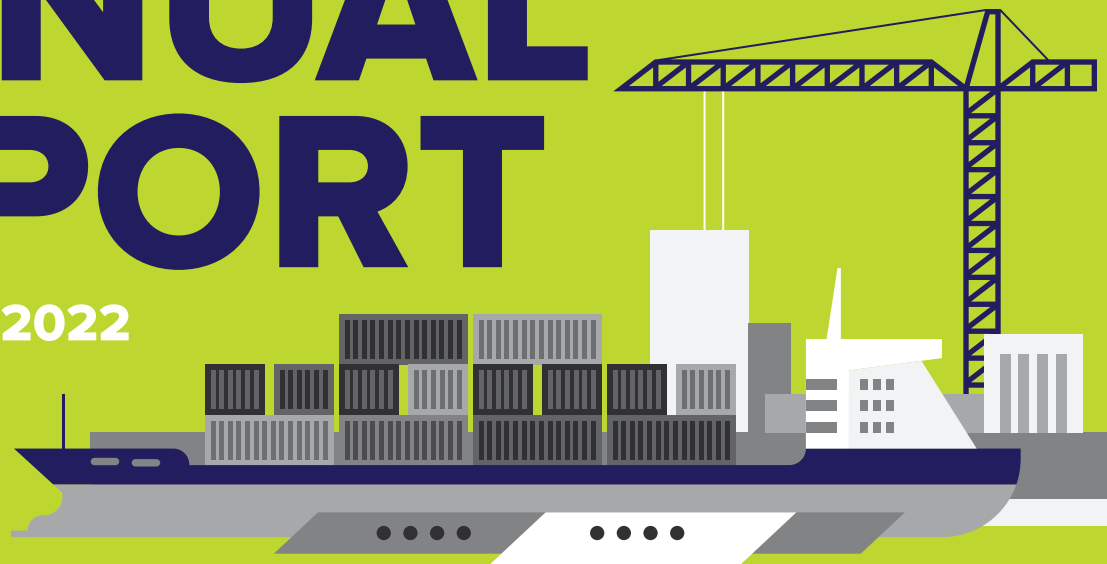




ANNUAL REPORT

2021 / 2022



the biggest part of our
digital transformation
is **CHANGING THE
WAY WE THINK**



PPECB



CONTE

ANNUAL REPORT

2021 / 2022

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NTS

**TO PLANT
A SEED IS TO
BELIEVE IN
TOMORROW**



69.2

MILLION
cartons of table
grapes were
inspected

27%

of pome fruit was
exported to Asia

20%

of stone fruit
was exported to
the Middle East

90%

customer satisfaction
rating obtained

172.3

MILLION
cartons of citrus
were inspected

38%

increase in inspected
soft citrus volumes

91%

increase in
avocado volumes

93%

of organisational
performance
indicators were
achieved

54%

of all citrus fruit was
shipped from the
Durban port

2021/2022 YEAR IN REVIEW

7 185

electronic export
certificates processed
on TITAN 2.0®

13.7

MILLION
cartons of avocados
were inspected

91%

of avocados
went to the
European Union

59.9%

of mangoes went
to the Middle East

46%

of maize was
exported to Asia

1 304

Food Safety Audits
were conducted

143.2

**MILLION
KILOGRAMS** of
vegetables were
inspected

45%

increase in
pesticide analysis

193 635

containers shipped

**THE PERISHABLE PRODUCTS
EXPORT CONTROL BOARD**

**172.3
MILLION**
CARTONS OF CITRUS
INSPECTED

FOREWORDS

PART 1

MINISTER'S FOREWORD
CHAIRPERSON'S FOREWORD
CHIEF EXECUTIVE OFFICER'S FOREWORD

008
009
012



MINISTER'S FOREWORD



As a National Public Entity responsible for overseeing the export of perishable produce, the roles and functions performed by the PPECB remain critical in creating confidence in South African produce.

The year under review will, however, be remembered for the logistical challenges faced by our ports and the impact on exports, in particular perishable produce. Notwithstanding the challenges faced, exports continued to grow, with citrus fruit exports continuing to exceed expectations. Government is also aware of these challenges faced and remains committed to ensuring that these are addressed as a matter of urgency.

During the 2022 State of the Nation Address, His Excellency President Cyril Ramaphosa reiterated the importance of agriculture in driving economic growth and creating sustainable jobs. I am therefore encouraged by the PPECB's continued focus on smallholder farmer development and their certification as export-ready. Furthermore, I note the organisation's efforts to attract youth to our sector through their Agri Export Technologist Programme (AETP), where they have trained 48 students during the 2021/22 reporting period. The PPECB is also continuing with their strategy of digitalisation which will create further efficiencies throughout the export value chain.

In closing, I want to congratulate the PPECB on their outstanding achievements. I also want to thank the PPECB Board and staff for their efforts and support during the year under review.

MINISTER THOKOZILE DIDIZA

Minister of Agriculture, Land Reform and Rural Development

CHAIRPERSON'S FOREWORD



It gives me pleasure to present the annual report of the Perishable Products Export Control Board (PPECB) for the 2021/22 financial year.

The PPECB continues to provide an outstanding service to its clients in the fresh produce agricultural sector. For this, I must thank our loyal and diligent staff who have stuck to their task, despite the numerous challenges faced, like the pandemic, the unrest in KwaZulu-Natal and Gauteng and other obstacles. The PPECB, through these efforts, has continued to provide a world-class service to its clients, thereby enhancing the credibility of the South African export certificate and supporting the export competitiveness of South Africa's perishable product industries.

Due to the current tough economic environment, climate variability, the lack of international market access and growing competition from especially Latin America, the agricultural sector finds itself in a difficult place. The sharp rise in input costs, including fuel, fertiliser, and electricity (including loadshedding), puts one of the best performing sectors in our economy at great risk. This, together with the deteriorating road and rail infrastructure and the problems with our ports, does not bode well for agricultural exports. To this end, the PPECB has been collaborating with port authorities and service providers in Maputo,

and the first set of refrigerated containers for this season has been shipped from the Maputo port.

Despite these setbacks, the agricultural sector was the best performing sector of the economy in Quarter 4 of 2021.

Compared to 2020, agriculture in 2021 recorded the second-best growth behind mining.

The fourth quarter of 2021 was upbeat, with personal services, trade, manufacturing and agriculture driving growth. An increase in the demand for goods and services drove the expenditure side of the economy, with exports and household expenditure the most significant contributors to growth.

Despite these positive figures, real GDP has yet to recover to the level recorded in the second quarter of 2021, before civil unrest and stricter lockdown restrictions shook the economy in the third quarter.

Real GDP continues to lag pre-pandemic levels, with economic activity on par with the third quarter of 2017. The economy is 1.8% smaller than it was in the first quarter of 2020.

CLIVE GARRETT

Chairperson, the PPECB

LEGISLATION: PPEC ACT AND OTHER CHALLENGES

From a legislative point of view, it appears that the long-awaited the Perishable Products Export Control Bill (PPEC Bill) might have to revert to an amendment of the old Perishable Products Export Control Act No. 9 of 1983 (PPEC Act) instead of a new act being tabled. Further clarification in this regard is awaited.

The effect of the European Commission's (EC's) restriction on the importation of citrus (oranges) due to Citrus Black Spot (CBS) and False Codling Moth (FCM) from South Africa unless certain phytosanitary conditions are met is yet to be determined but could have a devastating effect on South African orange exports to the European Union (EU).

STAKEHOLDERS: INTERACTIONS WITH CUSTOMERS AND OTHER STAKEHOLDERS

The PPECB completed its annual customer satisfaction survey earlier this year. A satisfaction rating of 90% was received, up on the 84% of the previous year. Clients cited the PPECB's staff being willing to go the extra mile and improved engagement with the PPECB during a very difficult year as reasons for this rating.

Members of the management team visited Fruit Logistica again this year to interact with stakeholders from across the globe. Fruit Logistica is one of the largest fresh produce trade fairs and covers all sectors of the fresh produce industry. This year was no different, and the event attracted 40 661 visitors from 86 countries. The team also visited their German and Moroccan counterparts to share ideas and learn from one another.

Members of the Portfolio Committee (PC) on Agriculture, Land Reform and Rural Development (DALRRD) visited the PPECB on 29 March 2022 as part of their oversight role. The PC members were accompanied by senior DALRRD officials.

SOCIO-ECONOMIC TRANSFORMATION: ENSURING TRANSFORMATION IN OUR INDUSTRY

Transformation remains a strategic focus area for the PPECB, and it will continue to seek partnerships to expand its transformation agenda. For the 2021/2022 fiscal year, the PPECB trained 302 smallholder farmers and certified another 89 as export-ready. The programme is managed in collaboration with the DALRRD and in all nine provinces.

The PPECB continues to invest in its people by providing technical and non-technical training. To this end, 2 923 people have been trained through 735 initiatives in 2021/2022. The training focused on developing soft skills and preparing the people for the future. The training included cyber security, leadership, the Protection of Personal Information Act No. 4 of 2013 (POPIA) and data analysis, among other things.

TECHNOLOGY: CONTINUOUS IMPROVEMENT IN SYSTEMS

Project TITAN, which aims to eliminate the manual processes in quality inspections and export certification, continues to gain traction. The system data assists the PPECB in providing timeous and accurate statistical data to industry stakeholders and ensures accurate billing.

The adoption of the system by the larger commodities is grapes (98%), avocados (88%) and citrus (87%). For the coming season, it will be compulsory for citrus fruit inspections to take place on the TITAN 2.0® platform. Good progress has been made on the development of the container inspection module on TITAN 2.0®. A Stability Task Team consisting of industry role players, particularly clearing and forwarding agents and logistical service providers, has been formed to solicit improvements and address concerns on e-addendums. Additionally, various forums were established, comprising software vendors, call and forwarding agents, exporters and the PPECB, to support these initiatives. The objective of these forums is to provide end-to-end operational and technological solutions to the issues identified across the entire digital platform.

The PPECB has officially launched its data intelligence online platform called Intellex. A lot of interest was shown in the platform, and to date, 220 users have registered. Users will be requested to provide feedback on how they experience the platform so that the PPECB can make the necessary improvements.

During the last financial year, multiple infrastructure enhancements and projects were initiated to stabilise and create a robust platform to support the PPECB's strategy and digital transformation objectives. The key infrastructure initiatives for the last financial year were private cloud migration, Software-Defined Wide Area Network (SD-WAN), Access Point Network (APN), Voice Over IP (VOIP) and the server and Local Area Network (LAN) refresh.

Not only has the PPECB invested in Information and Communications Technology (ICT) hardware and software, but it has also invested in people skills. We have created an internal development academy for our development staff where we are developing an in-house training programme. The programme will formalise and implement a training plan for developers that brings them up-to-speed with the current trends and allows for the transfer of the knowledge gained.

The PPECB is busy implementing an Enterprise Resource Planning (ERP) system to deliver business value, system integration and business intelligence (BI). The ERP system will replace legacy information and financial systems at the PPECB, optimise resources and processes, and enhance efficiencies. Going forward, it will become the platform that the PPECB uses to communicate and interact with its clients and vendors. The implementation of the ERP system is in line with the PPECB's strategic focus on digitalisation and the drive towards a more customer-centric approach. We look forward to the efficiencies it will bring about and trust our clients and vendors will benefit from its implementation.

The PPECB Laboratory has continued battling a decline in sample volumes over the last year and has once again incurred a financial loss. However, a turnaround strategy in collaboration with DALRRD to refocus the Laboratory will be implemented during the coming financial year. DALRRD has further reiterated the importance of the PPECB Laboratory in terms of ensuring compliance.

RESULTS: CONTINUED GOOD PERFORMANCE

The PPECB achieved a surplus for the year ended 31 March 2022 of R35.4 million compared to a surplus of R23.4 million for the same period last year. Income grew by 15.3%, while expenses only grew by 13.5%. The PPECB's largest cost remains its employee costs since it is a service-orientated organisation. The second largest expense was computer expenses. This cost showed the largest year-on-year growth as the PPECB continued its digitalisation drive. The PPECB's financial position at year-end remains strong, with cash reserves of R149.7 million, working capital of R144.1 million and a general reserve fund of R132.8 million.

I am pleased to report that the PPECB has again achieved an unqualified audit opinion.

The Board commissioned an independent external service provider – Grant Thornton - to evaluate the functionality of the Board. This was done via questionnaires, a review of Board documentation and interviews. The overall score for the Board was 4.2, indicating that the Board was performing above expectations.

IN GRATITUDE: MY THANKS TO OUR CLIENTS, SHAREHOLDER AND THE BOARD

Thank you to our clients for their continued support of the PPECB. We acknowledge the tough times the industry finds itself in, and we are doing whatever we can to smooth the waters. Thank you also to the Honourable Minister Thokozile Didiza, the Portfolio Committee and the team at DALRRD for their ongoing support and assistance.

All of this would not be possible without the expert guidance and support of my fellow Board members. Thank you for your commitment and your unwavering leadership of the PPECB. Together with the management team, we have made good progress on our strategy and look forward to the next chapter in the evolution of the PPECB.

CHIEF EXECUTIVE OFFICER'S FOREWORD



LUCIEN JANSEN
Chief Executive Officer

I am pleased to present the PPECB's annual report for the 2021/22 fiscal year. It is no secret that the year was extremely challenging while being somewhat rewarding. The impact of COVID-19 continued to create a great deal of uncertainty, exacerbated by the logistical challenges experienced by the export industry and the conflict between Russia and Ukraine.

SUSTAINED GROWTH

Notwithstanding the challenges faced, the perishable produce industry exceeded expectations and moved over 3.5 million tonnes. This represents an 8.8% increase in volumes compared to 2020/2021. Significant growth was recorded again for citrus fruit exports, which reported a 13% increase over the previous year. Europe continues to be South Africa's major trading partner, with 36% of our produce exported to this region. Exports to Asia remained consistent at 19%, with the Middle East at 15% and the United Kingdom taking 12% of South African produce.

Whilst the increase in exports was welcomed, it put further strain on struggling port infrastructure. In response, the PPECB availed additional resources and introduced a 24-hour service delivery model to alleviate the pressure on the logistical chain. In addition, regular reports were provided to ensure stakeholders could make informed decisions based on the information at hand.

DIGITALISATION

The PPECB continued with its drive toward a digitised environment and made significant strides toward a fully-fledged Enterprise Resource Planning (ERP) system. During the period under review, the PPECB appointed an implementation partner, procured the relevant software, and documented most revised business processes. The ERP is well on track to being delivered toward the latter part of 2022 and will form the backbone of the PPECB's future digitalisation initiatives. We remain confident that the ERP system, when introduced, will improve the PPECB's engagement with stakeholders and create further efficiencies throughout the organisation.

Now a household name in the South African export industry, TITAN 2.0® made further strides, with 85% of the main product volumes having been inspected using the platform. Grape inspections were reported at 99%, with 88% of citrus fruit inspected using TITAN 2.0®. However, this achievement was not without its challenges, and we remain grateful for the support of industry stakeholders and the Department of Agriculture, Land Reform and Rural Development (DALRRD). The next phase will focus on developing Cold Chain modules and further integrating with stakeholder systems. The focus of the PPECB remains on reducing manual interventions and the drive toward a paperless business.

The provision of timeous and relevant industry information remains one of the organisation's strategic deliverables. Therefore, the PPECB has introduced an electronic, self-service information portal called Intellex to assist stakeholders in getting the latest inspection and export information. Intellex is, however, only the beginning of the PPECB's quest to supply relevant statistics to our valued stakeholders. With the move towards a digital environment, the PPECB has further invested in securing its systems and information from cyber incidents. To this end, the PPECB has expanded its cyber security team and procured additional tools to mitigate the risk of cyber breaches. The organisation also had to invest in uninterrupted power supplies (UPS) at its major offices to minimise downtime because of continued loadshedding.

RESPONSIBLE CORPORATE CITIZENSHIP

As an organisation determined to make a difference, the PPECB once again contributed to those less fortunate. After a year of absence, the "Chip in for Charity" golf day was held in November 2021. The day was very well supported, with R50 000 given to the nominated charity. Furthermore, we trained 302 smallholder farmers and certified 89 farmers for export readiness. This programme is conducted in collaboration with DALRRD and the nine provinces.

The PPECB also assisted six entities (schools and old age homes) with the establishment of sustainable gardens to serve as sources of income and food and collaborated with the Office of the Minister of DALRRD to donate food parcels to the needy. The PPECB, with strategic partners, will continue to invest in similar programmes and make a positive contribution to those in need.

THANK YOU

Lastly, I am pleased to report that the PPECB obtained a 90% satisfaction rating for our customer satisfaction survey conducted in January 2022. This represents a 6% improvement on the previous year's rating.

As an entity, we are also very fortunate to remain financially sound, which positions us well to deliver a service to our valued clients. I, therefore, wish to thank all stakeholders for their continued support and collaboration. I also want to thank the PPECB Board and DALRRD for their guidance and my colleagues for their commitment during a very challenging year. Enjoy the read!

**THE PERISHABLE PRODUCTS
EXPORT CONTROL BOARD**



GOVERNANCE & ADMINISTRATIVE INFORMATION

PART 2

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PPECB

BOARD MEMBERS



Chairpersons of the Board



**CLIVE
GARRETT (60)**

Chairperson
of the Board

Committee Chairpersons



**ANTON
KRUGER (65)**

Board Member
Human Resources
Committee Chairperson



**DR CHARLOTTE
NKUNA (48)**

Vice-Chairperson
of the Board



**MARTLI
SLABBER (57)**

Board Member
Audit Committee
Chairperson

Board Members



**WARREN
BAM (53)**

Board Member
Human Resources
Committee Member



**KATHRYN
SINCLAIR (55)**

Board Member
Human Resources
Committee Member



**DR MADEL
VAN EEDEN (47)**

Board Member
Human Resources
Committee Member



**KHAYA
KATOO (47)**

Board Member
Audit Committee
Member



**MARIETTE
KOTZE (42)**

Board Member
Audit Committee
Member



**MOOKEETSA
RAMASODI (50)**

Board Member
Audit Committee
Member

BOARD & SUB-COMMITTEES

BOARD	
Who appoints members?	Minister of Agriculture, Land Reform and Rural Development
Term and date appointed	2020-2023 Board appointed 01/02/2020 for three years
Composition	All non-executives and one ministerial representative
Charter approved by the Board	Yes
Do members have to declare interests?	Yes (there is a policy approved by the Board)
Key roles as detailed in charters	• Define and ensure compliance with the Perishable Products Export Control Act No. 9 of 1983 (PPEC Act), the Public Finance Management Act No. 1 of 1999 (PFMA) and Treasury regulations; • Determine strategic direction; • Approve the policies to achieve the objectives of the PPEC Act; • Annually approve the business plan, strategic plan and budget, and monitor the organisation's performance against these plans; • Establish and oversee the framework of risk management and systems of internal control; • Determine the appropriate delegation of authority; and • Ensure that management integrates strategy, sustainability and control.
Key focus areas	Leadership development Culture Transformation Talent management Key strategic projects: TITAN 2.0® and Enterprise Resource Planning (ERP) Regulatory affairs
Number of meetings required to be held as per charter	4
Number of meetings held	4
Did all members attend all meetings? (Refer to the table on page 20 for attendance)	No
Other permanent invitees	Executive Management Committee (EXCO) Legal and Corporate Governance Manager

AUDIT COMMITTEE	HUMAN RESOURCES (HR) COMMITTEE
The PPECB Board	The PPECB Board
2020-2023 Committee appointed 12/03/2020 for three years	2020-2023 Committee appointed 12/03/2020 for three years
All non-executives and one ministerial representative	All non-executives
Yes	Yes
Yes (there is a policy approved by the Board)	Yes (there is a policy approved by the Board)
- Evaluate the independence, objectivity and effectiveness of the external auditor; - Review any accounting and auditing concerns identified as a result of the external and/or internal audits; - Obtain assurance from the external auditors that adequate accounting records are being maintained; - Examine and review the financial statements and interim management reports; - Monitor the ethical conduct of the company, its executives and its senior officials; - Oversee the risk management plan of the PPECB; - Review the independence of the external auditor; - Make recommendations on the reappointment of the external auditor; - Monitor and supervise the performance of the internal auditors; and - Act in accordance with the requirements set out in the PFMA and Treasury regulations.	- Review defined human resource indicators and make proposals to the Board on policy amendments, if necessary; - Make recommendations to the Board on human resource management policies; - Report to the Board on staff development, capacity and organisational structure requirements; - Monitor the implementation of employment equity targets and management's action plans to achieve these goals; - Make recommendations to the Board on remuneration incentives and the annual salary increases for the staff; and - Monitor compliance with the relevant employment and labour legislation
Quarterly and annual results Risk management Accounting and auditing functions Financial reporting Corporate governance Compliance matters Approval of tenders	Staff wellness: Impact of COVID-19 Leadership development Culture Transformation Talent management
4	4
4	4
No	No
EXCO Legal and Corporate Governance Manager External auditors and internal auditors (with unrestricted access to the Chairperson of the Committee) Financial Accountant (by invitation as required by the CFO)	EXCO Legal and Corporate Governance Manager

BOARD & SUB-COMMITTEE MEETINGS

SUMMARY OF ATTENDANCE

MEMBER	BOARD	AUDIT COMMITTEE	HUMAN RESOURCES (HR) COMMITTEE
Meetings held	4	4	4
	Number of meetings attended/ Total number of meetings held while a member of the Board	Number of meetings attended/ Total number of meetings held while a member of the Audit Committee	Number of meetings attended/ Total number of meetings held while a member of the HR Committee
Mr C Garrett ¹	4/4	N/A	N/A
Mr K Katoo	4/4	4/4	N/A
Ms M Slabber ³	4/4	4/4	N/A
Mr M Ramasodi	4/4	2/4	N/A
Mr A Kruger ⁴	4/4	N/A	4/4
Ms K Sinclair	4/4	N/A	4/4
Mr W Bam	3/4	N/A	3/4
Dr C Nkuna ²	4/4	N/A	N/A
Dr M van Eeden	3/4	N/A	3/4
Ms M Kotze	4/4	4/4	N/A

¹ Chairperson of the Board

² Vice-Chairperson of the Board

³ Chairperson of the Audit Committee

⁴ Chairperson of the Human Resources (HR) Committee

BOARD MEMBERS QUALIFICATIONS

BOARD MEMBERS QUALIFICATIONS & INTERESTS

BOARD MEMBER (AGE)	QUALIFICATIONS	COMMENCEMENT OF SERVICE	OTHER DIRECTORSHIPS/PROFESSIONAL POSITIONS
Clive Garrett (Chairperson) (60)	CA (SA)	2016	Director: South African Avocado Growers Association
	MBL		SAAGA Market Development Committee
	BCom		Director: World Avocado Organisation
	BCompt Honours		
Khaya Katoo (47)	National Diploma in Electrical Engineering	2016	Director: Threepence Development
	Agricultural Leadership Development Programme		Director: Three K
	Citrus Excellence Programme		Director: Gamtoos Valley Farming
	Food Safety Short Course		Director: Gamtoos Irrigation
	Good Agricultural Practice Short Course		Citrus Development Chamber
Anton Kruger (65)	Higher Education Diploma	2016	CEO: Fresh Produce Exporters' Forum NPC
	BA Honours (Geography)		Director: Fruit Mzanzi Africa t/a Fruit South Africa NPC
	BA (Psychology, Geography and Biblical Studies)		
	MBA		
	Diploma in Investment Management		
	Certificate in Financial Services Marketing		

Mooketsa Ramasodi (50)	Diploma in Agriculture	2016	Deputy Director-General: Agricultural Production, Health and Food Safety: DALRRD
	Bachelor of Agricultural Management		
	BA Honours (InstAgrar)		
	Certificate in Industrial Marketing		
Martli Slabber (57)	Master of Institutional Agriculture (Agronomy)	2016	Managing Director: DJ Visser (Pty) Ltd Managing Director: Hexrivier Sitrus (Pty) Ltd Director: Regenwurm (Pty) Ltd Citrusdal Water Users Association
	MBL		
	BA Honours (Afrikaans Nederlands)		
	BBA Honours		
Warren Bam (53)	Diploma in Marketing and Sales Management	2020	24 Rivers Irrigation Board Director: SATI SATI: Chairperson of the Transformation Committee Director: WCB Boerdery Pty Ltd Director: Wesvanni Pty Ltd Director: Wesland Boerdery Pty Ltd Partner: Rehoboth Boerdery Director: Events Cooling Pty Ltd
Mariette Kotzé (42)	Masters in Sustainable Agriculture	2020	Chairperson: Commodity Project Allocation Committee Member: South African Plant Improvement (SAPO) Audit Committee Member: AgriBEE Charter Council
	BTech (Agricultural Management)		
	National Diploma in Agricultural Management		
Dr Charlotte Nkuna (48)	MBA	2020	General Manager: Veterinary Wildlife Services Sanparks Councillor: South African Veterinary Council Board Member: South African Veterinary Association (SAVETCON) Board Member: AgriSA
	BVMCh (Bachelor of Veterinary Medicine and Surgery)		
	Certificate of Principles and Practice of Brand Communications		
Kathryn Sinclair (55)	BSc (Business Science)	2020	Chairperson: White Fish Technical Committee
	National Higher Diploma in Food Technology		
	National Diploma in Food Technology		
Dr Madel van Eeden (47)	BSc (Microbiology and Zoology)	2020	Member: South African Fruit & Vegetable Canners Association
	BSc Honours (Microbiology)		
	MSc cum laude (Microbiology)		
	Doctor of Philosophy in Microbiology		

MANAGEMENT COMMITTEES

	EXCO	RISK MANAGEMENT COMMITTEE (RISCO)
Who appoints members?	Chief Executive Officer (CEO)	CEO
Term and date appointed	No term	Members appointed for a minimum of two years
Composition	CEO, Chief Financial Officer (CFO) and other Executive Managers: refer to page 27 for details	Senior managers represent departments within the entity
Charter approved by the Board	Yes	Yes
Do members have to declare interests?	Yes (There is a policy approved by the Board)	Yes (There is a policy approved by the Board)
Key role as detailed in charters	Support the CEO and Board in the day-to-day management through a formal delegation of authority, which includes but is not limited to: • Develop the PPECB strategy, business plans and budgets for approval by the Board; • Appoint a suitably qualified executive team and establishing the appropriate organisational structure necessary to support the CEO in executing the PPECB strategy; • Monitor and report to the Board on the performance of the PPECB against its strategic objectives; • Set an example of ethical conduct by leading the PPECB staff and its management ethically; • Ensure the PPECB complies with relevant laws, legislation and governance principles; • Provide the Board with corporate governance guidance and support; • Manage and ensure staff conform to the values, objectives and policies of the PPECB, through effective leadership; • Ensure the Board is given the necessary information to perform its duties; • Ensure that proper systems of control are established and maintained; and • Perform a self-evaluation of its own performance and effectiveness.	• Support the CEO and executives in reviewing the effectiveness of the PPECB's risk management systems, practices and procedures in accordance with policies approved by the Board; • Ensure risks are identified, evaluated, effectively managed and, where practical, quantified; • Fulfil the risk management and control responsibilities; • Prepare reports for EXCO for consideration by the Audit Committee and the Board; • Advise the Board, through EXCO, on mitigating strategies for the risks identified and monitoring these strategies; • Consider the effectiveness of the risk management system; and • As part of succession planning, the Chairperson delegates certain meeting agenda items to the Vice-Chairperson.
Number of meetings to be held, as per charter	Minimum of four meetings a year	Quarterly
Number of meetings held	6	4
Did all members attend all meetings?	No	No
Other permanent invitees	Legal and Corporate Governance Manager Assistant Legal Advisor	Legal and Corporate Governance Manager Financial Systems and Compliance Auditor Occupational Health and Safety Coordinator ICT Cyber Security Officer Assistant Legal Advisor

CORPORATE GOVERNANCE REPORT

The following report sets out the corporate governance framework adopted by the PPECB Board and highlights the key activities for the year under review.

The corporate governance framework enables the Board to:

- Fulfil its role and discharge its duties and responsibilities as required by legislation and the regulatory environment in which the PPECB operates;
- Contribute to servicing the PPECB's customers in a professional manner;
- Decide on the PPECB's policy and strategic direction;
- Set the parameters for delegating authority in the organisation; and
- Oversee risk management and internal controls at the PPECB.

An essential characteristic of the PPECB's culture is its compliance with applicable legislation, including the Constitution, relevant acts, regulations, standards, protocols and codes. The PPECB's key enabling legislation includes: The Perishable Products Export Control Act No. 9 of 1983 (PPEC Act), the Agricultural Product Standards Act No. 119 of 1990 (APS Act); and the Public Finance Management Act 1. of 1999 (PFMA).

Currently, the PPEC Act is under review. During the reporting period, the PPECB Board approved a legal and compliance register, which ensures that the PPECB remains focused on complying with applicable legislation. The legal and compliance register:

- a Identifies relevant legislation, policies and best practice;
- b Indicates, where applicable, a management action plan, due date and responsible party. The legal and compliance register is a standing agenda item for the Risk Management Committee (RISCO) and is considered and discussed at each Risk Committee meeting; and
- c Provides an overview of the relevant sections of legislation the PPECB must comply with and the required actions that ensure compliance with key legislation.

During the period under review, the PPECB continued with its focus on ensuring compliance with the Protection of Personal Information Act No. 4 of 2013 (POPIA). During the 2020/2021 financial year, a POPIA implementation plan was drafted after key risks were identified and a personal information impact assessment concluded. During the period under review, the PPECB completed most of the action items listed on the implementation plan. The remaining action items and progress are monitored by the RISCO.

The Board's approach to corporate governance is based on sound governance, which is essential to creating a sustainable business. The PPECB Board's term commenced on 1 February 2020. Since the current Board commenced service on 1 February 2020, the continuing development and mentorship of Board members, particularly the first-time PPECB Board members, were focus areas and will remain so in the coming year, particularly for Information and Communications Technology (ICT) governance and conflicts of interest.

THE PPECB'S BOARD MEMBERS AND ITS SUB-COMMITTEES

The PPECB is a statutory body constituted in accordance with Section 4 of the PPEC Act. The PPECB Board comprises 10 non-executive Board members representing the industries in which the PPECB operates. An independent non-executive member has not been appointed as a lead independent. Such an appointment is not provided for in the PPEC Act.

The PPECB Board members are appointed by and are accountable to the Minister of Agriculture, Land Reform and Rural Development (DALRRD). They represent seven of the largest export groups as determined by export volume, as well as a member designated by the Minister of DALRRD. As such, the majority of the non-executive Board members and Chairperson of the PPECB Board cannot be categorised as independent, as recommended by principle seven of the King IV Report on Corporate Governance for South Africa 2016 (King IV Report). In terms of the PPEC Act, Board members serve for a period of three years.

