



ANNUAL REPORT

2021/22







National Agricultural Marketing Council

**Annual Report on
Predetermined Objectives
2021/22**

I have the honour of submitting the Annual Report for 2021/22
of the National Agricultural Marketing Council (NAMC)

 A handwritten signature in black ink, consisting of a large, stylized 'S' or 'C' shape followed by a series of loops and a horizontal line.

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:



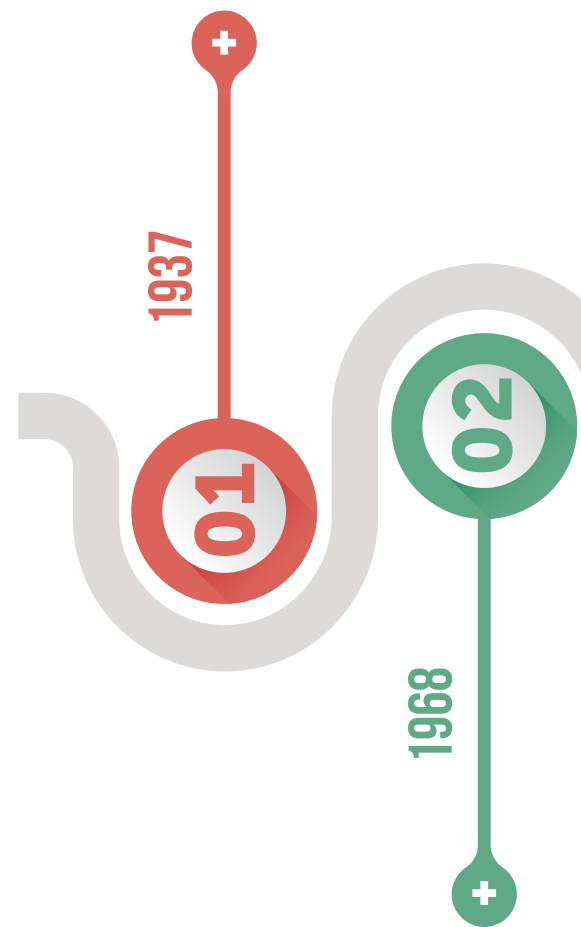


NAMC

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 intensions 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

NAMC 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



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IMAGINE A DAY WITHOUT AGRICULTURE



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 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
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PHYSICAL ADDRESS:	Block A, 4th Floor 535 Francis Baard Street, Arcadia Pretoria, 0002
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POSTAL ADDRESS:	Private Bag X 935 Pretoria 0001
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TELEPHONE NUMBER:	012 341 1115
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FAX NUMBER:	012 341 1811
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EMAIL ADDRESS:	info@namc.co.za
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WEBSITE ADDRESS:	www.namc.co.za
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2. ABBREVIATIONS/ACRONYMS

AAMP	Agriculture and Agro-processing Master Plan
ARC	Agricultural Research Council
CEO	Chief Executive Officer
COVID-19	Coronavirus disease of 2019
DALRRD	Department of Agriculture Land Reform and Rural Development
DPSA	Department of Public Service and Administration
ERRP	Economic Reconstruction and Recovery Plan
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
MTEF	Medium Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NAMC	National Agricultural Marketing Council
NSDF	National Spatial Development Framework
NRMDP	National Red Meat Development Programme
POMASA	Pomegranate Association of South Africa
PSET	Post-Secondary Education and Training
S&DELC	Supply and Demand Estimates Liaison Committee
SAPPO	South African Pork Producers Organisation
SLA	Service Level Agreement
SOP	Standard Operating Plan
TRC	Transformation Review Committee

COUNCIL MEMBERS





3. FOREWORD BY THE CHAIRPERSON



Mr. Angelo Petersen
Chairperson: NAMC

Regulation for sustainable and inclusive growth

As we wrap the 2021/2022 financial year, it is paramount to take stock of our general performance and some of the other key highlights.

Agricultural Trusts and Statutory Measures fulfil a critical two-pronged role in the agricultural sector. On the one hand, they provide some regulation to the sector in line with the prescripts of the Marketing of Agricultural Products (MAP) Act and, on the other hand, they ensure that resources are applied in a manner that benefits sustainable and inclusive growth of the sector. In January 2022 the NAMC adopted the 2021 survey regarding the status of statutory measures in South Africa. The total funds collected through statutory levies by the levy administrators in the 2021 survey amounted to approximately R 808.9 million, which is 9.9% higher than the previous survey's reported levy income of approximately R 735.8 million. The 2021 Statutory Measures survey showed that R 698.2 million was spent on industry functions – an increase of 6.0% compared to the R658.7 million spent in the 2020 survey.

“Although the Coronavirus Disease 2019 or COVID-19 had an impact on all spheres of the South African economy, including agriculture, it did not have an impact on the levy income and expenditure for most of the industries in the 2021 survey”

Council viewed the increase in a positive light, considering that in previous years a number of statutory applications received had decreased. The figure of R 808.9 million is based on the latest audited financial statements of the 19 industries which are collecting statutory levies in terms of the Marketing of Agricultural Products Act. Although the Coronavirus Disease 2019 or COVID-19 had an impact on all spheres of the South African economy, including agriculture, it did not have an impact on the levy income and expenditure for most of the industries in the 2021 survey.

The agricultural industry trusts were monitored during the period under review and it is important to note that the value of assets increased from R 2,3 billion in 2020 to R 2,4 billion in 2021. The increase in the value of the assets is attributed to the investment market recovery from the impact of the outbreak of COVID-19. The following Ministerial Trustees were appointed during the period under review: Mr. G Mafuleka and Mr M Thamaga." "Mr Z Ngejane was reappointed to the Maize Trust and lastly, Mr S Shandu and Ms D Makgatho-Mosehla were appointed to the Oil and Protein Seeds Trust. Trustees have been inducted accordingly and are ready to take on the important work of representing the Minister on various Trusts.

In the 2020 Budget Vote, government called upon departments and its entities to strive 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. The NAMC strives to meet these targets, with 70% of its total annual procurement budget going to local suppliers during the 2021/22 financial year, some of which have women, youth and persons with disabilities in their ownership/management or staff structures.

During the financial year under review, the NAMC experienced an exodus of experienced staff, mostly from the Finance and Administration Division. Through our Human Capital Division, we managed to fill in the following key posts in a short period of time: Risk and Compliance Manager, Chief Financial Officer and Supply Chain Coordinator.

The drafting of the Agriculture and Agro-processing Master Plan (AAMP) has been concluded, with the real test being on how effectively the social partners continue to work together to implement the Plan through a Public-Private Partnership (PPP) approach.

Altogether, we extend a hand of appreciation for the support provided by Minister Thoko Didiza, Director General Mooketsa Ramasodi and the rest of the Departmental staff. Again, the role played by all social partners especially in the negotiation and crafting of the Agriculture and Agro-Processing Master Plan under the facilitation of Prof Mzukisi Qobo is commendable.

On behalf of the Council, we would also like to thank the Chief Executive Officer and his management team as well as staff, for their excellent contribution in the 2021/2022 financial year period.

Sincerely,



Mr. Angelo Petersen
 Chairperson: NAMC
 Date: 29 July 2022

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Dr Simphiwe Ngqangweni
Chief Executive Officer: NAMC

Evolving cycle of our mandate

In 2019, the NAMC received an invitation from the Department of Agriculture, Land Reform and Rural Development to advise on the overall development of the Agriculture and Agro-processing Master Plan. Little did we know that changing conditions would lead to the drafting of the plan being coordinated by the NAMC. By November 2021, clear signs emerged that organised stakeholders would provide their weight of support for the plan, despite initial teething challenges.

The negotiation process to get the stakeholders to agree on a social compact for the sector was gruelling, as expected. Sometimes it felt as if we would not see the finish line. But it was through the commitment of the lead facilitator of the process, Prof Mzukisi Qobo, the goodwill of all stakeholders, the perseverance of the technical team led by the NAMC and consisting of BFAP and the Centre for Competition, Regulation and Economic Development (CCRED), and most importantly, the excellent guidance by the Director-General Mr Mooketsa Ramasodi, and the astute political leadership of Minister Thoko Didiza, that we had arrived to a point of confluence. By the end of the period under review, all the social partners had agreed on broad targets for growing Agriculture and Agro-processing in an inclusive manner. It is all hands-on deck from now on.

“Our programs and service offering provide value to our stakeholders.”

Operations

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. Currently, our Management Committee is comprised of four (4) females and three (3) males. This cascades down to middle management as well. The Human Capital Report in the narratives elucidates further on this aspect.

Our programs and service offering provide value to our stakeholders. This is seen in the constant engagements on such issues as market access, transformation and regulation. One of the most popular reference materials for our sector clients has been the Supply and Demand Estimates report that the NAMC produces on a monthly basis. This resource has become an important planning tool for participants in the grain market. Council's leadership on this aspect is appreciated, with one of our Council members, Ms Shandini Naidoo, having been appointed as the new chairperson of the Supply and Demand Estimates Liaison Committee. This Committee provides oversight on the activities of the Supply and Demand Estimates Committee, which is chaired by Professor Andre Joostè, who happens to be another Council member.

According to the 2021 statutory measures survey, approximately 21.1% (R147.2 million) was spent on transformation projects, compared to R124.4 million reported in the previous survey, an increase of 18.3%. Approximately R101.2 million or 68.8% of total transformation expenditure was aimed at enterprise development, while approximately R20.6 million or 14.0% was spent on skills development, and approximately R25.4 million or 17.2% was spent on employment equity, management control, ownership, etc.

In pursuance of accountability on transformation, the NAMC Transformation Review Committee (TRC) conducted monitoring and evaluation on five (5) industry transformation projects in order to assess the level of support and the impact of the support provided by the industries. Institutions that were visited include SA Table Grapes, POMASA, SAPPO, Potatoes SA and HortFin. Through the Agribusiness Development division, we have responded to smallholder farmer calls for the NAMC to play an active role in linking farmers to markets. The Agribusiness Development Division during the period under review linked 142 smallholder farmers to various markets specialising in potatoes, goats and lucerne. This presents an over-achievement of the target of eighty (80) set for the financial year.

The Markets and Economic Research Centre (MERC) has been instrumental in providing evidence-based policy recommendations through various publications and policy briefs. To test the rigour in the work done by our researchers, we encourage them to publish their work on peer-reviewed journals and other recognized periodicals. One of our policy briefs on Cowpeas was accepted by the South African Journal of Botany, a bimonthly peer reviewed scientific journal covering all aspects of botany as related to Southern Africa. During the state visit by Kenyan President, Uhuru Kenyatta, the NAMC was part of the SA – Kenya Business Forum and presented on both countries' Agri-trade opportunities. The NAMC now forms part of the Presidential SA-Kenya Task Team.

Stakeholder Engagement

The guidance and support of Council and the Minister, in traversing through difficult terrain of 2021/22 is appreciated. The commitment of NAMC management and staff in the face of pressure must be commended.

In this light, I am delighted to present the 2021/2022 NAMC Annual Report.

Sincerely,



Dr Simphiwe Ngqangweni
 Chief Executive Officer: NAMC
 Date: 29 July 2022

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 2022.

Yours faithfully,



Dr Simphiwe Ngqangweni
Chief Executive Officer
National Agricultural Marketing Council
Date: 29 July 2022



Mr Angelo Petersen
Chairperson:
National Agricultural Marketing Council
Date: 29 July 2022

6. STRATEGIC OVERVIEW



Vision

The Vision of the NAMC is captured as the “*strategic positioning of agriculture in a dynamic global market*”.

This Vision is aligned to the DALRRD’s Mission which includes “...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 2020-2026 (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 indirectly responds to the following MTSF Priorities:

Priority 2: Economic Transformation and Job Creation

Outcome: Investing in accelerated inclusive growth & Re-industrialization of the economy and emergence of globally competitive sectors:

- Create jobs through Job Summit Commitments and other public sector employment programmes; and
- Create a conducive environment that enables national priority sectors to support industrialisation and localisation, leading to increased exports, employment, and youth- and women-owned SMME participation.

Priority 3: Education, Skills and Health

Outcome:

- Expand access to Post-Secondary Education and Training (PSET)
- Extension policy reviewed to support the implementation of the agriculture and Agro-processing master plan and provide advisory services to commodity groups.

Priority 5: Spatial Integration, Human Settlements and Local Government

Outcome: Integrated service delivery, settlement transformation & inclusive growth in rural and urban places

- Develop and implement district/metro Joined-Up Plans
- Develop Regional Spatial Development Frameworks
- Support addressing of development objectives and local needs through piloting, refinement and implementation of the District Development Coordination Model
- Identify and use derelict government land and buildings in urban and rural areas as a catalyst for spatial transformation in support of the NSDF and IUDF objectives, including land and agrarian reform. (9 993 Ha identified – custodianship of national DPWI identified for human settlements purposes)
- National Spatial Development Framework (NSDF)
- Sustainable land Reform



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

(honesty / 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 / pro-active / adaptive / flexible / initiative)

7. LEGISLATIVE AND OTHER 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

The Agriculture and Agro-processing Master Plan is a product of negotiations between government, business, labour and civil society organisations in the agriculture and agro-processing sectors.



The NAMC is developing a portal to keep you informed about the activities of the AAMP

Coming Soon



agriculture, land reform
& rural development

Department:
Agriculture, Land Reform and Rural Development
REPUBLIC OF SOUTH AFRICA



PART B:

PERFORMANCE
INFORMATION



PERFORMANCE INFORMATION

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 audit of the annual performance report section of the auditor's report.

Refer to page 89 of the Report of the Auditors Report, published as Part E: Financial Information.

SITUATIONAL ANALYSIS

The performance and achievements of the NAMC are directly impacted by external and internal factors and contexts. The external context includes the advent of the global coronavirus (COVID-19) in 2019 and the regulations instituted in South Africa to curb the spread of the pandemic. The subsequent effects of regulations on global and domestic demand-supply interactions for food, trade and labour markets has had a noticeable impact, with the country's Gross Domestic Product (GDP) slowing by 7% in 2020 and the unemployment rate reaching the 30% mark. The availability of financial (budget) and human (skills) resources for the work of the NAMC and limitations of the MAP Act coupled with the adoption of the Economic Reconstruction and Recovery Plan (ERRP) as well as the Agriculture and Agro-processing Master Plan (AAMP) constitute some of the internal contexts of the NAMC's operations. Both the internal and external factors underpinning the performance of the NAMC are unpacked below.

1.1. External Environment Analysis

1.1.1. The Economic and Trade Environment

The coronavirus (COVID-19) outbreak has choked off the South African economy. Some regulations to curb the spread of the virus further strangled the South African economy, leading to the Gross Domestic Product (GDP) contracting by 7 percent in 2020. In 2020, only the agricultural sector recorded a positive growth of 13% and the rest of the economic sectors experienced a double-digit decline. Although operations in the agriculture and food sector were not severely impacted by the pandemic, the demand side was significantly impacted as consumers lost their jobs

and fast-food places and tourism demanded fewer food products. Although South Africa's economy has constantly registered positive growth in the last two quarters of 2020 and the first two quarters of 2021, the absolute size of the economy is still 1.3% lower than the pre-Covid-19 level.

The agricultural sector has performed relatively well amid the pandemic. Between quarter 3 of 2020 and quarter 2 of 2021, the sector has created a net of 63 000 new jobs mainly from grains and oilseeds, livestock and fruits industries. The sector has also seen the Business Confidence as measured by AGBIZ/IDC Confidence Index reach an all-time high of 75 point in quarter 2 of 2021. The positive growth in agriculture is underpinned by good weather driving production and increasing exports to international markets, which generates foreign earnings. In 2020, South Africa's exports were valued at US\$10.3 billion with a positive trade balance of US\$ 4.3 billion. Fruits, wine, wool and mohair continue to dominate commodities exported by South Africa to countries such as China, the United Kingdom, Netherlands and US.

The opening of new export markets such as the Philippines for citrus, Kuwait for goats and China for beef and lemons is creating export opportunities for South African producers. This directly impacts the functions of the NAMC in terms of providing advisory services to help directly affected stakeholders to optimise export earnings. Moreover, the addition of new entry ports of South African products exported to the US will create more opportunities for producers. These positive economic and trade conditions in the agricultural sectors create a conducive environment to institute critical policy and investment reforms to drive inclusive growth and development in the sector. It is against this background that the sector's social partners have developed an Agriculture and Agro-processing Master Plan to drive inclusive growth and jobs.

1.1.2. Transformation of the Agricultural Sector

Agricultural output has nearly doubled between 1994 and 2019 and Agro-processing's share of total manufacturing has increased over time. The growth in agriculture has largely been driven by increased productivity, which has been underpinned by technological innovation, as well as growth in traditional export markets in Europe and access to new markets in Asia and the Americas. Even with the above, the agriculture and food value chain remains dominated by large companies which impact 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 resources and skills which constrain their ability to reliably and consistently supply large retailers and agribusinesses. The recent socio-economic shocks (i.e., Covid-19 pandemic and unrests in KwaZulu-Natal and parts of Gauteng provinces) have highlighted the risk of over-relying on complex and long food supply chains and illustrated the important role that can also be played by small and medium enterprises to ensure stability and sustainability of the food supply chain.

To ensure that transformation happens within the Agricultural and Agro-processing sectors, the NAMC uses the Statutory Measures (levies) and Agricultural Industry Trusts (trusts' funds) 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. Annually, over R120 million is spent on transformation activities through the 20% levy earmarked for transformation and approximately on average the trusts spend over R60 million annually on transformation initiatives funding key areas such as enterprise development and skills development. These are interventions through which industries are assisted or encouraged to drive 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.

1.1.3. 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.

1.2. 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 Outcome Oriented Goals	1. The NAMC delivers on its mandate and core functions. 2. A viable and efficient agricultural sector generating optimal export earnings. 3. Enhanced market access for the agricultural sector
Impact statement	A viable and inclusive agricultural marketing system contributing to food security, socio-economic growth and sustainable development.

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 Products Act.

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, the management and the 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 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 the organisation has the required human resource capacity to perform its work, 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 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 to 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 remains 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 Unit
- Finance and Administration Division
 - Supply chain management Unit
 - ICT Support Unit
- Human Capital Division
 - Marketing and Communications Unit

PROGRAMME 2: OUTCOME 2: A VIABLE AND EFFICIENT AGRICULTURAL SECTOR GENERATING OPTIMAL EXPORT EARNINGS

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 “A viable and efficient agricultural sector generating optimal export earnings”. 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.
- Effectively administered statutory measures which is critical for economic growth, the creation of employment and the transformation of the sector to be 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 to enhance and advance the transformation and development of the agricultural sector through the trusts’ funds expenditure. Each financial year, 20% of the trusts’ funds is set aside and directed into interventions that develop the sector such as capacity development of smallholder farmers and the provision of farm inputs.

