virement	Final budget	Actual amount on comparative basis	Difference between final budget and actual	Var. %	Reference
Revenue							
Revenue from non-exchange transactions							
Government grants and subsidies	43,239	-	43,239	43,239	-	0 %	
Other income/sponsorship utilised	-	-	-	40,333	40,333	100 %	
Revenue from exchange transactions							
Rendering of services	-	-	-	582	582	100 %	
Interest	-	-	-	6,315	6,315	100 %	
Insurance proceeds	-	-	-	2	2	100 %	
Total revenue	43,239	-	43,239	90,471	47,232	109 %	24.1.1
Expenses							
Personnel expenditure	29,610	-	29,610	36,007	(6,397)	-22 %	24.1.2
Personnel expenditure (NRMDP Project)	-	-	-	12,354	(12,354)	-100 %	24.1.2
Administration expenses	11,241	(656)	10,585	3,952	6,633	63 %	24.1.3
Administration projects	-	-	-	2,017	(2,017)	-100 %	24.1.3
Operating expenses	2,363	656	3,019	10,285	(7,266)	-241 %	24.1.4
Operating expenses (Projects)	-	-	-	23,442	(23,442)	-100 %	24.1.4
Depreciation and amortisation	-	-	-	924	(924)	-100 %	24.1.5
Gain on Disposal of assets	-	-	-	271	(271)	-100 %	
Finance costs	25	-	25	12	13	52 %	
Total expenses	43,239	-	43,239	89,264	(46,025)	-106 %	
(Deficit) / surplus before tax	-	-	-	1,207	1,207		

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

Initial Measurement

Tangible non-current assets are initially measured at cost. Where an asset is acquired through a nonexchange 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.

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 - 13 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 - 15 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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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.

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 13 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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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

Item	Estimated useful life in years
Computer software	3 - 12 years

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

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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.

Measurement

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. 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

The entity's inventory consist of Stationery, Animal feed and Property held for sale.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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.

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, 16 and 17 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 and commitment for contracts signed with the service providers, of which as at 31 March the contracts had not expired.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2019

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 34	Separate Financial Statements	1-Apr-19
GRAP 35	Consolidated Financial Statements	1-Apr-19
GRAP 36	Investments in Associates and Joint Ventures	1-Apr-20
GRAP 37	Joint Arrangements	1-Apr-20
GRAP 38	Disclosure of Interests in Other Entities	1-Apr-20
GRAP 38	Disclosure of interest in Other entities	1-Apr-20
GRAP 109	Accounting for principal and agents	1-Apr-19
IGRAP 1	Applying the probability test on initial recognition revenue (amendments)	1-Apr-20
IGRAP 18	Recognition and Derecognition of land	1-Apr-19
IGRAP 19	Liabilities to pay levies	1-Apr-19
IGRAP 20	Accounting for adjustments to revenue	1-Apr-20
GRAP 20	Related party disclosures	1-Apr-19
GRAP 110	Living and Non-living Resources	1-Apr-20

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.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	2019	2018
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2. Revenue

2.1 Revenue from exchange transactions consists of the following amounts

Management fee for rendering of services	582	777
Interest income	6,315	6,060
Proceeds from insurance	2	99
	6,899	6,936

Interest income is generated through investment of surplus funding.

2.1.1 Management fee for rendering of service

The amount included in rendering of services arose from exchange transactions of R581,357 (2018 R776 534) relating to Vineyard Development Scheme, National Redmeat Development Project, Supply Chain Logistic Programme and Ceres abattoir projects.

2.1 Revenue from non-exchange transactions consists of the following amounts

Department of Agriculture - MTEF Allocation	43,239	41,917
Other income/sponsorship utilised	40,333	44,296
	83,572	86,213

3. Personnel expenditure

3.1 Personnel expenditure is analysed as follows:

Non-management	33,957	29,810
Basic salaries	25,137	22,646
Termination accruals: NRMDP	-	1,065
Performance bonuses	3,022	2,002
Other non-pensionable allowance	1,198	1,015
Leave payments on resignation	16	162
UIF	371	261
Other salary related cost	429	365
Pension: Post employment benefits	3,784	2,274
Settlement agreement amount paid	-	20
Senior management remuneration	Note 16 13,270	11,921
Council members' remuneration	Note 15 1,134	1,029
Total personnel expenditure	48,361	42,760

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	2019	2018
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4. Depreciation and amortisation

4.1 Depreciation and amortisation is analysed as follows:

Depreciation

Property, plant and equipment

Investment property

Amortisation

Intangible assets

718	4,640
718	4,613
-	27
206	163
206	163
924	4,803

Total depreciation and amortisation

5. Administrative expenses

5.1 Administrative expenses consist:

General administrative expenses

Printing and stationery

Audit committee fees

Auditors remun. - fees

Internal audit fees

Bank charges

IT costs

Promotions and publicity

Refreshments and catering

Training and development

814	895
679	796
565	181
784	686
229	418
107	52
1,196	1,384
2	5
168	131
1,425	1,405
5,969	5,953