To discharge its duties more effectively, the Board has approved and delegated authority of specific matters to the following committees:

An Audit Committee and a Human Resources (HR) Committee, where social and ethics matters are considered and discussed. ICT strategic projects and risks are a standing agenda item for the Audit Committee. The Chief Information Officer (CIO) reports directly to the Board regarding all matters relating to ICT. The sub-committees serve underwritten and approved charters, which are reviewed and updated annually. To determine whether the Board discharges its duties effectively, an independent service provider was appointed to evaluate the performance of the Board, Audit Committee, Chairperson of the Board, Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary in line with the King IV Report.

The Audit Committee and Human Resources Committee members are satisfied that they have fulfilled their responsibilities in accordance with the relevant charters for the reporting period. The chairpersons of these sub-committees are responsible for relaying all proposals agreed upon by the sub-committees to the Board for approval or otherwise.

Notices, agendas and documentation pertaining to the Board and sub-committee meetings are distributed well in advance. Minutes of all meetings are taken and are approved at the first and subsequent meetings. Where necessary, decisions can be taken between these meetings by round-robin resolutions via email. These round-robin resolutions are ratified at the subsequent committee or Board meeting. All documented minutes and resolutions are stored in fireproof safes at the PPECB or at off-site storage facilities. Electronic copies are stored in secured folders with restricted access.

CHAIRPERSON

The Board appoints the Chairperson, who is responsible for the effective functioning of the Board.

The Chairperson's duties include:

- Providing overall leadership to the Board;
- Presiding over Board meetings, ensuring they function smoothly and managing conflicts of interest;
- Ensuring that Board members receive professional advice when needed;
- Serving as an informal link between Board members and the Executive Committee (EXCO), as well as providing support and advice while respecting executive responsibility;
- Serving as the link between the PPECB Board and the Minister of DALRRD; and
- Ensuring that regular and objective appraisals are administered to assess the Board's effectiveness.

CHIEF EXECUTIVE OFFICER

The CEO has been appointed by the Board in terms of Section 13 of the PPEC Act and is entrusted with the power to manage and control the work authorised by the Board and exercise supervision over the other officers and employees of the Board.

The Chairperson of the Board evaluated the performance of the CEO by analysing the agreed key performance areas and subsequently reported on it prior to the Board meeting in May 2021, following the previous reporting period. Should either party wish to terminate the employment agreement before the termination date, a three-month written notice period is applicable.

Even though the CEO's employment contract has been renewed for a second term, succession planning for the CEO remains a focus area and is managed in terms of the PPECB Talent Framework. Succession planning has been implemented by ensuring that the Chief Operations Officer (COO) or CFO can take over the role at short notice. When the CEO is required to travel abroad for an extended period, the COO, CFO or CIO is appointed to act in the position of CEO and fulfil all CEO duties accordingly.

The CEO is a member of the Institute of Directors Southern Africa (IoDSA), a member of the Fresh Produce Exporters Forum (FPEF) and a country council member of the Produce Marketing Association (PMA).

The Board is satisfied that it has determined the appropriate delegation of authority to ensure that management and the CEO are empowered to manage the day-to-day activities of the PPECB. The PPECB acts in accordance with a Board-approved delegation of authority framework, which stipulates the levels of authority for the CEO, EXCO and senior managers.

BUSINESS CONDUCT

The PPECB Board endeavours to lead ethically, effectively and with integrity. It has adopted a code of conduct, which the Board approved. The EXCO and RISCO monitor compliance with this code at all times. During the period under review, a survey was conducted with Operational Management Committee (MANCO) members to review the measures taken to monitor organisational ethics and define accountability. MANCO members were requested to consider how perceptions around accountability can be improved in the business. Managers are expected to cultivate openness and provide platforms to respectfully engage in discussion.

The PPECB has an independently managed fraud and ethics hotline to monitor and promote awareness of potentially unethical employee behaviour. The PPECB communicated and defined malicious complaints and the action that the PPECB could take should a complaint be found to be malicious. During the reporting period, the PPECB created awareness through articles on the PPECB intranet and Corporate LAN Advertising (CLA), the PPECB's communication tool used to communicate issues relating to the Cybercrimes Act No 19. of 2020, POPIA and the Promotion of Access to Information Act No 2. of 2000 (PAIA) Guide. New employees and the PPECB administrators received training on the POPIA and the PAIA.

The PPECB has a Board member and employee declaration of interest and gift policy to ensure that Board members and employees act in good faith. The employee declaration of interest policy will be amended to include disclosing personal relationships with suppliers or clients while there is a simultaneous business relationship. Employees and Board members are required to disclose any interests annually and as these arise. Board members are also required to disclose any interests relating to agenda items of a particular meeting. Such disclosures must be made before discussing the agenda item and in writing on the attendance/declaration register, which is circulated at every committee and Board meeting. A short awareness session about disclosures and declarations of interest was provided to all Board members in February 2022 prior to submitting their annual declarations of interest.

As a responsible corporate citizen, the PPECB wanted to determine to what extent its operations impact the societies and/or environments in which it operates and implement measures, if necessary, to reduce such impact. The PPECB, therefore, embarked on a project to determine its carbon footprint. Following an assessment by the appointed service provider, a carbon footprint report will be issued to the PPECB containing high-level recommendations for consideration.

The PPECB's EXCO accepts its responsibility to address matters of significant concern for all stakeholders, taking into account the need for accountability.

AGRICULTURAL PORTFOLIO COMMITTEE

The Portfolio Committee on Agriculture, Land Reform and Rural Development meets with the PPECB in Parliament twice a year. The Chairperson, Vice-Chairperson and members of the Executive Management team, if requested, represent the PPECB at these meetings.

The PPECB's strategic plan and budget for the following year are tabled at the April meeting, while its financial results and annual report for the preceding year are tabled at the September meeting. The oversight role that the Portfolio Committee plays forms part of the PPECB's overall governance.

OPERATIONAL MANAGEMENT COMMITTEE (MANCO)

Operational MANCO is made up of Executive, general managers, regional operations managers and other senior managers.

Operational MANCO meetings provide a platform to communicate and share information on day-to-day operational matters at a senior management level. These meetings are held bi-monthly or as required.

While the MANCO does not have any specific authority delegated to it, it remains an important middle-management forum that contributes to decision-making in the organisation.

Any organisational ethics outcomes may be addressed by the RISCO or at the operational MANCO meetings and, where appropriate, directly with employees.

All legal, company secretarial and corporate governance matters are managed by the in-house Legal and Corporate Governance Manager, with the assistance of an Assistant Legal Advisor and Legal Intern, all of whom are suitably qualified employees. The Legal and Corporate Governance Manager ensures that the Board and Board members have access to professional guidance on corporate governance and legal matters. The Legal and Corporate Governance Manager also coordinates the functioning of the Board and its sub-committees and contracts with external specialist service providers on legal or corporate governance matters, if required. The PPECB has contracted Ms Gaby Gess, an attorney, to assist primarily with drafting the PPEC Bill and related regulations.

The Legal and Corporate Governance Manager fulfils the role of a company secretary for the Board and its committees.

The PPECB has various written policies and procedures supporting management and staff for the day-to-day functioning of the business. The PPECB Board approves organisational policies, and the relevant departmental general managers approve operational policies. The Board approves organisational policies. Operational procedures are approved by the appropriate departmental EXCO member.

EXECUTIVE COMMITTEE (EXCO)

The EXCO comprises:



**LUCIEN
JANSEN**
CEO



**JOHAN
SCHWIEBUS**
CFO



**CYRIL
JULIUS**
COO



**YANESH
RAMIAH**
CIO



**PINKI
LUWACA**
HR Executive

MATERIALITY FRAMEWORK

To interpret and comply with the PFMA, the following framework of acceptable levels of materiality and significance was applied during the 2020/21 financial year.

MATERIALITY FRAMEWORK

For the purpose of interpreting and complying with the Public Finance Management Act 1. of 1999 (PFMA), the following framework of acceptable levels of materiality and significance was applied during the 2021/22 financial year:

PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
SECTION 50 Fiduciary duties of accounting authorities		
(1) The accounting authority for a public entity must, on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature. (c)	Any fact discovered, whose amount exceeds the materiality figure of 0.5% of the annual gross operational expenditure of the previous year's audited financial results, must be disclosed.	- Any item or event for which specific disclosure is required by legislation, the King IV Report or South African Generally Recognised Accounting Practices (SA-GRAP). - Any fact discovered, whose omission or misstatement, in the Board's opinion, could influence the decisions or actions of the executive authority or legislature.
SECTION 54 Information to be submitted by accounting authorities		
(2) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly, in writing, inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction: (b) • Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement; (c) • Acquisition or disposal of a significant shareholding in a company; (d) • Acquisition or disposal of a significant asset; and (e) • Commencement or cessation of a significant business activity.	- Acquisition or disposal of a significant asset. - Acquisition where the market value is greater than the materiality figure. - Disposal where the market value is greater than the materiality figure.	- Any participation outside of the approved strategic plan and budget. - Any acquisition or disposal of any asset that would increase or decrease the overall operational functions of the Board, outside of the approved strategic plan and budget. - Disposal of the major part of the assets of the Board. - Any business activity that would increase or decrease the overall operational functions of the Board, outside of the approved strategic plan and budget.

PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
SECTION 55		
Annual report and financial statements		
(2) The annual report and financial statements referred to in subsection (1) (d) must:	- Any losses identified through criminal conduct. - Losses incurred through any expenditure where the combined total exceeds the planning materiality figure after consultation with the Audit Committee for the year under review. - Any irregular, fruitless and wasteful expenditure as defined by the PFMA will be reported.	Any identified loss through criminal, reckless or negligent conduct.
(a) • Fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned; and		
(b) • Include particulars of:		
(i) - Any material losses through criminal conduct, irregular expenditure or fruitless and wasteful expenditure that occurred during the financial year;		
(ii) - Any criminal or disciplinary steps taken as a consequence of such losses, irregular expenditure or fruitless and wasteful expenditure;		
(iii) - Any losses recovered or written off;		
(iv) - Any financial assistance received from the state and commitments made by the state on its behalf; and		
(v) - Any other matters that may be prescribed.		
SECTION 66 (1)		
Restrictions on borrowing, guarantees and other commitments	R0	This public entity may not borrow money, nor issue a guarantee, indemnity or security, nor enter into any other transaction that binds or may bind the institution to any future financial commitment, unless acting through the relevant executive authority (PFMA section 66(3)(c)).

KING IV DISCLOSURES

For a comprehensive list of all disclosures, please visit www.ppecb.com.

The table below outlines the reports within the 2021/2022 Annual Report where disclosures relating to King IV can be found.

PRINCIPLE	SUMMARY OF DISCLOSURES MADE	REPORT REFERENCED
PRINCIPLE 1 The governing body should lead ethically and effectively. Recommended practices: • Cultivate and exhibit characteristics of integrity, competence, responsibility, fairness, and transparency; and • Offer leadership that results in the achievement of strategy and outcomes over time.	The Corporate Governance Framework enables the Board to: • Fulfil its role and discharge its duties and responsibilities as required by the regulatory environment in which the PPECB operates; • Contribute to serving the PPECB's customers in a professional manner; • Decide on the PPECB's policy and strategic direction; • Set the parameters for delegating authority in the organisation; and • Oversee risk management and internal controls at the PPECB. Employees are required to maintain the highest ethical standards, in accordance with the PPECB's Code of Conduct, in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The Executive Committee (EXCO), Risk Management Committee (RISCO), and Operational Management Committee (MANCO) monitor compliance with this code at all times. The PPECB has a digital declaration of interests and gifts process and has a policy to ensure employees act in good faith by governing declarations and conflicts of interest and gifts made by employees and members of the Board. See further disclosures made in the summaries for Principles 2, 3 and 9. FUTURE FOCUS 1 Enhancing internal controls related to contract management; 2 Limiting irregular and wasteful expenditure; 3 Environmental, social, and governance (ESG); and 4 Improvement in sound asset management.	1 Corporate Governance Report 2 Annual Financial Statements 3 Chief Financial Officer's (CFO) Report 4 Operations Report

PRINCIPLE	SUMMARY OF DISCLOSURES MADE	REPORT REFERENCED
PRINCIPLE 2 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. Recommended practices: • Set the direction for ethics in the organisation; and • Disclose how ethics are being managed, focus areas, monitoring measures and how ethical outcomes are addressed.	The PPECB continues to introduce internal controls and strengthen processes for increased efficiency. A survey was conducted with MANCO members to review the measures taken to monitor organisational ethics and to define accountability. MANCO members were asked how perceptions on accountability could be improved within the business. Managers are expected to cultivate openness and provide platforms to respectfully engage in discussion. The PPECB has an independently managed fraud and ethics hotline to monitor and promote awareness of potentially unethical behaviour. The PPECB communicated the outcomes of complaints received and defined malicious complaints as well as action that could be taken by the PPECB should a complaint be found to be malicious following investigation. A short awareness session pertaining to disclosures in declarations of interest was provided to all Board members in February 2022 prior to the submission of their annual declarations of interest. The PPECB has various written policies and procedures supporting management and staff in the day-to-day functioning of the business. This includes the policies noted under Principle 1, a Fraud Prevention Policy and Plan, a Supply Chain Management (SCM) Policy and Procedure, an SCM Code of Conduct, a Contract Management Policy and Procedure, and others. See further disclosures made in the summaries for Principle 1. FUTURE FOCUS 1 Awareness sessions with employees on the Declarations of Interest Policy and Procedure; 2 New Board induction; and 3 Development of a Preferential Procurement Framework in accordance with the Constitutional Court Judgement of 16 February 2022.	1 Operations Report 2 Corporate Governance Report 3 CFO Report
PRINCIPLE 3 The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen. Recommended practices: • Set the direction for good corporate citizenship; and • Oversee and monitor the organisation's status as a good corporate citizen in areas such as the workplace, economic behaviours and results, and societal and environmental impacts.	After a year of absence, the Chip in for Charity golf day was held in November 2021. The day was very well supported, with R50 000 given to the nominated charity. Further to this, we managed to train 302 smallholder farmers and certified 89 farmers as export-ready. This programme is conducted in collaboration with Department of Agriculture, Land Reform and Rural Development (DALRRD) and the nine provinces. The PPECB also helped six entities (schools and old age homes) to establish sustainable gardens to provide income and food and collaborated with the Office of the Minister of DALRRD to donate food parcels to the needy. During the period under review, there were also efforts to attract youth to the sector through the Agri Export Technologist Programme (AETP), where 48 students have been trained. The PPECB is also continuing with the strategy of digitalisation which will create further efficiencies throughout the export value chain. As a responsible corporate citizen, the PPECB embarked on a carbon footprint project to determine to what extent its operations impact the societies and/or environments in which it operates and implements measures, if necessary, to reduce such impact. Following an assessment by the appointed service provider, a carbon footprint report will be issued to the PPECB containing high-level recommendations for consideration. FUTURE FOCUS 1 The PPECB will continue to invest in similar programmes with strategic partners to make a positive contribution to those in need. 2 The focus of the PPECB remains on reducing manual interventions and driving a "paperless" way of doing business. 3 The PPECB will manage the ESG and the Carbon Footprint, reporting outcome/actions. 4 The PPECB will increase the employment of differently-abled people.	1 Chief Executive Officer's (CEO) Report 2 Minister's Foreword 3 Corporate Governance Report

PRINCIPLE	SUMMARY OF DISCLOSURES MADE	REPORT REFERENCED
PRINCIPLE 4 The governing body should appreciate that the organisation's core purpose, risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process. Recommended practices: - Steer and set the direction, purpose, and strategy of the organisation; and - Oversee the implementation of the strategy and plans by management against agreed performance measures and targets.	The PPECB's commitment to support the perishable products export industry remains steadfast and embedded in its strategic objectives and encompasses the expectations of the PPECB's valued stakeholders. The corporate strategic plan is approved by the Board and Executive Authority and contains predetermined strategic and operational objectives. The plan, together with associated budgets, is approved at the beginning of the financial year in compliance with the provisions of the Public Finance Management Act (PFMA). The PPECB has analysed the environment in which it operates and identified some of its biggest challenges. Informed by this analysis, the PPECB developed a five-year plan focusing on customer centricity, operational efficiency, and competent human capital to effectively deliver on its mandate. In the PPECB's annual performance information, its achievements are highlighted against the predetermined objectives for the year. The PPECB achieved 13 of its 14 objectives for the year. This translated into a 93% success rate. Please visit https://ppecb.com/document-category/annual-reports/ for full corporate governance disclosures, integrated reports and annual financial statements and reports.	1 Annual Financial Statements 2 Operations Report 3 CFO Report 4 Report on predetermined objectives can be found on page 112 of the Annual Financial Statements.
PRINCIPLE 5 The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects. Recommended practices: - Oversee the compliance of the various reports with legal reporting requirements; - Meet the reasonable and legitimate needs of material stakeholders; and - Ensure that an annual integrated report is issued.	Further details of the PPECB's performance against its objectives are set out in the Report on Predetermined Objectives. Please visit https://ppecb.com/document-category/annual-reports/ for full corporate governance disclosures, integrated reports and annual financial statements and reports. See further disclosures made in the summaries for Principle 4.	1 Annual Financial Statements
PRINCIPLE 6 The governing body should serve as the focal point and custodian of corporate governance in the organisation. Recommended practices: Disclose the number of meetings and attendance thereof and whether it is satisfied that it has discharged its responsibilities in relation to its charter.	The PPECB's Corporate Services Programme operates cross-functionally with its primary aim to deliver professional support services and strategic leadership to the whole of the PPECB. The Chairperson of the Board and the Audit Committee were satisfied that it had fulfilled its duties and responsibilities for the reporting period, as evidenced in their respective reports, as well as the Corporate Governance Report. FUTURE FOCUS 1 New Board appointment and induction.	1 Annual Financial Statements 2 Board and sub-committee meetings table on page 20 of the Annual Report.

PRINCIPLE	SUMMARY OF DISCLOSURES MADE	REPORT REFERENCED
PRINCIPLE 7 The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively. Recommended practices: - Promote diversity in its membership and set targets for race and gender representation in its composition; and - Establish a succession plan for its membership.	The Board's composition reflects the appropriate mix of knowledge, skills, experience and diversity, as evidenced by the Board members' qualifications. The members of the Board cannot be considered independent as recommended by this principle, as the PPECB Board members are appointed by and accountable to the Minister of DALRRD and represent seven of the largest export groups as determined by export volume, as well as a member designated by the Minister of DALRRD. Succession planning for the CEO has been implemented by ensuring that the Chief Operations Officer (COO) or CFO can take over the role at short notice, if necessary. When the CEO is required to travel abroad for an extended period, the COO, CFO or Chief Information Officer (CIO) is appointed to act in the position of CEO and fulfil all CEO duties accordingly. All legal, company secretarial and corporate governance matters are managed by the in-house Legal and Corporate Governance Manager, with the assistance of an Assistant Legal Advisor and Legal Intern, all of whom are suitably qualified employees. FUTURE FOCUS 1 Even though the CEO's contract of employment has been renewed for a second term, succession planning for the CEO remains a focus area, which has been managed in terms of the PPECB Talent Framework.	1 Corporate Governance 2 Audit Committee Report 3 Board and sub-committee tables
PRINCIPLE 8 The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties. Recommended practices: - Determine delegation to individual members, groups of members, standing or ad-hoc committees; and - Ensure that the composition, roles, and responsibilities of committees are complementary, not fragmented or duplicated and that there is no undue reliance or dominance by any individual member.	To discharge its duties more effectively, the Board has approved and delegated authority on specific matters to the following committees: An Audit Committee and a Human Resources (HR) Committee, where social and ethics matters are considered and discussed. The Audit Committee's main objective is to assist the Board to fulfil its oversight responsibilities, with a keen regard for the evaluation of the adequacy and effectiveness of accounting policies, internal controls, financial reporting processes, and assessing the effectiveness of the internal and external auditors. The Audit Committee is provided with sufficient resources to perform its duties, including support, when necessary, from the internal and external auditors, legal and corporate governance specialists and the Executive Management. The Board acknowledges that delegating authority to committees or management does not in any way release the Board of its duties and responsibilities. There is always transparency and full disclosure from the Board committees to the Board. See further disclosures made in the summaries for Principle 7.	1 Corporate Governance Report 2 Annual Financial Statements 3 CFO Report 4 Audit Committee Report 5 Board and sub-committee tables
PRINCIPLE 9 The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance effectiveness. Recommended practices: Ensure that an externally facilitated performance evaluation is conducted on itself, its committees, its chair, and individual members, and every alternate year reflect on the performance of itself, its committee, its chair, and its members as a whole.	The Chairperson evaluated the performance of the CEO as detailed in the Corporate Governance Report. The Audit Committee reviewed the in-year performance reports and results reported by management and considered them appropriate. The relevance and measurement of the indicators and that of the performance reports are compliant with the PFMA, Treasury Regulations and other regulatory requirements. The Audit Committee evaluated the performance of the CFO and the finance functions, as set out in detail in the Audit Committee Report. To determine whether the Board discharges its duties effectively, an independent service provider was appointed to evaluate the performance of the Board, Audit Committee, Chairperson of the Board, CEO, CFO, and Company Secretary in line with the King IV Report. FUTURE FOCUS 1 The areas of future focus for institutional performance are contained in the strategic plan.	1 Corporate Governance Report

PRINCIPLE	SUMMARY OF DISCLOSURES MADE	REPORT REFERENCED
PRINCIPLE 10 The governing body should ensure that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities. Recommended practices: • Approve a Delegation of Authority framework, including specific authority to appoint ex-officio executive members and management; and • Oversee that key management functions are led by a competent and appropriately authorised individual who is adequately resourced.	The Board is satisfied that it has determined the appropriate Delegation of Authority to ensure that management and the CEO are empowered to manage the day-to-day activities of the PPECB. The PPECB acts in accordance with a Board-approved Delegation of Authority framework, which stipulates levels of authority for the CEO, EXCO and senior managers. See further disclosures made in the summaries for Principles 1, 7, and 8.	1 Corporate Governance Report 2 Annual Financial Statements
PRINCIPLE 11 The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives. Recommended practices: • Treat risk as an integral part of decision-making and adherence to duties, approve risk policy, evaluate, and agree on the risks it is prepared to take (i.e. risk appetite and risk tolerance levels); and • Delegate to management risk management implementation.	The PPECB's risk management processes, of which the systems of internal, financial, and operating controls are an integral part, are designed to control and monitor risk throughout the organisation. For effectiveness, these processes rely on regular communication, sound judgement and a thorough knowledge of statutory and operational activities. Management is tasked with integrating the management of risk into the day-to-day activities of the PPECB. The focus of risk management in the entity is on identifying, assessing, managing, and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems, and ethical behaviour are applied and managed within predetermined procedures and constraints. The members of the Board acknowledge their responsibility for establishing and communicating appropriate risk and control policies and ensuring that adequate risk management processes are in place. The Audit Committee assists the members of the Board in discharging their risk management obligations. See further disclosures made in the summaries for Principles 1 and 12.	1 Information and Communications Technology (ICT) Report 2 Operations Report 3 Corporate Governance Report 4 Annual Financial Statements

PRINCIPLE	SUMMARY OF DISCLOSURES MADE	REPORT REFERENCED
PRINCIPLE 12 The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives. Recommended practices: - Oversee the management of information (including use, information architecture, protection of privacy and security); and - Oversee management of technology (including technology architecture, sourcing risks, developments, and disruptions).	The digital transformation journey gained momentum by enabling business-critical tools to facilitate the PPECB's hybrid working model. The PPECB continued with its drive towards a digital environment and made significant strides with the implementation of an Enterprise Resource Planning (ERP) system. ICT within the PPECB is governed by the PPECB Board, which addresses all strategic ICT issues. The objective of ICT governance is to harmonise the architectural requirements of the PPECB into an understandable set of policies, processes, procedures, and standards - all of which should ensure the PPECB's vision and standards are aligned with its business requirements. The provision of timeous and relevant industry information remains one of the organisation's strategic deliverables. The PPECB has, therefore, introduced an electronic, self-service, information portal called Intellex to assist stakeholders with accessing the latest inspection and export information. With the move towards a digital environment, the PPECB has invested in securing its systems and information from cyber incidents. The PPECB is continuously enhancing its cyber threat intelligence to ensure the provision of secure services to the industry by implementing layered security defence and automation to decrease human error and increase efficiency and effectiveness. There was a continued focus on leadership with the overarching theme of advancing digital transformation. A People Leadership series was delivered in six online sessions that focused on how the organisation can move the PPECB forward by learning, sharing and collaborating online. FUTURE FOCUS 1 Implementation of the ERP system and further developments to the PPECB's electronic inspection platform TITAN 2.0®; 2 The next phase will focus on the development of Cold Chain modules and further integration with stakeholder systems; 3 The focus of the PPECB will remain on reducing manual interventions while moving towards a "paperless" way of doing business; and 4 Data governance is a key focus area.	1 CEO Report 2 Human Capital (HC) Report 3 ICT Report 4 Operations Report 5 CFO Report
PRINCIPLE 13 The governing body should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen. Recommended practices: - Direct the governance of compliance to laws, adopted non-binding rules, codes and standards; - Approve policy that directs compliance; and - Oversee compliance management so that it is understood, relates holistically and is responsive to the changes and developments, following continuous monitoring of the regulatory environment.	An essential characteristic of the PPECB culture is its compliance with applicable legislation, including the Constitution, relevant acts, regulations, standards, protocols, and codes. During the reporting period, the PPECB: 1 Created awareness through articles on the PPECB intranet and its communication tool, Corporate LAN Advertising (CLA), in respect of the Cybercrimes Act No. 19 of 2020, the Protection of Personal Information Act No 4. of 2013 (POPIA) and the Promotion of Access to Information Act No. 2 of 2000 (PAIA) Guide. New employees and the PPECB administrators were also trained on the POPIA and the PAIA; 2 Board approved a legal and compliance register, which ensures that the PPECB remained focused on complying with applicable legislation; 3 Developed e-courses in-house for compliance training, such as (POPIA and cyber security); 4 Maintained ISO 9001:2015 accreditation; and 5 Laboratory maintained its ISO 17025:2017 accreditation after a South African National Accreditation System (SANAS) audit. The Board believes that management has, during the year, complied in all material respects with all legislation and regulations applicable to it, including the PFMA, the National Treasury Regulations and the Income Tax Act No. 58 of 1962. See further disclosures made in the summaries for Principle 10. FUTURE FOCUS - Cyber security is a key focus area, together with ensuring compliance with the POPIA and the PAIA. We continue to enhance our cyber security posture and protect the PPECB from cyber vulnerabilities by adopting a proactive approach to safeguarding the organisation; - The successful implementation of the ERP system; - TITAN 2.0® development; and - Intellex.	1 HC Report 2 ICT Report 3 Operations Report 4 Corporate Governance Report 5 Annual Financial Statements 6 CFO Report

PRINCIPLE	SUMMARY OF DISCLOSURES MADE	REPORT REFERENCED
PRINCIPLE 14 The governing body should ensure that the organisation remunerates fairly, responsibly, and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term. Recommended practices: - Set the direction and approach for remuneration of the organisation and approve a remuneration policy that aspires to fairness, responsibility, and transparency; and - Design the remuneration policy to attract and retain human capital, promote achievement of the strategic objectives, positive outcomes, an ethical culture, and responsible corporate citizenship.	The remuneration of Board and Executive members is set out on page 107.	1 HC Report 2 Annual Financial Statements
PRINCIPLE 15 The governing body should ensure that assurance services and functions enable an effective control environment and that these support the integrity of information for internal decision-making and of the organisation's external reports. Recommended practices: - Ensure a combined assurance model is applied that covers the significant risks and material matters through a combination of the organisation's line functions, risk and compliance functions, internal auditors, fraud examiners, safety assessors, actuaries and external auditors; and - Satisfy itself as to the effectiveness of the combined assurance approach as a basis for making its statements on the integrity of external reports.	Board meetings follow a formal agenda to ensure that all substantive matters are addressed, and information relevant to the meetings is supplied to Board members in advance so they can make informed and reasoned decisions. All documents submitted to the Board are reviewed by the PPECB EXCO and approved by the CEO to ensure completeness and relevance. The members of the Board 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. The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The external auditor's 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 their opinion. The Board appointed Morar Incorporated as the PPECB's external auditors for the period under review, which was ratified by the Office of the Auditor-General of South Africa. See further disclosures made in the summaries for Principles 7 and 8.	1 ICT Report 2 Corporate Governance Report 3 Annual Financial Statements

PRINCIPLE	SUMMARY OF DISCLOSURES MADE	REPORT REFERENCED
PRINCIPLE 16 In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interests of the organisation over time. Recommended practices: • Direct the stakeholder approach and approve policies to this effect; and • Delegate to management effective stakeholder relationship management.	The PPECB's EXCO accepts its responsibility to address matters of significant concern for all stakeholders, considering the need for accountability. During the reporting period, the PPECB obtained a 90% satisfaction rating for the customer satisfaction survey conducted in January 2022. The PPECB issues regular reports to ensure stakeholders can make informed decisions based on the information at hand. The PPECB remains confident that the ERP system and Intellex will improve the PPECB's engagement with stakeholders and create further efficiencies throughout the organisation. In this reporting period, the HC continued to make progress in the five strategic focus areas: becoming more customer-centric and developing black smallholder farmers and suppliers to improve their business sustainability. The PPECB launched the online People Connect sessions which gave employees the opportunity to share concerns and challenges and seek support. A cross-functional team launched the We Care programme which provided employee family care packs, and developed a video that encouraged support for each other by sharing inspirational stories and experiences during these trying times. The transformation strategy focuses on building lasting partnerships with organisations making a difference in the industry. This includes the smallholder farmer development programme, the Agri Academy training programme, the corporate social investment (CSI) programme, and the provincial Export Readiness programme. The Transformation and Development Services Programme is aimed at building capacity through the development of internal and external skills. In collaboration with the Agricultural Sector Education Training Authority (AgriSETA), the PPECB provides job exposure in fields like ICT, finance, human resources and marketing to unemployed graduates. The Learning and Development department's services aim to expose smallholder farmers to food safety, good agricultural practices, responsible use of pesticides, Cold Chain management and product quality training in preparation for food safety certification and market access. CSI is focussed on initiating and participating in projects external to normal business activities and not directly for increasing organisational revenue. The PPECB has launched initiatives directed at contributing to the betterment of general society, whether financially or in-kind. See further disclosures made in the summaries for Principles 3, 10, 12, 13, and 14. FUTURE FOCUS 1. Fostering a client-centric culture.	1 CEO Report 2 HC Report 3 ICT Report 4 Operations Report 5 Corporate Governance Report 6 Annual Financial Statements 7 CFO Report

A photograph of two green apples in sharp focus on a blue surface. In the background, a row of more green apples is blurred. A dark, curved object, possibly a knife handle, is visible in the lower-left foreground.