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 on 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.

Moreover, the Programme may make a qualitative contribution in terms of any statutory measures it develops on 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% 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.

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, that must be developed and submitted are legislated requirements. However, the targets pertaining to statutory measures must be read as indicative because these targets deal with needs-based and market flux matters and contexts which are subject to changes.

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

- Market Economic Research Centre
 - Trade Unit
 - Agro-Food Chains Unit
 - Smallholder Market Access Unit
- Statutory Measures Division
- Agricultural Trusts Division

PROGRAMME 3: OUTCOME 3: ENHANCED MARKET ACCESS FOR AGRICULTURAL SECTOR PARTICIPANTS

PURPOSE: To design market access models that are aimed at increasing market access, encouraging new business development and capacity building for farmers/agri-businesses.

Contribution to Outcomes and Impact

The collective outputs of Programme 3 articulate to Outcome 3 which is “Enhanced market access for the agricultural sector participants”. They indicate the extent to which the NAMC has 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.

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’s contribution to improving the lives of women, youth and persons with disabilities is reflected in the number of smallholder farmers, that the NAMC supports and provides services to.

Planned Performance

The outputs, output indicators and targets in respect of Outcome 3 remain constant over the MTEF.

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

- Agribusiness Development 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	- Office of the CEO - Finance & Administration - Human Capital - Marketing and Communication

PROGRAMME 1: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

Outputs	Output Indicators	Planned Annual Tar-gets 2021/22	Annual Target April 2021 – March 2022	Actual Achievement April 2021 – March 2022	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 opinion	Target met	None
100% Budget spend	Percentage of budget spend each Financial Year	100%	100%	109% of the budget was spent during the financial year.	The Target was exceeded by 9%	Project fees received was more than budgeted for leading to increased spending
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 ICT 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) ICT report produced on the following: - ICT Security enhances; - ICT Continuity support; - WAN/LAN availability monitoring; and - Continuous improvement in ICT.	Not applicable	None
Percentage of the organisations procurement spend, per financial year, targeted at businesses owned by:						

Outputs	Output Indicators	Planned Annual Tar-gets 2021/22	Annual Target April 2021 – March 2022	Actual Achievement April 2021 – March 2022	Deviation from planned target to Actual achievement	Comments on Deviation
Achievement of Preferential Procurement Targets	Local Suppliers	70%	70% (non-cumulative)	95% of departmental procurement spend, for the 2021/2022 financial year, placed with businesses owned by Local Suppliers.	The target has been exceeded by 25%	This is due to more local suppliers being utilized for procurement during the financial year
	Women	30%	30% (non-cumulative)	25% of departmental procurement spend, for the 2021/2022 financial year, placed with businesses owned by women.	The target was under achieved by 5%	This is due to few suppliers being utilized were businesses owned by women
	Youth	20%	20% (non-cumulative)	9% of departmental procurement spend, for the 2021/ 2022 financial year, placed with businesses owned by youth.	The target was under achieved by 11%	This is due to few suppliers being utilized were businesses owned by youth.
	Persons with Disabilities	5%	5% (non-cumulative)	0% of departmental procurement spend, for the 2021/22 financial year, placed with businesses owned by People with disabilities.	The target was not achieved by 5%	No suppliers, being persons with disabilities, were found for the transactions incurred during the period under review.

PROGRAMME 2: OUTCOME 2: A VIABLE AND EFFICIENT AGRICULTURAL SECTOR GENERATING OPTIMAL EXPORT EARNINGS

Purpose	This programme aims to ensure that the NAMC functions optimally through effective business processes, corporate governance and resource support services.
This programme is aligned to the following objectives of the MAP Act.	- The promotion of the efficiency of the marketing of agricultural products. - Optimization of export earnings from the Agricultural products; and - The enhancement of the viability of the agricultural sector.
Sub-Programmes	• Office of the CEO - Marketing and communication • Finance & Administration Division • Human Capital Division

PROGRAMME 2: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

Outputs	Output Indicators	Planned Annual Targets 2021/22	Annual Targets April 2021 – March 2022	Actual Achievement April 2021 – March 2022	Deviation from planned target to Actual achievement	Comments on Deviation
Statutory Measures Recommendations submitted to the Minister	Number of Statutory Measures recommendations each financial year	30	15	Fifteen (15) Statutory Measures recommendations were submitted to the Minister.	The target was not achieved by Fifteen (15).	It takes approximately 3 to 4 months to complete an investigation for the application of Statutory Measures. The NAMC is involved in 10 applications received during the period of January to March 2022.
	Number of Status of Statutory Measures Reports submitted to the Minister each financial year	1	1	One (1) Number of Status of Statutory Measures Report was submitted to the Minister.	Not applicable	None

Outputs	Output Indicators	Planned Annual Targets 2021/22	Annual Targets April 2021 – March 2022	Actual Achievement April 2021 – March 2022	Deviation from planned target to Actual achievement	Comments on Deviation
Approved Trade Remedies, value chain research, advisory reports and Investigations	Number of trade advisory briefs /commentaries provided to Minister, policy-making institutions and directly affected stakeholders each financial year	4	4	Four (4) trade advisory briefs / commentaries were provided to Minister, policy-making institutions and directly affected stakeholders.	Not applicable	None
	Number of value chain analyses submitted to the Minister and directly affected stakeholders each financial year	1	1	One (1) Value Chain analysis was submitted to the Minister and directly affected stakeholders	Not applicable	None
Agricultural Trusts Advisory provided to Minister and directly affected stakeholders	Number of Reports on the Status of Agricultural Trusts submitted to Minister and directly affected stakeholders each financial year	1	1	One (1) Status of Agricultural Trusts Report was submitted to the Minister and directly affected stakeholders.	Not applicable	None
Approved Market intelligence reports to Minister and directly affected stakeholders	Number of Smallholder Market Access Tracker (SMAT) reports to Minister and directly affected groups each financial year	1	1	One (1) Smallholder Market Access Tracker (SMAT) report was submitted to the Minister and directly affected groups.	Not applicable	None
	Number of Approved Market Intelligence Reports submitted to Minister and directly affected stakeholders each financial year	12	12	Twelve (12) Approved Market Intelligence Reports were submitted to Minister and directly affected stakeholders.	Not applicable	None
	Number of Grain Supply and Demand Estimates submitted to Minister and directly affected stakeholders each financial year	12	12	Twelve (12) Grain Supply and Demand Estimates was submitted to Minister and directly affected stakeholders.	Not Applicable	None

PROGRAMME 3: OUTCOME 3: ENHANCED MARKET ACCESS FOR THE AGRICULTURAL SECTOR PARTICIPANTS

Purpose	To design market access models that are aimed at increasing market access, encouraging new business development and capacity building for farmers/agri-businesses.
This programme is aligned to the following objectives of the MAP Act.	Increasing market access for all market participants.
Sub- Programmes	Agribusiness Development Division

PROGRAMME 3: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output	Output Indicators	Planned Annual Targets 2021/22	Annual Targets April 2021 – March 2022	Actual Achievement April 2021 – March 2022	Deviation from planned target to Actual Achievement	Comments on deviations
Increased number of farmers accessing marketing opportunities	Number of farmers linked to existing and/or new market opportunities in each financial year	80	141	One Hundred and Forty-one (141) farmers were linked to existing and/or new market opportunities.	Sixty-one (61) additional farmers were linked with new market	It is impossible to send back farmers during market facilitation sessions. Those who are in production and willing to participate in the identified markets, were profiled and linked with the market. The work was facilitated in partnership with the DALRRD and other stakeholders.

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 and Compliance Implementation Plan and approved Business Continuity Plan, 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 Plan

The Risk and Compliance Unit is stationed in the office of the CEO and provides its report to the Risk Management Committee, 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.

Strategic Risk Profile

During the term of the Council, the Council and the Management Committee undertook a risk assessment to identify risks and the creation of opportunities. From the organisational strategic plan and annual performance targets for the 2021/2022 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.

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 'Regulatory Compliance Universe', which encompasses fifty-two pieces 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 Finance and Administration division is to provide effective management of finances, ensure that there are sound internal controls, ensure efficient and effective supply chain management processes and that there is adequate information technology systems.

Strategic Reviews and Compliance with Strategic Objectives

Quarterly reports aligned to the outputs as stated in the strategic plan were presented to various stakeholders throughout the financial year. Monthly and quarterly reviews of programme expenditures against the budget were conducted and the processes will add value in reviewing the performance indicators and targets in the new financial year.

Financial Management

The division provide effective and efficient financial management support, ensuring that there is proper budget management system in place, produce monthly budget variance reports to ensure efficient monitoring of the spending trends. Provide accurate financial management reports on a monthly basis and submit reports to various stakeholders as per legislative requirements.

Supply Chain Management

The division also renders supply chain management services to NAMC. This section ensures compliance with all regulatory requirements governing procurement practices in public sector. During the year the section improved on compliance with laws and regulations, various internal control measures were implemented which will bear fruit overtime. Key internal controls such as ensuring segregation of responsibilities, implementation of checklists for various procurement thresholds, reviewing finance and SCM delegation of authority framework and ensuring that there is monthly monitoring of procurement processes, monthly review of contract register, etc.

The irregular expenditure incurred to date is still subject to determination test and will be concluded after the current reporting period.

Information Technology

The Information Technology (IT) functions are outsourced to Vukani Technologies. Vukani's performance has been assessed throughout the financial year in line with the service level agreement. Monthly reports have been submitted to the CFO and quarterly reports have been presented to IT Steering Committee which plays an oversight role regarding IT strategy, policies etc.

Risk Assessment and Management

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

Functioning Audit and Risk Committee

The NAMC's Audit and Risk Committee continued to function throughout the year. Various reports as requested and those imposed by statutes were presented to the committee as part of their fiduciary responsibilities.

Internal Audit Function

The internal audit function of the NAMC is outsourced to Nexia SAB & T. Their contract ended in January 2022 leaving the last part of quarter 4 without the internal audit function. Nexia SAB & T was subsequently reappointed in April 2022. A follow up audit was conducted during the financial year as well as the review of AOPO for Q1 to Q3 and AFS review as the budget was exceeded in previous financial years due to the internal auditors undertaking other ad hoc functions.

Sub-programme 3: Communications Unit

Introduction

Reporting under the Office of the Chief Executive Officer, the Communications Unit of the NAMC supports core functions in delivering effective communications. The unit's objective is to support the NAMC endeavours in 'promoting market access to all market participants.' In ensuring such an objective is reached, the unit employs two ways; stakeholder engagement and marketing communications. With regards to performance, the unit produces four reports annually, and below is a summary or highlights of achievements.

Stakeholder Relations

Under the period review, the NAMC participated in various agricultural stakeholder engagements structures that produced tangible results and impact. Some of these engagements are covered widely in other narratives of the annual report. From a communications perspective, the involvement was essentially to market the outcomes of the stakeholder initiatives or partnership and these included:

- **Potatoes Transformation Symposium:** The NAMC through its Agricultural Industry Trusts division, sponsored the event while the communications unit assisted to market the event. Potatoes SA positively reported that the event exceeded the number of farmer participants and there has been a growing flow of new farmers interested to plant potatoes.
- **Cassava Technical Committee:** Comprising of FABCO, TIA, Department of Science and Technology, Agricultural Research Council, the NAMC developed two videos on the nutritional benefits of cassava. FABCO, a farmer based organisation, reported that the impact of the videos had shown an uptake in farmer membership, similarly with the NAMC, a number of KZN farmers showed interest.
- **Farmer Webinars:** Under the period review, the NAMC guided by the principle of promoting market access, supported and guided AFASA in hosting market information webinars focused on market access. Close to ten farmer webinars were hosted with an average of over 200 farmer participants.
- **Mohair Empowerment Trust:** Success and achievements of the Mohair Empowerment Trust have been overwhelming under reported. Since the NAMC's involvement through the Transformation Review Committee, emerging mohair farmers contribution was profiled and marketed in various cross communication platforms. The result has seen a number of farmers being interested in angora farming. The video was also used by Mohair SA in a number of international platforms.

Other stakeholder engagements NAMC firmly participated in requiring future involvement were;

- **CSA and NSA Policy Forum:** The NAMC as a node host of FANRPAN, managed for the first time to involve agribusiness and government to discuss implications of Climate Smart Agriculture and Nutrition. RSA will begin to respond on Climate Change in one unified voice.

- **Policy Forum on Agricultural Innovation in South Africa:** Through the work of the Master Plan, the NAMC provided an update on the expected role of increasing agricultural innovations to emerging farmers. Currently, the NAMC WAS exploring various ways private sector could be involved in assisting emerging farmers.
- **PGS SA –SA Organic Sector Organisation (SAOSO)** invited the NAMC to participate and share market access perspective on organic farming at its inaugural congress. A new discourse, the NAMC was challenged to look into organic farming market access opportunities.

Marketing Communications

The Communications Unit of the NAMC is responsible for marketing and communicating its research outcomes and policy impact. Under the financial year review, the following was achieved:

- **Events;** Several market information events held in concert with MERC were successfully convened. These events were conducted as webinars, and the aim was to unlock policy ambiguity. The NAMC hosted the following webinars; Impact of COVID 19 on Black Farmers, National Fresh Produce Market, Poultry Farmers Day and Agricultural Transformation Workshop.
- **Media Interviews;** The NAMC set itself a target of six media interviews annually. For the period review, the NAMC managed to deliver its messages seventy-one (71) times across all media broadcast; print (49 published articles), television (06), and radio (16). Collectively, this shows the NAMC managed to reach a broad audience on policy issues. Critical topical issues the NAMC were covered on included the implications of the civil unrest on food security, the agricultural Master Plan, impact of COVID 19 on food security and the Russia/Ukraine unrest.
- **Social Media;** NAMC's social media hits suggested increase in a number of visitors due to its presence in media. This is complemented by increased traffic of visitors to the NAMC website. Biggest jump in social media was YOUTUBE (54% increase), followed by LinkedIn (55.2%), Facebook (36.5%) and Twitter (24.7%). Market Information Webinars also proved fruitful for farmers as they were able to use social media and engage the NAMC.

PROGRAMME 2: OUTCOME 2: A VIABLE AND EFFICIENT AGRICULTURAL SECTOR GENERATING OPTIMAL EXPORT EARNINGS

STATUTORY MEASURES

Introduction

The MAP Act makes provision for the application and implementation of the following statutory measures, namely:

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

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

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

Statutory levies are implemented for the purpose of funding essential generic functions, such as research, information, generic promotion, transformation, etc. in a particular agricultural industry. All levy applications must have a business plan and reasonable level of industry support. 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, export promotion, etc., at least 20 % on transformation and not more than 10 % on the administration of the levy. A levy must not exceed 5 % of the price realised by a specific agricultural product at the first point of sale (average price at the first point of sale over a period not exceeding three years). The NAMC has compiled guidelines on what should be regarded as administration costs, generic promotions and transformation. These guidelines were compiled after the relevant agricultural industries were consulted.

Application for statutory measures

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

Support from directly affected groups for statutory measures

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

Conditions of approval

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

- That approximately 70% of the levy income is spent on generic functions such as consumer education, export promotions, information, research, etc.;
- That not more than 10% of levy income is spent on administration costs;
- That a minimum 20% of levy income is spent on transformation activities, including the development of emerging farmers and other role players in line with the NAMC's transformation guidelines;

- That the statutory levy income and expenditure are audited by the Auditor General, with the percentage allocated towards transformation clearly indicated;
- That surplus funds do not form part of the assets of the administrator, and that surplus fund only be utilised with the approval of the Minister upon the lapsing of the statutory period (for example, after four years);
- That the administrator submits an employment equity plan in order for the NAMC to monitor progress on employment equity within the relevant institution;
- That the administrator maintains a database of black role players and their market share in order to monitor the progress of transformation in the relevant industry; and
- That the NAMC has observer status on the board of the administrator to ensure compliance with the original intent of the application.

Surplus funds

The MAP Act stipulates that "any levies remaining in the possession of or under the control of any person or body after the period for which such levies were approved, shall be utilized in a manner determined by the Minister". In most cases, statutory levies are approved for a period of four years. During the past few years, the NAMC follows 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.

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 be solely used for transformation activities, leaving administrators at a deficit and unable to cover operational expenditure including salaries, accommodation and other commitments during the first few months of a new four year levy period. During its May 2018 meeting, the NAMC debated this issue and it was concluded that, depending on the merits of each case, a maximum of two months of levy income in a relevant industry, may be used to cover operating expenditure (salaries, accommodation and other commitments) of administrators in order for them to operate as a going concern.

Summary of statutory measures

The following table summarises the statutory measures that were applicable in the South African agricultural sector during the 2021/22 financial year:

Table 1: Statutory measures applicable during the 2021/22 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 2021 survey amounted to approximately R808.9 million, which is 9.9% higher than the 2020 survey's reported R735.8 million.

TABLE 2: Total statutory levy income – 2021 survey

Product	Levy income 2021 R	Total value of product at first point of sale R	Levy income as a percentage of the value of the product %
Citrus (exported)	108 102 782	19 376 552 000	0,6%
Cotton lint	11 991 781	943 300 000	1,3%
Dairy products	60 078 788	17 130 262 000	0,4%
Deciduous fruit	118 768 042	8 332 155 098	1,4%
***Pome and stone	65 932 120		
***Market development	24 947 892		
***Fruit Fly Africa	27 888 030		
Dried fruit	10 328 572	1 674 061 000	0,6%
Fynbos (proteas)	908 868	116 610 208	0,8%
Lucerne	2 508 029	1 109 138 476	0,2%
Macadamias	26 844 259	3 270 000 000	0,8%
Olives	1 848 684	75 712 576	2,4%
Pecan nuts	7 481 785	1 175 700 000	0,6%
Pomegranates	787 938	97 246 048	0,8%
Pork	40 669 784	13 757 094 900	0,3%
Potatoes	49 517 469	10 500 000 000	0,5%
Red meat	49 644 570	28 000 000 000	0,2%
Soybeans	89 600 307	6 022 299 000	1,5%
Table eggs	8 402 663	8 200 000 000	0,1%
Table grapes	32 166 534	8 000 000 000	0,4%
Wine	92 468 114	5 784 700 000	1,6%
Winter cereals (general)	35 411 911	8 418 034 326	0,4%
Winter cereals (SACTA)	61 408 266	8 418 034 326	0,7%
TOTAL	808 939 146	150 400 899 958	0,5%

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 2021 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 2021 survey shows that approximately R698.2 million was spent on industry functions – an increase of 6.0% compared to the 2020 survey. Of the total expenditure, approximately 38.5% was spent on research, 21.1% on transformation projects, 8.7% on export promotion/market access, and 9.3% on information.

