



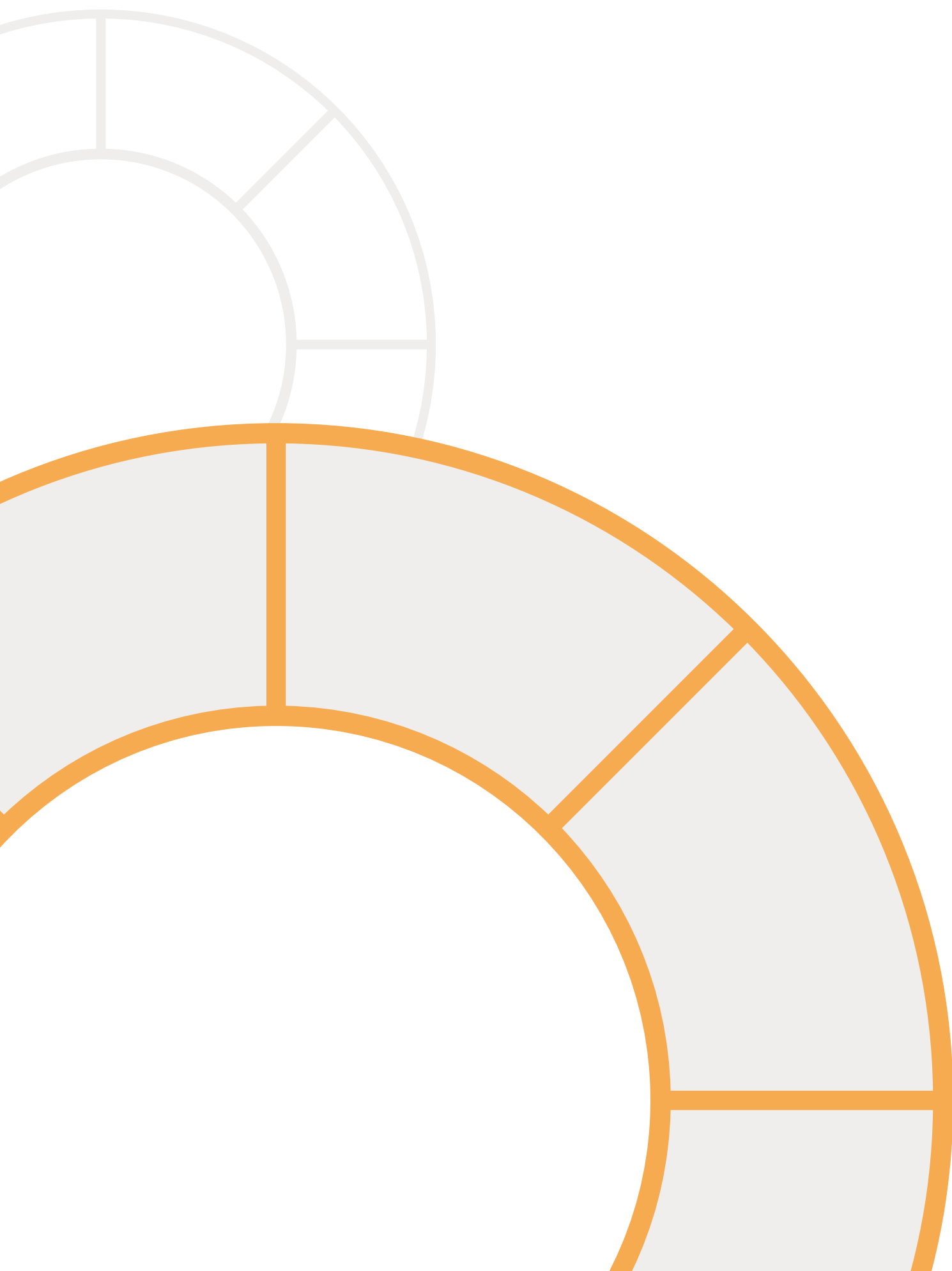
NAMC

Promoting market access for South African agriculture



ANNUAL REPORT 2020/21







National Agricultural Marketing Council

Annual Report on Predetermined Objectives 2020/21

I have the honour of submitting the Annual Report for 2020/21
of the National Agricultural Marketing Council (NAMC)

A stylized, handwritten signature in black ink, appearing to read 'J. H. Meyer', is positioned above a horizontal line.

Acting Chairperson of the
National Agricultural Marketing Council



DID YOU KNOW?

The NAMC coordinates the #LoveRsaAgric initiative with the support of the Agricultural CEO's Forum. The core objective of Love South African Agriculture campaign is to promote appreciation of South African agriculture and bring about brand awareness of various agricultural products.





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, Land Reform and Rural Development.

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



Optimising export
earnings from
agricultural
products



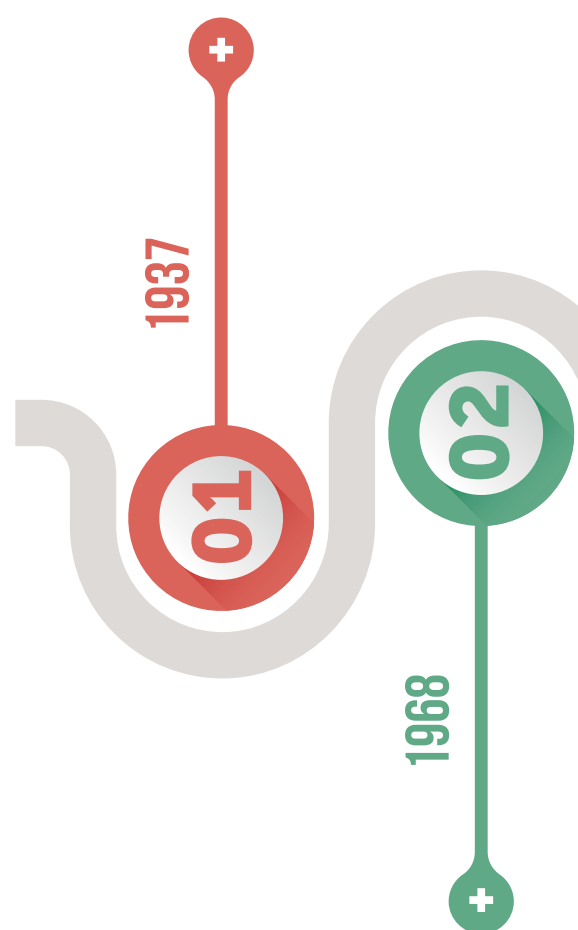
Enhanced viability of
the agricultural
sector



NAMC
Promoting market access for South African agriculture

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

Evolution of National Agricultural Marketing Council



One of the intentions with the promulgation of the MAP Act was that the NAMC should operate “at 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

NMC changed to the National Agricultural Marketing Council

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

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



TABLE OF CONTENTS

NO	Item	Page
	TABLE OF CONTENTS	08
	LIST OF TABLES	10
	LIST OF FIGURES	11
	PART A: GENERAL INFORMATION	13
1	PUBLIC ENTITY'S GENERAL INFORMATION	14
2	ABBREVIATIONS/ACRONYMS	15
3	FOREWORD BY THE CHAIRPERSON	16
4	CHIEF EXECUTIVE OFFICER'S OVERVIEW	17
5	STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT	19
6	STRATEGIC OVERVIEW	20
7	LEGISLATIVE AND POLICY MANDATES	21
8	ORGANISATIONAL STRUCTURE	22
	PART B: PERFORMANCE INFORMATION	23
1	AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES	24
2	SITUATIONAL ANALYSIS	24
3	INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	26
	PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS	26
	PROGRAMME 2: OUTCOME 2: AN ENABLING AGRICULTURAL MARKETING POLICY AND STATUTORY ENVIRONMENT	27
	PROGRAMME 3: OUTCOME 3: AGRICULTURAL SECTOR IS VIABLE, INCLUSIVE AND COMPETITIVE AS A KEY ECONOMIC SECTOR	27
	PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS QUARTER 1 APRIL TO JUNE 2020	28
	PROGRAMME 1: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS	29
	RE-TABLED ANNUAL TARGET	30
	PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS	30
	PROGRAMME 1: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS	32
	PROGRAMME 2: OUTCOME 2: AN ENABLING AGRICULTURAL MARKETING POLICY AND STATUTORY ENVIRONMENT	32
	PROGRAMME 2: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS	34
	PROGRAMME 3: OUTCOME 3: AGRICULTURAL SECTOR IS VIABLE, INCLUSIVE AND COMPETITIVE AS A KEY ECONOMIC SECTOR	34
	PROGRAMME 3: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS	35
	PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS	39
	PROGRAMME 2: OUTCOME 2: AN ENABLING AGRICULTURAL MARKETING POLICY AND STATUTORY ENVIRONMENT	49
	PROGRAMME 3: OUTCOME 3: AGRICULTURAL SECTOR IS VIABLE, INCLUSIVE AND COMPETITIVE AS A KEY ECONOMIC SECTOR	49

PART C: CORPORATE GOVERNANCE		55
1	INTRODUCTION	56
2	PORTFOLIO COMMITTEE	56
3	EXECUTIVE AUTHORITY	56
4	ACCOUNTING AUTHORITY / COUNCIL	56
5	RISK MANAGEMENT	62
6	INTERNAL CONTROL	62
7	INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE	62
8	FRAUD AND CORRUPTION	63
9	MINIMISING CONFLICT OF INTEREST	63
10	CODE OF CONDUCT	63
11	HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	63
12	AUDIT & RISK COMMITTEE REPORT	64
PART D: HUMAN RESOURCE MANAGEMENT		67
PART E: FINANCIAL INFORMATION		79
ANNEXURE A: CONTACT DETAILS		154

LIST OF TABLES

Table	Item	Page
Table 1	Statutory measures applicable during the 2020/21 financial year	42
Table 2:	Total statutory levy income – 2020 survey	43
Table 3:	Allocation of levy expenditure– 2020 survey	45
Table 4:	Performance on pillars of transformation	46
Table 5:	Research disseminated through journal articles, conferences and symposium	51
Table 6:	Audit & Risk Committee Information	64
Table 7:	HR Risks	69
Table 8:	Appointments	69
Table 9:	Terminations	70
Table 10:	Funding received from Agri-SETA discretionary grant	71
Table 11:	Personnel Cost by Programme	74
Table 12:	Employment and Vacancies	75
Table 13:	Number of Disabled Personnel	75
Table 14:	Management Committee Gender Equity (% of Total Staff)	75
Table 15:	Employment Gender Equity	76
Table 16:	Employment Equity Females	76
Table 17:	Employment Equity Male	76
Table 18:	Reasons for Staff Leaving	77
Table 19:	Contact Details of Levy Administrators and Transformation Managers	154


LIST OF FIGURES

Figure	Item	Page
Figure 1:	Percentage of staff turnover permanent employees	68
Figure 2:	Percentage of employees who contracted COVID-19 in 2020/21	70

IMAGINE A DAY WITHOUT AGRICULTURE



 536 Francis Baard Street, Meintjiesplein Building, Block A, 4th Floor, Arcadia, 0007

 Private Bag X935, Pretoria, 0001  +27(0) 12 341 1115

 info@namc.co.za  www.namc.co.za/initiatives/branding-sa-agriculture/





PART A:

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	National Agricultural Marketing Council
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

2. ABBREVIATIONS/ACRONYMS

AEASA	Agricultural Economics Association of South Africa
AAMP	Agriculture and Agroprocessing Master Plan
ACIAR	Australian Centre for International Agricultural Research
Agri-BBBEE	Agricultural Broad-Based Black Economic Empowerment
APAP	Agricultural Policy Action Plan
ARC	Agricultural Research Council
CFP	Custom Feeding Programme
COVID-19	Coronavirus disease of 2019
DAGs	Directly Affected Groups
DALRRD	Department of Agriculture, Land Reform and Rural Development
DTIC	Department of Trade, Industry and Competition
FANRPAN	Food, Agriculture & Natural Resources Policy Analysis Network
GDARD	Gauteng Department of Agriculture and Rural Development
GDP	Gross Domestic Product
ICT	Information and Communication Technology
ITAC	International Trade Administration Commission
MAP Act	Marketing of Agricultural Products Act
MERC	Markets and Economic Research Centre
MTSF	Medium-Term Strategic Framework
NAMC	National Agricultural Marketing Council
NDP	National Development Plan
NRMDP	National Red Meat Development Programme
PPECB	Perishable Products Export Control Board
SAGAP	South Africa GAP
SIP	Strategic Integrated Project
SONA	State of the Nation Address
Tralac	Trade Law Centre of Southern Africa

3. FOREWORD BY THE CHAIRPERSON



Ms Thandeka Ntshangase
Acting Chairperson: NAMC

“ New dawn for market access

Through the course of the 2020/2021 financial year period, the National Agricultural Marketing Council (NAMC) focused on delivering on its key mandate of market access. The Portfolio Committee on Agriculture, Land Reform and Rural Development also laboured on this aspect fervently during the events of the Council’s appearance.

Honourable Minister, since our appointment in May 2021, we have sought to build on the previous Council’s work to carry out the mandate of advising you and the sector within the ambit of Marketing of Agricultural Products Act. We continue engagements and collaboration with various industries in the delivery of our mandate.

In terms of the trade policy arena, we submitted four advisory applications as requested by the International Trade Commission of South Africa (ITAC). These applications assisted ITAC in making final decisions on permits, rebates and custom duties on imported agricultural products. Furthermore, we have released trade advice on agricultural products affected by the outbreak of COVID-19, including on possible ways in which the sector could respond. These and other key advisory notes issued by the NAMC on market access and trade policy serve to illustrate our commitment to render an important analytical contribution towards decision making in the sector.

A new dawn for market access is seen in the blueprint called the Agriculture and Agro Processing Master Plan (AAMP), which has been set into gear by the NAMC. More detailed insights on the progress of the AAMP are highlighted under the Chief Executive Officer’s overview below. The AAMP seeks to promote a productive co-existence of both smallholder and commercial farmers to expand production and productivity of the sector. It ensures that as production and productivity of the sector grows, such growth is inclusive.

Our Agribusiness Development Division has been at the forefront of ensuring that smallholder farmers comply with market requirements and that they are able to deliver. One particular example is the niche rabbit market, where 23 rabbit farmers in eThekwin in KwaZulu-Natal were assisted with the development of a business plan. The design was motivated, firstly, by the need to address food insecurities and to assist the smallholders to achieve sustainable livelihoods. Secondly, by the need to promote the local demand and consumption of the rabbit meat, due to the fact that only 20% is consumed domestically, while the remaining 80% of South Africa’s rabbit meat is destined for export markets.

We continue to design similar models along the lines of the National Red Meat Development Programme (NRMDP). Unfortunately, this flagship programme entered a state of hiatus due to issues arising from transfers from the NAMC to the Agricultural Research Council (ARC). We are hopeful that in the coming financial year, guided by the launch of AAMP, the NRMDP will be restored.

I would like, on behalf of the new Council, to thank the previous Council for the work they done over the past four years. To all our stakeholders and staff alike, we appreciate all your hard work and contributions to the organisation.

Sincerely,



Ms Thandeka Ntshangase
Acting Chairperson
National Agricultural Marketing Council
Date: 31 August 2021

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Dr Simphiwe Ngqangweni
Chief Executive Officer: NAMC

“Agriculture output on the high”

In the words of William Shakespeare in the play **Julius Caesar** when Brutus says to Cassius, in preparation for going to war against Octavian and Mark Anthony; *“There is a tide in the affairs of men, which, taken at the flood, leads on to fortune; Omitted, all the voyage of their life is bound in shallows, and in miseries: On such a full sea are we now afloat; And we must take the current when it serves, or lose our ventures.”*

The 2020/2021 year was a full sea, where the NAMC had to keep afloat or risk being swallowed up in the current. Mountainous hurdles left us miserable, as the exit of some colleagues left us stranded and our feet stuck in the mud. But, through the support of management and Council members, we continue to seek compliance and good corporate governance in how we conduct our business.

Governance

During the reporting period under review, challenges were experienced with respect to our governance policies being incongruent with the prescriptions of certain items of legislation. Since the outbreak of the COVID-19 pandemic, the NAMC has been compelled to amend certain policies to accommodate the ease of doing business.

As at the date of reporting, the following matters were reported through the whistleblowing hotline: (a) 22.22% regarding Fraud; (b) 44.44% regarding governance related matters; and (c) 33.33% on matters related to Human Resources. Two senior management posts were left vacant and filled in November, together with that of a Chief Executive Officer.

With regard to human resources matters, there were no major incidents to report. For this reporting period, eleven (11) employees and twenty-six (26) external students were awarded bursaries through Agri-SETA discretionary grants. Two employees were sent for training in Contract Management Principles and Practices during the reporting period.

Operational

Part of the NAMC's mission is to support the sector's efforts in driving transformation and market access. Statutory measures constitute one of the most important functions, not only for the NAMC, but also for the sector. The total funds collected through statutory levies as part of the 2020 survey amounted to approximately R735.8 million, which is 14.8% higher than the 2019 survey's reported R641.2 million.

Approximately R79.3 million or 63.7% of total transformation expenditure was aimed at enterprise development, while approximately R18.5 million or 14.8% was spent on skills development, and approximately R26.7 million or 21.4% was spent on employment equity, management control, ownership, etc. The NAMC has established a Transformation Review Committee as a vehicle to monitor and evaluate industry transformation efforts and, if necessary, advise on best tenable approaches. The NAMC has managed to review industry transformation efforts of two trusts, namely, those in the poultry and milk industries.

The NAMC also drove numerous project-related activities of significance related to market access. One being a project between the Gauteng Department of Agriculture and Rural Development (GDARD) and where the NAMC conducts research covering issues of extension services. Another is funding by the Australian Centre for International Agriculture Research (ACIAR), which plans, at least by December 2021, to have enrolled 2 000 emerging and smallholder farm businesses to farm in a cost-effective and environmentally sustainable way. This is part of a free-range farming effort to meet retailers' free-range market specifications. In this project alone, the NAMC manages the project's communication, monitoring and evaluation.

The NAMC also participates in the work of DALRRD's AgriBEE efforts, including Provincial Forums where progress regarding AgriBEE Sector Codes is discussed and tracked.

Agricultural Sector

Amid the COVID-19 pandemic, the agricultural sector performed relatively well in the reporting financial year period. We bear witness to the bountiful performance of the fruits industry, cushioning the sector as announced by Statistics South Africa. Impressively, we were inundated with positive news from the citrus industry in accessing new markets in Asian countries.

Honourable Minister, such feats would not have been possible if it were not for statutory measures, as guided by the Marketing of Agricultural Products Act. Of the R735.8 million of statutory funds collected in 2020, 11.9% (R78.4 million) was allocated to export promotion, where 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.

This clearly shows the important contribution that the NAMC has made towards the agricultural sector. More is in store for the sector with Phase 1 of the Agriculture and Agro-processing Master Plan (AAMP), which is near completion. Social partners have endorsed the overarching framework for the AAMP, and upon the launch in 2021, it is the expectation that our sector will move further, in synchronisation and with one heartbeat.

Final Remarks

On behalf of NAMC Management, I would like to thank the Minister Thoko Didiza and Acting DG, Moeketsa Ramasodi, for their invaluable support during the period under review. Furthermore, our thanks go to the outgoing Council for dedicating their expertise and knowledge to the NAMC over the past four years of their tenure.

Last but not least, our thanks go to our NAMC employees, for showing dedication and continuing on the path of transforming the agricultural sector.

Sincerely,



Dr Simphiwe Ngqangweni
Chief Executive Officer
National Agricultural Marketing Council

Date: 31 August 2021

5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent. The Annual Report is complete, accurate, and free from any omissions. The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice and the relevant frameworks and guidelines issued by the National Treasury. The Accounting Authority is responsible for the preparation of the Annual Financial Statements and the judgements made in regard to this information. The Accounting Authority is responsible for establishing and implementing a system of internal controls that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements.

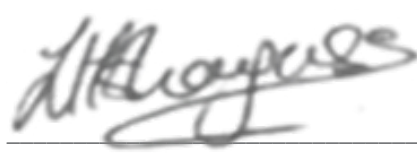
The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the entity for the financial year ended 31 March 2021.

Yours faithfully



Dr Simphiwe Ngqangweni
Chief Executive Officer
National Agricultural Marketing Council
Date: 31 August 2021



Ms Thandeka Ntshangase
Acting Chairperson
National Agricultural Marketing Council
Date: 31 August 2021

6. STRATEGIC OVERVIEW



Vision

The Vision of the NAMC is encapsulated as “strategic positioning of agriculture in a dynamic global market”. This Vision is aligned to the DALRRD’s Mission, which includes efforts to “... improve agricultural production to stimulate economic development and food security through, amongst others, innovative sustainable agriculture and promotion of access to opportunities for youth, women and other vulnerable groups.

It also speaks to the sustainable agricultural productivity element of the DALRRD’s Impact Statement. As stated in the DALRRD’s Strategic Plan for 2020-2025 (dated 24th October 2019), “Sustainable Agricultural Productivity refers to a functioning system which ensures that food is produced optimally using available resources including adequate access to fertile land, water, agricultural inputs, funding, markets, production capability (i.e., research, bio-security, skills, etc.) within the short and long term”. Specifically, the NAMC Vision responds to:

- Outcome 3 (MTSF Priority) of the DALRRD’s Strategic plan, i.e., “Increased market access and maintenance of existing market”; and
- Outcome 5 (MTSF Priority), i.e., “Growth of inclusivity within agricultural value chains”.

Furthermore, the Vision is directly responsive to two (2) of the seven (7) national priorities outlined in the February 2020 State of Nation Address (SONA); namely: Economic transformation and job creation; and A better Africa and World.



Mission

The Mission of the NAMC is to “provide agricultural marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system in South Africa”.

The Mission is aligned to the Vision of the NAMC and expresses the core functions that the NAMC performs, as stipulated in Section 9 of the MAP Act No 47 of 1996.



Core Business Values

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

7. LEGISLATIVE AND POLICY MANDATES

The Marketing of Agricultural Products (MAP) Act and its subsequent amendments

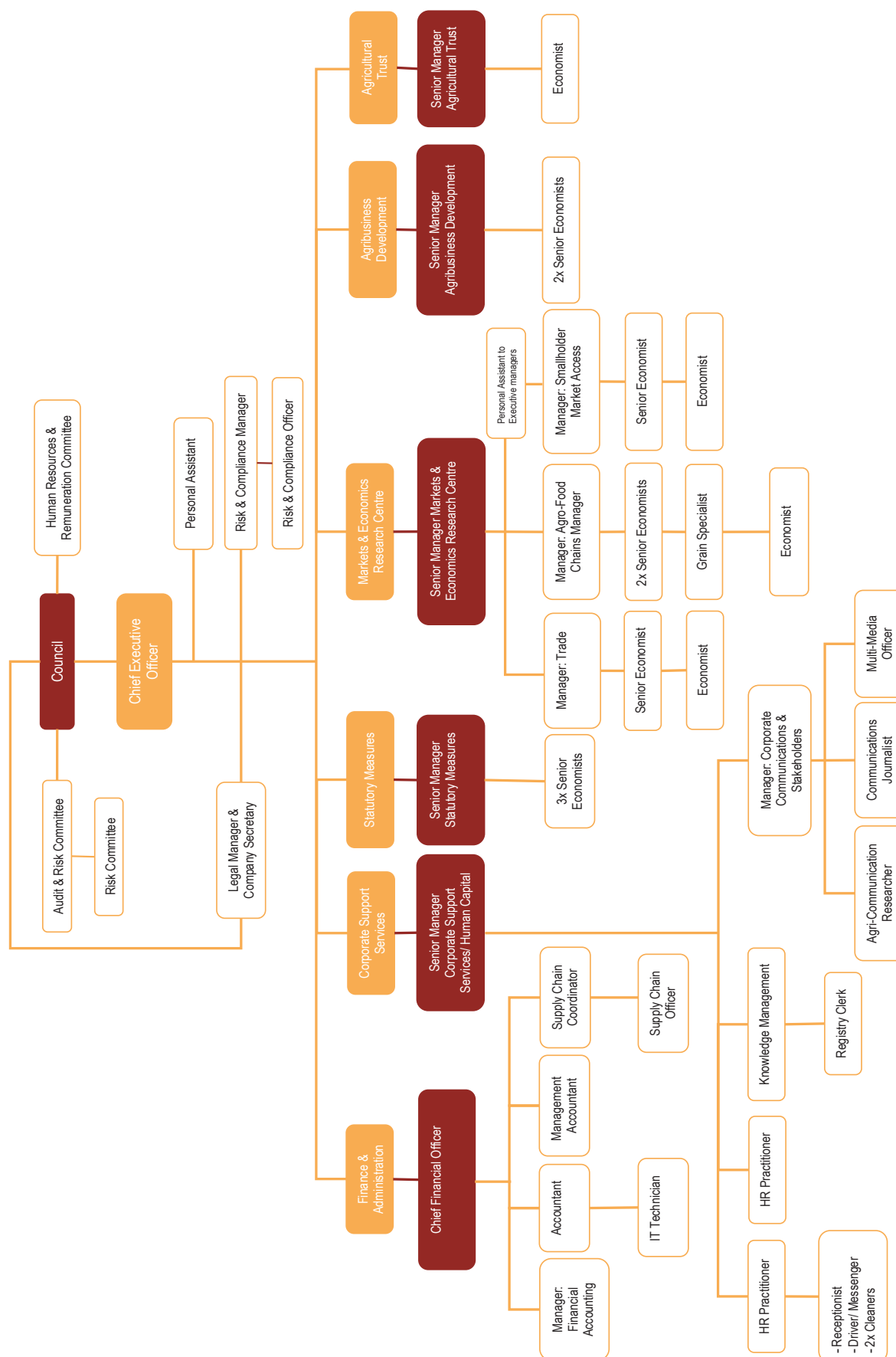
The mandate of the NAMC is enshrined in the MAP Act, which authorises the establishment and enforcement of regulatory measures to intervene in the marketing of agricultural products, e.g., the introduction of statutory measures. The NAMC is established by Section 3 of the MAP Act, and the functions of the NAMC particularly feature in section 9 of the Act, which stipulates the “Functions of Council”:

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 affecting the marketing of agricultural products, evaluating the desirability, necessity or efficiency and if necessary, proposing alternatives to the establishment, continuation, amendment or repeal of a statutory measure and 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, the Minister or the parliamentary committees may require;
 - e. may undertake investigations and advise the Minister regarding–
 - i. agricultural marketing policy and the application thereof;
 - ii. the co-ordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments;
 - iii. the possibilities for promoting the objectives mentioned in section 2(2); and
 - iv. the effect of that the 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.
2. Copies of all reports which are submitted to the Minister in terms of subsection (1) shall simultaneously be despatched to the parliamentary committees for their information.

