```
technological change {
   long-term >> Economic Advancements)
      progress = Advancement.create(quality);
       achieve = year.in_review, success);
       purposeful(Goals objectives);
       commitment(to + the market());
       //22_23 >annual report
       The Perishable Products Export Control Board
impact >>
       Creating global confidence in
       South African produce;
key = target reached();
       high client satisfaction (rating);
   strategically advanced {
       dynamic and progressive (2023 > beyond);
       // progressing together
```



> The Perishable Products Export
Control Board (PPECB) is an \_
independent service provider of
// quality certification and
cold chain management services
for producers and {exporters} of
perishable \_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.

# comor echno oda

technology
+ humanity

S



# 2022/2023 year in review:



cartons of//
table grapes
 inspected



\_ of pome fruit were exported to the European Union



19%

//of stone fruit
were exported to
 the Middle East



14 427

electronic export certificates processed [on] TITAN 2.0°



16.1
MILLION

cartons of// avocados inspected



91.9%

of// avocados went to the \_ European Union



OVER 4 MILLION

tonnes of grain products exported



Food Safety Audits// were conducted



141.4 MILLION

kilograms of//
 vegetabes
 \_inspected





customer\_ satisfaction rating achieved/



**MILLION** 

170.2

50%

cartons of// citrus were \_inspected (excluding re-inspections)



>increase in \_inspected soft citrus volumes





73.8%

of mangoes// went to the Middle\_East



of all citrus fruit was shipped {from} the Durban port





14/14

indicators for organisational performance were achieved



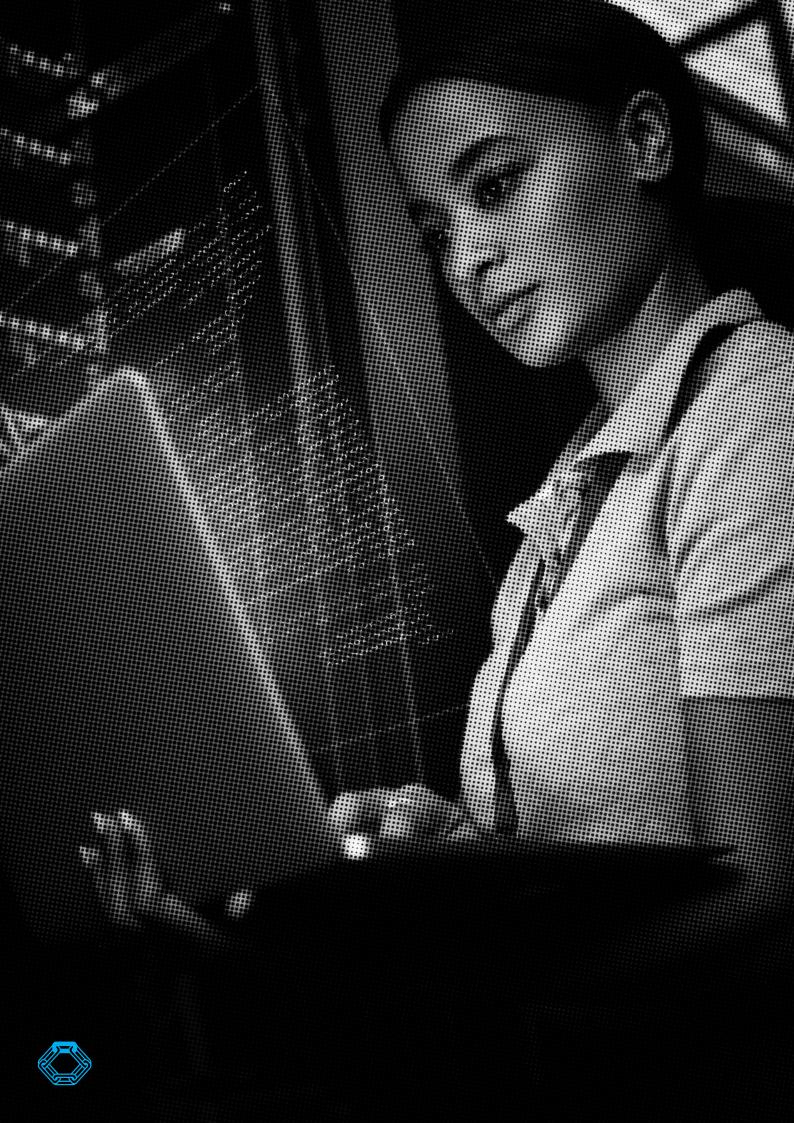
1097

containers // were shipped through Maputo





Scan the below to  $\_{view}$  the full



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#ar.22/23



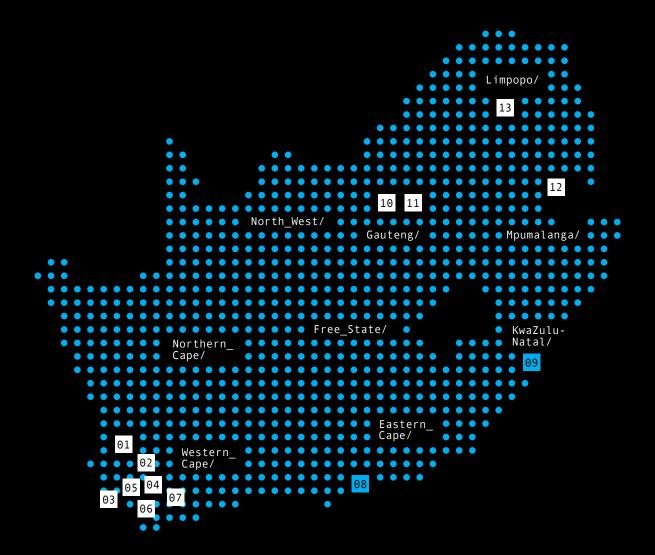
>>

Scan the data codes found within this report to access /digital content.

Turn to the last page of this annual report for instructions on how to use these codes effectively.

# contents/

- w. http://www.ppecb.com
- t. @ppecbza
- i. /company/ppecb



# Republic\_of >South Africa

- > Western\_Cape
  - 01\_Citrusdal
  - 02\_Ceres
  - 03\_Cape Town
  - 04\_Paarl
  - 05 Head Office
  - 06\_Grabouw
  - 07\_Robertson
- > Eastern\_Cap
- 08\_Gqeberha

- > KwaZulu-Natal
  09\_Durban
- > Gauteng
  - 10\_Laboratory
    11\_Johannesburg
- > Mpumalanga
  12\_Nelspruit
- > Limpopo
   13\_Tzaneen



\_Technology is transformational>>



// View
forewords
online>



# > Minister's Foreword





// View the
 Minister's
report online>

//The role of the PPECB
remains critical in
{ensuring} the global
competitiveness
of \_South African
agricultural exports.

Tasked to ensure the orderly exports of perishable produce, the PPECB forms an integral part in the South African export value chain.

The year under review has been particularly difficult for the sector, given the logistical challenges in our ports. This situation has been exacerbated by floods in some parts of our country during the grape harvesting season as well as the escalation of power cuts. During the 2023 State of the Nation Address, His Excellency President Cyril Ramaphosa reiterated Government's commitment to addressing the electricity challenges and the efficiencies in our ports. The President also highlighted the importance of female farmers and growing the agricultural economy.

I am therefore pleased to note the PPECB's continued focus on the development of smallholder farmers and the certification of farmers as export-ready. It is also comforting to learn about the introduction of a dedicated programme for women in leadership and another for people with disabilities. The PPECB has also made significant strides with the implementation of their strategic projects in support of their digital transformation journey.

In closing, I wish to thank the retiring PPECB Board members for their dedication and commitment over the past three years. I wish the newly appointed Board, Executive Team and all employees well for the year ahead.

# // Chairperson's Foreword

It gives me pleasure to present the >Annual Report of the Perishable Products Export Control Board (PPECB) \_for the 2022/2023 financial year.

# Introduction

The PPECB has continued to deliver on its mandate of providing quality certification and cold chain management services for producers and exporters of perishable food products. This is thanks to the management and employees of the PPECB who have continued to work diligently with enthusiasm and professionalism in rendering an outstanding service to the export industry in South Africa.

Regardless of the current turmoil in the world with shipping rates that have skyrocketed, inflation rates that have soared worldwide (in the United States of America (USA) reaching levels last seen in the early eighties), the war in Ukraine, and the highest levels of loadshedding yet in South Africa, the PPECB has steadfastly stuck to its tasks as South Africa's fruit exports continue to grow. The one major warning light on the horizon remains the state of the ports in South Africa and the inefficiency of Transnet. However, there are moves afoot to address these concerns.

South Africa's diverse weather and climatic conditions across nine provinces enable the country to cultivate and produce a variety of fruits, vegetables, flowers, and nuts for domestic and international markets. The South African citrus industry continues to battle several challenges. Apart from those mentioned above, the new sanitary and phytosanitary regulations imposed by the European Union (EU) to control the spread of citrus black spot (CBS) and false codling moth (FCM) can have huge implications for the industry, according to a report published by the National Agricultural Marketing Council (NAMC) in December 2022. (https://www.namc.co.za/wp-content/uploads/2023/02/SA-Fruit-Flow-Report-Issue-48-December-2022\_Final.pdf).

# **Staffing and Transformation**

Our Chief Executive Officer (CEO) and Chief Operations Officer (COO) have visited many of the PPECB's offices countrywide where the morale of employees and their energy levels are good. Continuous learning remains a priority within the PPECB, and just over 4 800 courses have been completed by PPECB employees during the year under review. These courses are both of a technical and non-technical nature and are focused on leadership development and the skills required in a modern workplace. A number of team building and cohesion sessions were held around the country to improve communication and collaboration amongst employees.

Transformation remains a priority at the PPECB; to this end 721 smallholder farmers have been trained; workshops were held in Gauteng, Limpopo and Mpumalanga; and 105 smallholder farmers have been certified as export-ready.

Our website continues to attract much traffic, with the careers, tenders and documents pages being the most visited. During August, the PPECB hosted a successful stakeholder event with 75 of the PPECB's clients attending the function. The PPECB's Charity Golf Day was a sellout and was the usual roaring success.



# Information and Communications Technology (ICT) and Digitalisation

The TITAN 2.0° project continues to gain momentum, achieving an average usage across all commodities of 89.26%. The total volume inspected on TITAN 2.0° for 2022/2023 is reported at just over 315 million cartons. Regarding collaboration with the industry, the PPECB holds monthly meetings with vendors, bilateral meetings with the electronic certificate (ECert) team, and conducts regular client visits to assist with migration to the new platform.

Measures have been put in place to improve the uptake of electronic addendums and electronic certificates. A similar exercise will commence with the re-inspection feature. One of the focuses now is to integrate TITAN 2.0° with the Enterprise Resource Planning (ERP) system for financial purposes. There are, however, some minor products like litchis, mangoes, nuts etc., that are not yet catered for on the TITAN 2.0° platform and will be included in the future roadmap of the application.

Regular reviews are made of all vendors to whom the PPECB has outsourced services. All vendors are currently performing in line with their service level agreements. The PPECB has released Intellex, a system which provides online access to up-to-date export and inspection data for the South African perishables export industry. For a limited time, this service will provide free access to the PPECB's wealth of data to support the export industry in making data-driven, insight-led decisions.

The recruitment of skilled ICT personnel remains a challenge, especially in the areas of application development, enterprise architecture and cybersecurity. The PPECB is continuously on the lookout for these professionals and is upskilling within the organisation as far as possible.

# **Operations**

The PPECB has assisted the Department of Agriculture, Land Reform and Rural Development (DALRRD) on audits conducted by EU officials on compliance with the CBS and FCM risk management systems (RMS). The operational teams within the PPECB were well prepared for the audits and had conducted extensive internal audits on both inspection and cold chain processes.

Avocado volumes inspected were down on budget due to hail damage in parts of Limpopo. Pome fruit export volumes were detrimentally affected by market demand and market access. The PPECB is further assisting stakeholders with the training of container depot employees to ensure alignment during inspection. Grain products (mainly soya beans and maize) continue to show good growth. Tree nut crops (mainly pecans and macadamias) also showed good growth during the period under review.

The PPECB, together with the DALRRD, is involved in several market access projects, specifically with China, Japan, Vietnam and India. Good progress is being made in this regard and a number of these markets could soon open to various export crops.

# **Results**

I am proud to announce that the PPECB has yet again achieved an unqualified audit on the annual financial statements for the period ended 31 March 2023. The finances of the PPECB remain stable, with total assets under management of R273.6 million (2022 - R271.9 million). During the year under review, the PPECB achieved a surplus of R12.5 million (2022 - R35.4 million). These impressive results have been achieved due to higher export volumes and by keeping costs under control. Maize and citrus inspections remain the largest income drivers at the PPECB.

# **Appreciation**

My six years with the PPECB - three as Chairperson of the Audit Committee and three as Chairperson of the Board - have now come to a close. It has been an honour and a privilege to serve this institution that fulfils such a vital role in fresh produce exports out of South Africa.

To the Board members leaving with me, thank you for your dedication, guidance, and support over the years. To the members staying behind and the new Board members, I wish you well in your deliberations and may you continue to take the organisation from strength to strength. To the management and employees of the PPECB, keep up the good work and may your diligence and perseverance keep shining through.

Thank you also to the Honourable Minister Thokozile Didiza, the Portfolio Committee and the team at the DALRRD for their ongoing support and assistance. Lastly, thank you to all the clients of the PPECB. The PPECB remains in your service and will continue to strive to bring value to all your organisations.



smallholder
farmers //
trained

smallholder
farmers certified
\_export-ready



# \_Chief Executive Officer's

# Foreword

/I am extremely pleased to present to you the \_PPECB's annual report >> for the 2022//2023 fiscal year}.

It was once again a very challenging year on various fronts for the sector, especially with the continuing logistical challenges during peak seasons. This was exacerbated by the escalation of electricity cuts during the peak of the deciduous harvesting season. This report provides an overview of the PPECB's activities and achievements during the period under review.

# **Navigating the Unknown**

Whilst COVID-19 has certainly not disappeared, its devastating impact will still be visible for years to come. Business across the globe is, however, clawing its way back to some sort of normality without the benefit of a blueprint. To this end, the PPECB has adopted a hybrid working model, allowing employees to continue working remotely, where possible, provided that operations are not negatively affected.

The logistical challenges experienced in South African ports continued to put significant pressure on our already strained resources. Irregular loading cycles necessitated the PPECB to introduce 24-hour shifts at certain loading points. This somewhat alleviated the pressure and facilitated the movement of cargo through the value chain. I would like to thank our employees for their dedication and commitment as well as the flexibility they demonstrated during this time.

The continued electricity outages created additional challenges, especially in terms of product cooling cycles and ensuring the uptime and availability of digital platforms and devices. Whilst all major servers have been moved to the cloud to improve availability, operations at offices and the charging of devices remained a challenge. During the period under review, the PPECB invested in uninterrupted power supplies (UPS) for all its major offices across the country and is procuring suitable back-ups of all electronic devices to ensure minimal interruptions when it comes to service delivery.

Notwithstanding the above challenges, the industry has once again managed to export just more than 3.5 million pallets of perishable produce. A total of 170 million cartons of citrus were inspected for export, representing 3% above the PPECB's budgeted expectation. Maize export continues to remain steady, with more than 3.4 million tonnes exported during 2022/2023. The European Union (EU) remains South Africa's major trading partner for perishable produce, taking 34% of produce. Asia took 20%, the Middle East 15%, and the United Kingdom (UK) 12%.

# **Strategic Focus**

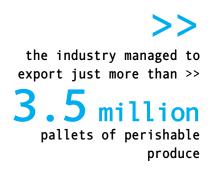
During 2022, the PPECB Board reconfirmed the PPECB strategy over the short to medium term. Very much focused on service delivery and creating efficiencies through digitalisation, the strategy is based on the following objectives:

- Further improve the customer experience through seamless integration with PPECB systems;
- > The provision of timeous and relevant export and shipping information and market trends to enhance the competitiveness of the industry;
- > Continuous improvement through a process of transformation, innovation, and digitalisation;
- > Improved business process efficiencies to ensure effective service delivery and contain cost; and
- > Improved business sustainability of black smallholder farmers and suppliers.

During the period under review, the PPECB procured and partially introduced an Enterprise Resource Planning (ERP) system to replace the legacy financial and information management system. The ERP will form the backbone of the PPECB's digital landscape and is set to significantly enhance the customer's experience. The PPECB also launched its business intelligence platform, Intellex, providing users with an overview of products inspected and exported during the selected period.

The PPECB's electronic inspection platform, TITAN 2.0°, continues to make strides, with around 92% of major products inspected using TITAN 2.0°. Grapes remain the highest user, with 99% of grapes inspected on TITAN 2.0° and citrus at 98%. During 2022, the export notification module was added to TITAN 2.0°, with further cold chain management modules to be added during 2023.

Further strategic projects initiated during 2022 include the repositioning of the PPECB analytical Laboratory and the procurement of a Human Capital suite to complement the ERP.





customer//
satisfaction
rating

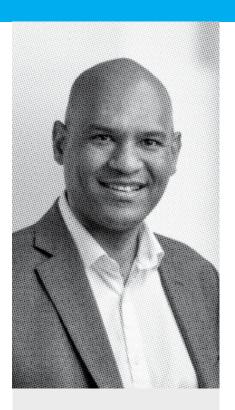
# **Corporate Social Investment**

The PPECB remains steadfast in its quest to support those in need. To this end, the PPECB again presented its annual Charity Golf Day, with 156 golfers participating. The event resulted in R60 000 being handed to the nominated charity. Through its collaboration with the Department of Agriculture, Land Reform and Rural Development (DALRRD) and all nine provinces, the PPECB also managed to train 721 smallholder farmers and certified 105 as export-ready. The programme is specifically focused on Good Agricultural Practices, Food Safety, and the Responsible Use of Pesticides.

The PPECB also continued supporting communities through various programmes and established seven sustainable gardens, serving as a source of food and income. These programmes touched the lives of 3 968 beneficiaries during the year under review.

# In Closing

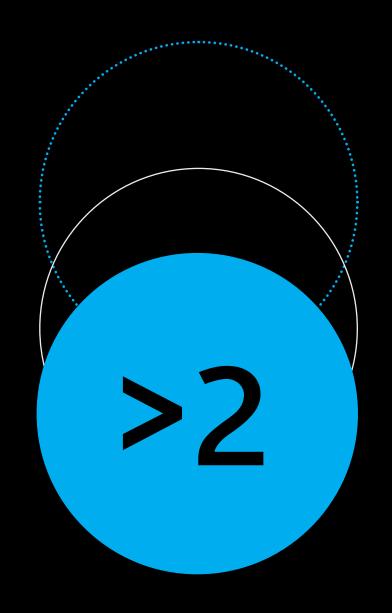
Lastly, I am pleased to report that the PPECB obtained an 89.4% customer satisfaction rating during January 2023, which is in line with previous years. I, therefore, wish to thank all stakeholders for their continued support of the PPECB. Thank you also to the PPECB employees for their dedication and the Board and colleagues from the DALRRD for their guidance.