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	2019	2018
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6. Operating expenses

6.1 Operating expenses consist:

Rentals in respect of operating lease	2,913	3,354
Levy costs	293	415
Municipal charges	1,453	1,060
Communication costs	251	289
Project expenses	23,442	25,827
Section 7 Committees and Consultancy	655	448
Computer consumables	17	11
Courier and delivery charges	23	36
Maintenance, repairs and running costs	93	83
Research & workshops	1,457	2,047
Travel and subsistence	3,130	3,035
Total other expenses	33,727	36,605

Additional details as required.

Other gains and losses

6.2 Other gains and losses consist:

Gain or loss on disposal of assets	229	(315)
Gain or loss on write downs on inventory	42	-
Total other gains and losses	271	(315)

Additional details as required.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	2019	2018
7. Reconciliation of (deficit)/surplus for the year to net cash flows from operating activities		
Surplus for the year	1,207	3,320
Adjustments to reconcile surplus		
Adjustments for finance income	(6,315)	(6,060)
Adjustments for finance costs	12	23
Adjustments for decrease in inventories	518	755
Adjustments for decrease in trade accounts receivable	48,634	(48,397)
Adjustments for discount received	-	(75)
Adjustment for inventory donation received	-	352
Adjustments for increase in other operating receivables	(256)	(56)
Adjustment for decrease or increase in trade accounts payable	(367)	(154)
Adjustments for decrease in deferred income	(85,611)	29,314
Adjustments for depreciation and amortisation expense	924	4,801
Adjustments for increase finance lease	-	57
Adjustments for gains and losses on disposal of non-current assets	269	(315)
Total adjustments to reconcile surplus	(42,192)	(19,755)
Net cash flows from operations	(40,985)	(16,436)

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	2019	2018
8. Inventories		
8.1 The balances of inventories are as follows:		
Consumable stores	22	52
Inventory on hand (Feed)	1,210	1,698
Property held for sale		-
Total current inventories	1,232	1,750

Inventories were not pledged as security for liabilities.

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

11,352 9,851

The inventory purchase is recognised in the statement of financial performance as and when inventories are issued.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	2019	2018
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9 Receivables from non-exchange transactions

9.1 Receivables from non-exchange transactions comprise:

Receivables from non-exchange transactions	242	48,876
Total current receivables	242	48,876

The receivables are mainly for invoices raised towards the end of the financial year relating to Agricultural Research Council and Tralac. Receivables for prior year relates to invoices raised relating to National Red Meat Development project funded by Department of Rural Development and Land Reform.

10. Receivables from exchange transactions

10.1 Receivables from exchange transactions comprise:

Prepayments	337	81
Deposits	251	251
	588	332
Less non-current portion	(251)	(251)
Total current receivables	337	81

10.2 Items included in Receivables from exchange transactions not classified as financial instruments

Prepayments	337	81
Total non-financial instruments included in trade and other receivables	337	81

Financial assets that are not past due	77	48,780
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National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	2019	2018
11. Cash and cash equivalents		
11.1 Cash and cash equivalents comprise:		
Cash		
Cash on hand	2	2
Balances with banks	18,525	62,197
Total cash	18,527	62,199
Total cash and cash equivalents included in current assets	18,527	62,199
Net cash and cash equivalents	18,527	62,199

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 21 of the annual financial statements.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

12. Property, Plant and Equipment

12.1. Balances at year end and movements for the year

Figures in R `000	Leasehold improvements	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Leased office equipment	Farming equipment	Operational Buildings	Total
Reconciliation for the year ended 31 March 2019									
Balance at 1 April 2018									
At cost	1,293	1,072	1,062	328	1,731	148	88	11,431	17,153
Accumulated depreciation	(1,238)	(475)	(826)	(215)	(1,268)	(94)	(77)	(7,708)	(11,901)
Gross carrying amount	55	597	236	113	463	54	11	3,723	5,252
Movements for the year ended 31 March 2019									
Additions other than through business combinations	47	-	100	166	530	-	353	7,352	8,548
Depreciation	(21)	(97)	(75)	(48)	(216)	(50)	(16)	(194)	(717)
Disposals	-	-	(2)	-	(5)	-	-	(224)	(231)
Property, plant and equipment at end of period	81	500	259	231	772	4	348	10,657	12,852
Closing balance at 31 March 2019									
At cost	1,340	1,072	1,159	493	2,041	145	389	18,133	24,772
Accumulated depreciation	(1,259)	(572)	(900)	(262)	(1,269)	(141)	(41)	(7,476)	(11,920)
Gross carrying amount	81	500	259	231	772	4	348	10,657	12,852

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

Included in the gross carrying amount as at 31 March 2109 are the assets relating to National Red Meat Development Project of which the carrying amount is R11,438,000.00.