The NAMC performs the above-mentioned mandate in support of the four (4) objectives of the MAP Act, i.e.:

- a. Increasing market access to all market participants;
- b. Promoting efficiency in the marketing of agricultural products;
- c. Optimising export earnings from agricultural products; and
- d. Enhancing the viability of the agricultural sector.

8. ORGANISATIONAL STRUCTURE





PART B:

PERFORMANCE
INFORMATION

PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 82 of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

The performance and achievements of the NAMC are directly impacted on by external and internal factors and contexts. The external context includes the outbreak of the global coronavirus (COVID-19) pandemic and its subsequent effects on global and domestic demands-supply interactions for food, trade and labour markets. The availability of financial (budget) and human (skills) resources for the work of the NAMC and limitations of the MAP Act constitute some of the internal context of the NAMC's operations. Both the internal and external factors underpinning the performance of the NAMC are unpacked below.

2.1. External Environment Analysis

2.1.1. The Economic and Trade Environment

The coronavirus (COVID-19) outbreak has choked off the South African economy and latest market projections expect a contraction in GDP of 9.5 percent in 2020, with a modest rebound of just 3.1 percent in 2021. Structural challenges pre-COVID-19 suggests that the recovery will be prolonged, with real GDP only projected to exceed 2019 levels by 2026. Amidst all of these negative impacts and projections, the South African agricultural sector has emerged as a shining light, growing by 28% and 15% respectively in quarter 1 and quarter 2 of 2020.

This growth represents a sharp turnaround and an illustration of the sector's ability to recover from extremely tough conditions over the past five years where the agricultural real growth rate averaged a negative of 1.3% per annum. This weak sectoral growth in recent years can be attributed to a series of droughts in combination with animal diseases (Avian

Influenza, Foot-and-Mouth, African swine fever) that have impacted the growth in livestock and field crop operations. Moreover, continued policy ambiguities, lack of transformation coupled with consistently low farmers support and high barriers to entry, has resulted in lower investment levels which averaged 14% when measured in the Gross Fixed Capital Formation (GFCF) as a share of value added. Therefore, beyond the rebound in 2020, the outlook for the sector remains under pressure.

Compared to other economic sectors, the agriculture and food sectors have been relatively insulated from the effects of COVID-19 crisis because its operations were allowed to continue as essential service, with the exception of wool, mohair, alcoholic beverages, tobacco and cotton. Overall, agriculture was mainly affected by decline in sales due to closure of hospitality, take-away-food outlets and informal trading. It is important to note that the ban on alcohol and tobacco sales greatly impacted the liquor and tobacco value chains. Moreover, the devaluation of the South Africa Rand during lockdown affected the cost of imported inputs like fertilizers but also benefited exporting industries. Other structural factors that contributed to a negative sectoral growth rate include low rate of opening new markets and the difficulty to comply with stringent market access protocols, induced by the deteriorating biosecurity measures, skills shortages and decaying research capacity in the country.

2.1.2. Transformation of the Agricultural Sector

The agriculture and food value chain remains dominated by large companies which impacts on food security as well as the sector's contribution to inclusive economic development and job creation. Primary agricultural producers remain predominantly commercial farmers leaving the majority of previously disadvantaged black farmers excluded from agricultural value chains. The agro-processing segment of the food value chain also excludes the participation of small and medium enterprises as well as rural communities because they have limited resource and skills which constrain their ability to reliably and consistently supply large retailers and agribusinesses. According to the Competition Commission's investigative reports, approximately nine (9) companies dominate the packaging and distribution of agricultural processes goods and the retail of these goods is dominated by four (4) major retailers.

The NAMC uses the Statutory Measures and Agricultural Trusts to finance transformation activities in the sector. The NAMC developed transformation guidelines that set-aside 20% of industry levies and interest generated from Agricultural Trusts' assets to promote transformation activities. The 20% set aside amounted to R116.6 million in 2019 and allowed industries to drive an inclusive agricultural growth. Using the statutory measures and agricultural trusts, the share of previously disadvantaged farmers in total agricultural output has marginally increased to an average of 4% across all commodities in 2019, which is still significantly low considering that majority of farmers and consumers are black.

2.1.3. Women, Youth and Persons with Disabilities

Over and above the promotion of general transformation, the NAMC is leading the effort to empower vulnerable groups in agriculture as this objective is central to the development of the agriculture and agro-processing master plan. Apart from coordinating the AAMP, the NAMC contributes to the empowerment of women, youth and persons living with disabilities through the capacity building programmes such as the Agribiz Training for Women and corporate governance training for beneficiaries of various NAMC supported development schemes.

Through these sectoral interventions, the NAMC strives to achieve an inclusive and sustainable agricultural growth that also creates jobs for all and ensures food security. Furthermore, the NAMC has been actively advocating for diversification of boards managing the agricultural trusts to ensure a proper representation of women, youth and persons with disabilities in the boards. To this effect, nearly 50% of Ministerial representatives in agricultural trusts are now women.

The performance and achievements of the NAMC are directly impacted on by external and internal factors and contexts. The external context includes the outbreak of the global coronavirus (COVID-19) pandemic and its subsequent effects on global and domestic demands-supply interactions for food, trade and labour markets. The availability of financial (budget) and human (skills) resources for the work of the NAMC and limitations of the MAP Act constitute some of the internal context of the NAMC's operations. Both the internal and external factors underpinning the performance of the NAMC are unpacked below.

2.2. Key Policy developments and legislative changes

The aim of the NAMC is to provide strategic agricultural marketing advice to the Minister responsible for the National Department of Agriculture, Land Reform and Rural Development 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:

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

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

Strategic Outcome-Oriented Goals

Strategic Outcomes Oriented Goal	<ol style="list-style-type: none"> 1. The NAMC delivers on its mandate and core functions, increasing market access to all market participants. 2. An enabling agricultural marketing policy and statutory environment. 3. Agricultural Sector is to be viable, inclusive and competitive as a key economic sector.
Goal Statement	To provide agricultural marketing advisory services to key stakeholders, in support of a vibrant agricultural marketing system in South Africa.

The three business strategic goals were identified as pillars that underpin the NAMC's mission. These goals are aligned to the objectives as outlined in the Marketing of Agricultural Product Act.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS

PURPOSE: This programme aims to ensure that the NAMC functions optimally through effective business processes, corporate governance and resource support services.

Contribution to Outcomes and Impact

The collective outputs of Programme 1 are responsive to Outcome 1, which is “The NAMC delivers on its mandate and core functions”. They indicate the extent to which the NAMC has been managed and governed in compliance with applicable legislation and regulations. It also indicates the level of functionality of the NAMC and its commitment and contribution to increasing market access for the agricultural sector, across its value chain.

All the outputs and their respective indicators respond to the functional, management and governance elements required for the NAMC to deliver on its mandate and core functions, as expressed in the outcome. The unqualified audit and budget spend indicators focus primarily on prudent, effective and efficient financial management as being the enabler of service delivery and achievement of all non-financial performance targets of the Department. The “Achievement of all Corporate Support Services targets in operational plans of each financial year” output focuses primarily on the functionality element of the outcome, due to the critical services provided by the sub-programmes of the Corporate Services Unit. These services include ensuring that the Department has the required human resource capacity to perform its work, that the work of the department is communicated to all external role players and beneficiaries, and that IT connectivity and uptime facilitates and enables speedy, effective and efficient implementation of all core and corporate services.

Importantly, the outputs and output indicators of this Programme are the strategic enablers of service delivery by the core function programme areas of the NAMC and their respective outcomes, i.e. creating an enabling policy and/or statutory environment for the growth and development of the agricultural sector and ensuring that the sector is viable, inclusive and competitive as a key economic sector.

All the outputs of the NAMC, individually and collectively, contribute to the outcomes and impact upon statement of the NAMC.

Contribution to Women, Youth and Persons with Disabilities

The programme’s contribution to improving the lives of women, youth and persons with disabilities is located in its supply chain management and human resource management sub-programmes. The NAMC strives to spend 30% of its total procurement budget for each financial year on businesses owned by women, 20% on businesses owned by youth, and 5% on businesses owned by persons with disabilities. In addition to this, the NAMC sets a target of spending 70% of its total annual procurement budget with local suppliers, some of which have women, youth and persons with disabilities in their ownership/management or staff structures.

The NAMC continues to strive to achieve the Department of Public Service and Administration (DPSA) targets of 50% women employed in SMS positions and 2% employment of persons with disabilities. These targets are not reflected as outputs in this 2020/21 APP, but instead are reflected in the Operational Plans of the Corporate Services Unit of the NAMC.

Planned Performance

The outputs, output indicators and targets in respect of Outcome 1 remain constant over the MTEF. However, any changes introduced to the strategic and political priorities of the Department over the MTEF period may impact on some of the outputs, indicators and targets of this Programme Area which delivers on Outcome 1.

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

- Office of the CEO
 - Risk & Compliance
 - Marketing and Communications
- Finance and Administration Division
 - Supply chain management Unit
 - ICT Support Unit
- Human Capital Division

PROGRAMME 2: OUTCOME 2: AN ENABLING AGRICULTURAL MARKETING POLICY AND STATUTORY ENVIRONMENT

PURPOSE: To provide quality research outputs to stakeholders in support of agricultural marketing, trade, policy advisory and statutory measures implementation.

Contribution to Outcomes and Impact

The collective outputs of Programme 2 speak to Outcome 2, which is “An enabling agricultural marketing policy and statutory environment”.

They indicate the extent to which the NAMC has contributed to creating an enabling policy and statutory environment for the growth, development and transformation of the agricultural sector as a key economic role player. The outputs and output indicators of this Programme represent the mandate and core functions of the NAMC as reflected in the MAP Act. All the outputs of the NAMC, individually and collectively, contribute to the outcomes and impact statement of the NAMC.

Contribution to Women, Youth and Persons with Disabilities

This Programme does not make any direct, quantitative contribution to improving the lives of women, youth and persons with disabilities. However, the Programme may make a qualitative contribution in terms of any research it conducts and/or policies/legislation or strategies it develops for ensuring and increasing the participation of these marginalised groups in the agricultural sector. The Programme could also disaggregate its information in some of its reports, when applicable, to reflect the participation and/or the access challenges experienced by women, youth and persons with disabilities.

Planned Performance

The outputs, output indicators and targets remain constant over the MTEF. This is because the reports and statutory measures, as well as their quarterly and annual targets, which must be developed and submitted, are legislated requirements. However, the targets pertaining to statutory measures must be read as being indicative because these targets deal with needs-based and market flux matters and contexts which may change.

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

- Market Economic Research Centre
 - Trade Unit
 - Agro-Food Chains Unit
- Statutory Measures

PROGRAMME 3: OUTCOME 3: AGRICULTURAL SECTOR IS VIABLE, INCLUSIVE AND COMPETITIVE AS A KEY ECONOMIC SECTOR

PURPOSE: To ensure that the trusts’ assets are protected and utilised efficiently in the development of existing and new entrants into the agricultural sector.

To conduct research on smallholder market access, promote market access models that are aimed at increasing market access, encouraging new business development and capacity building for smallholder farmers/agri-businesses.

Contribution to Outcomes and Impact

The collective outputs of Programme 3 speak to Outcome 3, which is the “Agricultural sector is viable, inclusive and competitive as a key economic sector”. They indicate the extent to which the NAMC has:

- effectively administered statutory measures that are critical for economic growth, the creation of employment, and the transformation of the sector to become more inclusive. The outputs and output indicators of this Programme also represent the mandate and core functions of the NAMC as reflected in the MAP Act.
- effectively administered the agricultural trusts. The Trusts are vehicles for enhancing and advancing the transformation and development of the agricultural sector through the trusts’ funds expenditures. Each financial year, 20% of the trusts’ funds are set aside and directed into interventions that develop the sector, such as capacity development of smallholder farmers and the provision of farm inputs.
- increased domestic and international commercial market access, especially for smallholder farmers. Such access is a key contributor to making the sector more inclusive and facilitating its viability as a contributor to economic growth and transformation.
- facilitated the outputs of the NAMC, individually and collectively, to contribute to the outcomes and impact statement of the NAMC.

Contribution to Women, Youth and Persons with Disabilities

This Programme does not make any direct, quantitative contribution to improving the lives of women, youth and persons with disabilities. However, the Programme may make a qualitative contribution in terms of any statutory measures it develops for ensuring and increasing the participation of these marginalised groups in the agricultural sector. The Programme could also disaggregate some of its statutory measures, when applicable, to reflect how women youth and persons with disabilities can benefit from the measures.

This Programme's contribution to improving the lives of women, youth and persons with disabilities is reflected in the appointment of Ministerial Trustees. However, the Programme could make a further contribution in terms of a policy proposal to the Minister that the 20% of trust funds set aside for development activities be further disaggregated, e.g., a percentage of the 20% to be ring-fenced for developing each of the marginalised groups to participate in the sector. This Programme's contribution to improving the lives of women, youth and persons with disabilities is also reflected in the number of smallholder farmers comprised of these marginalised groups that the NAMC supports and provides services to.

Planned Performance

The outputs, output indicators and targets remain constant over the MTEF.

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

- Markets Economic Research Centre
 - Smallholder Market Access Unit
- Agribusiness Development Division
- Agricultural Trusts Division

PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS

Purpose	This programme aims to ensure that the NAMC functions optimally through effective business processes, corporate governance and resource support services.
Sub-Programmes	<ul style="list-style-type: none"> • Office of the CEO <ul style="list-style-type: none"> - Marketing and communication • Finance & Administration Division • Human Capital Division

PROGRAMME 1: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

Outputs	Output Indicators	Planned Annual Targets 2020/21	Quarterly Targets April 2020 – June 2020	Actual Achievement April 2020 – June 2020	Deviation from planned target to Actual achievement	Comments on Deviation
Unqualified Audit Report	Number of unqualified audit reports per financial year	1	1		Not Applicable	None
100% Budget spend	Percentage of budget spend each Financial Year	100%	100%	100% of the budget was spent during the financial year.	Not Applicable	None
Achievement of Corporate Support Services targets in operational plans of each financial year	Percentage achievement of all quarterly and annual corporate services targets in operational plans of each financial year	100%	100%	100% achievement of all quarterly corporate services targets in operational plans.	Not Applicable	None
Percentage of departmental procurement spend, per financial year, targeted at businesses owned by:						
Achievement of Preferential Procurement Targets	Local Suppliers	70%	70% (non-cumulative)	94% of departmental procurement spend, for the quarter, are businesses owned by Local Suppliers.	The target has been exceeded by 24%	This is due to the number of procurement requests that were received during the reporting period.
	Women	30%	30% (non-cumulative)	62% of departmental procurement spend, for the quarter, are businesses owned by women.	The target has been exceeded by 32%	This is due to the number of procurement requests that were received during the reporting period.
	Youth	20%	20% (non-cumulative)	60% of departmental procurement spend, for the quarter, are businesses owned by youth.	The target has been exceeded by 40%	This is due to the number of procurement requests that were received during the reporting period.
	Persons with Disabilities	5%	5% (non-cumulative)	0% of departmental procurement spend, for the quarter, are businesses owned by Persons with Disabilities.	The target was not met by 5%	None of the suppliers that were sourced had persons with disabilities.

PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS QUARTER 1 APRIL TO JUNE 2020

Purpose	This programme aims to ensure that the NAMC functions optimally through effective business processes, corporate governance and resource support services.
Sub-Programmes	<ul style="list-style-type: none"> Office of the CEO <ul style="list-style-type: none"> Marketing and communication Finance & Administration Division Human Capital Division

PROGRAMME 1: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS RE-TABLED ANNUAL TARGET

Outputs	Output Indicators	Planned Annual Targets 2020/21	Quarterly Targets April 2020 - March 2021	Actual Achievement April 2020 - March 2021	Deviation from planned target to Actual achievement	Comments on Deviation
Unqualified Audit Report	Number of unqualified audit reports per financial year	1	1	Unqualified audit report with findings received for the financial year.	Not Applicable	None
100% Budget spend	Percentage of budget spend each Financial Year	100%	100%	100% of the budget was spent during the financial year.	Not Applicable	None
Achievement of Corporate Support Services targets in operational plans of each financial year	Percentage achievement of all quarterly and annual corporate services targets in operational plans of each financial year	100%	100%	100% achievement of all quarterly corporate services targets in operational plans.	Not Applicable	None
	Number of ITC reports produced each financial year on the following: - ICT Security enhances; - ICT Continuity support; - WAN/LAN availability monitoring; and - Continuous improvement in ICT.	4	4	Four (4) ITC report produced on the following: - ICT Security enhances; - ICT Continuity support; - WAN/LAN availability monitoring; and - Continuous improvement in ICT	Not applicable	None

Outputs	Output Indicators	Planned Annual Targets 2020/21	Quarterly Targets April 2020 - March 2021	Actual Achievement April 2020 - March 2021	Deviation from planned target to Actual achievement	Comments on Deviation
Percentage of departmental procurement spend, per financial year, targeted at businesses owned by:						
Achievement of Preferential Procurement Targets	Local Suppliers	70%	70% (non-cumulative)	130% of departmental procurement spend, for the 2020/2021 financial year, placed with businesses owned by Local Suppliers.	The target has been exceeded by 60%	This is due to the number of pro-curement requests that were received during the reporting period
	Women	30%	30% (non-cumulative)	36% of departmental procurement spend, for the 2021 financial year, placed with businesses owned by women.	The target has been exceeded by 6%	This is due to the number of pro-curement requests that were received during the reporting period
	Youth	20%	20% (non-cumulative)	116% of departmental procurement spend, for the 2021 financial year, placed with businesses owned by youth.	The target has been exceeded by 96%	This is due to the number of pro-curement requests that were received during the report-ing period
	Persons with Disabilities	2%	2% (non-cumulative)	0% of departmental procurement spend, for the 2021 financial year, placed with businesses owned by Local Suppliers.	The target was not achieved by 2%	No suppliers, being persons with disabilities, were found for the transactions in-curred during the period under re-view.

PROGRAMME 2: OUTCOME 2: AN ENABLING AGRICULTURAL MARKETING POLICY AND STATUTORY ENVIRONMENT

Purpose	To promote the production and marketing of livestock, grains and horticulture among smallholder farmers through the facilitation of agribusiness development programmes
Sub-Programmes	<ul style="list-style-type: none"> • Trade Unit (MERC) • Agro-Food Chains Unit (MERC) • Statutory Measures Division

PROGRAMME 2: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output	Output Indicators	Planned Annual Targets 2020/21	Annual Targets April 2020 – March 2021	Actual Achievement April 2020 – March 2021	Deviation from planned target to Actual Achievement	Comments on deviations
Approved Policy Advisory and/or Statutory Recommendations submitted to the Minister.	Number of Trade Policy Advisory Reports produced each financial year	1	1	(1) Trade Policy Advisory Report was produced during the reporting period.	Not applicable	None
	Number of Reports on the Statutory Measures Status implemented each financial year	1	1	(1) report on the Statutory Measures Status implemented during the financial year was produced.	Not applicable	None

Output	Output Indicators	Planned Annual Targets 2020/21	Annual Targets April 2020 – March 2021	Actual Achievement April 2020 – March 2021	Deviation from planned target to Actual Achievement	Comments on deviations
Approved Trade Remedies and value chain advisory reports	Number of trade advisory briefs / commentaries provided to policy making institutions each year	4	(4) trade advisory briefs / commentaries provided to policy-making institutions each quarter.	Provided (5) trade advisory briefs/ commentaries to policy-making institutions.	One (1) additional trade advisory brief was produced.	The advisory brief on the Brown Locust outbreak in South Africa was requested.
	Number of value chain analysis conducted each financial year	1	1	(1) value chain analysis was conducted during the reporting period.	Not applicable	None
	Number of Grain Supply and Demand Estimates released each financial year	(12)	(12) Grain Supply and Demand Estimates released each quarter.	(12) Grain Supply and Demand Estimates were released during the reporting period	One (1) meeting that was scheduled to be held in September 2020 was held in October 2020, and the December meeting was held in January 2021.	The September meeting did not take place due to COVID-19 restrictions. Due to the holiday season, the December 2020 meeting was held on 12 January 2021.

PROGRAMME 3: OUTCOME 3: AGRICULTURAL SECTOR IS VIABLE, INCLUSIVE AND COMPETITIVE AS A KEY ECONOMIC SECTOR

Purpose	<p>To ensure that the trusts' assets are protected and utilised efficiently in the development of existing and new entrants into the agricultural sector.</p> <p>To conduct research on smallholder market access, promote market access models that are aimed at increasing market access, encouraging new business development and capacity building for smallholder farmers/agri-businesses.</p>
Sub-Programmes	<ul style="list-style-type: none"> • Smallholder Market Access Unit (MERC) • Agribusiness Development Division • Agricultural Trusts Division

PROGRAMME 3: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output	Output Indicators	Planned Annual Targets 2020/21	Annual Targets April 2020 – March 2021	Actual Achievement April 2020 – March 2021	Deviation from planned target to Actual Achievement	Comments on deviations
Trust assets functional and generating income	Number of Reports on the Status of Agricultural Trusts produced each financial year	1	1	(1) report on the Status of Agricultural Trusts was produced during the reporting period.	Not applicable	None
Approved Market intelligence reports to directly affected stakeholders.	Number of Smallholder Market Access Tracker (SMAT) reports produced each financial year	1	1	(1) Smallholder Market Access Tracker (SMAT) Rains Baseline report was produced during the reporting period.	Not applicable	None
Increased number of smallholder farmer projects linked to market opportunities	Number of smallholder farmer projects linked to the market.	4	(4) smallholder farmer projects linked to the market.	(4) smallholder farmer projects linked to the market.	Not applicable	None

NARRATIVES INFORMATION

PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS

Sub- programme 1: Office of the Chief Executive Officer

Risk Management

The Risk and Compliance Unit was established in terms of the Public Finance Management Act (PFMA), Treasury Regulations, Public Sector Risk Management Framework and ISO 31000. In ensuring compliance with the requirements of the Public Sector Risk Management Framework, the Risk and Compliance Unit has an approved Risk Management Plan and approved Business Continuity Road Map, which states a defined approach for the implementation, monitoring and maintaining risk management in the organisation, and for achieving desired outcomes.

In assisting the entity to attain its mandate and meet expectations of the shareholder and the various stakeholders, the Risk and Compliance Function is empowered to perform the following:

- a) Facilitate risk identification sessions, risk mitigations, risk reporting and risk monitoring on the strategic, project and operational risk levels.
- b) Implementation of the Business Continuity Management (BCM) strategy
- c) Implementation of the Fraud Prevention Strategy
- d) Implementation of the Compliance and Ethics programme
- e) Implementation of the Combined Assurance Programme

The Risk and Compliance Unit is stationed in the office of the CEO and provides its report to the Audit and Risk Committee and Council for oversight purposes.

The element of risk is inherent in any business, and in the current situation, it is encountered more in the space in which the entity provides market access to smallholder farmers, in order to reduce unemployment and achieve reductions in the levels of poverty. It is in this regard that Risk Management is an important element of the organisational strategy and daily operational activities that impact on the organisational performance and financial position of the entity. In implementing our strategy, the entity believes that risk management remains the responsibility of each employee in the organisation, and should be incorporated into the daily operations of the entity. The incorporation of risk management into daily activities prevents occurrences of losses, and promotes the reduction of fraud and corruption, the reduction of irregular, fruitless and wasteful expenditure, and the optimisation of resources.

In ensuring that the Risk Management maturity level of the organisation has increased, a desktop risk assessment has been conducted. The results of the assessment indicate that the level of risk maturity level is at 2.5, out of level of 5 that indicates the risk maturity culture in the organisation.

In reaching the 2.5 risk maturity level, the key achievements over the reporting period include the following:

- (a) Implementation of the Risk Management and Business Continuity Management Policy Framework
- (b) Approval of the Risk Appetite and Tolerance Framework
- (c) Approval of the Combined Assurance Framework
- (d) Strategic Risk being aligned to the Strategy of the Organisation
- (e) Identification of materialised, emerged and avoided risks, although not quantified, to determine the total cost of the actual risk
- (f) Council Strategic Risk Assessment
- (g) Development of the Business Continuity Strategy and Business Continuity Plan
- (h) Development of the Fraud Prevention Strategy and Independently Managed Whistleblowing hotline.
- (i) Approved Combined Assurance Plan, which is intended to encourage the coordination of the assurance providers, including internal and external audit.

It is the intention of the organisation to reach a maturity level of between 4 and 5 within the next coming four years by performing the following:

- a) Coordination of risk management across the entity (Combined Assurance Implementation)
- b) Risk Management training
- c) Business Continuity Plan implementation
- d) Compliance, Ethics and Anti-Fraud Training
- e) Evaluation of the Audit and Risk Committee in relation to the risk management and risk management effectiveness
- f) Conducting a Risk Culture survey

Strategic Risk Profile

During the term of the Council, the Council and Mancom undertook a risk assessment survey to identify risks and the creation of opportunities. From the organisational strategic plan and annual performance targets for the 2020/2021 financial year, strategic risk exposure was identified relating to:

- a) Fraud and Corruption
- b) Financial sustainability
- c) Stakeholder relations
- d) Information and Communication Technology
- e) Human Capital
- f) Regulatory Environment
- g) Business Continuity

Fraud and Corruption

In accordance with the Public Finance Management Act, the Protected Disclosure Act and the Prevention and Combating of Corrupt Activities Act, the Risk and Compliance Unit reviewed the Fraud Prevention Policy and Strategy and the Whistleblowing Policy to focus on fraud prevention. In accordance with the Risk Appetite and Tolerance Framework, the entity has a zero-tolerance approach towards fraud and corruption. Furthermore, the entity has an approved Declaration of Interest Policy and Integrity and Ethics Management Policy, which ensure that the values of the entity are exercised by all parties concerned. As at the date of reporting, the following matters were reported through the whistleblowing hotline: (a) 22.22% regarding fraud (b) 44.44% regarding governance related matters, and (c) 33.33% regarding Human Resource related matters.