TABLE 3: Allocation of levy expenditure– 2021 survey

Functions	2018 survey R	2019 survey R	2020 survey R	2021 survey R	2021 % of levy expenditure
Administration	35 555 179	36 302 695	41 340 218	52 949 652	7,6
Information	60 641 637	70 021 940	73 707 321	64 593 792	9,3
Research	215 400 274	223 900 766	244 075 627	268 581 600	38,5
Transformation	113 382 930	116 601 648	124 393 310	147 236 706	21,1
Export promotion / market access	72 274 642	75 319 655	78 352 505	61 031 638	8,7
Consumer education / promotion	53 235 633	57 045 906	54 335 881	58 111 407	8,3
Production development	16 450 062	9 633 739	10 669 201	11 390 985	1,6
Plant improvement	3 713 823	3 293 961	3 930 873	1 717 815	0,2
Quality control	20 261 675	22 692 905	27 881 177	32 631 993	4,7
TOTAL	590 915 855	614 813 215	658 686 113	698 245 588	100

Administration

The NAMC's guidelines on the utilisation of levy funds stipulate that not more than 10 % of levies collected should be used for administrative purposes. The 2021 survey shows an average of approximately 7.6% (R52.9 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

For the 2021 survey, approximately 9.3% (R64.6 million) of total levy expenditure was allocated to the information function. The cotton, olives, potato 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. It also facilitates communication in the industry aimed at matters of common interest such as technical issues, food safety, product standards and other issues regarding the improvement of the viability of the industry. Confidential information of any person subject to a statutory measure, obtained by the administrator through the implementation, administration and enforcement of these statutory measures, are dealt with in accordance with section 23 (2) of the Act.

Research

Research is the generic function that receives the largest proportion of total statutory levies. The 2021 survey shows that approximately 38.5% (or R268.6 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. It is foreseen that the allocation towards research can increase significantly in the next few years, because in the past few years, SACTA obtained ministerial approval to collect soybean and winter cereal breeding levies, which could contribute significantly to research spending.

Transformation

Since 2000 statutory levies were approved, with the provision that approximately 10% of levy income should be spent on transformation activities. In August 2005, this guideline was changed to approximately 20%, and in 2010 it was changed again, with the provision that at least 20% of levy income should be used for transformation activities. In 2018 the NAMC adopted new transformation guidelines, in line with the AgriBEE scorecard, in an effort to increase the return on investment of funds being used for transformation. Although the 'at least 20 %' provision was not changed, the NAMC adopted specific generic transformation guidelines with the focus on enterprise development.

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

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

According to the 2021 survey, approximately 21.1% (R147.2 million) was spent on transformation projects, compared to R124.4 million reported in the previous survey, an increase of 18.3%. It should be noted that the levy income of R24.9 million collected specifically for deciduous fruit market development and R27.9 million for the fruit fly control programme, is not subjected to the condition of spending 20% on transformation. If these are excluded, approximately 22.4% of total levies are spent on transformation.

Levy administrators indicated, as part of the 2021 survey, that they spent the transformation funds as follows:

TABLE 4: Performance on pillars of transformation

	2021 Pillars of transformation			
	Enterprise development	Skills development	Employment equity, Management control, Socio-economic development, Ownership	Total spent on transformation
	(Guideline 60%)	(Guideline 18%)	(Guideline 22%)	
Citrus (exported)	12 527 080	3 104 960	5 626 066	21 258 106
Cotton lint	212 805	1 162 409	172 543	1 547 759
Dairy products	2 666 992	1 235 253	1 918 066	5 820 311
Deciduous fruit	8 115 063	423 500	1 440 519	9 979 082
Deciduous fruit (fruitfly)	449 868	0	20 000	469 868
Dried fruit	2 199 189	501 862	87 070	2 788 121
Fynbos (proteas)	171 737	0	0	171 737
Lucerne	358 239	155 228	17 170	530 637
Macadamias	6 021 065	867 768	347 083	7 235 916
Olives	0	398 531	0	398 531
Pecan nuts	1 289 604	328 753	84 716	1 703 073
Pomegranates	213 988	0	0	213 988
Pork	4 276 471	2 250 299	1 898 590	8 425 360
Potatoes	4 922 909	920 008	2 987 113	8 830 030
Red meat	7 043 100	4 425 156	729 100	12 197 356
Soybeans	14 079 528	778 200	3 221 800	18 079 528
Table eggs	2 340 688	451 852	0	2 792 540
Table grapes	3 767 689	672 907	1 444 868	5 885 464
Wine	14 457 310	835 000	3 550 443	18 842 753
Winter cereals (General)	6 074 291	1 412 447	188 864	7 675 602
Winter cereals (SACTA)	10 052 427	700 000	1 638 527	12 390 944
TOTAL	101 240 043	20 642 133	25 354 530	147 236 706
	68,8%	14,0%	17,2%	100,0%

Table 4 shows that approximately R101.2 million or 68.8% of total transformation expenditure was aimed at enterprise development, while approximately R20.6 million or 14.0% was spent on skills development, and approximately R25.4 million or 17.2% was spent on employment equity, management control, ownership, etc.

Consumer education / local promotions

As per the 2021 survey, approximately 8.3% (R58.1 million) of total levy expenditure was spent on consumer education / promotions, compared to the R54.3 million reported in the previous survey. It is mainly the livestock industries which are strongly of the opinion that a major part of statutory levies must be allocated to consumer education / local promotions. The dairy industry allocates 45.5% of levy funds towards this function, while the pork, red meat and table egg industries respectively allocate 24.2%, 24.1% and 19.3% of levy funds towards consumer education and local promotions to market their produce. The olive and the potato industries (41.5% and 24.3% respectively) also spent a major portion of statutory levy income on consumer education / local promotions.

Export promotion and market access

The 2021 survey indicated that approximately 8.7% (R61.0 million) of total levy expenditure was allocated to export promotion and market access, compared to the approximately R78.4 million reported in the 2020 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. Currently the citrus industry is by far the biggest statutory levy collector. In 2020, the Minister approved that the citrus statutory levy be increased by 120%. This represents an estimated investment of more than R1bn (total levy income) over the four-year period. The citrus industry regarded the increase as an investment into ensuring the long-term profitability and competitiveness of the industry. The increase was overwhelmingly supported by citrus producers.

Quality control

The function of quality control is 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 R32.6 million (4.7% of total levy expenditure) was spent on quality control in the relevant industries. 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 being done in terms of the Agricultural Product Standards Act (Act No 119 of 1990). Due to various reasons, South African Meat Industry Company (SAMIC) was appointed as an assignee to perform this function on behalf of DALRRD. 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 R1.7 million (0.2% of total levy expenditure) on plant improvement. In the deciduous fruit industry, a number of plant improvement services are being addressed on an industry basis, some of which were previously dealt with by Government. This includes dealing with certain quarantine organisms, genetic upgrading of cultivars, phytosanitary upgrading of plant material, horticultural evaluation, the maintenance of nucleus, foundation and mother blocks, as well as the multiplication and certification of superior plant material.

Production development

Although only a small percentage of statutory levy expenditure was allocated to production development, the pecan nut, pork and red meat industries spent R11.4 million (1.6% of total levy expenditure) on production development.

TRADE RESEARCH UNIT

The main functions of the Trade Research Unit include analysing trade and market opportunities available both locally and internationally to enable agricultural exporters and all directly affected stakeholders. Furthermore, the unit provides an advisory role to ITAC on matters relating to trade policies. The advisory service entails, among other things, evaluation of 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 2021/22, the NAMC received requests from ITAC to comment on the following policy matters:

To provide preliminary comments on an application to create a rebate facility on bulk white chocolate classified under tariff heading 1704.09. Based on the confidential information availed and information obtained through stakeholder consultations, the NAMC did not support the application to create rebate facility on bulk white chocolate.

To provide preliminary comments on an application for a reduction in the customs duty on onion powder, classified under tariff heading 0712.20. Basing on available data and engagement with role players in the onion value chain, it emerged that although South Africa is one of the largest producers of fresh onions in Southern Africa, fresh onions are consumed mainly as a fresh product through local and export markets. Moreover, representatives of companies involved in the onion business were not aware of any firm processing onions into powder. This suggests that companies in Southern Africa have not explored the processing fresh onions into onion powder. Conclusively, the NAMC deemed it necessary to support the application for a reduction in the customs duty on onion powder.

To provide preliminary comments on an application for a permit in terms of rebate provision 460.02/0904.20/01.05 for the importation of 1 000 000 kg of dried crushed or ground fruits of the genus capsicum classifiable under tariff subheading 0904.20. Based on the information obtained through

stakeholder consultations, the NAMC supported the application for a rebate provision for the importation of the sough volume of paprika.

AGRICULTURAL TRUSTS DIVISION

The Agricultural Industry Trusts Division is mandated to coordinate communication process between the Minister of the Department of Agriculture, Land Reform and Rural Development (DALRRD) and the eleven (11) Agricultural Industry Trusts. Through this division the NAMC coordinates the appointment of Ministerial Trustees to the eleven agricultural trusts. In this regard, a Ministerial submission is the formal way of communication with the Minister and upon receipt of the Ministerial appointments the NAMC communicates the decision of the Minister with the Trust Administrator. The division also represents the NAMC on the meetings of the Board of Trustees of the various trusts on an observer status. The division also plays a key role in communicating any developments from the office of the Minister to the Trusts, vice versa. The division puts together the status of the trust report that gets to be submitted to the Minister for the Minister to be updated on the affairs of the trusts and shared with all related stakeholders. The total value of the assets of the trusts at the end of the Financial Year is one of the most important aspects of the status report. The matters reported to the Honourable Minister AT 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 increased from R2,3 billion in 2020 to R2,4 billion in 2021. The increase in the value of the assets is attributed to the investment market recovery from the impact of the outbreak of COVID-19. On the appointment process of Ministerial Trustees, there were delays in the appointment process, with submissions being misplaced within the departmental approval chain. Further delays in the registration of trustees were also encountered in the Master of High Court. The terms of office of the Ministerial Trustees on the Maize Trust, Oil and Protein Seeds Development Trust, Citrus Industry Trust (resigned), National Lucerne Trust and on the Deciduous Fruit Industry Development Trust have lapsed. The Minister has approved the replacements

in the Maize Trust, Oil and Protein Seeds Development Trust and new appointments in the Deciduous Fruits Industry Development Trust, Citrus Industry Trust and National Lucerne Trust are still outstanding. These delays have come out very prominent in the engagements between the NAMC and the Trusts, causing delays in trust operations as decision making cannot go ahead without Trustee registration and lapsed terms of office.

The Minister made the appointment of Mr. G. Mafuleka, Mr M. Thamaga and a reappointment of Mr Z. Ngejane to the Maize Trust. In the Oil and Protein Seeds Development Trust appointed Mr S. Shandu and Ms D. Makgatho-Mosehla. Following these appointments the division has ensured that the Trustees are inducted on the work of the Trusts and a Service Level Agreement (SLA) is signed.

The Marketing of Agricultural Products Act, No. 47 of 1996 (MAP Act), advocates for the introduction of Statutory Measures and the Minister of Agriculture, Land Reform and Rural Development are responsible for the approval of statutory applications from commodity groups. One of the conditions of approval is that 20% of the levies collected should be used to fund transformation in the sector. The NAMC therefore established the TRC which oversees the use of the 20% committed for transformation using NAMC transformation guidelines. The Transformation Review Committee (TRC)¹ 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 attended and participated in industry Transformation Committee meetings in order to provide advisory and ensure industries align to NAMC Transformation guidelines. Also, the NAMC TRC participated in the Potatoes SA Transformation symposium panel discussions. And lastly, the NAMC TRC was involved in the work of DALRRD's AgriBEE provincial sittings.
- **Transformation business plans:** One of the conditions of approval for Statutory Measures is that 20% of the levy income must be spent on transformation and the NAMC TRC received a total of seven (8) industry transformation business plans from SACTA, Milk SA, SAWIDEF, SAWITU, Cotton SA, Egg Organization, Red Meat Primary Livestock Cluster (RMPLC) and SAPPO. All the transformation business plans were approved except for SAWIDEF. Through the NAMC TRC, industries have managed to align their transformation business plan with the NAMC transformation guidelines.

¹ This is a collaborative work between the NAMC core business units and DAFF Directorate, AGRIBEE Charters and Compliance.

- **Monitoring & Evaluation:** The NAMC TRC conducted Monitoring & Evaluation on five (5) industry transformation projects in order to assess the level of support and the impact of the support provided by the industries. Industries that were visited includes SA Table Grapes, POMASA, SAPPO, Potatoes SA and HortFin. Noteworthy is that the beneficiaries are happy with the support from the industries.
- **TRC Interventions:** The NAMC visited four (4) pomegranate projects in the Eastern Cape together with the Eastern Cape Department of agriculture and Rural Development, Chris Hani Development Agency and POMASA to evaluate the projects and involve POMASA. Currently POMASA is assisting the one project with technical assistance and Local and Global Gap in order to for the project to be able to access markets both locally and internationally.

SMALLHOLDER MARKET ACCESS RESEARCH

Smallholder Market Access Tracker (SMAT)

Research in the SMA focuses on the analysis of market access by smallholder farmers and their level of participation in the economy. monthly Smallholder Market Access Estimates Report was developed, presenting the smallholder market access estimates for January 2022 based on 30% share of each traded agricultural product as recommended in the NAMC Section 7 committee report published in 2006. It considers the top four agricultural products traded in fresh produce market system as they are regarded as the mainstay of the fresh produce markets, accounting for over 50% of the annual turnover from the system.

The NAMC through the SMA unit collects on mass and volume of fresh produce traded by market agents in the entire fresh produce market industry in South Africa. The purpose is to obtain the actual estimates of smallholder farmers participating in the markets and thus, improve the NAMC's task of increasing market access for all participants, particularly the previously disadvantaged group.

The unit also uses Smallholder Market Access Tool (SMAT) tool to measure progress towards achievement of "market access for all participants," in particular, market access for smallholder farmers " in South Africa. For the financial year 2021/2022 the tool focused on measuring market access for smallholder farmers in the wool industry.

AGRO-FOOD CHAINS RESEARCH UNIT

Research in the Agro-Food Chains Research Unit focuses on the analysis of factors affecting competitiveness in agricultural value chains and application of economic models to make recommendations to enhance the efficiency in the sector. For the 2021/22 financial year, the unit undertook a study in the South African Egg industry's value chain to establish costings in various production systems (Cage, barn, free range, enriched cages), consumer preferences and actual purchase data comparison.

The unit also reports on the supply and demand variables in the grains and oilseeds industry with the aim to inform stakeholder on the food availability in the country. The unit produced 12 Supply and demand Estimates during the financial year 2022/22.

PROGRAMME 3: OUTCOME 3: ENHANCED MARKET ACCESS FOR THE AGRICULTURAL SECTOR PARTICIPANTS

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 agricultural development models that are aimed at increasing market access, encouraging new business development and capacity building of historically disadvantaged Agri-enterprises. The NAMC strategic placement and relationship with public and private institutions built over many years, enabled the Agribusiness Development division in facilitating programmes that have the potential to achieve the government outcomes. The ADD is guided by two of the four MAP Act strategic objectives in addition to other various government policies. Namely:

- to increase market access for all market participants;
- to promote the efficiency of the marketing of agricultural products.

The ADD output indicator is to increased number of smallholder farmers/ projects linked to market opportunities. This output is achieved through the Market access facilitation and farmer development support facilitation.

Market access facilitation

The ADD facilitates market access for farmers especially smallholder farmers who are mostly disadvantaged in terms of market information, compliance (SA and Global GAP certification), packaging, quality control, consistency, logistic planning and business linkages with potential buyers. This programme enables the NAMC to contribute in making the agricultural sector more inclusive and viable as a contributor to economic growth and transformation. This is achieved by working collaboratively with the existing network of partners with the respective knowledge and resources. The market facilitation programme is guided by market analysis, market readiness of farmers, market demand and stakeholder intervention to support farmers in order to supply the identified market. 141 smallholder farmers (73 males, 64 females and 4 unspecified) were linked with the markets during the period in review.

Actual Achievement for Q1 (April to June 2021)

Twenty-nine (29) farmers were linked to the market. The Division linked 21 smallholder farmers from Ntabankulu with Kei Fresh Produce Market and Buffalo City Fresh produce market to supply vegetables. The farmers are organized into small projects and co-operatives farming in a total of 81 hectares collectively. Stakeholders were identified to participate in supporting farmers with technical support, production, logistics, capacity building, funding and mentorship. Seven (7) potato farmers from Limpopo and 1 farmer from KZN were identified and engaged to supply Garankuwa Market and Crop Box Market with Mondial potatoes. These farmers are technically supported by Potato SA.

Actual Achievement for Quarter 2 (July to September 2021)

Thirty-nine (39) farmers are linked with market opportunities. The Agribusiness Development in collaboration with MERC Division linked 20 vegetable farmers from the Botshabelo area in the Free State province with Garankuwa Fresh Produce Market to supply onion. The farmers specialize in various vegetables production and farming on 64.5 hectares of land in total. Stakeholders were identified to participate in supporting farmers with infrastructure (irrigation), production inputs, logistics, compliance, capacity building and water rights.

The Division in collaboration with National Lucerne Trust linked nineteen (19) lucerne producers from North West Province, Greater Taung Municipality with Lucerne/hay traders (OVK, AGRISA, SA Alfalfa (PTY) Ltd and Triangle Commodity Trading SA (PTY) Ltd) to supply small, large, high density and round lucerne bales. The following constraints were identified: lack of sprinkler irrigation, no fence, excessive rain and natural disaster, theft, lack of some farming equipment, and livestock encroachment damaging the crop quality. There is also a lack of knowledge on maintenance of irrigation system; insufficient knowledge on production, grading, baling and cutting lucerne, marketing and financial management skill and record keeping. The NAMC had engagements with various stakeholders including DARD and DALRRD in order to address the constraints identified.

Actual Achievement for Q3 (October to December 2021)

Twenty-two (22) farmers were linked with market opportunities. The Agribusiness Development Division in collaboration with the Jozini Local office of the Department of Agriculture, Land Reform and Rural Development (DALRRD) linked 22 goat farmers with KwaZulu Natal Qhakaza Goats Market. The farmers specialize in indigenous, cross-bred and boar goats. The farmers are located in Jozini, Mkhuze and the surrounding areas under the uMkhanyakude District Municipality of Northern KwaZulu Natal. Stakeholders were identified to participate in supporting farmers with dipping and fencing infrastructure, veterinary services, production practices, training and capacity building, land ownership, funding for production as well as establishment and registration of the Jozini Goats Association.