Lucien Jansen >
Chief Executive Officer
/ PPECB

// View the
CEO's report
online>





\_new technology enhances
operations and customer
relationships//

# governance and administrative information

# Part \_2

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# 22/23 >> //board members

2020 - 2023

Chairperson



Clive Garrett (60) Chairperson of the Board

Vice-Chairperson



Dr Charlotte Nkuna (48) Vice-Chairperson of the Board

# **Committee Chairpersons**



Martli Slabber (56) Chairperson of the Audit Committee



Anton Kruger (65) Chairperson of the Human Resources Committee

# **Board Members**



Dr Madel van Eeden (48)
Board Member
Human Resources
Committee Member



Warren Bam (52) Board Member Human Resources Committee Member



Kathryn Sinclair (56)
Board Member
Human Resources
Committee Member



Mariette Kotze (41)
Board Member
Audit Committee
Member



Khaya Katoo (46) Board Member Audit Committee Member



Mooketsa Ramasodi (51) Board Member Audit Committee Member



# 2023 - current

# Chairperson



**Bongiwe Njobe (61)** Chairperson of the Board

# Vice-Chairperson



**Michael Brinkhuis (52) Vice-Chairperson** of the Board

# **Committee Chairpersons**



Mariette Kotze (41) Chairperson of the **Audit Committee** 



Jill Atwood-Palm (54) Chairperson of the **Human Resources** Committee

# **Board Members**



**Board Member Human Resources** 





**Dr Charlotte Nkuna (48) Board Member Audit Committee** Member



**Derek Donkin (53) Board Member Human Resources Committee Member** 



Ian Beukes (43) **Board Member Audit Committee** Member



Pheladi Tlomatsane (40) **Board Member Human Resources** Committee Member



**Bonga Mavume (48)** Board Member **Audit Committee** Member

# the board\_ and sub-committees

	Board	Audit Committee	Human Resources Committee
Who appoints members?	Minister of Agriculture, Land Reform and Rural Development	The PPECB Board	The PPECB Board
Term and date appointed	2020-2023: Appointed 01/02/2020 for three years 2023-2026: New Board appointed 01/02/2023 for three years	2020-2023: Appointed 12/03/2020 for three years 2023-2026: New Committee appointed 27/03/2023 for three years	2020-2023: Appointed 12/03/2020 for three years 2023-2026: New Committee appointed 27/03/2023 for three years
Composition	All non-executives and one ministerial representative	All non-executives and one ministerial representative	All non-executives
Charter approved by the Board	Yes (There is a policy approved by the Board)	Yes	Yes
Key roles as detailed in charters	<ul> <li>Define and ensure compliance with the Perishable Products Export Control Act (Act No. 9 of 1983) (PPEC Act), the Public Finance Management Act (Act No. 1 of 1999) (PFMA) and Treasury Regulations</li> <li>Determine strategic direction</li> <li>Approve policies to achieve the objectives of the PPEC Act</li> <li>Annually approve the business plan, strategic plan and budget, and monitor the organisation's performance against these plans</li> <li>Establish and oversee the framework of risk management and systems of internal control</li> <li>Determine the appropriate delegation of authority</li> <li>Ensure that management integrates strategy, sustainability and control</li> </ul>	<ul> <li>Evaluate the independence, objectivity and effectiveness of the external auditor</li> <li>Review any accounting and auditing concerns identified as a result of external and/or internal audit</li> <li>Obtain assurance from the external auditors that adequate accounting records are being maintained</li> <li>Examine and review the financial statements and interim management reports</li> <li>Monitor the ethical conduct of the organisation, its executives and its senior officials</li> <li>Oversee the risk management plan of the PPECB</li> <li>Review the independence of the external auditor</li> <li>Make recommendations on the reappointment of the external auditor</li> <li>Monitor and supervise the performance of the internal auditors</li> <li>Act in accordance with the requirements set out in the PFMA and Treasury Regulations</li> </ul>	<ul> <li>Review defined human capital indicators and make proposals to the Board on policy amendments, if necessary</li> <li>Make recommendations to the Board on human capital management policies</li> <li>Report to the Board on employee development, capacity and organisational structure requirements</li> <li>Monitor the implementation of employment equity targets and management's action plans to achieve these goals</li> <li>Make recommendations to the Board on remuneration incentives and the annual salary increases for employees</li> <li>Monitor compliance with relevant employment and labour legislation</li> </ul>
Key focus areas	<ul> <li>Leadership Development</li> <li>Culture</li> <li>Transformation</li> <li>Talent Management</li> <li>Key strategic projects: TITAN 2.0° and Enterprise Resource Planning (ERP)</li> <li>Regulatory Affairs</li> </ul>	<ul> <li>Quarterly and Annual Results</li> <li>Business Management</li> <li>Accounting and Auditing Functions</li> <li>Financial Reporting</li> <li>Corporate Governance</li> <li>Compliance Matters</li> <li>Approval of Tenders</li> </ul>	<ul> <li>Employee Wellness</li> <li>Leadership Development</li> <li>Culture</li> <li>Transformation</li> <li>Talent Management</li> </ul>
No. of meetings required to be held as per charter	4	4	4
No. of meetings held	4	4	4
Did all members attend all meetings?	No (Refer to table on page 22 for details of atter	No ndance)	No
Other permanent invitees	<ul> <li>Executive Management Committee (EXCO)</li> <li>Legal and Corporate Governance Manager</li> </ul>	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 Chief Financial Officer (CFO))	EXCO     Legal and Corporate Governance Manager

# board > member's qualifications/

Board member (Age)	Qualification	Commencement of service	Other directorships/professional positions
Clive Garrett (Chairperson) (60)	<ul><li>CA (SA)</li><li>MBL</li><li>BCom</li><li>BCompt Honours</li></ul>	2020	<ul> <li>Director: South African Avocado Growers' Association</li> <li>SAAGA Market Development Committee</li> <li>Director: World Avocado Organisation</li> </ul>
Khaya Katoo (46)	<ul> <li>National Diploma in Electrical Engineering</li> <li>Agricultural Leadership Development Programme</li> <li>Citrus Excellence Programme</li> <li>Food Safety Short Course</li> <li>Good Agricultural Practice Short Course</li> </ul>	2020	<ul> <li>Director: Threepence Development</li> <li>Director: Three K</li> <li>Director: Gamtoos Valley Farming</li> <li>Director: Gamtoos Irrigation</li> <li>Citrus Development Chamber Member</li> </ul>
Anton Kruger (65)	<ul> <li>Higher Education Diploma</li> <li>BA Honours (Geography)</li> <li>BA (Psychology, Geography and Biblical Studies)</li> <li>MBA</li> <li>Diploma in Investment Management</li> <li>Certificate in Financial Services Marketing</li> </ul>	2020	<ul> <li>CEO: Fresh Produce Exporters' Forum NPC</li> <li>Director: Fruit Mzanzi Africa t/a Fruit South Africa NPC</li> </ul>
Mooketsa Ramasodi (51)	<ul> <li>Diploma in Agriculture</li> <li>Bachelor of Agricultural Management</li> <li>B Inst. Agrar. (Honours)</li> <li>Certificate in Industrial Marketing</li> <li>Master of Institutionis Agariae (Agronomy)</li> <li>Masters in Business Leadership</li> </ul>	2020	Director-General: Department of Agriculture, Land Reform and Rural Development (DALRRD)
Martli Slabber (56)	<ul><li>BA Honours (Afrikaans Nederlands)</li><li>BBA Honours</li></ul>	2020	<ul> <li>Managing Director: DJ Visser (Pty) Ltd</li> <li>Managing Director: Hexrivier Sitrus (Pty) Ltd</li> <li>Director: Regenwurm (Pty) Ltd</li> <li>Citrusdal Water Users Association</li> </ul>
Warren Bam (52)	Diploma in Marketing and Sales     Management	2023 (re-elected)	<ul> <li>Director: SATI</li> <li>Director: WCB Boerdery (Pty) Ltd</li> <li>Director: Wesvanni (Pty) Ltd</li> <li>Director: Wesland Boerdery (Pty) Ltd</li> <li>Partner: Rehoboth Boerdery</li> <li>Director: Events Cooling (Pty) Ltd</li> </ul>
Mariette Kotzé (41)	<ul> <li>Masters in Sustainable Agriculture</li> <li>BTech (Agricultural Management)</li> <li>National Diploma in Agricultural Management</li> </ul>	2023 (re-elected)	<ul> <li>Chairperson: Commodity Project Allocation Committee</li> <li>Member: South African Plant Improvement Organisation (SAPO) Audit Committee</li> <li>Member: AgriBEE Charter Council</li> </ul>
Dr Charlotte Nkuna (48)	<ul> <li>MBA</li> <li>BVMCh (Bachelor of Veterinary Medicine and Surgery)</li> <li>Certificate of Principles and Practice of Brand Communications</li> </ul>	2023 (re-elected)	<ul> <li>Marketing Director: Kemin Industries</li> <li>Councillor: South African Veterinary Council</li> <li>Board member: South African Veterinary Association (SAVETCON)</li> <li>Board member: AgriSA</li> <li>African Representative: World Veterinary Association Council</li> </ul>

Board member (Age)	Qualification	Commencement of service	Other directorships/professional positions
Kathryn Sinclair (56)	<ul> <li>BSc (Business Science)</li> <li>National Higher Diploma in Food Technology</li> <li>National Diploma in Food Technology</li> </ul>	2020	Chairperson: White Fish Technical Committee
Dr Madel van Eeden (48)	Doctor of Philosophy in Microbiology	2020	<ul> <li>Member: South African Fruit and Vegetable Canners Association</li> </ul>
Jill Atwood-Palm (54)	<ul> <li>National Higher Diploma in Business Management</li> </ul>	2023	<ul> <li>Member of the Agricultural Trade Forum (ATF)</li> <li>Member of the CEO Forum</li> <li>Member of Team Export South Africa (TESA)</li> <li>Member of the Advisory Council on Curriculum of the Food Science Qualifications</li> <li>Member of the Cape Chamber and related Portfolio Committees</li> <li>General Manager of SAVCA</li> </ul>
Bonga Mavume (48)	<ul><li>Bsc Agric Honours</li><li>Management Development Programme</li><li>MBA</li></ul>	2023	Managing Director of Nalitha Fishing Group (Pty) Ltd
Derek Donkin (53)	<ul><li>MSc (Agric)</li><li>MBA</li></ul>	2023	<ul> <li>CEO of SA Subtropical Growers Association</li> <li>Director of Fruit South Africa</li> <li>Chairman of the Fruit Industry Value Chain Round Table: Trade Working Group</li> </ul>
lan Beukes (43)	<ul><li>MBA</li><li>Industrial and Systems Engineering (Hons)</li></ul>	2023	Director: Sundays River Citrus Company
Michael Brinkhuis (52)	<ul> <li>M.Phil Agricultural Systems Management (Economics)</li> <li>B.Tech Horticulture</li> <li>National Diploma: Horticulture</li> </ul>	2023	<ul> <li>CEO: Hortfin (Pty) Ltd</li> <li>Assessor (AgriSETA)-Reg. No.: AGRI/ASS/0845/09</li> </ul>
Pheladi Tlomatsane (40)	<ul> <li>National Diploma in Human Resources         Management</li> <li>Certificate in Business Management</li> <li>BComm Marketing</li> </ul>	2023	Managing Director: BZME Marketing
Bongiwe Njobe (Chairperson) (61)	<ul> <li>MSc Agric. Ing.</li> <li>Diploma in Strategic Project Management</li> </ul>	2023	<ul> <li>Independent Non-Executive Director Rhodes Food Group (RFG)</li> <li>Trustee: Old Mutual Foundation</li> <li>Chairperson Forum for Agricultural Research in Africa (FARA)</li> </ul>

# management //committees

	Executive Management Committee (EXCO)	Risk Management Committee (RISCO)
Who appoints members?	Chief Executive Officer (CEO)	CEO
Term and date appointed	No term	Members are appointed for a minimum of two years
Composition	CEO, Chief Financial Officer (CFO) and other Executive Managers. (Refer to page 23 for details)	Senior management representing the 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
Key role as detailed in charters	Support the CEO in providing a corporate governance framework within which to deliver on its duties as set out in the EXCO charter and in accordance with the PPECB policies and delegation of authority Protect the interests of the PPECB Promote good governance practices Commit to the values of the PPECB and to enhance ethical behaviour within the PPECB Support the CEO to make recommendations to the Board relating to the overall strategic direction of the PPECB Support the CEO in the implementation of the PPECB strategy and monitoring performance against approved strategic plans Act as a medium of communication between business areas within the PPECB	<ul> <li>Support the CEO and the Executive Managers in reviewing the effectiveness of the PPECB's risk management systems, practices and procedures in accordance with policies approved by the Board</li> <li>Ensure that risks are identified, evaluated, effectively managed and, where practical, quantified</li> <li>Fulfil the risk management and control responsibilities</li> <li>Prepare reports for EXCO for consideration by the Audit Committee and the Board</li> <li>Advise the Board, through EXCO, on mitigating strategies for risks identified, and monitoring these strategies</li> <li>Consider the effectiveness of the risk management system</li> <li>As part of succession planning, the Chairperson delegates certain meeting agenda items to the Vice-Chairperson</li> </ul>
No. of meetings required to be held as per charter	Minimum of four meetings a year	Quarterly
No. of meetings held	4	4
Did all members attend all meetings?	Yes	No
Other permanent invitees	Legal and Corporate Governance Manager/Assistant Legal Advisor	<ul> <li>Legal and Corporate Governance Manager</li> <li>Financial Systems and Compliance Auditor</li> <li>Occupational Health and Safety Coordinator</li> <li>Assistant Legal Advisor</li> <li>Information and Communications Tecchnology (ICT) Cybersecurity Officer</li> <li>Junior Legal Advisor</li> </ul>

# the board\_ and sub-committee meetings

# Summary of Attendance

Member	Board	Audit Committee	Human Resources Committee
Meetings held	4	4	4
	Number of meetings attended/total number of meetings held whilst a member of the Board	Number of meetings attended/total number of meetings held whilst a member of the Audit Committee	Number of meetings attended/total number of meetings held whilst a member of the Human Resources Committee
C Garrett ①	3/4	N/A	N/A
Dr C Nkuna ②	3/4	1/4	N/A
M Slabber ③	3/4	3/4	N/A
A Kruger ④	3/4	N/A	3/4
R Ramasodi	3/4	2/4	N/A
K Katoo	3/4	3/4	N/A
K Sinclair	1/4	N/A	2/4
W Bam	3/4	N/A	3/4
Dr M van Eeden	3/4	N/A	2/4
M Kotze ③	4/4	4/4	N/A
Ms B Njobe ①	1/4	N/A	N/A
Ms P Tlomatsane	1/4	N/A	1/4
Mr I Beukes	1/4	1/4	N/A
Ms J Atwood-Palm ④	1/4	N/A	1/4
Mr D Donkin	0/4	N/A	1/4
Mr B Mavume	1/4	1/4	N/A
Mr M Brinkhuis ②	1/4	N/A	N/A

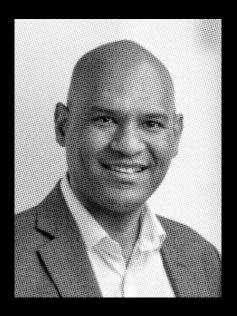
① Chairperson of the Board

② Vice-Chairperson of the Board

③ Chairperson of the Audit Committee

**<sup>4</sup>** Chairperson of the Human Resources Committee

# executive //committee



Lucien Jansen > Chief Executive Officer



Johan Schwiebus > Chief Financial Officer



Cyril Julius >
Chief Operations Officer



Yanesh Ramiah > Chief Information Officer



Pinki Luwaca > Human Capital Executive



# 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 legislative Acts are the Perishable Products Export Control Act (Act No. 9 of 1983) (PPEC Act), the Agricultural Product Standards Act (Act No.119 of 1990) (APS Act), and the Public Finance Management Act (Act No. 1 of 1999) (PFMA). Currently, the PPEC Act is under review. During the reporting period, the PPECB Board approved a legal compliance register, which ensures that the PPECB remains focused on complying with applicable legislation. The legal 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 compliance register is a standing agenda item for the Risk Management Committee (RISCO) and is considered and discussed at each RISCO 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 (Act No. 4 of 2013) (POPIA). During the 2020/2021 financial year, a POPIA implementation plan was drafted after key risks were identified following a personal information impact assessment. During the period under review, the PPECB completed the key action items listed on the implementation plan at the end of December 2022. There are two remaining action items, one being monitored by the Executive Management Committee (EXCO), and the other action item forms part of the data assurance project. POPIA compliance remains an ongoing focus area for the PPECB. During the period of review, the PPECB's risk environment was impacted by a Presidential Proclamation transferring certain powers and functions under the APS Act and PPEC Act, in so far as those functions fall within the border law enforcement area, to the Minister of Home Affairs, who is the cabinet member responsible for the Border Management Authority Act (Act No. 2 of 2020) (BMA). The PPECB engaged with the Commissioners of the BMA, and a draft implementation protocol was provided to the BMA for review.

The Board's approach to corporate governance is based on the fact that sound governance is essential to creating a sustainable business.

As part of the Board's commitment to being a responsible corporate citizen, the PPECB appointed a service provider with the main objective of determining the PPECB's corporate carbon footprint, which was calculated for all PPECB offices, the Laboratory and travelling. The report indicated that electricity and business travel were the main contributors to green house gas (GHG) emissions. A draft environmental, social, and governance (ESG) action plan was circulated to EXCO members as well as the PPECB Innovation Forum for consideration and input. Once input is consolidated, a final action plan will be submitted to EXCO and the Board for approval. Actions will be monitored and outcomes will be reported on at each EXCO and Board meeting. The development of an ESG dashboard is a future focus area.

The new PPECB Board's term commenced on 1 February 2023. An induction programme was held for the new PPECB Board on 27 and 28 March 2023, which included training on supply chain management and legal and corporate governance. The induction programme included an overview of the structure, finances and operations of the PPECB as well as each EXCO member's areas of responsibility. Mentorship and development will be a focus area for the new Board members.

# 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 ten 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. They represent seven of the largest export groups as determined by export volume, as well as a member designated by the Minister of Agriculture, Land Reform and Rural Development. 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). 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 two Board committees, an Audit Committee and a Human Resources Committee, where social and ethics matters are considered and discussed. Information and Communications Technology (ICT) strategic projects and risks was a standing agenda item for the Audit Committee, and now the Board. The Chief Information Officer (CIO) reports directly to the Board regarding all matters relating to ICT. The sub-committees serve under written 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 Board obtained an overall score of 4.2 which indicates the Board's performance as 'Good'. However, the Board recognised the need for ICT expertise at Board level. Following this, the Board received training on ICT governance, including the Board's responsibilities in respect of technology and information governance. An ICT consultant was appointed to advise the Board in respect of ICT matters.

The Chairpersons of the Board, Audit Committee and Human Resources Committee 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.

The PPECB has implemented a digital board portal which provides efficiency in preparing and providing meeting packs. The board portal provides the Board and EXCO members with a secure platform to access all meeting documents, approvals and submissions and enables meeting participants to collaborate by sharing annotations. Chairpersons are able to electronically sign meeting minutes once approved and once an alert for signature has been issued. Notices, agendas and documentation pertaining to the Board and sub-committee meetings are distributed via the board portal. Minutes of all RISCO, EXCO, Committee and Board 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 on the portal. These round-robin resolutions are ratified at the subsequent EXCO, RISCO, Committee or Board meeting. All hard copy minutes and resolutions are stored in fireproof safes at the PPECB or at off-site storage facilities. Electronic copies are stored within the portal and 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 primary 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 EXCO team, as well as providing support and advice while respecting executive responsibility;
- > Serving as the link between the PPECB Board and the Minister of Agriculture, Land Reform and Rural Development; and
- > Ensuring that regular and objective appraisals are administered to assess the Board's effectiveness.

# **Chief Executive Officer (CEO)**

The CEO was 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 to 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 June 2023, 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 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 are 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) 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-today 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 the RISCO monitor compliance with this code at all times. During the period under review, the PPECB values were reviewed and changed. The code of conduct will be updated to reflect the changes made.