For reporting incidents of fraud, corruption and unethical behaviour, the entity has a whistleblowing facility available to all stakeholders, through which reports may be made in confidence on matters of fraud, corruption and unethical behaviour. There have been a few incidents regarding fraud and corruption, which are reported to the Audit and Risk Committee and Council, as and when they come to the attention of the Risk and Compliance Unit.

Conflict of interest

In the implementation of the Declaration of Interest Policy, and for purposes of minimising conflicts of interest, all employees are required to complete declaration of interest forms on an annual basis. All employees who participate in Bids Specification, Bid Evaluation Committees and Bid Adjudication Committees in terms of the supply chain management process, and all employees who participate in the tender processes on regular basis, are required to sign a declaration of interest form. Should an official be found to be conflicted in any way, they are expected to declare such conflict of interest and recuse themselves from the affected procurement process.

Compliance with laws and regulations

To improve the culture of compliance with legislation and policies, a Compliance Risk Management Policy and Compliance Risk Management Framework have been approved by the Council. The entity has a 'compliance universe', which encompasses fifty-six items of legislation. For purposes of maintaining order in this 'universe', the entity has a compliance monitoring plan, which is used to monitor compliance with the applicable legislation on a regular basis and to report on issues of non-compliance, with a view to

applying remedial actions to non-compliance. It is the intention of the compliance function to implement, in full, the approved compliance framework, with a view to ensuring that we operate in line with the Generally Accepted Compliance Framework.

Corporate Governance Support

The NAMC is established in terms of the Marketing of Agricultural Products Act, No. 47 of 1996, as the primary legislation, supported by the Public Finance Management Act and the King Code of Corporate Governance.

Minister of Agriculture, Land Reform and Rural Development

In terms of PFMA, Section 62, the Minister of Agriculture, Land Reform and Rural Development is the executive authority responsible for a public entity under the ownership control of the national or provincial executive, and must exercise the executive ownership control powers to ensure that the public entity complies with the Act and financial policies.

Accounting Authority

In terms of Section 50 of the PFMA, the Council serves as the Accounting Authority of the NAMC, and its fiduciary duty is to ensure the protection of the entity's assets and records. The Council must at all times act with fidelity, honesty and integrity, and serve in the best interests of the public entity in managing the financial affairs of the public entity.

Role of the Accounting Authority

The Council has a responsibility to perform the following:

- Steer and set direction
- Approve policy and planning
- Oversee and monitor the implementation of policy
- Ensure accountability.

The Council and its committees conduct their affairs according to approved charters, which indicate the Council's role and responsibilities, as well as those of its committees.

Sub-programme 2: Finance and Administration

Finance and Administration

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

Strategic Reviews and Compliance with Strategic Objectives

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

Supply Chain Management

The division renders supply chain management services to the NAMC and is responsible for the following: Demand and acquisition, logistics management, disposal management, and regular assessment of supply chain performance.

Compliance with legislation and regulations in terms of reporting has been achieved. The supplier database has been updated with the new tax clearance certificates 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 services through a competitive bidding process for construction for the NRMDP in the Eastern Cape and KwaZulu-Natal.

Asset Management

The NAMC conducted asset verifications, which resulted in the de-recognition of NRMDP assets and the disposal of NAMC assets, with a total a book value of R7 360 450.27.

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 Technology (IT) functions are outsourced to Vukani Technologies, which provides professional services with regard to IT on a daily basis.

For the period under review, the IT Steering Committee continued to function and sought to ensure that the IT strategy and policies were implemented within the NAMC, while the IT Steering Committee also looked at addressing audit findings as raised by both internal and external auditors to ensure that all 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 on eight (8) occasions during the period under review.

Internal Audit Function

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

Sub-programme 3: Communications Unit

Introduction

The Corporate Communications Unit reports to the Office of the Chief Executive Officer. It focuses on three pillars: a) stakeholder relations, b) public relations, and c) media relations. During the period under review, our activities were restricted to online or digital communications because of the occurrence of the COVID-19 pandemic. Four communication reports were provided, and a narration of activities is set out below.

Stakeholder Relations

The NAMC works with various commodity groups, and at times, these groups request the assistance of NAMC Communications. For this period review, these were the stakeholders that the NAMC assisted in fulfilling their communication needs:

- **FANRPAN.** As a node host, we assisted FANRPAN in the development of AFRICAP Climate Smart Agriculture videos, and in boosting its profile in the South African media landscape.
- **ACIAR.** For an Australian-funded beef programme, called High VBP, we designed a website and profiled farmers that conducted free range farming.
- **DALRRD.** We supported the department in the world food programme and produced a video, shared among all stakeholders, which highlighted government's message of food security.
- **Industry.** The NAMC assisted the South African Society of Animal Sciences (SASAS) with their social media strategy.

Public Relations

In pursuing market access for all market participants, the NAMC on a monthly basis shared its email newsletter (12x) on its market access activities. In addition to this, the organisation executed two campaigns:

- **Y-Agriculture.** During the period under review, the NAMC consistently shared and covered stories related to youth agriculture on its Y-Agriculture Portal. Secondly, we conducted an annual review of the Top 6 Youth Agriculturalists. This initiative has also seen the youth agriculturalists who we have covered being featured in the Mail and Guardian's Top 100 Youth.
- **Branding of South African Agriculture.** Under the banner 'Love RSA Agriculture', the programme seeks to communicate the positive side of agriculture, including its contribution to the economy.

Media Relations

The NAMC's media strategy is to provide comment and analysis in the media on topical agricultural developments. During the financial period under review, the NAMC conducted over 14 media print and broadcast interviews, surpassing targets of having 2 interviews per month.

We have seen increased traffic due to this tactic at play and to our email newsletters. Both fronts have increased our social media numbers from a mere 3200 followers in 2019/2020 to more than 10 000 followers (on Facebook) in 2020/2021. Our website analytics also concur with the upward trend, as from July 2021 there were 4975 users, compared with the 7 000 users in December.

Conclusion

The events surrounding the COVID-19 pandemic prompted the NAMC to move into the digital communication era. A new digital communication strategy is to be developed and implemented for 2021/2022. Because the NAMC receives international requests on local markets, it will also broaden its international relations.

PROGRAMME 2: OUTCOME 2: AN ENABLING AGRICULTURAL MARKETING POLICY AND STATUTORY ENVIRONMENT

Trade Research

The Trade Focus Area is committed to conducting ongoing research projects on a quarterly basis. These research projects are conducted by the trade research team in collaboration with other divisions or external stakeholders.

ITAC Applications

The NAMC plays an advisory role to ITAC on matters relating to agricultural land reform and rural development and trade policy decisions. The advisory service entails, among other things, tariff rates, rebate facilities, and safeguards mechanisms. The NAMC is then expected to provide its comment and indicate whether the comment is confidential or not, and in the case of a confidential report, ITAC also demands a non-confidential copy. The NAMC has adopted a stance of only producing non-confidential reports. During the financial year 2020/21, the NAMC received requests from ITAC to comment on the following policy matters:

- Dried crushed or ground fruits of the genus capsicum – The National Agricultural Marketing Council (NAMC) received a request from ITAC, dated 25th September 2020, requesting the NAMC to comment on the application for a permit in terms of rebate provision 460.02/0904.20/01.05 for the importation of 1 000 000 kilograms of dried crushed or ground fruits of the genus capsicum, classifiable under tariff subheading 0904.20.
- Roasted groundnuts – The National Agricultural Marketing Council (NAMC) received a request from ITAC, dated 30th September 2020, requesting the NAMC to comment on the application for an increase in the rate of customs duty on roasted groundnuts, classifiable under tariff headings 2008.11.20 and 2008.11.90.
- Demineralised whey powder and whey protein concentrate – The National Agricultural Marketing Council (NAMC) received a request from ITAC, dated 30th October 2020, to review the description of rebate item 304.07/0404.10/01.06 in Part 1 of Schedule No. 3 to the Customs and Excise Act, No. 91 of 1964. The request came on the grounds that the rebate item is currently contentious due to the lack of clarity as what constitutes demineralised whey powder (DWP), and what the parameters are of its constituents.

- The National Agricultural Marketing Council (NAMC) received a request (from ITAC), dated 13th January 2020, requesting the NAMC to conduct an impact analysis on the application for an increase in the rate of customs duty on roasted groundnuts (classifiable under tariff subheadings 2008.11.20 and 2008.11.90) for 20 % ad valorem, and peanut butter (classifiable under tariff subheading 2008.11.1) to 25 % ad valorem).

Trade Policy Briefs and Commentaries

- “Agricultural marketing advisory note: Brown locust outbreak in South Africa” by M.H. Lubinga, HM, Myeki, L, Sotsha, K and Tempia NP. Link: <https://www.namc.co.za/wp-content/uploads/2021/01/Brown-Locust-Outbreak-Final.pdf>
- “Geographical indications for market access: South Africa must pull up the socks” by M.H. Lubinga. Link: <https://www.namc.co.za/wp-content/uploads/2020/09/Geographical-Indications-for-market-access-rural-development-and-inclusive-growth.pdf>
- “Market trade for wool amidst COVID-19” by Zosuliwe Kala. Link: <https://www.namc.co.za/commentary-market-trade-for-wool-amidst-COVID-19/>
- “COVID-19 temporary trade restrictions on rice and its implications for South Africa” by M.H. Lubinga. Link: <https://www.namc.co.za/commentary-COVID-19-temporary-trade-restrictions-on-rice-and-its-implications-for-south-africa/>
- “Abating adverse effects of global shocks on south Africa’s rice imports: a case of COVID-19 pandemic” by M.H. Lubinga. Link: <https://www.namc.co.za/wp-content/uploads/2020/06/Advisory-Note-001-2020-RICE-1.pdf>
- “What farmers need to know about the local paprika market opportunities” by Lucius Phaleng. Link: <https://www.namc.co.za/wp-content/uploads/2020/04/What-farmers-need-to-know-about-the-local-paprika-market-opportunities-1.pdf>
- Policy assessment “implications of halting the opening of imports in heat-treated poultry meat from China in support of poultry master plan in South Africa” by Trade Unit.
- Brief “analysis of various chicken dumping countries in South Africa: poultry safeguards” by Trade Unit

Statutory Measures

Introduction

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

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

Statutory measures are normally promulgated for a period of four years, after which the relevant industry must apply to the Minister for the continuation of the measures, if they wish to continue to make use of those 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, and transformation, in a particular agricultural industry. All levy applications must have a proposed business plan and a reasonable level of industry support. The NAMC follows the guideline that there must be indications that two-thirds of levy payers, representing two-thirds of production, should support an application. In January 2021, the NAMC adopted a document titled “Standard Operation Procedure (SOP) for the approval process of statutory measure applications”.

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, and export promotion, 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 groups refer to any group of persons that 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 the issuing of 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 almost two decades past, the NAMC has 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, and research;
- 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 being 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 utilised in a manner determined by the Minister”. In most cases, statutory levies are approved for a period of four years. During 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 for the continuation of levies, and where they operate as a going concern, it may cause financial difficulties if all surplus funds are to be solely used for transformation activities. The administrators are then left with a deficit and are 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 the 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 2020/21 financial year:

Table 1: Statutory measures applicable during the 2020/21 financial year

Industry	Administration body	Statutory Measures		
		Statutory levy	Records and returns	Registration
Citrus	SA Citrus Growers' Association	✓	✓	✓
Cotton	Cotton SA	✓	✓	✓
Dairy	Milk SA	✓	✓	✓
Deciduous fruit	HORTGRO	✓	✓	✓
Dried vine fruit (raisins)	Raisins South Africa	✓	✓	✓
Fruit industry	Agrihub		✓	✓
Fruit fly	Fruit Fly Africa	✓		
Fynbos (proteas)	Cape Flora SA	✓	✓	✓
Maize, winter cereals, sorghum and oilseeds	South African Grain Information Service		✓	✓
Lucerne	National Lucerne Trust	✓	✓	✓
Macadamias	SA Macadamia Growers' Association	✓	✓	✓
Milk	Milk Producers' Organisation		✓	✓
Olives	South African Olive Industry Association	✓	✓	✓
Pecan nuts	SA Pecan Producers' Association	✓	✓	✓
Pomegranates	Pomegranate Association of South Africa	✓	✓	✓
Pork	SA Pork Producers' Organisation	✓	✓	✓
Potatoes	Potatoes SA	✓	✓	✓
Red meat	Red Meat Levy Admin	✓	✓	✓
Soybeans	SA Cultivar and Technology Agency (SACTA)	✓		
Table eggs	SA Poultry Association	✓	✓	✓
Table grapes	SA Table Grape Industry	✓	✓	✓
Wine	SA Wine Information and Systems; Wine Industry Network of Expertise and Technology; Wines of South Africa and Wine Transformation Unit	✓	✓	✓
Winter cereals	Winter Cereals Trust (general levies)	✓		
	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 2020 survey amounted to approximately R735.8 million, which is 14.8% higher than the 2019 survey's reported R641.2 million.

TABLE 2: Total statutory levy income – 2020 survey

Product	Levy income 2020	Total value of product at first point of sale	Levy income as a percentage of the value of the product
	R	R	%
Citrus (exported)	90 851 271	19 376 552 000	0,5%
Cotton lint	8 281 436	658 000 000	1,3%
Dairy products	56 346 019	15 104 262 000	0,4%
Deciduous fruit	108 655 174	6 779 274 744	1,6%
***Pome and stone	59 482 955		
***Market development	23 259 509		
***Fruit Fly Africa	25 912 710		
Dried fruit	9 112 801	1 674 061 000	0,5%
Fynbos (proteas)	803 448	116 610 208	0,7%
Lucerne	2 409 189	1 241 231 544	0,2%
Macadamias	29 904 420	3 270 000 000	0,9%
Olives	1 560 736	75 712 576	2,1%
Pecan nuts	5 171 553	1 180 000 000	0,4%
Pomegranates	906 906	97 045 952	0,9%
Pork	37 283 046	11 879 252 136	0,3%
Potatoes	50 976 926	10 200 000 000	0,5%
Red meat	47 055 419	28 000 000 000	0,2%
Soybeans*	68 962 355	6 022 299 000	1,1%
Table eggs	8 221 717	7 900 000 000	0,1%
Table grapes	28 184 164	7 900 000 000	0,4%
Wine	90 932 073	6 161 200 000	1,5%
Winter cereals (general)**	37 121 696	8 418 034 326	0,4%
Winter cereals (SACTA)	53 060 243	8 418 034 326	0,6%
TOTAL	735 800 592	144 471 569 812	0,5%

*The breeding levy on soybeans was implemented in March 2019 and is included in the report for the first time.

**The winter cereal statutory levy lapsed at the end of September 2020 and the industry decided to follow the voluntary route from 1 October 2020.

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 2020 survey, the total levy income, as a percentage of the value of agricultural products at the first point of sale, is approximately 0.5 %.

Total statutory levy expenditure

The 2020 survey shows that approximately R658.7 million was spent on industry functions – an increase of 7.1%, compared with the 2019 survey. Of the total expenditure, approximately 37.1% was spent on research, 18.9% on transformation projects, 11.9% on export promotion/market access, and 11.2% on information.

TABLE 3: Allocation of levy expenditure– 2020 survey

Functions	2017 survey	2018 survey	2019 survey	2020 survey	2020
	R	R			%
Administration	30 720 833	35 555 179	36 302 695	41 340 218	6,3
Information	52 100 101	60 641 637	70 021 940	73 707 321	11,2
Research	181 455 248	215 400 274	223 900 766	244 075 627	37,1
Transformation	94 100 152	113 382 930	116 601 648	124 393 310	18,9
Export promotion / market access	63 457 305	72 274 642	75 319 655	78 352 505	11,9
Consumer education / promotion	49 646 329	53 235 633	57 045 906	54 335 881	8,2
Production development	10 385 802	16 450 062	9 633 739	10 669 201	1,6
Plant improvement	5 832 081	3 713 823	3 293 961	3 930 873	0,6
Quality control	17 365 018	20 261 675	22 692 905	27 881 177	4,2
TOTAL	505 062 869	590 915 855	614 813 215	658 686 113	100

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 2020 survey shows that an average of approximately 6.3% (R41.3 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

Over the past ten years, the levy expenditure on information has more than doubled. For the 2020 survey, approximately 11.2% (R73.7 million) of total levy expenditure was allocated to the information function. The cotton, lucerne and table egg industries spent, proportionally, the most 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. This 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. The confidential information of any person subject to a statutory measure, which is obtained by the administrator through the implementation, administration and enforcement of these statutory measures, is 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 2020 survey shows that approximately 37.1% (or R244.1 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 could increase significantly in the next few years because, recently, SACTA obtained ministerial approval to collect a winter cereal breeding levy and they have budgeted to collect approximately R53 million per year. The Minister also approved the soybean breeding levy, which could add another R69 million to research spending.

Transformation

In 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 has appointed a Transformation Review Committee to manage this process.

The NAMC has 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 that they intend taking to achieve employment equity, with every statutory levy application to the NAMC and the Minister.

According to the 2020 survey, approximately 18.9% (R124.4 million) was spent on transformation projects, compared with R116.6 million reported in the previous survey, being an increase of 6.7%. It should be noted that the levy income of R23.3 million collected specifically for deciduous fruit market development and the R25.9 million for the fruit fly control programme, is not subjected to the condition of spending 20% on transformation. If these are excluded, 20.4% of total levies are spent on transformation. Furthermore, it must be noted that SACTA has not yet spent transformation funds of R14.1 million (soybeans) and R23.5 million (winter cereal), but these funds will be ring-fenced to be spent on transformation projects in the near future.

Levy administrators indicated, as part of the 2020 survey, that they spent the transformation funds as follows:

TABLE 4: Performance on pillars of transformation

	2020 Pillars of transformation			
	Enterprise development	Skills development	Employment equity, Management control, Socio-economic development, Ownership	Total spent on transformation
	(Guideline 50 %)	(Guideline 20 %)	(Guideline 30 %)	
Citrus (exported)	11 500 000	800 000	7 824 877	20 124 877
Cotton lint	395 000	1 302 909	123 726	1 821 635
Dairy products	5 644 808	3 077 455	1 835 420	10 557 683
Deciduous fruit	9 891 158	675 929	1 764 246	12 331 333
Dried fruit	1 640 789	683 229	779 020	3 103 038
Fynbos (proteas)	141 551	11 000	0	152 551
Lucerne	112 848	132 039	10 990	255 877
Macadamias	2 126 344	523 799	1 088 680	3 738 823
Olives	80 555	357 706	0	438 261
Pecan nuts	864 536	238 868	26 734	1 130 138
Pomegranates	79 297	257 059	20 737	357 093
Pork	4 381 348	446 429	4 595 744	9 423 521
Potatoes	6 013 531	1 943 351	3 387 328	11 344 210
Red meat	5 963 489	3 425 156	692 100	10 080 745
Soybeans				
Table eggs	729 654	250 000	0	979 654
Table grapes	3 491 592	540 499	1 660 208	5 692 299
Wine	12 753 360	1 516 000	1 598 120	15 867 480
Winter cereals (General)	13 448 347	2 276 375	1 269 370	16 994 092
Winter cereals (SACTA)				
TOTAL	79 258 207	18 457 803	26 677 300	124 393 310
	63,7 %	14,8 %	21,4 %	100,0 %

Table 9 shows that approximately R79.3 million or 63.7% of total transformation expenditure was aimed at enterprise development, while approximately R18.5 million or 14.8% was spent on skills development, and approximately R26.7 million or 21.4% was spent on employment equity, management control, ownership, etc.

Consumer education / local promotions

As per the 2020 survey, approximately 8.2% (R54.3 million) of total levy expenditure was spent on consumer education / promotions, compared with the R57.0 million reported in the previous survey. It is mainly the livestock industries that are strongly of the opinion that a major part of statutory levies must be allocated to consumer education / local promotions. The dairy industry allocates 34.5% of levy funds towards this function, while the pork, red meat and table egg industries respectively allocate 25.0%, 25.9% and 20.4% of levy funds towards consumer education and local promotions to market their produce. The olive and the potato industries (51.3% and 26.6%, respectively) also spent a major portion of statutory levy income on consumer education / local promotions.

Export promotion and market access

The 2020 survey indicated that approximately 11.9% (R78.4 million) of total levy expenditure was allocated to export promotion and market access, compared with the approximately R75.3 million reported in the 2019 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.

Quality control

The function of quality control is mainly undertaken by the cotton, dairy, pork, red meat, table eggs and table grape industries, with the objective of ensuring that consumers have peace of mind when using these products. An amount of R27.9 million (4.2% 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, Land Reform and Rural Development (DALRRD), and is to be conducted in terms of the Agricultural Product Standards Act (Act No 119 of 1990). For various reasons, the South African Meat Industry Company (SAMIC) was appointed as an assignee to perform this function on behalf of DAFF. Although SAMIC is performing this function on behalf of DALRRD, the red meat industry is paying for this function through a statutory levy.

Plant improvement

The deciduous fruit industry spent approximately R3.9 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. These include dealing with certain quarantine organisms, genetic upgrading of cultivars, phytosanitary upgrading of plant material, horticultural evaluation, and 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, the pecan nut, pork and red meat industries spent R10.7 million (1.6% of total levy expenditure) on production development.

TRADE PROBE

Trade Probe is a quarterly report produced by the National Agricultural Marketing Council (NAMC) and the Department of Agriculture, Land reform, and Rural Development (DALRRD). It reports on and analyses agricultural trade issues, both in local and international markets. This publication is widely used by exporters and importers.

This report relates to performance indications of the trade annual targets (100% achieved): Trade Probes – the commitment of four (4) to be produced:

- Trade Probe Issue 81: May 2020 – The purpose of this issue was to provide a detailed analysis of how selected agricultural commodities were affected by the COVID-19 outbreak, given the fact that some commodities were prohibited from being sold domestically, while other countries imposed export bans. Rice, wheat, wine, maize, wool and fruits were the commodities of interest. The topics of interest that were covered include: COVID-19 temporary trade restrictions on rice and the implications for South Africa; COVID-19 causes disruptions in global fruit value chains; What is the status quo of maize in South Africa? Is maize supply adequate for the COVID-19 period? Link: <https://www.namc.co.za/wp-content/uploads/2020/06/DAFF-NAMC-TRADE-PROBE-ISSUE-81-MAY-2020.pdf>

- Trade Probe Issue 82: August 2020 – The purpose of this issue was to provide a detailed analysis of selected agricultural commodities in a post-COVID-19 pandemic perspective. This follows the fact that some commodities were affected by the COVID-19 outbreak, which resulted in the prohibition of local sales and also of exports. The topics of interest that were covered include: Effect of the COVID-19 lockdown on wheat import parity prices in South Africa; Tobacco industry in the midst of COVID-19 and humankind; and, what level 2 of lockdown means for South Africa's wine industry. Link: <https://www.namc.co.za/wp-content/uploads/2020/10/DAFF-NAMC-TRADE-PROBE-ISSUE-82-AUGUST-2020.pdf>
- Trade Probe Issue 83: November 2020 – The purpose of this issue was to provide a detailed analysis of the current trade issues within South Africa and also regarding its trading partners. As the year drew to an end, it was important to provide a summary of trending issues within the agricultural sector that happened during the year. The topics of interest covered include the implication of Kenya and the USA negotiating a bilateral free trade agreement; the status of the oilseed market amid the coronavirus pandemic; and lucerne hay as a pillar for improving South Africa's agricultural export performance. Link: <https://www.namc.co.za/wp-content/uploads/2020/12/DAFF-NAMC-TRADE-PROBE-ISSUE-83-NOVEMBER-2020.pdf>

SOUTH AFRICA FRUIT TRADE FLOW

South Africa's diverse weather and climatic conditions enable the country to cultivate and produce a variety of fruits. The country is known globally as a producer and exporter of citrus and deciduous and subtropical fruits. The report is released on a quarterly basis by the Trade Unit of the Markets and Economic Research Centre. The trade research focus area was committed to producing four (4) fruit flow reports:

- South African Fruit Trade Flow Issue 38: June 2020 – This issue of the Fruit Trade Flow Report looked at deciduous fruit (cherries, pomegranates) and subtropical fruit (mango, litchis). The main focus is on the analysis of the current season's performance of these fruits, for both the export and domestic markets, in comparison with the previous season. This report also assesses the global production of these fruits, giving a perspective on South Africa's production and export rankings (as a share of global production and exports). Additionally, the report highlights the current issues affecting the mango industry, globally. Link: <https://www.namc.co.za/wp-content/uploads/2020/08/South-African-Fruit-flow-report-June-2020-Issue38.pdf>
- South African Fruit Trade Flow Issue 39: September 2020 – This issue of the Fruit Trade Flow Report

looked at citrus fruit (grapefruit and lemons) and pome fruit (apples and pears). The main focus is on the analysis of the current season's performance of these fruits, for both the export and domestic markets, in comparison with the previous seasons. This report also assesses whether the export promotion should complement geographical indications (GIs) for sustainable markets access: A case for South Africa's primary agricultural products. It further assessed the prices that South Africa was receiving, in comparison with its competitors. Link: https://www.namc.co.za/wp-content/uploads/2020/12/South-African-Fruit-flow-report-September-2020-Issue-39_EDITED.pdf

- South African Fruit Trade Flow Issue 40: December 2020 – This issue of the Fruit Trade Flow report looked at citrus fruit (oranges and soft citrus), subtropical fruit (avocados) and exotic fruit (strawberries). The main focus is on the analysis of the current season's performance of these fruits, for both the export and domestic markets, in comparison with the previous seasons. This report also assess whether 'South Africa benefiting from trade wars elsewhere? The case of the wine industry'. Furthermore, it looked at the wholesale prices that South Africa received in the U.S. market. Link: <https://www.namc.co.za/wp-content/uploads/2021/02/South-African-Fruit-flow-report-December-2020-Issue-40.pdf>
- South African Fruit Trade Flow Issue 41: March 2021 – This issue of the Fruit Trade Flow Report looked at table grapes and stone fruit (plums, nectarines, peaches and apricots). The main focus is an analysis of the current season's performance of these fruits, for both the export and domestic markets, in comparison with the previous seasons. This report further assessed the global production of these fruits, giving a perspective on South Africa's production and export rankings (as a share of global production and exports).

PROGRAMME 3: OUTCOME 3: AGRICULTURAL SECTOR IS VIABLE, INCLUSIVE AND COMPETITIVE AS A KEY ECONOMIC SECTOR

AGRICULTURAL TRUSTS DIVISION

The mandate of the Agricultural Industry Trusts Division is to coordinate the communication process between the Minister of the Department of Agriculture, Land Reform and Rural Development (DALRRD) and the various Agricultural Industry Trusts. The matters reported to the Honourable Minister Thoko Didiza 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 Status Reports (to apprise the Minister of the Trust status) that are substantiated by the monitoring and evaluation visits to the transformation projects (trusts and levies).