**THE PERISHABLE PRODUCTS
EXPORT CONTROL BOARD**

93%
**ORGANISATIONAL
PERFORMANCE**
INDICATORS ACHIEVED

DEPARTMENTAL REPORTS



PART 3

OPERATIONS REPORT
HUMAN CAPITAL REPORT
INFORMATION & COMMUNICATIONS
TECHNOLOGY REPORT
CHIEF FINANCIAL OFFICER'S REPORT
AUDIT COMMITTEE REPORT

040
060
067
070
073



PPECB

OPERATIONS REPORT



CYRIL JULIUS
Chief Operations Officer

The year under review has had its challenges, and the PPECB Operations Teams stepped up to ensure that service delivery continued uninterrupted. Staff infected with COVID-19 were isolated, especially during the third wave and to a lesser degree during the fourth wave.

The PPECB received notifications from some clients that they would only allow PPECB staff onto their sites who had been fully vaccinated or had a negative PCR test certificate. Fortunately, service delivery was still maintained across all regions. Requests for staff availability on a 24-hour basis increased mainly due to the logistics challenges experienced in the supply chain and the shortage of containers.

The PPECB regional staff showed great agility and flexibility in ensuring that client needs were addressed at short notice. During winter, unrest experienced in KwaZulu-Natal and Gauteng severely impacted employees in these regions and assistance was provided where needed.

The PPECB researcher passed away tragically. He will be remembered for his friendliness and calm demeanour.

The Operations Department continued with a hybrid approach of onsite and remote work. Employees who could avoid coming into the office did so, and this minimised contact with others. Office-based employees complied with the relevant guidelines, which included wearing personal protective equipment (PPE), social distancing and regular hand sanitising.

Despite these challenges, the Operations Department remained committed to ensuring the sustainability and longevity of the PPECB by upholding the highest standards of ethics and corporate governance practices. It executed the PPECB's statutory mandates through its Inspection, Cold Chain Management, Food Safety Certification and Laboratory Services, as directed by the Perishable Products Export Control Act No. 9 of 1983 (PPEC Act) and the Agricultural Product Standards Act No. 119 of 1990 (APS Act). To increase the PPECB's value proposition to clients, certain commercial functions continued to be carried out.

Highlights for the fiscal year under review include:

ACHIEVING 90% SATISFACTION RATING in the annual client satisfaction survey	INSPECTING 280.3 MILLION CARTONS of main perishable products (85%) during the year under review via the TITAN 2.0® platform	A TOTAL OF 67.7 MILLION CARTONS of table grapes (98% of the crop) inspected via the TITAN 2.0® platform	MAINTAINING ISO 9001:2015 ACCREDITATION
SUCCESSFULLY DELIVERING ON THE PPECB'S RESPONSIBILITIES for South Africa's False Codling Moth (FCM) Risk Management mandate (fourth year) and Citrus Black Spot Risk Management System (CBS RMS) (fifth year)		THE FOOD SAFETY PROGRAMME CONCLUDING 1 304 AUDITS, exceeding the target of 950, ending the financial year 37% above target	ACHIEVING 13 OUT OF 14 (93%) organisational performance indicators
IMPROVING INTERNAL AUDIT RESULTS with minor findings and observations for some regions; other regions received clean audits	The Laboratory maintaining its ISO 17025:2017 ACCREDITATION after a SANAS audit	The PPECB, in collaboration with the Cool Chain Association (CCA), hosting the virtual GLOBAL PERISHABLE CONFERENCE	NO DELAYS REPORTED despite the challenges experienced through unrest and COVID-19
	Credit notes falling from 1 700 TO 1 359		
Effective collaboration with stakeholders RESULTING IN THE EXPORT OF RECORD VOLUMES of perishable products	Resourcing and rejuvenation of the RESEARCH AND DEVELOPMENT BUSINESS UNIT	INCREASED VOLUMES EXPORTED using specialised refrigerated vessels	Intensive training and awareness conducted at the container depots, resulting in the LOWEST CLEANLINESS REJECTION RATE RECORDED

OPERATIONS' TOP-LINE FINANCIAL RESULTS

The Operations Department realised a surplus of R186.1 million at the end of the fiscal year under review, 41% above budgeted operational surplus.

The total income realised was R553.3 million against a budgeted R494.4 million. Thus, the total income generated was 12% above budget. This was due to higher volumes for citrus fruit, maize, table grapes, pome fruit, stone fruit, other fruit like blueberries, canning, flowers, tree nuts and vegetables. Expenditure was well managed and on budget despite costs increasing by 17% and 8% on Inspections and Cold Chain, respectively. Total expenditure amounted to R354.2 million against a budgeted figure of R354.3 million.

The PPECB Laboratory ended the year with a shortfall of R5.1 million, mainly due to the under-realisation of income related to the Mycotoxin Analytical Programme (MAP). Plans are underway to strengthen the Laboratory's financial situation.



12%
INCREASE
IN EXPORT
CERTIFICATES

A COMMITTED TEAM DELIVERING EFFECTIVELY DESPITE THE IMPACT OF THE COVID-19 PANDEMIC

The Citrus Relief Duty Plan for 2022 was fully resourced for the second time in more than 20 years with no vacancies. It consisted of 337 placements, including 131 unemployed graduates, 12 retirees and 13 acting chief inspectors. The PPECB also has the advantage of a standby pool of resources available to perform relief duty across provincial borders on short notice to assist COVID-19 affected regions.

The Deciduous Relief Duty Plan for the 2021/2022 season was fully resourced with 283 placements, including 35 Cold Chain assessors and four temporary inspectors.

The acting chief inspector and lead assessor initiative, which had the dual purpose of improving operational oversight and developing supervisory capacity, was successfully implemented for the third year with minimal

challenges and mostly positive experiences. Nineteen acting chief inspectors and lead assessors were appointed for the 2021/2022 cycle. The PPECB is reaping the benefits of this intervention which is evident in the subsequent successful appointment and readiness of candidates for permanent supervisory roles.

Inspectors, Cold Chain assessors and TITAN 2.0® support staff members spent 20 191 days on relief duty. They travelled approximately 5.2 million km (up 8%) to ensure that service delivery was timeous and in accordance with stakeholder needs. The increased driver activity costs were largely due to increased volumes.

The Agri Export Technologist Programme (AETP) is a flagship programme used by the PPECB as a feeder programme for new appointees. The programme is designed to develop a pool of competent inspectors for entry into the agricultural sector. During the 2021/2022 financial year, 48 AETP participants were trained in operations. The PPECB is also using this pool of competent inspectors to make temporary appointments to ensure service excellence and meet client expectations.

CERTIFICATION

The 2021/2022 season proved to be more challenging than the 2020/2021 season, as the PPECB port offices were severely affected by the third COVID-19 wave. The COVID-19 Delta variant resulted in staff becoming ill regularly or having to self-isolate.

In July 2021, the KwaZulu-Natal unrest, rioting and looting forced the Durban office to temporarily close due to safety concerns. Export certificates had to be diverted to the Cape Town Airport Office for processing during this period.

A total of 64 961 export certificates were signed at the Cape Town Airport Office compared to 52 591 in the previous year. This represented a 12.4% increase and can be attributed to the overflow from the PPECB Durban Office during this tumultuous period.

Despite these challenges, the PPECB serviced clients to the best of its ability, and this was rewarded by excellent results achieved in the recent customer satisfaction survey.

During the 2021/2022 financial year, 181 508 export certificates were processed nationally by the certification desks, an increase of about 12% compared to the previous fiscal year. These certificates represent an increase of 358 million cartons (up 13% on the previous year) and 387 million kilograms (up 0.3% on the previous year) of vegetables, flowers, canned products, dried fruit, red tea and other products. The total number of certificates which had to be re-issued because of erroneous applications submitted was 10 339 (+26% increase on the previous year). Close on 7 000 (6 813 certificates; up 1%) or 9.5% of all certificates were cancelled or had errors.

More clients are using electronic addendums and electronic export certification. From April 2021 to March 2022, 7 185 export certificates were processed on the TITAN 2.0® platform.

Export Certification April 2021 – March 2022

REGION	TOTAL EXPORT CERTIFICATES SIGNED	TOTAL EXPORT CERTIFICATES INCORRECT	TOTAL EXPORT CERTIFICATES CANCELLED
Cape Town Airport	64 961	6 222	2 073
Ceres	6 161	0	329
Citrusdal	3 626	177	185
Durban	29 721	1 018	594
Gauteng	28 775	1 016	202
Grabouw	9 676	62	539
Nelspruit	2 654	119	189
Paarl	13 168	146	610
Gqeberha (Port Elizabeth)	19 526	1 131	2 082
Robertson	3 220	380	2
Tzaneen	20	68	8
TOTAL	181 508	10 339	6 813
Percentage		5.70%	3.75%

BUSINESS OPTIMISATION: PROVIDING SUPPORT AND INCREASING EFFICIENCY

Business optimisation embarked on regular and meaningful interaction with employees in all regions to keep them informed of developments within the PPECB and liaised with the Finance, Human Capital (HC) and Information and Communications Technology (ICT) Departments to address issues and concerns experienced.

The 2021 Business Optimisation, Finance, and Human Capital regional connect sessions were conducted using the Microsoft Teams platform with great success. These included TITAN 2.0® feedback and priorities for 2022, the learning management system (LMS), finance feedback, LMS demonstrations on Inspection and Cold Chain modules and information sharing on the Enterprise Resource Planning (ERP) Implementation Project.

The business optimisation manager, in collaboration with regional operations managers, embarked on building a high-performance and risk-aware culture throughout the organisation.

Internal controls were reviewed and strengthened in collaboration with the PPECB regions to mitigate the risk of credit notes and improve audit results. Consequently, actual audit results were limited to minor findings and observations for most audits. In some instances, there were no findings. Approximately 20% of credit notes were due to the incorrect billing party being identified, and mitigating actions were identified in cooperation with the regions.

INSPECTION SERVICES: THE PPECB'S CORE COMPETENCE

The Operations Region achieved an 81% (1% increase on last year) ratio of product-related hours, and 19% of non-billable hours were attributed to leave (10%), training (4.2%), meetings (0.8%) and administration (2%). A productivity level of 99% (time allocated for legitimate reasons) was maintained, with the balance of unproductive time (1%) the result of diminished activity in regions between the seasons (particularly during October).

Customer satisfaction, as a requirement of ISO 9001:2015 (Q78), was measured with 100% positive feedback received from the 1 027 respondents, with 80% (817) rating the services of the PPECB as excellent.

National Volumes of all Products 1 April 2021- March 2022

VOLUMES	ACTUAL	BUDGET	VARIANCE	PERCENTAGE
Canning (kg)	102 706 137	95 000 000	7 706 137	108%
Citrus (cartons)	172 311 189	150 481 683	21 829 506	115%
Dried fruit (kg)	67 456 507	66 551 222	905 285	101%
Flowers (kg)	8 701 158	4 417 500	4 283 658	197%
Grapes (cartons)	69 153 228	67 272 603	1 880 625	103%
Ground nuts (tonne)	13 757	12 924	833	106%
Tree nuts (pecan & macadamia) (tonne)	44 033	37 090	6 943	119%
Maize & grain (tonne)	3 527 409	1 892 118	1 635 291	186%
Other fruit (cartons)	12 231 662	5 454 680	6 776 982	224%
Deciduous - Pome fruit (cartons)	61 159 894	53 139 294	8 020 600	115%
Deciduous - Stone fruit (cartons)	24 453 196	21 744 578	2 708 618	112%
Red tea (kg)	15 300 701	12 230 284	3 070 417	125%
Subtropical - Avocados (cartons)	13 681 805	15 998 821	-2 317 016	86%
Mangoes (cartons)	964 283	1 440 000	-475 717	67%
Litchis (cartons)	1 243 537	1 527 000	-283 463	81%
Vegetables (kg)	143 213 623	99 537 191	43 676 432	144%

National Summary

Below average exports for fruit were recorded against budgeted volumes: avocados (-14%), mangoes (-33%) and litchis (-19%).

Above normal exports for fruit were recorded against budgeted volumes for citrus (+15%), pome (+15%), stone (+12%) and other fruit (+124%). In the "other products" category, the total weight (in kilograms) exported consisted of red tea (+25%) and vegetables (+44%).



DECIDUOUS FRUIT EXPORT SEASON

TABLE GRAPE SECTOR

The volumes for the year as at 31 March 2022 are 69 153 228 cartons inspected against a budget of 67 272 603 cartons which is 3% above expectation.

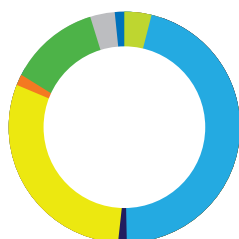
The 2021/2022 grape season started about seven to ten days later in the Lower Orange River (LOR). The volumes inspected were higher than the previous season. However, some challenges were experienced with berry size, low Brix and decay.

The middle and latter part of the season saw higher than normal volumes of rain in the LOR, Olifants River, Trawal and Piketberg, which delayed harvesting significantly. The overall quality was good. However, the rain's impact forced producers to extend working hours to include night shifts and weekend shifts. During the season, clients experienced numerous logistical challenges in the ports due to a shortage of vessels and containers and the overall poor efficiency of port operations. In the Citrusdal region (LOR, Trawal and Piketberg), the season ended with a 10% higher volume than the previous season. The Paarl and Ceres (Saron) season started two weeks later, and despite the delay, both areas experienced higher than budgeted volumes and good quality overall.

The volumes for grapes in the North were 4% less than budgeted. This was attributed to challenging weather conditions during the production stages and excessive rain during the harvests, which had a detrimental effect on the yield of some cultivars.

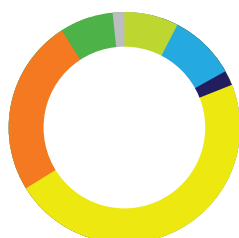
Although there were numerous factors which influenced export volumes, the Hex/Robertson region ended with a record volume for the table grape season with excellent quality. Intermittent rain in the latter part of the season had an adverse effect on the colouring of the late variety grapes, especially the Crimson Seedless.

Export destinations were primarily:



**Grape Inspections
2021/2022**

3%	Red Seeded Grapes
44%	Red Seedless Grapes
1%	White Seeded Grapes
32%	White Seedless Grapes
1%	Black Seeded Grapes
15%	Black Seedless Grapes
3%	Mixed Grapes
1%	Experimental Grapes



**Grape Export Destinations
2021/2022**

6%	North America
8%	Asia
2%	Africa
57%	European Union
21%	United Kingdom
5%	Middle East
1%	Russian Federation



Pome Export Destinations 2021/2022

1%	North America
27%	Asia
22%	Africa
14%	European Union
13%	United Kingdom
12%	Middle East
9%	Russian Federation
2%	Indian Ocean Islands

POME FRUIT SECTOR (NATIONAL)

The actual volume year-to-date as of 31 March 2022 was 61 159 894 cartons inspected against a budget of 53 139 294 cartons which was 15% better than budget.

Both Grabouw and Ceres experienced record volumes throughout the season, which exceeded the budget. The increases in export volumes were mainly due to favourable market conditions and new orchards coming into production. The demand for pome fruit was strong throughout the financial year. Bruising and maturity issues remained the main reasons for apple rejections, while russetting was the main concern for pear rejection during the earlier part of the season.



Apple Export Destinations 2021/2022

29%	Asia
29%	Africa
8%	European Union
17%	United Kingdom
10%	Middle East
5%	Russian Federation
2%	Indian Ocean Islands



Pear Export Destinations 2021/2022

3%	North America
27%	Asia
4%	Africa
27%	European Union
5%	United Kingdom
16%	Middle East
16%	Russian Federation
2%	Indian Ocean Islands

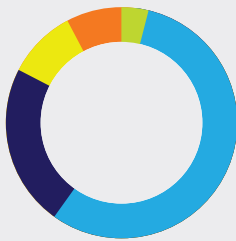
VOLUME
INSPECTED
15%
BETTER THAN
BUDGET

**GRABOUW
& CERES**
experienced
RECORD VOLUMES
this season

STONE FRUIT SECTOR

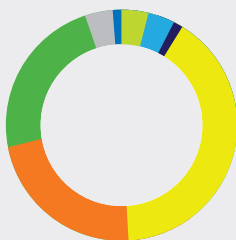
The actual volumes year-to-date as of 31 March 2022 were 24 453 196 cartons inspected against a budget of 21 744 578 cartons (+12% on the budgeted target). The stone fruit season started approximately seven to ten days later than expected. This was mainly due to unfavourable weather conditions, which continued until the end of December 2021. The rain during late December 2021 detrimentally affected sugar levels (low TSS). However, this did not impact volumes.

The main reasons for rejections for stone fruit products were immaturity and low total soluble solids. This was mainly due to producers being too hasty to harvest before the rain. After a slow start, the season gained momentum during December 2021 with higher than budgeted volumes. Heat waves experienced during January 2022 affected export volumes as some growers preferred to be cautious and not pack certain cultivars for export during that period.



**Stone Fruit Inspections
2021/2022**

3%	Apricots
60%	Plums
22%	Nectarines
8%	Peaches
7%	Interspecific Plums



**Stone Fruit Export Destinations
2021/2022**

3%	North America
3%	Asia
1%	Africa
48%	European Union
21%	United Kingdom
20%	Middle East
3%	Russian Federation
1%	Indian Ocean Islands

VOLUME
INSPECTED
12%
BETTER THAN
BUDGET

24 453 196
CARTONS OF
STONE FRUIT
INSPECTED



CITRUS FRUIT INSPECTIONS

The volumes of citrus fruit inspected during the 2021/2022 fiscal year increased by 15% against the previous year's volumes. This is despite the challenges experienced by the industry regarding the COVID-19 pandemic, climatic conditions, phytosanitary compliance issues, difficult marketing conditions and logistical challenges. The total citrus volumes inspected were 172 311 189 cartons. The increase in inspected citrus volumes was predominantly in soft citrus (+38%), grapefruit (+23%), lemons (+10%) and oranges (+5%). Favourable weather conditions in the production regions of South Africa resulted in a good citrus blossom and fruit set.

Europe continued to be the main export market for citrus, absorbing 35% of the South African citrus fruit export volumes. Most of the import markets showed good growth in volumes compared to the previous fiscal year.

EU CITRUS INSPECTION MANDATE

The 2021 citrus season marked the fifth year that the PPECB implemented the CBS RMS. It is also the fourth year that the PPECB implemented the False Codling Moth Risk Management System (FCM RMS) on behalf of the Department of Agriculture, Land Reform and Rural Development (DALRRD).

The role of the PPECB was to conduct inspections on fruit dipped in ethephon (as part of the CBS RMS) and perform inspections and fruit loading as per appropriate temperature regimes (FCM RMS).

The 2021 citrus season was not good for South Africa in terms of CBS and FCM interceptions in Europe.

There were 43 interceptions of CBS compared to only six interceptions in the previous season, while there was a total of 130 local interceptions for the 2021 season.

Sixteen occurrences of FCM were intercepted in Europe, which is an increase when compared to the 14 of the previous season. There were 379 local interceptions for the 2021 season. Forty four fruit fly interceptions were reported locally, while there were two fruit fly interceptions in the EU.

38%

INCREASE IN INSPECTED
SOFT CITRUS
VOLUMES

Citrus Fruit Inspections (cartons)

CITRUS FRUIT	2019/20	2020/21	2021/22	2020/21 vs 2021/22
Oranges	70 039 742	76 067 720	80 118 007	105%
Lemons	25 395 071	28 787 687	31 564 810	110%
Soft citrus	24 494 984	30 672 514	42 296 594	138%
Grapefruit	15 241, 622	14 625 227	17 973 304	123%
Kumquats	101 716	164 369	217 094	132%
Pummelos (pomelos & shaddocks)	85 127	81 795	103 656	127%
Limes	42 043	36 720	26 107	71%
GRAND TOTAL	135 400 306	150 436 032	172 299 572	115%

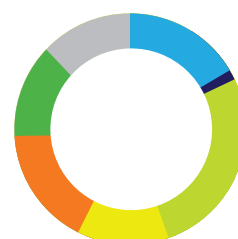


Citrus Type Market Share

46%	Oranges
24%	Soft Citrus
19%	Lemons
11%	Grapefruit

Citrus Fruit Destination Distribution (pallets)

DESTINATION TRADE REGION	2019/20	2020/21	2021/22	2020/21 vs 2021/22
European Union	570 721	705 814	741 666	105%
Asia	358 141	367 298	428 185	117%
Middle East	314 733	319 474	393 717	123%
United Kingdom	154 919	184 994	170 129	92%
Russian Federation	128 329	144 068	155 913	108%
North America	101 852	151 933	175 093	115%
Africa	12 226	14 830	22 752	153%
Indian Ocean Islands	11 581	10 502	13 477	128%
Oceania	80	80	20	-
Central America	-	140	-	-
South America	20	980	4580	-
South East Asia	-	103	-	-
GRAND TOTAL	1 652 601	1 900 216	2 105 532	111%



**Citrus Fruit Markets
2021/2022**

19%	Asia
1%	Africa
37%	European Union
10%	United Kingdom
17%	Middle East
8%	Russian Federation
8%	North America

EUROPE ABSORBED
35%
OF SOUTH AFRICAN
CITRUS FRUIT

CITRUS VOLUMES
INSPECTED
172 311 189
CARTONS



SUBTROPICAL FRUIT INSPECTIONS

AVOCADOS

The 2021/2022 financial year's avocado export estimates were set at 16,5 million cartons. Volumes presented for export inspection were 13,68 million cartons - one million cartons more than the previous financial year.

The drop in the initial estimates was due to small fruit being harvested. This was a lingering effect of the drought. Due to unfavourable market conditions, producers preferred to send some fruit to the local market. The EU continues to be the biggest market for South African avocados as it absorbs about 91% of the fruit.



Destination Markets

TARGET MARKET	VOLUMES (CARTONS)	PERCENTAGE
European Union	12 473 720	91%
United Kingdom	500 720	4%
Russian Federation	456 968	3%
Middle East	153 900	1%
Africa	52 918	1%
Indian Ocean Islands	23 045	0%
South East Asia	20 534	0%
TOTAL	13 681 805	100%

THE EU ABSORBS
91%
OF SOUTH
AFRICAN
AVOCADOS

**A MILLION
MORE CARTONS**
were inspected
than the previous
financial year

LITCHIS

The total quantity of litchis inspected for the 2021/2022 financial year was 1 243 139 cartons (down 18%) against the budgeted volumes. These volumes were down on the 1 558 215 cartons from the previous financial year. This was due to unfavourable weather conditions such as hailstorms and heat. The United States of America (USA) export programme was very successful with good quality results. The planned USA volumes were completed without any challenges and within the allocated time. The EU is still the biggest market for South African litchis.



Destination Markets

TARGET MARKET	VOLUMES (CARTONS)	PERCENTAGE
European Union	982 477	79%
United Kingdom	127 384	10%
North America	67 533	5%
Middle East	44 539	4%
Africa	14 005	1%
Indian Ocean Islands	5 655	1%
South America	1 440	0%
Russian Federation	504	0%
TOTAL	1 243 537	100%

VOLUME
INSPECTED
18%
BELOW BUDGET

**THE USA
EXPORT
PROGRAMME
WAS VERY
SUCCESSFUL**

MANGOES

The mango export season commenced in the Malelane area in Week 49 of 2021, with some exports carried out via airfreight during the early part of the season. The Hoedspruit season started in Week 50. A total of 962 627 cartons were inspected for the season, which was 32% below budget.

The quality of the mangoes was good throughout the season, despite excessive rain in December, which impacted the general packing and quality to a certain degree. The biggest challenge experienced was the Maximum Residue Limit (MRL) exceedances. The Middle East is still the most important market for mangoes from South Africa.



Destination Markets

TARGET MARKET	VOLUMES (CARTONS)	PERCENTAGE
Middle East	575 438	60%
Africa	329 939	34%
Russian Federation	31 597	3%
South East Asia	24 696	3%
European Union	1 389	0%
Asia	1 224	0%
TOTAL	964 283	100%

VOLUME
INSPECTED
32%
BELOW BUDGET

**THE MIDDLE
EAST** IS THE
MOST IMPORTANT
MARKET FOR
MANGOES

MAIZE

Due to good rainfall experienced in the production regions, the maize crop inspected continued to increase. The total crop inspected for export was 3 553 576 tonnes compared to the budgeted volumes of 1 892 118. These volumes were inspected and exported via the Durban Port except for the volumes bound for the African markets, which were inspected inland. The bulk of the crop was exported to Asia, while only 19% went to African markets.



Destination Markets

TARGET MARKET	VOLUMES (MT)	PERCENTAGE
Asia	1 599 776	46%
South East Asia	824 805	23%
Africa	674 318	19%
European Union	401 028	11%
Middle East	27 482	1%
TOTAL	3 527 409	100%

TOTAL CROP
INSPECTED MORE
THAN
**3.5 MILLION
TONNES**

ASIA
RECEIVED THE
BULK OF THE
CROP AT
46%



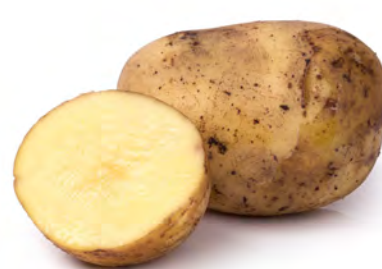
GROUNDNUTS AND TREE NUTS

The volumes inspected for groundnuts were 13 757 tonnes compared to the budgeted 12 924 tonnes. Exports are still subdued due to the lingering effects of the drought in some parts of South Africa. About 65% of the groundnuts were inspected for the South East Asian market, while 25% were bound for the EU.

Since the PPECB commenced with tree nut inspections, the volumes have increased steadily every year. The macadamia nut in-shell inspected for export during the 2021/2022 financial year was 25 495 tonnes, + 15% on the previous financial year. Ninety eight percent of the crop was bound for the South East Asian markets. During the same period, pecan nuts presented for export totalled 18 457 tonnes. The volume decrease was due to cold damage that led to fruit dropping before maturity. The main target market for pecan nuts is South East Asia.

Destination Markets

TARGET MARKET	VOLUMES (MT)	PERCENTAGE
South East Asia	9 070	65%
European Union	3 395	25%
Asia	846	6%
Africa	346	3%
South America	100	1%
TOTAL	13 757	100%



VEGETABLES

Vegetable volumes inspected were 143 213 623 kilograms compared to the budgeted 99 537 191 kilograms. The 44% increase is due to the large volumes of "mini" vegetables and potatoes inspected. About 99% of the potatoes were bound for the African market, while the "mini" vegetables were inspected at the airports and airfreighted to the EU, Middle East and the UK.



99%

OF
POTATOES
WERE BOUND FOR THE
AFRICAN MARKET

PROJECT TITAN 2.0®: MAKING DIGITAL PROGRESS

The TITAN 2.0® Product Inspection development priorities included:

- Electronic (paperless) consignment notes to mitigate the current risk on TITAN 2.0®, allowing clients to make changes to their vendor system before presenting consignment notes to the inspector;
- Changes to integrate with Version 2 of the Tracking Unit Register (TUR), now called the Tracking Unit Manager (TUM) and integration with PhytClean Version 2; and
- Enhancements to the Electronic Export Certification module to address current client frustrations and incorporate client needs to increase uptake significantly.

TITAN 2.0® ACHIEVEMENTS

- Excellent progress was made with the quarterly reviewed milestones for Product Inspection and most priority developments were completed with a significant number already successfully deployed.
- The requirements for transactional data to be integrated into the Operations Integration System (OIS) were finalised between Operations, Finance and ICT. The required development effort is being estimated for the integration.
- The change request to integrate Approved Product Inspection Service Requests for all products into the OIS and its integration into ERP was completed and approved. These developments are key milestones for the success of the ERP project.
- The deployment of the mobile application's limited maximum hour cap when inspectors are capturing additional overtime will mitigate the risk of inspectors allocating excess overtime, which leads to credit notes.
- The bin pack code validation, nett weight validation and validation of class were also successfully deployed. It will strengthen internal operational controls and improve the accuracy of PPECB information supplied to industry bodies in terms of seasonal service level agreements (SLA).
- The cloning of the service request functionality was deployed successfully, enabling PPECB clients to clone information and save valuable time when completing service requests for the new season.
- The bulk sign-off (multi-select) functionality was successfully deployed, enabling clients and inspectors to sign once for multiple documents, saving valuable time for internal and external customers.
- More clients were onboarded with electronic addendum and export certification. Subsequent requests for enhancements were successfully deployed. As a result, from April 2021 to March 2022, 7 185 electronic export certificates were processed on the TITAN 2.0® platform, representing a significant increase from 206 compared to the previous year.

TITAN 2.0® Electronic Export Certificates

REGION	ELECTRONIC CERTIFICATES
Durban	535
Port Elizabeth	7
Cape Town	6 506
Paarl	137
TOTAL	7 185

The uptake of TITAN 2.0® by the PPECB's clients depends on the readiness of the clients' software vendors being able to integrate with the TITAN 2.0® platform. Nine software vendors had successfully integrated with this platform as of 31 March 2022.