The PPECB has an independently-managed fraud and ethics hotline to monitor and promote awareness of potentially unethical employee behaviour. Ethics hotline calls and the investigation of such calls are reported to the Audit Committee. During the reporting period, the PPECB created awareness through articles on Corporate LAN Advertising (CLA), the PPECB's communication tool in respect of the ethics hotline, declarations of interest, internal data privacy policy, document retention and workplace gossip. New employees receive training on the POPIA as part of induction.

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 was amended to include disclosing personal relationships with suppliers or customers while there is a simultaneous business relationship. Employees and Board members are required to disclose any interests on an annual basis 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. Declarations of interest was included in the Board induction programme.

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

# innovation opportunity

# **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 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.

# **Executive Management Committee (EXCO)**

The EXCO comprises the CEO Lucien Jansen, CFO Johan Schwiebus, COO Cyril Julius, CIO Yanesh Ramiah, and Human Capital Executive Pinki Luwaca.

# **Operational Management Committee (MANCO)**

The MANCO is made up of EXCO, general managers, regional operations managers and other senior managers.

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 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 Junior Legal Advisor, 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 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 employees 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 and operational procedures are approved by the appropriate departmental EXCO member.



# **Materiality framework**

To interpret and comply with the PFMA, the following framework of acceptable levels of materiality and significance was applied during the 2022/2023 financial year:



// View corporate
governance report online>

# materiality >>framework

For the purpose of interpreting and complying with the PFMA, the below framework of acceptable levels of materiality and significance was applied during the 2022/2023 financial year:

	PFMA section	Quantitative (Amount)	Qualitative (Nature)
(1) (c)	Section 50 Fiduciary duties of accounting authorities 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	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	<ul> <li>Any item or event for which specific disclosure is required by legislation, the King IV Report on Corporate Governance for South Africa 2016 (King IV) or Generally Recognised Accounting Practices (GRAP)</li> <li>Any fact discovered, whose omission or misstatement, in the Board's opinion, could influence the decisions or actions of the executive authority or legislature</li> </ul>
(2) (b) (c) (d)	Section 54 Information to be submitted by accounting authorities 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:  Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement Acquisition or disposal of a significant shareholding in a company Acquisition or disposal of a significant asset	<ul> <li>Acquisition or disposal of a significant asset</li> <li>Acquisition where market value is greater than the materiality figure</li> <li>Disposal where market value is greater than the materiality figure</li> </ul>	<ul> <li>Any participation outside of the approved strategic plan and budget</li> <li>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</li> <li>Disposal of the major part of the assets of the Board</li> <li>Any business activity that would increase or decrease the overall operational functions of the Board, outside of the approved strategic plan and budget</li> </ul>
(e)	Commencement or cessation of a significant business activity		9

	PFMA section	Quantitative (Amount)	Qualitative (Nature)
(2) (a) (b) (ii) (iii) (v)	Section 55  Annual report and financial statements  The annual report and financial statements referred to in subsection (1)(d) must:  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  Include particulars of:  Any material losses through criminal conduct, irregular expenditure or fruitless and wasteful expenditure that occurred during the financial year  Any criminal or disciplinary steps taken as a consequence of such losses, irregular expenditure or fruitless and wasteful expenditure  Any losses recovered or written off  Any financial assistance received from the state and commitments made by the state on its behalf  Any other matters that may be prescribed	<ul> <li>Any losses identified through criminal conduct</li> <li>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</li> <li>Any irregular, fruitless and wasteful expenditure as defined by the PFMA will be reported</li> </ul>	Any identified loss through criminal, reckless or negligent conduct
	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

The table below outlines the reports within the 2022/2023 Annual Report, where disclosures relating to *King IV Report on Corporate Governance* for South Africa 2016 (King IV) can be found.

Principle	Summary of Disclosures Made	Internal Policy/Document or Report Referenced
Principle 1 The governing body should lead ethically and effectively.	The PPECB Board endeavours to lead ethically, effectively and with integrity. It has adopted a code of conduct, which was approved by the Board.	<ul> <li>Corporate Governance Report</li> </ul>
	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 was amended to include disclosing personal relationships with suppliers or customers while there is a simultaneous business relationship. Employees and Board members are required to disclose any interests on an annual basis and as these arise. Board members are also required to disclose any interests relating to agenda items of a particular meeting.	
Principle 2 The governing body should govern the ethics of the	The Operations department remains committed to ensuring the sustainability and longevity of the PPECB by upholding the highest standards of ethics and corporate governance practices.	<ul><li>Operations Report</li><li>Corporate Governance Report</li></ul>
organisation in a way that supports the establishment of an ethical culture.	During the period under review, the PPECB values were reviewed and changed. The code of conduct will be updated to reflect the changes made. The Executive Management Committee (EXCO) and the Risk Management Committee (RISCO) monitor compliance with this code at all times.	
	The PPECB has an independently-managed fraud and ethics hotline, and the investigation of such calls is reported to the Audit Committee.	
Principle 3 The governing body should ensure that the organisation	The focus of the PPECB remains the reduction of manual interventions and the drive towards a "paperless" way of doing business.	<ul> <li>Chief Executive Officer's (CEO's) Foreword</li> <li>Corporate Governance</li> </ul>
is, and is seen to be, a responsible corporate citizen.	The PPECB has again presented its annual Charity Golf Day, where 156 golfers participated, resulting in an amount of R60 000 handed to the nominated charity.	Report
Suzzii.	Through its collaboration with the Department of Agriculture, Land Reform and Rural Development (DALRRD) and all nine provinces, the PPECB also managed to train 721 smallholder farmers and certified 105 as export-ready.	
	The PPECB also continued providing support to communities through programmes and established seven sustainable gardens, serving as a source of food and income. The programme touched the lives of 3 968 beneficiaries during the year under review.	
	The PPECB appointed a service provider with the main objective of determining the PPECB's corporate carbon footprint, which was calculated for all PPECB offices, the Laboratory and travelling. The report indicated that electricity and business travel were the main contributors to the green house gas (GHG) emissions. A draft carbon footprint action plan was circulated to the EXCO members as well as the PPECB Innovation Forum for consideration and input. Once input is consolidated, a final action plan will be submitted to the EXCO and the Board for approval. Actions will be monitored and outcomes will be reported on at each EXCO and Board meeting. The development of an environmental, social and governance (ESG) dashboard is a future focus area.	

Internal Policy/Document

or Report Referenced

// For a comprehensive
list of all disclosures
 scan the code >right

rinciple 4 he governing body hould appreciate that the rganisation's core purpose, sk and opportunities, trategy, business model, erformance and sustainable evelopment are all iseparable elements of the alue creation process.	Please visit https://ppecb.com/document-category/annual-reports/ for full corporate governance disclosures, integrated reports and annual financial statements and reports.	
rinciple 5 he governing body should nsure that reports issued y the organisation enable takeholders to make nformed assessments of the rganisation's performance nd its short-, medium-, and ong-term prospects.	Please visit https://ppecb.com/document-category/annual-reports/ for full corporate governance disclosures, integrated reports and annual financial statements and reports.  Achieved a 100% rating on organisational performance indicators relating to operations.	Operations Report
long-term prospects.  Principle 6 The governing body should serve as the focal point and custodian of corporate governance in the organisation.	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.  The Board's approach to corporate governance is based on the fact that sound governance is essential to creating a sustainable business.  The Chairpersons of the Board, Audit Committee and Human Resources Committee were satisfied that it fulfilled its duties and responsibilities for the reporting period as well as the Corporate Governance Report.  The number of Board meetings held during the year under review is set out in the Board and sub-	Corporate Governance Report

Principle

**Summary of Disclosures Made** 

# Principle

# **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.

## **Summary of Disclosures Made**

The Board's composition is set out in the Board and sub-committees tables on pages 16 - 17 of the Annual Report 2022/2023 and reflects the appropriate mix of knowledge, skills, experience, and diversity as evidenced by the qualifications and interests of each Board member as set out in the Board qualifications table. The members of the Board cannot be considered independent as recommended by this principle, as detailed in the Corporate Governance and Audit Committee reports.

 Corporate Governance Report

or Report Referenced

Internal Policy/Document

The PPECB Board members are appointed by and are accountable to, the Minister of Agriculture, Land Reform and Rural Development. They represent seven of the largest export groups as determined by export volume, as well as a member designated by the Minister of Agriculture, Land Reform and Rural Development.

The majority of the non-executive Board members and Chairperson of the Board cannot be categorised as independent, as recommended by principle seven of the King IV Report.

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 Committee, where social and ethics matters are considered and discussed.

· Audit Committee Report

# Principle 8

The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

The Board and sub-committees meet at least four times per annum, or as circumstances necessitate and follow a formal agenda to ensure that all substantive matters are addressed.

The roles and responsibilities of the Board are disclosed in the Board and sub-committees table on page 18 of the Annual Report 2022/2023 and addressed in more detail in the Corporate Governance Report. The satisfaction of the Audit Committee in relation to the independence, appointment, and performance of the external auditors is set out in the Audit Committee report and the Financial Statements.

The Chairpersons of the Audit Committee and Human Resources Committee are satisfied that they have fulfilled their responsibilities in accordance with the relevant charters for the reporting period.

To discharge its duties more effectively, the Board has approved and delegated authority on specific matters to an Audit Committee and a Human Resources Committee, where social and ethics matters are considered and discussed. Information and Communications Technology (ICT) strategic projects and risks was a standing agenda item for the Audit Committee, and now the Board.

Corporate Governance
Report

# 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 supports continued improvement in its performance effectiveness.

The Board conducts a formal, externally facilitated evaluation process of the Board, Chairperson of the Board, Audit Committee, CEO, Chief Financial Officer (CFO) and company secretary at least once during the Board's term of tenure. An external service provider, appointed through a transparent procurement process, facilitates the evaluation process.

The Audit Committee has an oversight role in monitoring the organisational performance against an approved Annual Performance Plan (APP). The Audit Committee provides input on the evaluation results of the performance review of the CFO, evaluated by the CEO.

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 June 2023, following the previous reporting period.

- Board Charter
- Audit Committee Charter
- Corporate Governance Report

## Principle

# Principle 10

The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.

## **Summary of Disclosures Made**

The Board has appointed the CEO, who will, in its opinion, be capable of fulfilling the obligations of the PPECB and has conferred upon the CEO sufficient authority to carry out his responsibilities and ensure a proper process of performance management and succession planning in respect of this position.

The CEO has been appointed by the Board in terms of Section 13 of the Perishable Products Export Control Act (Act No. 9 of 1983) (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.

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. Should either the CEO or the PPECB wish to terminate the employment agreement before the termination date, a three-month written notice period is applicable.

When the CEO is required to travel abroad for an extended period, the COO, CFO or Chief Information Officer (CIO) are appointed to act in the position of CEO and fulfil all CEO duties accordingly.

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, the EXCO and senior managers.

The CEO develops the PPECB's strategy, inter alia, for consideration and approval by the Board. The CEO has appointed suitably qualified Executive Managers to support him in executing the strategy of the Board.

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 Junior Legal Advisor, all of whom are suitably qualified employees.

The Board is satisfied that the PPECB is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.

# Principle 11

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives. The Board is responsible for establishing and overseeing, and ensuring the integrity of the PPECB's risk management and systems of internal control; approving the risk management policy, strategy, and implementation plan; and obtaining assurance that key risks inherent in the PPECB's strategies were identified and assessed and are being properly managed.

Although the Board is ultimately accountable, the Audit Committee assists the Board in carrying out its responsibilities in relation to risk management. Risk management is a standing agenda item at each Audit Committee meeting where the Audit Committee considers the effectiveness of the PPECB's risk management system and ensures that material risks, improvements and opportunities are identified, and appropriate risk management processes are in place.

The CEO is the ultimate Chief Risk Officer of the PPECB and is accountable for the overall governance of risk.

The RISCO supports the CEO and the EXCO in managing the risk by reviewing the effectiveness of the PPECB's risk management systems, practices, and procedures and providing recommendations for improvement.

The internal audit function assists the Board and management in identifying, evaluating and assessing significant risks and provides assurance as to the effectiveness of related internal controls regarding the focus areas reviewed.

A detailed list of the PPECB's key risks and mitigations is contained in the strategic plan.

# Internal Policy/Document or Report Referenced

- **Board Charter**
- Delegation of Authority Framework
- Corporate Governance Report

**Board Charter** 

**Audit Committee Charter** 

Risk Management Policy

**Risk Committee Charter** 

PPECB Strategic Plan

# Principle

# Principle 12

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

## **Summary of Disclosures Made**

The Board exercises ongoing oversight of technology and information management and ensures that it results in adherence to the King IV Report.

The PPECB's ICT division is delegated to and managed by the CIO, who reports to the CEO and forms part of the EXCO. The ICT function reports to the Audit Committee and Board on ICT risks and compliance.

The ICT governance board comprises the EXCO. The ICT governance board is responsible for achieving compliance with ICT corporate governance and oversight of information technology strategic matters, which include strategic investments, ICT strategy, performance, policies, value, and resourcing. Moreover, it is responsible for aligning ICT initiatives and operations to the current and future strategic objectives of the PPECB.

The Strategic Projects Steering Committee (Steercom) is an executive-level governance committee which ensures the successful completion of ICT strategic projects and that the strategic business goals of the project are achieved.

The PPECB strategy is very much focused on inter alia creating efficiencies through digitalisation. One of the strategic objectives is the further improvement of the customer experience through seamless integration with PPECB systems.

The PPECB has procured and partially introduced an Enterprise Resource Planning (ERP) system to replace the legacy financial and information management system. The ERP will form the backbone of the PPECB's digital landscape and is set to significantly enhance the customer's experience.

The PPECB has launched its business intelligence (BI) platform, Intellex, providing users with an overview of products inspected and exported during the selected period. The PPECB's electronic inspection platform, TITAN 2.0°, continues to make strides, with around 92% of all major products inspected using the application.

Cybersecurity is a key PPECB focus area, together with ensuring compliance with the Protection of Personal Information Act (Act No. 4 of 2013) (POPIA) and the Promotion of Access to Information Act (Act No. 2 of 2000) (PAIA).

# FUTURE FOCUS AREAS

- Continue with data governance and assurance with the implementation of the strategic projects to enable data correctness and integrity, which benefits projects and stakeholders.
- Continuously enhance the PPECB's cyber threat intelligence to ensure it provides secure services to the industry by implementing a zero-trust framework across the PPECB.
- Continuously review and improve the overall architecture and technologies to reduce costs and create further efficiencies in the business.
- 4. Implementation of the Human Capital Management Suite.

# The Board is responsible for monitoring compliance with applicable laws and with those nonbinding rules, codes and standards with which the PPECB elects to comply. This responsibility will be undertaken on behalf of the Board by the RISCO and the Audit Committee. The Audit Committee is responsible for reviewing the PPECB's compliance with legal and regulatory provisions.

Management is responsible for implementing the required mechanisms to identify and manage compliance through the implementation of an effective compliance framework and processes, which form an integral part of the company's risk management process.

A legal and regulatory report is submitted to the Board on a quarterly basis to inform the Board of relevant laws, rules, codes and standards to enable the Board to adequately discharge its duties in the best interest of the PPECB and with due care, skill and diligence.

The Board approved a legal compliance register, which ensures that the PPECB remains focused on complying with applicable legislation.

Members of the Employment Equity and Skills Forum were trained to better understand how to prevent and eliminate harassment, in line with the new Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace. Awareness of the Code was raised to the entire business.

Cybersecurity is a key focus area, together with ensuring compliance with the POPIA and the PAIA.

There were no material penalties, sanctions, or fines for contraventions or non-compliance with regulations during the period under review.

# Internal Policy/Document or Report Referenced

- Board Charter
- ICT Governance Framework
- Steercom CharterCEO's Foreword
- ICT Report

- Board Charter
- Corporate Governance Report
- · Audit Committee Charter
- ICT Report
- Human Capital Report

# corporate citizen.

Principle 13

The governing body should

applicable laws and adopted.

govern compliance with

non-binding rules, codes

and standards in a way that

supports the organisation

being ethical and a good

#### Principle

#### Principle 14

The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

#### **Summary of Disclosures Made**

The PPECB has a board remuneration and administration policy, which is intended to align Board and Board committee attendance allowances and remuneration taking King IV Principles into account. The policy is also in line with Section 9 of the PPEC Act.

The remuneration of the Board and Executive Members for the period under review is set out on page 108.

or Report Referenced

Board Remuneration and Administration Policy

Internal Policy/Document

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.

The Board complies with the provision of Section 51 of the PFMA, which requires that an accounting authority of a public entity must ensure that the public entity has and maintains a system of internal audit under the control and direction of an Audit Committee complying with and operating in accordance with regulations and instructions. The Board has outsourced part of the PPECB's internal audit function to an independent service provider. The PPECB's internal audit function adheres to Institute of Internal Auditors (IIA) standards.

The Audit Committee monitors and supervises the effective function of the internal audit, ensuring that the roles and functions of the external audit with the internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the PPECB's systems of internal control and reporting.

The Board has appointed, on the recommendation of the Audit Committee, an independent firm of external auditor(s). The Audit Committee is responsible for obtaining assurance from the external auditors that adequate accounting records are being maintained. The Audit Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities, and in particular, the Committee is responsible for ensuring: That the combined assurance received is appropriate to address all the significant risks facing the PPECB; Quarterly review the reporting of the internal assurance providers, to ensure assurance is provided timeously and that the assurance is relevant; And quarterly monitor the relationship between the external assurance providers and the PPECB. Where assurance is provided for strategic risks, it is indicated as such on the strategic risk register.

The RISCO is responsible for reviewing the PPECB's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register. The PPECB Internal Auditor is a standing invitee at the RISCO meetings.

#### 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.

The Board must act as the ultimate custodian of the PPECB's system of corporate governance by managing its relationships with management and other stakeholders based on sound governance principles.

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

The ERP will form the backbone of the PPECB's digital landscape and is set to significantly enhance the customer's experience.

The PPECB obtained an 89.4% customer satisfaction rating during January 2023, which is in line with previous years.

Performance will be monitored and managed through inter alia dialogue with stakeholders.

The Human Capital team made use of the feedback obtained through the different employee engagement platforms, such as connect sessions, CEO and COO roadshow sessions, pulse surveys, operational meetings and planned regional visits, by following through on employee queries (ie requests, concerns, questions and suggestions).

The PPECB has agreements with all provinces where SAGAP certification and training is provided to selected smallholder farmers to enable their export readiness and thereby increase market access.

#### FUTURE FOCUS AREAS

- 1. Create value for its ecosystem members by, as a baseline, properly understanding stakeholder needs internally as well as externally.
- Delivering an efficient service to customers and strengthening relationships with stakeholders locally and abroad.
- Enhance employee engagement and retention by introducing engagement platforms and implementing a talent management framework.
- Conducting regular employee engagement surveys to monitor employee satisfaction and identify areas for improvement.

- Board Charter
- Audit Committee Charter

#### **Board Charter**

- Corporate Governance ReportCEO's Foreword
- PPECB Strategic Plan
- **Human Capital Report**

# public finance management act (PFMA) >>compliance

#### 1. B-BBEE Compliance Performance Information

The PPECB's compliance report in terms of section 13G(1) of the Broad Based Black Economic Empowerment (B-BBEE) Act, No. 46 of 2013, read with section 12(1) of the B-BBEE Regulations of 2016 and B-BBEE Explanatory Notice 01 of 2018 is detailed below.