The agricultural industry trusts were monitored during the period under review and it is important to note that the value of assets declined from R2,3 billion in 2019 to R2,2 billion in 2020. The decline in the value of the assets is attributed to the impact of the outbreak of COVID-19 and the subsequent closure of the economy. On the appointment process of Ministerial Trustees, there were delays in the appointment process, with submissions being misplaced within the departmental approval chain. The terms of office of the Ministerial Trustees on the Maize Trust, Oil and Protein Seeds Development Trust and on the Deciduous Fruit Industry Development Trust have lapsed and new appointments are still outstanding. The terms of office of the Ministerial Trustees on the Meat Industry Trust, Sorghum Trust and Potato Industry Development Trust have lapsed and the Minister has approved the replacements.

The Minister made the appointment of Ms Thato Moagi, replacing Mr Happy Mohane, to the Sorghum Trust. The Minister also appointed Ms S Sekhoto, Ms U Spear, and Dr Z Majokweni to replace Dr T Hewu, Ms B Thlabane and Ms N Motshegoa.

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

- Stakeholder engagements (government and industries): The NAMC participated in the work of DALRRD's AgriBEE provincial sittings, and also participated in the AGRIBEE activities, such as the Provincial Forums where the progress regarding AgriBEE Sector Codes is discussed and progress is tracked. The DALRRD directorate, AGRIBEE Charter and compliance, also participates in the Transformation Review Committee (TRC) of the NAMC, including at meetings and site visits to levy- and trust-funded transformation initiatives.
- Poultry Industry: The Transformation Committee, meeting on the poultry industry master plan, was established (NAMC playing a secretariat role).
- Milk SA: A meeting was held, attended by the NAMC, the Free State Department of Agriculture, Land Reform and Rural Development, and Milk SA, in order to address challenges affecting black dairy farmers in the province.

SMALLHOLDER MARKET ACCESS RESEARCH PROJECTS

Smallholder Market Access Tracker (SMAT)

The SMAT is a dashboard tool that is used to measure the progress made towards the achievement of "market access for all participants" and, in particular, market access for smallholder farmers in South Africa. The construction of the SMAT tool commenced in 2016 and the first pilot was conducted in the potato sector in 2017. A second pilot was then conducted on beef in 2018. These pilot studies culminated in the formulation of a citrus baseline in 2019 and a broiler baseline in 2020. The raisins baseline was scheduled to be finalised by the end of March 2021. The process has been overseen so far by a group of representatives, selected from various agricultural stakeholders in South Africa (referred to as a reference group). In addition to the industry baselines, which are produced annually, there is a quarterly SMAT publication that focuses on the participation of smallholder farmers in the Fresh Produce Markets. The baseline reports and publications are available on the NAMC website at: <https://www.namc.co.za/category/research-publications/publications/small-holder-archives/smallholder-market-access-tracker-smat/>

The SMAT tool is composed 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 through using certain key market access variables gathered from empirical research, and are the heart of the SMAT tool, and which could have either positive, negative or neutral effects on the smallholder farmers' likelihood of gaining access to the market. They are categorised into two groups. The first group tracks the progress from the supply perspective (farmers' perspective) and is referred to as comprising A2 indicators. The second group tracks the progress from the demand side (market's perspective) and is referred to as comprising B1 indicators. These indicators are intended to inform the policymakers of the situation per industry tracked, thereby enabling the formation and continuation of more effective programmes or interventions towards the achievement of market access.

The Australian Centre for International Agricultural Research (ACIAR)

The SHMA is involved in the NAMC's partnership with the Agriculture Research Council (ARC) and the University of New England (UNE), supported by the ACIAR, to assist smallholder and emerging beef cattle farmers in South Africa to participate in high-value markets. The overall goal of the project is to improve the profitability of emerging and smallholder cattle farmers by developing cost-effective and environmentally sustainable beef value chains, which are able to supply cattle that meet the specifications of high-value, free-range beef markets. This will be achieved by undertaking research to address the following objectives:

Objective 1: To improve on-farm animal health, nutrition, management and breeding systems in order to enable smallholder farmers to cost-effectively deliver a year-round supply of high-value, free-range beef, while simultaneously improving their natural resource base. This involves training farmers in best-practice herd management, developing new farm management systems, undertaking on-farm participative action research to evaluate alternative systems, and analysing project data to identify the factors with greatest impact on cow reproductive performance to improve cattle suitable for the free-range brand.

Objective 2: To improve the profitability of all sectors of the project's beef value chains through increased adoption of proven interventions by farmers, and the implementation of practices that create efficiencies and effectiveness across the entirety of the value chains. This involves analysing the project's surveys of Behaviour Change, Value Chain and Women's Empowerment in order to identify areas of

improvement, and to design and evaluate customised strategies that are aimed at increasing adoption and overcoming inequities.

Objective 3: To develop scaling-out strategies and guidelines that enable the application of the project's results to other value chains. This involves a retrospective analysis of the project's decision-making processes to develop guidelines and recommendations for others who wish to link smallholder farmers to value chains in the future.

The overall planned outcome is that, by December 2021, at least 2 000 emerging and smallholder farm businesses will be, in a cost-effective and environmentally sustainable way, supplying cattle on a year-round basis to Cradock Abattoir and Cavalier Meats, and will be achieving at least 70% compliance with Woolworths' high-value, free-range market specifications. Achieving the overall outcome will simultaneously improve the profitability and productivity of smallholder farmer businesses through receiving higher prices for cattle that meet free-range specifications and through improved on-farm production systems that increase animal performance and the supply of cattle.

The natural resource base will be maintained or improved through the use of environmentally sustainable production systems. The business capacity of smallholder farmers and the capacity, knowledge and skills of the project's extension officers will be significantly enhanced by the training provided by the project. The two commercial beef value chains will benefit from an improved supply of cattle that meet free-range market specifications. Scientific impacts will be achieved through wider research use of new knowledge, practices, processes and technologies, particularly relating to the adoption and scaling out of improved reproductive technologies that will have application in South Africa, Australia and other countries, globally. With a growing but under-supplied free-range market, the opportunities to scale out the project's results to other value chains in South Africa and other African countries is considerable.

GDARD Extension Project

The SHMA is driving a project, established under a signed agreement between the NAMC and the GDARD, to conduct research that covers issues of extension services as constituting a catalyst for improved farm productivity in the Gauteng province of South Africa. The agreement spanned a period of 2 years – from 01 April 2019 to 31 March 2021. However, there have been delays arising from the effects of the COVID-19 pandemic, and thus an extension has been granted for the project to continue into the 2021/22 financial year.

Agri-preneur

The Agri-preneur is a quarterly publication that provides a platform where agripreneurs and farmers, mainly smallholders, can share their knowledge and skills, challenges, experiences and insights with one another. In addition, the publication profiles agripreneurs and farmers to encourage prospective youth farmers and agripreneurs. By sharing information on this platform, farmers and agripreneurs could potentially be enabled to develop strategies and adopt models that allow them become part of the value chain through the marketing of commodities and products that meet market standards and are safe for consumption. Above all, the publication also serves to promote and profile aspects of South African agriculture as a brand, by featuring good stories that will hopefully convince the reader to #LoveRSAagric.

Agri-preneur issues 21 to 23 have been published and are available on the NAMC website at: <https://www.namc.co.za/category/research-publications/publications/small-holder-archives/agripreneur/>

Monitoring and Evaluation

The SHMA conducts an M&E of the research it undertakes, particularly the SMAT and the GDARD projects. The purpose of the M&E is to track the implementation and outputs systematically, and track where and when changes may be needed to improve the implementation. Ultimately, the M&E seeks to measure the effectiveness of the projects. The M&E reports are available on the NAMC website at: <https://www.namc.co.za/category/research-publications/publications/small-holder-archives/me-reports-small-holder-archives/>

Research output dissemination

The SHMA strives to take a deliberate stance to increase the visibility and usefulness of its research output by participating in various platforms in order to better disseminate and communicate its research findings. The following platforms have been used to communicate research findings in the 2020/21 financial year.

Journal articles

Table 5: Research disseminated through journal articles, conferences and symposium

Authors	Topic	Journal/conference/symposium
JS Kau, VM Mmbengwa & J Swanepoel	Small-scale Citrus Farming among Selected countries: Determinants for Exports and Production	J Hum Ecol, 72(1-3): 199-210 (2020)
VM Mmbengwa, K Rambau, JN Rakuambo & X Qin	Key factors for the improvement of small-holder farmers' participation in agro-processing industries of Gauteng province of republic of South Africa: lessons for the extension advisory services	S. Afr. J. Agric. Ext. Vol. 48 No.2, 2020: 153 – 165
V.M. Mmbengwa, K. Rambau, L Myeki, K. Sotsha, P. Myotolo and T. Molebo	Assessing the critical factors that affect the formation of poultry, and piggery mixed farming value chain in Gauteng Province of the Republic of South Africa.	Presented at the 13 th Gauteng Agricultural Research Symposium
L Myeki, VM Mmbengwa & K Sotsha	Implications of farm crimes on-farm productivity, market access, and food security in South Africa	Submitted to the South African Journal of Science
S Zantsi, K Sotsha & T Nkunjana	The potential effect of COVID-19 pandemic on completion of masters and Ph.D. research based on smallholder primary data in selected South African universities	Agrekon

AGRIBUSINESS DEVELOPMENT DIVISION

The MAP Act stipulates that a statutory levy may not exceed 5 % of the price realised for a specific agricultural product at AGRIBUSINESS DEVELOPMENT DIVISION

The Agribusiness Development Division (ADD) of the NAMC was established in 2006 to collaborate with various institutions, both nationally and internationally, in designing development models and programmes that are aimed at increasing market access, encouraging new business development, and the capacity building of historically disadvantaged enterprises. The NAMC's strategic placement and relationship with public and private institutions, built over many years, enabled the ADD in facilitating programmes that have the potential to achieve the government outcomes. The Division has four programmes that are aimed at increasing the numbers of smallholder farmers or projects that are linked to market opportunities, namely:

- Linking commodity project/farms to the market
- Market access models design
- Technical support plans programme
- Market Access capacity facilitation programme

Linking commodity project/farms to the market

This programme aims at increasing market access for smallholder farmers. Sustainable market access creates a platform for smallholder farmers to generate income, thus contributing to food security and improving their rural livelihoods. The market environment also serves to drive production to meet consumer demand in terms of quantity and quality. This programme links the producers and buyers, and also enables the dissemination of market access information. During this reporting period, the NAMC linked 420 smallholder farmers with the markets through this programme:

- 21 farmers in Thabo Mofutsanyane in the Free State were linked with Ubuntu Foods to supply herbs.
- 379 farmers were linked with ETG Inputs RSA (PTY) LTD to supply dry beans. The farmers are located at Nkomazi, Umjindi, and Mbombela in Ehlanzeni, in Mpumalanga Province. The number of hectares identified amount to 1376, where 509 hectares are allocated for dry beans production. This is a collaboration between the NAMC and the Mpumalanga Provincial Department of Agriculture.
- 8 castor oil farmers within the Ray Nkonyeni Local Municipality, in KwaZulu-Natal, were linked with Scatters Oils Market to supply castor oil.
- 12 farmers in the Thabo Mofutsanyane District, Free State, were linked to the Department of Social Development market to supply meat products and vegetables. This was a collaboration between

NAMC, Free State Department of Agriculture, Land Reform and Rural Development (DALRRD), NGOs and the Free State Department of Social Development (DSD), for creating the market opportunities for the smallholder farmers within the province.

Market access models design

The NAMC has continued designing and facilitating the design of development schemes, with both private and public institutions. The models are designed and implemented to uplift black producers in the agricultural sector, and to encourage their integration into the commercial mainstream. Development Models are demand driven and are guided by the developmental impact, as well as by feasibility studies. Two business plans were designed:

- A business plan was developed for a group of 23 rabbit farmers, located across the eThekweni metropolitan municipality and the uMgungundlovu district municipality, in the KwaZulu-Natal province. The design was triggered, firstly, by the need to address food insecurities and to assist the smallholders to attain sustainable livelihoods. Secondly, to promote the local demand and consumption of rabbit meat, due to the fact that only 20% of South Africa's rabbit meat is consumed domestically, while the remaining 80% is destined for export markets.
- A business plan was developed for 31 farmers who produce sweet potatoes, cabbages, chillies, tomatoes and butternut in Vhembe District, Limpopo province. The area under production for financial year 2020/2021 is 39.8 hectares. The identified market for Mavhunga is factories for food processing industry, fresh produce market, pack houses, individuals and hawkers' traders.
- The Division has also facilitated the implementation of the National Red Meat Development Programme (NRMDP), in collaboration with the Department of Agriculture Land Reform and Rural Development. The NRMDP is a market facilitation programme that affords developing farmers an opportunity to upscale their participation in the marketing of their livestock. Farmers are trained on the various market channels, grading, classification, pricing and other formal market details. The programme aims to develop the desired institutional capacity in rural areas through the establishment of custom feeding infrastructure and the facilitation of livestock auctions. Each facility is represented by Co-operations. The programme was funded by the former DRDLR, and had a staff complement of one hundred and fifty-nine (159) employees. This complement consisted of a Project Manager, Provincial and Administrative Coordinators, a Regional Coordinator, Animal Health Officers,

Administrative Officers and Herdsmen. The SLA between the NAMC and DALRRD expired on the 30th September 2020, and the coordination of the NRMDP was due to be taken over by the Agricultural Research Council (ARC).

- Part of the deliverables of the programme is to link farmers with the market. During the period in review, the animals were marketed through formal (abattoirs, auctions, butcheries and export) and informal markets.
- EC: 1400 cattle and 823 sheep went through the 12 custom feeding facilities, and 32 informal and 10 formal market opportunities (including 2 export opportunities to Mauritius) were created for the EC NRMDP.
- KZN: 125 cattle were fed through our operating facilities, and farmers participated in 4 auctions that were facilitated. One of the auctions was conducted virtually in order to comply with the COVID-19 regulations.
- NW: 99 cattle were fed in one of the two operating CFPs, and sold through the informal market.

Technical Support Plans Programme

The ADD, in collaboration with industry stakeholders, supports smallholder producers to produce through their endeavours to improve their technical capabilities. The technical support programme aims to assist small-scale producers of fresh fruits, vegetables and nuts in accessing the local and international markets by enhancing the productive capacities, enhancing compliance with technical requirements, and by promoting certification. This programme seeks to integrate small-scale agro-businesses into sophisticated supply chains, whether domestic or international, as well as to help those producers seize opportunities for trade in horticulture and agri-food products. Two technical support plans were developed during the period under review.

- Technical support for goat farmers in KZN - A technical support plan for goat farmers in the King Cetshwayo District Municipality (KCDM), KwaZulu-Natal province, was developed. The plan outlines the required technical support interventions for the farmers and it also defines the roles and responsibilities of the key stakeholders. A total of 15 goat farmers participated in the survey, owning approximately 10 000 goats (each farmer owning between 150 and 400 goats). The majority of the farmers are operating on communal land, which is about 400 hectares in total area.
- Technical support plan for farmers producing on Hydroponics: The NAMC, in collaboration with the Free State Department of Agriculture, Rural Development and Land Reform, conducted a diagnostic study and developed a technical support plan for 21 smallholder farmers in various areas

within the Fezile Dabi District Municipality in the Free State Province. The farmers are operating on communal land, which is approximately 150 hectares in total area.

Market Access Capacity Facilitation Programme

The Capacity Facilitation Programme has been a part of the ADD since 2008, with activities spanning across various departments. Having recognised the skills deficiencies within the country's agricultural sector, the ADD has contributed to capacity building efforts by designing and facilitating the delivery of various training programmes through various partnerships and collaborations. The training sessions are driven by demand from our development schemes and technical support projects, as well as by direct requests from farmers. This programme capacitates farmers in order to operate their farms successfully. Thirty-eight (38) farmers were capacitated during the period under review.

- Virtual training in financial management was facilitated, in collaboration with the Mpumalanga Department of Agriculture, Rural Development, Land and Environmental Affairs (DARDLEA), the Buhle Farmers' Academy, and the farmers. The training capacitated 18 farmers on farm financial management over a period of 4 days on an online platform, with an extension of 3 further days due to load shedding and internet connectivity problems. These farmers are located in Mpumalanga Province, Gert Sibande District, within the following local municipalities: Govan Mbeki local municipality, Mkhondo local municipality, Lekwa local municipality, and Msukaligwa local municipality
- 11 farmers, producing subtropical fruits in Vhembe district, Limpopo, were capacitated in business management. This was a collaboration between the NAMC, Subtrop Industry, and the Buhle Farmers' Academy.
- The NAMC also facilitated the participation of 9 youth, who were interested in livestock farming, in a virtual diseases training session (Rift Valley Fever, other Viral Diseases, Brucellosis and other Reproductive diseases) that was presented by the Agricultural Research Council (ARC) in order for them to establish themselves in viable farming businesses.

TRANSFER PAYMENTS

Please refer to page 79-153

CONDITIONAL GRANTS

Please refer to page 79-153

DONOR FUNDS

Not applicable

CAPITAL INVESTMENT

Not applicable



PART C:

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

1. INTRODUCTION

The Government has identified good corporate governance as being one of the key focus areas within the public sector, leading 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.

2. PORTFOLIO COMMITTEE

Parliament exercises its oversight role over 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. The Committee reviews financial and non-financial information, such as efficiency and effectiveness measures, and therefore reviews the non-financial information contained in the Annual Reports of the NAMC.

SCOPA Resolutions

SCOPA oversees the financial performance and accountability of the NAMC in terms of the PFMA, and it, therefore, reviews the annual financial statements and audit reports from the Auditor General of South Africa.

3. 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, Land Reform and Rural Development. The MAP Act, No. 47 of 1996, provides that the Executive Authority can appoint or dismiss members of Council, including the Chairperson, Deputy-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.

4. 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 ended on the 25 May 2021.

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 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) the agricultural marketing policy and the application thereof;
 - (ii) the co-ordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments; and
 - (iii) the possibilities for promoting the objectives mentioned in section 2 (2); and
 - (iv) the effect that marketing of products has on the objectives mentioned in section 2 (2).
- (f) shall monitor the application of statutory measures and report thereon to the Minister, and shall evaluate and review such measures at least every two years;
- (g) shall prepare a budget of its expenses, in consultation with the Director-General, on an annual basis for approval by the Minister.

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

Council Charter

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.

COMPOSITION OF THE COUNCIL BOARD

Name	Designation (in terms of Public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Mr Harry Prinsloo	Acting Chairperson: Council	25 May 2017	25 May 2021	Bachelor of Science in Agriculture (University of the Free State)	Wool Grower - Commercial Farmer	Former Chairperson of the National Wool Growers' Association (NWGA), Member of Cape Wools Board, Member of Wool Testing Bureau, Former Chairperson of the Producers' Working Group at the International Wool and Textile Organization (IWTO), Chairperson of the Commodity Chamber and Commercial Agriculture Policy Committee.	Chairperson: Crop Estimates Liaison Committee and Supply and Demand Estimates Liaison Committee	07 out of 11
Ms Fezeka Mkile	Council Member	25 May 2017	25 May 2021	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, Parts 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	Chairperson of the Cookhouse Wind Farm Community Trust. Board Member of the Renewables Cookhouse Wind Farm 1 (RF) Proprietary Limited. Director – Fezzz Business Enterprises and Suppliers. Former Deputy Chairperson of the Board of Director – Eastern Cape Rural Development Agency (ECRDA). Former Director at Kangel Citrus Farm.	Chairperson of HR & R Committee	11 out of 11

Name	Designation (in terms of Public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Mr Happy Mohane	Council Member	25 May 2017	25 May 2021	Masters in Commerce Economics (University of Natal), Masters of Science in Agricultural Economics (University of Pretoria), Bachelor of Science Honours Degree Agricultural Economics (University of Pretoria), Bachelor of Science Agriculture (University of North West).	Agricultural Economics, Agribusiness Development; Business Linkages, Value Chain Analysis	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), Chairperson of the Board of Stargrow Development	HR & R Committee Member	11 out of 11
Mr Boikanyo Mokgatlhe	Council Member	25 May 2017	25 May 2021	Bachelor of Agricultural Economics Honours: University of Fort Hare	Agricultural Economics	Chair: SAGL Board of Directors; Commissioner: International Trade Administration Commission (ITAC); Member: RSA Steel Committee; Trustee: Winter Cereal Trust Board.	HR & R Committee Member	7 out of 11
Ms Nonie Mokose	Council Member	25 May 2017	25 May 2021	Masters of Agriculture in Rural Development (University of Pretoria), BSc. Nutritional Sciences (Cornell University, Ithaca, New York).	Rural Development, Agricultural and Farmer Development and Empowerment, Sustainable Agri- Food Systems, and Fast-Moving Consumer Goods (FMCG) Marketing, Human Nutritional Sciences	Central University of Technology: Member of Council; Planning Finance and Resources Committee (PFRC). Independent Trustee of the Kgodiso Trust (Pioneer Food Group (Pty) Ltd: Pepsico Inc.).	Audit & Risk Committee Member	10 out of 11

Name	Designation (in terms of Public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Prof. Diale Rangaka	Council Member	25 May 2017	25 May 2021	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, Livestock management, Executive Management, Public Relations	Senator: UNW, Uol; Chairman of Kopanong Hospital Board, Chairperson of the African Vintners Alliance Cooperative, Board Member (Wines of South Africa), South African Wine Industry Trust., South African Wine Industry Transformation Unit, Member (National English Literary Museum Council, Committee member HPCSA Subcommittee Environment Health Officers Profession, Koelenhof Cellars Coop, Cape Winelands District Municipality), Chairman of Bright Futures Foundation.	Risk and Finance Committee of SAWITU; Council Sect. 7 Committee	9 out of 11
Mr Gerhard Schutte	Council Member	25 May 2017	25 May 2021	Masters in Agriculture, Baccalaureus Honours in Agriculture (Animal Nutrition), Bachelor of Science in Agriculture.	Red Meat Farming, Executive Management, CEO: National Red Meat Producers Organisation	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 & Risk Committee Member	09 out of 11

COUNCIL COMMITTEES – 1 APRIL 2020 TO 31 MARCH 2021

AUDIT AND RISK COMMITTEE

No.	Name	Role	No. of meetings attended
1	Ms Lerato Mothae	Chairperson	8 out of 8
2	Ms Ayanda Mafuleka	Audit and Risk Committee Member	5 out of 8
3	Dr Prittish Dala	Audit and Risk Committee Member and Chairperson of the Risk Management Committee	8 out of 8
4	Mr Gerhard Schutte	Council Member	8 out of 8
5	Ms Nonie Mokose	Council Member	7 out of 8

HUMAN RESOURCES & REMUNERATION COMMITTEE

No.	Name	Role	No. of meetings attended
1	Ms Fezeka Mkile	Council Member (Chairperson)	4 out of 4
2	Mr Happy Mohane	Council Member	4 out of 4
3	Mr Boikanyo Mokgatle	Council Member	4 out of 4

RISK MANAGEMENT COMMITTEE

No.	Name	Role	No. of Meetings attended
1	Dr Prittish Dala	Chairperson and Audit & Risk Committee Member	5 out of 5
2	Dr S. Ngqangweni	Chief Executive Officer	5 out of 5
3	Ms S.F. Netili	Chief Financial Officer	5 out of 5
4	Ms N. Simelane	Senior Manager: Human Resources Management	2 out of 5
5	Dr N. Tempia	Senior Manager: Markets & Economic Research Centre	2 out of 5
6.	Mr S. Burger	Senior Manager: Statutory Measures	5 out of 5
7.	Ms K. Mosoma	Senior Manager: Agribusiness Development	4 out of 5
8.	Mr B. Nyhodo	Senior Manager: Agricultural Trusts	4 out of 5
9.	Mr S. Monamodi	Communications Manager	3 out of 5

5. RISK MANAGEMENT

Risk management is, in essence, about proactively identifying and understanding the factors and events that may impact upon the achievement of strategic and operational objectives, including the managing, monitoring and reporting of risks and opportunities. It is in this regard that the Risk and Compliance Unit of the NAMC was established, based on the prescripts of the Public Finance Management Act, Treasury Regulations and the Public Sector Risk Management Framework issued by the National Treasury. The realisation of the Risk Management Strategy was executed through a Risk Management Implementation Plan, approved by the Council. The Risk Management Implementation Plan is meant to guide and assist in implementing the activities that will assist in serving the organisation.

The Risk Implementation Plan empowers the Risk and Compliance Unit to perform the following:

- Facilitation of the risk identification,
- Risk mitigation;
- Risk monitoring and reporting at operational, project and strategic levels;
- Implementation of the approved fraud prevention policy;
- Implementation of the approved continuity management policy;
- Implementation of the compliance and ethics programme; and
- Implementation of the combined assurance framework.

6. INTERNAL CONTROL

The Council has the ultimate responsibility for establishing a framework for internal controls, including an appropriate procurement and provisioning system. This function is delegated to the executive management to ensure that the 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 the internal controls at the NAMC. These controls are designed to provide a 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. INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

The Audit & Risk Committee plays an important role in ensuring that the entity functions according to good governance, accounting and audit standards. The Committee also monitors the adoption of appropriate risk management arrangements, and a brief description of these is as follows:

- Key activities and objectives of the internal audit
- Specify summary of audit work done
- Key activities and objectives of the Audit & Risk Committee
- Attendance of Audit & Risk Committee meetings by Audit & Risk Committee members.

Name	Qualifications	Internal or external member	If the internal, position in the department	Date appointed	No. of meetings attended
Ms Lerato Mothae	CA(SA)	Independent Member	Not applicable	01/05/2018	8 out of 8
Ms Ayanda Mafuleka	CA(SA)	Independent Member	Not applicable	01/09/2018	5 out of 8
Dr Prittish Dala	D.Phil IT	Independent Member	Not applicable	01/09/2018	8 out of 8
Ms Nonie Mokose	Masters of Agriculture in Rural Development	Council Member	Not applicable	25/05/2017	7 out of 8
Mr G Schutte	Masters in Agriculture	Council Member	Not applicable	25/05/2017	8 out of 8

8. FRAUD AND CORRUPTION

The NAMC has an approved Fraud Prevention Policy, which is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the entity. The NAMC has zero tolerance towards fraud and corruption; in addition, the entity has a declaration of interest policy which ensures that the values of the entity are maintained and upheld.