Actual Achievement for Quarter 4 (January to March 2022)

Fifty-one (51) farmers were linked with the market during Q4. 28 farmers were linked with Freshway Market (Tshwane Fresh Produce Market) to supply potatoes. The farmers are from Mkhonjeni rural area in Jozini Local Municipality of uMkhanyakude District in the KwaZulu Natal province. The farmers are collectively farming on approximately 708 hectares communal/family-owned land, specializing on different varieties of vegetables which include cabbages, spinach, tomatoes, chillie, and dryland crops such as maize and peanuts. Stakeholders were identified to participate in supporting farmers with technical support, production inputs, access to land, extension and advisory services, capacity building, funding, mentorship, business development service, enterprise development, water licenses and allocation, transport to the market and logistics.

The Division also linked 23 farmers with Unilever to supply 1500 tons of fresh or dried Rosemary and Thyme on an annual basis. The farmers are located in three provinces: Gauteng (3= 1 male and 2 females), Free State (2 females) and Eastern Cape (18 = 16 females and 2 Males). The delivery point is through a drying facility in JHB and Durban. The proposed price for fresh herbs is R12/kg. This was a collaboration between NAMC, GDARD, EC DALRRD, EC Municipalities, Free State Economic Small Business, Tourism and Environmental Affairs, Simply Garlic and Unilever. In terms of farmer development support, stakeholder analysis and engagement were done in order to facilitate technical support on herbs production, extension service support, marketing, implements and training on harvesting; grading and cutting.

LINKING PERFORMANCE WITH BUDGETS

Table 5: Linking Performance with Budgets

Programme/activity/objective	2021/2022			2020/2021		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	28,533	29,635	(1,102)	30,965	29,609	1,356
Markets and Economic Research Centre (MERC)	11,802	12,446	(644)	12,223	10,912	1,311
Statutory Measurers	3,410	3,667	(257)	3,236	3,524	(288)
Agricultural Trusts	2,806	3,335	(529)	2,520	2,828	(308)
Agribusiness Development	3,614	5,377	(1,763)	28,529	28,349	180
Total	50,165	54,460	(4,295)	77,473	75,222	2,251

Strategy to overcome areas of under performance

The NAMC's budget for the year under review was R50.1 million. There is a surplus of R24, 000 as at the end of the reporting period (Refer to Statement of Financial Performance on page 103). The overspending on the budget is because of funds received through projects which were not budgeted for. Majority of the funds were spent on employee costs, Council and oversight committee fees and to further the mandate of NAMC as per MAP Act.

REVENUE COLLECTION

Table 6: Revenue Collection

Sources of revenue	2021/2022		
	Budget R'000	Actual Amount collected R'000	(Over)/Under collection R'000
Government Grant	47,305	47,305	-
Sponsorship Revenue	-	4,182	(4,182)
Rendering of service	1,840	605	1,235
Interest Income	1,020	2,260	(1,240)
Other	-	132	(132)
Total	50,165	54,484	(4,319)

Sponsorship Revenue – These are funds received on various projects during the year as part of collaboration with other relevant industry bodies, CASSAVA, FANPRAN, etc.

Rendering of service – This is the management fee received from projects administered by NAMC.

Interest income – The NAMC had a favorable bank balance due to funds from projects and the approved retention of surplus in the previous financial years resulting in increased interest received from the bank.



NAMC partnered with ARC, FABCO Primary Cooperative Limited (FABCO), and TIPS to conduct a feasibility study on cassava value chain.

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PART C:

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE

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.

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, Land Reform and Rural Development 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 Oversight

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.

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.

ACCOUNTING AUTHORITY / COUNCIL

The MAP Act, No. 47 of 1996, provides guidelines for the composition of the Council. The Minister of Agriculture, Land Reform and Rural Development 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. During the 2021/22 reporting period, one council member resigned. The current Council was appointed on 25 May 2021, and their term of office will end on the 25 May 2025.

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

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 Angelo Petersen	Chairperson: Council	May 2021	Not applicable	Post Graduate Diploma in Leadership Development (cum Laude (University of Stellenbosch).	Extensive experience in leading agricultural strategy at multi-market and multiple divisional levels for commercial agricultural organisations. FFMA & PPPFA Board governance, ethical leadership and compliance experience (King Code).	Independent Director at the following: Capespan Farms (Pty) Ltd , Capespan Namibia (Pty) Ltd , Agri Enterprises (Pty) Ltd , Hortgro (Pty) Ltd & Hortgro Legacy Foundation, Apac Council, Casidra SOE, Executive Director at Petropulos Advisory (Pty) Ltd and Trustee at Petropulos Family Trust	None	9 out of 12
Ms Fezeka Mkile	Council Member	May 2021	Not Applicable	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 and member of Social & Ethics Committee. Board Member of the Renewables Cookhouse Wind Farm 1 (RF) Proprietary Limited. Independent Trustee of the FortHare Piggery Trust and Chairperson of the Social and Ethics Committee. Independent Trustee of the FortHare Dairy Trust and Chairperson of the Environment Social & Ethics Committee. Director – Fezzz Business Enterprises and Suppliers. Former Deputy Chairperson of the Board of Director – Eastern Cape Rural Development Agency (ECRDA). Former Director at Kangela Citrus Farm.	Member of HR&R Committee	12 out of 12

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
Ms Thandeka Ntshangase	Deputy Chairperson Council	May 2021	Not Applicable	Bachelor of Commerce (University of Kwa-Zulu Natal)	Strategic Business Planning and Execution; Corporate Governance and Strategy; Finance, Budgeting & Cost Management; Risk/ Change Management and Performance; Metrics Policy & Procedure Development	Agribusiness Development Agency – KZN Department of Agriculture - Chairperson: Projects & Finance Committee - Member: Audit & Risk Committee	None	10 out of 12
Mr Sifiso Mhlaba	Council Member	May 2021	Not applicable	Masters of Business Administration (MBA) University of Stellenbosch Business School. Master of Science (M. Sc) In Applied Economics. Washington State University, USA. BSc Honours in Agriculture Economics (Cum Laude) North West University. Being a director part 1 - 4, Governance of Ethics (IoDSA)	Market research and analysis Policy analysis and evaluation Agricultural Trade research and analysis Competition and Regulatory Economics Financial Modelling Project Management	Director - Davhuka Investments; Director - Umvongothi Holdings	Member of the HR&RC	10 out of 12
Dr Thembi Xaba	Council Member	May 2021	Not Applicable	PhD in Business Management Administration (University of Stellenbosch Business School) Masters in Development Finance AACSB/EQUIS/ AMBA accredited Advanced Diploma in Economics Policy	Strategic influence Analytical Abilities Financial Management Reporting Writing Project Management Negotiation Skills Deal Structuring	NED for the following: Crookes Brothers Limited, Gibela Business Incubator, and Joburg Market. Ministerial Trustee for Winters Cereal Trust. Director at Abuyile Investments and Mazibuye Investments	Chairperson of the HR&RC	10 out of 12

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 Andre Jooste	Council Member	May 2021	Not Applicable	PhD Agricultural Economics (Free State University) MSc Agricultural Economics University of Pretoria BSc Honors Agricultural Economics University of Pretoria	Winery, Livestock management, Executive Management, Public Relations	Chairperson of the Red Meat Research and Development Trust Project Committee and the the Grain and Oilseed Demand and Supply Estimates Committee. Committee member of the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN)	Member of the Audit & Risk Committee	10 out of 12
Ms Nonie Mokose	Council Member	May 2021	Not Applicable	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: Free State (CUT) Member of Council; Specialist Agricultural Representative on Council Member of Planning Finance and Resources Committee (PFRC) Kgodiso Trust (Pioneer Food Group (Pty) Ltd: Pepsico Inc.) Independent Trustee of the Kgodiso Trust Chairperson of Kgodiso Trust Investment Committee Laeveld Agrochem Steering Committee Member: Agricultural Entrepreneur Development Company	Audit & Risk Committee Member	12 out 12

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
Ms Shandini Naidoo	Council Member	May 2021	Not Applicable	LLB LAW (WITS) BA International Relations (WITS) LLM International Economic Law (UNISA)	Legal and Risk Management Legal Advisory Legal Compliance Company Secretary Business Development Legal Research International Trade Advisory & Policy Business proposals	AVOPORT PTY LTD	None	11 out of 12
Mr Gerhard Schutte	Council Member	May 2021	Not Applicable	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.	None	11 out of 12

COMPOSITION OF THE FORMER COUNCIL

Name	Designation (in terms of Public entity board structure)	Date appointed	Date contract ended	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	2 meetings
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	2 meetings

Name	Designation (in terms of Public entity board structure)	Date appointed	Date contract ended	Qualifications	Area of expertise	Board Directorship	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team	No. of meetings attended
Mr Boikanyo Mokgatle	Council Member	25 May 2017	25 May 2021	Bachelor of Agricultural Economics Honours: University of Forte 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	2 meetings
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, UoJ; 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	2 meetings

COUNCIL COMMITTEES – 1 APRIL 2021 TO 31 MARCH 2022

AUDIT AND RISK COMMITTEE

No.	Name	Role	No. of meetings attended
1	Mr Paul Slack	Chairperson	6 out of 11 (Appointed 01 July 2021)
2	Ms Buyiswa Mgozeli	Audit and Risk Committee Member	6 out of 11 (Appointed 01 July 2021)
3	Mr Simphiwe Dzegwa	Audit and Risk Committee Member and Chairperson of the Risk Management Committee	2 out of 11 (Appointed 01 January 2021)
4	Prof Andre Jooste	Council Member	5 out of 11
5	Ms Nonie Mokose	Council Member	11 out of 11
6	Ms Lerato Mothae	Former Chairperson	5 out of 11 (Contract ended June 2021)
7	Dr Prittish Dala	Former Audit and Risk Committee Member	7 out of 11 (Contract ended December 2021)
8	Mr Gerald Schutte	Former Council Representative	5 out of 11 (Term ended May 2021)

HUMAN RESOURCES & REMUNERATION COMMITTEE

No.	Name	Role	No. of meetings attended
1	Dr Thembi Xaba	Council Member (Chairperson)	5 out of 5
2	Ms Fezeka Mkile	Council Member	5 out of 5
3	Mr Sifiso Mhlaba	Council Member	5 out of 5

RISK MANAGEMENT COMMITTEE

No.	Name	Role	No. of Meetings attended
1	Mr. S Dzengwa	Chairperson and Audit & Risk Committee Member	2 out of 4 (Appointed 01 January 2022)
2	Dr S. Ngqangweni	Chief Executive Officer	2 out of 4
3	Ms I. Mathatho	Chief Financial Officer	2 out of 4
4	Ms N. Simelane	Senior Manager: Human Resources Management	4 out of 4
5	Dr N. Tempia	Senior Manager: Markets & Economic Research Centre	3 out of 4
6.	Mr S. Burger	Senior Manager: Statutory Measures	3 out of 4
7.	Ms K. Mosoma	Senior Manager: Agribusiness Development	3 out of 4
8.	Mr B. Nyhodo	Senior Manager: Agricultural Trusts	2 out of 4
9.	Mr S. Monamodi	Communications Manager	3 out of 4
10	Ms N Shelembe	Risk and Compliance Manager	2 out of 4
10	Dr Prittish Dala	Former Chairperson and Audit & Risk Committee Member	2 out of 4 (Contract ended December 2021)

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 risk identification,
- Risk mitigation;
- Risk monitoring and reporting at the 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.

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.

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.

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.

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.

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.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The NAMC recognises the need for wellness in the workplace to create an environment that promotes healthy behaviours and improved work/life balance of the employees. The Covid-19 risk register has been developed with the aim of:

- Ensuring that the NAMC complies 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, this is at the sole discretion of the line manager and the 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 about COVID-19 to NAMC employees and visitors are recorded and reviewed. The OHS/Covid-19 Committee held one (1) meeting during the reporting period to discuss, monitor and make recommendations to management on matters relating to Occupational Health and Safety in the workplace and Covid-19.

Moreover, two (2) employees were taken for firefighting training and one (1) employee will attend on 06 April 2022. This is to assist with the firefighting planning in the organisation and to appoint the Fire Marshal and Deputy Marshals. A service provider was appointed to conduct an assessment/ inspection of the NAMC on OHS compliance. The service provider will submit a report on the findings, which will be submitted to the OHS committee and MANCOM for deliberation. During the reporting period, there was a break-in at the NAMC offices (the Office of the Chief Financial Officer), the police were notified and a police report was written. The matter was reported to the relevant committees and Council. The investigation is still ongoing with the SAPS. There were no injuries on duty reported during this period. The risk registers and OHS implementation plan have been developed and are continuously monitored.

One (1) employee tested positive for Covid-19 during the financial year. Employees that were in contact with the employees were notified and requested to self-isolate and get tested should they experience any symptoms. Communication was sent to all employees and the office was closed for cleaning and disinfecting. Employees that travel for work are required to self-isolate for seven (7) days before returning to the office. Figure 1 illustrates the percentage of employees who contracted Covid-19:

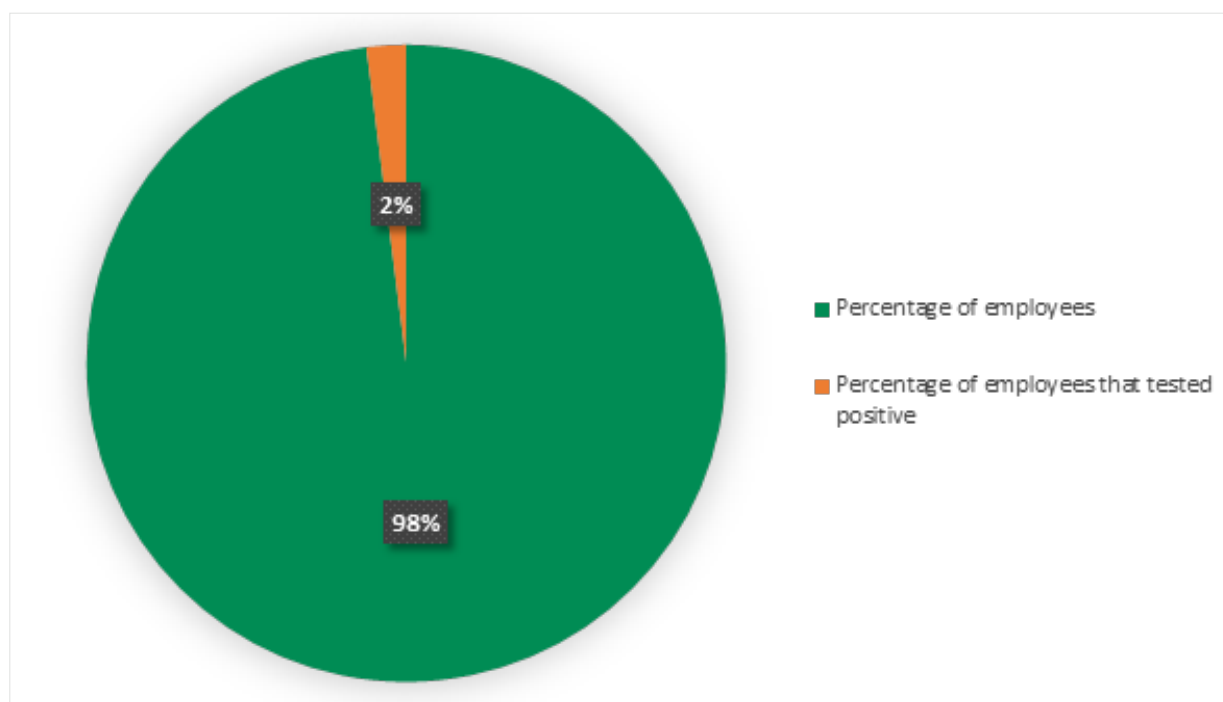


Figure 1: Percentage of employees who contracted Covid-19 in 2021/22

AUDIT & RISK COMMITTEE REPORT

Introduction

The Audit and Risk Committee is pleased to present the Audit and Risk Committee report for the 2021/22 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 Mr Paul Slack (the Chairperson), Ms Buyiswa Mgolozeli, Mr Simphiwe Dzengwa and two Council Members namely Ms Nonie Mokose and Prof André Jooste.

During the 2021-22 financial year, two (2) Independent committee members, namely, Ms Lerato Mothae (Chairperson) and Dr Pritish Dala’s service contracts ended. The Council appointed Mr Paul Slack as the Independent Chairperson and Ms Buyiswa Mgolozeli and Mr Simphiwe Dzengwa as Independent Committee members.

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

Table 7: Composition of the Audit & Risk Committee

Name	Qualifications	Internal or external member	Date appointed	No. of meetings attended
Mr Paul Slack	CA(SA)	Independent Member (Chairperson)	01/07/2021	6 out of 11
Ms Lerato Mothae	CA(SA)	Independent Member (Chairperson)	01/05/2018	5 out of 11
Dr Pritish Dala	D.Phil. IT	Independent Member	01/09/2018	7 out of 11
Mr Gerald Schutte	Masters in Agriculture	Council Member	01/05/2018	5 out of 11
Ms Buyiswa Mgolozeli	Postgraduate Diploma Risk Management	Independent Member	01/07/2021	6 out of 11
Mr Simphiwe Dzengwa	MBA	Independent Member	01/12/2021	2 out of 11
Ms Nonie Mokose	Masters of Agriculture in Rural Development	Council Member	01/06/2021	11 out of 11
Prof André Jooste	PhD Agricultural Economics	Council Member	01/06/2021	5 out of 11

Ms Mothae, the former Chairperson’s contract ended in June 2021.

Dr Dala, the former Member’s contract ended in December 2021.

Mr Schutte, the Council Member’s term in the Audit and Risk Committee ended in May 2021

Audit Committee Responsibility

Statutory Duties

The A&RC compiled this report with the purpose to outline its responsibilities arising from Section 51 (1) (a)(ii) and Section 76 (4)d of the Public Finance Management Act ("PFMA") and Treasury Regulations Section 27 (1) 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.

Internal controls

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

- Reviewed the effectiveness of internal financial control systems.
- Assessed the adequacy, reliability and accuracy of financial information provided by management.
- Reviewed the effectiveness of the internal audit function, and thorough assessment of the quality of reports submitted to the committee and the Audit Improvement Plans.
- Reviewed the NAMC's processes for compliance and legal and regulatory provisions setting out the latest legislative and regulatory developments.
- 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 2022.
- 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 raised with management, and some were adequately and effectively addressed, hence most remain as a work in progress.