As contained in the annual report guide for Schedule 3A and 3C public entities, the PPECB has applied the relevant Code of Good Practice in the following manner:

CRITERIA	RESPONSE (YES/NO)	DISCUSSION
Determining qualification criteria for the issuing of licences, concession, or other authorisations in respect of economic activity in terms of any law?	No	Not applicable
Developing and implementing a preferential procurement policy?	Yes	The PPECB complies with the Preferential Procurement Regulation of 2022
Determining qualification criteria for state-owned enterprises?	No	Not applicable
Determining qualification criteria for entering into partnerships with the private sector?	No	Any public private partnership (PPP) that the PPECB may enter into will be in line with the Treasury Regulations.
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	No	However, three of the indicators under Programme 4 addresses the issue of capacitating black/historically disadvantaged individuals

Note: The PPECB has submitted the required information to the appointed independent economic empowerment rating agency, however, at the time of reporting, the agency is yet to finalise the B-BBEE certificate and scorecard. The draft verification report is provided on the following page.



#### **B-BBEE VERIFICATION REPORT**

AMENDED AGRIBEE SPECIALISED GENERIC SCORECARD						
Measured Entity DRAFT / Perishable Products Export Control Board Issue Date 20 July 2023						
Registration Number	N/A	Certificate Number	PPE010591 - REV3			

BEE Elements	Weighting	Indicator Category	Indicators	Indicator Weighting	Target	Actual %	Score	Total Score
			Exercisable Voting Rights of Black Board members	2	50.00%	70.00%	2.00	
		Board Participation	Exercisable Voting Rights of Black Female Board members	1	25.00%	40.00%	1.00	
		Soard Participation	Black Executive Directors as a percentage of all executive directors	2	50.00%	0.00%	0.00	
			Black Female Executive Directors as a percentage of all executive directors	1	25.00%	0.00%	0.00	
		Other Executive	Black Other Executive Management as a percentage of all executive managers	2	60.00%	100.00%	2.00	
		Management	Black Female Other Executive Management as a percentage of all executive managers	1	30.00%	0.00%	0.00	
Management		Senior Management	Black employees in Senior Management as a percentage of all Senior Management	2	60.00%	27.93%	0.93	
Control	20	Sellor management	Black Female employees in Senior Management as a percentage of all Senior Management	1	30.00%	25.72%	0.86	11.48
		Middle Management	Black employees in Middle Management as a percentage of all Middle Management	2	75.00%	41.77%	1.11	
		mode menagement	Black Female employees in Middle Management as a percentage of all Middle Management	1	38.00%	15.46%	0.41	
		Junior Management	Black employees in Junior Management as a percentage of all Junior Management	2	88.00%	75.40%	1.71	
			Black Female employees in Junior Management as a percentage of all Junior Management	1	44.00%	38.20%	0.87	
		Employees with disabilities	Black disabled employees as a percentage of all employees	2	2.00%	0.59%	0.59	
		Skills Development Spend	Skills Development Expenditure on black people as a percentage of Leviable Amount (provided 85% is on scarce and critical skills)	9	6.00%	5.59%	8.38	
		орени	Skills Development Expenditure for black employees with disabilities	4	0.30%	0.22%	2.94	
Skills Development	25	Learnerships, Apprenticeships	No. of black people participating in learnerships, apprenticeships and internships as a % of all employees	6	2.50%	2.45%	5.89	23.04
		& Internships	No. of unemployed black people participating in learnerships, apprenticeships and internships as a % of all employees	6	2.50%	2.43%	5.82	
		Bonus points	Bonus: Number of black people absorbed by the Measured and Industry Entity at the end of the Learnership Programme	5	100.00%	0.00%	0.00	
			B-BBEE Procurement Spend from all Empowering Suppliers as a percentage of Total Measured Procurement Spend	5	80.00%	122.38%	5.00	
		B-88EE Procurement Spend	B-BBEE Procurement Spend from all Empowering Suppliers that are QSEs, as percentage of Total Measured Procurement Spend	4	15.00%	5.93%	1.58	
			B-BSEE Procurement Spend from all EMEs as a percentage of Total Measured Procurement Spend.	5	15.00%	30.28%	5.00	
N N			B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned, as a percentage of Total Measured Procurement Spend	11	40.00%	73.08%	11.00	
Enterprise &			B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned; as a percentage of Total Measured Procurement Spend	5	12.00%	56.53%	5.00	
Supplier Development	50	Bonus points	Bonus: B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% black owned.	2	2.00%	28.43%	2.00	34.58
		Supplier Development	Annual value of all Supplier Development Contributions as a percentage of the target	15	0.2% of Revenue/Allocated Budget/ Gross Receipts/ Discretional Spend	0.00%	0.00	
		Enterprise Development	Annual value of Enterprise Development Contributions and Sector Specific Programmes as a percentage of the target	5	0.1% of Revenue/ Allocated Budget/ Gross Receipts/ Discretional Spend	0.20%	5.00	
		Bonus points	Bonus point for graduation of an Enterprise Development beneficiary to Supplier Development level	1	Yes	No	0.00	
		Sound pound	Bonus point for creating jobs directly as a result of Supplier or Enterprise Development initiatives	1	Yes	No	0.00	
Socio-Economic Development	5	SED Spend	Average annual value of all Socio-Economic Development Contributions by the Measured Entity as a percentage of the target	5	0.1% of Revenue/ Allocated Budget/ Gross Receipts/ Discretional Spend	0.15%	5.00	5.00
TOTAL								74.10
LEVEL BEFO	DRE PRIORIT	Y ELEMENTS CH	ECKED			Level	6	Contributor
FINAL SCOR	FINAL SCORE AFTER PRIORITY ELEMENTS CHECKED Level 7 Contributor							

ADDITIONAL LEVEL AND POINTS FOR QUALIFYING Y.E.S EMPLOYERS + 0 LEVELS + 0 POINTS FINAL SCORE 74.10 FINAL STATUS AWARDED Level Seven Contributor % RECOGNITION 50%

Broad-Based BEE Status Categories 135% Recognition
125% Recognition
110% Recognition
110% Recognition
100% Recognition
80% Recognition
60% Recognition
50% Recognition
50% Recognition
AQRate Amended AgriBEE Specialized Generic Scorecard \$01,1/06) 09 Level One Contributor
Level Two Contributor
Level Three Contributor
Level Five Contributor
Level Five Contributor
Level Six Contributor
Level Seven Contributor ≥100 points ≥95 but <100 points ≥95 but <95 points ≥80 but <90 points ≥75 but <80 points ≥76 but <76 points ≥55 but <70 points

AMENDED AGRIBEE SPECIALISED GENERIC SCORECARD						
Measured Entity	DRAFT / Perishable Products Export Control Board	Issue Date	20 July 2023			
Registration Number	N/A	Certificate Number	PPE010591 - REV3			

BEE Elements	Weighting	Indicator Category	Indicators	Indicator Weighting	Target	Actual %	Score	Total Score
	Level Eight Contril	butor		≥40 but <55 points		10%	Recognition	
	Non-Compliant Co	ontributor		<40 points		0%	Recognition	
				M	aritha Steyn		Nicholas Er	asmus

#### 2. Irregular Expenditure

	2023	2022
Opening balance	-	-
Prior Period Errors	-	-
Add: Irregular expenditure confirmed	1,290,771	1,377,429
Less: Irregular expenditure not condoned and removed	(1,290,771)	(1,377,429)
Closing balance	-	-

#### **Irregular Expenditure 2023:**

The three-quote procurement process was not followed with year-to-date expenditure of R938,440. 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 contracts.

National Treasury Regulation 16 A6.3(c) requires tenders to be advertised for a minimum of 21 days. The Agri Export Technologist Training Programme (AETP) tender was advertised for 18 days. Year-to-date spend was R352,331.

#### Irregular Expenditure 2022:

The three-quote procurement process was not followed to the value of R1,037,955. Prior approval from the CEO was not obtained, which is a deviation from National Treasury Regulations.

Payments of R221,365 were not in accordance to the terms of a valid contract.

Payments of R118,109 were made for services that were not fully rendered by the supplier.

#### Reconciling notes to the annual financial statement disclosure

	2023	2022
Irregular expenditure for the current year	1,290,771	1,377,429
Total	1,290,771	1,377,429
Details of current and previous year irregular expenditure removed - (not condoned)		
Irregular expenditure not condoned and removed	1,290,771	1,377,429
Total	1,290,771	1,377,429

The irregular expenditure was approved by the Board after year-end.

#### 3. Expansions and Variations of Contracts

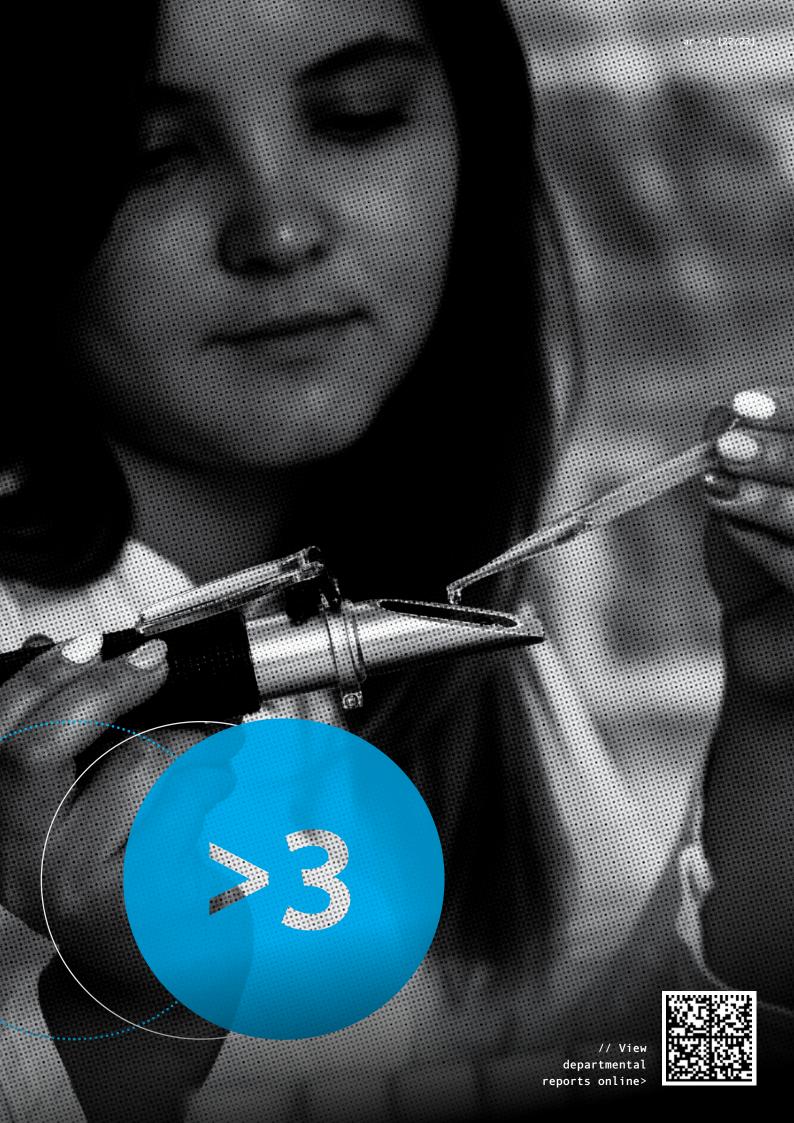
No	Project Description	Name of Supplier	Contract Number	Reason for expansion or variation of contract	Original contract value	Value of contract expansion or variation of contract	Value of previous contract expansion or variation of contract	Award Date	Contract start date	Contract expiry
1	Laboratory Waste Management Services	Unique Waste Solutions	OE338/ V0000474	Contract variation by a period of six months to ensure the continuation of services and allow time for a competitive procurement process	R 1,718,100	R 249,000	-	26 Jun 22	01 Jul 22	31 Dec 22
2	Revised MCS Proposal Increased Cost over original - Dynamics 365	Altron Karabina	RON002/ V0000534	Variation on change request for ERP Implementation - Manual Capturing Solution	R 25,767,130	R 269,099	R 1,459,402	01 Jul 21	01 Jul 21	30 Jun 26
3	Delay notes 1 Dynamics 365 Implementation	Altron Karabina	RON002/ V0000534	Delay notes 1 - Dynamics 365 Implementation contract	R 25,767,130	R 401,139	R 1,728,501	01 Jul 21	01 Jul 21	30 Jun 26
4	Delay notes 2 Dynamics 365 Implementation	Altron Karabina	RON002/ V0000534	Delay notes 2 - Dynamics 365 Implementation contract	R 25,767,130	R 437,765	R 2,129,639	01 Jul 21	01 Jul 21	30 Jun 26
5	Delay notes 3 Dynamics 365 Implementation	Altron Karabina	RON002/ V0000534	Delay notes 3 - Dynamics 365 Implementation contract	R 25,767,130	R 331,890	R 2,567,404	01 Jul 21	01 Jul 21	30 Jun 26
6	Staggered Go- Live Approach - Dynamics 365 Implementation	Altron Karabina	RON002/ V0000534	Staggered Go- Live Approach - Dynamics 365 Implementation contract	R 25,767,130	R 771,696	R 2,899,294	01 Jul 21	01 Jul 21	30 Jun 26
7	Extension of Intellex platform license - Cloud Service Provider	Gijima Holdings SA	GHSA1/ V0000263	Extension of Intellex platform license Cloud Service Provider contract	R 70,415,247	R 100,359	R 8,410,688	01 Oct 20	01 Oct 20	30 Sep 25
8	Office Rental	Newshelf 922 (Pty) Ltd	AD332	Extension of the office rental period for the Paarl office	R 1,711,849	R 172,778	-	13 Oct 22	01 Nov 22	28 Feb 23

#### Part \_3

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# departmental reports/

//New technology creates new.
<opportunities> to achieve
goals and \_objectives within
the organisation!}



## >>operations

## report

// Another
eventful year
 has passed
and it, as we
 are now
 \_accustomed
 to over the
 past few
 years, came
 with its
 own set of
>>challenges.

The Operations department worked under difficult conditions over the reporting period but we are pleased to report that we successfully delivered on our statutory mandates. Most importantly, service delivery continued uninterrupted across all regions, sometimes on very short notice as clients dealt with supply chain disruptors.



\_For the full operations report scan the code/

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 (Act No. 9 of 1983) (PPEC Act) and the Agricultural Product Standards Act (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 /Year Under Review:

- Cold Chain Export Notification on TITAN 2.0® went live and was mandatory from 1 February 2023, together with the electronic working programme;
- > Container inspection training was conducted nationally with container depots;
- > A Research and Development (R&D) Memorandum of Understanding (MOU) was concluded with the international Cool Chain Association (CCA);
- A R&D MOU was concluded with temperature monitoring organisations based in the United States of America (USA) and Switzerland;
- > The USA summer citrus programme had its highest volumes of USA vessels, which totalled 17;
- > The resources required for Operations System Support within cold chain were employed;
- > The recruitment and deployment of resources in the R&D department and approval of its operational strategy was completed;
- > The launch of the PPECB Innovation Forum;
- An Organisation for Economic Co-operation and Development (OECD) funded climate change research project was successfully concluded;
- > Grain inspections through East London were facilitated and resourced at short notice;
- > Increased inspection volumes on TITAN 2.0® (table grapes 98%, citrus 95%, stone fruit 91%);
- > Inspecting 315.7 million cartons of main perishable products, (89.3%) during the year under review, via the TITAN 2.0® platform;
- > Grain operations through the Port of Durban were conducted uninterrupted on a 24/7 hour basis for 12 months;
- > Container shipments through Maputo;
- Assisted the Department of Agriculture, Land Reform and Rural Development (DALRRD) to release containers detained in Europe;
- Through interventions at United Nations Economic Commission for Europe (UNECE) and European Community level, table grapes with bunch weights below 75g can now be exported provided they are correctly marked;
- > Successfully delivering on the PPECB's responsibilities for South Africa's false codling moth (FCM) risk management mandate (fifth year) and citrus black spot (CBS) Risk Management System (RMS) (more than 10 years);
- > Achieved a 100% rating on organisational performance indicators relating to operations;
- > Improved internal audit results with no critical or significant audit findings;
- > Credit notes were reduced from 1 359 to 840 (reduction of 38%);
- > Queries decreased from 1 858 to 1 360 (reduction of 27%);
- > Issuance of electronic export certificates increased by 50%; and
- > A total of 49 temporary positions were converted to permanent positions.

## Operations' Top-line\_ Financial Results

The Operations Department realised a surplus of R172.4 million at the end of the fiscal year under review.

The total income realised was R558.8 million against the prior year's income of R531.4 million, a 5% growth. This was due to higher volumes for exports of citrus (+6%), pome (+15%), maize and grain (+47%), and other fruit (+122%). In the 'other products' category, the total weight (in kilograms) exported consisted of red tea (+11%) and vegetables (+14%). Total expenditure amounted to R386.4 million against the prior year's expenditure of R340.1 million, a 14% increase. Expenditure was well managed with activity costs of R42.5 million reported, a 14% increase on the prior year.

The PPECB Laboratory faced headwinds and ended the year with a shortfall of R8.1 million, mainly due to the underrealisation of income related to the mycotoxin analytical programme. Plans are underway to strengthen the Laboratory's financial situation.

## A Committed Team Delivering Effectively - Workforce Planning >

The final 2022/2023 deciduous relief duty plan was circulated, with the total placings on the plan being 300 employees. This included 40 cold chain employees, and four temporary contract workers at Cape Town International Airport, Robertson/Hex and Paarl due to the complexity of the different product ranges. The capacity-building initiative resulted in 25 (development) employees experiencing their first season on table grape inspections and three employees being trained on pome fruit.

The final 2023 Citrus Relief Duty Plan was circulated, with the total placings on the plan being 375 employees, including 156 unemployed graduates (150 citrus), 16 retirees (three pome) and 15 Acting Chief Inspectors.

There was a further impact on manpower planning with the introduction of the 1% European Union (EU) citrus fruit line inspections, and additional employees were appointed to assist with this function.

The Acting Chief Inspector and Lead Assessor initiative, with the dual purpose of improving operational oversight and developing supervisory capacity, was successfully implemented for the fourth year. Nineteen Acting Chief Inspectors and Lead Assessors were appointed for the 2022/2023 cycle. This initiative contributed significantly to the capacity-building process for potential permanent supervisory roles and also supports succession planning.

PPECB employees in inspection services spent a total of 21 987 days on relief duty and travelled approximately 5.18 million km (decrease of 0.7%) to ensure that service delivery was done timeously and in accordance with stakeholders' needs. The decrease in activity drivers is largely due to improved efficiencies.

The Agri Export Technologist Programme (AETP) has proven highly beneficial to the PPECB as a feeder programme for new appointees. The programme is aimed at developing a pool of competent inspectors for entry into the agricultural sector. These candidates need to be evaluated as competent for entry-level positions in product inspections. During the 2022/2023 financial year, 52 AETP participants were trained within operations. The PPECB is also utilising this pool of competent inspectors for temporary appointments to ensure service excellence and to meet client expectations.

During the reporting period, some temporary employee positions were converted to permanenency to further enhance capacity and also ensure the sustainability of service delivery to clients. A total of 49 temporary employees benefited, including 28 cold chain assessors, 20 inspectors and one laboratory technician.

#### \_Certification

The lingering effects of COVID-19 were still being felt during the reporting period, particularly with exports to certain destinations like China that was very much under hard lockdown for most of the year.

Extreme weather conditions, in particular the heavy floods in KwaZulu-Natal during April 2022, had a tremendous impact on infrastructure and services, which forced the Durban office to temporarily close, resulting in the Cape Town International Airport office assisting with the issuing of export certificates as they did during the unrest the previous year. As a result a total of 75 301 export certificates were signed at the Cape Town International Airport office compared to 64 961 the previous year, a 13.7% increase.