To date, the Fraud Risk Register for the financial year 2020/21 has 16 control improvement plans listed, with 10 of these agreed-upon action plans having been implemented, and six control improvements plans not having been implemented by relevant risk owners. The Risk Unit continues to work with risk owners to ensure that outstanding control improvements are implemented.

9. MINIMISING CONFLICT OF INTEREST

In managing the risk of conflict of interest, it is a requirement that all officials in the supply chain management unit and all internal staff participating in the tender/procurement committees – whether bid specification, bid evaluation or bid adjudication – complete and sign declaration of interest forms and the code of conduct. In instances where an affected party is conflicted, it is a requirement that recusal be made and that the matter of conflict be declared and registered.

10. CODE OF CONDUCT

The NAMC code of conduct sets out the standard social norms, regulations and responsibilities that employees must adhere to in performing their duties. Investigations have been conducted in instances of misconduct as a result of non-compliance with policies.

11. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

With the recent COVID-19 pandemic, the NAMC has had to refocus its efforts in ensuring the health and safety of its employees towards putting measures in place to prevent the transmission of the disease in the workplace. These measures include the implementation of standard precautions and the provision of personal protective equipment, such as gloves, masks and hand sanitisers. Employees have been permitted to work from home to limit the number of employees in the office; moreover, the COVID-19 Committee was established to monitor the implementation of the COVID-19 Standard Operating Plan in the workplace.

12. AUDIT & RISK COMMITTEE REPORT

Introduction

The Audit and Risk Committee is pleased to present the Audit and Risk Committee report for the 2020/21 financial year. The Audit and Risk Committee exists as an independent statutory committee appointed by the Council of the National Agricultural Marketing (“NAMC”). The Committee operates within the approved Audit and Risk Committee Charter and complies with all relevant legislation in executing its responsibilities in terms of the PFMA and Treasury Regulations and the requirements of King 1V. The duties and responsibilities of the Committee are outlined in the report below.

Composition

The Audit and Risk Committee comprises of three Independent Members namely Ms L Mothae (the Chairperson), Ms A Mafuleka and Dr P Dala and two Council Members namely Ms N Mokose and Mr G Schutte. During the 2021-22 financial year, one (1) Independent committee member namely Ms A Mafuleka resigned and the employment contract for Ms L Mothae (Chairperson) ended in June 2021. The Council appointed Mr Paul Slack as the Independent Chairperson and Ms Buyiswa Mgolozeli as the Independent Committee member.

The Chief Executive Officer, The Chief Financial Officer, The Chairperson of the Information Communication Technology Steering Committee, the Human Resources Manager and the Risk & Compliance Manager are all standing invitees to the Audit and Risk Committee meetings. Representatives from Nexia SAB&T (Internal Auditors) and the Auditor General also attend the meetings.

The table below discloses relevant information on the Audit & Risk Committee members.

Table 6: Audit & Risk Committee Information

Name	Qualifications	Internal or external member	If the internal, position in the department	Date appointed	No. of meetings attended
Ms Lerato Mothae	CA(SA)	Independent Member	Not applicable	01/05/2018	8 out of 8
Ms Ayanda Mafuleka	CA(SA)	Independent Member	Not applicable	01/09/2018	5 out of 8
Dr Prittish Dala	D.Phil IT	Independent Member	Not applicable	01/09/2018	8 out of 8
Ms Nonie Mokose	Masters of Agriculture in Rural Development	Council Member	Not applicable	25/05/2017	7 out of 8
Mr G Schutte	Masters in Agriculture	Council Member	Not applicable	25/05/2017	8 out of 8

Audit Committee Responsibility

Statutory Duties

The A&RC compiled this report with a purpose to outline its responsibilities arising from Section 78 of the Public Finance Management Act and Treasury Regulation 3.1.13. and the requirements of the KING 1V Code of Corporate Governance include:

- To 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;

- To facilitate and promote communication between Council, Management, the External Auditors and internal auditors on matters which fall within the responsibilities of the Committee;
- To ensure the risk and compliance areas of NAMC operations to be covered in the scope of Internal and External audits;
- To ensure the accounting and auditing concerns identified from the internal and external audits conducted during the period under review are addressed;
- To ensure NAMC compliance with legal and regulatory provisions, the MAP Act and the PFMA as well as the Treasury Regulations; and
- To ensure the independence and objectivity of the Internal and External Auditors.

The effectiveness of internal control

Below are the primary activities are undertaken by the Audit & Risk Committee in assessing the effectiveness of internal controls:

- Reviewed the effectiveness of internal control systems by approving the risk-based Internal Audit Plan and reviewed internal audit reports every quarter.
- Assessed the adequacy, reliability and accuracy of financial information provided by management.
- Reviewed the effectiveness of the internal audit function, thorough assessment of the quality of reports submitted to the committee.
- Reviewed the NAMC's processes for compliance, legal and regulatory provisions.
- Reviewed the NAMC's processes for risk management and ethics management.
- Reviewed the expertise, resources, and experience of the organisation's finance function.
- Reviewed, and where appropriate, recommended changes to the Annual Financial Statements as presented by the NAMC for the year ended 31 March 2021.
- Reviewed the accounting policies and practices, as reported in the Annual Financial Statements, and confirmed that these were appropriate.
- Reviewed the information of the predetermined objectives as reported in the Annual Report.
- Reviewed the AGSA's Management Report and management's response thereto.
- Reviewed adjustments resulting from the audit of the NAMC.
- Provided a channel of communication between the Accounting Authority and management, internal auditors, and external auditors.
- Ensured that a combined assurance model was applied to provide a coordinated approach to

all assurance activities and ensured that it was appropriate to address all significant risks faced by the NAMC.

The key outcomes following the above assessment procedures include:

Our review of the findings highlighted by Internal and External Audit revealed several weaknesses. These were sharply raised with management, and some were adequately and effectively addressed, hence most remain as work in progress.

The A&RC acknowledges the noncompliance with concern; and advised Council to take decisive, and timely actions to address the incident of irregular expenditure, contracts management and overarching mismanagement of the organisation. The A&RC further advised Council to take immediate initiation of an investigation, followed by consequence management and strengthening of controls, highlights management's commitment to preventing a reoccurrence thereof.

The A&RC ensured that the organisation's internal audit function was independent and had the necessary resources and authority to discharge its duties, though there were pursuing budgetary constraints. Having considered, analysed, and reviewed the combined assurance information provided by management, Internal Audit, external auditors and the management risk committee, the A&RC confirms that:

- The internal controls of the organisation were somewhat effective in isolated material aspects throughout the period under review.
- Weaknesses associated with noncompliance to legislation were identified at the Supply Chain Management Unit and corrective measures were recommended.
- Appropriate policies supported by reasonable and prudent judgement and statements were somewhat applied.
- A reasonable degree of effective controls is in place to safeguard assets, though not adequate to the required standards.
- The Financial Statements comply, in all material respects, with the relevant provisions of the PFMA of 1999 and GRAP.
- The skills, independence, audit plan, reporting, and overall performance of the external auditors were acceptable.
- The finance function is under capacitated; however, some degree of skills, knowledge and expertise exists in the function.

Whistle-Blowing

The Audit and Risk Committee continues to monitor and consider complaints received relating to the NAMC on the whistleblowing hotline.

External Auditors

The Audit and Risk Committee independently engaged the Auditor General and the Committee is satisfied that it has adequately discharged its legal and regulatory responsibilities.

The Committee has reviewed and accepted the Auditor General's final Management Report and Audit Opinion relating to the Annual Financial Statements, Audit of Performance Information and Compliance with legislation as well as the audit findings issued by the Auditor General which are to be addressed per the mitigation action plans as agreed between NAMC and the AGSA.

Evaluation of Annual Financial Statements

The Audit and Risk Committee has:

- Reviewed the appropriateness of accounting policies;
- Reviewed the appropriateness of assumptions made by management in preparing the 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 that they are complete, consistent with prescribed accounting practices and information known by the Committee; and
- Obtained assurance from Management concerning the completeness and accuracy of the annual financial statements.

Irregular, Fruitless and Wasteful Expenditure

The Audit and Risk Committee is gravely concerned with the continued increase in irregular expenditure. The irregular expenditure for the 2020/21 financial year amounted to R 29,6 million, which the majority of the irregular expenditure relates to the National Red Meat Project and non-compliance with Supply Chain Management regulation as well as the settlement package of the previous CEO.

Governance of Risk

The Audit and Risk Committee has continued to fulfil its oversight role regarding:

- Enterprise risk management;

- Compliance Management;
- Anti-Corruption and Fraud;
- Business Continuity Management; and
- Combined Assurance.

During the 2020/21 financial year, a preliminary investigation into the Agriculture and Agro-processing Master Plan was conducted as a result of procurement risks highlighted and reported to the Risk Management Committee and Audit & Risk Committee, which recommended to Council a further forensic investigation to be conducted. The council had subsequently resolved to conduct an investigation following the recommendations of the Audit & Risk Committee. The process of which has been initiated however the service provider to conduct the investigation has not been appointed, therefore as of year-end, there were no investigations that have been conducted by the Council to conclude on the matters raised on the preliminary investigation report.

Internal Audit

The Audit & Risk Committee discharged its responsibility to approve the annual and three-year rolling plan and consider Internal Audits quarterly reports and the mitigation action plans as agreed between NAMC and Internal Audit. The Committee further ensured that Internal Audit remained independent, objective and had the necessary resources, standing and authority within the NAMC to enable it to discharge its duties.

Conclusion

With some dissention the Audit and Risk Committee recommended the approval of the audited March 2021 annual financial statements and the audit opinion thereon at its special meeting held on 30 August 2021 and these annual financial statements and audit opinion were duly approved by the Council on 30 August 2021 to be included in the NAMC Annual Report for the financial year ended March 2021.



Mr Paul Slack
Chairperson of the Audit & Risk Committee
National Agricultural Marketing Council
Date: 31/08/2021



PART D:

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCES MANAGEMENT

HIGHLIGHT

In 2020, the World Health Organization (WHO) declared the Coronavirus Disease 2019 (COVID-19) a worldwide pandemic, and the President of South Africa, the Honourable Mr Cyril Ramaphosa, declared a national lockdown in terms of the Disaster Management Act, which introduced several restrictions to curb the spread of the disease. The Department of Labour issued a formal procedure to assist organisations in monitoring and preventing the transmission of COVID-19 in the workplace.

The National Agricultural Marketing Council (NAMC) committed itself to establishing safety measures to prevent the transmission of the disease within the organisation. This included the establishment of the COVID-19 Committee to oversee the efficient management of incidents in order to minimise the impact of the disease, to comply with government legislation, and to ensure the continued delivery of the NAMC mandate. The COVID-19 Standard Operating Plan was developed as a compliance tool to be used to manage the implementation of COVID-19 prevention measures in the workplace. The Human Capital Division facilitated training on hygienic etiquette and social distancing, and on how employees should maintain their health and what to do should they experience any of the COVID-19 symptoms.

The main priority remains the welfare of our employees, and the Human Capital Division has continuously supported employees by ensuring that essential services continued without disruption. During this time of uncertainty, provisions have been made to enable employees to work from home, and the Work from Home Policy has been developed to govern the requirements of remote working.

Employee mental wellbeing continues to be an important concern and we recognise the need to take a proactive approach for providing employees with the assistance they need to deal with any stress or anxiety-related issues. The Human Capital Division Developed the Wellness Policy, which includes the employee assistance programme that is aimed at providing employees with counselling services to help them cope with the impact of the pandemic and the change in the working environment.

The NAMC will continue to ensure the health and safety of its employees and ensure that the work environment continues to have sanitising and screening facilities available, and provides effective escalation and case management services that are in line with the approved COVID-19 SOP.

INTRODUCTION

The Human Capital Division is pleased to present the report for the period April 2020 to March 2021. The division is committed to creating a high-performance, diverse and inclusive workforce and to recognising the skills and capabilities of our employees. This is the reason we provide regular learning and development opportunities, which enable employees to increase and maintain their skills and capabilities. This report is in line with the 13 National Human Resource Management System Standards.

STRATEGIC HUMAN RESOURCES MANAGEMENT

The Human Capital Strategy was established to link the HR functions with the strategic objectives of the NAMC in order to improve the organisation's performance and develop a culture that fosters innovation, flexibility and employee development. In light of this, the following Human Capital policies and procedures were approved during the reporting period:

- Human Capital Strategy;
- Talent Management Strategy;
- Remuneration Policy;
- Secondment Policy;
- Employee Wellness Policy;
- Occupational Health and Safety Policy; and
- Bursary Policy.

Moreover, the Human Capital Division developed the Work from Home Policy and the Payroll Policy & Procedure, and reviewed the Internship and Learnership Framework. These policies will be tabled for approval in the new financial year.

HR RISK MANAGEMENT

Table 1 below outlines the HR risks for the 2020/21 financial year:

Table 7: HR Risks

No	Risk Category	Risk Description
1	Human Capital Strategy	Misalignment of the Human Capital Strategy and the Organisational Strategy.
2.	Employee Wellness	Risk to employee occupational health, performance and organisational performance due to recent COVID-19 outbreak.
3.	Talent Acquisition and Management	Lack of talent attraction programmes. Insufficient interventions for leadership development and skills transfer. Insufficient investment in retention programmes. Lack of succession planning programmes
4.	Organisational Develop-ment	Organisational structure outdated and must be aligned with the new five (5) year strategy.
5.	Performance Management	Lack of understanding of the role of performance management. Lack of continuous monitoring of employee performance by line managers. Lack of conflict resolution training for line managers and employees.
6.	Employment Relations Management	Failure to comply with policies and procedures governing human resources Lack of employee engagement programmes throughout the year.

WORKFORCE PLANNING

The Human Capital Division plays a significant role in ensuring that the NAMC has the required human resources, with the requisite skills, knowledge and attitudes, to achieve its strategic objectives. Through this process, we ensure that:

- The NAMC has right number of competent people, at the right place, at the right time, doing the right work;
- A pipeline of critical and scarce skills is readily available to meet the needs of the organisation; and
- The recruitment process is implemented in an efficient manner to prevent positions remaining vacant for extended periods.

In light of the above, the following appointments and terminations were facilitated during the financial year:

Table 2: Appointments

Table 8: Appointments

Permanent Appointments	Contract Appointments
1x Chief Executive Officer	159x National Red Meat Development Programme (NRMDP) Employees (re-employed for 5 months)
1x Senior Manager: Human Capital Division	13x Internships
1x Senior Manager: MERC	
1x Risk and Compliance Officer	

Table 9: Terminations

Number of employees	Reason for termination	Race	Gender
1x Senior Manager: Human Capital Division	Resignation	African	Female
1x Senior Economist	Resignation	White	Female
1x Risk & Compliance Officer	Resignation	African	Female
1x Agricultural Economist	Resignation	African	Male
1x Financial Administrator	End of Contract	African	Female
1x SCM Administrator	End of Contract	African	Female
1x Marketing and Branding Officer	End of Contract	African	Male
1x Marketing Communication Officer	End of Contract	African	Female
1x Graduate Placement	Resignation	African	Female
159x NRMDP employees	End of Contract	N/A	N/A

NB: The employees in the National Red Meat Development Programme were appointed for a period of 5 months, and their contract ended on the 30th September 2020. Figure 1 below outlines the percentage of staff turnover for the financial year.

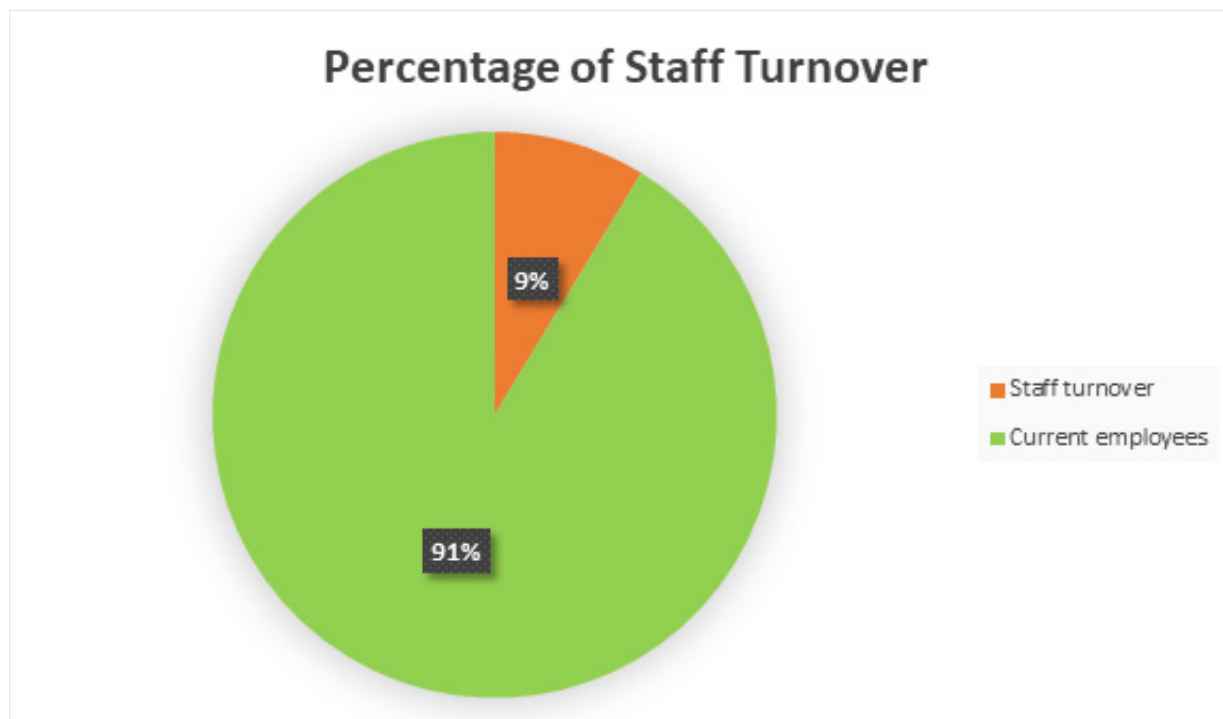


Figure 1: Percentage of staff turnover permanent employees

LEARNING AND DEVELOPMENT

The Human Capital Division seeks to build the capabilities of our employees and accelerate their professional, academic and skills development. We provide a number of initiatives that are aimed at fostering management and leadership skills. These are intended to equip employees with the necessary capabilities to lead the organisation through change, develop teams, manage performance, and ensure business success in line with the NAMC's strategic objectives. Bursaries and training initiatives are funded through Agri-SETA's discretionary grants. In this regard, the NAMC received R1 986 600.00 for the 2020/21 financial year.

Table 4 outlines the breakdown of funding that was approved by Agri-SETA for the 2021/22 financial year:

Table 10: Funding received from Agri-SETA discretionary grant

Category	Amount
Bursaries: Continuation	R1 412 700.00
Bursaries: New	R278 250.00
Internship	R763 200.00
Graduate Placement	R143 100.00
Total Amount	R2 597 250.00

Eleven (11) employees and twenty-six (26) external students were awarded bursaries. Two employees were sent for the training in Contract Management Principles and Practices during the reporting period.

PERFORMANCE MANAGEMENT

The purpose of Performance Management is to increase performance by encouraging individual commitment, accountability and motivation.

All employees are required to complete a performance agreement at the beginning of each financial year. The agreement is, in essence, a contract between the employer and the employee containing expectations and standards for the required delivery. The Human Capital Division facilitated the performance evaluations for all four quarters. Managers were required to attest that they have thoroughly reviewed each employee's performance and considered various selections of evidence.

REWARDS AND RECOGNITION

The NAMC encourages the recognition of excellent performance and achievement through the use of rewards that are creative, flexible and meaningful. The following salary increases were implemented in the 2020/21 financial year:

- 6% for employees who earn less than R1 million per annum;
- 2.8% for employees who earn between R1 million and R1.48 million per annum; and
- No salary increase was awarded for employees who earn R1.49 million and above per annum.

Long Service Recognition

A remuneration policy was developed to attract high-calibre talent and to reward employees and motivate them to achieve the organisation's goals and objectives. One (1) employee qualified for a 15-year long-service award and one (1) qualified for a 30-year long-service award. These employees were awarded certificates and bonuses.

Risk Benefits

In line with the Basic Conditions of Employment and the Labour Relations Acts, the following benefits are provided by the NAMC:

- 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 HR Division recognises the need for wellness in the workplace in order to create an environment that promotes healthy behaviour and improved work/life balances of the employees. The COVID-19 Committee continues to monitor the implementation of the COVID-19 Standard Operating Plan, and to ensure business continuity and employee productivity in achieving the organisation's strategic objectives. Moreover, a draft COVID-19 risk register has been developed, with the aim of:

- Ensuring that the NAMC is in compliance with the relevant COVID-19 legislative requirements, including the Occupational Health and Safety Policy & Procedure;
- Overseeing the prevention and transmission of the COVID-19 disease within the NAMC; and
- Monitoring the implementation of the COVID-19 SOP.

Employees have been working from home and at the office on a rotational basis, and this is at the sole discretion of the line manager and in accordance with an employee's ability to deliver on set targets. The established interventions will go a long way in containing the spread of the disease and creating a safe working environment in the NAMC. All incidents and accidents potentially exposing COVID-19 to NAMC employees and visitors are recorded and reviewed.

Three employees tested positive for COVID-19 during the financial year. Those employees who were in contact with the COVID-19-positive employees were notified and requested to self-isolate and to get tested, should they experience any symptoms. Employees who were tested for COVID-19 were reimbursed the costs of the test by the NAMC. Communication regarding the employees who had tested positive was sent to all employees, and the office was closed for cleaning and disinfecting. Employees who travel for work are required to self-isolate for 10 days before returning to the office. No injuries on duty were reported during this period. Figure 2 illustrates the percentage of employees who contracted COVID-19:

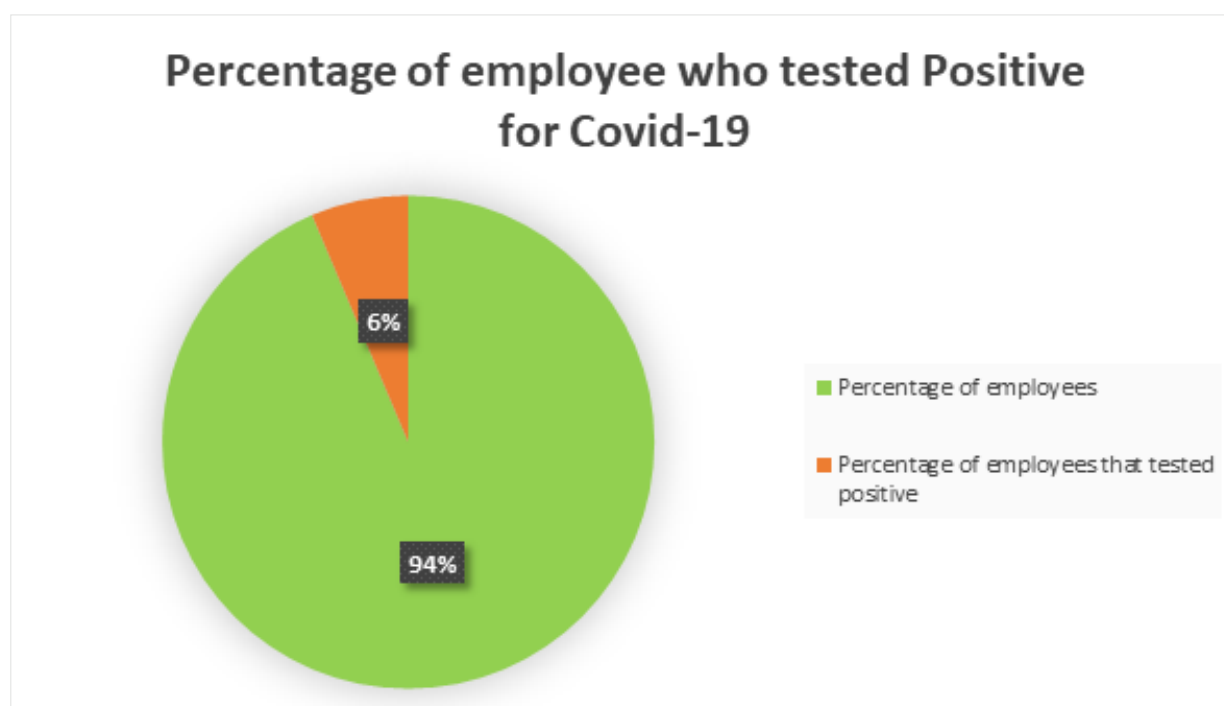


Figure 2: Percentage of employees who contracted COVID-19 in 2020/21

Women's / Men's Diversity Forums

The Diversity Forums are intended to inspire men and women to face new opportunities and challenges, through building a culture of diversity and inclusivity. Employees are encouraged to create dialog, debate and forward thinking in addressing issues affecting them both in the workplace and their personal lives.

The Men's Diversity Forum (MDF) hosted a seminar through Microsoft Teams to discuss the issue of gender-based violence (GBV). The seminar was part of the MDF's annual activities, which normally take place during the forum's annual general meeting (AGM) excursion, where NAMC men consult and exchange information and ideas on matters related to men, and family-related issues in particular. The discussion was driven by an external guest speaker from the Department of Social Development.

Employee Assistance Programme

Three employees were referred for counselling with PROCARE during the reporting period.

EMPLOYEE RELATIONS

We ensure that all our employee relations processes are constantly reviewed to ensure that they follow the best practices and meet all legal obligations. We ascertain that there is consistent communication with employees with regard to our policies and procedures.

The Human Capital Division conducted awareness exercises on the Remuneration Policy and Performance and Development Management Policy and Procedures with the employees. All approved Human Capital policies are available to all employees in the NAMC H-drive. A list of all Human Capital Policies is set out below.

Table 5: List of Human Capital Policies

Grievances

Complaints regarding two grievances were lodged during the reporting period.

Disciplinary Hearing

One disciplinary hearing was held during the reporting period.

Staff Representative Committee

The Staff Representative Committee held one meeting during this reporting period.