The A&RC acknowledges the non-compliance with concern; and continues to advise Council to take decisive, and timely actions to address the extent of irregular expenditure and contract management shortcomings. The A&RC further advised Council to take immediate initiation of investigations in line with legislative prescripts governing the NAMC, followed by consequence management and strengthening of controls, highlighting management's commitment to preventing a reoccurrence thereof.

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-based management processes, internal controls and governance processes, as well as identifying corrective action and suggested enhancements to the controls and processes.

The A&RC ensured that the organisation's Internal Audit function was independent and had the necessary resources and authority to discharge its duties. Nexia SAB & T are the appointed Internal Auditors for the NAMC. Their contract ended on the 31st of January 2022 and they were re-appointed through an open tender process on the 19th April 2022. No audits were undertaken other than a follow-up on findings from both Internal and External audits, and a review of the quarter 1 – 3 AOPO and AFS, due to the exhaustion of the Internal Audit budget.

The Internal Auditors are fully supported by management, Council and the Audit & Risk Committee and have full, unrestricted access to all organisational activities, records, property and personnel. During the period under review, the Internal Auditors conducted a follow-up review on the prior year's audit findings. The results were reported to management and the Audit & Risk Committee and Council.

Having considered, analysed, and reviewed the combined assurance information provided by management, Internal Audit, external auditors and the Management Risk Committee, the A&RC confirm that:

- The internal controls of the organisation were to a limited extent effective in isolated material aspects throughout the period under review.
- Some of the identified weaknesses associated with non-compliance to the Supply Chain Management were addressed, however, there is room for improvement.
- Appropriate policies supported by reasonable and prudent judgement and statements were to a limited extent 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 Whistle-Blowing contract with Deloitte ended during the reporting period, and the organisation is finalising the appointment of a new service provider.

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 2021/22 financial year amounted to R 6 012 000.00. Most of the irregular expenditure was caused by contracts signed outside of delegation of authority.

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 2021/22 financial year, the Risk Management Committee and Audit & Risk Committee highlighted the need for the NAMC to conduct a Determination Test for the irregular expenditure that has been incurred by the entity. This was recommended to Council and it was subsequently resolved that a service provider will be appointed to conduct the determination test. The process of which has been initiated, therefore as of financial year-end, there was no Determination test that has been conducted.

Internal Audit

The Internal Audit plan was not approved in this financial year due to the contract value of the outsourced service provider being exhausted. Mitigating Plans were put in place by management, wherein the National Treasury was approached for the approval of the extension of the contract value. The approval was granted and a few audits were undertaken as reported under the internal controls section of the report. The new Internal Auditors were appointed after the financial year end and this committee will continue to monitor progress.

Conclusion

The Audit and Risk Committee recommended the approval of the audited annual financial statements and the audit opinion for the financial year ended 31 March 2022 thereon at its special meeting held on the 27 July, 2022 and these annual financial statements and audit opinion will be included in the NAMC Annual Report for the financial year ended March 2022.



Mr Paul Slack
Chairperson of the Audit & Risk Committee
National Agricultural Marketing Council
Date: 30 July 2022

LEVY ADMINISTRATORS



**Dried Fruit
Technical
Services**



**KATOEN
SUID-
AFRIKA**



**COTTON
SOUTH
AFRICA**



Red Meat Levy Admin



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PART D:

HUMAN RESOURCE MANAGEMENT

HUMAN RESOURCES MANAGEMENT

INTRODUCTION

The Human Capital Division has the primary responsibility for managing, assisting and dealing with all employee-related matters including functions such as policy administration, recruitment process, benefits administration, training and development and employee assistance program. The division is committed to creating a high-performance, diverse, and inclusive workforce and recognizing 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.

The Human Capital Division is pleased to present the Annual report for the period April 2021 to March 2022. The report is in line with the thirteen (13) Human Resources Standards.

TALENT MANAGEMENT

On the 23rd of March 2022, the Human Capital Division initiated the process for Succession Planning with the NAMC management. Succession planning is a strategy for identifying developing future leaders within the organisation. This strategy is not just introduced at the top but for major roles at all levels to assist the organisation to prepare for all contingencies by identifying high-potential and high performing employees for advancement.

Succession planning is an important part of the talent management process as captured in the approved Human Capital Strategy and it provides a way to identify critical employees with the right skills. It also provides a way to cut the costs of recruitment, enabling the NAMC to manage recruitment in-house. Below is the plan that will be implemented accordingly

Table 8: The NAMC Succession Process 2022 to 2025

Activity	Detail	System/Tool to be utilised	By Whom	Proposed Due Date
1. Identification of Critical Roles	Identify which roles the NAMC should target through its succession program.	At-A-Glance Organisational Chart	MANCOM	31 May 2022
2. Build Succession Profiles	Describe the talent composition required for each critical role at present and according to the NAMC's future needs.	Succession Profile	Human Capital and Respective Line Managers	30 June 2022
3. Nominate Successors	Identify and select candidates for critical roles by creating a bench for each position. Consider hosting a talent day annually.	Succession Bench and Communication to the organisation at large.	Human Capital and Respective Line Managers and MANCOM	31 July 2022
4. Assess Developmental Needs	Summarise the talent profile of each successful candidate and identify gaps to target through development, via competency-based assessments. Confirm the budget and sources of the service provider.	Candidate Profile	Human Capital and Finance Division	31 July 2022
5. Develop Talent	Outline or update development plans for each candidate and track recommended and completed development activities.	Develop action forms in line with performance management evaluation forms.	Human Capital and Line Managers	30 August 2022
6. Measure Progress	Update performance management evaluation form, tracking various indicators of improved succession planning outcomes.	Talent Progress Evaluation Form	Human Capital, Line Managers and MANCOM	30 September 2022

STRATEGIC HUMAN RESOURCES MANAGEMENT

Our strategic human capital management processes link our functions with the strategic objectives of the NAMC. This is to improve the organisation's performance and develop a culture that fosters innovation, flexibility, and employee development. The Human Capital policies ensure that the NAMC complies with relevant labour legislation and reduces the risk of corporate liability or employee lawsuits. The following policies were approved during the reporting period:

- Work From Home Policy;
- Payroll Policy;
- Internship and learnership Framework;
- The Occupational Health & Safety Committee Charter;
- The Human Resources Strategy; and
- The Reviewed NAMC Organisational Structure.

Moreover, the human capital developed and reviewed the following policies:

- The Occupational Health & Safety Policy and Procedure;
- The Covid-19 Standard Operating Plan (SOP);
- The Mandatory Vaccination Policy; and
- The Knowledge Management Policy.

These policies will be tabled for approval in the new financial year.

HR RISK MANAGEMENT

The Human Capital risk register is in place to ensure that the Human Capital activities and people management practices are within the governance, risk and compliance framework and integrated reporting model of the organisation. The following risks were identified with the Human Capital environment:

- Risk to employee occupational health, performance and organisational performance due to the recent Covid-19 outbreak;
- Talent Acquisition and Management;
- Organisational Development; and
- Employee Relations Management.

The identified risks are continuously monitored, and mitigation plans are in place to address critical issues as outlined in the risk register.

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 the 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 efficiently to prevent positions from remaining vacant for extended periods.

Considering the above, the following appointments and terminations were facilitated during the financial year

Table 9: Appointments

Number of employees	Race	Gender
1x Agricultural Economist	African	Male
1x Financial Administrator (Contract)	African	Female
1x Supply Chain Administrator (Contract)	African	Female
2 x Graduate Placement	African	Female
1 x Graduate Placement	African	Male
11 x Internship	African	Female
4 x Internship	African	Male
1x Grain Specialist	African	Female
1x Internship SCM	African	Male
1x Cleaner: Temporary Contract	African	Female
1 x Supply Chain Manager: Contract	African	Male
1 x Research Assistant: Contract	African	Male
1x Chief Financial Officer	African	Female
1X Supply Chain Officer	African	Female
5 x Herdsmen (NRMDP)	African	Male
1x Manager: Smallholder Market Access	African	Male
1X Risk and Compliance Manager	African	Female
5 x NRMDP Employees	African	Females
14 x NRMDP Employees	African	Males

Table 10: Terminations

Number of employees	Reason for termination	Race	Gender
1x Grain Specialist	Resignation	African	Male
1x Chief Financial Officer	Resignation	African	Female
1x Risk and Compliance Manager	Separation Agreement	African	Male
1x Manager: Smallholder Market Access	Resignation	African	Female
1x Economist	End of Contract	African	Female
1x Supply Chain Officer	Resignation	African	Male
1x Supply Chain Coordinator	Termination due to death	African	Male
1x Supply Chain Manager	End of Contract	African	Male
1x Cleaner	End of Contract	African	Female
1 x Risk and Compliance Intern	Resignation	African	Female
1 x Senior Economist: Statutory Measures	Resignation	African	Male
42 x NRMDP Employees	End of Contract	African	Females
95 x NRMDP Employees	End of Contract	African	Males

- All NRMDP employees were given notices in January, 2022.
- All NRMDP contracts were terminated 28 February 2022.
- Leave payments were paid out in end March 2022.

Figure 2 outlines the percentage of staff turnover for the financial year.

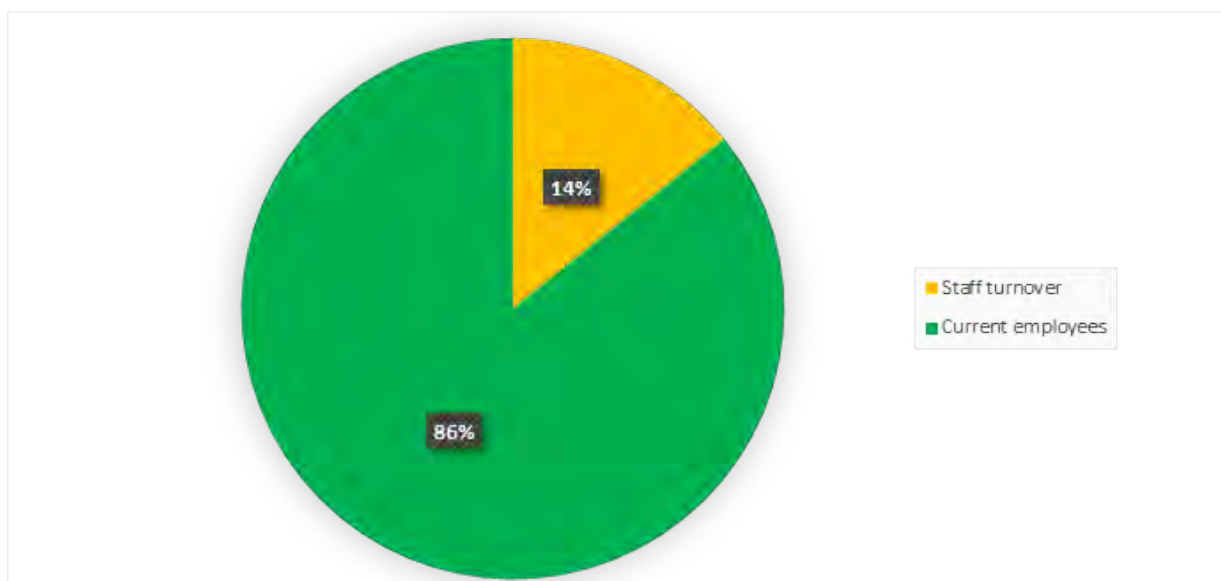


Figure 2: Percentage of staff turnover - permanent employees

LEARNING AND DEVELOPMENT

The Human Capital seeks to build the capabilities of our employees and accelerate their professional, academic and skills development. We provide several initiatives aimed at fostering management and leadership skills. This is aimed at equipping employees with the necessary capabilities to lead the organization 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.

During the reporting period the NAMC received the following approval from the Agri-SETA Discretionary Grant for the 2021/22 financial year:

Table 11: Approval from the Agri-SETA Discretionary Grant

Category	Amount
Bursaries: Continuation	R 1 412 700.00
Bursaries: New	R 278 250.00
Internship	R 763 200.00
Graduate Placement	R 143 100.00
TOTAL AMOUNT	R 2 597 250.00

R2 597 250 is the approved total amount as per the signed contract with Agriseta

Furthermore, we received the following approval for the 2022/23 financial year:

- R802 950.00 for 2022 Bursaries: Continuation; and
- R477 000.00 for 2022/23 ten (10) Graduate placement.

Table 12: Training conducted for the employees during the reporting period

Type of Training	Number of Employees
Fire Fighting Training	2
Business Etiquette for twelve	12
Public Sector Enterprise Risk Management Training	2
Occupational Health and Safety Training	9
Conflict Management Training	10
Resource Mobilization Training	8
POPIA Training	31
CGE Modelling training	1
Ethics Management and Code of Conduct Workshop	34
Job Profiling and Evaluation	3
Change Management Workshop in the Finance Division	8
POPIA Compliance Webinar	39
Wellness Day Workshop	30
Employee awareness of Sexual Harassment Policy	38
Financial awareness training	28

PERFORMANCE MANAGEMENT

The Performance Management and Development Policy & Procedure has been reviewed to provide a framework for the effective management of employee performance within the NAMC and to ensure the following:

- Alignment of performance management to the NAMC's strategic objectives;
- An increase in the certainty of job roles, accountability and transparency of both employees and the organisation to optimise resource utilisation;
- Improved employee development and engagement;
- Early warning signs for under-performance and timely interventions; and
- The creation of a culture of performance in the organisation amongst all employees including recognising excellent performance and curtailing and correcting poor performance.

The performance evaluations for quarters one (1) to three (3) were conducted as per performance agreements signed at the beginning of the financial year.

REWARDS AND RECOGNITION

The NAMC encourages the recognition of excellent performance and achievement using rewards that are creative, flexible and meaningful. The following salary increases were implemented in the 2021/22 financial year:

- A once-off pensionable salary adjustment of 1.5% to employees with effect from 01 July 2021;
- The payment of a non-pensionable monthly cash allowance of R1000.00 with effect from 01 April 2021; and
- The performance bonus for the 2020/21 financial year.

All due communication was sent to all employees and both the salary increases and performance bonuses were paid in November 2021.

Long Service Recognition

A remuneration policy was developed to attract high calibre talent, reward employees, and motivate them to achieve the organisation's goals and objectives. One (1) employee qualified for fifteen (15) years of long service and two (2) qualified for ten (10) years of long service. These employees were awarded certificates and bonuses.

Risk Benefits

In line with the Basic Conditions of Employment and the Labour Relations Act, 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 Human Capital Division recognises the need for wellness in the workplace to create an environment that promotes healthy behaviours and improved work/life balance of the employees. The Covid-19 risk register has been developed with the aim of:

- Ensuring that the NAMC complies 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, this is at the sole discretion of the line manager and the 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 about COVID-19 to NAMC employees and visitors are recorded and reviewed. The OHS/Covid-19 Committee held one (1) meeting during the reporting period to discuss, monitor and make recommendations to management on matters relating to Occupational Health and Safety in the workplace and Covid-19.

Moreover, two (2) employees were taken for firefighting training and one (1) employee will attend on 06 April 2022. This is to assist with the firefighting planning in the organisation and to appoint the Fire Marshal and Deputy Marshals. A service provider was appointed to conduct an assessment/ inspection of the NAMC on OHS compliance. The service provider will submit a report on the findings, which will be submitted to the OHS committee and MANCOM for deliberation. During the reporting period, there was a break-in at the NAMC offices (the Office of the Chief Financial Officer), the police were notified and a police report was written. The matter was reported to the relevant committees and Council. The investigation is still ongoing with the SAPS. There were no injuries on duty reported during this period. The risk registers and OHS implementation plan have been developed and are continuously monitored.

One (1) employee tested positive for Covid-19 during the financial year. Employees that were in contact with the employees were notified and requested to self-isolate and get tested should they experience any symptoms. Communication was sent to all employees and the office was closed for cleaning and disinfecting. Employees that travel for work are required to self-isolate for seven (7) days before returning to the office. Figure 3 illustrates the percentage of employees who contracted Covid-19:

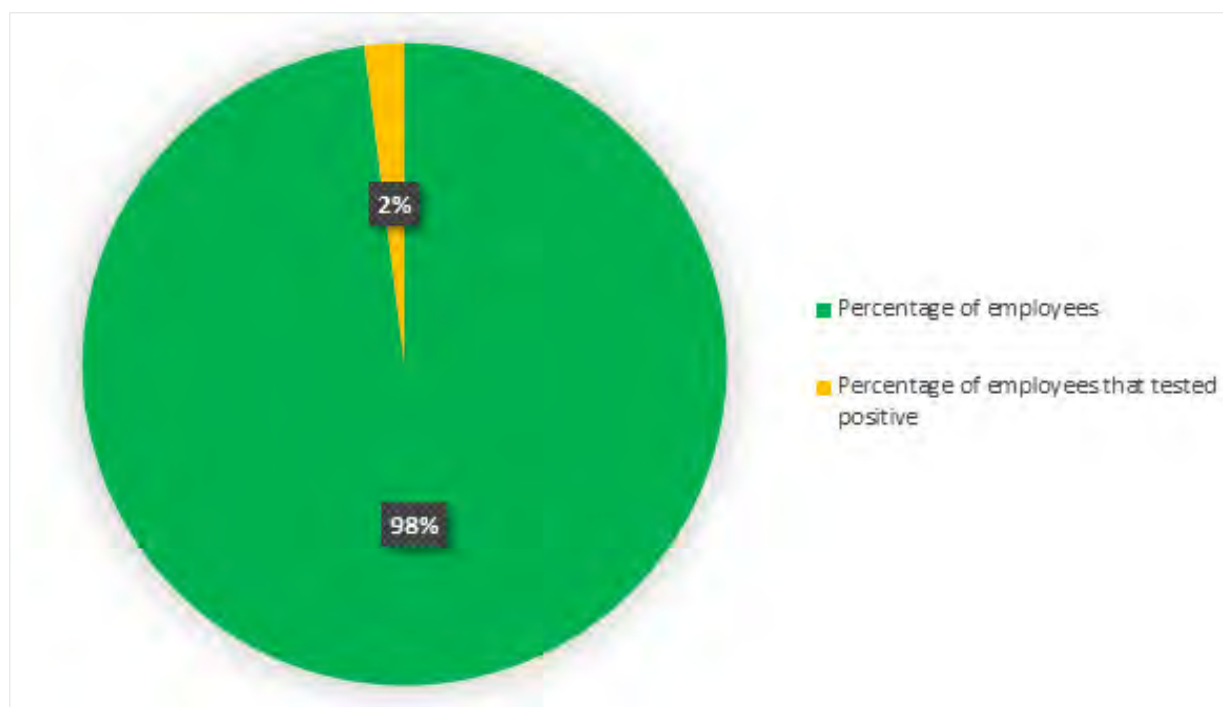


Figure 3: Percentage of employees who contracted Covid-19 in 2020/21

Women's / Men's Diversity Forums

The Diversity forums are to inspire men and women, to face new opportunities and challenges, through building a culture of diversity and inclusivity. Employees are encouraged to create dialogue, debate and forward-thinking in addressing issues affecting them both in the workplace and personal. The Men's Diversity Forum undertook its MDF trip in May 2021. The WDF was affected by Covid 19 regulations each time a session was planned and there have been continuous postponements.