The PPECB employees again managed to service our clients to the best of their ability, and this was again evident in the excellent results achieved during the recent customer satisfaction survey.

During the 2022/2023 financial year, the certification desks processed 186 468 export certificates nationally, an increase of +2.7% compared to the previous fiscal year. These certificates represent more than 348 million cartons (-3% on the previous year) and 373 million kilograms (-3.7% decrease from the previous year) of vegetables, flowers, canned products, dried fruit, red tea and other products. A total of 9 637 certificates (-7.2% decrease on the previous year) were identified with mistakes and had to be re-issued, and 7 212 (+5.8%) were cancelled for various reasons. In total, 9.04% of all certificates were cancelled and identified with mistakes. Export Certification April 2022 - March 2023

REGION	Total Export Certificates Signed	Total Export Certificates Incorrect	Total Export Certificates Cancelled
Cape Town International Airport	75 301	6 462	2 615
Ceres	5 377	0	248
Citrusdal	2 636	171	75
Durban	29 721	1 018	594
Gauteng	23 448	547	316
Grabouw	9 049	33	457
Nelspruit	2 173	55	88
Paarl	14 565	87	467
Gqeberha	21 258	952	2 345
Robertson	2 775	289	5
Tzaneen	165	23	2
TOTAL	186 468	9 637	7 212
Percentage		5.17%	3.87%

## Business Optimisation - Providing Support and Increasing Efficiency//

To reduce the risk of an increase in credit notes and to improve audit outcomes, internal controls were assessed and strengthened in collaboration with the PPECB employees within the regions. As a result, the majority of audits only produced minor findings and observations.

Navision (NAV) 5 system queries for March 2023 year-to-date (YTD) decreased from 1 226 to 977, and TITAN 2.0® queries decreased from 632 to 383 compared to March 2022 of the previous year (PY). Total queries for March 2023 YTD decreased from 1 858 to 1 360 (27%) compared to the same period the prior year. Total credit notes for March 2023 YTD decreased from 1 359 to 840 (38%). Approximately 22% of the credit notes are for incorrect billing parties, and this is in line with the previous reporting date, end of February 2023.

Query summary	YTD 2022/2023	PY 2021/2022	Variance %
South Regions	258	484	- 47%
North Regions	323	482	- 33%
Coastal Regions	764	871	- 18%
Other Services	5	12	- 58%
Food Safety	10	9	+ 11%
Total	1 360	1 858	- 27%

Credit notes summary	YTD 2022/2023	PY 2021/2022	Variance %
NAV5	563	661	- 15%
TITAN 2.0®	277	698	- 60%
Total	840	1 359	- 38%

The Annual Performance Plan (APP) for the organisation was submitted to the DALRRD. This report included the revised organisational performance indicators per department, which will be implemented during the 2023/2024 financial year. The DALRRD Quarterly Performance Review Meeting was held on 5 and 6 December 2022, and the main purpose for this was to review the APP for the 2023/2024 financial year and to draft the requested changes.

The organisational performance reports for the 2022/2023 period were submitted quarterly to the DALRRD. All of the 14 performance targets for the organisation were achieved (100%).

## >Inspection Services The PPECB's Core Competence

The Operations Regions achieved a 78% (2% decrease on last year) ratio of product-related hours, and 22% non-billable hours were attributed to, among other things, leave (10%), training (6.8%), meetings (0.8%) and administration (2%). Productivity (time allocated for legitimate reasons) of 99% was maintained, with the balance of unproductive time (1%) being the result of diminished activity in regions between the seasons (particularly during the month of October).

#### National Volumes of All Products 1 April 2022 - March 2023

Actual	Budget	Variance	Percentage
97 566 535	95 000 000	2 566 535	103%
175 229 215	165 534 486	9 694 729	106%
61 395 622	68 365 546	6 969 924	90%
8 623 563	4 455 100	4 168 463	194%
59 469 339	71 764 929	12 295 590	83%
10 375	12 914	2 539	80%
55 456	43 715	13 009	127%
3 432 055	2 335 900	1 096 155	147%
14 470 829	6 511 180	7 959 649	222%
63 998 129	55 526 168	8 471 961	115%
21 319 462	23 499 345	2 179 883	91%
13 750 984	12 357 085	1 393 899	111%
16 136 192	19 261 880	3 102 122	84%
1 685 654	2 300 000	614 346	73%
1 387 985	1 450 000	62 015	96%
141 431 438	24 532 160	16 899 278	114%
	97 566 535 175 229 215 61 395 622 8 623 563 59 469 339 10 375 55 456 3 432 055 14 470 829 63 998 129 21 319 462 13 750 984 16 136 192 1 685 654 1 387 985	97 566 535 95 000 000 175 229 215 165 534 486 61 395 622 68 365 546 8 623 563 4 455 100 59 469 339 71 764 929 10 375 12 914 55 456 43 715 3 432 055 2 335 900 14 470 829 6 511 180 63 998 129 55 526 168 21 319 462 23 499 345 13 750 984 12 357 085 16 136 192 19 261 880 1 685 654 2 300 000 1 387 985 1 450 000	97 566 535       95 000 000       2 566 535         175 229 215       165 534 486       9 694 729         61 395 622       68 365 546       6 969 924         8 623 563       4 455 100       4 168 463         59 469 339       71 764 929       12 295 590         10 375       12 914       2 539         55 456       43 715       13 009         3 432 055       2 335 900       1 096 155         14 470 829       6 511 180       7 959 649         63 998 129       55 526 168       8 471 961         21 319 462       23 499 345       2 179 883         13 750 984       12 357 085       1 393 899         16 136 192       19 261 880       3 102 122         1 685 654       2 300 000       614 346         1 387 985       1 450 000       62 015

<sup>\*</sup>including re-inspections

#### **National Summary**

BELOW normal exports were recorded against budgeted volumes:

Dried fruit -10%
Table grapes -17%
Ground nuts -20%
Stone fruit -9%
Avocados -16%
Mango -4%
Litchis -27%

ABOVE normal exports were recorded against budgeted volumes:

Citrus fruit +6%
Pome +15%
Maize and grain +47%
Other fruit +122%

In the 'other products' category, the total weight (in kilograms) exported consisted of red tea (+11%) and vegetables (+14%).



#### Deciduous Fruit Export Season

#### **Table Grape Sector**

Actual volumes at the financial reporting period, March 2023, were 59 469 339 cartons inspected against a budget of 71 764 929 cartons, which is 17% lower than budget. Overall, the 2022/2023 table grape season was subdued, with all the production areas reporting below budgeted volumes.

The table grape season in the Lower Orange River (LOR) region ended at 19% below volume expectation. The main factor affecting the region was the heat wave during late October and early November. Numerous cultivars were damaged to the extent that they could not be packed. Intermittent rain throughout the season resulted in burst berries which further impacted volumes. It was also noted that bunch weight was lower by 1.5 grams per berry per bunch this season compared to previous seasons, which also negatively impacted on volumes.

The Hex River Valley experienced especially high export volumes during January and February 2023 despite the heavy rains during December 2022. The rain gave later cultivars a good boost, and volumes increased towards the latter part of January. The increased volumes of new early cultivars had a positive impact, with higher volumes experienced in the early part of the season. Similar conditions were experienced from the beginning to mid-February, with record export cartons inspected for those two weeks.

The positive trend was, however, hampered by heavy rains during March, which detrimentally affected volumes resulting in an overall loss of export volumes for the season. Packing was delayed for more than one week during March, resulting in some exporters deciding to stop exports to mitigate the risk of claims due to decay. The season concluded much earlier than anticipated, with a shortfall of 2.5 million cartons less than anticipated.

In the Paarl and Saron table grape areas, the season started one week earlier than last season. Due to the inclement weather conditions experienced during December 2022, the January 2023 volumes were slightly lower due to a better local market for producers when internal quality does not comply with export standards. The season showed a very low packing of white cultivars. The late varieties and the high export volumes expected for March 2023 did not materialise due to the indifferent weather conditions and rain experienced during peak season. A disappointing anti-climax to the grape season was experienced, with actual export volumes also being below expectation.

The Northern regions were 31% below the budgeted export volumes due to excessive rain experienced during peak time - on average, 82mm per day for consecutive days. The season ended earlier because the producers did not want to compromise the quality. Traditionally the season ends in week seven, however this season, it ended around week four, with small volumes packed in week five.

Export destinations were primarily the EU (58%), United Kingdom (UK) (21%), and Asia (7%).



// View
deciduous fruit
export online>

Primary export destination

**58**%



European Union (EU)

Table Grape Inspections 2022/2023

1% White Seeded 1% Black Seeded 3% Experimental 3% Red Seeded 3% Mixed 14% Black Seedless 31% White Seedless 44% Red Seedless

Table Grape Export Destinations 2022/2023

1% Russian Federation 2% Africa 5% North America 6% Middle East 7% Southeast Asia 21% United Kingdom 58% European Union

#### **Pome Fruit Sector**

Actual volumes at the end of the financial year, March 2023, were 63 998 129 cartons inspected against a budget of 55 526 168 cartons, which was 15% better than budget.

Grabouw, Paarl, and Ceres regions experienced extremely good pome fruit volumes, with prolonged peaks to the season. A considerable amount of produce was exported to the UK, Asia, Russia, China and Taiwan.

In Grabouw, the new pome season started approximately one to two weeks later than anticipated during January 2023. Export packing for the early Golden Delicious apple cultivar started in the last week of January 2023.

Storage challenges were experienced at numerous packhouses and cold stores due to ongoing logistical issues, loadshedding, and wind delays in the Cape Town port. These problems subsided towards the second week in March when the movement of produce out of the cold stores increased. Export volumes have subsequently increased.

Quality concerns noted were mostly on the Gala apple family, with a general issue on low pressures. Pears did not present any major issues, except low pressures on summer pears.

Re-inspections were common practice as clients re-routed consignments to different export markets. The dispensation on fruit age assisted the industry in exporting fruit which was in storage for a lengthy period. Despite the dispensation, some clients still preferred their fruit to be re-inspected as per the normal re-inspection guidelines.

The inclement weather conditions and hail damage experienced during November/December 2022 in the Ceres area have had an unfavourable impact on the anticipated export volumes for the new pome season. Export volumes remained stable during February and March 2023 but not as high as the past two seasons.

The volumes in Langkloof during the 2022/2023 financial year saw a total of 6 979 737 cartons being inspected by the PPECB. This volume exceeds the previous year by 1 616 519 cartons. The Langkloof area did not experience any hail during the 2022/2023 season, which aided in the increased volumes.

Cartons inspected

**15**% C

better than budget

Pome Inspections 2022/2023

40% Pears 60% Apples

Pome Export Destinations 2022/2023

2% Indian Ocean Islands 10% Russian Federation 12% United Kingdom 13% Asia 13% Middle East 15% European Union 16% Southeast Asia 19% Africa

Apples Export Destinations 2022/2023

2% Indian Ocean Islands 5% Russian Federation 8% European Union 11% Middle East 12% Asia 15% United Kingdom 20% Southeast Asia 27% Africa

Pears Export Destinations 2022/2023

3% North America 4% Africa 6% United Kingdom 9% Southeast Asia 14% Asia 17% Middle East 19% Russian Federation 28% European Union

#### **Stone Fruit Sector**

Stone fruit volumes as at the end of the financial year, March 2023, were 21 319 462 cartons against a budget of 23 499 345, which is -9% below expectation.

The Robertson area stone fruit season peaked during February 2023, with high volumes of late plum cultivars. Although quality was generally good, there was a significant increase in phytosanitary rejections for fruit fly and FCM. The rain experienced during December 2022 and January 2023, together with warm weather, is proving to be very favourable conditions for pests to thrive. All interceptions were reported accordingly. The heavy rainfall experienced also negatively affected the internal quality in terms of ripeness.

The stone fruit season in the Paarl and Ceres region started on time, but lower start-up volumes were experienced in Paarl. During week 50, a thunderstorm with heavy rain and strong winds hit the Paarl area. The actual stone fruit volumes inspected during February and March 2023 were well below budget, and the impact of the thunderstorm became apparent.

March 2023 was especially slow due to low plum exports. Climatic conditions played a big role, and the lower volumes were mainly due to storms in the region, with hail damage and strong winds. Smaller sizes on some of the plum varieties also played a role in the drop in volumes. A late peak during March with Angeleno's and African Delight was expected but did not materialise.



Total cartons inspected

**-9**%

below budget

Stone Fruit Inspections 2022/2023

3% Apricots 8% Interspecific plums 8% Peaches 23% Nectarines 58% Plums

Stone Fruit Export Destinations 2022/2023

1% Asia 1% Africa 1% Indian Ocean Islands 2% Southeast Asia 4% Russian Federation 4% North America 19% Middle East 23% United Kingdom 45% European Union



// View citrus fruit
inspections online>

33%

of citrus fruit shipped {to} Europe



#### Citrus Fruit Inspections

The volumes of citrus fruit inspected during the 2022/2023 fiscal year increased by 2% against the previous year's volumes. The geopolitics, change in climatic conditions, tough marketing conditions, stringent phytosanitary compliance, and logistical challenges had a negative impact on citrus fruit volumes inspected and exported. A further serious challenge impacting the perishable industry is the power outages.

The total citrus volumes inspected were 170 183 075 cartons for the 2022/2023 fiscal year excluding re-inspections. The increases in inspected citrus volumes was predominantly in soft citrus (increased by 5%) and lemons (increased by 5%). Grapefruit exports reduced by 18%.

Europe continued to be the main export market of citrus fruit, absorbing 33% of the total South African citrus fruit export volumes. This is a 2% drop in volumes exported to Europe as compared to the previous fruit season. In comparison to the previous season, there was a reduction in CBS and FCM interceptions in Europe on South African citrus fruit. During the 2022/2023 fruit season, 29 CBS and three FCM interceptions were recorded, in comparison to 43 CBS and 16 FCM interceptions during the 2021/2022 season.

#### Citrus Fruit Inspections (cartons)

Products	2019/2020	2020/2021	2021/2022	2022/2023	2021/2022 vs 2022/2023
Grapefruit	14 941 290	14 277 114	17 599 354	14 310 488	81%
Kumquats	101 716	163 227	217 094	210 408	97%
Lemons	24 988 614	28 273 218	30 948 132	35 309 267	114%
Limes	43 977	36 725	23 427	57 688	246%
Oranges	69 095 752	75 138 538	77 683 924	77 478 808	99.7%
Pummelos (pomelos/shaddocks)	84 717	80 745	102 836	130 018	126%
Soft citrus	23 853 585	30 006 969	40 799 386	42 686 398	105%
Grand Total	133 109 651	147 976 537	167 374 153	170 183 075*	102%

<sup>\*</sup>excluding re-inspections

Citrus Type Market Share 2022/2023

8% Grapefruit 21% Lemons 25% Soft citrus 46% Oranges

#### Citrus Fruit Destination Distribution (pallets)

Destination Trade Region	2019/2020	2020/2021	2021/2022	2022/2023	2021/2022 vs 2022/2023
European Union	570 741	697 931	722 153	688 558	95%
Asia	353 610	122 109	141 798	135 077	95%
Middle East	314 733	319 474	393 717	377 768	96%
United Kingdom	154 838	175 261	170 129	175 913	103%
Russian Federation	128 329	144 088	155 913	179 992	115%
North-America	101 852	151 972	175 133	196 867	112%
Africa	12 226	14 830	22 752	20 237	89%
Indian Ocean Islands	11 581	10 502	13 477	13 448	99.8%
Southeast Asia	4 531	245 292	286 387	307 552	107%
Europe Other	239	17 901	19 513	8 750	45%
Oceania	80	80	20	-	-
South-America	20	980	4580	1960	43%
TOTAL	1 652 779	1 900 420	2 105 572	2 106 121	100%

Citrus Fruit Markets 2022/2023

1% Indian Ocean Islands 1% Africa 6% Asia 8% United Kingdom 9% Russian Federation 9% North America 18% Middle East 33% European Union

#### EU Citrus Inspection Mandate

The 2022 citrus season marked more than 10 years that the PPECB implemented the CBS RMS. It is also the fifth year that the PPECB implemented the FCM Risk Management System (FCM RMS) on behalf of the 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 2022 citrus season was not good for South Africa in terms of CBS and FCM interceptions in Europe. The higher local interceptions clearly resulted in lower international interceptions.

Year	Interceptions	CBS	Fruit Fly	FCM
2022	Local	167	268	653
2022	International	29	1	3
2021	Local	131	44	379
2021	International	43	2	16

#### Subtropical Fruit Inspections

#### **Avocados**

The avocado crop for the 2022/2023 financial year was budgeted at 19 261 880 cartons. Cartons inspected for exports concluded at 16 136 192, which is 16% below budget. At the beginning of the 2022/2023 financial year, there was hail damage in parts of Levubu and Tzaneen. The volumes started gradually increasing during the middle of the season but inspection stopped abruptly due to an oversupply to the markets. Although the volumes started to increase again from week five of 2023. Inspections were periodically stopped due to heavy rains in the northern production regions.

Rejections for the season's crop included visible spray residue, small fruit, under mass, wrong code, blemishes, lenticel damage and collective deviations.

The EU continues to be the largest market for avocados from South Africa (92%), followed by the UK (3.8%) and then Russia (2.4%), as indicated in the table below.

Target market	Volumes (cartons)	Percentage
European Union	14 842 863	91.98%
United Kingdom	616 443	3.82%
Russian Federation	381 297	2.36%
Middle East	175 454	1.09%
Africa	81 254	0.50%
Indian Ocean Islands	37 093	0.23%
Southeast Asia	944	0.01%
Asia	844	0.01%
Total	16 136 192	100%

#### **Mangoes**

The total mango volumes inspected for the 2022/2023 financial year ended up at 96% compared to the budgeted volumes (actual 1.39 million vs budget 1.48 million cartons), but is higher compared to the previous season. Mango inspections commenced in week 48, and the crop was finished by week nine. The main production areas where inspections were conducted are Hoedspruit and Malelane. The Middle East continues to be the market of choice for the exported crop, with small volumes going to Africa, as indicated below.

Target market	Volume of cartons	Percentage
Middle East	1 024 425	73.81%
Africa	346 763	24.98%
European Union	6 760	0.49%
Russian Federation	5 166	0.37%
Southeast Asia	4 032	0.29%
Indian Ocean Islands	504	0.04%
Asia	335	0.02%
Total	1 387 985	100%

#### Litchis

Litchi inspections for the 2022/2023 financial year commenced in week 45 (in Malelane), with a shorter short season finishing in week four (in Tzaneen).

The volumes inspected were 27% lower compared to the budgeted figures. The actual volume inspected was 1.68 million cartons compared to the budget of 2.3 million cartons. Some reasons for the low volumes include excessive heat and rain in the regions and some trees still recovering from the previous year's hail damage, leading to small fruit in some instances.

The target market for the litchi crop was predominantly the EU, although there was a marked increase in volumes to the US Programme as indicated in the table below. Most rejections were due to size, litchi moth and FCM.

Target market	Volumes (cartons)	Percentage
European Union	1 257 880	74.6%
North America	186 175	11.0%
United Kingdom	133 077	7.9%
Middle East	40 852	2.4%
Central America	26 326	1.6%
Africa	18 627	1.1%
Indian Ocean Islands	11 143	0.7%
Russian Federation	10 080	0.6%
Asia	1 494	0.1%
Total	1 685 654	100%

// View
subtropical
 fruit
inspections
 online>



#### Grain and Grain Products Inspections (tonnes)

The protracted La Niña, for three consecutive years, was favourable to the southern hemisphere grain industry. Just over 4 million tonnes of grain and grain products were exported from South Africa. The silo capacity within Durban was under constraints, and additional silo capacity was sourced within East London. It was the first time in many years that the silo in East London was utilised. Durban is still the preferred port for deep-sea maize bulk exports.