Repairs and maintenance

A total amount of R67,982.00 has been spent on repairs and maintenance on assets under leasehold improvements, computer equipment,

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

furniture and motor vehicles.

Figures in R `000	Leasehold improvements	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Leased office equipment	Farming equipment	Operational Buildings	Total
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Reconciliation for the year ended 31 March 2019

Balance at 1 April 2018

At cost	1,264	884	1,027	227	1,731	274	88	8,774	-	14,269
Accumulated depreciation	(1,193)	(308)	(768)	(189)	(1,078)	(171)	(55)	(3,900)	-	(7,662)
Gross carrying amount	71	576	259	38	653	103	33	4,874	-	6,607

Movements for the year ended 31 March 2019

Additions other than through business combinations	29	294	35	101	100	3	2	2,751	-	3,315
Depreciation	(45)	(218)	(58)	(26)	(285)	(52)	(24)	(3,902)	-	(4,610)
Disposals	-	(55)	-	-	(5)	-	-	-	-	(60)
Property, plant and equipment at end of period	55	597	236	113	463	54	11	3,723	-	5,252

Closing balance at 31 March 2019

At cost	1,293	1,072	1,062	328	1,731	148	88	11,431	-	17,153
Accumulated depreciation	(1,238)	(475)	(826)	(215)	(1,268)	(94)	(77)	(7,708)	-	(11,901)
Gross carrying amount	55	597	236	113	463	54	11	3,723	-	5,252

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

For the period under review no tangible assets were pledged as securities for liabilities.

13. Investment property

13.1 Balances at year end and movements for the year: '2019

	Land	Building	Total
Reconciliation for the year			
Balance at start of year			
At cost	550	1,200	1,750
Accumulated depreciation	-	(27)	(27)
Gross carrying amount	550	1,173	1,723

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

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

No rental income was generated by NAMC as there was no rental agreement signed with the tenant. The NAMC appointed an agent to arrange for signing of the lease agreement, however the Agent was unable to get access to the house. The NAMC engaged in a process of evicting the tenant out of the property, the matter is being handled by the State Attorney.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

14. Intangible assets

14.1 Reconciliation of changes in intangible assets

	Computer Software	Computer Software NRMDP	Total
Reconciliation for the year ended 31 March 2019			
Balance at 1 April 2018			
At cost	748	89	837
Accumulated amortisation	(508)	(82)	(590)
Net carrying amount	240	7	247
Movements for the year ended 31 March 2019			
Acquisitions	334	-	334
Amortisation	(204)	(2)	(206)
Intangible assets at end of period	370	5	375
Closing balance at 31 March 2019			
At cost	1,061	89	1,150
Accumulated amortisation	(691)	(84)	(775)
Gross carrying amount	370	5	375

No intangible assets were pledged as security for liabilities.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

	Computer Software	Computer Software NRMDP	Total
Reconciliation for the year ended 31 March 2018			
Balance at 1 April 2017			
At cost	695	89	784
Accumulated amortisation	(375)	(52)	(427)
Net carrying amount	320	37	357
Movements for the year ended 31 March 2019			
Acquisitions	52	-	52
Amortisation	(132)	(30)	(162)
Intangible assets at end of period	240	7	247
Closing balance at 31 March 2019			
At cost	748	7	755
Accumulated amortisation	(508)	-	(508)
Gross carrying amount	240	7	247

No intangible assets were pledged as security for liabilities.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

15. Council members' emoluments

	Fees for Services	Total 2019	Total 2018
Members Name			
Prof. PK Chauke: Chairperson (Contract terminated in May 2019)	150	150	124
Mr JH Prinsloo: Vice-Chairperson	80	80	95
Mr. S Faku	120	120	99
Mrs. F Mkile	99	99	78
Mr HT Mohane	106	106	100
Ms N. Mokose	184	184	120
Mr B Mogatle	58	58	47
Dr D Rangaka	104	104	92
Mr. GM Schutte	179	179	113
Mr. ZW Wapi	54	54	85
Mr. A Hendricks	-	-	4
Dr. JL Purchase	-	-	3
Mrs. JM vd Merwe	-	-	21
Dr. LL Magingxa	-	-	16
Ms. M Gill	-	-	15
Ms TE Zimu	-	-	15
Total	1,134	1,134	1,029