Employee Assistance Programme

Table 13: List of employees that were referred for counselling with PROCARE during the reporting period

Category	Number of Employees	Percentage (%)
Personal Problems	3	6%
Trauma	2	4%

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 about our policies and procedures.

The Human Capital conducted policy awareness for employees. All approved Human Capital policies are available to all employees in the NAMC H-drive.

Grievances

One (1) grievance was lodged during the reporting period.

Disciplinary Hearing

Two (2) disciplinary hearings were held during the reporting period.

Staff Representative Committee

The Staff Representative Committee held three (3) meetings during this reporting period.

ORGANISATIONAL DEVELOPMENT

The NAMC reviewed organisational structure was approved in October 2022. 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 to the NAMC strategic objectives, 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;
- Priorities skills development, the attraction, development and retention of critical skills for the future needs of the NAMC;
- Creating talent that will drive the NAMC to new heights while responding to stakeholders' needs with agility, innovation and creativity;
- Developing a compelling vision for the HR function, aligned to the overall vision and strategy of the NAMC; and
- Talent Management that brings about functionality in the human resources value chain, which brings about the 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, to discuss the reviewed structures. Fourteen (14) positions were approved; however, the positions were approved as non-funded. The NAMC must look into initiatives that can assist with income to fund the critical positions for the future

HUMAN RESOURCES TECHNOLOGY

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 14: 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	5 330	3 459	85,2%	5	692
Programme 1: Finance & Administration	13 603	5 989	40,1%	7	856
Programme 1: Human Capital	5 335	5 122	93,3%	13	394
Programme 2: MERC	11 855	10 607	95,7%	13	816
Programme 3: Statutory Measures	3 326	3 195	97,7%	4	799
Programme 4: Agricultural Trust	2 545	2 499	93,6%	2	1250
Programme 5: Agribusiness Development	3 543	3 016	91,3%	3	1005
TOTAL	47 305	33 887	76%	47	721

Table 15: Employment and Vacancies

Programme	2021/2022 Approved Posts	No. Of Employees	2021/2022 Vacancies	% Of Vacancies
Programme 1: CEO's Office	7	6	1	2%
Programme 1: Finance and Administration	7	5	2	4%
Programme 1: Human Resources	9	9	0	0
Programme 2: MERC	15	15	0	0
Programme 3: Statutory Measures	4	3	1	2%
Programme 4: Agricultural Trusts	4	4	0	0
Programme 5: Agribusiness Development	3	3	0	0
TOTAL	49	45	4	8%

Table 16: 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 17: Management Committee Gender Equity (% of total Management Committee)

Gender	Number	% of total Management Committee
Males	3	43%
Females	4	57%
TOTAL	7	100%

Table 18: Total Employment - Gender Equity

Gender	Number	% of the total staff
Males	23	52%
Females	22	48%
TOTAL EMPLOYEES	45	100%

Table 19: Employment Equity - Females

Levels	Female African	Female White	Female Indian	Female Coloured
Top Management	4	0	0	0
Professional qualified	4	3	0	0
Skilled	5	1	0	0
Semi-skilled	2	2	0	0
Unskilled	1	0	0	0
TOTAL	16	6	0	0

Table 20: Reasons for Staff Leaving

Reasons	Number
Death	1
Resignation	6
Retrenchment	0
Retirement	0
Ill Health	0
Expiry of Contract	140
Dismissal	0
Separation Agreement	1
TOTAL	148



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PART E:

FINANCIAL INFORMATION



FINANCIAL INFORMATION

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General Information

Country of Incorporation and Domicile	Republic of South Africa
Nature of Business and Principal Activities	Administration of the 1996 Marketing Act and advise the Minister of Agriculture, 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. Angelo Petersen: Chairperson of the Council Ms. Thandeka Ntshangase (Deputy - Chairperson) Mr. Gerhard Schutte Prof. Andre Jooste Ms. Nonie Mokose Mr. Sifiso J Mhlaba Ms. Fezeka Mkile Ms. Shandini Naidoo Prof. Mzukisi Qobo - Resigned 15 June 2021 Dr. Sharon Thembi Xaba
Registered Office	536 Francis Baard Street Meintjiesplein Building Block A, 4th Floor Arcadia Pretoria 0002
Bankers	Standard Bank of South Africa
Controlling Entity	Department of Agriculture, Land Reform and Rural Development
External Auditors	Auditor-General of South Africa Private Bag X 935 Pretoria 0001

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 102 to 154 which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, statement of cash flows 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 2022, 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 other 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 programme 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 programme presented in the public entity's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 2- Outcome 2: A viable and efficient agricultural sector generating optimal export earnings	35 - 36

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 - Outcome 2: A viable and efficient agricultural sector generating optimal export earnings.

Other matters

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 35 to 36 for information on the achievement of planned targets for the year and management's explanations provided for the underachievement of 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. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(b) of the PFMA.
20. Material misstatements of disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion

Expenditure management

21. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R6 012 000 as disclosed in note 27 to the financial statements, in contravention of section 51(1)(b)(ii) of the PFMA. Most of the irregular expenditure incurred was as a result of contracts signed without following the delegation of authority policy.

Consequence management

22. 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)(ii) 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

23. 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.
24. 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.
25. 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.
26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information and 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

27. 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 significant control deficiencies that resulted in the findings on compliance with legislation included in this report.
28. Inadequate oversight of compliance with laws and regulations resulted in repeat findings on expenditure management.
29. Management did not perform adequate reviews during the financial statement preparation process due to omission and erroneously including some significant note disclosures in the annual financial statements submitted for audit.
30. 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

31. 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.
32. At the date of this report, council had not completed a full investigation as per the recommendations contained in the preliminary investigation report issued on suspected fraud, corruption and conflict of interest in procurement and contract management relating to the Agriculture and Agro-Processing Master Plan contract.

Auditor-General

Pretoria

31 July 2022



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:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the National Agricultural Marketing Council 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 authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority 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

Annual Financial Statements for the year ended 31 March 2022

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 102 to 154 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 the 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 and Accounting Officer are 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 has 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 as set out on pages 102 to 154 were approved by the Accounting Authority on 29 July 2022 on their behalf by;



Chief Executive Officer
Dr. S Ngqangweni



Chairperson: Council
Mr. Angelo Petersen

National Agricultural Marketing Council

Report of the Chief Executive Officer

Annual Financial Statements for the year ended 31 March 2022

The accounting authority present its report for the year ended 31 March 2022.

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 47,3 million which represents the annual budget allocation for 2021/22 from the Department of Agriculture, Land Reform and Rural Development, whilst other income amounted to R 4,9 million and interest generated amounted to R 2,2 million. Total expenditure for 2021/22 amounted to R 54,4 million.

1.2 Statement of Financial Position as at 31 March 2022 is as follows:

- Total assets decreased by 15,1%, mainly due to a decrease in receivables and cash & cash equivalents during the 2022 financial year end.
- Total liabilities decreased by 18.8% mainly due to projects being implemented during the current reporting period

1.3 Cash Flow

The NAMC's cash position as at 31 March 2022 was R46,9 million. This entails unutilised sponsorship funding relating to projects as disclosed under note 20 of these annual financial statements.

1.4 Non - Compliance with Applicable Legislation

During the 2021/22 financial period council member Professor Mzukisi Qobo resigned as a council member of the Accounting Authority on the 15th of June 2021 which led to Council composition not complying with the MAP Act. 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.

National Agricultural Marketing Council

Report of the Chief Executive Officer

Annual Financial Statements for the year ended 31 March 2022

1.5 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
2021/2022	R'000	R'000	R'000	R'000
Strategic Infrastructure Project: SIP 11	1	-	-	1
Agricultural Sector Education, Training Authority (AgriSeta)	1,890	1,391	(2,816)	465
GDARD-Extension service as a catalyst to improve farm productivity	34	125	(3)	156
Ceres abattoir	2,198	-	-	2,198
Operation Phakisa	160	-	-	160
National Red Meat Development (NRMDP) - (Old SLA)	22,416	-	(22,416)	-
CASAVA	-	713	(473)	240
Total	26,699	2,229	(25,708)	3,220

Agent sponsorship funding

Name of project	Opening balance	Amount received/receivable	Amount utilised/Returned	Closing balance
	R'000	R'000	R'000	R'000
Agriseta - The Agricultural Sector Education and Training Authority (Agriseta - AAMP)	-	1,500	-	1,500
Agriculture and Agro-Processing Master Plan	19,010	-	(2,379)	16,631
National Red Meat Development - (New SLA)	-	20,851	(6,077)	14,774
Australian Centre for International Agricultural Research (ACIAR)	975	655	(208)	1,422
Total	19,985	23,006	(8,664)	34,327

National Agricultural Marketing Council

Report of the Chief Executive Officer

Annual Financial Statements for the year ended 31 March 2022

1.5.1 Strategic Infrastructure Project: SIP 11

The balance of R 1,000 was deferred to the statement of financial position.

1.5.2 National Red Meat Development Project

During the 2020/21 financial year the NRMDP contract came to an end on the 30th of September 2020, the NAMC accounted for the project as a principal according to GRAP 109. As at 2020/21 year-end, the project had remaining funds of R 22,4 million and commitments to the value of R 1,6 million which was paid during the 2021/22 financial year. The remaining balance after paying commitments was R 20,8 million. A new SLA was signed with the Department of Agriculture, Land Reform and Rural Development on the 10th of November 2021, which resulted in the change of accounting treatment to the NAMC being an agent according to the accounting standard. A balance of R 20,8 million was transferred to the deferred liability - agent. A total amount of R6 million was utilised which includes accruals raised at financial year-end. The remaining balance as at financial year end is R14,7 million which was deferred to liabilities.

1.5.3 Agricultural Sector, Education Training Authority (AgriSeta)

An amount of R2,8 million was utilised, and an amount of R 464,000 was deferred to the statement of financial position.

1.5.4 GDARD - Extension service as a catalyst to improve farm productivity

This project has an opening balance of R 34,000. No expenditure was incurred during the 2021/22 financial year-end. An invoice amounting to R 125,000 was raised and funds were received. A total of R 156,000 was deferred during 2021/22 financial year.

1.5.5 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 NAMC act as an agent and the Department is the principal. An additional invoice of R 1,7 million was raised and remained as receivable during the period under review. Total Expenditure incurred of R 208,000 related to work performed in 2020/21 financial year. The balance of R1,4 million was deferred to the statement of financial position.

1.5.6 Ceres Abattoir project

The balance of R2,1 million was deferred to the statement of financial position.

1.5.7 Operation Phakisa

The balance of R160,000 was deferred to the statement of financial position.

1.5.8 Agriculture and Agro-Processing Master Plan

An amount of R20,2 million was received from the Department of Agriculture, Land Reform and Rural Development for the implementation of Agriculture and Agro-Processing Master Plan (AAMP). As at financial year end an amount of R2,3 million was utilised for salaries of the employees and traveling expenditure for the services rendered towards the AAMP. At financial year end the balance of R16,6 million was deferred to the statement of financial position.

National Agricultural Marketing Council

Report of the Chief Executive Officer

Annual Financial Statements for the year ended 31 March 2022

1.5.9 AGRISETA - The Agricultural Sector Education and Training Authority (Agriseta AAMP)

An amount of R 1,5 million was received from the Agricultural Sector Education and Training Authority for the implementation of projects and programs identified in the national skills development strategy and other national priorities. No expenditure has been incurred during the 2021/22 financial year end.

1.5.10 CASAVA Projects

An amount of R 713,000 was received from the Technology Innovation Agency. A total amount of R 473,000 was utilised and a total of R 240,000 was deferred in 2021/22.

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. These annual financial statements support the viability of the entity.

3. Events after reporting date

Non - Adjusting Events

Subsequent to the reporting period, NAMC received a summon from the Regional Court in Gauteng. The summon is as a result of the contract that was terminated by NAMC. This contract was in relation to provision of company secretarial functions by Athari Sourcing Group. The service provider is claiming R360 000 for services rendered according to the signed SLA, cost of suite, 7% interest and further/alternative relief.

4. Accounting Authority interest in contracts

To our knowledge, none of the accounting authority members had any interest in contracts entered into during the year under review.

5. Accounting Authority

The accounting authority of the entity during the year and up to the date of this report are as follows:

Mr. Angelo Petersen
Ms. Thandeka Ntsangase
Prof. Andre Jooste
Mr. Sifiso J Mhlaba
Ms. Nonie Mokose
Ms. Shandini Naidoo
Mr. Gerhard Schutte
Dr. Sharon Thembi Xaba
Ms. Fezeka Mkile
Prof. Mzukisi Qobo - Resigned June 2021

National Agricultural Marketing Council

Report of the Chief Executive Officer

Annual Financial Statements for the year ended 31 March 2022

6. 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.

7. 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.

8. 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 based on their expertise in the field of agriculture, business, financial management and research.

8.1 Governance Structures

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

The following Council Committees were functional as at 31 March 2022:

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

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

8.2 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:

National Agricultural Marketing Council

Report of the Chief Executive Officer

Audited Annual Financial Statements for the year ended 31 March 2022

8.3 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.

8.4 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.

8.5 Internal Audit

Nexia SAB & T continues to be the internal auditors for NAMC. The firm was reappointed in January 2020 for 2 years. The contract ended on the 31st of January 2022 and no audits were undertaken other than follow-up on findings from both Internal and External audit.

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

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

During the period under review, the internal auditors conducted a follow-up on prior year audit findings review. The results were reported to management and Audit and Risk Committee and Council.

National Agricultural Marketing Council

Report of the Chief Executive Officer

Audited Annual Financial Statements for the year ended 31 March 2022

8.6 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 Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	Notes	2022	2021
Assets			
Non-current assets			
Property, plant and equipment	12	1,469	1,471
Investment property	13	1,615	1,651
Intangible assets	14	238	168
Receivables from exchange transactions	10.1	251	251
Total non-current assets		3,573	3,541
Current assets			
Inventories	8	47	25
Receivables from non-exchange transactions	9	2,843	4,990
Receivables from exchange transaction	10.1	222	48
Cash and cash equivalents	11	46,948	54,558
Total current assets		50,060	59,621
Total assets		53,633	63,162
Liabilities			
Non-current liabilities			
Finance lease obligation	17	44	155
Total non-current liabilities		44	155
Current liabilities			
Employee short-term benefits provisions	4.1.1	3,281	4,041
Provision for bad debts	5.1	131	-
Finance lease obligation	17	114	111
Operating lease liability	18	48	-
Payables from exchange transactions	19	1,348	1,359
Deferred Income	20	37,547	24,268
Deferred Liability	20	-	22,416
Total current liabilities		42,469	52,195
Total liabilities		42,513	52,350
Net assets		11,120	10,812
Represented by:			
Net asset			
Accumulated surplus		11,120	10,812
Total		53,633	63,162

National Agricultural Marketing Council

Statement of Financial Performance

Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	Notes	2022	2021
Revenue from non-exchange transactions			
Grants	3.	47,305	47,422
Sponsorship revenue	3.	4,182	25,936
Revenue from exchange transactions			
Rendering of services	3	605	1,196
Interest income	3	2,260	2,777
Rent income	3.	132	132
Gross Revenue		54,484	77,463
Expenses		(54,353)	(67,879)
Administrative expenses	5.	(4,487)	(4,537)
Operating expenses	6.1	(9,752)	(15,571)
Depreciation and amortisation	6.3	(719)	(2,480)
Personnel expenditure	4	(39,380)	(45,276)
Finance costs	21.	(15)	(15)
Profit/(Loss) on disposal of property, plant & equipment and investments property	6.2	(107)	(7,316)
Impairment loss on property, plant & equipment	6.2	-	(17)
Surplus from operating activities		24	2,251
Surplus for the year		24	2,251
(Deficit) / surplus for the year attributable to:			
Owners of the controlling entity		24	2,251
Surplus / (Deficit) for the year		24	2,251

National Agricultural Marketing Council

Statement of Changes in Net Assets

Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	Notes	Accumulated surplus	Total
Balance at 1 April 2020		8,589	8,589
Changes in net assets			
Surplus for the period		2,251	2,251
Prior year error	29.	(28)	(28)
Balance at 1 April 2021		10,812	10,812
Changes in net assets			
Surplus for the period		24	24
Prior period error	29.	284	284
Balance at 31 March 2022		11,120	11,120

National Agricultural Marketing Council

Statement of Cash Flows

Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	Notes	2022	2021
Cash flows (used in) / from operating activities			
Cash receipts from grants or transfers and other appropriations or other budget authority made by national government and other entities		51,151	109,648
Project receipts		2,791	61,902
Sponsors receipts		1,055	324
Cash receipts from grants or transfers		47,305	47,422
Cash payments to suppliers and employees		(60,369)	(63,462)
Cash payments to suppliers for goods and services		(20,989)	(18,234)
Cash returned to the sponsor		-	(504)
Cash payments to and on behalf of employees		(39,380)	(37,528)
Cash payments to and on behalf of employees - projects			(7,196)
Net cash flows from / (used in) operations	7	(9,218)	46,186
Interest received		2,257	2,339
Insurance proceeds		-	28
Other Receipts		387	-
Net cash flows from / (used in) operating activities		(6,574)	48,553
Net Cash flows (used in) / from investing activities			
Purchase of property, plant and equipment	12	(648)	(3,715)
Purchase of intangible assets	14	(212)	-
Cash flows (used in) / from investing activities		(860)	(3,715)
Net Cash flows used in financing activities			
Finance lease payments		(161)	(86)
Finance costs		(15)	(15)
Net Cash flows used in financing activities		(176)	(101)
Net increase / (decrease) in cash and cash equivalents		(7,610)	44,737
Cash and cash equivalents at beginning of period		54,558	9,821
Cash and cash equivalents at end of period	11	46,948	54,558

National Agricultural Marketing Council

Statement of Comparison of Budget and Actual Amounts

Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	Approved budget	Adjustments	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	47,305	-	47,305	47,305	-	0 %	
Other income/sponsorship utilised	-	-	-	4,182	4,182	100 %	23.1
Revenue from exchange transactions							
Rendering of services	1,840	-	1,840	605	(1,235)	-67 %	23.2
Interest	1,020	-	1,020	2,260	1,240	122 %	23.3
Rent income	-	-	-	132	132	100 %	13.1
Total revenue	50,165	-	50,165	54,484	4,319	9 %	
Expenses							
Personnel expenditure	34,478	(887)	33,591	39,380	(5,789)	-17 %	23.4
Administration expenses	9,337	1,164	10,501	2,882	7,619	73 %	23.5
Administration projects	-	-	-	1,605	(1,605)	-100 %	23.5
Operating expenses	2,840	1,795	4,635	7,828	(3,193)	-69 %	23.6
Operating expenses (Projects)	-	-	-	1,924	(1,924)	-100 %	23.6
Depreciation and amortisation	650	(650)	-	719	(719)	-100 %	23.7
Loss on disposal and impairment of assets	-	-	-	107	(107)	-100 %	23.8
Bonus	-	1,438	1,438		1,438	100 %	23.9
Finance costs	-	-	-	15	(15)	-100 %	
Total expenses	47,305	2,860	50,165	54,460	(4,295)	-9 %	
Surplus / (Deficit) before tax	2,860	(2,860)	-	24	24		

The adjustments to the budget are as a result of mid-year term budget review.