#### Grain and Grain Product Type (tonnes)

PRODUCT NAME	2020/2021	2021/2022	2022/2023
Barley	212	105	72
Buckwheat	-	3	-
Dry beans	11 804	3 578	6 458
Feed products	249 874	150 609	110 083
Grain sorghum	1 084	20 483	4 544
Grass seeds	-	-	68
Kernels	587	336	46 108
Leguminous seeds	16 332	15 528	27 760
Lucerne	-	415 500	141 938
Maize (mielies) bulk	1 164 665	2 863 407	2 802 234
Maize (mielies) non-bulk	914 783	464 661	456 193
Maize products (other)	209 588	161 742	133 799
Oilcake	-	544	-
Popcorn	740	64 494	82 788
Wheat	73,603	568 524	211 229
TOTAL	2 643 272	4 729 512	4 023 274

#### Grain and Grain Products Target Markets (tonnes)

TARGET MARKET NAME	2020/2021	2021/2022	2022/2023
Africa	1 259 112	1 396 837	986 990
Asia	899 684	1 632 266	919 563
Southeast Asia	193 004	1 137 431	1 174 027
European Union	134 842	399 310	327 461
Middle East	150 889	158 088	90 369
North-America	683	858	466 257
Optional	456	85	46 108
United Kingdom	2 677	2 307	4 509
Indian Ocean Islands	834	1,620	7 056
Russian Federation	325	198	250
Europe Other	478	130	382
Oceania	137	331	99
South-America	152	51	203
TOTAL	2 643 272	4 729 512	4 023 274

### Groundnuts and Tree Nuts

In-shell pecan nuts
primary export
destination

99%

Southeast Asia

to budgeted volumes (10 375 tonnes actual vs 12 914 tonnes budgeted). The low volume inspected was predominantly due to the small kernel size of the nuts which are not preferred for exports but are popular locally in making peanut butter. Also, for some markets, such as Japan, there were no contracts for some exporters leading to a small crop exported. About 60% of the crop was exported to the EU, 30% to Asia and the rest to Africa and Southeast Asia.

The tree nuts, which include in-shell pecan nuts and in-shell macadamia nuts, had an increase in inspected volumes for the reporting period. The total volume of in-shell pecan nuts inspected was 27 592 tonnes. About 99% of this produce went to the Southeast Asian market, whilst the remaining 1% was sent to the EU and the UK.

The groundnut volumes inspected for the 2022/2023 financial year were 20% down compared

The in-shell macadamia nut volumes increased compared to what was inspected in the financial year. A total of 27 864 tonnes was inspected for exports. The graph below indicates that over 92% of the produce went to the Southeast Asia market.

Macadamia Nut Exports (in tonnes) 2022/2023

58 Africa 226 European Union 1812 Asia 25 769 Southeast Asia



#### Vegetables

For the 2022/23 financial year, vegetable inspections surpassed the budgeted volume by 14%, with a total of 141.43 million kilograms inspected compared to a budget of 124.53 million kilograms. These volumes are 1.7 million kilograms below what was inspected in the previous financial year. The biggest importing region for the financial year was Africa, followed by the EU and, thirdly, the UK as well as the Middle East. More than 50 different types of vegetables were inspected. The table below indicates the volumes of the top 12.

PRODUCT	2020/2021	2021/2022	2022/2023
Potatoes	41 284 907	31 240 596	33 523 912
Onions	24 295 778	26 720 700	31 052 030
Butternut	22 253 848	16 774 158	16 666 596
Pumpkin	7 152 629	11 769 324	6 659 497
Sweet potatoes	6 070 309	13 744 378	13 195 454
Carrots	1 258 796	1 788 327	1 888 417
Mini vegetables	1 086 469	1 141 253	1 189 775
Brussel sprouts	379 511	627 889	270 700
Baby potatoes	173 155	43 240	10 405
Beetroot	163 563	163 688	330 075
Tomatoes	71 347	19 530	38 349
Cabbage	69 664	52 012	22 431

## Project TITAN 2.0° - Making Digital Progress

From 1 April 2022 to 31 March 2023, 315 685 971 cartons (89.26%) of all products were inspected on TITAN 2.0® at 1 002 activity points. The TITAN 2.0® Sprint Planning Workshops were conducted during the financial year and the main decisions made were the decoupling of Product Inspections and Electronic Addendum. The functionality for all other Food Business Operators (FBO) (e.g. silos) to complete an electronic service request, was also deployed successfully.

14 427

electronic export certificates processed [on] TITAN 2.0®



The following TITAN 2.0® achievements/enhancements were deployed for the reporting period of 1 April 2022 to 31 March 2023:

- > Enabled users to successfully save rejections reasons without getting an error on the tablet;
- > Updated inspection results to show the correct employee name and number when clients query the results from the PPECB;
- > Removed sequence number validation on product inspection mobile submissions to be in line with the addendum model:
- Validation of the type of FBO added to the service request so that the service request can be submitted for approval. (Clients packing grain or dairy products are now able to create their service request on TITAN 2.0°.);
- > Updated the food safety certificate types for service requests;
- > Resolved the issue where clients were getting an error when posting a re-inspection for citrus to the EU;
- Allows exporters and clearing and forwarding agents to send the pallet weight instead of carton weight. If the pallet weight is not provided and only the carton weight is provided, the TITAN 2.0® system will still do the calculation to generate the pallet weight;
- > The new decoupled service from TITAN 2.0® Application Programming Interface (API) (Product Inspection API and Export Certification API);
- > Display document expiry dates on the Service Request Chief Inspector View; and
- > Validation of stone fruit varieties and ensuring the different statuses are validated correctly.

#### **TITAN 2.0® Electronic Export Certificates**

A total of 14 427 electronic export certificates were processed on the TITAN 2.0® platform. This was an increase of 50% compared to last year. This means that the entire process is electronic - the addendum is generated and verified, and the export certificate is generated. There is increased focus on the electronic certification process and with the EU citrus date and time validations, the certification process for citrus became mandatory on 1 February 2023. The PPECB is planning to increase the support on the electronic certification process as it is anticipated that there will be a significant increase in the certificate volumes to be processed electronically.

REGION	ELECTRONIC CERTIFICATES
Cape Town	12 333
Durban	848
Paarl	456
Gqeberha	790
Total	14 427

#### Volumes Inspected on TITAN 2.0®

PRODUCT	BATCH	TITAN 2.0®	%TITAN 2.0 <sup>®</sup>
Avocados	1 280 958	14 915 654	92.09%
Citrus fruit	9 140 389	166 558 703	94.80%
Grapes	1 022 050	58 722 107	98.29%
Litchis	977 255	707 547	42.00%
Mangoes	77 018	1 316 007	94.47%
Other fruit	9 334 317	4 092 674	30.48%
Pome fruit	14 168 665	49 957 537	77.91%
Stone fruit	1 995 578	19 415 742	90.68%
Grand Total	37 996 230	315 685 971	89.26%

Volumes Inspected per Region, YTD until end March 2023, on TITAN 2.08

REGION	BATCH	TITAN 2.0®	%TITAN 2.0 <sup>®</sup>
Cape Town	4 215 268		0.00%
Ceres	2 073 397	32 729 114	94.04%
Citrusdal	1 436 606	47 177 938	97.04%
Eastern Cape	2 967 281	57 351 558	95.08%
Gauteng	8 666 419	32 433 131	78.91%
Grabouw	8 080 950	20 250 800	71.48%
KwaZulu-Natal	3 854 181	2 630 384	40.56%
Nelspruit	1 194 164	33 629 355	96.57%
Paarl	4 327 077	16 645 027	79.37%
Robertson	746 141	35 988 864	97.97%
Tzaneen	434 746	36 849 800	98.83%
Grand Total	37 996 230	315 685 971	89.26%



// View TITAN 2.0°

#### The challenges experienced due to loadshedding include:

- Clients were unable to send inspection messages, receive inspection results or refresh agreement codes during loadshedding;
- Loss of internet connectivity resulted in inspectors not being able to log in, receive or post inspection results. Some inspections got stuck in the process. It was impossible for clients to resend the message as they received a validation error message that the consignment already existed; and
- > Laptop batteries were drained, making it difficult for employees to perform their duties.

#### **TITAN 2.0® priorities for 2023 include:**

- > The uptake of the electronic export certification process;
- > Re-inspection enhancement for depots and cold stores;
- > Non-TITAN 2.0® products to integrate with the TITAN 2.0® platform; and
- > The integration of TITAN 2.0® with the Enterprise Resource Planning (ERP) system.

To ensure that the PPECB continues to realise the benefits of digital transformation, stronger resource management and enhanced data collection on the use of TITAN 2.0® for export inspections became mandatory for the stone fruit and pome fruit seasons, effective from 1 November 2022 and 1 January 2023 respectively.

#### TITAN 2.0<sup>®</sup> Cold Chain

The export notification module was successfully deployed in 2022 and became mandatory as of 1 February 2023 for all products regulated under the APS Act. The cold chain TITAN 2.0® team had focused on internal and external stakeholder training on the export notification module. The export notification module was enhanced to include fields for container loading to assist in validating cold chain information during phytosanitary certificates for citrus exports to the EU.

The container inspection module was segemented into two releases - release one comprising container cleanliness inspections and release two, the technical, calibration and dual container inspections. Much effort was placed on the container inspection module, and release one is scheduled to go live during 2023.



Cold Chain
Services
>>Keeping
Perishable
Produce Cool
on the Move

#### **Citrus Fruit Exports**

The logistical challenges continue to pose the single biggest threat to the citrus industry. Durban continued to be the preferred port for citrus fruit exports. However, during the period under review, there was an increase in citrus volumes shipped through the Eastern Cape and Cape Town ports. The PPECB had instituted many initiatives to increase the volumes shipped through the Maputo port. This had yielded benefits with 1 097 containers shipped through Maputo. The PPECB will continue with such initiatives to increase volumes shipped through Maputo, reducing the pressure on the infrastructure within Durban.

#### **Specialised Refrigerated Vessels (SRV)**

The ageing fleet of specialised refrigerated vessels, coupled with the increase in global demand for these vessels, makes it difficult to source the vessels for the South African perishable trade. Due to the shortage of SRVs and the ageing fleet of vessels, there has been an increase in vessels rejected. A total of 8% of the vessels arriving in South Africa were rejected for the 2022/2023 fiscal year. The increase in SRVs to the USA for citrus fruit had assisted the industry in exporting the increase in the crop for this market. During the 2022/2023 financial year, 17 vessels laden with citrus fruit were shipped to the USA. This was the highest volume of vessels to depart South Africa to the USA.



#### **Refrigerated Containers**

There has been a year-on-year increase in perishable commodities transported in refrigerated containers. However, in the year under review, the total volumes shipped in containers remained almost the same as the previous financial year. Most commodities had an increase in container volumes shipped. The problems encountered within South African ports attracted volumes of fruit to be shipped on specialised refrigerated vessels. The unfavourable table grape climatic conditions and lower volumes exported had also impacted the container volumes shipped, especially from the Cape Town port. The PPECB continued to support the container industry by providing national training to all container depot employees to reduce the rejection rate and have more containers available for perishable exports.

#### Citrus Fruit Port Distribution (pallets)

Loading Ports	2019/2020	2020/2021	2021/2022	2022/2023	2021/2022 vs 2022/2023
Cape Town	350 633	442 313	521 709	531 619	102%
Coega	293 777	240 262	213 915	233 001	109%
Durban	889 241	970 849	1 133 396	1 062 890	94%
Maputo	434			12 921	-
Gqeberha	118 694	247 136	236 592	265 751	112%
Grand Total	1 652 779	1 900 560	2 105 612	2 106 181	100%

#### Total Containers Inspected 2022/2023

INSPECTION TYPE	TOTAL INSPECTED	TOTAL PASSED	TOTAL REJECTED	% REJECTED	REASONS FOR REJECTION
Container Inspection: Cleanliness	245 596	211 096	34 500	14.05	
Container Inspection: Technical	175 578	175 482	96	0.05	Dirty taint, damaged panels, oxidation, wet
Grand Total	421 174	386 578	34 596	8.21	oxidation, wet

#### Total Refrigerated Road Motor Transport (RRMT) Inspected

TOTAL INSPECTED	TOTAL PASSED	TOTAL REJECTED	% REJECTED
631	585	46	7.29%

#### **Total Cold Storage Inspections**

TOTAL INSPECTED	TOTAL PASSED	TOTAL REJECTED	% REJECTED	REASONS FOR REJECTIONS
663	650	13	2%	Faulty recorders, damaged panels

#### **Total Specialised Refrigerated Vessel Surveys**

TOTAL INSPECTED	TOTAL PASSED	TOTAL REJECTED	% REJECTED	REASONS FOR REJECTIONS
51	36	15	8%	Faulty sensors, faulty calibration, dirty, structural damages

Total Volumes Shipped on Specialised Refrigerated Vessels (pallets)

PORTS	2019/2020	2020/2021	2021/2022	2022/2023	2021/2022 VS 2022/2023
All South African ports	124 755	198 600	240 328	219 150	91%

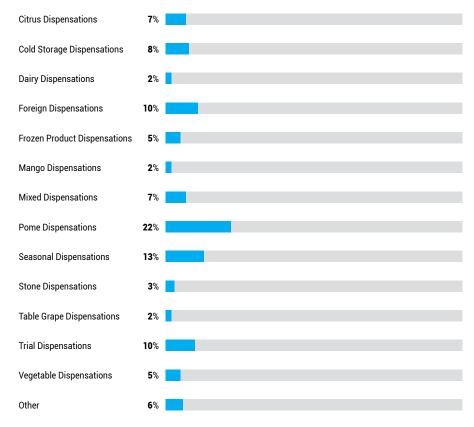
#### Research and Development >>

#### - Continuously Searching for Shipping Solutions

#### **Dispensations**

A total of 310 dispensations were reviewed during the reporting period. The top four dispensations processed were on pome fruit, seasonal dispensations on a variety of commodities, shipping of perishable products with foreign marketing material and established research trials.

#### Total Number of Applications





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#### Organisation for Economic Co-operation and Development (OECD) Climate Change Contract

The PPECB had signed a contract with the OECD based in Paris. The contract was for the PPECB to research the impact of climate change on the fruit and vegetable industry within South Africa. The project included research on the impact of climate change on citrus fruit, plums, apples and potatoes within Limpopo, and the Western and Eastern Cape provinces. Although the report primarily focused on quantitative analysis, growers had completed a survey to capture the qualitative aspects of climate change. The research indicated the following important trajectories:

- > The mean average global increase in temperature is 1.5°C;
- > The mean average increase in temperature within SA coastal regions is between 1.5°C to 2.0°C;
- > The mean average increase in temperature within SA inland regions is between 3.0°C to 3.5°C;
- > There is an increase in the annual rainfall in the eastern parts of South Africa; and
- > There is a decrease in the annual rainfall in the western parts of South Africa.

#### **Collaborative Industry Research**

The R&D business unit has worked closely with various industry bodies to research, trial and validate newly proposed temperature regimes. The successful research trials will become commercial temperature regimes that can be used by industry without a dispensation. The R&D business unit is also collaborating with the berry industry to research post-harvest processes to reduce fruit waste and loss.

#### **International Partnerships**

Local processes need to be benchmarked against international standards to be improved. Therefore, the PPECB has signed a MOU with the Cool Chain Association (CCA), a leading international organisation in cold chain management. Research has been undertaken on the airfreight mode of export. Trials have been conducted on cut flowers and raspberries. The intention is to improve our local cold chain protocols to be in line with international standards. The PPECB has also signed MOUs with two other international companies with the intention of sharing ideas that will improve the local industry.

#### **Innovation**

The R&D business unit established an innovation forum within the PPECB as a platform to log and drive innovative ideas within the PPECB. The forum, consisting of employees from various departments and regions, was established in September 2023, branded FUSE and officially launched.

#### **International Collaboration**

In May 2022, the PPECB COO, Cyril Julius, was elected as the Chairperson of the UNECE Specialised Section on the Standardisation of Fresh Fruit Vegetables, based in Geneva, Switzerland. He is also the current Chairperson of the OECD Fruit and Vegetable Scheme based in Paris, France.

The PPECB is represented on the CCA Board of Directors. The PPECB signed a memorandum of understanding with the CCA, the purpose of which is to share information regarding various cold chain research initiatives undertaken by the PPECB, specifically on perishable exports by airfreight. The CCA technical committee will review the research and discuss mitigation measures with the air freight industry. The aim is to assist in creating and strengthening standards within the airfreight industry.

#### Food Safety Programme: Continuing to Improve Compliance

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

The PPECB Food Safety Auditors conducted 1 036 audits for the period under review. The annual target of 1 000 was therefore exceeded by 4%.





The annual target for food safety audits was exceeded by

4%



**Transformation** - The food safety programme is continuously contributing towards the transformation of smallholder farmers via the development programme. The 2022/2023 period saw 32 farmers being certified during the financial year.



Raisin South Africa - The Food Safety Programme is currently collaborating with Raisin South Africa to facilitate pre-season workshops in the Northern and Western Cape. One workshop, held in Upington, was concluded in August 2022. Furthermore, the planning for the upcoming raisin season was also successfully concluded. The season ended without any incidents, and a total of 205 audits were concluded on raisin drying facilities.

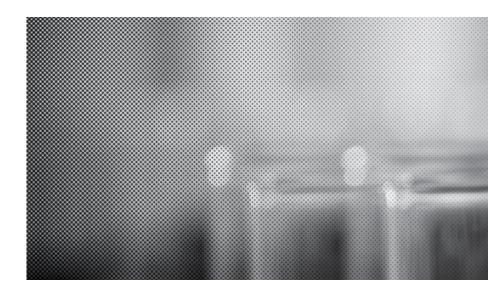


The Private Sampling Initiative - This initiative was launched in 2015 in collaboration with industry partners, HORTGRO and DALRRD, to contribute to improvements in the cost efficiency of compliance. The purpose of the initiative is to "reduce the number of samples that are drawn for official regulatory analytical tests on consignments destined for export." To date, 89 packhouses have participated in the initiative. The biggest uptake is experienced in the citrus industry in Nelspruit, Hoedspruit and the Eastern Cape.

The inventory list is regularly reviewed. During quarter 1 (Q1) of 2022/2023, three participants were suspended from the programme. Four more participants were suspended during quarter 2 (Q2) and quarter 4 (Q4). No suspensions occurred during quarter 3 (Q3). It is concluded that transgressions are on the rise with regard to participants not submitting Maximum Residue Level (MRL) results on time to the respective regional offices. This has resulted in seven suspensions for this financial year.



Central Management Unit (CMU) Initiative (pome fruit only) - An opportunity was identified to consider the unique nature of risk management regarding crop protection substances in the pome fruit industry. The DALRRD, therefore, agreed to amend the MRL standard operating procedure (SOP) to accommodate this unique feature. CMUs (pome fruit packhouses), after successful application at the PPECB, will now be able to get recognition for the commercial MRL samples that they draw. This further instructs the PPECB to reduce the number of samples to one random sample per month. There are currently 13 participating pome fruit packhouses.