Remuneration paid to Audit and Risk Committee members

Chairperson: P Slack- Term ended in August 2018	28	56
Member:AR Ngwenya: Term ended in September 2018	85	124
Dr. P Dala: Chairperson of Risk Management Committee and Audit & Risk Committee member: Appointed in September 2018	219	-
Ms. AG Mafuleka: Appointed in September 2018	90	-
Ms. L Mothae: Chairperson of Audit & Risk Committee: Appointed in September 2018	143	-
	565	181

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

16. Senior managers' emoluments

	Basic salary	Performance bonus	Pension contribution payments	Uf	Total 2019	Total 2018
Mr R Ramabulana - Chief Executive Officer: Resigned in April 2017	-	-	-	-	-	282
Mr Z Xalisa - Chief Executive Officer (Appointed 1 December 2017)	1,864	355	266	2	2,487	2,126
Ms F Netili - Chief Financial Officer	1,463	279	209	2	1,953	1,898
Mr Schalk Burger - Senior Manager – Statutory Measures	1,136	216	234	2	1,588	1,560
Mr. B. Nyhodo: Acting Senior Manager - Agritrust	1,136	216	162	2	1,516	1,008
Ms V. Nkobi - Senior Manager: Human resources	1,136	216	162	2	1,516	1,473
Dr. S Ngqangweni - Senior Manager - MERC	1,136	216	162	2	1,516	1,473
Ms KC Mosoma - Senior Manager – Agribusiness Development	1,136	216	162	2	1,516	1,473
Mr Marishane - Compliance and Risk Manager Appointed in June 2018	474	72	68	1	615	629
Ms Van der Walt - Legal Manager: Resigned December 2018	444	-	61	1	506	-
Mrs E Mpete - Legal Manager: Appointed March 2019	49	-	7	1	57	-
	9,974	1,786	1,493	17	13,270	11,921

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	2019	2018
17. Finance lease obligation		
17.1 Finance lease obligation is analysed as follows:		
Finance lease obligations: Leased equipment	65	169
	65	169
Non-current liabilities	-	65
Current liabilities	65	104
	65	169

17.2 Finance lease obligations - lease payment reconciliations

Gross finance lease obligations - minimum lease payments

Not later than one year	67	116
Later than one year and not later than five years	-	68
	67	184
Future finance charges on finance lease liabilities	(3)	(15)
Present value of finance lease liabilities	64	169
Present value of finance lease obligations net of impairments	64	169

The National Agricultural Marketing Council has during the period under review made a total contribution of R110,000.00 to finance leases as defined in GRAP13.

The finance lease liability for the entity are photocopying machines. At the inception of the lease the interest rate was estimated at the prime rate. The entity leased photocopiers from Konica Minolta for a period of 36 months.

Terms and conditions

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

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Figures in R `000	2019	2018
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18. Operating lease liabilities

18.1 Operating lease liabilities are analysed as follows:

Operating lease liability	80	43
	80	43
Current liabilities	80	43

18.2 Future minimum lease payments

Not later than one year	3,214	1 320
Later than one year and not later than five years	1,076	63
	4,290	1 383

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.	2,913	3 354
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19. Payables from exchange transactions

19.1 Payables from exchange transactions are made up as follows:

Trade creditors	1,551	1 054
Liabilities directly associated with the assets held for sale	144	0
Termination accruals	-	1 065
Leave accrual	835	781
Total payables from exchange transactions	2,530	2 900

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

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

20. Deferred Liabilities

20.1 Deferred revenue

Name of project	Opening balance	Amount received/ receivable	Amount utilised/ Returned	Closing balance
2019				
Strategic Infrastructure Project: SIP 11	145	-	(61)	84
Supply Chain Logistic Programme (Western Cape)	73	500	(31)	542
Agricultural Sector Education, Training Authority (AgriSeta)	15	2,156	(2,017)	154
Smallholder Farming in Agro-processing industry	199	-	(126)	73
Ceres abattoir	2,217	-	(3)	2 214
Operation Phakisa	316	-	-	316
National Red Meat Development Programme (NRMDP)	42,958	-	(28,589)	14 369
Agricultural Information Management System: (AIMS)	53,477	-	(53,477)	0
Eastern Cape Red Meat Development programme	4,130	7,000	(7,953)	3 177
Total	103,530	9,656	(92,257)	20 929

Agent and principal liability

2019				
Vineyard Development Scheme	1,018	-	(398)	620
Maize Meat Hub Feedlot	2,716	-	(2,472)	244
Australian Centre for International Agricultural Research (ACIAR)	649	-	(139)	510
Total	4,383	-	(3,009)	1 374

Vineyard

Included in the amount received for Vineyard Development Scheme, is interest of R4,706 (2018: R4 975).