ORGANISATIONAL DEVELOPMENT

The NAMC is in the process of reviewing its organisational structure. The structural review is necessary to build capacity as well as to ensure alignment with the NAMC's objectives. The main objectives for the structural review are as follows:

- To align the organisational structure with the NAMC's strategic objectives, and to create a roadmap for service delivery as prescribed by the MAP Act;
- To support the Human Resources Strategy to fit its purpose and allow for easy implementation as it is aligned to the NAMC's Strategic Plan;
- To ensure the organisational structure supports the long-term business goals and outcomes;
- To focus on the dynamic nature of the work, as informed by the NAMC's mandate;
- To prioritise skills development, the attraction, development and retention of critical skills for the future needs of the NAMC;

- To create talent that will drive the NAMC to new heights, while responding to stakeholders' needs, with agility, innovation and creativity;
- To develop a compelling vision for the HR function, aligned to the overall vision and strategy of the NAMC; and
- To foster Talent Management that brings about functionality in the human resources value chain, which brings about value and a delivery platform, and provides positive results, in line with the SABPP.

The Human Capital Division conducted consultation sessions with Senior Management and employees in the different divisions. The inputs that were received were incorporated in the draft document. A final consultation season will be conducted in the new financial year before the proposed structure is submitted to the relevant committees for approval.

HUMAN RESOURCES TECHNOLOGY

In order to extract Human Capital information in real time and deliver effective Human Capital information, the following technological systems are in place:

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

HUMAN CAPITAL STATISTICS

Table 11: Personnel Cost by Programme

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % (R'000)	No of Employees	Average personnel cost per employee (R'000)
Programme 1: CEO's Office	4 058	3 459	85,2%	5	692
Programme 1: Finance & Administration	14 951	5 989	40,1%	7	856
Programme 1: Human Capital	5 490	5 122	93,3%	13	394
Programme 2: MERC	11 078	10 607	95,7%	13	816
Programme 3: Statutory Measures	3 270	3 195	97,7%	4	799
Programme 4: Agricultural Trust	2 670	2 499	93,6%	2	1250
Programme 5: Agribusiness Development	3 305	3 016	91,3%	3	1005
TOTAL	44 822	33 887	76%	47	721

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	13 221	6 540	49%	134	49
Council & Other Committees	1 864	1 978	106%	13	152
TOTAL	15 085	8 518	56%	147	58

Table 12: Employment and Vacancies

Programme	2020/2021 Approved Posts	No. of Employees	2020/2021 Vacancies	% of Vacancies
Programme 1: CEO's Office	7	7	0	0
Programme 1: Finance and Administration	7	7	0	0
Programme 1: Human Capital	9	8	1	2%
Programme 2: MERC	15	15	0	0
Programme 3: Statutory Measures	4	4	0	0
Programme 4: Agricultural Trusts	4	3	1	2%
Programme 5: Agribusiness Development	3	3	0	0
TOTAL	49	47	2	4%

Table 13: Number of Disabled Personnel

Levels	Male	Target	Female	Target
Senior Management	1	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	1	0	0	0
TOTAL	1	0	0	0

Table 14: Management Committee Gender Equity (% of Total Staff)

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

Table 15: Employment Gender Equity

Gender	Number	% Of total staff
Males	25	52%
Females	22	48%
TOTAL EMPLOYEES	47	100%

Table 16: Employment Equity Females

Levels	Female African	Female White	Female Indian	Female Coloured
Top Management	3	0	0	0
Professional qualified	4	4	0	0
Skilled	5	1	0	0
Semi-skilled	2	2	0	0
Unskilled	1	0	0	0
TOTAL	15	7	0	0

Table 17: Employment Equity Male

Levels	Male African	Male White	Male Indian	Male Coloured
Top Management	2	1	0	0
Professional qualified	8	1	0	0
Skilled	12	0	0	0
Semi-skilled	0	0	0	0
Unskilled	1	0	0	0
TOTAL	22	0	0	2

Table 18: Reasons for Staff Leaving

Reasons	Number	% of total no of permanent staff leaving
Death	0	0%
Resignation	4	8.5%
Retrenchment	0	0%
Retirement	0	0%
Ill Health	0	0%
Expiry of Contract	0	0%
Dismissal	0	0%
TOTAL	4	8.5%

Reasons	Number	% of total no of contract staff leaving
Death	0	0%
Resignation	1	1%
Retrenchment	0	0%
Retirement	0	0%
Ill Health	0	0%
Expiry of Contract	163	99%
Dismissal	0	0%
TOTAL	164	100%



The Future is in your Hands

Visit our portal for the following opportunities available:

Career Exhibition



Bursaries



Jobs in Agric



Where to Study



Visit Our Portal:

<https://www.namc.co.za/initiatives/y-agriculture/>

For more information, contact:

Bongani Radebe

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



www.namc.co.za



PART E:

FINANCIAL INFORMATION

FINANCIAL INFORMATION

Contents

Item	Page
General Information	81
Report of the Auditor-General	82
Annexure - Auditor-General's responsibility for the audit	87
Accounting Authority Responsibilities and Approval	88
Report of the Chief Executive Officer	88
Statement of Financial Position	97
Statement of Financial Performance	98
Statement of Changes in Net Assets	99
Statement of Cash Flows	100
Statement of Comparison of Budget and Actual Amounts	101
Accounting Policies	102
Notes to the Financial Statements	117

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, Land Reform and Rural Development 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	Mr. JH Prinsloo: Acting Chairperson of the Council Ms. F Mkile Mr. H Mohane Mr. B Mogatle Ms. N Mokose Prof. D Rangaka Mr. GM Schutte
Registered Office	536 Francis Baard Street Meintjiesplein Building Block A, 4th Floor Arcadia Pretoria 0002
Bankers	Standard Bank of South Africa
Value Added Tax Number	None
Controlling Entity	Department of Agriculture, Land Reform and Rural Development
External Auditors	Auditor-General of South Africa

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 79 to 153, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as 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 2021, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Responsibilities of the accounting authority for the financial statements

6. The 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.
7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity'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

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

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2021:

Programmes	Pages in the annual performance report
Programme 2 - an enabling agricultural marketing policy and statutory environment	23-54

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme:
 - Programme 2 - an enabling agricultural marketing policy and statutory environment.

Other matters

15. I draw attention to the matter below.

Various indicators

16. Refer to the annual performance report on pages 23 to 54 for information on the achievement of planned targets for the year and management's explanations provided for the overachievement of a targets.

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

Report on the audit of compliance with legislation

Introduction and scope

17. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
18. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

19. Financial statements were not submitted for auditing within the prescribed period after the end of the financial year, as required by section 55(1)(c)(i) of the PFMA.

Expenditure management

20. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R29 565 000, as disclosed in note 27 to the financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by contravention of supply chain management legislation. Irregular expenditure amounting to R25 022 387 was incurred on the national red meat development programme.

Procurement and contract management

21. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by treasury regulation 16A8.4 and paragraph 4.1.2 of Practice Note 7 of 2009-10.
22. I was unable to obtain sufficient appropriate audit evidence that contracts and quotations were awarded to bidders based on prequalification criteria that were stipulated in the original invitation for quotations, in contravention of 2017 preferential procurement regulation 4(1) and 4(2).

Consequence management

23. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular and fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA. This was because investigations into such expenditure were not performed.

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

Other information

24. The 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.
25. 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 on it.
26. 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.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary. .

Internal control deficiencies

28. 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.
29. The control environment relating to oversight was not effective in the areas of performance and compliance reporting to ensure that performance reporting was credible and compliance matters were adhered to.
30. The public entity did not have adequate controls for monitoring compliance in the areas of supply chain management. This resulted in non-compliance not being detected.
31. Adequate internal control processes were not in place to ensure that proper consequence management processes were conducted at the public entity.

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

Other reports

32. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the public entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
33. On 1 February 2021, a preliminary investigation report was issued on suspected fraud, corruption and conflict of interest on procurement and contract management relating to the agriculture and agro-processing master plan. At the date of this auditor's report, the council has initiated a process to implement the recommendations contained in the report.

Auditor — General

Pretoria

31 August 2021



Annexure — Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - 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.
 - 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 .
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer'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 relating to events or conditions that may cast significant doubt on the ability of the NAMC 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 my 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 operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting officer 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 provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

National Agricultural Marketing Council

Accounting Authority Responsibilities and Approval

Audited Financial Statements for the year ended 31 March 2021

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 97 to 153 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.

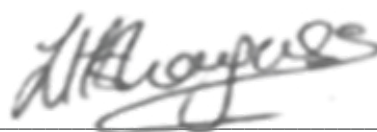
Although there were concerns raised by other oversight committees around risk management unit within the entity, the focus of risk management in the entity was on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting authority is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the accounting authority have no reason to believe that the entity will not be a going concern in the foreseeable future. The financial statements support the viability of the entity.

The Annual Financial Statements set out on pages 97 to 153 approved and signed by the Chief Executive Officer and Accounting Authority on 15 June 2021 and are signed on their behalf by:



Chief Executive Officer
Dr. S Ngqangweni
National Agricultural Marketing Council



Acting Chairperson: Council
Ms. T Ntshangase
National Agricultural Marketing Council

National Agricultural Marketing Council

Report of the Chief Executive Officer

Audited Financial Statements for the year ended 31 March 2021

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 47,4 million which represents the annual budget allocation for 2019/20 from the Department of Agriculture, Land Reform and Rural Development, whilst other income amounted to R25,9 million and interest generated amounted to R2,8 million. Total expenditure for 2020/21 amounted to R75,2 million.

1.2 Statement of Financial Position as at 31 March 2021 is as follows:

- Total assets increased by 17.7%, mainly due to an increase in receivables relating to the invoices raised towards year-end.
- Total liabilities increased by 16,2% mainly due to the an amount of R20,2 million received from the Department of Agriculture, Land Reform and Rural Development, for the implementation of Agriculture and Agro-Processing Master Plan and National Red Meat Development Project transitional Plan.

1.3 Cash Flow

The NAMC's cash position as at 31 March 2021 was R54,6 million. This entails unutilised sponsorship funding relating to projects as disclosed under note 19 of these annual financial statements.

1.4 Non - Compliance With Applicable Legislation

Following the resignation of council members of the Accounting Authority, the Council composition did not comply with the MAP Act, for a period of time during 2020/2021. According to section 4 (1) of the Marketing of Agricultural Products Act, Act No 47 of 1996, stipulates that the Council shall consist of ten members. The non-compliance had been rectified through the appointment of Council Members in May 2021 as disclosed on paragraph 3 (Events After Reporting date) of this report, however in the month of June 2021 the 1 council member resigned from the NAMC board.

1.5 Issues Raised Through Fraud Hotline

During the current reporting period 2020/21, there are tip offs made to the NAMC's Deloitte hot line. The following tip offs were made:

- Alleged irregular transactions implicating an employee at National Agricultural Council
- Email received: Alleged fraud relating to a company which accepted payment for white maize but never delivered.
- Alleged maladministration implicating an employee who authorised a payment without following policy at National Agricultural Marketing Council
- Alleged governance issues/maladministration where a settlement was irregularly paid - National Agricultural Marketing Council
- Alleged irregularities at the National Agricultural Marketing Council
- Governance related issues raised at the National Agricultural Marketing Council
- Alleged breach of company policy relating to salary adjustments reported within the NAMC in Pretoria
- Allegations of appointment irregularities reported within certain divisions at the National Agricultural Marketing Council
- Alleged appointment irregularities involving senior employees reported at the National Agricultural Marketing Council in Pretoria

National Agricultural Marketing Council

Report of the Chief Executive Officer

Audited Financial Statements for the year ended 31 March 2021

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
2020/21	R'000	R'000	R'000	R'000
Strategic Infrastructure Project: SIP 11	1	-	-	1
Supply Chain Logistic Programme (Western Cape)	504	-	(504)	0
Agricultural Sector Education, Training Authority (AgriSeta)	89	2,925	(1,124)	1 890
Smallholder Farming in Agroprocessing industry	213	125	(304)	34
Ceres abattoir	2,198	-	-	2 198
Operation Phakisa	160	-	-	160
National Red Meat Development (NRMDP)	39,290	8,148	(25,022)	22,416
Agriculture and Agro-Processing Master Plan	-	-	-	-
Eastern Cape Red Meat Development programme	-	-	-	-
Total	42,455	11,198	(26,954)	26,699

Agent sponsorship funding

Name of project	Opening balance	Amount received/receivable	Amount utilised/Returned	Closing balance
2020/21	R'000	R'000	R'000	R'000
Vineyard Development Scheme	148	-	(148)	-
Agriculture and Agro-Processing Master Plan	-	20,240	(1,230)	19 010
Maize Meat Hub Feedlot	148	-	(148)	-
Australian Centre for International Agricultural Research (ACIAR)	142	1,096	(263)	975
Total	438	21,336	(1,789)	19,985

National Agricultural Marketing Council

Report of the Chief Executive Officer

Audited Financial Statements for the year ended 31 March 2021

2.1 Strategic Infrastructure Project: SIP 11

An amount of R1,000.00 was deferred to the statement of financial position during the previous financial year 2019/20. The funding was provided by Department of Agriculture, Land Reform and Rural Development for the implementation of the Strategic Infrastructure Project.

An amount of R1,000.00 was utilised. The balance of R1,000.00 was deferred to the statement of financial position.

2.2 Vineyard Development Scheme project

An amount of R148,000.00 was deferred to the statement of financial position in 2019/20 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.

As at year end amount of R148,000.00 was fully utilised.

2.3 Supply Chain Logistic Programme: Western Cape Department of Agriculture

An amount of R504,000.00 was deferred to the statement of financial position in 2019/20 financial year. These funds were received for the purpose of implementing the Southern Africa Development Community Supply Chain & Logistics Development programme.

As at year end amount of R504,000.00 was returned to the funder as per their request.

2.4 National Red Meat Development Project

An amount of R39,290,000.00 was deferred to the statement of financial position in 2019/20 financial year. These funds were received for the development of Red Meat Production Centres in nine (9) provinces. Additional amount of R8,148,427.05 was received during the period under review.

An amount of R25,022,000.00 was utilised, and the balance of R22,416,180.79 was deferred to the statement of financial position. The remaining balance of R22,4 million represents the amounts outstanding at year end, which also includes accruals.

2.5 Agricultural Sector, Education Training Authority (AgriSeta)

An amount of R89,000.00 was deferred to the statement of financial position in 2019/20 financial year. An additional amount of R405,000.00 was received from AgriSeta for bursaries and interns for 2020/21 financial year. A receivable amount of R2,520,074.00 raised for bursaries and as at year end this was not paid.

An amount of R1,124,816.54 was utilised, and an amount of R1,890,264.55 was deferred to the statement of financial position.

National Agricultural Marketing Council

Report of the Chief Executive Officer

Audited Financial Statements for the year ended 31 March 2021

2.6 Smallholder Farming in Agro-processing Industry

An amount of R213,000.00 was deferred to the statement of financial position in 2019/20 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 additional amount of R125,000.00 was received during the period under review.

An amount of R303,713.00 was utilised and the balance of R34,000.00 was deferred to the statement of financial position.

2.7 Australian Centre for International Agricultural Research (ACIAR)

An amount of R142,000.00 was deferred to the statement of financial position in 2019/20 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 invoice amounting to R1,096,043.00 was raised, however as at year end this was not paid.

An amount of R264,000.00 was utilised and the balance of R974,000.00 was deferred to the statement of financial position.

2.8 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 R2,198,000.00 was deferred to the statement of financial position in 2019/20 financial year, no amount was utilised during the financial year, the balance of R2,198,000.00 was deferred to the statement of financial position. which is planned to be utilised during the current year.

2.9 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, Land Reform and Rural Development 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 R160,000.00 was deferred to the statement of financial position in 2019/20 financial year. No amount was utilised during the financial year and the balance of R160,000.00 was deferred to the statement of financial position.

National Agricultural Marketing Council

Report of the Chief Executive Officer

Audited Financial Statements for the year ended 31 March 2021

2.10 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 R148, 000.00 was deferred to the statement of financial position in 2019/20 financial year. An amount of R148,000.00 had been fully utilised.

2.11 Agriculture and Agro-Processing Master Plan

An amount of R20,240,000.00 was received for the Department of Agriculture, Land Reform and Rural Development for the implementation of Agriculture and Agro-Processing Master Plan (AAMP). As at year end an amount of R1,229,658.00 was utilised for salaries of the employees and for the services rendered towards the AAMP. As at year end the balance of R19,010,342.00 was deferred to the statement of financial position.

3. Events after the Reporting Date

Non-adjusting events

CCMA cases

The subsequent events relates to the case referred to the CCMA against the NAMC. The hearing was conducted on the 15 April 2021, the outcome of the hearing at the sitting was that, a certificate was issued, for the labour court to be approached on the basis of unfair discrimination in order to seek relief. subsequently to that a settlement agreement was signed between the employee and NAMC, NAMC agreed to a pay of 4 months salary. The matter has no financial implication

Appointment of the new Council members

The Minister appointed new council members effective from 25 of May 2021. The following members were appointed:

- a. Mr. Angelo Petersen (NAMC Chairperson)
- b. Ms. Thandeka Ntshangase (NAMC Deputy- Chairperson)
- c. Prof. Mzukisi Qobo
- d. Mr. Gerhard Schutte (reappointment)
- e. Prof. Andre Jooste
- f. Mr. Sifiso J Mhlaba
- g. Ms. Nonie Mokose (reappointment)
- h. Ms. Shandini Naidoo
- i. Ms. Fezeka Mkile (reappointment)
- j. Dr. Sharon Thembi Xaba

During the period of June 2021 1 council member (Prof. Mzukisi Qobo) resigned from the NAMC board.

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.

National Agricultural Marketing Council

Report of the Chief Executive Officer

Audited Financial Statements for the year ended 31 March 2021

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, Land Reform and Rural Development. The Accounting Authority has considered the continued impact of Covid- 19 measures on the entity's financial sustainability and concluded that this will not affect the entity's ability to pay its current liabilities and will be able to collect monies owed to the entity, as major part of the receivables are from the government department (ACIAR and AGRISETA). 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 Practice (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 Practice (GRAP) including any interpretations of such statements issued by the Accounting Standards Board.

7. Corporate Governance

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

In the governance of the NAMC, the Council is responsible for policy making and control, while the CEO has been delegated the responsibility of the day to day execution of the policies and objectives as directed by the Council. The members of the Council are appointed by the Minister of Agriculture, Land Reform and Rural Development 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 2021:

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

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

National Agricultural Marketing Council

Report of the Chief Executive Officer

Audited Financial Statements for the year ended 31 March 2021

7.2 The role of Council Committees

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

7.2.1 The role of Council 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

Nexia SAB & T continues to be the internal auditors for NAMC. The firm was reappointed in January 2020 for a further 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.

National Agricultural Marketing Council

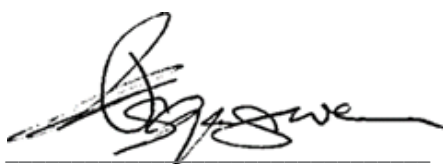
Report of the Chief Executive Officer

Audited Financial Statements for the year ended 31 March 2021

During the period under review, the internal auditors conducted Information Technology Security Management audit, National Red Meat Development Project audit, Supply chain management audit, Governance review audit, Human Resources Management audit and Finance high level review audit as well as follow-up on prior year audit findings. The results were reported to management and Audit and Risk Committee and Council.

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.



Chief Executive Officer
Dr. Simphiwe Ngqangweni
National Agricultural Marketing Council

National Agricultural Marketing Council

Statement of Financial Position

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	Notes	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	11	1,471	7,419
Investment property	12	1,651	1,687
Intangible assets	13	168	235
Receivables from exchange transactions	9.2	251	251
Total non-current assets		3,541	9,592
Current assets			
Inventories	8	25	95
Receivables from non-exchange transactions	9	4,990	34,071
Prepayments	9.2	48	64
Cash and cash equivalents	10	54,558	9,821
Total current assets		59,621	44,051
Total assets		63,162	53,643
Liabilities			
Non-current liabilities			
Finance lease obligation	16	155	6
Total non-current liabilities		155	6
Current liabilities			
Employee short-term benefits provisions	4.1.1	2,500	-
Finance lease obligation	16	111	20
Operating lease liability	17	-	40
Payables from exchange transactions	18	2,900	2,095
Deferred Income	19	24,268	42,893
Deferred Liability	19	22,416	-
Total current liabilities		52,195	45,048
Total liabilities		52,350	45,054
Net assets		10,812	8,589
Represented by:			
Net asset			
Accumulated surplus		10,812	8,589
Total		10,812	8,589

National Agricultural Marketing Council

Statement of Financial Performance

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	Notes	2021	2020
Revenue from non-exchange transactions			
Grants	3	47,422	45,251
Sponsorship revenue	3	25,936	34,579
Revenue from exchange transactions			
Rendering of services	3	1,196	1,045
Interest income	3	2,777	1,879
Rent income	3.1	132	132
Gross Revenue		77,463	82,886
Expenses		(67,879)	(84,858)
Administrative expenses	5	(5,089)	(7,068)
Operating expenses	6.1	(15,571)	(21,010)
Depreciation and amortisation	6.3	(2,480)	(7,594)
Personnel expenditure	4	(44,724)	(49,181)
Finance costs		(15)	(5)
Profit/(Loss) on disposal of property, plant & equipment and investments property	6.2	(7,316)	-
Impairment loss on property, plant & equipment	6.2	(17)	-
Surplus / (deficit) from operating activities		2,251	(1,972)
Surplus for the year		2,251	(1,972)
(Deficit) / surplus for the year attributable to:			
Owners of the controlling entity		2,251	(1,972)
(Deficit) / surplus for the year		2,251	(1,972)

National Agricultural Marketing Council

Statement of Changes in Net Assets

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	Notes	Accumulated surplus	Total
Balance at 1 April 2019		10,561	10,561
Changes in net assets			
Surplus for the period		(1,972)	(1,972)
Balance at 1 April 2020		8,589	8,589
Changes in net assets			
Surplus for the period		2,251	2,251
Prior period error	30	(28)	(28)
Balance at 31 March 2021		10,812	10,812

National Agricultural Marketing Council

Statement of Cash Flows

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	Notes	2021	2020
Cash flows from / (used in) operating activities			
Cash receipts from grants or transfers and other appropriations or other budget authority made by national government and other entities		109,648	68,430
Project receipts		61,902	21,989
Sponsors receipts		324	1,190
Cash receipts from grants or transfers		47,422	45,251
Cash payments to suppliers and employees		(63,462)	(76,886)
Cash payments to suppliers for goods and services		(18,234)	(27,812)
Cash returned to the sponsor		(504)	-
Cash payments to and on behalf of employees		(37,528)	(35,480)
Cash payments to and on behalf of employees - projects		(7,196)	(13,594)
Net cash flows from / (used in) operations	7	46,186	(8,456)
Interest received		2,339	1,820
Insurance proceeds		28	27
Net cash flows from / (used in) operating activities		48,553	(6,609)
Net Cash flows (used in) / from investing activities			
Purchase of property, plant and equipment	11	(3,715)	(2,012)
Cash flows (used in) / from investing activities		(3,715)	(2,012)
Net Cash flows used in financing activities			
Finance lease payments		(86)	(80)
Finance costs		(15)	(5)
Net Cash flows used in financing activities		(101)	(85)
Net increase / (decrease) in cash and cash equivalents		44,737	(8,706)
Cash and cash equivalents at beginning of period		9,821	18,527
Cash and cash equivalents at end of period	10	54,558	9,821

National Agricultural Marketing Council

Statement of Comparison of Budget and Actual Amounts

Audited Financial Statements for the year ended 31 March 2021

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	47,422	-	47,422	47,422	-	0 %	
Other income/sponsorship utilised	-	-		25,936	25,936	100 %	23.1.1.1
Revenue from exchange transactions							
Rendering of services	515	-	515	1,196	681	120 %	23.1.1.2
Interest	966	-	966	2,777	1,811	129 %	23.1.1.3
Rent income	-	-	-	132	-		
Insurance proceeds	-	-	-			100 %	
Total revenue	48,903	-	48,903	77,463	28,428	58 %	23.1.1
Expenses							
Personnel expenditure	34,489	(534)	33,955	37,528	(3,573)	-11 %	23.1.2
Personnel expenditure (NRMDP & AAMP Project)	-	-	-	7,196	(7,196)	-100 %	23.1.2
Administration expenses	8,328	(31)	8,297	3,965	4,332	52 %	23.1.3
Administration projects	-	-	-	1,124	(1,124)	-100 %	23.1.3
Operating expenses	2,790	565	3,355	6,986	(3,631)	-108 %	23.1.4
Operating expenses (Projects)	-	-	-	8,585	(8,585)	-100 %	23.1.4
Depreciation and amortisation	1,800	-	1,800	2,480	(680)	-38 %	23.1.5
Loss on disposal and impairment of assets	-	-		7,333	(7,333)	0 %	
Finance costs	15	-	15	15	-	0 %	
Total expenses	47,422	-	47,422	75,212	(27,790)	-59 %	
Surplus / (Deficit) before tax	1,481	-	1,481	2,251	638		

NRMDP - National Red Meat Development Project

AAMP - Agriculture and Agro-processing Master Plan

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

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.

However for the following accounting policies listed below there were minor changes made which does not have material impact on the financial statements;

- 1.8 Property, Plant and Equipment
- 1.9 Investment property
- 1.10 Intangible assets
- 1.15 Inventories
- 1.12 Leases
- 1.19 Employee benefit cost

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, Land Reform and Rural Development 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:

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

Effective interest rate

The NAMC uses an appropriate interest rate, taking into account guidance provided in the accounting standard and applying professional judgement to the specific circumstances, to discount cash flows.

Significant estimates and judgement made in note 23. are managements best assumptions made based on available information.

Trade and other receivables

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

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

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

Impairment testing

The NAMC reviews and tests the carrying value of assets when the events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates of expected future cash flows for each group of assets are prepared.

Adequacy of the leave pay accruals

The leave pay accrual is based on the actual days accrued at the rate of remuneration at the reporting date. Changes in the rate of remuneration are determined annually and are effective from the first date of the financial year.

1.5 Revenue recognition

Revenue from exchange transactions

The entity's revenue from exchange transactions comprises of interest generated from investments, management fees and rental income from investment property. 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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

Measurement

Revenue from exchange transaction is measured at the fair value of the consideration received or receivable.

Interest income

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

Revenue from non-exchange transactions

Recognition

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

Measurement

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

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

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

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

1.6 Finance cost

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

1.7 Irregular, fruitless and wasteful expenditure

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

- The Public Finance Management Act, Act 1 of 1999;
- The State Tender Board Act, 1968 (Act No. 86 of 1968) or any regulations made in terms of that Act, or
- Contravention of the entity's supply chain management policy.