#### Laboratory Services//

The PPECB Laboratory has four major analytical programmes - the Mycotoxin Analytical Programme (MAP), the Pesticide Analytical Programme (PAP), the Fat Analytical Programme (FAP) and the Dairy Analytical Programme (DAP). For the 2022/2023 financial year, the Laboratory exceeded its budgeted target, in terms of number of samples analysed using accredited methods, by 8%, although it did not achieve its budgeted income. The income for the 2022/2023 financial year was 35% down compared to the budget. This is because the Laboratory is still primarily reliant on the statutory volumes that are generated from the MAP. These statutory volumes are mostly composed of groundnuts. For the 2022/2023 financial year, the volumes of statutory groundnuts were down by 36% due to poor crop quality and small kernels. The MAP is still the predominant programme, followed by the PAP and then the FAP and DAP.

The volume for MAP is up by 13% compared to the previous year. This increase is marked by a 35% increase on the commercial samples compared to the same samples in the previous financial year. The significant increase was caused by the Laboratory receiving macadamia samples, which required mycotoxin analysis, amongst others. The statutory MAP was, however, down by 36% compared to the budgeted volumes.

The DAP volumes are 6% above the budgeted volumes. Moisture volumes increased by 71% compared to budget. The significant volume increase was due to an increase in dried fruit and macadamia nuts.

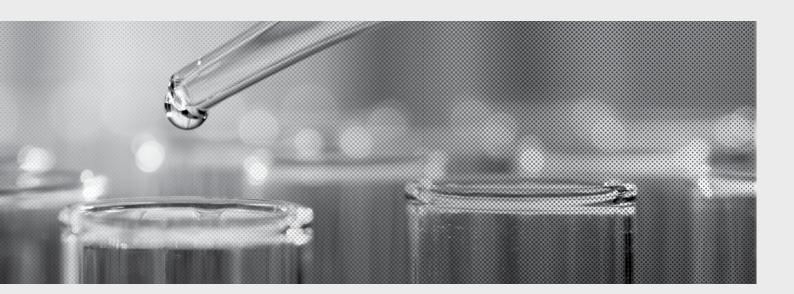
The PAP is the newest programme but continues to be the most diverse in terms of additional matrices as well as actives and analytes tested. Some highlights from the Laboratory for the 2022/2023 financial year include:

- > An increase in the number of proficiency test samples successfully implemented with MAP and PAP having over 90% success rate;
- The addition of validations for legumes and fungi to the current scope of analysis for the existing MRL programme are now offered as accredited tests;
- > The increase in volume for aflatoxin, ochratoxin and moisture in dried fruits. Although there has been a marked increase, the PPECB was able to maintain the 24-hour lead time for clients;
- > Increase in volumes and recognition from other Southern Africa Development Community (SADC) countries (especially Namibia, Zambia and Malawi);
- > Dairy has transitioned to the new DALRRD Regulation R1510;
- > The validation of the scope for the Near Infra Red (NIR) spectroscopy method has been done for cheese, milk and butter;
- > Increase in statutory volumes on the PAP;
- > The addition of other matrices to the PAP; and
- > Additional Laboratory personnel added as technical signatories to the various programmes.

Samples analysed increased by

8%

using accredited methods



#### Harmonisation Programme \_

The progress of the harmonisation programme for this financial year 2022/2023 is as follows: 20 Accelerated Skills Transfer Interventions (ASTIs) attended by 268 inspectors/assessors; 974 inspectors/assessors attended manual discussions; 332 concluded various refresher "koffers"; 834 inspectors/assessors wrote competency tests; 359 inspectors wrote the uniformity tests; 314 inspectors wrote the CBS tests; 648 inspectors/assessors were evaluated and deemed competent. The organisational performance indicators for harmonisation were met, and 98% of permanent operational employees were verified as competent in their technical skills against the target of 92% for Q4.

Training was conducted for the Namibian Agronomic Board via a Service Level Agreement (SLA). The PPECB followed a blended training method in combining classroom facilitation, packhouse visits and practical sessions that culminated in a theoretical and practical examination on blueberries and soft citrus.

A MOU was signed between MOROCCO FOODEX and the PPECB for an exchange programme. The Morocco delegation was introduced to the PPECB inspection, cold chain, food safety and harmonisation services.

The harmonisation specialist for grain and nuts accompanied the delegation of Lorenz to India to attend to their quality control measures on groundnuts as well as smallholder farmer development projects. To improve efficiencies, the harmonisation team decided to hold two citrus ASTIs (Citrusdal and Tzaneen) instead of one ASTI, which led to the saving of 20 airfares. This cost-saving also contributed to the PPECB's reduction of carbon footprint initiative.

The specialists completed the citrus training modules on the learning management system (LMS), which are now available for all levels in the PPECB to complete as a refresher. The option to complete with or without modular tests is available, which could serve managers well as a basic refresher.

Significant focus is placed on minor products competency and minor products activities were conducted all over South Africa. A total of 234 competency tests were completed, 173 manual discussions were held and 189 inspectors were found to be competent.

Minor product harmonisation activities were conducted, as per regional needs, at the following offices nationwide: Gauteng, Nelspruit, Malelane, Hoedspruit, Tzaneen, Musina, Cape Town, Paarl, Tulbagh, Grabouw, Ceres, Worcester, Robertson, Swellendam, Citrusdal, Clanwilliam, Kakamas and Upington. The scope of our minor activities included dried subtropical fruit, cherries, green bananas, all flower types, pineapples, pomegranates, persimmons, granadillas, blueberries, kiwifruit, watermelons, mini-vegetables, onions, potatoes, butternuts, pumpkins and sweet potatoes.

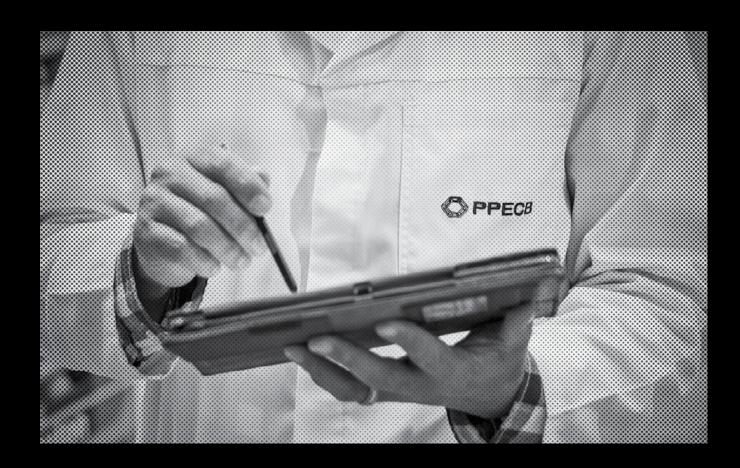
The cold chain harmonisation facilitated container cleanliness training at container depots due to the high rejection rates at the container depots nationally. Only four container depots participated and the remaining five major depots will have their sessions prior to the commencement of the citrus season.

An open day workshop for the University of the Western Cape Faculty of Law students was hosted and facilitated. Introductory sessions on the full value chain of exports were presented. Practical demonstrations were held on citrus inspection methodologies and visits to airfreight agents and commercial cold-rooms were undertaken.

The chief specialist, with the COO, participated in an international harmonisation session at the Kwailiteits Controle Bureau (KCB) and attended an OECD meeting.

Activity/Product	Citrus	Table Grape	Pome Fruit	Stone Fruit	Avocado	Subtropical	Grains /Nuts	Minor Products	<b>Cold Chain</b>	Total
ASTI	7	1	1	1	0	None	None	1 (canning)	9	20
ASTI participants	109	29	17	22	0	None	None	7	84	268
Manual discussion	219	155	94	64	77	52	122	173	18	974
Refresher "koffer"	151	None	42	33	59	39	7	N/A	1	332
Competency test	190	73	47	61	26	24	41	234	138	834
Uniformity test	191	85	37	9	16	21	None	None	N/A	359
CBS test	314	None	N/A	N/A	0	None	None	N/A	N/A	314
Competency evaluations	118	78	38	44	24	23	47	189	87	648

<sup>\*</sup> Number of employees YTD include both permanent and temporary employees



## Looking Ahead: Outlook for >> 2023/2024 and Beyond

#### Focus areas going forward include:

- > Further embedding TITAN 2.0® in operations for all products;
- Increasing the uptake of the electronic addendum and export certification on the TITAN 2.0° platform:
- > Developing more cold chain modules on the TITAN 2.0® platform;
- > Continuing to introduce internal controls and strengthening processes for increased efficiencies;
- > Rolling out powerbanks/inverters to address the severe impact on operations due to loadshedding;
- > Increasing the employment of differently-abled people;
- > Increase our focus on fostering a client-centric culture;
- > Leveraging technology to improve business processes and efficiencies;
- Increase capacity in our operational resources in readiness for potential changes in export requirements;
- > Rolling out the research and development strategy;
- > Establishing formal international research agreements;
- > Expanding the Laboratory's main analytical programmes to strengthen its financial situation
- > Increase volumes shipped through Maputo;
- > Foster stronger collaborative relationships to assist with logistical challenges;
- > Strong focus on training initiatives for operational employees; and
- > Upskilling and reskilling administrative employees.



Cyril Julius >
Chief Operations Officer
/ PPECB

## human capital

## report

#### Introduction

This report highlights the key achievements and challenges of the Human Capital department of the PPECB for the financial year 2022/2023. The report also provides an overview of the department's objectives, initiatives, and future plans.

### Objectives //for 2022/2023

The Human Capital department set the following objectives for the year 2022/2023:

- > Develop and implement a wellness strategy;
- Enhance employee engagement and retention by introducing engagement platforms and implementing a talent management framework;
- Digitalise the PPECB learning and development initiatives;
- Align culture and values to the digital transformation strategy of the PPECB;
- Enable change in support of strategic projects, in particular, the Enterprise Resource Planning (ERP) system and TITAN 2.0<sup>®</sup>; and
- Ensure transformation through the development of small and emerging farmers and compliance with all transformation-related legislations.



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#### /Achievements in {2022/2023}

#### **Listening to the Employees' Voice**

The Human Capital team made use of the feedback obtained through the different employee engagement platforms, such as connect sessions, Chief Executive Officer (CEO) and Chief Operations Officer (COO) roadshow sessions, pulse surveys, operational meetings and planned regional visits, by following through on employee queries (ie requests, concerns, questions and suggestions). The employee queries which were addressed by the Human Capital team include the following:

- In May 2022, an organisation-wide survey was undertaken to gather new facts (realities) about personal wellness interests, needs and desires of the PPECB employees. Subsequent to a procurement process, a service provider was appointed to provide the revised Employee Wellness Programme aligned, as closely as possible, to the personal wellness interests, needs and desires of the PPECB employees; and
- In August 2022, the CEO and COO conducted roadshows across the organisation, and brought employee queries for our attention. The Human Capital department has since held various discussions with line management and employees to dig deeper into queries raised. Action plans were established and implemented accordingly. As a result, an open communication channel with the Human Capital department has been created in order to continually improve the employee experience.



The following table identifies some of the success stories experienced by the team during this reporting period.

Description	Achievements
Raising awareness on violence and harassment in the workplace	<ul> <li>Increased awareness through connect sessions held with all offices</li> <li>Revised policy and procedure</li> <li>With increased awareness, many queries were received from employees</li> <li>17 members of the Employment Equity and Skills Forum were trained to better understand how to prevent and eliminate harassment, in line with the new Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace</li> </ul>
The process of appointing 'returning' seasonal employees	<ul> <li>Standardised and straightforward process without cutting corners</li> <li>Structured and standardised onboarding sessions with seasonal employees were initiated to ensure seasonal employees receive the same information and opportunity to engage and be brought up to speed when the season starts</li> </ul>
Empathy and going the extra mile in supporting employee mental health	<ul> <li>Requests for additional group debriefing sessions and one-on-one onsite therapy sessions were eagerly provided</li> <li>Many employees have expressed their heartfelt appreciation to the PPECB for going out of its way to support employees in relation to mental health</li> </ul>

#### **Learning and Development**

The PPECB continues to contribute to the socio-economic transformation of the agricultural sector by offering work exposure for unemployed graduates.

The Agri Export Technologist Programme (AETP) is offered annually to unemployed and disadvantaged agriculture graduates. The 2022 target of 45 was exceeded, with 52 learners graduating with a National Certificate in Agri Export Technology. Upon completion, all learners received further seasonal employment opportunities with the PPECB.

Co-funding from the Agricultural Sector Education and Training Authority (AgriSETA), was secured, which enabled us to also provide 11 unemployed graduates with work experience in the Laboratory, Information and Communications Technology (ICT), Human Capital and Finance departments. All students have gained further employment following their graduate placements.

The Learning and Development unit's priority initiatives centred on upskilling and re-skilling employees for the rapidly changing world of work. We achieved our 2022 target of identifying and training ten new skills.

In the Fourth Industrial Revolution (4IR) landscape power skills (including collaboration, communication and empathy) are more important than ever. A New World of Work Leadership Re-skilling initiative for the Operational Management Committee (MANCO) team was therefore introduced. Apart from new theory, social learning in the form of facilitated peer coaching groups was provided for MANCO members to upskill them in Leading in Disruptive Times and Leading Hybrid Future Fit Teams. Feedback received was that the intervention provided a platform to upskill, reconnect and realign as a management team post-pandemic. The new Leadership Development Programme (LDP) was also updated with these 4IR leadership competencies. The 2022 intake of 25 learners are currently completing the National Qualification Framework (NQF) Level 4, and 20 employees are currently completing the NQF Level 5. The post-assessment results will be used to identify high-potential future leaders for the PPECB at the end of the 12-month learnership. Our previous LDP graduates (2019-2021) also received the same supplementary skills training to ensure that their leadership skills remain relevant.

Managers and employees have reported seeing the impact from the LDP as managers are better able to 'assist employees while applying different leadership skills effectively'. In addition the LDP has enabled employees to deal with emotions with emotional intelligence and provided an understanding of different personality and communication styles thus reducing team friction. IThrive and PPECB Supervisory Training also now include 4IR power skills.

Cultivating Resilience and Holistic Wellness Management was included in all these reskilling programmes due to the increased need for well-being training. In line with advances in learning and development, employees benefit more from a combination of in-house courses and off-the-shelf content. Therefore, a library of open e-learning courses has been developed, including topics such as Learning Agility/Growth Mindset and Adaptability and Resilience. The library is increasing access to skills whenever required and is also enabling more ownership of professional development.

In support of the strategic objective of enhancing the PPECB's customer experience, an in-house Customer Excellence e-learning course was developed to ensure employees are informed of the customer service standards expected, understand applicable policy and procedures, and are equipped with practical skills to professionally deal with challenging situations. Customer service training was also included in the ERP training.

In preparing our employees for rapid digitalisation, 36 delegates completed the new Data Literacy Upskilling initiative, and 11 employees were trained in practical Data Quality Management. The return on investment was realised in the identification of eight Data Champs whom the business intelligence (BI) department has co-opted as part of the Data Quality Forum.

These new skills were in addition to the standard Personal Development Plan (PDP) requests and Compliance Training delivered. In total, 598 employees received formal training. One hundred e-learning courses are available on our online learning portal, with 4 579 course completions for the period.



in the move toward rapid
digitilisation >>
delegates
completed the Data Literacy
Upskilling initiative

#### **Talent Management: Growth Opportunities**

Our talent strategies are focused on skills, not just positions, to create a more adaptable and future-proof organisation. Each business unit's Talent Management Forum continues to analyse skills gaps or future skill needs and initiate talent development opportunities to address these. High-potential talent is identified when these talent pools are reviewed. The LDP and Supervisory Talent Development Initiatives (Acting Chief Inspector/Lead Assessor) are building a pool of potential talent for future leadership opportunities. Five custom talent development opportunities for critical competencies were also implemented in 2022. The initiatives have already started showing a return on investment as five high-potential candidates were successfully identified for specialist and supervisory vacancies.

#### Employment Equity Actual 2022/2023

		Ma	ale			Fen	nale		Foreign	nationals	
Occupational levels	Α	С	I	W	Α	С	I	W	Male	Female	Total
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	8	6	3	5	4	4	2	5	0	0	37
Skilled technical and academically qualified workers, junior management, supervisors, forepersons, and superintendents	120	49	8	45	125	26	6	7	0	0	386
Semi-skilled and discretionary decision making	99	46	24	2	80	37	8	7	0	0	303
Unskilled and defined decision making	1	0	0	0	13	6	0	0	0	0	20
TOTAL PERMANENT	228	103	35	53	223	73	17	19	0	0	751
Temporary employees	38	10	1	4	69	8	0	1	0	0	131
GRAND TOTAL	266	113	36	57	292	81	17	20	0	0	882

The PPECB achievement of targets is impacted by the temporary workforce required for the seasonal nature of work. The overall representation for African is 63%, and the male-to-female ratio is 53%:47%. We have improved on African female numbers year after 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 levels to achieve the target via new engagements and promotion recruitment. The PPECB also launched a Women in Leadership programme with eight women graduating in March. The programme is aimed at increasing the pool of female talent for leadership roles at skilled and professionally qualified levels to address the shortfall at these levels.

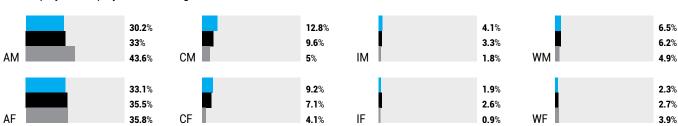
As at March 2023, people with disabilities (PWD) representation was short by three for the PPECB target of 1.1% and was short by 11 for the National Economically Active Population (NEAP) target of 2%. The PPECB implemented a learnership programme for PWD with an intake of eight learners in administrative roles which ended in November 2022. The learners gained valuable work experience, with some returning on short-term contracts. A new cohort will be recruited for 2023.

Disability - % PWD of Total Workforce: 0.8%

		Ма	ale			Fen	nale		Foreign	nationals	
Occupational levels	A	С	I	w	Α	С	I	W	Male	Female	Total
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, forepersons and superintendents	1	0	0	1	0	1	0	0	0	0	3
Semi-skilled and discretionary decision-making	1	0	0	0	0	0	0	0	0	0	1
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
Total permanent	2	1	0	1	0	1	0	0	0	0	5
Temporary employees	0	0	0	0	2	0	0	0	0	0	2
GRAND TOTAL	2	1	0	1	2	1	0	0	0	0	7

NEAP

#### Employment Equity Actual vs Targets vs NEAP March 2023



#### >Transformation

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 as well as 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.

#### > Export Readiness and Market Access programme

The PPECB has agreements with all provinces where SAGAP certification and training is provided to selected smallholder farmers to enable their export readiness and thereby increase market access.

- Training workshops for 721 smallholder farmers have been conducted for the yearto-date. The annual target was exceeded as provinces expanded their programmes and demand by farmers and the markets for food safety certification increased.
- > 105 smallholder farmers producing raisins, rooibos, vegetables and fruit were certified for export.
- The SA Agri Academy training programme This market access development programme enables delegates to produce a business plan and be coached over a threeyear period to implement it successfully.

The following groups participate in this Enterprise Development Programme:

#### Western Cape:

- > 2021 2024: 18 participants (a combination of the hospitality and primary agricultural value chain) focus on vegetable farming
- > 2022 2024: 27 participants (a combination of the hospitality and primary agricultural value chain) focus on mix farming, agri youth from farms and inclusion of a school for learners with disabilities

#### Eastern Cape:

> 2022 - 2024: Two cooperatives with 20 farmers and 41 employees

#### Mpumalanga:

> 2022 - 2023: 15 female farmers operating in one cooperative to be added to the first group of 17 from 2020 to create a group of farmers who are clustered together to achieve greater production output, market access and funding.