Total liabilities 2018/2019

22,303

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Name of project	Opening balance	Amount received/receivable	Amount utilised/Returned	Closing balance
2018				
Strategic Infrastructure Project: SIP 11	561	-	(416)	145
Supply Chain Logistic Programme (Western Cape)	464	-	(391)	73
Agricultural Sector Education, Training Authority (AgriSeta)	3	1,756	(1,744)	15
Smallholder Farming in Agro-processing industry	540	-	(341)	199
Ceres abattoir	5,983	-	(3,766)	2 217
9	217	340	(241)	316
Eastern Cape Red Meat Development programme	14,063	63,908	(35,013)	42 958
National Red Meat Development (NRMDP)	-	5,609	(1,479)	4 130
Agricultural Information Management System: (AIMS)	46,227	7,310	(60)	53 477
Total	68,073	78,923	(43,466)	103 530

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

Agent and principal liability

2018

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
Total	10,526	8,685	(14,828)	4 383

Total liabilities 2017/2018

107 913

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.

National Agricultural Marketing Council

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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 R919,000.00. The NAMC act 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

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.

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

	Carrying amount	
Financial assets at amortised cost		
Cash and cash equivalents	18,527	62,199
Receivables	493	49,127
	19,020	111,326
Financial liabilities at amortised cost		
Finance leases	65	169
Payables	2,530	2,900
	2,595	3,069

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Prepayments are excluded from financial instruments in both financial years

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

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
2019			
Interest income	6,315	-	6,315
Finance costs	-	(12)	(12)
Total	6,315	(12)	6,303
2018			
Interest income	6,060	-	6,060
Finance costs	-	(23)	(23)
Total	6,060	(23)	6,037

Exposure to risks: Credit risk

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

Financial assets at amortised cost

Cash and cash equivalents
Receivables

Carrying amount	
2019	2018
18,527	62,199
493	49,127
19,020	111,326

Financial assets at amortised cost

Finance leases
Payables

65	169
2,530	2,900
2,595	3,069

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

21.2.3 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.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

	2019		2018	
	Gross	Impairment	Gross	Impairment
Cash and equivalents				
Neither past due nor impaired	18,527	-	62,199	-
Receivables				
- Past due but not impaired	96	-	-	-
- Neither past due nor impaired	397	-	49,127	-
Total	19,020	-	111,326	-

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
2019				
Finance lease liabilities	65	65	65	-
Payables	2,530	2,530	-	-
Total	2,595	2,595	65	-
2018				
Finance lease liabilities	169	169	104	65
Payables	2,900	2,900	-	-
Total	3,069	3,069	104	65

Exposure to risk: Market risk

Interest rate risk

Concentration of interest rate risk

Variable rate instruments

Financial assets	18,527	62,199
Financial liabilities	(65)	(169)
Total	18,462	62,030

Variable rate instruments

Financial assets	493	49,127
Financial liabilities	(2,530)	(2,900)
Total	(2,037)	46,227

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Figures in R `000

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

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 rate	Current balance	Upward change (+1%)	Downward change (-1%)
2019				
Net surplus		1,207	1,392	1,022
Change in net surplus			15	(15)
Cash and cash equivalents	0.01	18,527	185	(185)
Net Surplus for the year				
Change in Net Surplus		1,207	1,206	1,208
Finance lease	0.01		(0.05)	0.05
		65	(1)	1
2018				
Net surplus		3,320	3,942	2,698
Change in net surplus			50	(50)
Cash and cash equivalents	0.01	62,199	622	(622)
Net Surplus for the year				
Change in Net Surplus		3,320	3,318	3,322
Finance lease	0.01		(0)	0
		169	(2)	2

National Agricultural Marketing Council

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22. Related parties

Parties related to National Agricultural Marketing Council

Relationship	Estimated useful life in years
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
Agricultural Research Council (under common control)	Agricultural Research Council

Related parties transactions

Department of Agriculture, Forestry and Fisheries - Grant	43,239	41 917
Department of Agriculture, Forestry and Fisheries -Strategic Infrastructure Project, Operation Phakisa and ACIAR.	200	939
Department of Rural Development and Land Reform- National Red meat Development, Ceres abbatoir and Maize Hub Project	31,064	40 993
Land and Agricultural Bank of South Africa	350	214
Agricultural Research Council	68	-
	74,921	84 063

The transaction with related party transactions indicate the amounts utilised and receivable from grants/sponsorship from related parties during 2018/19.

Related parties balance

Department of Agriculture, Forestry and Fisheries -Strategic Infrastructure Project, Operation Phakisa and ACIAR	910	1 110
Department of Rural Development and Land Reform	16,827	47 891
	17,737	49 001

The balances on related parties indicates the conditional grants remaining to be utilised during the financial year 2019/20. The balances disclosed are interest free and not secured.

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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.

None

Change in Accounting estimates

During the current period 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 R1,9 million.