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

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

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

1.8 Property, plant and equipment

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.

Initial Measurement

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

Property, plant and equipment assets are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions.

Subsequent Measurement

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. NRMDP Assets are depreciated over the lifespan of the contract period. 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.

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 - 18 year
Leased office equipment	2 - 3 years
Farming equipment	3 - 12 years

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

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.

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.

1.9 Investment property 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.

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.

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

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

Derecognition

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

- On disposal (including disposal through a non-exchange transaction) or;
- 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 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 with finite useful life are reviewed at the end of each reporting period.

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

Item	Estimated useful life in years
Computer software	3 - 13 years

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

1.9 Impairment

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

An 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.

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

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

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

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

Impairment of non- cash-generating assets

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

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

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.

A reconciliation of the minimum lease payments of operating lease is disclosed as follows:

- i. Minimum payments for 1 year;
- ii. Minimum lease payments for a period over 1 to 5 years

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

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

Finance lease liabilities

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

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

1.13 Financial instruments

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

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

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

Cash and cash equivalents

For purposes of the cash flow statement as well as the statement of financial position, cash and cash equivalents comprise cash on hand, deposits held and other short-term investments, highly liquid investment that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents are stated at cost.

Finance liabilities

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

Trade and other payables

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

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.

Offsetting

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

Derecognition of financial instruments

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

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

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

1.14 Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. 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 and Animal feed

Initial recognition

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

Measurement at recognition

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

Measurement after recognition

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

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

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

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

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

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

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 4, 14 and 15 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.

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.

Recognition and Measurement Contingent liability

Contingent liability is disclosed if there is a possibility of an outflow to the entity. The entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and where practicable an estimate of its financial effect. The entity will indicate the uncertainties relating to the amount or timing of the outflow.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

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.

Bonus accrual

Employees are entitled to receive a bonus when there is available budget. Bonus is paid out in August each year. Bonus is awarded based on the employees performances and the entity's performance.

Post-employment benefits

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.

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 23 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 Amended but not yet effective 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	Disclosure	Nature	Impact
GRAP 25	Employee benefits	The standard prescribes the disclosure requirements of recognition and measurement of all short-term and post-employment benefits	Adopted in prior year.
GRAP 104	Financial Instruments	The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments.	Adopted in prior year.

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

1.23 Standards effective and adopted in the current period

In the current period the entity has adopted the following standards that are effective for the current period

GRAP	Disclosure	Nature	Impact	Reference
GRAP 109	Accounting for Principals and Agents	The standard prescribes the accounting treatment, recognition and disclosure requirement of principals and agents transactions	No material impact as this was disclosed in the prior years	Note 19
IGRAP 18	Recognition and Derecognition of Land	The standard prescribes the accounting treatment, recognition and disclosure requirement of land	No impact as this has been applied in the prior year	Note 12
IGRAP 19	Liabilities to pay levies	The standard prescribes the timing and recognition of liabilities to pay levies	No impact as this has been applied in the prior year	Note 1.11
IGRAP 20	Adjustment to Revenue	The standard prescribes the accounting treatment, recognition and disclosure requirement of revenue adjustments	No impact as the NAMC has no revenue adjustment applied in the current year and prior year.	
GRAP 20	Related parties	The standard prescribes disclosure requirements for related parties transactions	No impact as this has been applied in the prior years	Note 22
GRAP 34	Separate financial statements	The standard prescribes the accounting treatment and disclosure requirement of separate financial statements	No impact the NAMC does not prepare separate financial statements	
GRAP 35	Consolidated financial statements	The standard prescribes the principles for the presentation and preparation of consolidated financial statements	No impact NAMC does not prepare consolidated financials	
GRAP 36	Investment in associates and joint ventures	The standard prescribes the accounting treatment and requirements for the application of equity method when accounting for investment in associates and joint ventures	No impact NAMC does not have investments in associates and joint ventures	
GRAP 37	Joint arrangements	The standard prescribes the principles for financial reporting by entities that have an interest in the arrangements that are controlled jointly	No impact NAMC does not have any joint arrangements	
GRAP 38	Disclosure of interest in other entities	The standard prescribes the principles for financial reporting by entities that have an interest in other entities	No impact NAMC does not have any interest in other entities	
GRAP 110	Living and non-living resources	The standard prescribes the accounting treatment, recognition and disclosure requirement of living and non-living resources	No impact NAMC does not have any living and non-living resources	

National Agricultural Marketing Council

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

2. 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, Land Reform and Rural Development, The Accounting Authority has considered the continued impact of Covid- 19 measures on the entity's financial sustainability and concluded that this will not affect the entity's ability to pay its current liabilities and will be able to collect monies owed to the entity, as major part of the receivables are from the government department (ACIAR and AGRISSETA). These annual financial statements support the viability of the entity.

3. Revenue

3.1 Revenue from exchange transactions consists of the following amounts

Management fee for rendering of services	1,196	1,045
Interest income	2,777	1,879
Rent income	132	132
	4,105	3,056

Interest income is generated through investment of surplus funding.

Management fee for rendering of services

The amount included in rendering of services arose from exchange transactions of R1,196,004.48(2020: R1,044,931.) relating to Vineyard Development Scheme, National Redmeat Development Project, Agriculture and Agro-Processing Master Plan.

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

Department of Agriculture, Land Reform and Rural Development - MTEF Allocation	47,422	45,251
Other income/sponsorship utilised	25,936	34,579
	73,358	79,830

Accounting Policies

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

4. Personnel expenditure

Personnel expenditure is analysed as follows:

Non-management	33,196	34,843
Basic salaries	26,313	22,920
Performance bonuses provisions	2,500	-
Other non-pensionable allowance	1,052	1,065
Leave payments on resignation	121	52
UIF	291	278
Other salary related cost	223	344
Pension: Post-employment benefits	2,696	2,759
Settlement agreement amount paid	-	7,425
Senior management remuneration	Note 15 10,218	12,990
Council members' fees	Note 14 1,310	1,348
Total personnel expenditure	44,724	49,181

Reconciliations of employee benefit provisions

Employee benefit provisions

	Opening balance	Additions	Total
Leave accrual	888	653	1,541
Performance bonus provisions	-	2,500	2,500
	888	3,153	4,041

The NAMC does not know the timing of the payment if any for accrued leave pay as this is dependant on whether an employee remains in the service of the NAMC or not. Any bonus provisions will be paid out in August each year in terms of the Performance Management & Development Policy and Procedure.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

5. Administrative expenses

5.1 Administrative expenses consist of:

General administrative expenses	756	650
Printing and stationery	451	719
Audit committee fees	552	695
Auditors` remun. – fees	1,212	1,379
Internal audit fees	260	1,001
Bad debts	107	123
Bank charges	41	68
IT costs	880	1,333
Promotions and publicity	-	5
Refreshments and catering	26	183
Training and development	804	912
	5,089	7,068

6. Operating expenses

6.1 Operating expenses consist of:

Rentals in respect of operating lease	2,768	2,823
Levy	371	309
Municipal charges	1,382	1,503
Communication costs	176	183
Other expenses	25	7
Project expenses	8,585	10,966
Section 7 Committees and Consultancy	952	1,227
Computer consumables	2	6
Courier and delivery charges	9	33
Maintenance, repairs and running costs	42	87
Research & workshops	255	791
Travel and subsistence	1,004	3,075
Total other expenses	15,571	21,010

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
6.2 Other gains and losses		
Gain or loss on disposal of assets	7,316	-
Impairment loss on property, plant & equipment	(17)	-
Total other gains and losses	7,299	-
6.3 Depreciation and amortisation		
Depreciation	2,416	7,454
Amortisation	64	140
Total	2,480	7,594
7. Reconciliation of (deficit)/surplus for the year to net cash flows from operating activities		
Surplus for the year	2,251	(1,972)
Adjustments to reconcile surplus		
Adjustments for finance income	(2,339)	(1,820)
Adjustments for finance costs	15	5
Adjustments for decrease in inventories	70	1,137
Adjustments for increase in trade accounts receivable	29,226	(33,829)
Adjustments for impairments	107	-
Adjustment for inventory donation received	-	-
Adjustments for decrease in other receivables	(48)	273
Adjustment for decrease or increase in trade accounts payable	3,305	(435)
Adjustments for increase in deferred income	3,791	20,591
Adjustments for depreciation and amortisation expense	2,480	7,594
Adjustments for gains and losses on disposal of non-current assets	7,328	-
Total adjustments to reconcile deficit	43,935	(6,484)
Net cash flows from operations	46,186	(8,456)

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

8. Inventories

The balances of inventories are as follows:

Consumable stores	25	15
Inventory on hand ("Animal feed")	-	80
	25	95
Total current inventories	25	95

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	5,454	12,720
---	--------------	---------------

The inventory purchase is recognised in the statement of financial performance as and when inventories are issued, and they are classified as NRMDP expense under the administration line item.

9. Receivables from non-exchange transactions

9.1 Receivables from non-exchange transactions comprise:

Receivables from non-exchange transactions	4,990	34,071
Total current receivables	4,990	34,071

The receivables are mainly for non-exchange transactions raised towards end of the financial year relating to AgriSeta, Australian Centre for International Agricultural Research (ACIAR) funded through Department of Agriculture, Land Reform and Rural Development. The receivables were assessed for impairment and none were impaired, as major part of receivables are contractual.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
9.2 Receivables from exchange transactions comprise:		
Prepayments	48	64
Deposits	251	251
	299	315
Less non-current portion	(251)	(251)
Total current receivables	48	64
9.3 Items included in Receivables from exchange transactions not classified as financial instruments		
Prepayments	48	64
Total non-financial instruments included in trade and other receivables	48	64
The prepayments mainly relates to study fees paid in advance.		
Financial assets that are not past due	1,574	34,147
10. Cash and cash equivalents		
Cash and cash equivalents comprise:		
Cash		
Cash on hand	3	1
Balances with banks	54,555	9,820
Total cash	54,553	9,821
Total cash and cash equivalents included in current assets	54,553	9,821
Net cash and cash equivalents	54,553	9,821

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 19 of the annual financial statements.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

11. Property, plant and equipment

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
	1,340	1,072	1,159	493	2,361	158	441	19,606	26,630
	(1,300)	(636)	(957)	(321)	(1,902)	(147)	(414)	(13,534)	(19,211)
Carrying amount	40	436	202	172	459	11	27	6,072	7,419
Reconciliation for the year ended 31 March 2021									
Balance at 1 April 2020									
At cost									
Accumulated depreciation									
Carrying amount									
Movements for the year ended 31 March 2020									
Additions other than through business combinations	-	-	-	-	481	329	55	2,850	3,715
Depreciation	(9)	(68)	(37)	(51)	(202)	(71)	-	(1,942)	(2,380)
Impairment loss recognized in surplus or deficit	-	-	-	-	-	-	-	(17)	(17)
Disposals	-	(120)	(6)	-	(93)	-	(81)	(6,963)	(7,263)
Property, plant and equipment at end of period	30	248	159	121	645	269	1	-	1,471
Closing balance at 31 March 2021									
At cost	1,340	1,072	1,145	493	2,157	486	36	15,476	22,205
Accumulated depreciation	(1,310)	(824)	(985)	(372)	(1,512)	(217)	(35)	(15,476)	(20,734)
Carrying amount	30	248	160	121	645	269	1	-	1,471

The entity's obligations under finance leases are secured by the lessor's title to the leased assets, which have a carrying amount of R269,000.00. The entity is not allowed to pledge these assets as security for borrowings or sell them to another entity.

A rounding off difference of R1 on leasehold improvements was identified and corrected in the current year.

The entity's obligations under finance leases are secured by the lessor's title to the leased assets, which have a carrying amount of R270,000.00. The entity is not allowed to pledge these assets as security for borrowings or sell them to another entity.

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Included in the gross carrying amount as at 1 April 2021 are the assets relating to National Red Meat Development Project, which were derecognised during the 2020/2021 financial year end. The closing balance as at 31 March 2021 excludes the cost and accumulated depreciation for the National Red Meat development Project.

Repairs and maintenance

A total amount of R42,296.00 has been spent on repairs and maintenance on assets under leasehold improvements, computer equipment, 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
	1,340	1,072	1,159	493	2,143	148	441	17,976	24,772
	(1,259)	(572)	(900)	(262)	(1,371)	(144)	(93)	(7,319)	(11,920)
	81	500	259	231	772	4	348	10,657	12,852

Reconciliation for the year ended 31 March 2020

Balance at 1 April 2019

At cost									
Accumulated depreciation									
Carrying amount	81	500	259	231	772	4	348	10,657	12,852

Movements for the year ended 31 March 2019

Increase (decrease) through net exchange differences	-	-	-	-	300	10	-	1,702	2,012
Depreciation	(41)	(64)	(57)	(59)	(606)	(3)	(321)	(6,267)	(7,419)
Disposals	-	-	-	-	(7)	-	-	(20)	(27)
Property, plant and equipment at end of period	40	436	202	172	459	11	27	6,072	7,419

Closing balance at 31 March 2020

At cost	1,340	1,072	1,159	493	2,361	158	441	19,606	26,630
Accumulated depreciation	(1,300)	(636)	(957)	(321)	(1,902)	(147)	(414)	(13,534)	(19,211)
Carrying amount	40	436	202	172	459	11	27	6,072	7,419

A total amount of R86,952.00 has been spent on repairs and maintenance on assets under leasehold improvements, computer equipment, furniture and motor vehicles.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

12. Investment property

Balances at year end and movements for the year: 2021

Reconciliation for the year	Land	Building	Total
Balance at start of year			
At cost	550	1,200	1,750
Accumulated depreciation	-	(63)	(63)
Gross carrying amount	550	1,137	1,687
Depreciation	-	(36)	(36)
Investment property at end of period	550	1,101	1,651
Closing balance at end of year			
At fair value	-		
At cost	550	1,200	1,750
Accumulated depreciation	-	(99)	(99)
Carrying amount	550	1,101	1,651

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.

Rental income of R360,000.00 was receivable, this includes amount owed as at end of previous financial year and as at year end 2020/21 an amount of R12,695.38 was paid. Rental income is disclosed under other income line item. An amount of R106,609.24 was impaired as the probability of collection is estimated to be less than 50%.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Reconciliation for the year	Land	Building	Total
Balance at start of year end 2019			
At cost	550	1,200	1,750
Accumulated depreciation	-	(27)	(27)
Gross carrying amount	550	1,173	1,723
Movements for the year 2020			
Depreciation	-	(36)	(36)
Investment property at end of period	550	1,137	1,687
Closing balance at end of year			
At fair value			
At cost	550	1,200	1,750
Accumulated depreciation	-	(63)	(63)
Carrying amount	550	1,137	1,687

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

13. Intangible assets

Reconciliation of changes in intangible assets

	Computer Software	Computer Software NRMDP	Total
Reconciliation for the year ended 31 March 2021			
Balance at 1 April 2020			
At cost or revaluation	1,061	89	1,150
Accumulated amortisation	(829)	(85)	(914)
Carrying amount	232	4	235
Movements for the year ended 31 March 2021			
Amortisation	(66)	-	(66)
Disposals	-	(3)	(3)
Intangible assets at end of period	168	-	165
Closing balance at 31 March 2021			
At cost	1,061	89	1,150
Accumulated amortisation	(894)	(89)	(984)
Carrying amount	168	-	165
No intangible assets were pledged as security for liabilities.			
Reconciliation for the year ended 31 March 2020			
Balance at 1 April 2019			
At cost or revaluation	1,061	89	1,150
Accumulated amortisation	(691)	(84)	(775)
Carrying amount	370	5	375
Movements for the year ended 31 March 2020			
Amortisation	(138)	(2)	(140)
Intangible assets at end of period	232	4	235
Closing balance at 31 March 2020			
At cost or revaluation	1,061	89	1,150
Accumulated amortisation	(829)	(85)	(915)
Carrying amount	232	4	235
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 2021

14. Council and Independent Audit & Risk Committee members' fees

	Fees for Services	Total 2020	Total 2019
Members Name			
Prof. PK Chauke: Chairperson (Contract terminated in May 2019)	-	-	10
Mr. JH Prinsloo: Acting Chairperson	265	265	160
Mr. S Faku-Resigned in October 2019	-	-	113
Ms. F Mkile	292	292	181
Mr. HT Mohane	149	149	142
Ms. N. Mokose	122	122	201
Mr. B Mokgatle	126	126	116
Dr. D Rangaka	214	214	170
Mr. GM Schutte	142	142	181
Mr. ZW Wapi-Resigned in December 2019	-	-	74
Total	1,310	1,310	1,348
Fees paid to Independent Audit and Risk Committee members			
Dr P Dala: Chairperson of Risk Management Committee and Audit & Risk Committee member	316	316	295
Ms AP Mafuleka	-	-	113
Ms L Mothae: Chairperson of Audit & Risk Committee	235	235	287
	551	551	695

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

15. Senior managers' emoluments

	Basic salary	Allowances	Pension contribution payments	UIF	Total 2021
Ms F Netili - Chief Financial Officer	1,463	32	209	2	1,706
Mr Schalk Burger - Senior Manager – Statutory Measures	1,200	-	244	2	1,446
Mr B. Nyhodo: Senior Manager - Agricultural Trusts	1,200	-	172	2	1,374
Ms V. Nkobi - Senior Manager: Human resources: Resigned in May 2020	133	-	28	1	162
Dr. S Ngqangweni - Chief Executive Officer : Appointed 01 June 2020	1,552	-	251	2	1,805
Dr. S Ngqangweni - Senior manager MERC	201	-	-	-	201
Mrs KC Mosoma - Senior Manager – Agribusiness Development	1,200	-	172	1	1,373
Mr T Marishane - Risk and Compliance Manager	639	-	91	1	731
Dr. Sifiso Ntombela: Acting Senior Manager MERC	-	37	-	-	37
Mr Tshilidzi Netswinganani: Acting Senior Manager: Human Resources	-	239	-	-	239
Dr. NP Tempia: Senior Manager MERC: Appointed 01 November 2020	500	-	71	1	572
Ms PNC Simelane: Senior Manager: Human Resources Appointed 01 November 2020	500	-	71	1	572
	8,588	308	1,309	13	10,218

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

	Basic salary	Allowances	Pension contribution payments	UIF	Termination payout	Total 2021
Mr Z Xalisa - Former Chief Executive Officer: Mutual termination agreement reached in February 2020	1,561	-	222	2	1,420	3,205
Ms F Netili - Chief Financial Officer	1,468	-	209	2	-	1,679
Mr Schalk Burger - Senior Manager – Statutory Measures	1,168	-	174	2	-	1,344
Mr B. Nyhodo: Senior Manager - Agricultural Trusts	1,168	-	167	1	-	1,336
Ms V. Nkobi - Senior Manager: Human resources	1,173	-	167	2	-	1,342
Dr. S Ngqangweni - Chief Executive Officer : Appointed 01 June 2020	1,162	221	172	2	-	1,557
Mrs KC Mosoma - Senior Manager – Agribusiness Development	1,168	-	167	2	-	1,337
Mr T Marishane - Risk and Compliance Manager	603	-	86	1	-	690
Mrs E Mpete - Former Legal Manager: resigned in November 2019	439	-	60	1	-	500
	9,910	221	1,424	15	1,420	12,990

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

16. Finance lease obligation

16.1 Finance lease obligation is analysed as follows:

Finance lease obligations: Leased equipment	266	26
	266	26
Non-current liabilities	155	6
Current liabilities	111	20
	266	26

16.2 Finance lease obligations - lease payment reconciliations

Gross finance lease obligations - minimum lease payments

Not later than one year	126	20
Later than one year and not later than five years	162	6
	288	26
Future finance charges on finance lease liabilities	-	(2)
Present value of finance lease liabilities	288	24
Present value of finance lease obligations net of impairments	288	24

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 24 to 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 2021

Figures in R `000	2021	2020
-------------------	------	------

17. Operating lease liabilities

17.1 Operating lease liabilities are analysed as follows:

Operating lease liability	-	40
	-	40

Current liabilities	-	40
---------------------	---	----

17.2 Future minimum lease payments

Not later than one year	988	1 076
Later than five years	-	-
	988	1 076

The operating leases for the entity are for office rental with a lease period of 24 months. The escalation rate for rental of office space was 8% in the prior years, (upto 2019/20). The NAMC entered into a 1 year lease agreement, the lease agreement for office rental will expire in July 2021.

Operating expenditure recognised in the statement of financial performance on a straight line basis.	2,768	2 822
--	--------------	--------------

18. Payables from exchange transactions

Payables from exchange transactions are made up as follows:

Trade creditors	1,359	1 207
Leave accrual	1,541	888
Total payables from exchange transactions	2,900	2 095

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

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

19. Deferred Income

19.1 Deferred revenue

Principal and Agent liability

Name of project	Opening balance	Amount received/receivable	Amount utilised/Returned	Closing balance
Name of project: Principal				
2021				
Strategic Infrastructure Project: SIP 11	1	-	-	1
Agricultural Sector Education, Training Authority (AgriSeta)	89	2,925	(1,124)	1 890
Smallholder Farming in Agro-processing industry	213	125	(304)	34
Ceres abattoir	2,198	-	-	2 198
Operation Phakisa	160	-	-	160
National Red Meat Development Programme (NRMDP)	39,290	8,148	(25,022)	22 416
Total	42,455	11,198	(26,954)	26 699
Name of project: Agent				
2021				
Agriculture and Agro-Processing Master Plan (AAMP)	-	20,240	(1,230)	19 010
Vineyard Development Scheme	148	-	(148)	0
Maize Meat Hub Feedlot	148	-	(148)	0
Australian Centre for International Agricultural Research (ACIAR)	142	1,096	(263)	975
Total	438	21,336	(1,789)	19 985
Total liabilities				46,684

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Name of project	Opening balance	Amount received/ receivable	Amount utilised/ Returned	Closing balance
-----------------	-----------------	--------------------------------	------------------------------	-----------------

Name of project: Principal

2020

Strategic Infrastructure Project: SIP 11	84	-	(83)	1
Supply Chain Logistic Programme (Western Cape)	542	-	(38)	504
Agricultural Sector Education, Training Authority (AgriSeta)	154	1,025	(1,090)	89
Smallholder Farming in Agro-processing industry	73	250	(110)	213
Ceres abattoir	2,214	-	(16)	2 198
Operations Phakisa	316	-	(156)	160
Eastern Cape Red Meat Development programme	3,177	-	(3,177)	0
National Red Meat Development (NRMDP)	14,369	53,900	(28,979)	39 290
Total	20,929	55,175	(33,649)	42 455

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

Name of project: Agent

2019

Vineyard Development Scheme	620	-	(472)	148
Maize Meat Hub Feedlot	244	-	(96)	148
Australian Centre for International Agricultural Research (ACIAR)	510	-	(368)	142
Total	1,374	-	(936)	438

Total liabilities

42 893

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

19.2 Agent and principal liability

Nature of the relationship

19.2.1 Vineyard Development Scheme

An amount of R148,000.00 was deferred to the statement of financial position in 2019/20 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 R148,000.00 was fully utilised as at year end.

19.2.2 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. As at year end the balance of R148,000.00 remaining in the previous financial year was fully utilised.

19.2.3 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. An additional invoice of R1,096,043.00 was raised and remained as payable during the period under review.

19.2.4 Agriculture and Agro-Processing Master Plan

An amount of R20,240,000.00 was received for the Department of Agriculture, Land Reform and Rural Development for the implementation of Agriculture and Agro-Processing Master Plan (AAMP). As at year end an amount of R1,229,658.00 was utilised for salaries of the employees and for the services rendered towards the AAMP. As at year end the balance of R19,010,342.00 was deferred to the statement of financial position. The NAMC act as an agent and the Department is the principal.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

20. Financial instruments

Introduction and overview

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

Risk Management

Financial risk factors

Exposure to the credit risk arises in the normal course of the NAMC's business. Exposure to currency risk and interest rate risk is minimal. NAMC has an overall risk management plan approved by Council & is reviewed by Audit and Risk committee every financial year. Council has approved written policies such as Cash, Bank and Investment Policy, Debtors Management policy and other policies that management adheres to.

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

Credit risk - Exposure of credit risk is monitored on an on going basis. Reputable financial institutions are used for investing and cash handling. As at 31 March 2021 there was no significant concentration of credit risk.

Liquidity risk - NAMC manages its liquidity risk by monitoring cash flows and ensuring that necessary funds are available to meet any commitments which arises, and further manages its liquidity risk by spending according to their budget which is fully funded.

Interest rate risk – NAMC is exposed to interest rate risk which relates to various accounts opened with standard bank, the interest rate is updated monthly. On average cash balances (differences of opening balance and closing balances) (54,582 – 9,821).

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

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

	Carrying amount	
	2021	2020
Financial assets at amortised cost		
Cash and cash equivalents	54,558	9,821
Receivables from non-exchange and exchange transactions	5,241	34,322
	59,799	44,143
Financial liabilities at amortised cost		
Finance leases	265	24
Payables from exchange transactions	2,900	2,095
	3,165	2,119

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
2021			
Interest income	2,777	-	2,777
Finance costs	-	(15)	(15)
Total	2,777	(15)	2,762
2020			
Interest income	1,820	-	1,820
Finance costs	-	(5)	(5)
Total	1,820	(5)	1,815

There was a fomular error in the interest income for prior year, this has been corrected in the current year.

Exposure to risks: Credit risk

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

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

Financial assets at amortised cost

Cash and cash equivalents

Receivables from non-exchange and exchange transactions

Carrying amount	
2020	2019
54,558	9,821
5,241	34,322
59,799	44,143

Financial liabilities at amortised cost

Finance leases

Payables from exchange transactions

265	24
2,900	2,095
3,165	2,119

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

Exposure to risks: Liquidity risk

The entity minimises this risk by ensuring that enough 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.