**EXCELLENT PROGRESS
WAS MADE** with the
quarterly milestones for
Product Inspection.
**MOST PRIORITY
DEVELOPMENTS
WERE COMPLETED**

THE BULK SIGN-OFF
functionality was
successfully deployed,
enabling clients and
inspectors to
**SIGN ONCE
FOR MULTIPLE
DOCUMENTS**

**FROM APRIL 2021 TO
MARCH 2022**
7 185
**ELECTRONIC EXPORT
CERTIFICATES**
were processed on the
TITAN 2.0® platform

The following results were achieved per product on TITAN 2.0® from 1 April 2021 to 31 March 2022:

Volumes Inspected on TITAN 2.0®

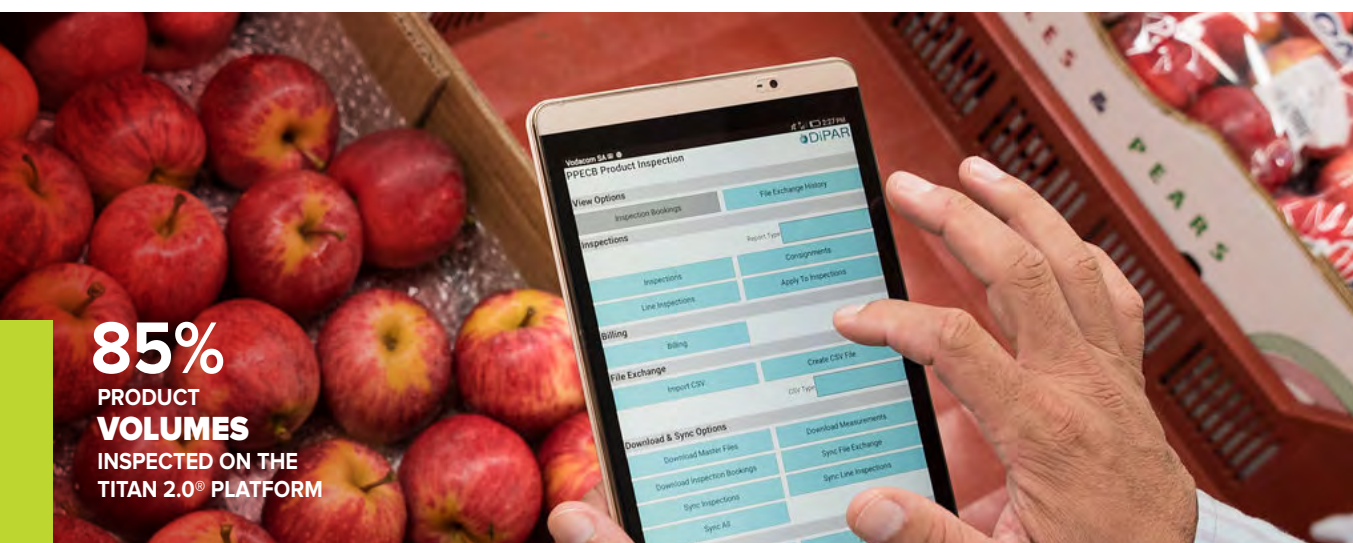
PRODUCT	BATCH	TITAN	% TITAN
Avocados	1 669 748	11 968 505	88%
Citrus fruit	20 978 790	146 337 566	87%
Grapes	1 035 017	67 705 387	98%
Pome fruit	14 075 541	43 642 522	76%
Stone fruit	13 379 448	10 715 362	44%
GRAND TOTAL	51 138 544	280 369 342	85%

REGION			
Ceres	3 455 417	31 546 947	90%
Citrusdal	1 923 659	51 360 694	96%
Eastern Cape	12 287 458	38 359 689	76%
Gauteng	4 390 305	29 168 519	87%
Grabouw	9 105 509	17 167 764	65%
Natal	847 480	3 152 194	79%
Nelspruit	3 885 519	32 989 766	90%
Paarl	9 670 763	9 019 058	48%
Tzaneen	1 827 995	33 617 048	95%
Robertson	3 200 318	33 987 663	91%
GRAND TOTAL	51 138 544	280 369 342	85%

A Technical Task Team was established between the PPECB (TITAN 2.0®), DALRRD, exporters, software vendors and eCert to investigate ways to eliminate duplications and improve efficiencies between eCert, TITAN 2.0® and client systems.

A working group was also established comprising exporters, pack houses, clearing and forwarding agents, software vendors, eCert, DALRRD and the PPECB. A Stability Task Team was established between the PPECB, forwarding agents, exporters, and software vendors. The focus was on investigating current issues experienced with eAddendums and electronic export certification and identifying quick wins to address issues and increase the uptake.

Good progress was made on TITAN 2.0® by the Cold Chain business unit. Two Cold Chain modules, Schedule 1 and Export Notification, were successfully implemented on TITAN 2.0®. Export Notification will be made mandatory in 2022. The PPECB envisages that all Cold Chain modules will be on the electronic platform within two years.



85%
PRODUCT
VOLUMES
INSPECTED ON THE
TITAN 2.0® PLATFORM

COLD CHAIN SERVICES: KEEPING PERISHABLE PRODUCE COOL ON THE MOVE

CITRUS FRUIT EXPORTS

DURBAN REMAINED THE PREFERRED PORT for citrus fruit exports, shipping a total of

54% OF CITRUS EXPORT VOLUMES

SOUTH AFRICAN EXPORTERS SHIPPED

21% MORE VOLUME on SRVs during the reporting period

THE USA PROGRAMME SUCCESSFULLY SHIPPED

15 VESSELS LADEN WITH CITRUS during the reporting period

Logistics challenges pose the single biggest threat to the citrus industry. Despite the logistics challenges experienced in Durban, it remained the preferred port for citrus fruit exports, shipping 54% of the total citrus export volumes in the year under review.

Cape Town and Eastern Cape ports shipped 25% and 21%, respectively. As a result of the challenges experienced at South African ports and unrest, which mainly impacted Durban, vessels bypassed the Eastern Cape. This resulted in lower citrus volumes being shipped through the Eastern Cape. Some of the citrus fruit grown in the Eastern Cape was transported and shipped through Cape Town or Durban.

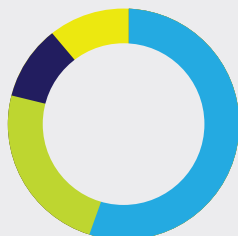
SPECIALISED REFRIGERATED VESSELS (SRV)

The global shortage in containers and South Africa's logistics challenges resulted in a demand for SRVs. South African exporters shipped 21% more volume on SRVs during the reporting period than the previous year. However, citrus exports to China on SRVs experienced significant delays due to the vessels not being permitted to berth at Chinese ports. This resulted in fewer citrus volumes being shipped using this mode of transport to China. The USA programme successfully shipped 15 vessels laden with citrus fruit during the reporting period. Twelve and six vessels sailed from South Africa during the previous two seasons.

REFRIGERATED CONTAINERS

There has been a year-on-year increase in perishable commodities transported in refrigerated containers. Despite the challenges, the reporting period recorded a 12% increase in refrigerated containers compared to the previous fiscal year. The logistics problems led to challenges being experienced throughout the value chain. The challenges experienced included the global shortage of containers, riots in some provinces, inefficiencies within ports, breach of port cyber security, the impact of COVID-19 and container vessels bypassing South African ports.

Despite these challenges, a collaboration by all stakeholders resulted in record container volumes being shipped through some South African ports. The PPECB conducted intensive container cleanliness training and awareness nationally with container depot staff in an effort to reduce the container rejection rate. This was successful as it was the first year that container rejection volumes were below 10%, making more containers available for export.



Citrus Fruit Export Ports 2021/2022

54% Durban
25% Cape Town
11% Port Elizabeth
10% Ngqura (Coega)

Citrus Fruit Port Distribution (pallets)

LOADING PORTS	2019/2020	2020/2021	2021/2022	2020/21 vs 2021/22
Durban	889 241	970 829	1 133 356	117%
Cape Town	350 633	441 989	521 709	118%
Ngqura (Coega)	293 777	240 262	213 915	89%
Port Elizabeth	118 694	247 136	236 592	96%
Maputo	434	-	-	0%
GRAND TOTAL	1 652 779	1 900 216	2 105 572	111%

Total Containers Shipped

PORTS	2019/20	2020/21	2021/2022	2020/21 vs 2021/22
Cape Town	88 166	96 649	107 197	111%
Durban	45 750	49 051	58 996	120%
Ngqura (Coega)	16 930	15 129	13 877	92%
Port Elizabeth	8 298	13 846	13 538	98%
Other	20	32	27	-
GRAND TOTAL	159 164	173 217	193 635	112%

Total Container Inspections 2021/2022

REASONS	TOTAL INSPECTED	PASSED VOLUME	REJECTED VOLUME	% REJECTED	REASONS FOR REJECTIONS
Cleanliness	229 061	207 576	21 485	9.38%	Dirty taint, damaged panels, oxidation and wet
Technical	171 171	171 149	22	0.01%	
GRAND TOTAL	400 232	378 725	21 507	5.37%	

Total Refrigerated Road Motor Transport Inspections 2021/2022

TOTAL INSPECTED	TOTAL PASSED	TOTAL REJECTED	% REJECTED	REASONS FOR REJECTIONS
667	610	57	8.55%	Damaged panels, faulty sensors and dirty

Total Cold Storage Inspections 2021/2022

TOTAL INSPECTED	TOTAL PASSED	TOTAL REJECTED	% REJECTED	REASONS FOR REJECTIONS
509	505	4	1%	Faulty recorders

Total Specialised Refrigerated Vessel Surveys 2021/2022

TOTAL INSPECTED	TOTAL PASSED	TOTAL REJECTED	% REJECTED	REASONS FOR REJECTIONS
51	47	4	8%	Faulty sensors, faulty calibration, dirty and structural damages

Total Volumes Shipped on Specialised Refrigerated Vessels (pallets)

PORTS	2019/20	2020/21	2021/22	2020/21 vs 2021/22
All South African ports	134 755	198 600	240 328	121%

FOOD SAFETY PROGRAMME: CONTINUING TO IMPROVE COMPLIANCE

FOOD SAFETY AUDITS

The Food Safety Programme is primarily responsible for ensuring compliance with Regulation R707 on food hygiene and food safety for regulated agricultural food products of plant origin intended for export, commonly known as South African Good Agricultural Practices (SAGAP).

The PPECB Food Safety Auditors conducted 1 304 audits for the period under review. The annual target of 950 was exceeded by 37%. This was mainly due to an increase in drying facility audits, the renewal of South African Maritime Safety Authority (SAMSA) certifications (loading points) and grain storage facilities.

TRANSFORMATION

The Food Safety programme continues to contribute towards the transformation of smallholder farmers via the development programme. The 2021/2022 financial year ended with 108 SAGAP-certified smallholder farmers.

RAISINS SOUTH AFRICA

During the 2021/2022 season, 194 bronze category raisin drying facilities were audited according to the SAGAP compliance criteria. All 194 drying facilities maintained their bronze status (these are audited every 12 months) as none of the drying facilities advanced to the silver or gold category. These 194 drying facilities will be audited again during the 2022/2023 season, together with 57 drying facilities from the silver category (these are audited every 24 months).

PRIVATE SAMPLING INITIATIVE

This initiative was launched in 2015 in collaboration with the industry (HORTGRO) and DALRRD to improve compliance cost efficiency. The initiative aims to reduce the number of samples that are drawn for official regulatory analytical tests on consignments destined for export. To date, 89 pack houses have participated in the initiative. This number is on the increase. The largest uptake has been experienced in the citrus industry in Nelspruit, Hoedspruit and the Eastern Cape.

CENTRAL MANAGEMENT UNIT INITIATIVE

(Pome fruit only)

An opportunity was identified to consider the unique nature of risk management with regard to crop protection substances in the pome fruit industry. Therefore, it was agreed by DALRRD to amend the MRL Standard Operating Processes (SOP) to accommodate this unique feature. The Central Management Units (pome fruit pack houses), after successful application at the PPECB, will now be able to get recognition for commercial MRL samples that they draw. This will further instruct the PPECB to reduce the number of samples to one random sample per month. Currently, 13 participating pome fruit

pack houses are participating. The 13 participating pack houses have submitted their renewal requests for 2022. The closing date for new applications was the end of February 2022.

LABORATORY SERVICES

Despite the challenges of the COVID-19 pandemic, which affected the way many businesses operate, the PPECB Laboratory has continued to expand its accredited testing methods. In general, during the 2020/2021 financial year, there was a decrease in the volume of samples analysed compared to the previous financial year.

Traditionally, the Laboratory was highly focused on the MAP. This has, however, changed as the Pesticide Analytical Programme (PAP) samples increased. For the past five years, PAP has grown by 100%. The PAP showed a 45% increase in sample volumes compared to the previous year for the period under review. This has been achieved while the scope of accredited methods is being expanded for various matrices.

The Dairy Analytical Programme (DAP) volumes have been steadily increasing. The programme analysed over 10% more samples than the budgeted volumes. This represents an increase of 5% compared to the previous financial year. Opportunities related to automation and minimising wet chemistry have been identified for the programme which has commenced and the laboratory will continue with it in the next financial year. The Fat Analytical Programme (FAP) has also shown growth during the period under review. Samples analysed are 11% higher compared to the previous financial year.

A highlight for the PPECB Laboratory is that it passed the SANAS audit and maintained its accreditation of ISO 17025:2017. It was noted that:

- a Management records were readily available;
- b The management review was conducted as planned and actions were well-monitored;
- c Internal audits were conducted as planned, which comprised the system and technical aspects, including the flexible scopes;
- d Method validations were satisfactory; and
- e Proficiency testing participation was found to be satisfactory.

As a result, it was recommended the Laboratory continue with its accreditation and an 18-month cycle to monitor the implementation of requirements. The new Laboratory certificate also included additional signatories for the various programmes.

RESEARCH AND DEVELOPMENT: CONTINUOUSLY SEARCHING FOR SHIPPING SOLUTIONS

The tragic and sudden death of the researcher resulted in fewer research trials being conducted during the reporting period. The new appointments provided an opportunity for the Research and Development business unit to review and realign its business model.

This business unit aims to conduct post-harvest research on perishable products to improve current internal business processes, Cold Chain management and overall product quality.

The applied research approach is being utilised as the business unit seeks to provide implementable solutions to problems raised instead of providing an academic understanding of the genesis of the problem. The business unit endeavours to form partnerships with local and international organisations. Sourcing new technologies and innovation will become an integral part of the research conducted by this business unit.

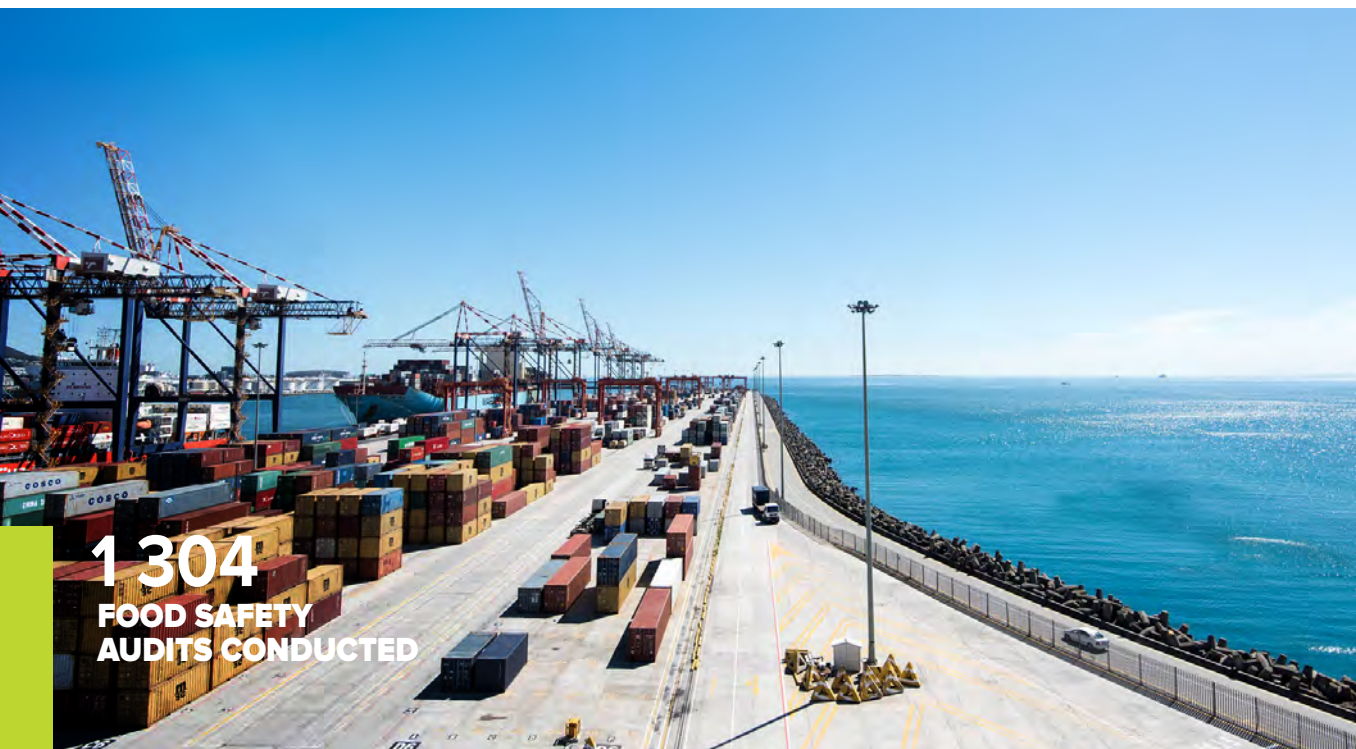
The Organisation for Economic Co-operation and Development (OECD), based in Paris, had signed a contractual agreement with the PPECB to research the impact of climate change on the fresh fruit and vegetable trade. The OECD had provided funding to assist the PPECB with the operational costs for this research initiative. The Research and Development business unit seeks to improve its research initiatives by collaborating and having formal agreements with other international organisations.

The CCA has, in principle, agreed to collaborate with the PPECB on research initiatives. This will be further discussed by the CCA Board and a research agreement with the PPECB will be formalised.

INTERNATIONAL COLLABORATION

The PPECB is represented on the CCA Board of Directors. The PPECB collaborated with the CCA and was the platinum sponsor of the virtual Cool Chain Association Perishables Conference. The virtual conference was attended by almost 200 delegates from across the globe.

The PPECB continues to represent South Africa on behalf of DALRRD on international forums. The PPECB COO is the chairperson of the United Nations Economic Specialised Section on Fresh Fruit and Vegetables and also served as the chairperson of the OECD's and CCA's Fruit and Vegetable Scheme during 2021.



FURTHER
EMBEDDING
**TITAN
2.0®**

in Operations for all
products

INCREASING THE
UPTAKE OF
**ELECTRONIC
ADDENDUM
& EXPORT
CERTIFICATION**

on the TITAN 2.0®
platform

DEVELOPING MORE
**COLD CHAIN
MODULES**

on the TITAN 2.0®
platform

CONTINUING
TO INTRODUCE
**INTERNAL
CONTROLS
& STRENGTHENING
PROCESSES**

for increased
efficiencies

INCREASING THE
EMPLOYMENT OF
**DIFFERENTLY-
ABLED
PEOPLE**

INCREASING
OUR FOCUS ON
FOSTERING A
**CLIENT-
CENTRIC
CULTURE**

**LEVERAGING
TECHNOLOGY**

to improve business
processes and
efficiencies

INCREASING
CAPACITY IN OUR
**OPERATIONAL
RESOURCES**

in readiness for
potential changes in
export requirements

ROLLING OUT THE
**RESEARCH &
DEVELOPMENT
STRATEGY**

**ESTABLISHING
FORMAL
INTERNATIONAL
RESEARCH
AGREEMENTS**

**LOOKING AHEAD:
OUTLOOK FOR 2022/2023
AND BEYOND**

Focus areas going forward include:

**FOSTERING STRONGER
COLLABORATIVE RELATIONSHIPS**

to assist with logistics challenges

**EXPANDING
THE LABORATORY'S
MAIN ANALYTICAL
PROGRAMMES**

to strengthen its
financial situation

**INCREASING
VOLUMES
SHIPPED
THROUGH
MAPUTO**

**STRONG FOCUS ON
TRAINING INITIATIVES**

for operational staff

**UPSKILLING &
RESKILLING**

our administrative
staff

**FULL
INTEGRATION
WITH UPGRADED
VERSIONS**
of PhytClean and
TUM

PURSuing CHANGE REQUESTS

to address client needs and frustrations to
INCREASE THE UPTAKE OF

TITAN 2.0®

and improve internal and external user
experience



HUMAN CAPITAL REPORT

PINKI LUWACA

Human Capital Executive

During the reporting period, the Human Capital (HC) department continued to make progress with the five strategic focus areas: becoming more customer-centric; enhancing data analytics and business intelligence (BI) capabilities; re-designing the PPECB's service delivery model to increase efficiencies and contain costs; improving business process efficiencies through digital transformation; and developing black smallholder farmers and suppliers to improve their business sustainability.

The department, like the rest of the organisation, became more familiar with functioning in a pandemic and achieved much during the period despite the difficulties caused by the pandemic. Here are some key highlights for the 2021/2022 reporting period:

EMPLOYEE TURNOVER

The total number of employees who left the PPECB voluntarily (i.e. resigned/retired) was 16. This number translates into an employee turnover rate of 3% for the reporting period. It is also worth noting that 15 new employees were appointed during this reporting period.

RECRUITMENT AND SELECTION

The HC team launched in-house training for hiring managers to help them navigate the hiring system in order to create and route requisitions for approval, review and move candidates through the workflow, thus reducing the administrative burden of the recruitment process.

Onboarding surveys were created to solicit feedback from new employees about their overall recruitment/onboarding experience. This helps the team measure the level of satisfaction of new employees with the recruitment and onboarding process and develop targeted actions for continuous improvement.

HC facilitated and supported the Operations Department by using agile or flexible methods to recruit 54 employees on two-year fixed-term contracts to build a competent and diverse pool of seasonal employees.

EMPLOYEE EXPERIENCE

In the previous year's report, the department stated it would prioritise an enhanced employee experience in this financial year. Accordingly, the HC team implemented an email signature survey to ask for quick feedback from employees and external stakeholders on how they experience the HC team's support. The survey gave employees the opportunity to reflect on HC's support and how it impacted their day-to-day activities. Based on the 108 responses received, employees indicated they strongly agreed (i.e. 94% satisfaction) that the team:

- Addressed enquiries or issues with professionalism;
- Was available for queries within a reasonable time; and
- Was responsive or extremely responsive to queries.

In addition, On the Couch sessions were held to inform employees where the Executive Committee (EXCO) shared the direction on our digital transformation journey.

The People Connect sessions continued with the focus on digital transformation, where we engaged employees on cyber security and project updates. The HC team and business leaders kept employees informed on the new policies and procedures in health and safety, finance and Information and Communications Technology (ICT) and received feedback on what can be improved in various departments. In addition, On the Couch sessions were held where the EXCO shared the direction on our digital transformation journey with all our employees.

EMPLOYEE WELLNESS

A critical success factor for an employee wellness programme (EWP) is ongoing awareness, planned campaigns and essential interventions. The HC team took an active role in implementing the EWP in the organisation during this reporting period.

The highlights include:

- Continuously communicating reliable information regarding the prevention and management of COVID-19, vaccine efficacy, and the support services available to employees; and
- Implementing organisation-wide group sessions, which included two training sessions for managers to identify the signs of stress and coping with mental health issues due to the COVID-19 pandemic. Additionally, 18 sessions were conducted to assist employees in dealing with stress, burnout and trauma.

SALARY NEGOTIATIONS

Management and trade union representatives once again executed efficient negotiations for 2022/2023 salaries and conditions of employment.

An agreement on an annual salary increase of 5% across the board was reached after a virtual meeting between the parties. Additionally, a three-year agreement was reached on the essential vehicle allowance for qualifying employees.

HEALTH AND SAFETY

The number of Injury on Duty incidents or accidents (IODs) has dropped from ten, during 2020/2021, to four during 2021/2022, which represents a 60% decrease. The decrease may be attributed to ongoing awareness and training on the contributory factors and a change in behaviour.

INCIDENT/ACCIDENT RESULT	TOTAL FOR CURRENT YEAR: 2021/22	TOTAL FOR PREVIOUS YEAR: 2020/21
No injury	0	1
Minor injury (No medical treatment needed)	2	1
Serious injury (Needed medical treatment)	2	8
Death	0	0
TOTAL	4	10

GRIEVANCES

The total number of grievances recorded for the reporting period was two (as reflected in the table below), while there were five in the previous year, which represents a 60% decrease.

AREA	TOTAL FOR CURRENT YEAR: 2021/22	TOTAL FOR PREVIOUS YEAR: 2020/21
Interpersonal conflict	1	3
Relating to recruitment	1	1
Relating to policy	0	0
Relating to management decision	0	1
TOTAL	2	5

DISCIPLINE

The following table shows that disciplinary actions fell by 32% during 2021/2022 compared with those registered in 2020/2021:

DISCIPLINARY ACTIONS	TOTAL FOR CURRENT YEAR: 2021/2022	TOTAL FOR PREVIOUS YEAR: 2020/2021
Verbal warning	6	7
Written warning	9	17
Final written warning	0	4
Dismissal	6	3
TOTAL	21	31

LABOUR DISPUTES

Disputes against the PPECB increased from three in 2020/2021 to eight during 2021/2022. Five of the eight cases were finalised within the year, while three are still pending; two are at the arbitration stage (Commission for Conciliation, Mediation and Arbitration), and one is at the review stage (Labour Court).

TYPE	TOTAL FOR CURRENT YEAR: 2021/2022	TOTAL FOR PREVIOUS YEAR: 2020/2021
Dismissal	4	3
Unfair labour practice	4	0
Unfair discrimination	0	0
Rights and interests	0	0
TOTAL	8	3

TALENT MANAGEMENT

Highlights of the PPECB's Talent Management Framework implementation during the period included:

- The roll-out of the business unit Management Talent Forums, where managers were engaged on their talent needs; and
- Critical competencies/roles were identified, and Talent Development opportunities were designed and implemented to establish Talent Development Pools for critical roles:
 - 1 Seasonal employee talent pools: Talent Development initiatives for identifying, developing and mapping seasonal talent were implemented;
 - 2 Operational supervisory talent pools: The third annual opportunity was implemented to prepare potential lead assessor and chief inspector talent for future vacancies by equipping them with on-the-job exposure and training on supervisory competencies to strengthen the Operations leadership pipeline. Fifteen candidates were enrolled on the annual initiative during this period;
 - 3 Data literacy upskilling pool: 41 nominees were upskilled to build capacity for data analysis and to report on the ERP system and other business digitalisation initiatives; and
 - 4 Transformation development facilitator pool: A developmental opportunity was created to initiate internal capacity building for developing smallholder farmer scarce skills.

The talent mapping of the employees who have completed the Leadership Development Programmes (LDP) was concluded to provide a view of the readiness of potential leadership talent for future requirements.

LEARNING AND DEVELOPMENT

The highlights for Learning and Development delivery during the period included:

- Inhouse e-courses were developed for compliance training (POPIA and cyber security), future-ready skills (Growth Mindset for the New World of Work) and functional competencies (supervisory course for the PPECB);
- A library of soft skills courses was made available to employees according to their needs and convenience;
- The first technical e-courses for employee training on the Learning Management System were developed in-house for Citrus and Cold Chain;
- One hundred e-learning courses are now available on the e-learning platform; This includes in-house-developed PPECB bespoke courses and a generic soft skills library;
- Agri Export Technologist Programme (AETP) and LDP were successfully converted into blended programmes (e-learning content and virtual instructor-led training sessions) to mitigate pandemic restrictions;
- Future-ready skills were also a strong focus. Engagements with business unit managers analysed future training needs to plan interventions to address unit priorities. Other training was implemented to equip the PPECB employees to operate optimally in a hybrid working environment. This included computer-related training, data quality management, design thinking and Virtual Guru facilitated virtual meetings and training. The New World of Work competencies were also integrated into the sourcing of new leadership that will be rolled out in 2022;
- The PPECB Operations employees' technical competency status was exceeded (92%). The AETP Learnership Programme for unemployed graduates also exceeded its target; and
- The PPECB Workplace Skills Plan and Annual Training Report were successfully submitted despite the annual submission deadlines being brought forward by a month. Line managers, employees and the Employment Equity and Skills Forum played a vital role in submitting their Personal Development Plan (PDP) requests in time. Funding applications were also successfully concluded from DALRRD (AETP) and SETA for the mandatory grant and bursaries.

Trained

TOTAL	2 923
Non-technical	828
Technical	2 095 (includes 788 competency evaluations/tests)

E-learning

(Learning Management Systems) course completions	6 188
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Training Interventions Delivered

TOTAL	835
Non-technical	49
Technical	686
E-learning courses (Learning Management Systems)	100

PPECB Learning and Development focus areas for the period were to:

- Facilitate on-demand learning in line with the organisational aim of leveraging technology; enable progressive learning and development practices;
- Provide an enabling employee experience;
- Provide future-ready upskilling; and increase efficiencies; and
- Cost-related value while also ensuring continuity of training in a COVID-19 restricted landscape.

Non-Technical – Detailed

MEDIUM OF DELIVERY		
Online	96%	47
Blended	2%	1
Face-to-face	2%	1

A TOTAL OF
835
TRAINING
INTERVENTIONS
DELIVERED

92%
PPECB OPERATIONS
EMPLOYEES' TECHNICAL
COMPETENCY STATUS

TRANSFORMATION

Employment equity

	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
ACTUAL 2021-2022											
Top management	0	1	0	0	0	0	0	0	0	0	1
Senior management	0	1	0	1	1	0	1	0	0	0	4
Professionally qualified and experienced specialists and mid-management	7	6	3	6	4	4	2	6	0	0	38
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	115	54	6	51	116	23	5	10	0	0	380
Semi-skilled and discretionary decision making	68	40	20	3	66	38	8	8	0	0	251
Unskilled and defined decision making	1	0	0	0	10	8	0	0	0	0	19
TOTAL PERMANENT	191	102	29	61	197	73	16	24	0	0	693
Temporary employees	19	4	2	3	53	8	3	0	0	0	92
GRAND TOTAL	210	106	31	64	250	81	19	24	0	0	785

The PPECB's achievement of targets is impacted by the temporary workforce required for the seasonal nature of work. The overall representation for African employees is 59%. The ratio of male:female is 52%:48%. We have improved on African female numbers year-on-year as most of this intake is in our AETP programme, which is our talent pipeline for our technically skilled workforce. Our focus is on increasing African male and female levels to achieve the target via new engagement and promotion recruitment.

The people with disabilities (PWD) representation has exceeded the PPECB target of 1.1% and is short by three of the National Economically Active Population (NEAP) target of 2%. The PPECB has implemented a learnership programme for PWD with an intake of eight learners in administrative roles.

EE Actuals vs Target March 2022



African Male

Actual
26.8%

Target
31.1%

Indian Male

Actual
3.9%

Target
3.4%

African Female

Actual
31.8%

Target
34.9%

Indian Female

Actual
2.4%

Target
3.0%

Coloured Male

Actual
13.5%

Target
10.7%

White Male

Actual
8.2%

Target
6.8%

Coloured Female

Actual
10.3%

Target
7.7%

White Female

Actual
3.1%

Target
2.4%



Disability - % PWD of total workforce: 1.7%

OCCUPATIONAL LEVELS	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
ACTUAL 2021-2022											
Top management	0	0	0	0	0	0	0	0	0	0	0
Senior management	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	1	0	0	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	1	0	0	1	0	1	0	0	0	0	3
Semi-skilled and discretionary decision-making	1	0	0	0	8	0	0	0	0	0	9
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	2	1	0	1	8	1	0	0	0	0	13
Temporary employees	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	2	1	0	1	8	1	0	0	0	0	13

The PPECB transformation strategy focuses on building lasting partnerships with organisations making a difference in the industry.

• **Smallholder farmer development**

A smallholder farmer or producer is defined as a producer that produces at primary, secondary, and tertiary levels for household consumption and markets. Therefore, farming is consciously undertaken to meet the needs of households and derive a source of income.

These are usually the new entrants aspiring to produce for the market at a profit with a maximum annual turnover of R5 million. The PPECB smallholder farmer development programme focuses on training and upskilling smallholder farmers from designated groups to see them graduate from subsistence to commercial farming.

• **Provincial SA Good Agricultural Practices (SAGAP) programme**

The PPECB has agreements with all provinces where SAGAP certification and training is provided to selected smallholder farmers:

- SAGAP training workshops for 302 smallholder farmers were conducted during the year under review. The annual target was exceeded as agreements with provinces were concluded, and COVID-19 levels allowed for in-person training of bigger groups.
- Eighty-eight farmers, who are producers of raisins, rooibos, vegetables and fruit, were certified for export.