National Agricultural Marketing Council

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24. Budget differences

24.1 Material differences between budget and actual amounts

24.1.1 Revenue

An increase in total revenue of R47 million mainly relates to R40 million received and utilised for sponsorship projects as disclosed under note 21 of the financial statements, and other sponsorships and donations received in the current financial year for an amount of R800 and the interest of R6,3 million was generated from investment of surplus funds.

24.1.2 Personnel expenditure

An unfavourable variance of R6,3 million is as a result of salaries for interns and performance bonuses which are not budgeted for. 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 R6,6 million is as a result of 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 R7,3 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

A variance of R924,000.00 on depreciation and amortisation is due to the depreciation not budgeted for.

24.2 Budget and the actual amounts basis of preparation and presentation.

The approved budget covers the period from 1 April 2018 to 31 March 2019, 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.

National Agricultural Marketing Council

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25. Segment reporting

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

Sub Programme 1.2

Sub Programme 1.3

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.

National Agricultural Marketing Council

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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.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

Segment surplus or deficit, assets and liabilities

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
Revenue						
Revenue from non-exchange transactions	27,467	11,901	2,708	2,096	39,402	83,574
Revenue from exchange transactions	-	20	-	-	562	582
Total segment revenue	27,467	11,921	2,708	2,096	39,964	84,156
Expenses						
Salaries and wages	17,782	10,556	3,055	2,035	14,933	48,361
Depreciation and amortisation	691	-	-	-	233	924
Other expenses	12,829	1,742	146	660	24,548	39,925
Impairment loss on inventory					42	42
Total segment expenses	31,302	12,298	3,201	2,695	39,756	89,252
Total segment surplus	(3,835)	(377)	(493)	(599)	208	(5,096)
Interest revenue	6,315	-	-	-	-	6,315
Interest expense	12	-	-	-	-	12
Surplus for the period	2,468	(377)	(493)	(599)	208	1,207

National Agricultural Marketing Council

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Audited Financial Statements for the year ended 31 March 2019

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
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2019

Assets

Segment assets (tangible assets)	3,918	-	-	-	10,657	14,575
Segment assets (intangible assets)	375	-	-	-	-	375
Receivable from exchange and Non-exchange transactions	830	-	-	-	-	830
Inventory	22	-	-	-	1,210	1,232
Cash and cash equivalent	266	3,148	-	-	15,113	18,527
Total assets	5,411	3,148	-	-	26,980	35,539

Liabilities

Other Liabilities	262	156	17	32	368	835
Segment liabilities	778	3,288	25	29	20,023	24,143
Total Liabilities	1,040	3,444	42	61	20,391	24,978

Other information

Capital expenditure	894	-	-	-	7,987	8,881
Non-cash items excluding depreciation	1	-	-	-	-	1
Accrued expense	512	91	25	29	978	1,635
Deferred revenue	154	3,197	-	-	18,952	22,303

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2019

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
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2018

Revenue

Revenue from non-exchange transactions	24,631	16,022	2,709	1,755	41,196	86,313
Revenue from exchange transactions	-	204	-	-	573	777
Proceeds from insurance	-	-	-	-	-	-
Share of surplus of associates	-	-	-	-	-	-
Total segment revenue	24,631	16,226	2,709	1,755	41,769	87,090

Expenses

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	18,990	42,244
Total segment expenses	30,904	16,809	3,017	2,121	36,956	89,807

Total segment surplus

	(6,273)	(583)	(308)	(366)	4,813	(2,717)
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Interest revenue	6,060	-	-	-	-	6,060
Interest expense	23	-	-	-	-	23

Surplus for the period	(236)	(583)	(308)	(366)	4,813	3,320
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National Agricultural Marketing Council

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Audited Financial Statements for the year ended 31 March 2019

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
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2018

Assets

Segment assets (tangible assets)	3,068	-	-	-	3,907	6,975
Segment assets (intangible assets)	240	-	-	-	7	247
Receivable from exchange and Non-exchange transactions	765	-	3	-	48,440	49,208
Inventory	52	-	-	-	1,698	1,750
Cash and cash equivalent	736	57,288	12	7	4,156	62,199
Total assets	4,861	57,288	15	7	58,208	120,379

Liabilities

Other Liabilities	325	167	77	7	1,486	2,062
Segment liabilities	412	57,288	12	7	51,244	108,963
Total Liabilities	737	57,455	89	14	52,730	111,025

Other information

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

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26. Contingent liabilities

26.1 Categories of contingent liability

Nature of contingent liability		2019 Estimated amount R'000
Claims against NAMC by a service provider, including interests	Breach of contract by NAMC	7,892
Claim against NAMC by former employee of Transkei Agricultural Marketing Board	Labour dispute	200
Total Contingent Liabilities		8,092