National Agricultural Marketing Council

Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2022

1. Accounting Policies

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

1.1 Reporting institution

The National Agricultural Marketing Council ("NAMC") is an entity domiciled in South Africa. The address of the NAMC's registered office is 536 Francis Baard Street, Arcadia, Pretoria, 0002. The NAMC's primary business is to provide strategic advice to the Minister of the 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:

Effective interest rate

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

Trade and other receivables

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

National Agricultural Marketing Council

Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2022

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. Refer to note 20 for details on the projects managed by the entity.

Recognition

Revenue is recognised when it is probable that economic benefits or service potential will flow to the entity and these benefits can be measured reliably.

Measurement

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

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.

National Agricultural Marketing Council

Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2022

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.

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.

National Agricultural Marketing Council

Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2022

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. Project 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

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

Management will assess the useful life of the assets annually according to Grap 17, however assets with economic life longer than the useful life will be kept at nil balance on the fixed asset register after they have been fully depreciated.

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.

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Accounting Policies

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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 is 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

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.

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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.

1.11 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.

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 the statement of financial performance.

National Agricultural Marketing Council

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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.

After 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.

National Agricultural Marketing Council

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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.

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 measured at fair value, plus or minus transaction costs.

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 initially measured at fair value and subsequently measured at amortised cost.

Short term receivables are measured at amortised cost, using the effective interest rate method which would involve discounting amounts to the present values.

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 amortised cost.

Finance liabilities

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

National Agricultural Marketing Council

Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2022

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.

Derecognition of financial instruments

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

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

1.14 Provisions

Provisions are recognised when the entity has a present obligation as a result of 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.

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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 consists 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.

1.16 Principals and Agents – Deferred Income

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

Identifying whether an entity is a principal or an agent

When the entity is party to a principal to a principal -agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

National Agricultural Marketing Council

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Audited Annual Financial Statements for the year ended 31 March 2022

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of the binding arrangement are modified, the parties to the arrangement re-assess whether they act as principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not an agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction, It does not have the ability to use all, or substantially all, of the resources that result from the
- transaction for its own benefit and
- It is not exposed to variability in the results of the transactions.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity as a principal and/or agent recognizes revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity recognizes assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standard of GRAP.

1.17 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.

National Agricultural Marketing Council

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Audited Annual Financial Statements for the year ended 31 March 2022

1.18 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.

1.19 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

1.20 Employee benefit cost

Short – term employee benefits

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

Accrual for leave pay

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

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.

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Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2022

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.

1.21 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.

1.22 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 reclassification and restatements are also disclosed in the notes where applicable.

1.23 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.
GRAP 1	Presentation of Financial Statements	The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements.	No Impact

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Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
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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. 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	605	1,196
Interest income	2,260	2,777
Rent income	132	132
	2,997	4,105

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 R605,000 in 2021/22 financial year end and (R1,2 million in 2020/21). The exchange revenue relates to National Redmeat Development Project, Agriculture and Agro-Processing Master Plan, Gauteng Department of Agriculture Rural Development (GDARD) Extension service as a catalyst to improve farm productivity and CASSAVA. Decrease in management fees is due to the NRMDP project coming to an end in 30 September 2020 and a new service level agreement signed in November 2021, which resulted in a decrease in expenses incurred on the project

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

Department of Agriculture, Land Reform and Rural Development - MTEF Allocation	47,305	47,422
Total sponsorship revenues	4,182	25,936
Sponsorship funds	612	25,936
Other income	183	-
Revenue from projects - (See note 20)	3,387	-
	51,487	73,358

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
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4. Personnel expenditure

4.1 Personnel expenditure is analysed as follows:

Non-management		24,930	33,196
Basic salaries		20,138	26,313
*Performance bonuses provisions		1,123	2,500
Other non-pensionable allowance		1,081	1,052
Leave provision expense		(260)	121
UIF		95	291
*Other salary related cost		342	223
Pension: Post-employment benefits		2,411	2,696
Senior management remuneration	Note 16	12,242	10,218
Audit & Risk Committee Member's fees	Note 15	773	552
Council member's fees	Note 15	1,435	1,310
Total personnel expenditure		39,380	45,276

*Performance bonus paid to senior managers is disclosed under note 16.

*Other salary related cost includes Group scheme

4.1.1 Reconciliations of employee benefit provisions

Employee benefit provisions 2021/22	Opening balance	Movement	Total
Leave accrual	1,541	(260)	1,281
Performance bonus provisions	2,500	(500)	2,000
	4,041	(760)	3,281

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

Employee benefit provisions 2020/21	Opening balance	Movement	Total
Leave accrual	888	653	1,541
Performance bonus provisions	-	2,500	2,500
	888	3,153	4,041

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
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5. Administrative expenses

5.1 Administrative expenses consist of:

General administrative expenses	522	756
Printing and stationery	326	451
Auditors` remun. - fees	1,427	1,212
Internal audit fees	479	260
Bad debts	131	107
Bank charges	36	41
IT costs	1,000	880
Refreshments and catering	30	26
Training and development	536	804
	4,487	4,537

5.2 Additional details - Bad debts.

Bad Debts: Rental income to the value of R 132,000 was raised as revenue from exchange transaction. Based on historical events the NAMC does not anticipate the tenant to pay rent for 2021/22 financial year end which resulted in NAMC raising a provision for bad debts to the amount of R 131,000. Maintenance fees were deducted from the debtor as he paid R 1,000 during the current reporting period.

6. Operating expenses

6.1 Operating expenses consist of:

Legal Fees	1,551	-
Rentals in respect of operating lease	2,295	2,768
Levy	173	371
Municipal charges	582	1,382
Communication costs	59	176
Other expenses	10	25
Project expenses	1,924	8,758
Section 7 Committees and Consultancy	1,336	952
Computer consumables	2	2
Courier and delivery charges	6	9
Maintenance, repairs and running costs	171	42
Research & workshops	578	82
Travel and subsistence	1,065	1,004
Total other expenses	9,752	15,571

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Notes to the Financial Statements

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Figures in R `000	2022	2021
6.2 Other gains and losses		
Gain or loss on disposal of assets	107	7,316
Impairment loss on property, plant & equipment	-	(17)
Total other gains and losses	107	7,299
6.3 Depreciation and amortisation		
Depreciation	584	2,416
Amortisation	135	64
Total	719	2,480
7. Reconciliation of (deficit)/surplus for the year to net cash flows from operating activities		
Surplus for the year	24	2,251
Adjustments to reconcile surplus		
Adjustments for finance income	(2,257)	(2,339)
Adjustments for finance costs	15	15
Adjustments for increase in inventories	(22)	70
Adjustments for decrease in trade accounts receivable	1,973	29,226
Adjustments for impairments	131	107
Adjustments for decrease in other receivables	-	(48)
Adjustment for decrease or increase in trade accounts payable	(771)	3,305
Adjustments for decrease in deferred income	(9,137)	3,791
Adjustments for depreciation and amortisation expense	719	2,480
Adjustments for gains and losses on disposal of non-current assets	107	7,328
Total adjustments to recon-cile surplus	(9,242)	43,935
Net cash flows from operations	(9,218)	46,186

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
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8. Inventories

The balances of inventories are as follows:

Consumable stores	47	25
Total current inventories	47	25

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	-	5,454
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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	2,843	4,990
Total current receivables	2,843	4,990

The receivables are mainly for non-exchange transactions (grants with no conditions/ conditional grants) 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 Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
10. Receivables from exchange transactions		
10.1 Receivables from exchange transactions comprise:		
Prepayments	220	48
Deposits	251	251
Other Debtors	2	-
	473	299
Less non-current portion	(251)	(251)
Total current receivables	222	48
10.2 Items included in Receivables from exchange transactions not classified as financial instruments		
Prepayments	220	48
Total non-financial instruments included in trade and other receivables	220	48
The prepayments mainly relates to study fees paid in advance.		
Financial assets that are not past due	0	1,574
11. Cash and cash equivalents		
Cash and cash equivalents comprise:		
Cash		
Cash on hand	3	3
Balances with banks	46,945	54,555
Total cash	46,948	54,558
Total cash and cash equivalents included in current assets	46,948	54,558
Net cash and cash equivalents	46,948	54,558

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

12. 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	Property, plant and equipment under operating leases	Farming equipment	Operational Buildings	Total
Reconciliation for the year ended 31 March 2022										
Balance at 1 April 2022										
At cost	1,340	1,072	1,145	493	2,157	486	-	36	-	6,729
Accumulated depreciation	(1,310)	(825)	(986)	(372)	(1,512)	(218)	-	(35)	-	(5,258)
Carrying amount	30	247	159	121	645	268	-	1	-	1,471
Movements for the year ended 31 March 2022										
Additions	482	-	-	24	142	-	-	-	-	648
Depreciation	(129)	(43)	(31)	(68)	(173)	(104)	-	-	-	(548)
Disposals	-	-	(18)	(6)	(68)	(9)	-	(1)	-	(102)
Property, plant and equipment at end of period	383	204	110	71	546	155	-	-	-	1,469
Closing balance at 31 March 2022										
At cost	1,153	1,072	821	320	1,837	329	-	36	-	5,568
Accumulated depreciation	(770)	(868)	(711)	(249)	(1,291)	(174)	-	(36)	-	(4,099)
Carrying amount	383	204	110	71	546	155	-	-	-	1,469

The entity's obligations under finance leases are secured by the lessor title to the leased assets, which have a carrying amount of R155,000 in 2021/22 and R268,000 in 2020/21. The entity is not allowed to pledge these assets as security for borrowings or sell them to another entity.

Repairs and maintenance

A total amount of R170,979 has been spent on repairs and maintenance on assets under leasehold improvements, furniture & Fittings

Figures in R `000	Leasehold improvements	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Leased office equipment	Property, plant and equipment under operating leases	Farming equipment	Operational Buildings	Total
Reconciliation for the year ended 31 March 2021										
Balance at 1 April 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
Movements for the year ended 31 March 2021										
Additions	-	-	-	-	481	328	-	55	2,850	3,714
Depreciation	(10)	(68)	(37)	(51)	(202)	(71)	-	-	(1,942)	(2,381)
Impairment loss recognised in surplus or deficit	-	-	-	-	-	-	-	-	(17)	(17)
Disposals	-	(121)	(6)	-	(93)	-	-	(81)	(6,963)	(7,264)
Property, plant and equipment at end of period	30	247	159	121	645	268	-	1	-	1,471
Closing balance at 31 March 2022										
At cost	1,340	1,072	1,145	493	2,157	486	-	36	15,476	22,205
Accumulated depreciation	(1,310)	(825)	(986)	(372)	(1,512)	(218)	-	(35)	(15,476)	(20,734)
Carrying amount	30	247	159	121	645	268	-	1	-	1,471

A total amount of R42,296 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 Annual Financial Statements for the year ended 31 March 2022

13. Investment property

Balances at year end and movements for the year: 2022

Reconciliation for the year	Land	Building	Total
Balance at start of year			
At cost	550	1,200	1,750
Accumulated depreciation	-	(99)	(99)
Gross carrying amount	550	1,101	1,651
Depreciation	-	(36)	(36)
Investment property at end of period	550	1,065	1,615
Closing balance at end of year 2022			
At fair value	-		
At cost	550	1,200	1,750
Accumulated depreciation	-	(135)	(135)
Carrying amount	550	1,065	1,615

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.

As at the end of the financial reporting period the NAMC has the intention of disposing the Investment Property (Land & Building) situated at Eastern Cape Province, ERF 2422000; 63 Sission street, Fort Gale Mthatha.

Rental income of R132,000 was receivable as at March 2022. Rental income is disclosed under other income line item as goods & services in kind.

National Agricultural Marketing Council

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Audited Annual Financial Statements for the year ended 31 March 2022

Reconciliation for the year	Land	Building	Total
Balance at start of year end 2020			
At cost	550	1,200	1,750
Accumulated depreciation	-	(63)	(63)
Gross carrying amount	550	1,137	1,687
Movements for the year 2021			
Depreciation	-	(36)	(36)
Investment property at end of period	550	1,101	1,651
Closing balance at end of year 2021			
At fair value			
At cost	550	1,200	1,750
Accumulated depreciation	-	(99)	(99)
Carrying amount	550	1,101	1,651

National Agricultural Marketing Council

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Audited Annual Financial Statements for the year ended 31 March 2022

14. Intangible assets

Reconciliation of changes in intangible assets	Computer Software	Computer Software NRMDP	Total
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Reconciliation for the year ended 31 March 2022

Balance at 1 April 2021

At cost	1,061	-	1,061
Accumulated amortisation	(893)	-	(893)
Carrying amount	168	-	168

Movements for the year ended 31 March 2022

Acquisitions	212	-	212
Amortisation	(136)	-	(136)
Disposals	(6)	-	(6)
Intangible assets at end of period	238	-	238

Closing balance at 31 March 2022

At cost	1,083	-	1,083
Accumulated amortisation	(845)	-	(845)
Carrying amount	238	-	238

No intangible assets were pledged as security for liabilities.

Reconciliation for the year ended 31 March 2021

Balance at 1 April 2020

At cost	1,061	89	1,150
Accumulated amortisation	(829)	(85)	(914)
Carrying amount	232	4	236

Movements for the year ended 31 March 2021

Amortisation	(64)	(1)	(65)
Disposals	-	(3)	(3)
Intangible assets at end of period	168	-	168

Closing balance at 31 March 2021

At cost	1,061	89	1,150
Accumulated amortisation	(893)	(89)	(982)
Carrying amount	168	-	168

No intangible assets were pledged as security for liabilities.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

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

	Fees for Services	Total 2022	Total 2021
Members Name			
Mr. AG Petersen: Chairperson (From 25 May 2021)	141	141	-
Mr. JH Prinsloo: Acting Chairperson (Contract ended 25 May 2021)	54	54	265
Ms. F Mkile (Re-appointment: 25 May 2021)	225	225	292
Mr. HT Mohane (Contract ended 25 May 2021)	32	32	149
Ms. N. Mokose (Re-appointment: 25 May 2021)	179	179	122
Mr. B Mokgatle (Contract ended 25 May 2021)	32	32	126
Dr. D Rangaka (Contract ended: 25 May 2021)	29	29	214
Mr. GM Schutte (Re-appointment: 25 May 2021)	125	125	142
Prof. MJ Qobo (Appointed in 25 May 2021 and resigned June 2021)	8	8	-
Dr. ST Xaba (Appointed 25 May 2021)	136	136	-
Ms. T Ntshangase (Deputy Chairperson - Appointed 25 May 2021)	203	203	-
Ms. SN Naidoo (Appointed in 25 May 2021)	79	79	-
Mr. SJ Mhlaba (Appointed in 25 May 2021)	85	85	-
Prof. A Jooste (appointed in 25 May 2021)	107	107	-
Total	1,435	1,435	1,310
Fees paid to Independent Audit and Risk Committee members			
Ms. B Mgozeli - Appointed as audit & risk committee member from (July 2021)	39	39	-
Mr. S Dzegwa - Appointed as an independent audit & risk committee member and a Chairperson of Risk committee (1 December 2021)	26	26	-
Dr. P Dala - Chairperson of Risk Management Committee and Audit & Risk Committee member (Contract ended December 2021)	366	366	316
Mr. P Slack - Chairperson of Audit and Risk Committee member (1 July 2021)	163	163	-
Ms. L Mothae - Chairperson of Audit & Risk Committee (Contract ended June 2021)	179	179	236
	773	773	552

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

16. Senior managers' emoluments

	Basic salary	Allowances	Pension contribution payments	Termination payout	UIF	Bonuses	Total 2022
Ms. F Netili - Chief Financial Officer (Resigned on the 30 June 2021)	515		52	-	1	152	720
Mr. Schalk Burger - Senior Manager – Statutory Measures	1,240	-	245	-	2	67	1,554
Mr. B. Nyhodo - Senior Manager - Agricultural Trusts	1,239		173	-	2	125	1,539
Mr. K Mphela - Acting Risk & Compliance manager (10 August 2021 - 31 December 2021)	-	146	-	-	-	-	146
Dr. S Ngqangweni - Chief Executive Officer	1,901		269	-	2	193	2,365
Mrs. MI Mathatho - Chief Financial Officer (Appointed 1 October 2021)	844		-	-	1	-	845
Mrs. KC Mosoma - Senior Manager – Agribusiness Development	1,233		173	-	2	125	1,533
Mr. T Marishane - Risk and Compliance Manager (Resigned 31 July 2021)	197	-	30	145	1	-	373
Ms. F Mudau- Acting CFO (1 July - 30 September 2021)	-	176	-	-	-	-	176
Mrs. NN Shelembe - Risk and Compliance Manager (Appointed 1 January 2022)	170		23	-	1	-	194
Dr. NP Tempia- Senior Manager MERC	1,233		159	-	2	-	1,394
Ms. PNC Simelane- Senior Manager Human Resources	1,229		173	-	2	-	1,404
	9,801	322	1,297	145	15	662	12,242

Notes to the Financial Statements

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	Basic salary	Allowances	Pension contribution payments	UIF	Termination payout	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 - Senior Manager MERC	201	-	-	-	-	201
Dr. S Ngqangweni - Chief Executive Officer (Appointed 01 June 2020)	1,552	-	251	2	-	1,805
Mrs. KC Mosoma - Senior Manager – Agri-business Development	1,200	-	172	1	-	1,373
Mr. T Marishane - Risk and Compliance Manager	639	-	91	1	-	731
Dr. Sfiso Ntombela- Acting Senior Manager MERC	-	37	-	-	-	37
Mr. Tshilidzi Netswinganani - Acting Senior Manager: Human Resources	-	239	-	-	-	239
Dr. NP Tempia- Senior Manager (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 Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
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17. Finance lease obligation

17.1 Finance lease obligation is analysed as follows:

Finance lease obligations: Leased equipment	158	266
	158	266
Non-current liabilities	44	155
Current liabilities	114	111
	158	266

17.2 Finance lease obligations - lease payment reconciliations

Gross finance lease obligations - minimum lease payments

Not later than one year	122	126
Later than one year and not later than five years	45	162
	167	288

Future finance charges on finance lease liabilities	(9)	(23)
Present value of finance lease liabilities	158	265
Present value of finance lease obligations net of impairments	158	265

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 photocopy machine from Konica Minolta for a period of 24 to 36 months.