• **Agri Academy training programme**

Training of three cohorts of black youth and women in the Western Cape, KwaZulu-Natal and Eastern Cape was conducted. This market access programme enables the delegates to produce a business plan and allows for coaching over a three-year period to successfully achieve the goal of the programme. The Western Cape saw the launch of a partnership that trained youth in farm production and as chefs, using produce from the farms as part of the tourism routes.

• **Corporate Social Investment (CSI)**

The PPECB's CSI initiates and participates in projects that are external to normal business activities and not directly for purposes of increasing organisational revenue. The PPECB has launched initiatives that contribute to the betterment of general society, whether financially or in kind.

CALL 2 CARE /IGARDI

Waterwise gardening providing food security, improved nutrition and education in communities at grassroots level.

Spend at March 2022: R175 842

Beneficiaries: 1 313 direct beneficiaries, one community.

Impact: Establishment of a food garden, youth training in food gardening and introduction of waste management training.

Saron Primary



SOIL FOR LIFE

Local home food growing, natural food growing methods and training methodologies to achieve food security.

Spend at March 2022: R443 945

Beneficiaries: 1 310 direct beneficiaries and families, four communities.

Impact: Establishment of mini-nurseries for seedling cultivation and food garden, youth training in food gardening.

Roodezant High

Steenberg Cove Primary, Hopefield Primary and EJ Malgarte.



SINEMIHLALI

Women-owned Co-op in Mgwali/ Stutterheim, Eastern Cape creating jobs in the community and training in agriculture.

Spend at March 2022: R105 375

Beneficiaries: Nine direct beneficiaries, seven communities.

Impact: Establishment of a tunnel for hydroponic tomato production.

Youth skills development and small business development.



INFORMATION & COMMUNICATIONS TECHNOLOGY REPORT



YANESH RAMIAH
Chief Information Officer

The past financial year continued to highlight the PPECB's Information and Communications Technology (ICT) Division's strategic importance to the organisation. The digital transformation journey gained momentum by enabling more business-critical features like a robust network infrastructure through implementing the Software-Defined Wide Area Network (SD-WAN), additional functionality on TITAN 2.0® and tools to facilitate the PPECB's hybrid working model.

ICT GOVERNANCE

The PPECB's ICT is governed by the PPECB Board, which oversees all strategic ICT issues. An internal committee, the Strategic Projects steering committee, provides executive-level governance over the strategic projects and, in particular, provides oversight for the TITAN 2.0® and the Enterprise Resource Planning (ERP) projects. This committee meets monthly to ensure the projects' strategic goals are achieved.

The PPECB continues to embrace the international Control Objectives for Information and Related Technologies (COBIT) governance framework to maintain appropriate ICT governance, which provides guidelines for best practices, standards, and methodologies. The COBIT 2019 framework is now at the finalisation stage, which will be followed by implementation. The PPECB also subscribes to the Information Technology Infrastructure Library (ITIL).

The objective of ICT governance is to harmonise the architectural requirements of the PPECB into an understandable set of policies, processes, procedures, and standards - all to ensure the PPECB's vision and standards are aligned with its actual business requirements.

ICT OBJECTIVES AND ACHIEVEMENTS FOR THE YEAR UNDER REVIEW

The department has provided superior customer service and innovative technologies to support the business by promoting and maintaining strategic relationships between ICT and its stakeholders.

A critical strategic project, TITAN 2.0®, has fully implemented the Product Inspection and Export Certification module for 84% of total export volumes of major products. The eAddendum and Export Certification module upgrades continue to increase the uptake and contribute to the digital transformation journey. Development of the Cold Chain modules on TITAN 2.0® has resumed while the Container Inspection module is in development. Automating the Export Notification process creates further efficiencies in the Cold Chain booking process.

The PPECB's cloud adoption was entrenched by migrating all critical and non-critical systems to the cloud. This improved uptime and availability for key applications such as TITAN 2.0®, finance applications and email, especially during loadshedding.

Cyber security is a key focus area, together with ensuring compliance with the Protection of Personal Information Act No 4. of 2013 (POPIA) and the Promotion of Access to Information Act No. 2 of 2000 (PAIA). We continue to enhance our cyber security posture and protect the PPECB from cyber vulnerabilities by proactively safeguarding the organisation.

The department provides a high availability network through the implementation of the SD-WAN. The PPECB migrated its wide area network (WAN) infrastructure from legacy technology to one that is highly available and more secure. All PPECB regional sites now have a more secure, robust and redundant wide-area connection.

Mobile connectivity has improved by upgrading to a new Access Point Network (APN), which was implemented concurrently with the network upgrade to provide PPECB users with a more reliable and secure connection to enable remote working.

The PPECB has adopted an agile development approach that has gained momentum with the adoption of cloud administrative and management tools to govern and assess application development against best practices and methodologies. The agile development approach is continuously reviewed for process improvements.

Data governance is a key focus area. Data is the nucleus of the PPECB digital journey and emphasis is placed on the correctness, completeness and consistency of the PPECB's master data which supports the TITAN 2.0® and ERP projects. This is critical to achieving the data analytics strategic objective.

Data accessibility is critical to supporting day-to-day operational activities and decision-making. The PPECB Business Intelligence (BI) team expanded reporting capabilities internally and externally to provide stakeholders access to information with the release of Intellex.

Telephony has been improved with the implementation of Voice Over IP (VOIP). The PPECB instituted a dedicated Microsoft Teams-hosted telephony solution which enables users to use the application for external, mobile and international calls.

Hardware refreshing took place across all sites as the PPECB's hardware (regional servers, Local Area Network (LAN) switches and Wi-Fi access points) was approaching end-of-sale and end-of-life.

Backup power supplies have been implemented at all regional sites to ensure the uptime of critical ICT equipment and also protect these high-value assets during loadshedding.

Service level deliverables have been agreed to that ensure business and ICT alignment.

The Intellex logo features a stylized blue square icon to the left of the word "intellex" in a bold, lowercase, sans-serif font. The "i" in "intellex" is white and set within the blue square.

EXPORT INTELLIGENCE

RELEASED IN 2022 TO EXPAND
REPORTING CAPABILITIES

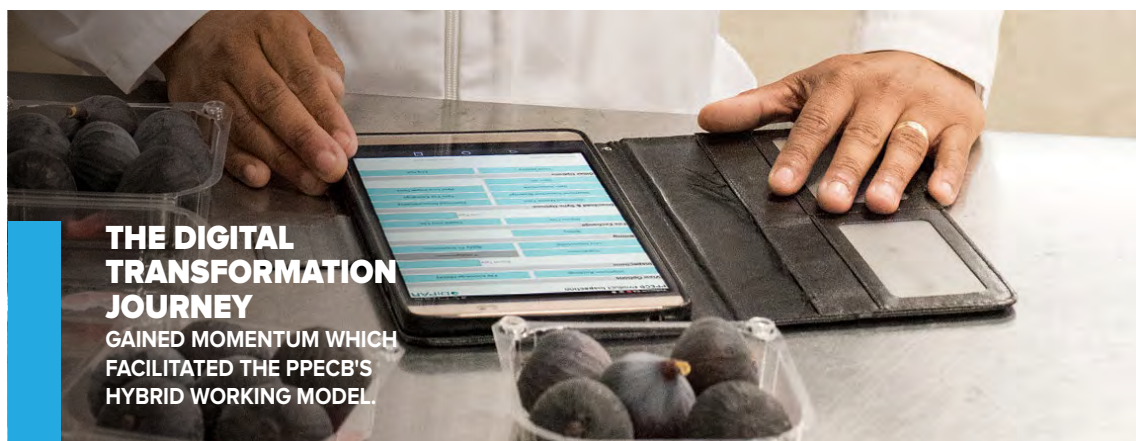
MONITORING THE EFFECTIVENESS OF TECHNOLOGY AND INFORMATION MANAGEMENT

ICT continues to provide insight and reporting to its stakeholders to create awareness of information and technology projects, and initiatives and issues being addressed. Quarterly reports are produced for the Board highlighting key projects, strategic issues, investments and ICT expenditure. Moreover, suppliers are managed to ensure that contractual obligations are fulfilled. Internally, numerous forums have been created to facilitate engagement on projects, issues and other ICT matters to keep the business apprised of progress.

OUTLOOK: KEY FOCUS AREAS FOR 2022/2023

The following objectives will be the focus of the coming year:

- Continue to provide data and analytics to support insight for business efficiencies and planning;
- Continue with data governance and assurance to enable data correctness and integrity, which benefits projects and stakeholders;
- Increase available data for analytics by integrating data from new modules that have been deployed across TITAN 2.0® and ERP;
- Continue to deploy the Cold Chain modules on our mobile technology application (TITAN 2.0®) and other digital services and functionality to the industry by focusing on Container Inspection, Cold Storage Inspections and Container Loading, and enhancements to the Product Inspection and Export Certification module will be implemented;
- Finalise the COBIT 2019 objectives for implementation and cyber security governance;
- Continue to migrate all information reporting to the cloud with automation and self-service capability, where possible;
- Continuously enhance the PPECB's cyber threat intelligence to ensure it provides secure services to the industry by implementing a layered security defence and automation to decrease human error and increase efficiency and effectiveness;
- Secure the PPECB's mobile devices and its data;
- Improve the efficiency and effectiveness of the ICT Asset Management processes by automating and implementing an asset management tool;
- Increase the uptake of TITAN 2.0® for major and minor products and the Cold Chain modules;
- Implement Single Sign-On (SSO) for PPECB clients across TITAN 2.0®, ERP and Intellex;
- Plan to archive the legacy financial systems once the ERP system is successfully implemented;
- Integrate the Enterprise Masterdata framework into applications to use a single repository of shared data; and
- Continuously review and improve the overall architecture and technologies to reduce costs and create further efficiencies in the business.



THE DIGITAL TRANSFORMATION JOURNEY

GAINED MOMENTUM WHICH FACILITATED THE PPECB'S HYBRID WORKING MODEL.

CHIEF FINANCIAL OFFICER'S REPORT



Facing a myriad of disruptors, which included political unrest, logistical challenges, poor weather conditions in some areas of South Africa, and the necessity to enable business-critical features within the digital transformation sphere with unparalleled swiftness, I am pleased to report that the PPECB exhibited continued financial discipline and a keen focus on its strategic projects - the implementation of an Enterprise Resource Planning (ERP) and improvement of the electronic inspection platform TITAN 2.0®.

While responding to disruptors and digitalisation is critical, management recognised that minimal interruption to service delivery for our customers is equally essential, combined with managing costs responsibly. As such, I am pleased to report that the PPECB ended the financial year attaining a 90% organisational customer satisfaction index and recording a solid financial and cash flow position and a substantial surplus of R35.4 million.

I am honoured to submit the audited annual financial statements for the financial year ended 31 March 2022 and report that the PPECB has once again received an unqualified audit opinion for the year under review.

JOHAN SCHWIEBUS
Chief Financial Officer

FINANCIAL HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2022:

- A significant R35.4 million surplus was generated for accumulation in the general reserve fund, with a total income of R562.5 million and a total expenditure of R527.1 million reported;
- R110.4 million in investments was attributed to free cash flow;
- Favourable working capital of R144.1 million enables the PPECB to meet financial obligations when they fall due;
- Trade and other receivables of R76.0 million have an average collection period of 50 days, with bad debts of less than 1%;
- Property, plant, and equipment has a book value of R46.1 million. Computer equipment of R5.2 million (mainly laptops and tablets) was acquired to support the execution of the digital transformation strategy;
- Revenue realisation of R553.8 million is a 16% augmentation on the prior year due to exceptional citrus and maize volume exports. Barring avocados, mangoes and litchis, all major products exported exceeded budget expectations;
- Operating expenses of R527.0 million reflect a R62.8 million increase on the prior year and a R5.3 million improvement on the budget;
- COVID-19 expenditure of R2.1 million relates to spending on Personal Protective Equipment (PPE) for employees, routine sanitisation of offices, employee care packs and Corporate Social Investment (CSI);
- Computer expenses of R39.5 million, a significant R18.5 million increase against the prior year, were necessary for the digital transformation strategy;
- The initiation of the ERP system resulted in spend of R8.8 million on implementation costs;
- Cloud Service Provider spend of R13.9 million and Software-Defined Wide Area Network (SD-WAN) costs of R7.3 million were incurred; and
- A R2.0 million provision was made for three potential Cold Chain customer claims pending at year-end.

R5.3m

**IMPROVEMENT
ON EXPENDITURE
BUDGET**

**BAD DEBT
LESS THAN**

1%

**OF TOTAL REVENUE
OF R553.8M**

R2.1m

**SPEND ON PPE,
SANITISATION,
EMPLOYEE CARE
PACKS & CSI**

SUMMARY FINANCIAL PERFORMANCE	Mar-22 R '000	Mar-21 R '000	Index %	B2022 R '000
INCOME	562,454	487,615	115%	506,446
TOTAL EXPENDITURE	(510,237)	(447,733)	(114%)	(520,608)
Direct activity expenditure	(280,366)	(263,298)	(106%)	(279,540)
Indirect (administrative) activity expenditure	(229,871)	(184,435)	(125%)	(241,068)
SURPLUS/(DEFICIT)	52,217	39,882	131%	(14,162)
Performance incentive	(16,779)	(16,500)	(1.02%)	(11,699)
SURPLUS/(DEFICIT)	35,438	23,382	152%	(25,862)

SUMMARY FINANCIAL POSITION	Mar-22 R '000	Mar-21 R '000	F21/F20 R Variance	F21/F20 % Variance
Current assets	224,747	189,977	34,770	18%
Property, plant, and equipment	46,117	44,551	1,567	4%
TOTAL ASSETS	270,864	234,528	36,336	15%
Current liabilities	81,672	80,487	1,185	1%
RESERVES	189,192	154,041	35,151	23%

INTROSPECTION ON THE YEAR PAST AND FISCAL 2023 FUTURE OUTLOOK

As a national public entity, the PPECB's challenge is to balance stakeholder expectations with committed internal project funding, the Public Finance Management Act (PFMA) and the PPECB's limited funding reserves.

The resilience of the agricultural industry, the entity and its employees ensured that it successfully navigated a challenging year and upheld its intent of continued successful delivery on its mandates and improved efficiencies.

Supply Chain Management (SCM) controls and processes in place continued to be strengthened. The PPECB recognises the need to focus on internal controls related to enhancing contract management, limiting irregular and wasteful expenditure and improving sound asset management. Therefore, this will be given precedence in the 2022/2023 financial year.

Business capacity to balance current requirements operationally, digitally, and financially with future needs remain top of mind. The implementation of the ERP and further developments to the PPECB's electronic inspection platform TITAN 2.0® for Cold Chain services are in progress for the year ahead. These will require considerable capital expenditure, which will be funded from the general reserve fund to mitigate reliance on excessive statutory fee increases.

The PPECB's commitment to supporting the perishable products export industry remains steadfast and embedded in its strategic objectives and encompasses the expectations of the PPECB's valued stakeholders. The development of digital transformation will increase efficiency and integrated stakeholder collaboration and lead to a real-time flow of information that adds value to the export certification process. Furthermore, it displays the PPECB's responsibility to the transformation and development of black smallholder farmers and suppliers.

In the year ahead, with the implementation of the ERP, the PPECB endeavours to demonstrate its agility in a changing environment by transforming and enhancing the way it operates while maintaining financial discipline and good governance.

ACKNOWLEDGEMENTS

I would like to sincerely thank the PPECB Board for their leadership and support over the past year. Their collective experience, industry knowledge and insights are invaluable to the PPECB in supporting its strategic objectives.

I want to acknowledge Lucien Jansen and my fellow executives for their headship and commitment to bringing the PPECB's strategy to reality by reinforcing its vision, promoting customer centricity, enhancing technology, encouraging the development of people, and promoting the improvement of systems.

I wish to express my deep gratitude to my finance team, who consistently demonstrate characteristics of transparency, accountability, and financial stewardship. I am incredibly proud of your passion and dedication during a challenging year.

A profound thank you to all employees who continue to be committed to our purpose of ensuring product integrity.

AUDIT COMMITTEE REPORT



The Audit Committee is pleased to present its report for the financial year ended 31 March 2022. The Committee confirms it has conducted its work in accordance with the written terms of reference as approved by the PPECB Board.

The Committee's main objective is to assist the Board to fulfil its oversight responsibilities, with keen regard to the evaluation of the adequacy and effectiveness of accounting policies, internal controls, financial reporting processes, and assessing the effectiveness of the internal and external auditors.

The Audit Committee is provided with sufficient resources to perform its duties, including support, when necessary, from the internal and external auditors, legal and corporate governance specialists and the Executive Management. The Committee's role includes examining all matters relating to the PPECB's accounting principles and practices, as used to review all material financial, operational and compliance controls.

COMPOSITION

The Audit Committee is formally appointed and comprises four non-executive Board members, who provide a diverse range of competent perspectives based on their expertise and experience. An understanding of how management develops essential internal controls, applies effective accounting policies and presents important financial information is a primary responsibility of the Audit Committee. Additional responsibilities include being well-informed regarding accounting principles, industry knowledge and the assessment of the completeness and accuracy of the reports, which the Committee members jointly evaluate.

The members are independent and are not involved in the day-to-day management of the PPECB.

The Audit Committee members serve for a period of three years and the committee chairperson is appointed by the chairperson of the PPECB Board.

MARTLI SLABBER
Chairperson: Audit Committee

As at the date of this report, the Committee comprises the following members who have the necessary skills and experience to fulfil the duties of the Audit Committee:

- Ms M Slabber
Independent non-executive Board member:
Chairperson
- Mr K Khato
Independent non-executive Board member
- Ms M Kotze
Independent non-executive Board member
- Mr M Ramasodi
Independent non-executive Board member.

AUDIT COMMITTEE'S STATEMENT OF RESPONSIBILITY AND MANDATE

The Audit Committee's primary function is to assist the PPECB's Board in fulfilling its oversight responsibilities in matters related to financial reporting, internal auditing, compliance, effective risk management and sound internal control systems.

The Audit Committee operates independently of management and has a rolling agenda, ensuring full oversight of all matters within its delegated mandate.

The roles and responsibilities of the Audit Committee, as set out in the Audit Committee charter, are reviewed and approved annually, with consideration given to the relevant regulatory changes and recommended best practices. The charter, compliant with section 51(1)(a)(ii) of the Public Finance Management Act No. 1 of 1999 (PFMA) and Treasury Regulation 27.1, directs the Committee in terms of its objectives, authority and responsibilities, both statutory and those assigned by the Board.

The Audit Committee keeps the PPECB's Board informed of its activities and recommendations after each committee meeting. Matters of interest and concern are promptly reported to the PPECB's Board, where action or improvement is required regarding any aspect of the financial reporting, risk management, internal control, compliance, or audit-related activities. The Audit Committee recognises the importance of the oversight role that is required on matters such as internal controls, financial sustainability, integrated reporting and the maintenance of corporate governance standards.

ACTIVITIES

During the financial period under review, the Audit Committee received comprehensive reports from management and the external auditors. These related to various aspects of the financial sector, as well as business risk, which includes compliance, management controls, accounting policies and practices, audit plans and financial reporting. The Committee noted the improvement in the content and quality of reports prepared and submitted by management.

Reports related to internal audits conducted by in-house and outsourced internal auditors are reviewed quarterly and management's responses and conclusions to the various audit findings are reviewed and measured for appropriateness. The Committee is satisfied with the content and quality of quarterly reports prepared and issued by the internal auditors during the year under review.

Engagement with management was conducted in a robust and transparent manner where discussions were held on the progress of key issues related to financial reports, internal controls and financial risk exposure. Sufficient time was spent confirming that all information provided was balanced, understandable and provided the necessary information for the Board to assess the PPECB's position and performance, objectives and strategy. All reports are critically assessed for consistency and all business and regulatory requirements are met. The following key activities were performed:

REPORTING

- Considered the integrity of the quarterly financial statements;
- Reviewed accounting policies and practices, including compliance with accounting and reporting standards;
- Reviewed management's assessment of going concern and longer-term viability;
- Reviewed the internal controls in relation to financial reporting;
- Advised the PPECB's Board of the Committee's assessment of the financial statements; and
- Confirmed the fairness, comprehensibility, and completeness of the statements and that they provided the necessary information for decision-making.

RISK MANAGEMENT AND INTERNAL CONTROL

- Monitored the effectiveness of the PPECB's risk management and internal control system, with a specific focus on Information and Communications Technology (ICT) risks;
- Assessed management's response to significant audit findings and recommendations;
- Evaluated the quality, efficiency and effectiveness of the internal audit function;
- Assessed the performance of the internal and external auditors and Chief Financial Officer (CFO);
- Discussed significant matters arising from the internal audit; and
- Considered and noted compliance with the applicable external legal and regulatory requirements.

EXTERNAL AUDITORS

- Considered the independence of Morar Incorporated;
- Reviewed and approved the engagement letter for Morar Incorporated's annual audit ;
- Considered the annual external audit plan and monitored the execution and results of the audit;
- Monitored the expertise, resources and independence and objectivity of Morar Incorporated;
- Communicated to Morar Incorporated that their reappointment as external auditors was not approved by the Auditor-General of South Africa; and
- Recommended that the entity initiate the procurement tender process for the provision of external auditors for the financial year ending 31 March 2023.

COMPLIANCE AND GOVERNANCE

- Performed its statutory duties as prescribed in the Act and by the PPECB's Board;
- Reviewed the Audit Committee charter; and
- Considered the progress in respect of the fraud plan.

EXTERNAL AUDIT

The Audit Committee's role includes determining the independence and effectiveness of the external auditors. The objectivity and independence of Morar Incorporated were evaluated, combined with the quality and effectiveness of the external audit process. The following criteria were included in the evaluation:

- Professionalism and competence;
- Integrity and objectivity;
- Audit quality priorities;
- Constructive responses to management and key judgements;
- Efficiency of service delivery in the audit process; and
- Compliance with all relative legislation and regulations.

Furthermore, consideration was given to the Audit Committee's experience with the external auditors during their interactions throughout the year. In view of the above, the Audit Committee was satisfied that Morar Incorporated provided a high-quality and effective audit and maintained its independence and objectivity.

The Audit Committee considered the external audit fee appropriate for the financial year ended 31 March 2022. The external auditors did not provide non-audit services during the period under review.

A meeting held with the external auditors, without management present, satisfied the Audit Committee that there are no matters of concern. The Audit Committee was satisfied with the audit conducted by Morar Incorporated and thanked them for the professional services rendered to the PPECB for the year they had served as external auditors.

The Office of the Auditor-General of South Africa did not approve the reappointment of Morar Incorporated for the financial year ended 31 March 2023. The Audit Committee advised Morar Incorporated that their reappointment as external auditors was not approved by the Auditor-General of South Africa.

The Audit Committee recommended to management that the entity initiate the procurement tender process for the provision of external auditors for the financial year 31 March 2023.

INTERNAL AUDIT

The internal audit function is an independent and objective assurance function. This function supports the PPECB in maintaining a systematic and disciplined approach to improving its overall control framework and evaluating and improving the PPECB's risk management, compliance and governance practices.

The PPECB has an in-house internal audit division, enhanced by a co-sourced internal audit model which ensures optimal efficiency of this function. KPMG was appointed as the internal audit co-sourced department, whose annual audit plan was guided by the PPECB's risk register, as well as the previous internal and external audit reports. The primary role of the internal audit function, through its assurance and enquiry activities, is to safeguard value by protecting PPECB's assets, reputation and sustainability in relation to its goals and strategic objectives.

The responsibility and scope of the audit function are approved annually by the Audit Committee. The internal audit function reports functionally to the Chairperson of the Audit Committee and administratively to the CFO. Official meetings are held with internal audits throughout the year to confirm that the function is executed effectively and objectively.

The Audit Committee was satisfied with the content and quality of the quarterly reports prepared and issued by the internal auditors of the PPECB. The Board also considered the suitability of KPMG as the PPECB's auditors and their capacity to monitor and guide management and the Board on ICT risks. In line with the PFMA and the King IV Report on Corporate Governance requirements (King IV), the internal audit provides the Audit Committee and management with assurance that the PPECB's internal controls are appropriate and effective. This was achieved by means of a risk management process and the identification of corrective actions and opportunities for improving the controls and processes.

Based on the assurance obtained throughout the year, the Audit Committee confirmed that the system of internal control employed by the PPECB for financial and risk management was considered effective, efficient and transparent.

COMBINED ASSURANCE AND RISK MANAGEMENT

The Audit Committee was satisfied that the entity has optimised the assurance coverage obtained from management, and internal and external assurance providers, in accordance with an appropriate combined assurance model.

A complete assessment of the risk management function and framework was performed regularly to confirm the effectiveness of the risk management and internal control systems. Furthermore, regular monitoring of the effectiveness of the procedures for internal control over financial reporting, compliance and operational matters was conducted.

WHISTLEBLOWING

All whistleblowing reports are reviewed by the Audit Committee. It considered the independent investigations undertaken by management, the various findings, follow-up actions and conclusions of such reports and confirmed all measures are appropriate.

PERFORMANCE MANAGEMENT

The Audit Committee reviewed the in-year performance reports and results reported by management and considered them appropriate. The process of planning, identifying, monitoring and reporting the predetermined organisational objectives was deemed satisfactory. The relevance and measurement of the indicators and performance reports are compliant with the PFMA, Treasury Regulations, Instructions and Guidelines and any other related regulatory requirements for reporting on organisational performance.

IN-YEAR MANAGEMENT AND QUARTERLY REPORTING

As required, the PPECB submitted quarterly reports to the executive authority. The Audit Committee reviewed the reports and was satisfied that the Board and the executive authority were appropriately informed of the activities of the PPECB, the progress on its performance information and its financial management.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Audit Committee reviewed the Annual Financial Statements for the year ended 31 March 2022 and believes that the statements presented a balanced view of the PPECB's performance for the period under review and complied with the South African Generally Recognised Accounting Practice (SA-GRAP). The Committee reviewed and satisfied itself with the entity's compliance with the legal and regulatory provisions and confirmed that no significant adjustments were made. The external auditor's management letter and management's response were assessed and deemed satisfactory.

The Audit Committee indicated that some areas of financial management required improvement and recommended that management make keen efforts to mitigate any risk. All actions to improve on the following areas must be reported quarterly:

- Irregular and wasteful expenditure;
- Asset management;
- Contract management; and
- Supply chain management.

EVALUATION OF THE EXPERTISE AND EXPERIENCE OF THE CFO AND THE FINANCE FUNCTION

The expertise and experience of the CFO are evaluated on an ongoing basis during regular engagements with him. The Committee is satisfied that the CFO has the appropriate expertise and experience to meet the responsibilities of his appointed position. The attendance of the CFO at every Audit Committee meeting allowed for his in-depth analysis of specific matters and technical knowledge to be demonstrated. The Committee is satisfied that the resources within the finance function are adequate to provide the necessary support to the CFO.

CONCLUSION OF THE AUDIT COMMITTEE

The Audit Committee accepts the auditor's opinion of the PPECB's Annual Financial Statements for the year ended 31 March 2022. The Audit Committee conveys its appreciation to the PPECB for maintaining an unqualified audit opinion with no material findings.



**THE PERISHABLE PRODUCTS
EXPORT CONTROL BOARD**

**AN UNQUALIFIED
AUDIT OPINION
WITH NO MATERIAL
FINDINGS**

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR
2021/2022

PART 4



PPECB

INDEX

The reports and statements set out below comprise the annual financial statements presented to Parliament:

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GENERAL INFORMATION

Country of incorporation and domicile: South Africa

Legal form of entity: Schedule 3A
National Public Entity
Constituted and mandated in terms
of the Perishable Products Export
Control Act No. 9 of 1983 (PPEC Act)

Registered office: 45 Silverboom Ave, Platteklouf Cape Town, 7500
Business address: 45 Silverboom Ave, Platteklouf, Cape Town, 7500
Postal address: PO Box 15289, Panorama, Cape Town, 7506

Auditors: Morar Incorporated



20%
STONE FRUIT
EXPORTED TO THE
MIDDLE EAST

BOARD RESPONSIBILITIES AND APPROVAL

The members of the Board are required by the Public Finance Management Act No. 1 of 1999 (PFMA), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members of the Board to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the requirements of the PFMA.

The annual financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members of the Board acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members of the Board to meet these responsibilities, the members of the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring

the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members of the Board 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 deficit.

The members of the Board have reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the entity is a going concern. The members of the Board have no reason to believe that the entity will not be a going concern in the foreseeable future. The financial statements support the viability of the entity.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on pages 81 to 82.

The annual financial statements set out on pages 79 to 117, which have been prepared on the going concern basis, together with the Board Report set out on pages 85 to 87 and the Report on Predetermined Objectives set out on pages 112 to 117 were approved by the Board on 26 May 2022 and were signed on its behalf by:



CLIVE GARRETT
Chairperson of the Board



LUCIEN JANSEN
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON THE PERISHABLE PRODUCTS EXPORT CONTROL BOARD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1 We have audited the financial statements of the Perishable Products Export Control Board set out on pages 79 - 117, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and the 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 our opinion, the financial statements present fairly, in all material respects, the financial position of the Perishable Products Export Control Board as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of Public Finance Management Act No. 1 of 1999 (PFMA).

Basis for opinion

3 We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

4 We are independent of the entity in accordance with the Independent Regulatory Board for Auditors (IRBA) Code of Professional Conduct for Registered Auditors and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in

South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of accounting authority for the financial statements

6 The Board of Directors, which constitutes 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 entity's ability to continue as a going concern, disclosing, as applicable, matters relating to the going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

8 Our 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 our opinion. Reasonable assurance is a high level of assurance but it 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 our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report Introduction and scope

10 In accordance with the Public Audit Act No. 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.

11 Our procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the entity enabled service delivery. Our 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, our findings do not extend to these matters.

- 12 We 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 entity's annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme – Food Safety Services	116

- 13 We performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents. We 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 We did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme – Food Safety Services

Other matter

- 15 We draw attention to the matter below.

Achievement of planned targets

- 16 Refer to the annual performance report on pages 112 to 117 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

Other information

- 19 The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the chairperson's report, the chief executive officer's report and the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.
- 20 Our opinion on the financial statements and my findings on the reported performance information and compliance with legislation does not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
- 21 In connection with our audit, our 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 programme presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

- 22 We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation. However, our objective was not to express any form of assurance on it. We did not identify any significant deficiencies in internal control.

Auditor tenure

- 23 In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that Morar Incorporated has been the auditor of the Perishable Products Export Control Board for one year.