26.2 Contingent Assets

Claims against a service provider by NAMC	Breach of contract by Altivex	4,047
Claim against a service provider by NAMC	Breach of contract by Kgalagadi Trading and Investments	182
Total Contingent Assets		4,229

National Agricultural Marketing Council

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Litigation claim against the service provider by NAMC

During 2016/17 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 supply construction material for the 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 plus interest accrued of R1,358,000 and legal costs of R500,000.00. The NAMC in pleading to the particulars of claims of Altivex, made a counterclaim against Altivex 731 (Pty) Ltd of an amount of R3,352,000 plus interest of R695,000. The NAMC plea and counterclaim has been filed and Altivex is yet to plea to NAMC' Counter claim.

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. The lawyer's opinion is that the cases will be favourable to NAMC.

Claim by former employee of Transkei Agricultural Marketing Board

The NAMC has received a summon from high court of South Africa with regard to reinstatement of former employee to his former position of a General Manager of which the former employee was occupying before the disbandment of the Transkei Marketing 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.

National Agricultural Marketing Council

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27. Fruitless and Wasteful expenditure

Reconciliation of Fruitless and Wasteful Expenditure

Opening balance -

Add: Fruitless and Wasteful expenditure - current year

Add: Fruitless and Wasteful expenditure - prior year

Less: Condoned or written off by relevant authority

Less: Transfer to receivables for recovery

Fruitless and wasteful expenditure closing balance

12	-
-	12
522	-
(12)	-
-	-
522	12

The fruitless and wasteful expenditure relates to the payment of R11,750.00 paid to an incorrect bank account. The investigations were conducted and disciplinary hearing conducted, The final report from hearing did not recommend recovery of the loss.

Fruitless and Wasteful expenditure of R522,000.00 relates to expenditure incurred on AIMS project which NAMC was supposed to implement on behalf of Department of Agriculture, Forestry and Fisheries. The project was not implemented and the funds that were ringfenced for this project were returned to National Treasury.

28. Irregular expenditure

Opening balance -

Add: Irregular expenditure - current year

Add: Irregular expenditure - prior year

Less: Condoned by relevant authority

Less: Transfer to receivables for recovery

Irregular expenditure closing balance

-	-
27,410	-
9,701	-
-	-
37,111	-

Details of irregular expenditure under determination of investigation Incidents

Procurement of feed and constructions NRMDP years

Payment of Non-executive members under employment of state

Total

33,690	-
869	-
34,559	-

The irregular expenditure of R37,110,729.00 relates to payments of performance bonus of (356,000.00) and also noncompliance to procurement regulations.

Included in the amount of R869,000.00 paid to Non-executive members under the employment of state is the amount of R552,000.00 for prior years.

National Agricultural Marketing Council

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29. Tax exemption

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

30. Prior period errors

30.1 Investment property

Nature of prior period error

Rent receivable that was not collectible from the tenant of R96,250.00 was not accounted for in the prior year.

The underlying Investment property was acquired in February 2017, but was erroneously accounted for in the 2018 financial year, the effect was an understatement of revenue and asset in 2016/17 by R2,000,000.00 the revenue for 2017/18 was overstated by the same amount, the opening accumulated surplus was understated by R2,000,000.00.

Effects of the correction: 2018

Decrease in revenue	2,000
Increase in accumulated surplus	(2 000)
Fruitless and wasteful expenditure closing balance	12

30.2 Rental Income

Effects of the correction: 2018

Increase in revenue	(96)
Increase in receivables	(96)
Increase in accumulated surplus	0