Terms and conditions

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

National Agricultural Marketing Council

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Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
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18. Operating lease liabilities

Operating lease liabilities are analysed as follows:

Operating lease liability	48	-
	48	-
Current liabilities	48	-
Future minimum lease payments		
Not later than one year	1,129	-
Later than five years	1,611	-
	2,740	-

The NAMC entered into a 3-year lease agreement, the lease agreement for office rental will expire in July 2024.

19. Payables from exchange transactions

Payables from exchange transactions are made up as follows:

Trade creditors	1,348	1 359
Total payables from exchange transactions	1,348	1 359

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

20. Deferred Income

20.1 Deferred revenue

Principal and Agent liability

Name of project	Opening balance	Amount received/ receivable	Amount utilised	Amounts transferred/ Invoice reversed	Closing balance
Name of project: Principal					
2022					
Strategic Infrastructure Project: SIP 11	1	-	-		1
Agricultural Sector Education, Training Authority (AgriSeta)	1,890	1,391	(1,605)	(1,211)	465
GDARD - Extension service as a catalyst to improve farm productivity	34	125	(3)		156
Ceres abattoir	2,198	-	-		2 198
Operation Phakisa	160	-	-		160
National Red Meat Development Programme (NRMDP)	22,416	-	(1,565)	(20,851)	-
CASAVA project	-	713	(473)		240
Total	26,699	2,229	(3,646)	(22,062)	3 220
Name of project: Agent					
2022					
Agriculture and Agro-Processing Master Plan (AAMP)	19,010	-	(2,379)		16 631
National Red Meat Development Programme	-	20,851	(6,077)		14 774
AgriSeta (AAMP)	-	1,500	-		1 500
Australian Centre for International Agricultural Research (ACIAR)	975	655	(208)		1 422
Total	19,985	23,006	(8,664)		34 327
Total liabilities					37,547

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

Name of project	Opening balance	Amount received/ receivable	Amount utilised	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
Small holder Farming in Agro-processing industry	213	125	(304)	34
Ceres abattoir	2,198	-	-	2 198
Operations Phakisa	160	-	-	160
National Red Meat Development (NRMDP)	39,290	8,148	(25,022)	22 416
Total	41,951	11,198	(26,450)	26 699

Deferred revenue reflects the amount of income received during the current and previous financial years, but which will be utilised in the subsequent years. Disclosure of deferred income is accounted for according of the GRAP 109, were the contracts are assessed according to the standard to determine whether its an agent or principal.

Name of project: Agent

2021

Agriculture and Agro-Processing Master Plan (AAMP)	0	20240	(1,230)	19 010
Vineyard Development Scheme	148	-	(148)	-
Maize Meat Hub Feed lot	148	-	(148)	-
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

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Audited Annual Financial Statements for the year ended 31 March 2022

20.2 Agent and principal liability

Nature of the relationship

20.2.1 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 NAMC act as an agent and the Department is the principal. An additional invoice of R 1,7 million was raised and remained as receivable during the period under review. Total Expenditure incurred of R 208,000 relate to work performed in 2020/21 financial year. The balance of R1,4 million was deferred to the statement of financial position.

20.2.2 Agriculture and Agro-Processing Master Plan

An amount of R20,2 million 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 1st of April 2021 there was an opening balance of R19 million carried from the previous financial year. As at March 2022 an amount of R2,3 million was utilised for salaries of the employees and for the services rendered towards the AAMP.

20.2.3 National Red Meat Development Project

During the 2020/21 financial year the NRMDP contract came to an end on the 30th of September 2020, the NAMC accounted for the project as a principal according to GRAP 109. As at 2020/21 financial year end the project had remaining funds of R 22,4 million and commitments to the balance R 1,6 million which was paid during the 2021/22 financial year. The remaining balance after paying commitments was R 20,8 million. A new SLA was signed with the Department of Agriculture, Land Reform and Rural Development on the 10th of November 2021, which resulted in the change of accounting treatment to the NAMC being an agent according to the accounting standard. A balance of R 20,8 million was transferred to deferred liability - agent. A total amount of R6 million was utilised which includes accruals raised at financial year end. The remaining balance as at financial year end is R14,7 million which was deferred to liabilities.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

21. Financial instruments

Introduction and overview

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

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 ongoing basis. Reputable financial institutions are used for investing and cash handling. As at 31 March 2022 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) (R 54,6 - R 46,9 Million).

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

	Carrying amount	
	2022	2021
Financial assets at amortised cost		
Cash and cash equivalents	46,948	54,558
Receivables from non-exchange and exchange transactions	3,094	5,241
	50,042	59,799
Financial liabilities at amortised cost		
Finance leases	158	265
Payables from exchange transactions	1,348	1,359
	1,506	1,624

Prepayments are excluded from financial instruments in both financial years

National Agricultural Marketing Council

Notes to the Financial Statements

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

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
2022			
Interest income	2,260	-	2,260
Finance costs	-	(15)	(15)
Total	2,260	(15)	2,245
2021			
Interest income	2,339	-	2,339
Finance costs	-	(15)	(15)
Total	2,339	(15)	2,324

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

Exposure to risks: Credit risk

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

	Carrying amount	
	2022	2021
Financial assets at amortised cost		
Cash and cash equivalents	46,948	54,558
Receivables from non-exchange and exchange transactions	3,094	5,241
	50,042	59,799
Financial liabilities at amortised cost		
Finance leases	158	265
Payables from exchange transactions	1,348	1,359
	1,506	1,624

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.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

	2022		2021	
	Gross	Impairment	Gross	Impairment
Cash and equivalents				
- Neither past due nor impaired	46,948	-	54,558	-
Receivables				
- Past due but not impaired	392	-	2,903	-
- Neither past due nor impaired	2,487	-	2,338	-
Total	49,827	-	59,799	-

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
2022				
Finance lease liabilities	158	158	114	44
Payables	1,348	1,348	-	-
Total	1,506	1,506	114	44
2021				
Finance lease liabilities	265	265	111	154
Payables	1,359	1,359	-	-
Total	1,624	1,624	111	154

National Agricultural Marketing Council

Notes to the Financial Statements

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Figures in R `000	2022	2021
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Exposure to risk: Market risk

Interest rate risk

Concentration of interest rate risk

Variable rate instruments

Financial assets	46,948	54,558
Financial liabilities	(158)	(265)
Total	46,790	54,293

Fixed rate instruments

Financial assets: Accounts receivable	3,094	5,241
Financial liabilities: Accounts payable	(1,348)	(1,359)
Total	1,746	3,882

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

22. Related parties

Parties related to National Agricultural Marketing Council

Relationship	Name of related party
Controlling entity	Minister of Agriculture
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 15
Senior Management	Refer to note 16

National Agricultural Marketing Council

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Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
Related parties transactions		
Department of Agriculture, Land Reform and Rural Development - Grant	47,305	47 422
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) & Agricultural Research Council	4,152	26 515
	51,457	73 937

Nature of the related party transactions

The transaction with related parties indicates the amounts utilised and receivable from grants/sponsorship from related parties during 2021/22. Other related party transactions for key management are disclosed in note 15 & 16.

Related parties balance

Department of Agriculture, Land Reform and Rural Development -Strategic Infrastructure Project, Operation Phakisa and ACIAR and AAMP	21,912	44 760
Department of Agriculture, Land Reform and Rural Development	-	0
Total	21,912	44 760

The balances on related parties indicates the conditional grants remaining to be utilised in 2022/23. The balances disclosed are interest free and not secured.

23. Budget differences

Material differences between budget and actual amounts

Revenue

23.1 Other income /sponsorship utilised

This is as a result of the NAMC not budgeting for income to be received from other sponsors. The un-budgeted amount of R 4,182 million was received and utilised for sponsorship projects.

23.2 Management fees

A decrease of R1,235 million is due to a decrease in project expenses which resulted in management fees relating to Agriculture and Agro-Processing Master Plan and National Red Meat Development Project decreasing.

23.3 Interest

An increase of R1,240 million as compared to the budget is due to an increase in funds invested during the financial year.

National Agricultural Marketing Council

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23.4 Personnel expenditure

An unfavourable variance of R 5,789 million is as a result of salaries for interns, council fees and staff allowance. The intern's salaries were paid through AgriSeta funding and additional meetings were held which was not budgeted for.

23.5 Administration expenses

A favourable variance of R 7,619 million is due to majority of staff working from home. Disclosed separately is administration expenses relating to projects, these expense are not budgeted for by the NAMC as it relates to the project.

23.6 Operating expenses

The operating expenditure shows an unfavourable variance of R3,193 million as a result of the un-budgeted cost of moving to the 4th floor and as well as the consulting fees.

Disclosed separately is operational expenditure relating to projects, these expense are not budgeted for by the NAMC as it relates to the project.

23.7 Depreciation

There is no budget allocated on depreciation, this resulted in a variance of R 719 000.

23.8 Loss on disposal of assets

There is no budget allocated on loss on disposal of assets, this resulted in a variance of R 107 000.

23.9 Bonus

The variance of R1,438 million is due to bonuses for the current financial year end that has not yet been paid out. Bonus pay out is based on the performance of the organisation after the audit has been conducted, which results in prior year performance bonuses being paid in 2021/22 financial year. During 2020/21 year end a provision for R 2,5 million was made to pay out the bonus and these were expensed under personnel expenditure.

23.10 Budget and the actual amounts basis of preparation and presentation

The approved budget covers the period from 1 April 2021 to 31 March 2022, 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 Annual Financial Statements for the year ended 31 March 2022

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

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.

National Agricultural Marketing Council

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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.

Segment surplus or deficit, assets and liabilities

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
2022						
Revenue						
Revenue from non-exchange transactions	48,863	800	-	261	1,565	51,489
Revenue from exchange transactions	737	-	-	-	-	737
Total segment revenue	49,600	800	-	261	1,565	52,226
Expenses						
Salaries and wages	17,458	11,340	3,441	2,901	3,467	38,607
Depreciation and amortisation	719	-	-	-	-	719
Other expenses	11,338	1,106	226	434	1,910	15,014
Loss on disposal of assets	107					107
Total segment expenses	29,622	12,446	3,667	3,335	5,377	54,447
Total segment surplus/(deficit)	19,978	(11,646)	(3,667)	(3,074)	(3,812)	(2,221)
Interest revenue	2,260	-	-	-	-	2,260
Interest expense	15	-	-	-	-	15
Surplus for the period/(deficit)	22,223	(11,646)	(3,667)	(3,074)	(3,812)	24

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
2022						
Assets						
Segment assets (tangible assets)	3,084	-	-	-	-	3,084
Segment assets (intangible assets)	238	-	-	-	-	238
Receivable from exchange and non-exchange transactions	3,316	-	-	-	-	3,316
Inventory	47	-	-	-	-	47
Cash and cash equivalent	12,788	19,386	-	-	14,774	46,948
Total assets	19,473	19,386	-	-	14,774	53,633
Liabilities						
Other Liabilities	4,966	-	-	-	-	4,966
Segment liabilities	465	22,308	-	-	14,774	37,547
Total Liabilities	5,431	22,308	-	-	14,774	42,513
Other information						
Capital expenditure	648	-	-	-	-	3,715
Accrued expense	711	-	-	-	-	1,359
Deferred revenue	465	20,808	-	-	16,274	37,547

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
2021						
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
Proceeds from insurance	-	-	-	-	-	-
Share of surplus of associates	-	-	-	-	-	-
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	-	-	-	7,360	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/(deficit) for the period	1,356	1,311	(288)	(308)	180	2,251

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

	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-exchange 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

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

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25. Contingent liabilities

Claim by former employee of Transkei Agricultural Marketing Board

The NAMC has received a summon from the High Court of South Africa with regard to the reinstatement of former employee to his former position of a General Manager which he has been occupying before the disbandment of the Transkei Agricultural Marketing Board.

The applicant is claiming that arrear salary be paid to him with interest dating back 29 September 2000.

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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 costs of R207,000 should they need to defend on this matter.

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

For a number of years now, the NAMC has been attempting to dispose of a residential property located in the town of Mthatha, Eastern Cape. The former employee of Transkei Agricultural Marketing Board is currently occupying this property and not paying rental. He has been attempting several times to stop the process to dispose of this asset. NAMC anticipates that he is likely to continue raising dispute against disposal of this property.

1,615

Non-Payment of fees to former Audit Risk Committee members

Non-payment of former audit and risk committee members who were state owned employees is under investigation, as the fees for attendance of the meetings were withheld due to the member's failure to disclose their employment status. This matter is still subject to investigation.

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National Agricultural Marketing Council

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
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26. Fruitless and Wasteful expenditure

Reconciliation of Fruitless and Wasteful Expenditure

Opening balance	7,946	7,946
Add: Fruitless and Wasteful expenditure - current year	42	-
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	7,988	7,946

Fruitless & wasteful expenditure for the current year relates to the following (2021/22);

- 1) NRMDP employee - employee was paid a salary above their contract agreement amounting to R25,000.
- 2) National security contract - was not cancelled in time for the office floor that the NAMC is no longer occupying amounting to R2,500.
- 3) Travel Accommodation - cancellation for the NRMDP trip was not communicated in time, which resulted in the NAMC forfeiting the funds paid for the trip amounting to R13,900.

Fruitless & wasteful expenditure for prior year (2020/21);

Fruitless and Wasteful expenditure of R522,000 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 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	147,990	117,818
Add: Irregular expenditure - current year	4,685	30,172
Add: Irregular expenditure - prior year	97	-
Add: Confirmed irregular expenditure disclosed as under investigation in the prior year	1,230	-
Less: Condoned by relevant authority	-	-
Less: Transfer to receivables for recovery	-	-
Irregular expenditure closing balance	154,002	147,990

Closing balance for irregular expenditure for the period 2020/21 financial year has changed due to casting error in the prior year reporting figures.

Details of irregular expenditure disclosed in the current year: R 6 million.

National Agricultural Marketing Council

Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
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27.0.1 Irregular expenditure: NRMDP contract: R1,5 Million

Irregular expenditure disclosed in the current year relates to expenditure incurred in the current financial year 2021/22 on the NRMDP project whereby by the contract was entered into without following the delegation of authority. This includes the procurement of construction materials and construction services rendered. The expenses relating to this contract remained irregular until the expiry of the contract 30 September 2020.

27.0.2 Appointment of legal service without approval from treasury, variation exceeds 15%: R 207,000

The irregular expenditure of R 207,000 relates to the legal service cost. The NAMC extended the contract with the services provider and the value of the extension was above the 15% variation allowed by the National Treasury. Deviation for the re-appointment of the legal service provider was obtained and signed off by the CEO.

27.0.3 Payment to Non-Executive Directors (NED): R482,365

The irregular expenditure of R482,000 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.

27.0.4 Non-Compliance with SCM processes: R147,022

The irregular expenditure of R 147,000 relates to non-compliance to SCM regulations.

27.0.5 Agriculture and Agro-processing Master Plan: R 3,608,933

The irregular expenditure of R3,6 million is a a result of contract being signed without following the delegation of authority policy.

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 Annual Financial Statements for the year ended 31 March 2022

Figures in R `000	2022	2021
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29. Prior period errors

Interest Accrued

Nature of prior period error

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.

Correction on Accruals

Effects of the correction: 2020/21

Decrease in expenses	284	0
Increase in accumulated surplus	(284)	0

Prior period error is a result of accruals not raised and incorrectly captured in 2020/21 financial year end.

30. Operational Commitments

Goods and services	4,957	2,159
Total	4,957	2,159

Commitments relates to outstanding orders issued to suppliers for services not rendered as at year end and also commitments relating to 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	0	29
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TRUST ADMINISTRATORS

LIVESTOCK



FIELD CROPS



HORTICULTURE



Deciduous
Fruit Industry
Development
Trust



For more information, contact:
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ANNEXURE A: CONTACT DETAILS

Table 21: Contact Details of Levy Administrators and Transformation Managers

Administering Body	Contact Person	Transformation Manager
Cape Flora SA	Ms Karien Bezuidenhout T 021 870 2900 F 021 870 2915 karien@hortgro.co.za	
Citrus Growers' Association of SA	Mr Justin Chadwick T 031 765 2514 F 031 765 8029 justchad@iafrica.com	Mr Lukhanyo Nkombisa 072 257 8386 lukhanyo@cga.co.za
Cotton SA	Mr Hennie Bruwer T 012 804 1462/7 F 012 804 8616 henniebruwer@cottonsa.org.za	Mr Peter Komane 012 804 1462 082 952 9871 peter.cottonsa@vodamail.co.za
National Lucerne Trust	Ms Sunet Vermeulen-Fenthum T 044 272 8991 F 044 279 2838 sunet@lucern.org.za	
Milk Producers' Organisation	Dr Chris van Dijk T 012 843 5600 F 012 843 5781 Chris.vandijk@mpo.co.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	Mr Nando Baard T 021 882 9541 F 086 756 8656 nando@fruitfly.co.za	
HORTGRO	Mr Anton Rabe T 021 870 2900 F 021 870 2915 anton@hortgro.co.za	
SA Macadamia Growers' Association	Ms Lizel Pretorius lizel@samac.org.za T 012 001 4107	
SA Olive Industry	Ms Karien Bezuidenhout T 021 870 2900 F 021 870 2915 (F) karien@hortgro.co.za	Mr John Scrimgeour 0218683120 0833815287 buffet@icon.co.za
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 simone@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	Dr Andre Jooste T 012 349 1906 F 012 349 2641 elsabe@potatoes.co.za	Ms Nomvula Xaba T 012 349 1906 F 012 349 2641
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)	Mr Mogala Mamabolo T 011 795 9920 C 076 178 3861 mogala@sapoultry.co.za	
Winter Cereals Trust	Ms Thato Kganakga T 012 0071200 thato@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	





Designed by: Daniel Rambau

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