VISHALL SAMARJITH DIRECTOR

Registered Auditor Morar Incorporated
31 May 2022 | Cape Town

ANNEXURE: AUDITOR'S RESPONSIBILITY FOR THE AUDIT

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

FINANCIAL STATEMENTS

- 2 In addition to our responsibility for the audit of the financial statements as described in this auditor's report, we 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 our 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 entity's internal control;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors, which constitutes 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. We 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 Perishable Products Export Control Board to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern; and
 - 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 We 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 we identify during our audit.
- 4 From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, key audit matters. We describe these matters in this auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in this auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.

BOARD REPORT

1. INTRODUCTION

In terms of the Perishable Products Export Control Act No. 9 of 1983 (PPEC Act) and the Public Finance Management Act No. 1 of 1999 (PFMA), this report addresses the performance of the Perishable Products Export Control Board (PPECB) and relevant compliance with statutory requirements.

In the opinion of the Board, which fulfills the role of an Accounting Authority as envisaged by the PFMA, the annual financial statements fairly reflect the financial position of the PPECB as at 31 March 2022 and the results of its operations and cash flows for the year then ended.

We have the pleasure of submitting to Parliament, through the Minister of Agriculture, Land Reform and Rural Development (DALRRD), this report and the audited annual financial statements of the PPECB for the year ended 31 March 2022.

2. STATUTORY BASIS

The PPECB was established in June of 1926. As a Schedule 3A National Public Entity, the PPECB is constituted and mandated in terms of the PPEC Act to perform cold chain services.

3. THE PPECB MANDATE

The PPECB is an independent service provider of quality certification and cold chain management services for producers and exporters of perishable food products. These services support the PPECB's strategic objectives of enhancing the credibility of the South African export certificate and supporting the export competitiveness of South Africa's perishable product industries.

The PPECB also delivers inspection and food safety services assigned by DALRRD under the Agricultural Product Standards Act No. 119 of 1990 (APS). The presence of the PPECB in the export industry is furthermore enhanced by South Africa's recognition as an approved country under the European Commission Regulation 543 of 2011. This agreement recognises the South African inspection system as equivalent to those of the European Union (EU) inspection bodies and therefore ensures less frequent checks at the port of import into the EU.

4. THE PPECB PURPOSE, VISION, MISSION AND VALUES

The PPECB's purpose is that of ensuring product integrity. The vision of the PPECB is to enable its customers to be the preferred suppliers of perishable products worldwide. This vision is supported by the PPECB's mission to empower its people to execute its mandates to ensure the integrity of customers' products. This mission is further underpinned by the PPECB's values of professionalism, accountability, passion, integrity, confidence and collaboration.

5. THE BOARD

The constitution of the Board is prescribed by the PPEC Act which requires that nine and a maximum of ten members be appointed by the Executive Authority. At the date of this report, there are ten members of whom all are non-executive members.

Name	Industry
Mr W Bam	Table grapes
Mr CG Garrett	Subtropical
Mr KB Katoo	Citrus
Ms M Kotze	Pome & stone
Mr AJ Kruger	Pome & stone
Dr CC Nkuna	Organised agriculture
Mr RM Ramasodi	Ministerial representative
Ms KM Sinclair	Marine
Ms M Slabber	Citrus
Dr M Van Eeden	Processed foods

The tenure of office for the members of the Board shall not exceed three years, as per the conditions determined by the Executive Authority.

6. BOARD MEETINGS

The Board meets at least four times per annum, or as circumstances necessitate. Board meetings follow a formal agenda to ensure that all substantive matters are addressed and information relevant to the meetings is supplied to Board members in advance so that they can make informed and reasoned decisions.

All documents submitted to the Board are reviewed by the PPECB's Executive Committee (EXCO) and are approved by the Chief Executive Officer (CEO) to ensure completeness and relevance.

7. EXECUTIVE MANAGEMENT

The PPECB's Executive Management team is listed below:

- Chief Executive Officer: Mr LP Jansen
- Chief Financial Officer: Mr JA Schwiebus
- Chief Operating Officer: Mr CA Julius
- Chief Information Officer: Ms Y Ramiah
- Human Capital Executive: Ms PS Luwaca.

There were no changes in the PPECB's Executive Management during the year under review.

8. BOARD MEMBERS' INTEREST IN CONTRACTS

None of the members of the Board had any interest in the contracts entered into during the year under review.

9. FINANCES

The PPECB is self-funded by charging statutory fees to recover costs for services rendered. The PPECB made a net surplus of R35.4 million (2021: R23.4 million) for the year ended 31 March 2022. The financial statements provide further details regarding the financial performance.

10. FINANCIAL STATEMENTS

The Board confirms that they are responsible for preparing the annual financial statements that fairly present the state of affairs of the PPECB as at the end of the financial year. The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the PFMA.

They are based on appropriate accounting policies and are supported by reasonable and prudent judgments and estimates. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with International Standard on Auditing (ISA) and for reporting any findings thereon.

11. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Board reviewed and approved the PPECB's financial budgets for the period 1 April 2022 to 31 March 2023 and is satisfied that adequate resources exist to continue business for the foreseeable future. The Board confirms that there is no reason to believe that the PPECB's operations will not continue as a going concern in the year ahead.

12. IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic notably affected lives, entities and economic activity globally. During the year under review the PPECB, designated as an essential service entity (and its employees), continued to fulfil its mandate. The entity has since been able to continue its operational business activities with minimal disruption to service delivery.

The impact of the pandemic on expenditure resulted in subdued spend on certain budgeted expenditure items mainly due to the introduction of a hybrid-work approach, restrictions on corporate events, and international and non-essential business travel. Revenue for the year under review reflects materially positive, attributable to an exceptional citrus season due to increased international demand for South African perishable products.

At the date of this report, no regulatory changes were announced by the President of South Africa that will impend the entity's ability to continue as a going concern. As at 31 March 2022 and in the foreseeable future, the PPECB Board and management conclude that the entity generates sufficient cash flow and reserves to support its foreseeable operational business activities.

13. STRATEGIC PLANNING POLICY

The corporate strategic plan is approved by the Board and Executive Authority and contains predetermined strategic and operational objectives. The plan, together with associated budgets, is approved at the beginning of the financial year in compliance with the provisions of the PFMA.

The PPECB has analysed the environment within which it operates and has identified some of its biggest challenges; the cost of doing business, the financial performance of the Laboratory and the retention of critical technical skills. Informed by this analysis, the PPECB has developed a five year plan focusing on customer centricity, operational efficiency and competent human capital to effectively deliver on its mandate.

14. SHAREHOLDERS' COMPACT

In terms of the National Treasury Regulations issued in accordance with the PFMA, the PPECB must in consultation with the Executive Authority annually agree on its key performance objectives, measurements and indicators. These are captured in the shareholders' compact which is annually concluded between the PPECB and DALRRD.

The shareholders' compact promotes good governance practices at the PPECB by helping to clarify the roles and responsibilities of the Board and DALRRD, as well as ensuring agreement on the PPECB's mandate and key objectives.

15. ANNUAL PERFORMANCE INFORMATION

In the PPECB's annual performance information, its achievements are highlighted against the predetermined objectives for the year. The PPECB achieved thirteen of its fourteen objectives for the year, a 93% success rate. Further details of PPECB's performance against its objectives are set out in the Report on Predetermined Objectives.

16. THE PPECB STATUTORY FEES

The PPECB may, with a view to meeting expenditure incurred by the entity, in the performance of its functions in terms of the Perishable Products Standards Act No. 119 of 1990 and the regulations, by notice in the Gazette impose a statutory fee on any perishable product exported under contract or other arrangement made by, through or with the consent of the members of the Board. The proposed statutory fees for the financial year are subject to review and approval by the Executive Authority annually.

17. SIGNIFICANCE AND MATERIALITY FRAMEWORK

The significance and materiality framework for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as significant transactions envisaged per section 54(2) of the PFMA has been confirmed by the Board. Losses through criminal conduct and irregular, fruitless and wasteful expenditure which are identified are disclosed as prescribed in terms of relevant legislation.

18. DELEGATION OF AUTHORITY

The Board has delegated a range of matters to the PPECB EXCO and has established two Board committees to assist in discharging its responsibilities. Delegating authority to committees or management does not in any way release the Board of its duties and responsibilities. There is always transparency and full disclosure from the Board committees to the Board.

19. EMPLOYEES

The PPECB had 534 (2021: 538) permanent employees, 31 (2021: 26) fixed-term contract workers and 220 (2021: 172) seasonal contract workers as at 31 March 2022.

20. EVENTS SUBSEQUENT TO REPORTING DATE

The members of the Board are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which will have a significant impact on the operations, financial results or the financial position of the PPECB.

21. COMPLIANCE WITH LEGISLATION

The Board believes that management has during the year, complied in all material respects, with all legislation and regulations applicable to it, including without limitation, the PFMA, the National Treasury Regulations and the Income Tax Act No. 58 of 1962. The PPECB has compiled a Legal Compliance Register which is monitored and updated as legislation changes and reported to the risk committee periodically.

22. AUDITORS

The Board appointed Morar Incorporated as the PPECB's external auditors for the period under review, which was ratified by the Office of the Auditor-General of South Africa.

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Current Assets			
Trade and other receivables	3	76,039,059	66,270,072
Investments	4	110,364,725	91,333,198
Cash and cash equivalents	5	39,343,218	32,374,008
		225,747,002	189,977,278
Non-Current Assets			
Property, plant and equipment	6	46,117,241	44,550,611
Total Assets		271,864,243	234,527,889
Liabilities			
Current Liabilities			
Operating lease liability	7	607,083	840,000
Trade and other payables	8	59,800,192	61,357,890
Provisions	9	21,264,485	18,288,794
		81,671,760	80,486,684
Total Liabilities		81,671,760	80,486,684
Net Assets		190,192,483	154,041,205
Reserves			
General reserve fund		132,760,072	110,947,752
Revaluation reserve	10	19,063,411	18,350,453
Self-insurance reserve	11	15,437,000	11,593,000
Asset replacement reserve	12	22,932,000	13,150,000
Total Net Assets		190,192,483	154,041,205

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2022

Figures in Rand	Note(s)	2022	2021
Revenue	13	553,810,907	479,203,232
Investment interest income		5,951,030	4,700,633
Other income		2,694,822	3,735,956
Total income		562,456,758	487,639,821
Finance costs		(793)	(1,368)
Operating expenses		(527,017,643)	(464,256,162)
Surplus for the year		35,438,320	23,382,291
Operating expenses			
Administration		(7,824,629)	(7,153,633)
Auditors' remuneration	15	(684,145)	(639,973)
Bad debts		(175,392)	(33,772)
Board members' fees		(770,407)	(778,223)
Computer expenses		(39,474,333)	(20,928,053)
Consultant fees		(1,513,534)	(1,009,567)
Corporate identity		(2,124,742)	(1,801,701)
Courier charges - samples		(1,258,092)	(1,158,690)
COVID-19 expenses		(2,079,549)	(3,797,052)
Customer claims		(2,000,000)	-
Depreciation		(6,271,409)	(5,063,748)
Employee compensation and benefits	14	(374,483,778)	(347,090,547)
Insurance		(468,412)	(484,692)
Legal fees		(592,660)	(674,581)
Loss on disposal of assets		(100,283)	-
Meetings and workshops		(3,154,620)	(751,959)
Office accommodation		(12,341,889)	(13,445,774)
ICT infrastructure outsourced services		(17,590,909)	(10,172,637)
Subsistence and accommodation		(22,200,323)	(21,876,038)
Technical equipment and labels		(11,541,026)	(10,406,931)
Training		(5,668,222)	(5,472,828)
Transformation and corporate social investment		(516,770)	(420,817)
Travel - local and overseas		(14,182,519)	(11,094,946)
		(527,017,643)	(464,256,162)

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2022

Figures in Rand	Self-insurance reserve	Asset replacement reserve
Balance at 01 April 2020	12,530,000	26,000,000
Changes in net assets		
Transfer from asset replacement reserve	-	(12,850,000)
Transfer from self-insurance reserve	(937,000)	-
Net income (losses) recognised directly in net assets	(937,000)	(12,850,000)
Surplus for the year	-	-
Total recognised income and expenses for the year	(937,000)	(12,850,000)
Transfer from surplus levy for disposal per Section 18(8) and (9) of the PPEC Act	-	-
Transfer to general reserve fund	-	-
Total changes	(937,000)	(12,850,000)
Balance at 01 April 2021	11,593,000	13,150,000
Changes in net assets Revaluation of land and buildings	-	-
Transfer to asset replacement reserve	-	9,782,000
Transfer to self-insurance reserve	3,844,000	-
Net income (losses) recognised directly in net assets	3,844,000	9,782,000
Surplus for the year	-	-
Total recognised income and expenses for the year	3,844,000	9,782,000
Transfer from surplus levy for disposal per Section 18(8) and (9) of the PPEC Act	-	-
Transfer to general reserve fund	-	-
Total changes	3,844,000	9,782,000
Balance at 31 March 2022	15,437,000	22,932,000
Note(s)	11	12

Revaluation reserve	General reserve fund	Total reserves	Surplus levy for disposal	Total net assets
18,350,453	73,778,461	130,658,914	-	130,658,914
-	12,850,000	-	-	-
-	937,000	-	-	-
-	13,787,000	-	-	-
-	-	(23,382,291)	23,382,291	-
-	13,787,000	-	23,382,291	23,382,291
-	23,382,291	23,382,291	-	23,382,291
-	-	23,382,291	(23,382,291)	-
-	37,169,291	23,382,291	-	23,382,291
18,350,453	110,947,752	154,041,205	-	154,041,205
712,958	-	712,958	-	712,958
-	(9,782,000)	-	-	-
-	(3,844,000)	-	-	-
712,958	(13,626,000)	712,958	-	712,958
-	-	-	35,438,320	35,438,320
712,958	(13,626,000)	712,958	35,438,320	36,151,278
-	35,438,320	35,438,320	-	35,438,320
-	-	35,438,320	(35,438,320)	-
712,958	21,812,320	36,151,278	-	36,151,278
19,063,411	132,760,072	190,192,483	-	190,192,483

CASH FLOW STATEMENT

for the year ended 31 March 2022

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Receipts			
Sale of goods and services		546,734,209	469,945,289
Interest income		5,951,031	4,700,634
		552,685,240	474,645,923
Payments			
Employee costs		(371,508,088)	(330,955,765)
Suppliers		(148,050,538)	(104,734,648)
Finance costs		(793)	(1,368)
		(519,559,419)	(435,691,781)
Net cash flows from operating activities	16	33,125,821	38,954,142
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(7,125,084)	(13,796,062)
Proceeds from sale of property, plant and equipment	6	-	111,860
Purchase of investments		(19,031,527)	(28,265,214)
Net cash flows from investing activities		(26,156,611)	(41,949,416)
Net increase/(decrease) in cash and cash equivalents		6,969,210	(2,995,274)
Cash and cash equivalents at the beginning of the year		32,374,008	35,369,282
Cash and cash equivalents at the end of the year	5	39,343,218	32,374,008

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT

for the year ended 31 March 2022

Statement of Financial Performance

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final and actual
Revenue					
Revenue	498,187,947	-	498,187,947	553,810,906	55,622,959
Investment interest income	6,500,000	-	6,500,000	5,951,030	(548,970)
Other income	1,757,749	-	1,757,749	2,692,290	934,541
Total revenue	506,445,696	-	506,445,696	562,454,226	56,008,530
Expenditure					
Employee compensation and benefits	(373,320,897)	-	(373,320,897)	(374,483,778)	(1,162,881)
Operating expenses	(158,986,335)	-	(158,986,335)	(152,531,335)	6,455,000
Finance costs	-	-	-	(793)	(793)
Total expenditure	(532,307,232)	-	(532,307,232)	(527,015,906)	5,291,326
(Deficit) / Surplus	(25,861,536)	-	(25,861,536)	35,438,320	61,299,856
Actual Amount on Comparable Basis	(25,861,536)	-	(25,861,536)	35,438,320	61,299,856

Budgeted revenue is calculated on industry-approved volume expectations. Good market conditions, global demand, favourable weather conditions and beneficial rains influenced improvement in anticipated volumes on most products, barring avocados, mangoes and litchis. Laboratory revenue did not meet budget due to lower mycotoxin commercial samples analysed.

Restrictions on corporate events and international travel, adoption of a hybrid-work approach and virtual meetings resulted in underspending on certain expenditures for the year.

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of International Standards on Auditing (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Public Finance Management Act No. 1 of 1999 (PFMA).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below. These accounting policies are consistent with the previous period.

1.1 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.2 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of the government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

TRADE RECEIVABLES

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

FAIR VALUE ESTIMATION

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of their assets and liabilities.

PROVISIONS

Provisions were raised and management determined an estimate based on the information available and current applicable internal policies.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation reserve. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to the general reserve when the asset is derecognised.

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Buildings	Straight-line	50 years
Computer equipment	Straight-line	3 - 7 years
Furniture and fixtures	Straight-line	3 - 20 years
Motor vehicles	Straight-line	5 years
Technical equipment	Straight-line	3 - 20 years

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Minor assets of R5,000 or less are charged to the statement of financial performance in full as expenditure in the year.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. A financial instrument is classified as measured at amortised cost or fair value.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

- cash;
- a residual interest of another entity; or
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

CLASSIFICATION

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at fair value
Investments	Financial asset measured at amortised cost
Trade and other receivables	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

OPERATING LEASES - LESSEE

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 or liability.

1.7 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries;
- short-term compensated absences (such as paid annual leave) where the compensation for the absences is due to be settled within twelve (12) months after the end of the reporting period in which the employees render the related employee service; and
- bonus and performance-related payments payable within twelve (12) months after the end of the reporting period in which the employees render the related service.

The entity recognises the expected cost of bonus and performance-related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

LONG-TERM BENEFITS

The entity has an obligation to provide long-term service benefits to all employees appointed prior to 1997. According to the long service award policy, which the Board institutes and operates, permanent employees are entitled to a long service award after completion of a continuous period of twenty, thirty and forty years.

1.8 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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.

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.

1.9 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.10 Revenue recognition

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

MEASUREMENT

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

RENDERING OF SERVICES

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

1.11 Investment income

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

1.12 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.13 Reserves

SELF-INSURANCE RESERVE

A self-insurance reserve was established to manage the uninsured risks of the PPECB. This involves a formal decision to retain the risk of uninsured risks, specifically on loss or theft of the PPECB's high-valued moveable assets (laptops and tablets), third-party indemnity claims by the industry on product losses, general repairs to the two owned land and buildings and cyber security insurance. The value of the self-insurance fund is the estimated reserve that needs to be retained to cover expected losses at a high confidence level.

REVALUATION RESERVE

The revaluation reserve was established for surpluses generated on the revaluation of the PPECB's owned land and buildings. Valuations are made in accordance with the investment approach method using the basis of recent market transactions, rentals of similar properties in the area and an insurance valuation of the property. Land and buildings are re-valued independently every three years. Valuations are conducted more frequently if deemed necessary to ensure the carrying amount does not differ materially from its fair value at the end of the reporting period.

ASSET REPLACEMENT RESERVE

The asset replacement reserve was established to provide for the future replacement of technical equipment in the Laboratory without placing reliance on excessive

statutory fee increases. On an annual basis, a review of the asset replacement reserve for the replacement of technical equipment is conducted and adjustments are made to ensure sufficient levels. The value of the asset replacement is based on new replacement costs and year-end foreign exchange rates if valued in foreign currency.

GENERAL RESERVE FUND

The general reserve fund was established to enable the PPECB to fund operational activities during periods where there are financial shortfalls. The fund is maintained to protect the PPECB's operating capacity by funding non-recurring or unforeseen needs, including severe weather or other natural disasters and unexpected obligations after the budget process has occurred, or opportunities to achieve cost savings.

1.14 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Irregular expenditure

Irregular expenditure is an expenditure that is contrary to the PFMA and is in contravention of any legislation. Irregular expenditure incurred is reported in the notes to the annual financial statements.

1.16 Budget information

The entity is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives. The approved budget covers the fiscal period from 01/04/2021 to 31/03/2022. The budget for the economic entity includes all the entity's approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period has been included in the statement of comparison of budget and actual amounts.

1.17 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

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.

1.18 Events after reporting date

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

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

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred. The entity will disclose the nature of the event and an estimate of its financial effect or report that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.19 Tax

In terms of the Income Tax No. 58 of 1962, the PPECB is not subject to normal taxation. No provision has been made for taxation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

There are no standards and interpretations that have been adopted in the current financial year, that are effective for the current financial year and that are relevant to the entity's operations.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2022 or later periods:

Standard/ Interpretation:	Effective date:	Expected impact:
GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely a material impact
iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely a material impact
GRAP 2020: Improvements to the Standards of GRAP 2020	01 April 2023	Unlikely a material impact
GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely a material impact

3. TRADE AND OTHER RECEIVABLES

Trade debtors	75,337,432	65,414,892
Sundry debtors	748,176	885,647
Provision for impairment of receivables	(46,549)	(30,467)
	76,039,059	66,270,072

Trade and other receivables past due but not impaired

Trade and other receivables which are past due are not considered to be impaired. At 31 March 2022, R441,391 (2021: R970,133) were past due but not impaired. These relate to a number of independent customers to whom there is no recent history to default. The ageing of amounts past due but not impaired is as follows:

+ 60 days after statement	441,391	970,133
	441,391	970,133

Trade and other receivables impaired

As of 31 March 2022, trade and other receivables of R46,549 (2021: R30,467) were impaired. The individually impaired receivables mainly relate to producers and exporters, who are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

More than three months	46,235	3,673
Six to twelve months	314	26,794
	46,549	30,467

Reconciliation of provision for impairment of trade and other receivables

Opening balance	30,467	128,402
Provision for impairment	46,549	30,467
Amounts written off as uncollectible	(17,780)	(111,526)
Reversal of debtors previously impaired	(12,687)	(16,876)
	46,549	30,467

4. INVESTMENTS

ABSA	24,697,196	13,932,536
Nedbank	39,728,612	38,064,341
Standard Bank	45,938,917	39,336,321
	110,364,725	91,333,198

Investments comprise of short-term money market securities of six (6) months or more, but do not exceed twelve (12) months.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	2,120	3,654
Bank balances	10,622,305	7,850,048
Short-term deposits	28,718,793	24,520,306
	39,343,218	32,374,008

The effective interest rate is between 3.35% and 5.90%. A Standard Bank guarantee was issued to Branvest Close Corporation, in terms of the Montague Garden's office rental agreement amounting to R112,020 (2021: R112,020).

6. PROPERTY, PLANT AND EQUIPMENT

	2022			2021		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Land and buildings	23,970,000	-	23,970,000	23,850,000	(592,958)	23,257,042
Furniture and fixtures	5,998,664	(3,364,543)	2,634,121	6,030,065	(2,919,989)	3,110,076
Motor vehicles	374,271	(7,646)	366,625	374,271	(3,148)	371,123
Computer equipment	23,232,065	(11,509,968)	11,722,097	20,070,053	(8,386,086)	11,683,967
Technical equipment	18,704,573	(11,280,175)	7,424,398	16,761,735	(10,633,332)	6,128,403
Total	72,279,573	(26,162,332)	46,117,241	67,086,124	(22,535,513)	44,550,611

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Computer equipment	11,683,967	5,096,693	(97,673)	-	(4,960,890)	11,722,097
Furniture and fixtures	3,110,076	122,585	(1,842)	-	(596,698)	2,634,121
Land and buildings	23,257,042	-	-	712,958	-	23,970,000
Motor vehicles	371,123	-	-	-	(4,498)	366,625
Technical equipment	6,128,403	2,006,086	(768)	-	(709,323)	7,424,398
	44,550,611	7,225,364	(100,283)	712,958	(6,271,409)	46,117,241

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Computer equipment	3,549,505	11,280,705	(103,516)	(3,042,727)	11,683,967
Furniture and fixtures	2,576,060	697,455	(4,297)	(159,142)	3,110,076
Land and buildings	23,553,521	-	-	(296,479)	23,257,042
Motor vehicles	2	374,271	(2)	(3,148)	371,123
Technical equipment	6,251,069	1,443,631	(4,045)	(1,562,252)	6,128,403
	35,930,157	13,796,062	(111,860)	(5,063,748)	44,550,611

At financial year end, management identified fully depreciated assets which were still in use. Management evaluated the impact of this and considered it to not be significant. The entity will review and reassess the average useful life of these assets in the new financial year.

Revaluations

Cape Town - Erf 19927, Parow with office building thereon: the property was revalued by DJB Hoffman, an independent registered valuer as at 1 March 2022. Valuations were made in accordance with the investment approach method using the basis of recent market transactions, rentals of similar properties in the area and an insurance valuation of the property.

Durban - Portion 1 of Erf 1736, Wentworth with office building thereon: the property was revalued by Roper Associates, an independent registered valuer as at 2 February 2022. Valuations were made in accordance with the investment approach method using the basis of recent market transactions, rentals of similar properties in the area and an insurance valuation of the property.

7. OPERATING LEASE LIABILITY

Operating lease liability	(607,083)	(840,000)
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The entity's obligations under operating leases are secured by the lessor's charge over the leased assets. Refer to the note on Commitments.

8. TRADE AND OTHER PAYABLES

Accrued expenses	2,066,745	2,038,562
Accrued external audit fees	689,045	641,118
Accrued leave pay	22,286,828	20,563,038
Agricultural product samples	101,937	70,731
Deposits received	6,565,136	6,402,136
Payroll related control accounts	5,843,052	10,144,426
South African Maritime Safety Authority services	621,241	445,351
Trade payables	21,626,208	21,052,528
	59,800,192	61,357,890

9. PROVISIONS**Reconciliation of provisions - 2022**

	Opening balance	Additions	Utilised during the year	Reversed during the year	Total
Performance incentive	16,500,000	17,100,000	(16,178,642)	(321,358)	17,100,000
Long service award	1,788,794	375,691	-	-	2,164,485
Customer claims	-	2,000,000	-	-	2,000,000
	18,288,794	19,475,691	(16,178,642)	(321,358)	21,264,485

Reconciliation of provisions - 2021

	Opening balance	Additions	Reversed during the year	Total
Performance incentive	-	16,500,000	-	16,500,000
Long service award	2,154,011	-	(365,217)	1,788,794
	2,154,011	16,500,000	(365,217)	18,288,794

The performance incentive is paid out in accordance with the Board approved performance incentive policy. The performance incentive payment is subject to approval by the Board and approval based on the outcome of the audited financial results, the achievement of the PPECB, against its predetermined objectives and individuals' agreed performance objectives for the past financial year.

All permanent employees appointed prior to 1997, may become entitled to a long service award upon completion of twenty, thirty or forty years of service.

The entity provided for three potential claims from customers currently pending.

10. REVALUATION RESERVE

Opening balance	18,350,453	18,350,453
Revaluation of land and buildings	712,958	-
	19,063,411	18,350,453

11. SELF-INSURANCE RESERVE

Opening balance	11,593,000	12,530,000
Transfer from/(to) the general reserve fund	3,844,000	(937,000)
	15,437,000	11,593,000

12. ASSET REPLACEMENT RESERVE

Opening balance	13,150,000	26,000,000
Transfer from/(to) the general reserve fund	9,782,000	(12,850,000)
	22,932,000	13,150,000

13. REVENUE

AETP and internal development services	1,084,661	883,552
APS inspection services	361,630,770	296,906,444
Container services	13,846,992	12,685,647
Export services	148,025,535	129,099,559
Food safety certifications	6,300,701	6,442,650
Laboratory services	15,535,503	15,296,282
Orchard and phytosanitary services	-	11,992,792
Sea services	5,572,839	4,814,101
Transformation and development services	1,813,906	1,082,205
	553,810,907	479,203,232

14. EMPLOYEE COMPENSATION AND BENEFITS

Salaries and wages	348,845,194	322,726,389
Defined contribution costs - retirement fund	25,638,584	24,364,158
	374,483,778	347,090,547

15. AUDITORS' REMUNERATION

Professional fees	684,145	639,973
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16. CASH GENERATED FROM OPERATIONS

Surplus	35,438,320	23,382,291
Adjustments for:		
Depreciation	6,271,409	5,063,748
Movements in operating lease assets	(232,917)	(763,898)
Movements in provisions	2,975,691	16,134,783
Changes in working capital:		
Inventories	-	2,892
Trade and other receivables	(9,768,987)	(13,021,452)
Trade and other payables	(1,557,695)	8,155,778
	33,125,821	38,954,142

17. TAXATION

In terms of the Income Tax Act No. 58 of 1962, the PPECB is not subject to taxation. No provision was made for income tax.

18. COMMITMENTS**Authorised operational expenditure****Already contracted for but not provided for**

The Ricoh Company Limited - Print managed services	6,030,957	5 years
Dimension Data - SDWAN, APN and VOIP	43,573,959	5 years
Gijima Technology Services - Cloud service provider	78,747,461	5 years
Gijima Technology Services - ICT infrastructure outsourced services	30,963,843	3 years
Altron Karabina - Antivirus and vulnerability management	4,629,727	3 years
Altron Karabina - Microsoft Dynamics 365	25,767,130	5 years
	189,713,077	

Operational commitments represent future operational expenditure, inclusive of valued added tax. The entity is obligated to spend these amounts due to signed contracts with suppliers. The amounts reflected above are the total commitment for the periods of the contract.

Operating leases - as lessee (expense)**Minimum lease payments due**

- within one year	3,889,312	4,896,643
- in second to fifth year inclusive	5,885,046	7,384,477
	9,774,358	12,281,120

Operating lease payments represent rentals payable by the entity for certain of its office properties.

19. RELATED PARTIES

The PPECB has related party relationships with the Department of Agriculture, Land Reform and Rural Development (DALRRD), members of the Board and the management committee. The DALRRD has significant influence. Services delivered to related parties are on terms of business normally prevailing with third parties.

The PPECB rendered services of R2,719,036 (2021: R2,099,722) to companies on which some of the members of the Board serve. The outstanding debtors balances of these companies totalled R382,304 (2021: R386,954).