	2020		2019	
	Gross	Impairment	Gross	Impairment
Cash and equivalents				
- Neither past due nor impaired	54,558	-	9,821	-
Receivables				
- Past due but not impaired	2,903	-	-	-
- Neither past due nor impaired	2,338	-	34,322	-
Total	59,799	-	44,143	-

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

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
2021				
Finance lease liabilities	265	265	111	154
Payables	2,900	2,900	-	-
Total	3,165	3,165	111	154
2020				
Finance lease liabilities	24	24	18	6
Payables	2,095	2,095	-	-
Total	2,119	2,119	18	6

Exposure to risk: Market risk

Interest rate risk

Concentration of interest rate risk

Variable rate instruments

Financial assets	54,558	9,821
Financial liabilities	(265)	(24)
Total	54,293	9,797

Fixed rate instruments

Financial assets: Accounts receivable	5,241	34,322
Financial liabilities: Accounts payable	(2,900)	(2,095)
Total	2,341	32,227

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

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:

2021

	Change in interest rate	Current balance	Upward change (+1%)	Downward change (-1%)
Net surplus		2,251	2,797	1,705
Change in net surplus			24	(24)
Cash and cash equivalents	0.01	54,558	546	(546)
Net Surplus for the year				
Change in Net Surplus		2,251	2,248	2,254
Finance lease	0.01		(0.12)	0.12
		265	(3)	3

2020

Net surplus		(1,972)	(1,874)	(2,070)
Change in net surplus			(5)	(5)
Cash and cash equivalents	0.01	9,821	98	(98)
Net Surplus for the year				
Change in Net Surplus		(1,972)	(1,972)	(1,972)
Finance lease	0.01		-0.01	0
		24	-0.01	0

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

21. Related parties

Parties related to National Agricultural Marketing Council

Relationship	Name of related party
Controlling entity	Department of Agriculture, Land Reform and Rural Development Land and Agricultural
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
Council members & Independent Audit and Risk Committee	Refer to note 14
Senior Management	Refer to note 15

Related parties transactions

Department of Agriculture, Land Reform and Rural Development - Grant	47,422	45,251
Department of Agriculture, Land Reform and Rural Development-Strategic Infrastructure Project, Operation Phakisa and ACIAR National Red Meat Development project, Ceres abattoir and Maize Hub Project, Agriculture and Agro-Processing Master plan (AAMP)	26,515	607
Department of Agriculture, Land Reform and Rural Development- National Red Meat Development project, Ceres abattoir and Maize Hub Project.		3,289
Agricultural Research Council	-	44
	73,937	49 191

Nature of the related party transactions

The transactions with related parties indicates the amounts utilised and receivable from grants/sponsorship from related parties during 2020/21. other related party transactions for key management are disclosed in note 15.

Related parties balance

Department of Agriculture, Land Reform and Rural Development -Strategic Infrastructure Project, Operation Phakisa and ACIAR and AAMP	44,760	303
Department of Agriculture, Land Reform and Rural Development	-	41 636
	44,760	41 939

The balances on related parties indicates the conditional grants remaining to be utilised 2021/22. The balances disclosed are interest free and not secured.

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

22. 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 current financial year reviewed 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.

No services of experts were used.

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 R117,077.75.

23. Budget differences

23.1 Material differences between budget and actual amounts

23.1.1 Revenue

Other income /sponsorship utilised

A variance of R25,9 million relates amount received and utilised for sponsorship projects as disclosed under note 19 of the financial statements.

Management fees

An increase of R681,000.00 is due to recognition of management fees relating to Agriculture and Agro-Processing Master Plan and National Red Meat Development Project.

Interest

An increase of R1,8 million is due to a number of investment opened and the maturity period of those investment account.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

23.1.2 Personnel expenditure

An unfavourable variance of R3,6 million is as a result of salaries for interns. The intern's salaries were paid through AgriSeta funding and the provision for performance bonus of R2,5 million payable by August 2021, which will be covered through management fees and interest generated from investments.

Variance of R7,2 million is due to the salaries for NRMDP employees and AAMP project, which are disclosed separately.

24.1.3 Administration expenses

A favourable variance of R6,1 million is as a result of classification differences between MTEF budget allocation and annual financial statements allocations (operational and administrative expenditure).

Disclosed separately is expenditure relating to AgriSeta.

24.1.4 Operating expenses

The operating expenditure shows an unfavourable variance R3,6 million this is as a result of classification differences between MTEF budget allocation and annual financial statements allocations (operational and administrative expenditure).

Disclosed separately is operational expenditure relating to projects.

24.1.5 Depreciation

An increase of R680,000.00 on depreciation and amortisation is due to a contract for NRMDP terminated end of September 2020, which resulted in assets being fully depreciated.

23.1.6 Loss on disposal of assets

The Increase in loss on disposal of the assets is a result of the derecognition of the NRMDP assets, as a result of the contract termination on the 30 September 2020.

23.2 Budget and the actual amounts basis of preparation and presentation

The approved budget covers the period from 1 April 2020 to 31 March 2021, 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

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

24. Segment reporting

Segment information

The entity is organised and reports to the 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. The business main operations are focused in the Republic of South Africa.

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's 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: Finance and Administration

Sub Programme 1.2: Human Resources

Sub Programme 1.3: Office of the Chief Executive Officer

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

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

Programme 2: Markets and Economic Research Centre (MERC)

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

Programme 3: Statutory Measures

The purpose of this programme is to facilitate the process to implement statutory measures in order to promote the efficiency of the marketing of agricultural products.

Programme 4: Agricultural trusts

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

Programme 5: Agri-business Development

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

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Segment surplus or deficit, assets and liabilities

	2021					
	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
Revenue						
Revenue from non-exchange transactions	28,071	11,655	3,236	2,520	27,901	73,383
Revenue from exchange transactions	132	568	-	-	628	1,328
Total segment revenue	28,203	12,223	3,236	2,520	28,529	74,711
Expenses						
Salaries and wages	18,320	10,805	3,322	2,602	9,675	44,724
Depreciation and amortisation	513	-	-	-	1,967	2,480
Other expenses	10,766	107	202	226	9,347	20,648
Loss on disposal of assets	10	-	-	-	7,370	7,370
Total segment expenses	29,609	10,912	3,524	2,828	28,349	75,222
Total segment surplus/(deficit)	(1,406)	1,311	(288)	(308)	180	(511)
Interest revenue	2,777	-	-	-	-	2,777
Interest expense	15	-	-	-	-	15
Surplus for the period/(deficit)	1,356	1,311	(288)	(308)	180	2,251

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
2021						
Assets						
Segment assets (tangible assets)	3,122	-	-	-	-	3,122
Segment assets (intangible assets)	168	-	-	-	-	168
Receivable from exchange and Non-ex- change transactions	3,771	1,518	-	-	-	5,289
Inventory	25	-	-	-	-	25
Cash and cash equivalent	5,489	21,403	-	-	27,666	54,558
Total assets	12,575	22,921	-	-	27,666	63,162
Liabilities						
Other Liabilities	559	526	168	173	115	1,541
Segment liabilities	5,190	22,436	67	-	23,116	50,809
Total Liabilities	5,749	22,962	235	173	23,231	52,350
Other information						
Capital expenditure	810	-	-	-	2,905	3,715
Accrued expense	534	58	67	-	700	1,359
Deferred revenue	1,890	22,378	-	-	22,416	46,684

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
2020						
Revenue						
Revenue from non-exchange transactions	27,109	12,089	3,085	3,310	34,369	79,962
Revenue from exchange transactions	-	19	-	-	1,026	1,045
Proceeds from insurance	-	-	-	-	-	-
Share of surplus of associates	-	-	-	-	-	-
Total segment revenue	27,109	12,108	3,085	3,310	35,395	81,007
Expenses						
Salaries and wages	17,251	10,952	2,924	2,227	15,827	49,181
Depreciation and amortisation	603	-	-	-	6,991	7,594
Other expenses	14,005	1,522	130	816	11,578	28,051
Impairment loss on inventory	7	-	-	-	20	27
Total segment expenses	31,866	12,474	3,054	3,043	34,416	84,853
Total segment surplus/(deficit)	(4,757)	(366)	31	267	979	(3,846)
Interest revenue	1,879	-	-	-	-	1,879
Interest expense	5	-	-	-	-	5
Surplus/(deficit) for the period	(2,883)	(366)	31	267	979	(1,972)

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
2020						
Assets						
Segment assets (tangible assets)	3,034	-	-	-	6,072	9,106
Segment assets (intangible assets)	235	-	-	-	-	235
Receivable from exchange and Non-ex- change transactions	762	683	-	-	32,941	34,386
Inventory	15	-	-	-	80	95
Cash and cash equivalent	774	2,647	-	-	6,400	9,821
Total assets	4,820	3,330	-	-	45,493	53,643
Liabilities						
Other liabilities	363	328	40	70	87	888
Segment liabilities	1,132	2,894	5	-	40,135	44,166
Total Liabilities	1,495	3,222	45	70	40,222	45,054
Other information						
Capital expenditure	94	-	-	-	1,918	2,012
Non-cash items excluding depreciation	1	-	-	-	-	1
Accrued expense	951	55	5	-	193	1,204
Deferred revenue	89	2,714	-	-	40,090	42,893

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021
-------------------	------

25. Contingent liabilities

Claim by former employee of Transkei Agricultural Marketing Board

The NAMC has received a summons from the high court of South Africa with regard to the 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. 25

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. The NAMC anticipate to pay legal cost of R25,000.00

Claim by Hortgro against NAMC

The defendant allege that the establishment by the Minister of statutory measures for the collection of levies from procedures of apples and pears in certain regions and in the imposition of levies were unauthorised, unlawful and accordingly void as a consequences of failure to comply within section 10.11.13 of the MAP Act. Currently the NAMC is in no manner directly involved in the said litigations. 15,000

Disciplinary proceedings against a senior NAMC staff member.

Sanqela Attorneys Inc has taken the role of an initiator (prosecutor) on behalf of NAMC in this matter. As initiator, SA Inc is currently preparing for the matter and holding the necessary consultations and engagements. 244

National Read Meat Development Programme in respect of Mnquma and Ngangeqgili sites

Sanqela Attorneys Inc is assisting NAMC in its discussions with the Service Provider with a view to rectifying the poor workmanship identified in the assessment report. Failure to construct the facilities according to industry standard means that they are not ready for the purpose for which they were constructed and that NAMC is falling short on its service delivery mandate. The service provider may decide to litigate to force NAMC to make payment of invoices raised. 2,500

Disposal of a house owned by NAMC in Mthatha, Eastern Cape Province

For a number of years now, NAMC has been attempting to dispose of a residential property located in the town of Mthatha, Eastern Cape. If the status quo is allowed to continue, with the tenant continuing to keep occupation of the property in circumstances where he is not paying rent for it and where he is not contributing to the upkeep of the property, NAMC will continue to suffer irreparable financial harm as a result of a depreciation in asset value of the property. 2,500

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Processing of Public Protector inquiry pertaining to the settlement agreement reached with the previous CEO of NAMC

Sanqela Attorney Inc is assisting the NAMC in its response to the Public Protector following an anonymous complaint lodged regarding the settlement agreement reached with NAMC's previous CEO. **1,420**

Possible claim against NAMC for short payment in relation to an SLA

Sanqela Attorney Inc has been requested to attend to an allegation or claim for payment in relation to a consultancy agreement between Dompas Media Productions and NAMC. Apparently the Dompas Company was enlisted to provide services for a period of 12 months. For some reason, NAMC only paid the company for only 3 months. **1,395**

Claim against NAMC for services rendered

NAMC Council decided not to pay for services rendered by a KZN Provincial Department **1,053**

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
26. Fruitless and Wasteful expenditure		
Reconciliation of Fruitless and Wasteful Expenditure		
Opening balance -	7,946	522
Add: Fruitless and Wasteful expenditure - current year	-	7,424
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	7,946	7,946

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 ring-fenced for this project were returned to National Treasury.

Fruitless and Wasteful expenditure of R1,744,536.00 was incurred as a result of payment made where goods have not been delivered, this is relating to the Vine Yard Development project. However an investigation was conducted which concluded that these assets were not fruitless and wasteful expenditure. Fruitless expenditure of R7,4 million relates to payment of 7 months settlement packages paid to National Redmeat Development Project employees, due to non-adherence to section 189 of the labour relations Act.

27. Irregular expenditure

Opening balance -	117,818	37,111
Add: Irregular expenditure - current year	30,172	36,906
Add: Irregular expenditure - prior year	-	9,242
Add: Confirmed irregular expenditure disclosed as under investigation in the prior year	-	34,559
Less: Condoned by relevant authority	-	-
Less: Transfer to receivables for recovery	-	-
Irregular expenditure closing balance	147,450	117,818

27.1 Details of irregular expenditure disclosed in the current year: R30,2 million.

27.1.1 Irregular expenditure: NRMDP contract: R25,022,387.54

Irregular expenditure disclosed in the current year relates to expenditure incurred in the current financial year 2020/21 on the NRMDP project whereby the contract was entered into without following the delegation of authority. This also includes purchases of feed and procurement of construction materials and construction services rendered. Although the relevant legislations relating to construction tender processes and acquiring feed through quotations during this financial year. The contract and expenses relating to this contract remains irregular until the expiry of the contract which expired on 30 September 2020.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

27.1.2 Expenditure incurred without following the normal Supply Chain Management process: R6,139.60

This relates to purchase order issued for services rendered without following the normal SCM process. (TV licenses and Procure suppliers).

27.1.3 Contract extensions R1,588,486.64

The irregular expenditure of R1,558,206.19 relates to Rental of office space, new contracts have been entered into during the financial year 2020/21, after approval was granted by National Treasury in July 2020 and an amount of R30,280.45 was paid to Document Warehouse after the expiry of the contract.

27.1.4 Payment to Non-Executive Directors (NED): 352,970.72

The irregular expenditure of R352,970.72 was paid to NED using SAICA rate as per the previously approved memo authorising SAICA rates, which could not be located. The NAMC made a re-submission to the Minister to approve the payment to the NED members using the SAICA rates of which the Minister did not approve the re-submission.

27.1.5 Goods of a similar nature acquired through quotation: 510,745.76

The irregular expenditure of R510,745.76 relates to the purchase of computer equipment using the quotation process and not the tender process. However the NAMC applied for deviation from normal bidding process due to unforeseen circumstances beyond the NAMC which was approved by the CEO internally.

27.1.6 Non-Compliance with SCM processes: R 2,691,185.22

The irregular expenditure of R 2,691,185.22 relates to non compliance of SCM regulation.

27.2 Progress update on irregular expenditure submitted for: R82,03 million

Of the opening balance of R117,818 million relating to irregular expenditure a total of R82.3 million was submitted to National Treasury for condonation after the determination test was conducted. The request for condonation of irregular expenditure made to National Treasury was not approved as a result of no evidence was provided to National Treasury that paragraph 56 (g) of the irregular expenditure framework and section 51 (e) (iii) have been complied with in line with the determination test conducted.

27.3 Potential Irregular Expenditure still subject to investigation: Agriculture and Agro-processing Master Plan

During the 2020/21 financial year a preliminary investigation into the Agriculture and Agro-processing Master Plan was conducted as a result of procurement risks highlighted and reported to the Risk Management Committee and Audit & Risk Committee, which recommended to Council a further forensic investigation to be conducted. The council had subsequently resolved to conduct an investigation following the recommendations of Audit & Risk Committee. The process of which has been initiated however the service provider to conduct the investigation has not been appointed, therefore as at year- end there were no investigations that have been conducted by the Council to conclude on the matters raised on the preliminary investigation report.

28. Tax exemption

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

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

29. Subsequent events after reporting date

CCMA cases

The subsequent events relates to the case referred to the CCMA against the NAMC. The hearing was conducted on the 15 April 2021, the outcome of the hearing at the sitting was that, a certificate was issued, for the labour court to be approached on the basis of unfair discrimination in order to seek relief. subsequently to that a settlement agreement was signed between the employee and NAMC, NAMC agreed to a pay of 4 months salary. This is therefore classified as non-adjusting event.

Appointment of the new Council members

The Minister appointed new council members effective from 25 of May 2021. The following members were appointed:

- Mr. Angelo Petersen (NAMC Chairperson)
- Ms. Thandeka Ntshangase (NAMC Deputy- Chairperson)
- Prof. Mzukisi Qobo
- Mr. Gerhard Schutte (reappointment)
- Prof. Andre Jooste
- Mr. Sifiso J Mhlaba
- Ms. Nonie Mokose (reappointment)
- Ms. Shandini Naidoo
- Ms. Fezeka Mkile (reappointment)
- Dr. Sharon Thembi Xaba

During the period of June 2021 1 council member (Prof. Mzukisi Qobo) resigned from the NAMC board.

30. Prior period errors Interest Accrued

Nature of prior period error

The interest income was incorrectly posted in the prior year,

The prior period error is a result of the balance on the bank confirmation certificate not agreeing with the cash balances recognised in the general ledger. The interest receivables accruals of R28,000 was incorrectly accrued for in the general ledger.

Effects of the correction: 2020/21

Increase in revenue	(28)
Decrease in accumulated surplus	28

The prior year figures were not changed, as the amounts were immaterial.

31. Operational Commitments Approved commitments

Goods and services	2,159	1,816
Total	2,159	1,816

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Financial Statements for the year ended 31 March 2021

Figures in R `000	2021	2020
-------------------	------	------

Commitments relates to outstanding orders issued to suppliers for services not rendered as at year end and also commitment relating long term and short term contracts with service providers of which as at year end the contracts were still active.

There were no capital commitments for the period under review.

Capital commitments

Computer equipment	29	-
--------------------	----	---

32. Reclassification

32.1 Rental income amounting to R132,000.00 was incorrectly allocated to the revenue from non-exchange as rendering of services. These funds were subsequently reclassified under note 3.1.

32.2 Bad debt amounting to R123,000.00 was incorrectly allocated to the Internal audit fees, these funds were subsequently reclassified under note 5.1.

32.3 Cash Payment to supplier for goods and services is currently and prior year disclosed as one line item without separating project expense payments

33. Variance Explanations

33.1 Internal Audit

Internal audit decreased in the current year due to the decrease in the number of audits performed.

33.2 Cash & Cash Equivalents

There is an increase of R44,7 million due to funds received for AAMP and NRMDP projects. There has not been an increase in expenditure on the NRMDP due to the expiry of the contract on the 30 September 2020. The Expenditure on AAMP project is also minimal as there has not been a lot of expenditure incurred as at year end. These funds will be utilised in 2021/22.

33.3 IT Costs

The decrease is due to the appointment of the new IT service provider which led to a decrease in the monthly fees paid.

33.4 Interest Received

The increase is due to the increase in funds received in the current year which was invested in interest bearing account.

33.5 Finance Costs

The increase is due to the new finance lease contract that were entered into with Konica Minolta during the current financial year.

33.6 General Administrative Expense

The increase is due to the purchases of the People Protective Equipments (PPE) in response to Covid-19 preventive measures.

ANNEXURE A: CONTACT DETAILS

Table 19: CONTACT DETAILS OF LEVY ADMINISTRATORS AND TRANSFORMATION MANAGERS

Administering Body	Contact Person	Transformation Manager
Agrihub (fruit industry information)	Jolene Wium 072 249 1234 jolene@agrihub.co.za	
Cape Flora SA	Karien Bezuidenhout T 021 870 2900 F 021 870 2915	
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-gdc.org.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 Producers' Organisation	Dr Chris van Dijk T 012 843 5600 F 012 843 5781 Chris.vandijk@mpo.co.za	
Milk SA	Mr Nico Fouché T 012 460 7312 F 012 460 9909 nico@milksa.co.za	Mr Godfrey Rathogwa 012 460 7312 082 900 6712 godfrey@milksa.co.za
Fruit Fly Africa	The Genereal Manager T 021 882 9541 F 086 756 8656	
HORTGRO	Mr Anton Rabe T 021 870 2900 F 021 870 2915 anton@hortgro.co.za	
SA Macadamia Growers' Association	Ms Lizel Pretorius T 012 001 4107 lazel@samac.org.za	Zafezeka Zikhali T 061 479 6853 transformation@samac.org.za.
SA Olive Industry	Vittoria Jooste T 021 870 2900 F 021 870 2915 (F) manager@saolive.co.za	Mr John Scrimgeour 0218683120 0833815287 buffet@icon.co.za
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

Administering Body	Contact Person	Transformation Manager
Raisins SA	Mr Ferdie Botha T 054 495 0283 ferdieb@raisinsa.co.za	Ms Simone Sell simones@raisinsa.co.za
SACTA (SA Cultivar & Technology Agency)	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
Pomegranates Association of South Africa	Ms Andriette de Jager T 021 870 2900 andiette@hortgro.co.za	
Potatoes SA	Mr Willie Jacobs T 012 349 1906 F 012 349 2641 monica@potatoes.co.za	Ms Nomvula Xaba T 012 349 1906 F 012 349 2641 nomvula@potatoes.co.za
Red Meat Levy Admin	Ms Alet Calitz T 012 348 7572 F 012 361 9837 aletd@levyadmin.co.za	Mr Simon Streicher 076 232 3357 manager@rmif.co.za www.redmeatsa.co.za
SAGIS (South African Grain Information Service)	Mr Nico Hawkins T 012 941 2050 F 086 543 2639 management@sagis.org.za	
SAWIS (South African Wine Industry Information Services)	Ms Yvette van der Merwe T 021 807 5719 F 021 807 6000 yvette@sawis.co.za	Ms Wendy Petersen T 021 276 3210 wendy@witu.co.za
SAPA (Southern African Poultry Association)	Dr. Abongile Balarane T 011 795 9920 C 076 752 4846 abo@sapoultry.co.za	
Winter Cereals Trust	Mr Ishmael Tshiame T 012 0071200 0743384276 ishmael.tshiame@wctrust.co.za	
WOSA (Wines of South Africa)	Ms Siobhan Thompson T 021 883 3860 x 204 F 021 883 3868 sthompson@wosa.co.za	Ms Wendy Petersen T 021 276 3210 wendy@witu.co.za
Winetech (Wine Industry Network of Expertise and Technology)	Mr Gerard Martin T 021 276 0498 F 086 611 7817 Marting@winetech.co.za	Ms Wendy Petersen T 021 276 3210 wendy@witu.co.za
Cape Wools SA	Mr Deon Saayman T 041 484 4301 F 041 484 6792 capewool@capewools.co.za	

NATIONAL AGRICULTURAL MARKETING COUNCIL

AGRICULTURAL INDUSTRY TRUSTS

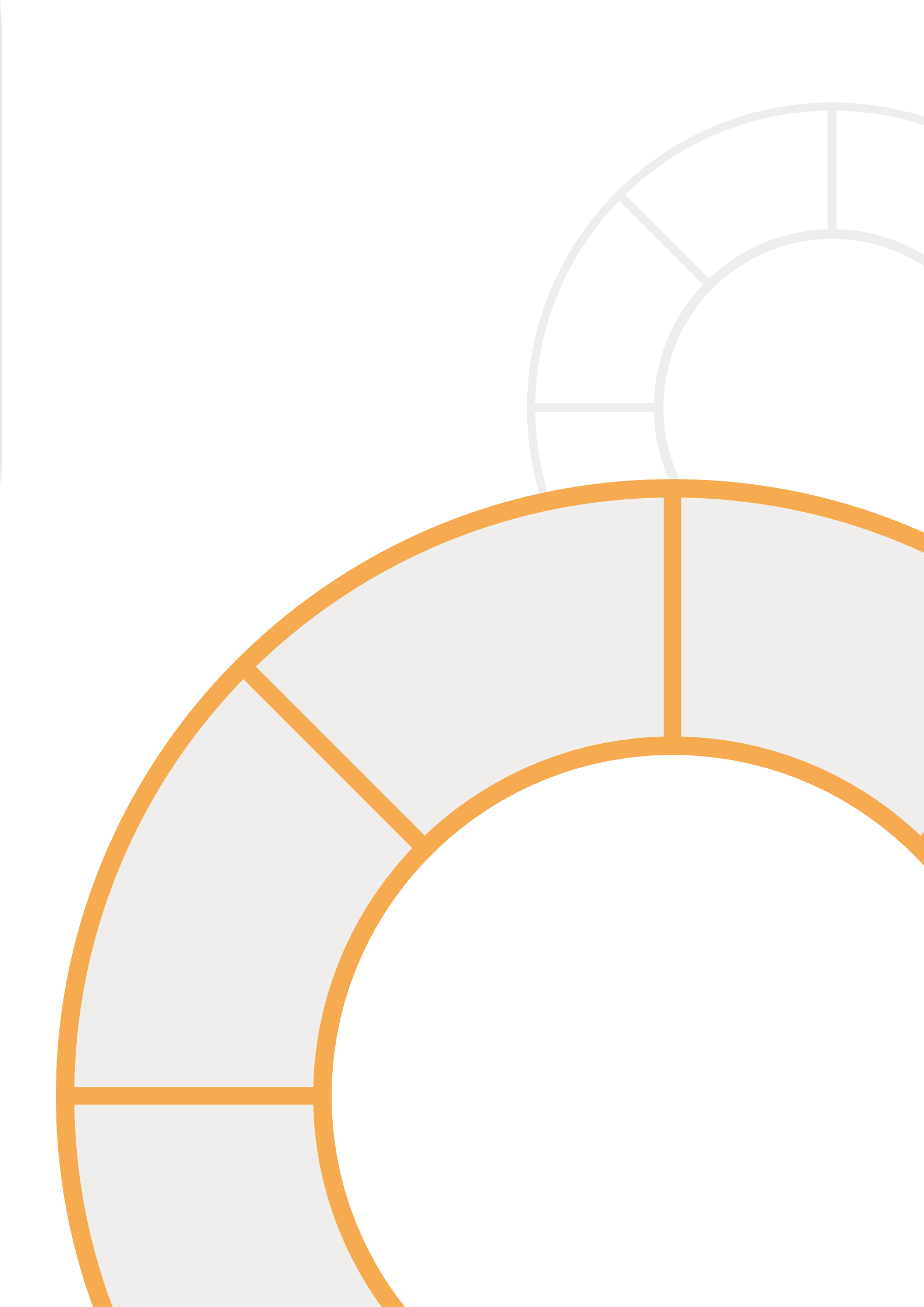
The
Division
was established to
manage and coordinate
the communication process
between the Minister for
Agriculture, Land Reform
and Rural Development
and Agricultural
Industry Trusts

DOWNLOAD
OUR
DIGESTS



www.namc.co.za





ANNUAL REPORT

2020/21



Designed by: Daniel Rambau

RP438/2020

ISBN: 978-0-621-49046-6

Contact Details:

Private Bag X 935, Pretoria, 0001
536 Francis Baard Street, Block A, 4th Floor,
Meintjiesplein Building, Arcadia, 0007

Tel: 012 341 1115

Fax: 012 341 1811

Email: info@namc.co.za

Website: www.namc.co.za