31. Operational Commitments

Approved commitments

Goods and services	2,000	1,693
Total	2,000	1693

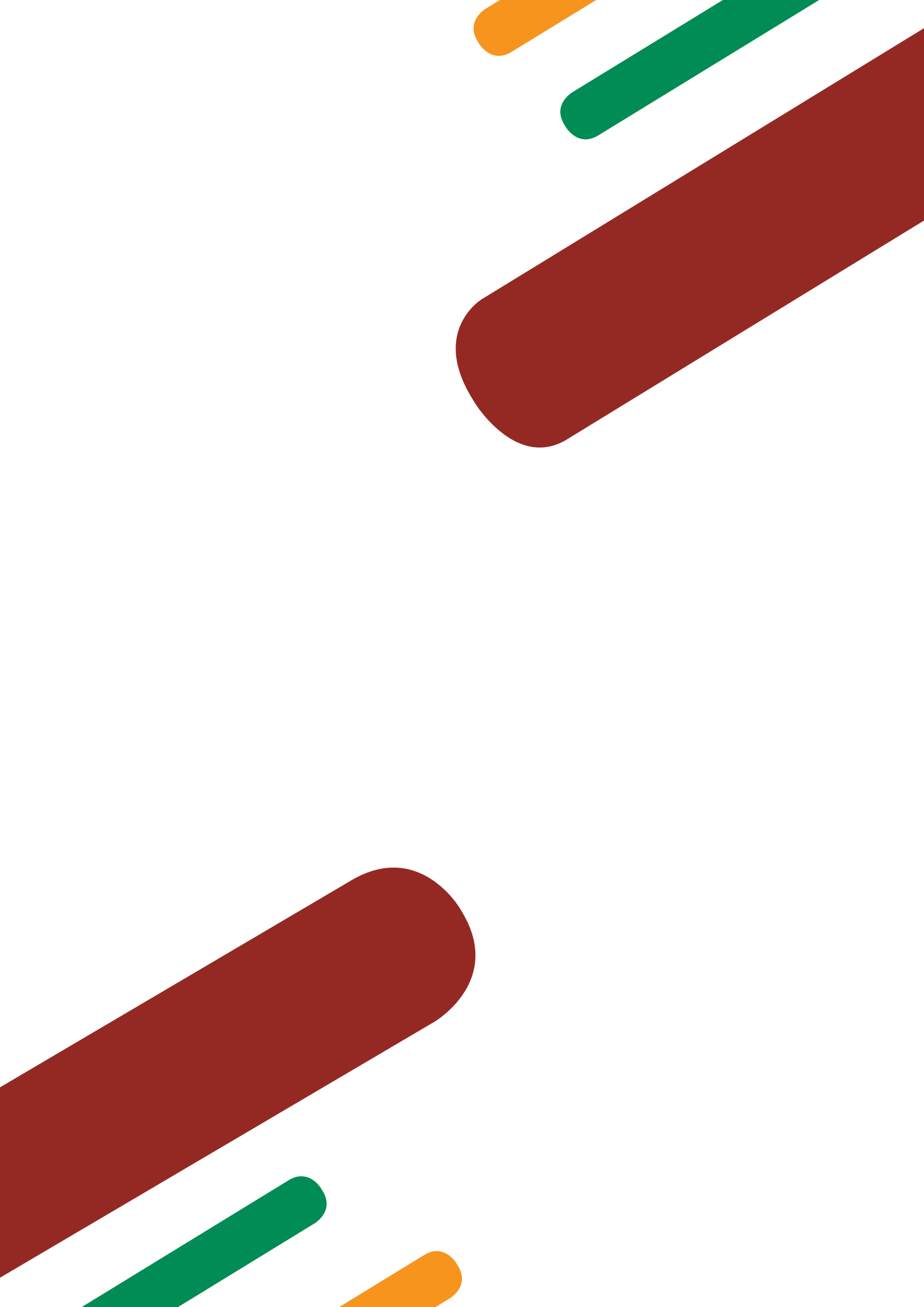
ANNEXURE A: CONTACT DETAILS

Table 26: Contact details of levy administrators and transformation managers

Administering Body	Contact Person	Transformation Manager
Cape Flora SA	Ms 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	Ms Sunet Vermeulen-Fenthum T 044 272 8991 F 044 279 2838 sunet@lucern.org.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	Mr 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	Ms Lindsay Humphreys T 041 4871386 F 041 487 1336 lindsay@mohair.co.za	
SA Macadamia Growers' Association	Ms Lizel Pretorius lazel@samac.org.za T 012 001 4107	Ms Bonnie Buthelezi bonnie@samac.co.za
SA Olive Industry	Ms Karien Bezuidenhout T 021 870 2900 F 021 870 2915 (F) karien@hortgro.co.za	Mr John Scrimgeour 0218683120 0833815287 buffet@icon.co.za

Administering Body	Contact Person	Transformation Manager
SA Table Grape Industry	Mr Willem Bestbier T 021 872 1438 F 021 872 4375 willem@sati.co.za	Mr Wilton September T 021 872 1438 F 021 872 4375 wilton@SATI.co.za
Raisons SA	Mr Ferdie Botha T 054 495 0283 ferdieb@raisonsa.co.za	Ms Simone Sell T: 054 495 0283 C: 071 814 2055 simones@raisinsa.co.za
SA Cultivar & Technology Agency (SACTA)	Mr Leon du Plessis T 012 807 3958 F 012 349 8707 leon@llagric.co.za	
South African Pecan Producers' Association	Mr Andre Coetzee 083 271 6577 andrecoetzee@hortgro.co.za	
South African Pork Producers' Organisation	Mr Johann Kotze T 012 100 3035 C 079 523 5767 jfk@sapork.com	Ms Kgadi Senyatsi T 012 100 3035 C 073 861 3588 kgadi@sapork.com www.sapork.biz
Pomegranates	Ms Andriette de Jager 021 870 2900	
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