Related party balances**Board members**

Mr W Bam - SA Tafeldruiwe NPC	-	40,687
Mr CG Garrett - Bertie van Zyl (Pty) Ltd	13,522	5,644
Ms M Kotze - SA Apple & Pear Producers Association NPC	-	15,962
Ms M Kotze - SA Stone Fruit Producers Association NPC	-	18,113
Ms KM Sinclair - Irvin & Johnson (Pty) Ltd	77,288	97,761
Ms KM Sinclair - South African Bureau of Standards	13,319	13,391
Dr M Van Eeden - Rhodes Food Group (Pty) Ltd	278,175	195,396
	382,304	386,954

Department of Agriculture, Land Reform and Rural Development

Orchard and phytosanitary services programme	-	206,826
Laboratory analysis and diagnostics programme	(101,937)	(361,791)
Inter-departmental training and capacitation initiative (Eastern Cape)	(1,451,935)	(1,700,000)
Inter-departmental training and capacitation initiative (Eastern Cape)	-	22,457
Inter-departmental training and capacitation initiative (Gauteng)	29,591	-
Inter-departmental training and capacitation initiative (Northern Cape)	167,197	237,592
	(1,357,084)	(1,594,916)

Related party transactions**Board members**

Mr W Bam - SA Tafeldruiwe NPC	293,952	240,994
Mr CG Garrett - Bertie van Zyl (Pty) Ltd	17,441	5,644
Mr KB Katoo - Citrus Growers Association NPC	205,275	-
Ms M Kotze - SA Apple & Pear Producers Association NPC	129,122	124,039
Ms M Kotze - SA Stone Fruit Producers Association NPC	112,746	89,873
Mr AJ Kruger - Fresh Produce Exporters Forum	107,525	97,750
Ms KM Sinclair - Irvin & Johnson (Pty) Ltd	636,293	586,390
Ms KM Sinclair - South African Bureau of Standards	114,822	60,134
Ms M Slabber - Hexrivier Sitrus (Edms) Bpk	34,020	15,971
Dr M Van Eeden - Rhodes Food Group (Pty) Ltd	1,067,840	878,927
	2,719,036	2,099,722

Figures in Rand
2022
2021
Department of Agriculture, Land Reform and Rural Development

Agri Export Technologist Programme	600,000	584,000
Inter-departmental training and capacitation initiative (Eastern Cape)	-	22,457
Inter-departmental training and capacitation initiative (Free State)	-	82,788
Inter-departmental training and capacitation initiative (Gauteng)	1,052,919	-
Inter-departmental training and capacitation initiative (Mpumalanga)	369,779	348,725
Inter-departmental training and capacitation initiative (Northern Cape)	321,599	394,021
	2,344,297	1,431,991

Remuneration of management
Management class: Executive management

2022	Basic salary	Travel allowance	Medical and provident contributions	Total
Chief Executive Officer	2,494,144	9,600	464,027	2,967,771
Chief Financial Officer	2,228,688	-	489,736	2,718,424
Chief Operating Officer	1,732,239	12,000	395,385	2,139,624
Chief Information Officer	1,837,525	-	153,839	1,991,364
Human Capital Executive	1,416,546	-	212,330	1,628,876
	9,709,142	21,600	1,715,317	11,446,059

2021

Chief Executive Officer	2,375,283	9,600	441,913	2,826,796
Chief Financial Officer	2,109,912	16,000	462,535	2,588,447
Chief Operating Officer	1,644,042	20,000	371,329	2,035,371
Chief Information Officer	1,750,373	-	146,543	1,896,916
Human Capital Executive	1,351,243	-	200,571	1,551,814
	9,230,853	45,600	1,622,891	10,899,344

Management class: Board members

Mr W Bam	64,602	79,922
Mr CG Garrett	111,654	85,203
Mr KB Katoo	86,136	87,459
Ms M Kotze	86,136	87,459
Mr AJ Kruger	96,572	98,137
Dr CC Nkuna	74,767	74,767
Mr RM Ramasodi *	-	-
Ms KM Sinclair	89,366	79,922
Ms M Slabber	96,572	97,895
Dr M Van Eeden	64,602	87,459
	770,407	778,223

* Mr RM Ramasodi is appointed as the Ministerial Representative for DALRRD.
He does not receive fees from the PPECB as a Board member.

20. RISK MANAGEMENT

Financial risk management

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

The members of the Board acknowledge their responsibility for establishing and communicating appropriate risk and control policies and ensuring adequate risk management processes are in place. The audit committee assists the members of the Board in discharging their risk management obligations.

The principal objectives of risk management are to:

- Review the Board's risk philosophy, strategy, policies and processes recommended by senior management
- Review and assess the integrity of the process and procedures for identifying, assessing, recording and monitoring of risk
- Review the adequacy and effectiveness of the Board's risk management function and its implementation by management
- Ensure that material risks have been identified, assessed and receive attention.

The Board's risk management processes, of which the systems of internal, financial and operating controls are an integral part, are designed to control and monitor risk throughout the Board. For effectiveness, these processes rely on regular communication, sound judgment and thorough knowledge of statutory and operational activities. Management is tasked with integrating the management risk into the day-to-day activities of the Board.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves. Due to the dynamic nature of operational activities, the Board aims to be conservative in funding by keeping committed cash reserves available.

Credit risk

Credit risk arises from cash and equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

Measures taken by the Board to limit credit risk to acceptable levels include, inter alia, an assessment of the credit quality of the customer, by taking into account their financial position; past experience and other factors, the application of standard credit acceptance procedures to assess potential clients, daily monitoring of collectible balance at both regional and head office level and the suspension of services to accounts which exceed the Board's payment terms. The table below shows the balances of the financial institutions in which the Board held deposits at statement of financial position date:

Financial institutions

ABSA	30,499,095	19,562,806
First National Bank	13,824,134	5,997,485
Nedbank	40,133,080	44,485,854
Standard Bank	65,249,515	53,657,407
	149,705,824	123,703,552

The carrying amount of financial assets in the statement of financial position represents the Board's exposure to credit risk in relation to these assets. Credit limits assigned to customers may be exceeded due to timing differences. Such instances are individually approved and closely monitored by management. Management does not expect any losses from non-performance by these counterparties. The Board's exposure to concentrated credit risk is low due to the large number of customers and their dispersion across different geographical areas and product sectors.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Cash flow and fair value interest rate risk

The Board's interest rate risk arises from investments held to maturity as well as from cash and cash equivalents. The Board's policy is to maintain its investments across a range of high-quality financial institutions. Interest rate exposure and investment allocations are evaluated by management on a regular basis. This risk is managed by maintaining an appropriate mix of investments with registered financial institutions. Interest-bearing investments are held with reputable financial institutions in order to minimise exposure.

Capital risk management

Capital is regarded as total reserves which is a result of accumulated surpluses. The Board strives to maintain a sufficient reserve to sustain its statutory obligations. The level of the reserves is dependent on the approval of the Minister of DALRRD.

21. FRUITLESS AND WASTEFUL EXPENDITURE

Opening balance as previously reported	-	2,193
1 Irrecoverable personnel costs (abscondment of employee)	26,517	-
2 Irrecoverable personnel costs (abscondment of employee)	5,777	-
Less: Amount written off - prior period	-	(2,193)
Closing balance	32,294	-

1 A permanent employee resigned on 31 May 2021. The employee's total outstanding cellphone subscription was irrecoverable from his final salary and leave payment. The employee signed an acknowledgement of debt, however did not honour his commitment and attempts of recovery were futile.

2 A permanent employee resigned on 31 October 2021. The employee's total outstanding cellphone subscription was R26,625. The employee agreed for the cancellation fee to be deducted from his final salary, yet a shortfall of R5,777 remained. The employee signed an acknowledgement of debt, however did not honour his commitment and attempts of recovery were futile.

On 31 March 2022, employees were informed of the revocation of cellphone contract benefits through the PPECB. Current cellphone contracts will continue until conclusion, however no new contracts on behalf of employees will be entered into.

22. IRREGULAR EXPENDITURE

Opening balance as previously reported	-	1,533,595
Opening balance as restated	-	1,533,595
1 Incorrect authorisation of transactions (delegations not complied with)	145,740	-
2 Incorrect authorisation of transactions (delegations not complied with)	52,096	-
3 Incorrect authorisation of transactions (delegations not complied with)	23,529	-
4 Mis-presentation and omission of information	118,109	-
5 Incorrect authorisation of transactions (delegations not complied with)	334,650	-
6 Deviation of three-quote procurement process	195,693	-
7 Deviation of three-quote procurement process	507,612	-
Less: Amount condoned during the year	-	(1,533,595)
Closing balance	1,377,429	-

- 1 Payments were made to ITEC SA (Pty) Ltd which were not in accordance with the terms of a valid contract. The overpayments were recovered on 22 January 2022.
- 2 Payments were made to Metrofile (Pty) Ltd for the protection of data services required by the PPECB, without a valid contract in place. The services were permanently terminated on 31 October 2021 and relevant storage material was successfully returned to the PPECB.
- 3 Payments were made to Execu-Move Close Corporation for storage services required by the PPECB, without a valid contract in place. At the date of this report, the services were pending termination.
- 4 Payments were made to Sinac Group for hygiene services that were not fully rendered by the supplier. The contract was amended to clarify expectations and monitor performance.
- 5 Learning material services were procured where the three-quote procurement process was not followed. Prior approval from the Chief Executive Officer (CEO) was not obtained which is a deviation from National Treasury Regulations. The procurement process is in progress to initiate a contract.
- 6 Safety shoes were procured where the three-quote procurement process was not followed. Prior approval from the CEO was not obtained which is a deviation from National Treasury Regulations. The procurement process is in progress to initiate a contract.
- 7 Pre-printed stationery was procured, where the three-quote procurement process was not followed. Prior approval from the CEO was not obtained which is a deviation from National Treasury Regulations. The procurement process is in progress to initiate a contract.

23. SEGMENT INFORMATION

General information

IDENTIFICATION OF SEGMENTS

The segment information report reflects the reportable segments regularly provided, reviewed and used by the Board and Executive Management to make strategic decisions and assess the performance of the segments. The Executive assesses the performance of the operating segments based on a measure of contribution consistent with that of the financial statements.

The operations in each reportable segment are: Statutory Services and Food Safety Services, which provide mostly regulatory services at a fee to the perishable product industry. Statutory Services is responsible for delivering integrated inspection and cold chain services on perishable products being exported. Food Safety Services refers to the assurance given that food will not cause harm to the consumer when consumed. The Transformation and Development Services programme is aimed at building capacity through the development of internal and external skills. Corporate Services ensures coherence among the respective programmes within the PPECB by providing support, direction, leadership and promoting the services of the PPECB.

Segment of surplus

2022	Statutory Services	Food Safety Services	Development Services	Corporate Services	Total
Revenue					
Income	531,428,303	21,844,048	2,898,567	6,283,309	562,454,227
Entity's revenue					562,454,227
Expenditure					
Employment compensation	283,919,898	14,653,650	12,639,612	63,270,619	374,483,779
Activity cost	37,353,866	8,353,295	312,785	14,885	46,034,831
Administrative cost	18,875,856	4,003,625	5,123,312	78,494,504	106,497,297
Total segmental expenditure	340,149,620	27,010,570	18,075,709	141,780,008	527,015,907
Total segmental surplus					35,438,320
2021					
Revenue					
Income	458,078,358	21,704,702	2,682,823	5,173,938	487,639,821
Entity's revenue					487,639,821
Expenditure					
Employment compensation	263,214,340	14,417,547	11,874,970	57,583,690	347,090,547
Activity cost	36,163,346	6,574,891	133,840	95,092	42,967,169
Administrative cost	12,310,328	4,381,154	3,618,437	53,889,895	74,199,814
Total segmental expenditure	311,688,014	25,373,592	15,627,247	111,568,677	464,257,530
Total segmental surplus					23,382,291

REPORT ON PREDETERMINED OBJECTIVES

The PPECB's strategy is driven and executed by four main programmes.

PROGRAMME 1: CORPORATE SERVICES

The Corporate Services Programme operates cross-functionally with its primary aim to deliver professional support services and strategic leadership to the whole of the PPECB. The programme further plays an essential role in ensuring coherence among the respective business units within the PPECB.

Purpose

The purpose of the programme is to support, provide direction, leadership, instil corporate discipline and promote the services of the PPECB.

PROGRAMME 2: OPERATIONAL SERVICES

The Operational Services Programme is responsible for delivering integrated laboratory, inspection, and cold chain services for the export market.

Purpose

The purpose of the programme is mandate compliance and to deliver an effective and efficient service to all the PPECB stakeholders. The programme is further committed to ensuring the achievement of the PPECB's strategic objectives.

PROGRAMME 3: FOOD SAFETY SERVICES

Food Safety refers to the assurance that food will not cause harm to the consumer when it is prepared and/or eaten according to its intended use. Section 2(1) of the Foodstuffs Cosmetics and Disinfectants Act No. 54 of 1972 prevents any person to put into international trade any food that is unfit for human consumption. The APS Act controls and promotes specific product quality standards for the local market and for export purposes. It is administered and enforced by the Directorate: Food Safety and Quality Assurance in the Department of Agriculture, Land Reform and Rural Development (DALRRD). With respect to food safety, the PPECB has been appointed and authorised to conduct food safety

audits (Regulation 707), test groundnuts for aflatoxins (Regulation No. 1145 tolerance for fungus-produced toxins in foodstuffs) and conduct compositional testing of dairy products (Regulation No. R2581 relating to dairy products and imitation dairy products) destined for the export market.

Purpose

The purpose of this programme is to ensure compliance to standards regarding food hygiene and food safety as promulgated in Notice 707 of 13 May 2005. This is in line with the following European Commission (EC) directives: EC 178/2002, and EC 1525/1998 including the relevant Codex principles. The intent is to enable South Africa's continuous penetration of international markets and therefore increase its market share with regards to safe and quality foods.

PROGRAMME 4: TRANSFORMATION AND DEVELOPMENT SERVICES

The Transformation and Development Services Programme is aimed at building capacity through the development of internal and external skills.

The programme focuses on the following:

Graduate placements, internships and learnerships

The PPECB offers a learnership at National Qualification Framework (NQF) level 5, exposing learners to the postharvest agricultural value chain and providing them with a head-start in advancing themselves professionally in this sector. The learnership programme is provided in partnership with the DALRRD and the Agricultural Sector Education Training Authority (AgriSETA).

In collaboration with the AgriSETA, the PPECB provides job exposure in fields like Information and Communications Technology (ICT), Finance, Human Resources and Marketing to unemployed graduates. The PPECB also provides opportunities for students studying agriculture-related qualifications by offering workplace exposure which contributes to the final requirement for the students graduating.

Youth, women and people with disabilities (PWD) are given opportunities through internships and learnerships in the organisation's programmes.

Internal capacity building

With regard to internal stakeholders, the focus is on women and youth empowerment. Leadership development initiatives are in place to ensure that women are accelerated so that they can assume leadership roles as these are currently predominantly occupied by their male counterparts. The PPECB has also developed a talent framework to ensure that it focuses on the development of women. The PPECB is striving to be a learning institution and is leveraging technology to ensure that the training provided meets the needs of the modern generation. The Learning Management System hosts online onboarding and other learning material which is used for supervisory and management development as part of a blended learning approach which reduces face-to-face classroom time and augments time in the field for operational employees.

Internal development focuses on women, developing youth with potential as well as youth with disabilities. Over and above training, coaching and mentoring is provided to internal stakeholders. The PPECB also has a dedicated programme for ensuring uniform interpretation and consistent application of standards during the execution of product inspections, cold chain functions and food safety audits. The learning and development specialists aim at mitigating the risks of incorrect decision-making during inspections and cold chain functions, enhancing the confidence levels of employees and associated clients during service delivery.

Both the organisation and individuals must place emphasis on continuous skills development. Individuals will need to develop a different set of competencies which will enable them to cope with digitalisation. The competencies needed, therefore, will be a mixed bag consisting of behavioural, technical, and practical competencies. This means it will not be enough to only have the knowledge, application also becomes important.

In the rapid re-skilling era, unlimited and unrestricted access to learning is becoming a game changer. However, to harness the benefits of this unlimited and unrestricted access to learning, the PPECB needs to develop self-directed, agile learners with a strong growth mind-set. The organisational culture required is one that promotes lifelong learning. All generations and types of employees will need to be given the opportunity to upskill themselves. This implies that learning will have to be on demand, bite-sized and in different formats that can suit all types of learning styles. The policies and procedures that are put in place should encourage unlimited and unrestricted access to learning. Innovation should be encouraged, and people should be allowed to explore, experiment, and fail without fear of being punished. Employees also need space to unlearn redundant competencies and relearn what is relevant for the future.

Smallholder farmer development

The Learning and Development department's services aim to expose smallholder farmers to food safety, good agricultural practices, responsible use of pesticides, cold chain management and product quality training in preparation for food safety certification and market access.

Development initiatives are run on a collaborative basis with the DALRRD and all provincial departments of agriculture and services all provinces in South Africa. Collaboration not only extends to sister state-owned enterprises but also to commercial development partners.

PROGRAMME 1: CORPORATE SERVICES

Performance progress

INDICATOR (KPI)	TARGET FOR 2021/22 AS PER APP	Q1 (APR-JUN 2021)		Q2 (JUL-SEP 2021)	
		Q1 TARGET AS PER APP	Q1 ACTUAL OUTPUT	Q2 TARGET AS PER APP	Q2 ACTUAL OUTPUT
% of money spent on B-BBEE suppliers*	80%	75%	87%	76%	87%
% of export/inspection information provided at a 95% accuracy level in week 1 of reporting*	95%	92%	99%	93%	99%
Organisational customer satisfaction index measured annually as a % **	80%	-	-	-	-
Number of manual processes converted to electronic or digitised*	8	5	6	6	7

PROGRAMME 2: OPERATIONAL SERVICES

Performance progress

INDICATOR (KPI)	ANNUAL TARGET 2021/22	Q1 (APR-JUN 2021)		Q2 (JUL-SEP 2021)	
		TARGET	PROGRESS	TARGET	PROGRESS
% of samples inspected on a 2% basis*	99%	97%	100%	97%	99%
% of cartons on main products (citrus, grapes, pome, stone and avocados collectively) captured on TITAN 2.0® system*	70%	62%	82%	64%	85%
Number of activity points interfacing with the PPECB mobile technology platform*	865	850	881	855	881

* Targets are cumulative

** Targets are annual

Q3 (OCT-DEC 2021)		Q4 (JAN-MAR 2022)		COMMENTS
Q3 TARGET AS PER APP	Q3 ACTUAL OUTPUT	Q4 TARGET AS PER APP	Q4 ACTUAL OUTPUT	
78%	84%	80%	89%	The target of 80% was exceeded by 9% on Q4. This is due to a positive spend increase on B-BBEE compliant suppliers that are 30% black women owned (BWO), 51% black-owned (BO) and newly implemented contracts.
94%	98%	95%	96%	Higher uptake of TITAN 2.0® (85%) resulted in reduced reliance on manual capturing with associated increased accuracy level. 87% of citrus and 98% of grapes was inspected on TITAN 2.0®.
-	-	80%	90	The annual client satisfaction survey was conducted during Q4, with the 80% satisfaction target surpassed.
7	8	8	8	1 Online meeting attendance register. 2 Online cold chain Schedule 1 TITAN 2.0®. 3 Online cold chain export notification TITAN 2.0®. 4 Creating internal SharePoint pages. 5 Personal development plans digitalised. 6 Technical competency tests digitalised. 7 Declaration of interest application. 8 ICT Systems and Permission Form digitalised.

Q3 (OCT-DEC 2021)		Q4 (JAN-MAR 2022)		COMMENTS
TARGET	PROGRESS	TARGET	PROGRESS	
98%	99%	98%	99%	Sufficient permanent inspector compliment augmented with unemployed graduates and retirees when required. Agri Export Technologist Programme (AETP) serves as a feeder pool for the unemployed graduate programme.
65%	84%	65%	85%	Higher uptake of TITAN 2.0® by citrus pack houses in Nelspruit, Groblersdal, and Eastern Cape. Also increased uptake by pome fruit pack houses in Ceres and Grabouw regions. Exceptional performance of 87% of citrus and 98% of grape volumes inspected via TITAN 2.0®.
860	861	860	881	More products other than pome fruit, stone fruit, grapes, avocados, and citrus fruit completed service requests on TITAN 2.0®. Increased integration by other fruit pack houses.

PROGRAMME 3: FOOD SAFETY SERVICES

Performance progress

INDICATOR (KPI)	ANNUAL TARGET 2021/22	Q1 (APR-JUN 2021)		Q2 (JUL-SEP 2021)	
		TARGET	PROGRESS	TARGET	PROGRESS
Number of samples analysed using accredited methods*	20 000	5 000	4 437	10 000	10 361
Number of food safety audits*	950	200	285	400	590

PROGRAMME 4: TRANSFORMATION AND DEVELOPMENT SERVICES

Performance progress

INDICATOR (KPI)	ANNUAL TARGET 2021/22	Q1 (APR-JUN 2021)		Q2 (JUL-SEP 2021)	
		TARGET	PROGRESS	TARGET	PROGRESS
Number of students graduated through the AETP annually**	45	-	-	-	-
Number of smallholder farmers trained*	50	5	29	10	33
Number of new skills identified and trained*	5	2	3	3	7
% of permanent technical professionals (inspectors and assessors) evaluated as technically competent*	90%	80%	90%	85%	92%
Number of smallholder farmers certified for export*	20	5	6	10	41

* Targets are cumulative

** Targets are annual

Q3 (OCT-DEC 2021)		Q4 (JAN-MAR 2022)		COMMENTS
TARGET	PROGRESS	TARGET	PROGRESS	
15 000	15 844	15 000	19 409	The Pesticide Analytical Programme (PAP) analysed a total of 3 152 samples, 45% more samples than the prior financial year and the highest number achieved for the programme to date. Dairy volumes were 13% above budget with a total of 2 151 samples analysed compared to 2 050 in the prior financial year. The statutory moisture samples for the Fat Analytical Programme (FAP) are 25% above the budgeted volumes with 193 more samples analysed than the prior financial year. Mycotoxin commercial sample volumes declined which negatively impacted the total number of samples analysed.
600	918	600	1 304	Target of 950 exceeded as a result of increased drying facility, South African Maritime Safety Authority (SAMSA) and grain storage facility audits.

Q3 (OCT-DEC 2021)		Q4 (JAN-MAR 2022)		COMMENTS
TARGET	PROGRESS	TARGET	PROGRESS	
-	-	45	48	Students concluded training on 31 March 2022. Portfolios of Evidence are being submitted for assessment, moderation and issuing of certificates by the AgriSETA.
20	145	50	302	Training workshops were held in the Northern Cape, Eastern Cape and Gauteng provinces.
4	5	5	5	1 Design Thinking Training (TITAN 2.0® project team) 2 Virtual Gurus (2 nd intake) 3 Growth Mindset 4 Cyber security 5 Practical Data Management
88%	87%	90%	92%	Improvement on cold chain databank. Concerted efforts to manage inspectors' competencies on products not worked on for a long period.
15	64	20	89	Farmers certified from Gauteng, the Free State, Northern Cape and Eastern Cape. These are vegetable and fruit farms with the majority being raisin producers in the Northern Cape. Moreover, there were first-time Eastern Cape producers that were certified.

**THE PERISHABLE PRODUCTS
EXPORT CONTROL BOARD**



STRATEGIC PLAN

FOR THE FISCAL
YEARS 2021 - 2026



PART 5

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PPECB

STATEMENT: CHAIRPERSON OF THE ACCOUNTING AUTHORITY

As a National Public Entity, the PPECB delivers mandatory Inspection, Cold Chain, Food Safety and Analytical Laboratory Services for the perishable produce export industry. The PPECB is, thus, deemed an essential service. Therefore, during the first and second waves of the coronavirus pandemic, the PPECB continued to function uninterrupted. All the necessary precautions were taken to protect PPECB employees and clients. However, a number of employees did contract the virus due to the nature of the work involved and being required to perform physical inspections.

Despite the foregoing, thanks to the resilience and perseverance shown by the organisation's highly dedicated staff, the PPECB has been at the forefront of ensuring that South African perishable produce was still exported. As President Cyril Ramaphosa stated in his 2021 State of the Nation Address: "In the midst of the economic damage caused by COVID-19, South Africa's agricultural sector has performed remarkably well. In 2020, we became the world's second-largest exporter of citrus, with strong export growth in wine, maize, nuts, deciduous fruit and sugar cane." Furthermore, the favourable weather conditions of 2020 and the beginning of 2021 indicates that agriculture is likely to grow in the near term.

The continuing COVID-19 pandemic has, around the world, increased the general population's awareness of healthy food. This stands South Africa in good stead as a large exporter of healthy perishable produce. Not only is our produce in demand, but there are opportunities to increase our production, thereby creating much-needed employment.

All the while, the PPECB plays an incredibly important role in guaranteeing the quality and safety of South Africa's perishable produce. President Ramaphosa laid out the government's main objectives for 2021 in his State of the Nation Address. These included dealing with the COVID-19 pandemic, accelerating economic recovery and creating jobs and economic growth. Fighting corruption and strengthening the state is another key objective. Land reform will be accelerated. "South Africa has a tough road ahead, but as we have shown before, we are a resilient nation, and we will come back stronger."

As the global economy starts to recover after the pandemic, the PPECB must be able to service its clients and move with the changing times. The PPECB will, therefore, concentrate on the following strategic focus areas:

- Improved client experience through seamless integration with the PPECB systems (external) while becoming more customer-centric;
- The provision of relevant and timeous export information and market trends to enhance the competitiveness of the industry;
- Continuous improvement through a process of transformation, innovation, and automation;
- Revised business models through the introduction of digitalisation and a change in methodologies to increase efficiencies and contain costs;
- Enhanced data analytics and business intelligence (BI) capabilities; and
- Improved business sustainability for black smallholder farmers and suppliers.

In support of the focus areas, the PPECB has tackled two ambitious strategic projects:

- The TITAN 2.0® objective is to enhance the credibility of the export certification process through digital integration and automation. Some of the benefits of TITAN 2.0® are:
 - Real-time information, consignments inspected using TITAN 2.0® can be certified electronically for export.
 - TITAN 2.0® can integrate with the Tracking Unit Register (TUR), and clients can apply for Electronic Phyto (ePhyto) via the TITAN 2.0® platform.
- In addition to the continuous development of TITAN 2.0®, the PPECB has initiated the introduction of an Enterprise Resource Planning (ERP) system to replace its legacy Navision system. The ERP system seeks to create further process efficiencies and an enhanced customer experience. The introduction of the ERP system is expected to take 18 months, with major milestones achieved in Quarters 3 and 4 of 2021.

The strategic plan of the PPECB is reviewed on a regular basis by the Board and Executive Management to ensure that the organisation remains on track to meet the objectives set. As South Africa's official certification agency for perishable export products, the PPECB's impartial and independent services significantly reduce risks for producers and exporters. Products approved for export carry the passed-for-export stamp, which is regarded as a symbol of quality assurance to clients and consumers around the world.

It remains for me to thank our dedicated employees once again for their unwavering commitment during these incredibly difficult times and in making sure that South African perishable produce is still sought-after worldwide. Thanks also to the Board for their guidance and support in making the strategic plan a reality. The Board remains confident that the PPECB will continue to fulfil its mandate and grow from strength to strength.



CLIVE GARRETT
Chairperson of the Board

PART A: OUR MANDATE

1. LEGISLATIVE AND POLICY MANDATES

The PPECB is mainly governed by the Perishable Products Export Control Act No. 9 of 1983 (PPEC Act) and the Agricultural Product Standards Act No. 119 of 1990 (APS Act). In terms of this legislation, the PPECB is responsible for overseeing the export of perishable produce. This is achieved by inspecting listed agricultural products and managing the Cold Chain. The PPECB is also mandated to conduct food safety audits in terms of the APS Act on all food business operators (FBOs) who export perishable produce of plant origin.

Currently, the PPEC Act is under review and has not been finalised. To date, the PPEC Bill has been approved by the National Economic Development and Labour Council (NEDLAC), and final certification has been received from the Office of the Chief State Law Adviser. Feedback on the next steps is awaited.

Informed by the National Growth Path (NGP) and the National Development Plan (NDP), the Medium Term Strategic Framework (MTSF) places great emphasis on smallholder farmer development and rural employment.

As subject matter experts for the inspection of listed agricultural products and the management of the Cold Chain and food safety certification targeted for the export market, the PPECB is committed to supporting the government in achieving these outcomes.

The PPECB has formulated policies that promote and facilitate the achievement of these outcomes and introduced further programmes that direct organisational resources accordingly.

PART B: OUR STRATEGIC FOCUS

1. VISION

Enabling our clients to become preferred suppliers of perishable products worldwide.

2. MISSION

Empowering our people to execute the PPECB's mandate to give integrity to our client's products.

3. VALUES

Professionalism

We aspire to do the job right the first time while displaying a positive attitude towards our relationships with our clients, colleagues and stakeholders.

Accountability

We proactively assume responsibility for all our deliverables and areas of influence. This is done by creating and maintaining an environment which fosters guidance and empowerment of the employees to take ownership of their actions.

Passion

We are driven and committed to continually serving our stakeholders with energy and enthusiasm.

Integrity

We uphold the highest standards of honesty, impartiality and confidentiality in the execution of our duties, services and stakeholder relationships.

Confidence

We believe in our people, processes, proficiency and in-depth knowledge, which enables us to deliver our duties and services with conviction and excellence.

Collaboration

We actively engage in building and maintaining relationships in which we share information and exchange innovative ideas with all stakeholders.

4. SITUATIONAL ANALYSIS

Global perishable produce exports are becoming increasingly competitive as new entrants access international markets, and the drive towards safe and premium quality food continues. Non-technical trade barriers remain a great concern, and the provision of relevant export information has become more critical than before.

The PPECB has been an independent and impartial regulator for South African perishable exports over 90 years and is very focused on delivering quality Inspection services, Cold Chain management services and, to some extent, Food Safety certification services based on South Africa's minimum export standards. The industry is leapfrogging into an era where technological advancements will continue to disrupt the status quo, privileged information is readily available, and consumers are spoiled for choice. Hence, the PPECB is committed to adapting to these rapid changes and remaining relevant.

Clients expect increased efficiencies, seamless system integration, a faster flow of information supported by proper business and market intelligence, and impeccable client service. Clearly, the PPECB's value proposition should change to that of an enabler rather than only of a regulator. The organisation should, therefore, seek ways to augment its current service offering with value-adding services directed at making South African perishable produce more competitive globally. In addition, such services can create a further income stream for the PPECB, relieving pressure on future levy increases.

4.1. External environmental analysis

The global economy was expected to grow at 4% during 2021 (World Bank, January 2021). This was, however, dependent on the global roll-out of the COVID-19 vaccine. Europe, South Africa's major trading partner for fresh fruit, was expected to grow at 3.6% in 2021, after a decline of nearly 7.4% in 2020 following the impact of COVID-19 on the region. It was further forecast that emerging markets, including China, would grow at around 5%. Sub-Saharan Africa was set to grow at 2.7% in 2021.

While the South African economy remains under severe pressure, prospects for 2021 remained positive and the economy was expected to grow at a healthy 3%. South African inflation was 3.3% for 2020 and estimated at 4% for 2021.

The battling economy had a negative effect on South Africa's unemployment figures for Quarter 3 of 2020, reported at 30.8%. This represents an increase in unemployment of 7.5 percentage points, up from 23.5% in Quarter 2 of 2020. The number of unemployed people increased by 2.2 million to 6.5 million. Employment increased in all sectors in Quarter 3 of 2020. Formal sector employment increased by 242 000 (2.4%), informal sector employment by 176 000 (7.7%), private households by 116 000 (11.5%), and employment in agriculture increased by 9 000 (1.1%). Employment increased in all industries except utilities and transport.

During the 2020 State of the Nation Address, President Ramaphosa reiterated the government's commitment to economic growth that translated into job creation and structural transformation. The following areas were highlighted by the President:

- Some South African state owned enterprises (SOEs) remained in distress;
- The effect of loadshedding on the economy;
- Irregular expenditure in the government;
- Congestion at South African ports, especially Durban;
- The high unemployment rate; and
- The potential of agriculture.

The agricultural sector in South Africa has great potential to support the government's objective to stimulate economic growth and fast-track the creation of additional jobs. Following the devastating drought over the past three to four years, the production and export of the main fruit commodities are on the mend. With South Africa exporting roughly 60% of all fruit produced, the sector's potential for job creation is not limited to primary production but further down the value chain. This can be in the form of marketing, various modes of transport, clearing and forwarding service providers and related professional services, among other things.

In 2020, South African perishable produce exports increased by 12.6% to 3.17 million tonnes to around 92 countries. Year-on-year growth on this front has been steady, except in 2016 and 2019, when export volumes were below expectations due to the drought and market conditions. During 2020, citrus fruit exports exceeded expectations by 5%, soaring to record export highs of 145 million cartons by December 2020. This figure is expected to increase further when the new plantings are harvested.

In 2020, deciduous fruit exports - pome and stone fruit – was down 9% below expectations. In addition, the impact of COVID-19 on global logistics and, specifically, the availability of refrigerated containers during the season remains a concern.

The 2020 avocado season was considered another "off-year" as total volumes of 10.3 million cartons were inspected, a staggering 20% lower than the 2019 season, which was also an "off-year". The decreased volumes were also attributed to persistent drought in the northern parts of the country. The outlook for avocados in 2021 is significantly better, where around 16 million cartons are expected to be exported. This is mainly due to improved weather conditions and new plantings.

On the other hand, maize exports increased from 354 374 tonnes in 2019 to around 1.9 million tonnes in 2020. The growth in maize exports is expected to continue in 2021.

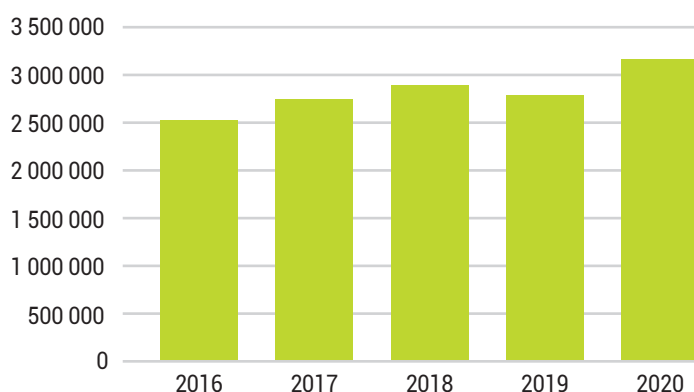
Higher volumes among major export commodities are visible for 1 April to 31 December 2020. This is especially the case for citrus and maize. For the period to December 2020, 145 million cartons of citrus were inspected, 4% more than anticipated. The trend is expected to continue over the medium term due to new plantings and market forces. A total of 1.9 million tonnes of maize was exported as at 31 December 2020.

Notwithstanding the positive growth, the impact of the recent drought remains a huge concern, especially in parts of the Eastern Cape and northern areas of the country, which provide around 80% of total citrus fruit exports. Should the situation not improve, it will impact citrus volumes for the 2021 season. The situation in the Western Cape was significantly better in 2020 compared with 2019. At the time of this report, dam levels stood at 91% on average, which is higher than in 2019, when dam levels were reported at just above 82%. The Western Cape experienced an above-normal rainfall season, with deciduous fruit volumes expected to normalise for the 2020/2021 season.

From a market perspective, the European Union (EU), excluding the United Kingdom (UK), remained the biggest importer of South African fruit (36%) during 2020. The UK took a further 14% of South African fruit volumes. Based on the reported figures, Brexit had little effect on the volumes exported to this region.

The following diagram is a graphical depiction of the perishable produce pallets exported over five years:

Pallets Exported



With Citrus Black Spot (CBS) still an unresolved issue in the EU, the South African citrus industry remains on high alert. In 2020, South Africa recorded six CBS interceptions in the EU, from nine the previous year. False Codling Moth (FCM) became a regulated pest in the EU in 2018 and 14 interceptions were recorded in the EU in 2020, which is lower compared with 19 in 2019. In addition, Fruit Fly became a regulated pest in the EU for citrus, peaches, nectarines and mangoes in 2019.

Asia remains a market with huge potential, with 18% of fruit exported to this region during 2020, down from 21% in 2019. The reduced volumes can be directly attributed to the effects of COVID-19, which resulted in reduced buying power in the region. Asia remains a market with huge potential for South African fruit and the importance of increased market access to this region cannot be overemphasised.

Currently, Europe is South Africa's leading market for avocados. However, it will be unable to absorb additional avocado volumes in the future. The positive news is, however, that avocados have become very popular and trendy in China, a market that will easily absorb avocado volumes from South Africa. It is, therefore, essential that efforts are increased to create market access for South African avocados to avoid devastating effects on avocado producers and exporters.

Other high-value products from a South African export perspective are also increasing significantly. For example, macadamia and pecan nut exports increased from 35 239 tonnes in 2018/2019 to 39 213 in 2019/2020. It is reported that these products are becoming extremely popular and of great value to South Africa due to their high returns.

With the role of SOEs under review, the government's vision for SOEs to play an even greater role in supporting the government to achieve its objectives bodes well for the PPECB's strategy to pursue additional mandates with a strategic fit. In 2017, the PPECB was handed the mandate by the Department of Agriculture, Forestry and Fisheries (DAFF now DALRRD) temporarily for one year to manage the phytosanitary programme for citrus exports to the EU. The mandate was then extended to the end of the 2020 citrus season. The PPECB will continue to actively pursue other opportunities to assist the government in achieving its objectives.



International markets have become extremely competitive, especially with new market entrants. This has provided consumers with more options in terms of the availability of fresh produce. Many new entrants can land their products at a lower price, often at a similar quality. South Africa, therefore, needs to differentiate itself by ensuring better quality and delivering to the right markets at the right time. Here quality inspection standards, speed-to-market (given all the trade barriers) and export information are critical.

The introduction of stricter international import regulations and requirements puts greater pressure on South African perishable product export systems and processes to ensure compliance and continued market access. These policy changes often require additional checks and validations, contributing to an already overburdened export system. In January 2018, FCM became a regulated pest for exports to the EU. This necessitated the introduction of additional controls for South African exports that made it more challenging to access this anchor market. These policy changes are expected to continue over the medium term, requiring the SA export industry to become more flexible.

The volume of major fruit products has seen an upswing over the past three years, mainly due to new plantings. For example, citrus fruit exports grew by 7.4% in 2020 compared with 2019. The growth in citrus exports is expected to continue and put additional pressure on ailing export infrastructure, systems and processes. Furthermore, emerging products like blueberries and macadamia nut volumes are expected to increase drastically as these become more popular in the eastern markets.

The need for increased connectivity and mobility has significantly raised the risk of cyber attacks and data breaches over the last few years. It is, therefore, no surprise that cyber attacks and data breaches have catapulted to among the top five risks globally, with South Africa having the third highest number of attacks. This immediately puts the credibility of systems under the spotlight as data breaches may have far-reaching implications.

It is further believed that the following external factors will shape the business environment over the next three years:

- Client needs;
- Technological advancements;
- Competitive market environment;
- Policy changes;
- Increased fruit export volumes;
- Information security; and
- Change in the world order.

4.2. Internal environmental analysis

In 2019, the PPECB Board approved a business strategy supporting the PPECB's medium-term objectives. The strategy is directed to move the organisation from being a regulator to an enabler. The strategy further supports the PPECB's drive towards digitalisation to create further efficiencies.

Clients expect a consistent and more professional service as a minimum. Most clients operate globally, making mobile interaction crucial to the success of their businesses. Over the past few years, clients have become accustomed to individualised service offerings, online interactions, and the availability of information at their fingertips. Self-service functionalities have become the norm rather than the exception.

Global investment in agricultural technology increased by 82% between 2010 and 2015 (World Government Summit, 2018). Drones, robotics and the Internet of Things (IoT), to name a few, have become a common sight in agriculture, even in South Africa. It is expected that human intervention will reduce and be replaced by machine learning. Businesses are, therefore, under pressure to respond to this change and be able to integrate with such systems for an enhanced client experience and improved efficiencies.

As a regulator of perishable produce destined for export, the PPECB has a national footprint, holds critical export information, is internationally renowned and ideally positioned to provide its clients with additional service offerings to support the competitiveness of their respective businesses and South Africa.

The PPECB will, therefore, remain relevant and successful as an entity over the next three years by:

Embracing technology to ease interaction and establishing ourselves as the industry leader in the provision of intelligent market information. We will, further, review our operational model to allow for digitalisation and change in methodologies whilst ensuring compliance. We are committed to improving the overall client experience through innovation and continuous improvement. The PPECB must adapt our products, services and processes to make them more user-friendly and easier to do business. We will, further, introduce more products and services over and above our core services that will increase our overall value proposition to the government and the industry.

Both the organisation and individuals need to emphasise continuous skills development. Individuals need to develop a different set of competencies to enable them to cope with digitalisation. Therefore, the competencies required will be a combination of behavioural, technical, and practical competencies. It will not be enough to have knowledge. The application also becomes important. In the rapid reskilling era, unlimited and unrestricted access to learning is becoming a game-changer. However, to harness the benefits of this unlimited and unrestricted access to learning, we need to develop into self-directed and agile learners with a strong growth mindset.

The organisational culture required promotes lifelong learning. All generations and types of employees will need to be given the opportunity to upskill themselves. This implies that learning will have to be on-demand, bite-sized and available in various formats that suit all types of learning styles. The policies and procedures that are put in place should encourage unlimited and unrestricted access to learning. Innovation should be encouraged and people allowed to explore, experiment and fail without fear of being punished. Employees also need the space to unlearn redundant competencies and relearn what is relevant for the future.

The PPECB, thus, needs to evolve, but this cannot be achieved by operating and behaving like an island. Internal and external collaboration is critical. It is also important that the evolution of the PPECB is a journey that includes all its ecosystem members - DALRRD, suppliers, clients, service providers, processes and services - and moves beyond silos to the co-creation of new opportunities that create value and innovation. We, thus, need to create relevant business platforms as enablers.

To create value for our ecosystem members, we need to do the following as a baseline:

- Increase our infrastructure stability and connectivity;
- Strengthen our BI capacity and knowledge to provide accurate and complete information on time;
- Properly integrate innovation into the business;
- Speed up procurement;
- Properly understand internal and external stakeholder needs;
- Deliver TITAN 2.0® and ERP on time;
- Ensure seamless integration between the PPECB and client systems where possible (ERP and TITAN 2.0®); and
- Discover new business models to deliver services cost-effectively and quickly.

With these enablers in place, more doors will open in future, adding to the PPECB's future sustainability.

Strategic projects: TITAN 2.0® and ERP

An ambitious annual performance target of 80% for main products was set for the TITAN system. This KPI started the year with a baseline of 63% and ended at 56% (84 million cartons) when a saturation point was reached regarding the number of packhouses adopting the TITAN platform as the implementation of TITAN 2.0® was imminent. TITAN was decommissioned on 31 August 2019. The second platform iteration, TITAN 2.0®, was launched on 1 October 2019 with user registrations and service requests. On 18 November 2019, the mobile inspection module went live.

The enhanced TITAN 2.0® application has been streamlined to be more effective and efficient. From 1 November 2019 to December 2020, 122 million cartons (54%) were inspected at 382 activity points, with 901 activity points interfacing with this electronic platform. In April 2020, TITAN 2.0® took a significant step forward with the integration of the Tracking Unit Register (TUR). TUR was introduced by the DALRRD as a central database in the official export certification system to store relevant data regarding tracking units. This will allow clients to send their tracking unit data (pallet information) to the PPECB for quality inspection after adding the tracking unit into the TUR. The uptake of TITAN 2.0® by clients depends on the readiness of the client's software vendor to integrate with the TITAN 2.0® platform, and up until December 2020, eight software vendors had successfully integrated with this platform.

In December 2020, Cold Chain electronic bookings and a search function for temperature regimes (Schedule 1) will also be launched on the TITAN 2.0® platform.

The Orchard Inspection (OI) module of TITAN 2.0® went live in April 2019, facilitating the automated allocation of the Plant Quarantine Inspection (PQI) Report to the Phytclean platform instead of being manually uploaded. Enhancements for the OI module developed included an off-line capability for the application, a view of the orchard size to improve the planning of resources and division of regions into sub-regions to improve the chief inspectors' view of OI bookings.

In addition to the continuous development of TITAN 2.0®, the PPECB initiated the introduction of an ERP system to replace its legacy Navision system. The ERP seeks to create further process efficiencies and an enhanced customer experience. The introduction of the ERP is expected to take 18 months, with major milestones to be achieved in Quarters 3 and 4 of 2021. Supporting the PPECB's digitalisation and electronic certification drive, major services will be moved to the Cloud to improve access and decrease system downtime. Cloud migration was initiated in November 2020, and completion was set for Quarter 1 in 2021.

PART C: MEASURING OUR PERFORMANCE

1. INSTITUTIONAL PERFORMANCE INFORMATION

The focus on performance over the medium term will be on continued service delivery without compromising the integrity of product quality and continued contribution towards social responsibility. This will include performing technical research and development, providing training and assistance to previously disadvantaged individuals and small farmers, and focusing on establishing a professional and well-trained staff complement that can add value to the perishable export industry.

The priority area for the Statutory Operations programme will be to increase the workforce's capacity so that it is multi-skilled, competent, consistent and uniform in its inspection activities.

The PPECB will continue to develop its mobile platform to conduct electronic export certification and introduce an integrated ERP system. The use of technology will create cost efficiencies in replacing the paper-based inspection/verification approach.

The performance will be monitored and managed through relevant targets and metrics, leading indicators, data-enriched information and dialogue with stakeholders.

2. IMPACT STATEMENT

The PPECB is an independent service provider of quality assurance, Food Safety and Cold Chain services appointed by DALRRD to ensure the orderly export of perishable products and improve our customers' competitiveness in the international market. In addition, the PPECB aims to contribute to Priorities 1 and 7 of the National Development Plan - Economic Transformation and A better Africa and World.



90%
CUSTOMER
SATISFACTION
RATING ACHIEVED

3. MEASURING THE PPECB'S OUTCOMES

3.1 Explanation of planned performance over the five-year planning period

The entity will further remain focused on delivering an efficient service to customers and strengthening relationships with stakeholders locally and abroad. The PPECB will persist with its strategy of consolidation and seek to place greater reliance on systems and technology to enhance service delivery over the medium term. Further, the entity remains committed to delivering services with integrity and professionalism, and given the current economic landscape, the PPECB will pay specific attention to managing and controlling expenditure without compromising service delivery.

To create value for our ecosystem members, we need to strengthen the following capabilities:

- Increase our infrastructure stability and connectivity;
- Strengthen our BI capacity and knowledge to provide accurate and complete information on time;
- Properly integrate innovation into the business;
- Properly understand stakeholder needs - internally as well as externally;
- Deliver TITAN 2.0® and ERP on time;
- Ensure seamless integration between the PPECB and client systems (TITAN 2.0® and ERP); and
- Discover new business models to deliver services cost-effectively and quickly.

With these enablers in place, more doors will open in the future, which will add to the PPECB's future sustainability.

MTSF PRIORITY		PRIORITY 1: ECONOMIC TRANSFORMATION AND JOB CREATION	
Outcomes	Outcome Indicators	Baseline	Five-year target
Strengthen the PPECB's capacity to provide a professional suite of services for its clients	Customer satisfaction rating based on a percentage	80%	80%
Contribute to the socio-economic transformation of the agricultural sector	Number of previously disadvantaged individuals upskilled through the PPECB's AETP and transformation initiatives in the agricultural sector	238	400
MTSF PRIORITY		PRIORITY 7: A BETTER AFRICA AND WORLD	
Outcomes	Outcome Indicators	Baseline	Five-year target
Enhance the credibility of the South African Export certificate	Zero markets closed as a result of poor quality and food safety non-compliance	0	0
Support the export competitiveness of South African perishable products industries	Enable percentage growth in main perishable product exports (citrus, grapes, pome, stone and avocados)	2%	8%

4. KEY RISKS AND MITIGATIONS

Below is a summary of the key risks and mitigations.

OUTCOMES	KEY RISK	RISK MITIGATIONS (CURRENT CONTROLS AND ACTIONS)
Efficient service delivery	Information security threats	- Monthly patch management for Windows, servers and desktops being conducted and remedial action applied - Monitor anti-virus and firewall, ensuring reports are being checked and implemented
Process transformation	Failure of the PPECB people, process, systems and products to keep up with trends and advancements	- Implement the business strategy - Identify the skills required to respond to the new business strategy - Keep abreast with the latest technological advancements
Capacity building	Failure to adapt the current workforce to remain relevant and responsive to the "new world of work"	- Conduct Talent Forums to determine skills availability - Introduce training programmes aligned to the new business strategy
Capacity building	Mismatch between current culture and enabling culture to drive people, process, system and product change and implement strategy	- LRMG has been contracted to raise awareness and assist the business with the implementation of the new business strategy - Review the PPECB values and relevance for the new business strategy - Define the PPECB purpose
Efficient service delivery	Volatility of critical infrastructure and technology services	- Seek alternative backup power for key regional offices and the Laboratory - Incident response testing of the Disaster Recovery Plan - Seek alternative connectivity at remote sites due to insufficient telecommunication infrastructure
Efficient service delivery	Successful implementation of TITAN 2.0® to deliver business value, system integration and BI	- Penetration test for TITAN 2.0® - Monitor industry vendor readiness to deliver to clients
Process transformation and efficient service delivery	Successful implementation of ERP to deliver business value, system integration and BI	- Formulate a change management strategy and implement it - Integrate TITAN 2.0®, ERP and Master Data alignment with Navision
Business transformation	Lack of meaningful contribution to industry transformation	- Implement the transformation strategy and new transformation initiatives - Formulate an action plan for Agri B-BBEE guidelines to create awareness of the industry
Compliance	Non-compliance with the APS mandate, PPEC Act and other key legislation	- Cabinet approval of the PPEC Bill - Automation of controls in the ERP system to comply with certain legislation
Efficient service delivery	Under recovery of costs	- Formalise Laboratory expansion strategy - Review expenditure in line with cost containment - Review the costing/funding model - Re-negotiate additional DALRRD mandates

PART D: TECHNICAL INDICATOR DESCRIPTIONS

PROGRAMME 1 : CORPORATE SERVICES

Indicator title	Percentage of money spent on B-BBEE suppliers
Definition	Procurement expenditure for goods and services from suppliers that are B-BBEE compliant
Source of data	The data is collected from a financial system (Navision 13) regarding suppliers having a B-BBEE certificate as evidence of compliance
Method of calculation or assessment	Spending on B-BBEE suppliers is divided by the total spend, giving the percentage of B-BBEE spend
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	The desired performance would be that which exceeds the target indicating that the PPECB business mostly benefits B-BBEE suppliers, especially Qualifying Small Enterprises (QSEs) and Exempted Micro Enterprises (EMEs) that play a vital role in addressing unemployment
Indicator responsibility	Procurement Manager

Indicator title	Percentage of information provided at a 95% accuracy level in week 1 of reporting
Definition	Percentage of information captured of the total volume inspected/exported the previous week
Source of data	A record/log is kept of the volumes reported in the Service Level Agreement reports that are sent to the industry
Method of calculation or assessment	When the weekly reports are sent to the industry, the volume per product group is captured and stored. That specific week's volume is then monitored for three consecutive weeks to gauge the total amount captured after three weeks versus what was captured in the first week
Assumptions	The majority of clients subscribe to the electronic platforms of the government and the PPECB
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	The aim is to have at least an average of the total information captured in the first week with a 95% accuracy
Indicator responsibility	Coordinator Inspection Administrator

Indicator title	Organisational customer satisfaction index measured annually as a %
Definition	Reporting on the percentage of customers who are satisfied with the service provided by the PPECB
Source of data	The data is gathered from the annual customer satisfaction survey conducted by the Marketing and Communications Manager
Method of calculation or assessment	Respondents to the customer satisfaction survey are asked to rate the PPECB's customer service levels on a scale of 1% to 100%. The percentages are then averaged to obtain the final score
Assumptions	N/A

Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	Performance which is higher than the target is desirable as this means that the clients are satisfied with the PPECB's performance.
Indicator responsibility	Marketing and Communications Manager
Indicator title	Number of manual processes converted to electronic or digitised
Definition	Those PPECB processes that are mostly manual will be transformed to electronic or digitised with the introduction of TITAN 2.0® and ERP
Source of data	This is calculated on the number of processes transformed to electronic or digitised.
Method of calculation or assessment	Total number of processes converted
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	The current attrition rate illustrates that the PPECB is experiencing difficulties in changing. However, with the introduction of TITAN 2.0®, ERP and other technologies, the PPECB's operations will change considerably. Ultimately, some processes will become redundant as the organisation leverages technology and digitalises. The PPECB will move from manual processes to electronic or automated processes
Indicator responsibility	CIO/COO/General Managers: Operations

PROGRAMME 2 : OPERATIONAL SERVICES

Indicator title	Percentage of samples inspected on a 2% basis
Definition	100% of consignments must be inspected on a 2% sample which is very labour intensive
Source of data	The data is to be collected from consignment notes inspected at a full 2%
Method of calculation or assessment	The data is collected manually and reported monthly to the coordinator, who reports monthly and quarterly. The number of samples inspected on a 2% sample is expressed as a percentage of the total samples inspected
Assumptions	The fixed percentage inspection will continue to use the officially applied methodology
Disaggregation of beneficiaries	N/A
Spatial transformation (where applicable)	N/A
Desired performance	Performance which is higher than the target is desirable as it means more inspections at 2% sampling
Indicator responsibility	General Managers: Operations
Indicator title	Percentage of cartons on main products (citrus, grapes, pome, stone and avocados collectively) captured on TITAN 2.0®
Definition	Percentage of cartons of main products captured using TITAN 2.0®
Source of data	Monthly report is extracted from the PPECB mobile technology system
Method of Calculation or assessment	The number of cartons captured using TITAN 2.0® divided by the total number of cartons captured for a financial year. This is only for the main product groups (citrus, grapes, pome, stone and avocados)
Assumptions	N/A
Disaggregation of beneficiaries	N/A
Spatial transformation (where applicable)	N/A
Desired performance	The desired performance is to achieve 60% of cartons captured on TITAN 2.0® for the 2020/2021 fiscal year
Indicator responsibility	General Managers: Operations

Indicator title	Number of activity points interfacing with the PPECB mobile technology platform
Definition	Inspection activity points that are able to exchange data with the PPECB tablet technology system
Source of data	Monthly report is extracted from the PPECB mobile technology system
Method of calculation or assessment	All activity points that were able to exchange data with the PPECB tablet technology system for a financial year
Assumptions	N/A
Disaggregation of beneficiaries	N/A
Spatial transformation (where applicable)	N/A
Desired performance	Desired performance is to achieve at least 200 activity points.
Indicator responsibility	Application Development Manager

PROGRAMME 3 : FOOD SAFETY SERVICES

Indicator title	Number of samples analysed using accredited methods
Definition	Samples analysed for testing as per the DALRRD mandate for pesticides, mycotoxins and compositional dairy testing for the export and local markets
Source of data	Through the Laboratory Information Management System (LIMS), sample information from tracking numbers to tests conducted are captured and recorded on a daily basis
Method of calculation or assessment	Volumes of samples analysed for different tests are counted by the LIMS automatically as received at sample reception
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	A higher than target performance is preferred, as increased samples analysed for testing indicate compliance to food and feed safety regulations and may also indicate increased exports
Indicator responsibility	Laboratory Manager

Indicator title	Number of food safety audits conducted
Definition	Reporting on the number of export food business operators SAGAP (R707) certified in a quarter
Source of data	The data is gathered from the food safety programme, which issues the certificates
Method of calculation or assessment	The number of food safety certificates issued in a quarter to exporting food business operators
Assumptions	The PPECB will continue to act as an appointed agent by DALRRD
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	Performance which is higher than the target is desirable as this means that oversight is increasing
Indicator responsibility	Programme Manager: Food Safety

PROGRAMME 4: TRANSFORMATION AND DEVELOPMENT SERVICES

Indicator title	Number of students graduated through the AETP annually
Definition	The number of people who fulfil all the requirements of the learnership are awarded an NQF level 5 qualification after their portfolios of evidence have been assessed and moderated
Source of data	Certificates are issued by SETA
Method of calculation or assessment	The indicator is calculated by stipulating the number of students who graduated (and have successfully met the final requirements of the learnership)
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	All registered students graduate after course completion and get employment in the sector
Indicator responsibility	Learning and Development Manager

Indicator title	Number of smallholder farmers trained
Definition	Number of smallholder farmers trained by the PPECB
Source of data	Attendance registers are completed by farmers during training sessions
Method of calculation or assessment	All farmers who attended training sessions during a quarter across all registers are added
Assumptions	N/A
Disaggregation of beneficiaries	N/A
Spatial transformation (where applicable)	N/A
Desired performance	Performance higher than the target is desirable as this means that more smallholder farmers are aware of post-harvest activities
Indicator responsibility	Learning and Development Manager

Indicator title	Number of new skills identified and trained
Definition	Reporting on the number of new skills identified in the PPECB that help with digital transformation
Source of data	The data is collected from the Operations/Human Capital Departments
Method of calculation or assessment	The number of new skills identified and trained is counted
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	The target should increase continuously as new technologies are introduced, new skills requirements emerge and employees need to be trained in these skills
Indicator responsibility	Human Capital Executive/Business Optimisation

Indicator title	Percentage of permanent technical professionals (inspectors and assessors) evaluated as technically competent
Definition	Reporting on the percentage of permanent inspectors and assessors evaluated as competent by an independent Learning and Development Product and Cold Chain Specialist within a four-year cycle. The organisation sets a targeted percentage based on the desired competency levels and a manageable internal default risk tolerance. A count of the number of individuals evaluated is now reported
Source of data	The data is gathered from specialists from the Learning and Development department, which has a national footprint in all the PPECB regions. A seasonal plan is followed, and the competence status of the inspectorate is reported quarterly
Method of calculation or assessment	The number of technical professionals evaluated as competent expressed as a percentage of the total number of technical professionals
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	Performance higher than the target is desirable as this means that the inspectorate is better equipped to fulfil its mandate and market access responsibilities
Indicator responsibility	Learning and Development Manager

Indicator title	Number of smallholder farmers certified for export
Definition	Reporting on number of smallholder farmers who attained SAGAP (R707) certification in a quarter
Source of data	The data is gathered from the food safety programme, which issues the certificates
Method of calculation or assessment	A count of the number of certificates issued in a quarter to smallholder farmers
Assumptions	N/A
Disaggregation of beneficiaries (where applicable)	N/A
Spatial transformation (where applicable)	N/A
Desired performance	Performance higher than the target is desirable as this means that more smallholder farmers have gained market access
Indicator responsibility	Learning and Development Manager

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

AETP	Agri Export Technologist Programme	IoT	Internet of Things
AgriSETA	Agricultural Sector Education Training Authority	IRBA	Independent Regulatory Board for Auditors
APN	Access Point Network	ISA	International Standards on Auditing
APP	Annual Performance Plan	ISO	International Organisation for Standardisation
APS Act	Agricultural Product Standards Act	ITIL	Information Technology Infrastructure Library
B-BBEE	Broad-Based Black Economic Empowerment	KING IV REPORT	King IV Report on Corporate Governance for South Africa 2016
BI	Business intelligence	KPI	Key Performance Indicator
BO	Black-owned	LAN	Local Area Network
BREXIT	British exit from the European Union	LIMS	Laboratory Information Management System
BWO	Black Women-owned	LOR	Lower Orange River
CBS	Citrus Black Spot	MANCO	Operational Management Committee
CBS RMS	Citrus Black Spot Risk Management System	MAP	Mycotoxin Analytical Programme
CCA	Cool Chain Association	MRL	Maximum Residue Limit
CEO	Chief Executive Officer	MTSF	Medium-Term Strategic Framework
CFO	Chief Financial Officer	NDP	National Development Plan
CIO	Chief Information Officer	NEDLAC	National Economic Development and Labour Council
COBIT	Control Objectives for Information and Related Technologies	NGP	National Growth Path
COO	Chief Operations Officer	NPC	Non-Profit Company
CSI	Corporate Social Investment	NQF	National Qualification Framework
DAFF	Department of Agriculture, Forestry and Fisheries	OECD	Organisation for Economic Co-operation and Development
DALRRD	Department of Agriculture, Land Reform and Rural Development	OHS	Occupational Health and Safety
DAP	Dairy Analytical Programme	OI	Orchard Inspection
EC	European Commission	PAA	Public Audit Act
EME	Emerging Micro Enterprises	PAIA	Promotion of Access to Information Act
ERP	Enterprise Resource Planning	PAP	Pesticide Analytical Programme
ESG	Environmental, Social and Governance	PDP	Personal Development Plan
EU	European Union	PFMA	Public Finance Management Act
EWP	Employee Wellness Programme	PMA	Produce Marketing Association
EXCO	Executive Committee	POPIA	Protection of Personal Information Act
FAP	Fat Analytical Programme	PPE	Personal Protective Equipment
FBO	Food Business Operator	PPEC Act	Perishable Products Export Control Act
FCM	False Codling Moth	PPECB	Perishable Products Export Control Board
FCM RMS	False Codling Moth Risk Management System	PQI	Plant Quarantine Inspection
FPEP	Fresh Produce Exporters Forum	PWD	People with Disabilities
FY	Financial Year	Q	Quarter
GDP	Gross Domestic Product	QSE	Qualifying Small Enterprises
GRAP	Generally Recognised Accounting Practice	RISCO	Risk Management Committee
HC	Human Capital	SA GAP	South African Good Agricultural Practices
ICT	Information and Communications Technology	SAGRAP	South African Generally Recognised Accounting Practice
IOD	Injury on Duty		

SAMSA	South African Maritime Safety Authority
SANAS	South African National Accreditation System
SCM	Supply Chain Management
SD-WAN	Software-Defined Wide Area Network
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SOE	State-owned Enterprise
SOP	Standard Operating Procedure
SRV	Specialised Refrigeration Vehicle
SSO	Single Sign-On
TITAN 2.0®	PPECB Mobile Application
TUM	Tracking Unit Manager
TUR	Tracking Unit Register
UK	United Kingdom
USA	United States of America
USDA	United States Department of Agriculture
VOIP	Voice Over IP
YES	Youth Employment Service



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THE PERISHABLE PRODUCTS EXPORT CONTROL BOARD

45 Silwerboom Ave, Platteklouf, Cape Town
T +27 21 930 1134



<http://www.ppecb.com>



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