#### Limpopo:

> 2021 - 2023: Grasp Primary - ten female farmers in one cooperative and ten youths preparing for SAGAP will add to contract farming. Market: Spar

#### Free State:

> 2020 - 2022: Mix farming group of 20 farmers. Potential market: Shoprite, preparing for SAGAP

#### KwaZulu-Natal:

> 2022 - 2024: 12 youth farmers focusing on vegetables, preparing for SAGAP **AGRIPRENEURS** supported since 2019:

TARGETS

ACTUAL

234 58

female hectares (ha) 176 1283

production ha 789

workers 749

permanent

arable

seasonal workers 313

people with disabilities

IMPACT: The foundation laid by the South African Agri Academy (SAAA) and the PPECB partnership agreement in Limpopo enabled SAAA to broker a R5m grant from the Industrial Development Corporation (IDC) to assist the female farmers to do fencing and irrigation and obtain sustainable market access. This process will be extended to the Mpumalanga cooperative group of female farmers. All the farmers will benefit once they meet the criteria to apply for affordable production loans. This will enable them to grow and become commercially viable. The Western Cape Mamre and Malmsbury farmers received Comprehensive Agricultural Support Programme (CASP) funding for production expansion.

#### > Corporate Social Investment:

The PPECB has launched initiatives directed at contributing to the betterment of general society, whether financially or in kind.

PARTNERSHIP - SOCIAL ENTERPRISE DEVELOPMENT/CSI	igardi B <sub>PR</sub> OJECT	soil for life	RECRUITAGRI
What they do	Call 2 Care/iGardi Waterwise gardening provides food security, improved nutrition and education in communities at a grassroots level	Soil for Life Local home food growing, natural food growing methods and training methodologies to achieve food security	RecruitAgri Practical learning for agricultural graduates focusing on avocado, macadamia and kiwi farming, improved employment opportunities and encouraging entrepreneurship
Spend as at March 2023	R403 825.14	R229 857.78	R167 072.08
Beneficiaries	1 835 direct beneficiaries, three communities	2 133 direct beneficiaries, four communities	Six direct beneficiaries, three communities
Impact	Establishment of a food garden, youth training in food gardening and introduction of waste management training. Saron Primary (youth, rural) Khayelitsha Special School (PWD and youth) Gogo's Sebenza Garden (women)	Establishment of a food garden, youth training in food gardening, entrepreneurship, increase in school attendance, training of other communities by participants, product trading or selling.  Capricorn Primary, Diazville Primary, Jurie Hayes Primary (youth, rural and urban), Langebaan Urban Garden (unemployed men and women)	Youth skills development, induction week training on the PPECB function in the value chain and smallholder farmer support; leadership and business training

#### \_Challenges

The Human Capital department encountered the following challenges in 2022/2023:

- > The labour market was highly competitive, making it difficult to attract and retain top talent, particularly in ICT;
- > COVID-19 disrupted the workplace and required the department to adapt to remote work and virtual collaboration. Being people practitioners, the department experienced high fatigue levels and felt overwhelmed by all the challenges;
- > Loadshedding had a significant impact not only on the department but the entire organisation. Employee training initiatives were impacted as employees needed to travel to offices that had generators. Learning was compromised as limited space in these offices was also an issue. Much frustration and anxiety was caused by loadshedding, and this was dealt with by our employee wellness partner; and
- Recruitment processes were also challenging because, at times, loadshedding would interrupt interviews, impacting the PPECB brand and creating anxiety for the candidates.

#### >Future Plans for 2023/2024

The Human Capital department plans to focus on the following initiatives in 2023:

- > Improving employee benefits and compensation packages to remain competitive in the labour market;
- > Implementing a wellness programme to promote physical and mental well-being in the workplace; and
- > Conducting regular employee engagement surveys to monitor employee satisfaction and identify areas for improvement.



// View Human Capital report online>

Pinki Luwaca > **Human Capital Executive** / PPECB



#### Conclusion//

The Human Capital department achieved significant milestones in 2022/2023, despite facing multiple challenges posed by the COVID-19 pandemic, loadshedding and a competitive labour market. The department remains committed to promoting employee engagement, performance, and well-being and to fostering a culture of diversity, equity, and inclusion in the workplace.



## > information and communications technology report

\_\_The Information
and Communications
 Technology (ICT)
 department >>
 continues to support
 the PPECB's digital
 /strategy through
robust infrastructure,
 cloud adoption,
 :implementation of
 cloud applications,
 sound governance, and
 a: highly skilled and
 competent ICT\_team.

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

#### ICT Governance

The PPECB's ICT is governed by the Board, which oversees all strategic ICT issues and governance. An internal committee, the Strategic Projects Steering Committee (Steercom), 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 has been implemented and annual reviews are conducted. The PPECB also subscribes to the Information Technology Infrastructure Library (ITIL). The ICT governance framework and operational plan was approved by the Board in the 2022/2023 financial year.

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 visions and standards are aligned with its actual business requirements.

## ICT Objectives and \_Achievements > for the Year Under Review

#### **ICT Infrastructure**

The successful refresh of all local-area network infrastructure across all PPECB regional sites has assisted in ensuring added stability across all connectivity aspects.

With the advent of loadshedding, backup power for stage two for all ICT equipment was implemented at targeted PPECB sites to ensure connectivity during unplanned power outages.

The PPECB's virtual estate was upgraded with Microsoft operating systems reaching their respective end of life and end of support periods. All virtual servers were successfully upgraded to 2019 Server and SQL versions.

All aforementioned initiatives have allowed ICT to adhere to the internal Service Level Agreements (SLAs) with PPECB business units.

#### **TITAN 2.0**®

The PPECB's electronic operational project, TITAN 2.0°, has fully implemented the product inspection and export certification module for 92% of total export volumes of main products. The decoupling of the product inspection and export certification modules into microservices that function independently, providing a noncomplex architecture for testing and fault isolation, improved system stableness and the release cycle.

Development of the cold chain modules on TITAN 2.0® continues while the container inspection module is in external user acceptance testing. Further upgrades to the export notification module enabled the capturing of European Union (EU) citrus phyto requirements for container loading, thus improving the accuracy of information required before a phyto certificate is issued. All the minor audit findings were successfully remediated. TITAN 2.0® successfully integrated into the Department of Agriculture, Land Reform and Rural Development's (DALRRD) Tracking Unit Manager (TUM).

Introduction of the Operations Integration Service as the interface between TITAN 2.0° and the finance system, made the integration between the two systems easier and thus it will be simpler to integrate all future TITAN 2.0° modules.

#### **ICT Data and Analytics**

Data governance processes endorse the content, consistency, correctness, and completeness of the content for integration across TITAN 2.0°, ERP and the reporting landscape. The PPECB has established a central master data hub, which serves all applications with a single version of the critical master data as part of achieving the PPECB's data analytics' strategic objective.

The PPECB has established a reporting platform, Intellex, to enable reporting access to external stakeholders. Data accessibility is critical to supporting day-to-day operational activities and decision-making.

The PPECB landscape is dynamic, with new applications and modules delivered as part of the digital journey. The reporting landscape is ever increasing to integrate with ERP, TITAN 2.0® and Master Data to incorporate a wider range of quality data and strengthen the PPECB's data analytics' strategic objective.

#### **ICT Cybersecurity and Asset Management**

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

- > To further enhance the cybersecurity posture, new tools from the Microsoft agreement are in the process of being implemented;
- > The CIS (Center of Internet Security) benchmarks for servers and workstations have been implemented and the tablets will be completed in the next few months;
- > Vulnerability management has been improved, with an average of 98% compliance across the business;
- > Automation and digitisation are a focus in cybersecurity and manual processes and paper forms have been automated and changed to online forms; and
- > The two bi-annual disaster recovery tests were successfully completed and documentation was updated where there were changes in the business.

With regard to asset management, the following initiatives were implemented:

- > The asset management processes in ICT were updated, monthly verification was implemented, as well as a quarterly physical asset verification; and
- > Consequence management is also applied, via the High Value Asset Committee, where employees are held accountable for any loss or damage to company ICT assets.





// View ICT
report online>

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, initiatives and issues being addressed.

Quarterly reports are produced for the Board, highlighting key projects, risks, 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 appraised of progress. Regular internal audits are also conducted.

Outlook: Key Focus Areas >for 2023/2024 The following objectives will be the focus of the coming year:

- Continue to enhance the Intellex platform and other tools to provide data and analytics to support insight for business efficiencies and planning;
- Continue with data governance and assurance with the implementation of the strategic projects to enable data correctness and integrity, which benefits projects and stakeholders;
- Continue to deploy the cold chain modules on our mobile technology application (ie TITAN 2.0°) and other digital services and functionality to the industry by focusing on container loading; releasing the container inspection and cold storage inspection modules; and continuous enhancements to the product inspection and export certification module;
- > Review and enhance the COBIT 2019 objectives for the 2023/2024 financial year;
- Continuously enhance the PPECB's cyber threat intelligence to ensure it provides secure services to the industry, by implementing a zero trust framework across the PPECB;
- > Improve controls in the ICT asset management function to secure high value ICT assets:
- > Increase the uptake of TITAN 2.0° for minor products and the cold chain modules;
- > Plan to archive the legacy financial systems once the ERP project is successfully implemented:
- > Continue to integrate the enterprise master data framework into all PPECB applications to utilise a single repository of shared data; and
- > Continuously review and improve overall architecture and technologies to reduce costs and create further efficiencies in the business.



Yanesh Ramiah >
Chief Information Officer
/ PPECB

## chief financial \_officer's report

>> As the Chief Financial Officer of the Perishable Products Export Control Board, it is my pleasure to present the \_audited annual financial statements for the// financial year ended 31 March 2023 and report that the PPECB has once again received an unqualified audit opinion for the year \_under review.

83% 45 0.04% 23% Cash Backed Current Collection Bad Debt Reserve/ Expenditure Reserve Asset Period as % of Cover Ratio Ratio Ratio Davs Income

The resilience of the agricultural industry, the PPECB and its employees enabled the entity to successfully navigate a challenging year amid poor weather conditions, an unprecedented energy crisis, logistical challenges, climate shocks, and a less than favourable external environment. Management at an operational level continued with business as usual, with minimal disruption to service delivery, thus enabling the PPECB to retain focus on its strategic projects, including the implementation of release one of the Enterprise Resource Planning (ERP) system, improvements and enhancements on the TITAN 2.0® platform, attainment of 89.4% on its organisational customer satisfaction index and 100% achievement on its fourteen predetermined objectives.

Supply Chain Management (SCM) controls and processes continue to be in place and strengthened. The necessity to focus on internal controls related to enhancing contract management, limiting irregular, fruitless and wasteful expenditure and improving on sound asset management has not gone unnoticed. This will continue to be areas of priority for the upcoming financial year.

The PPECB has delivered pleasing financial results, with a surplus of R12.5 million, with a total income of R596.5 million and total expenditure of R584.1 million reported. The PPECB's financial position at year-end remains strong, with cash reserves of R152.5 million, working capital of R153.7 million and a general reserve fund of R132.0 million reported. Short-term liabilities include a R19.5 million performance incentive provision and trade payables of R48.7 million.

Trade and other receivables, a significant component to the entity's financial health continued to be well managed with clear focus on collections and responsible trade credit limit extensions. The PPECB's audited financial results reflect an improvement on budget of R40.6 million, primarily due to improved volumes on all products barring grapes, avocados, mangoes, groundnuts, and litchis. The Laboratory reflects a negligible revenue growth against the prior year, mainly due to unrealised mycotoxin commercial samples analysed. The underspend on operating expenses is mainly due to the postponement of Human Capital (training) and Information and Communications Technology (ICT) initiatives. The exceedance on employee compensation and benefits is related to salary adjustments for a number of operational employees who met the necessary competency requirements as well as conversions of seasonal contract employees to permanent.

Our commitment to responsible financial management is evident in our strong liquidity position and prudent risk management practices. We have maintained a healthy balance sheet and strong cash flow with a current ratio of 3.2 and an 83% level of cash-backed reserves.

Our commitment to digital transformation and adoption of digital solutions has enabled us to streamline operations, automate processes and optimise certain costs. While digital transformation offers significant opportunities, it also presents certain challenges and risks that need to be addressed. Protecting sensitive data, both client and operational, is paramount. We have implemented robust cybersecurity measures to ensure data integrity and prevent unauthorised access.

Rural areas face limitations in terms of internet connectivity and infrastructure readiness, which hinders the widespread adoption of digital solutions and online training. The cost of digital transformation is reflected in the computer expenses of R48.7 million.

We remain committed to investing in digital infrastructure, research and development, and partnerships to drive further innovation and capitalise on emerging technologies. We will actively seek collaborations with technology providers, financial institutions, and research organisations to foster knowledge sharing, accelerate innovation, and address industrywide challenges. The digital transformation of the agriculture economy has reshaped our operations, improved financial performance, and positioned us at the forefront of innovation in the industry. We remain dedicated to harnessing the power of technology to drive growth, enhance efficiency and contribute to a sustainable and resilient agriculture economy.

# Financial highlights for the financial year ended 31 March 2023:

- > A significant R12.5 million surplus was generated for accumulation in the general reserve fund, with a total income of R576.8 million and total expenditure of R584.1 million reported;
- > A healthy R152.5 million in cash and cash equivalents is reported;
- > Favourable working capital of R153.6 million enables the PPECB to meet financial obligations when they fall due;
- Trade and other receivables of R72.0 million have an average collection period of 45 days, with debtors impairment of 0.3% of total receivables;
- Property, plant, and equipment has a book value of R49.1 million. Computer equipment of R6.0 million (mainly laptops and tablets) was acquired to support the execution of the digital transformation strategy;
- > Revenue realisation of R576.8 million is a 4.7% augmentation on the prior year due to successful citrus, pome and maize volume exports. Barring grapes, avocados, mangoes, litchis and groundnuts, all major products exported exceeded budget expectations;
- > Investment interest of R10.8 million is reported, a R4.8 million augmentation on the prior year;
- > Operating expenses of R584.1 million reflect a R57.0 million increase on the prior year and a R4.2 million improvement on the budget; and
- Computer expenses of R48.7 million were incurred, a R9.2 million (23%) increase against the prior year, costs necessitated for the digital transformation strategy. This includes licence fees of R24.3 million, mainly related to Microsoft Cloud Services and Enterprise Agreement, Access Point Name (APN), bandwidth, Voice over Internet Protocol (VOIP) and hardware costs of R8.3 million, ERP implementation costs of R14.1 million and R2.0 million of tablet and laptop accessories and cabling.

# **Future Outlook**

Looking ahead, we are cautiously optimistic about the future. While uncertainties remain, we believe that our strong financial foundation, resilient business model, and dedicated team will position us for continued success. We will continue to prioritise financial discipline, innovation, and customer satisfaction to drive growth and create long-term value for our stakeholders.



# **Summary Financial Performance:**

	Mar-23	Mar-22	Index	B2023
	R '000	R '000	%	R '000
INCOME	596,517	562,454	106%	560,111
TOTAL EXPENDITURE	584,053	527,016	111%	588,277
Employee compensation and benefits	414,117	374,484	111%	401,239
Operating expenses	169,936	152,531	111%	187,037
Finance costs	-	1	37%	-
SURPLUS / (DEFICIT)	12,465	35,438	35%	-28,166

# **Summary Financial Position:**

	Mar-23 R '000	Mar-22 R '000	F23/F22 R Variance	F23/F22 % Variance
Current Assets	224,543	225,747	-1,204	-1%
Property, plant, and equipment	49,102	46,117	2,985	6%
TOTAL ASSETS	273,645	271,864	1,781	1%
Current Liabilities	70,988	81,672	-10,684	-13%
RESERVES	202,657	190,192	12,465	7%

JOHAN SCHWIEBUS > Chief Financial Officer / PPECB

>View CFO's report online/



# **Acknowledgements**

I would like to extend my personal appreciation to the PPECB Board, the Chief Executive Officer, my fellow executives, employees, customers, and partners for their unwavering support and trust. To my finance team, thank you for your unwavering dedication to supporting both internal and external stakeholders with passion, professionalism, and integrity. I am confident that together, we can navigate the challenges that come our way and achieve even greater success in the years to come.

# >> audit committee report

>As the Chairperson of the Audit Committee, it is my privilege to present the //annual report on finance for the financial \_ year ended 31 March 2023.

The Committee confirms that it has conducted its work in accordance with the written terms of reference as approved by the PPECB Board.

This report provides an overview of the Committee's activities, key financial considerations, and the effectiveness of our financial controls and reporting systems. Our primary objective is to ensure transparency, accuracy, and compliance in our financial operations. This report highlights our efforts in maintaining robust financial governance and safeguarding the interests of all stakeholders.

# 1. Role of the Audit Committee

The Audit Committee plays a critical role in overseeing the financial reporting process, internal controls, compliance with regulations, and the external audit function. We work closely with management, internal auditors, and external auditors to ensure the accuracy, integrity, and reliability of financial information.

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.

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 on accounting principles, industry knowledge and the assessment of the completeness and accuracy of reports, which are jointly evaluated by the Committee members.

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.

Up until 31 January 2023, the Committee comprised the following members, with the necessary skills and experience to fulfil the duties of the Audit Committee:

> Ms M Slabber Independent non-executive Board member: Chairperson;

Mr K Khatoo Independent non-executive Board member;
 Ms M Kotze Independent non-executive Board member; and

> Mr M Ramasodi Independent non-executive Board member.

On 1 February 2023, a new committee was appointed to fulfil the duties of the Audit Committee for a period of three years:

> Ms M Kotze Independent non-executive Board member: Chairperson;

Mr I Beukes Independent non-executive Board member;
 Mr B Mavume Independent non-executive Board member; and
 Dr. C Nkuna Independent non-executive Board member.

# 2. Audit Committee's >> Statement of Responsibility and Mandate/

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

The Committee operates independently of management and has a rolling agenda, which ensures 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 (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 Board informed of its activities and recommendations after each committee meeting. Matters of interest and concern are promptly reported to the PPECB Board, where action or improvement is required regarding any aspect of financial reporting, risk management, internal control, compliance, or audit-related activities. The Audit Committee recognises the importance of the oversight role 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. We noted improvement in the content and quality of reports prepared and submitted by management.

Reports related to internal audits conducted by the 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. We are 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 Board of the Committee's assessment of the financial statements; and
- > Confirmed the fairness, comprehensibility, and completeness of the statements and that they provide 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
- > Discussed significant matters arising from the internal audit; and
- Considered and noted compliance with applicable external legal and regulatory requirements.

# **EXTERNAL AUDITORS**

- Assessed the independence and objectivity of PKF Cape Town;
- > Reviewed and approved the engagement letter for PKF Cape Town's annual audit;
- Considered the annual external audit plan and monitored the execution and results of the audit; and
- > Monitored the expertise and resources of PKF Cape Town to perform their duties effectively.

# **COMPLIANCE AND GOVERNANCE**

- > Performed its statutory duties as prescribed in the Act and by the PPECB Board;
- > Reviewed the Audit Committee charter;
- > Considered progress in respect of the Fraud Plan; and
- > Monitored compliance with applicable laws, regulations and accounting standards.

# **External audit**

The Audit Committee's role includes determining the independence and effectiveness of the external auditors. The objectivity and independence of PKF Cape Town was 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 own experience with the external auditors during their interactions throughout the year. In view of the above, the Audit Committee was satisfied that PKF Cape Town provided a high-quality and effective audit, as well as maintained its independence and objectivity.

The Audit Committee considered the external audit fee appropriate for the financial year ended 31 March 2023. 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 PKF Cape Town and thanked them for the professional services rendered to the PPECB over the year they have served as external auditors.

# 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, evaluating and improving PPECB's risk management, compliance and governance practices.

The PPECB has an in-house internal audit division which is enhanced by a co-sourced internal audit model to ensure 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 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 the PPECB's assets, reputation and sustainability in relation to its goals and strategic objectives.

The responsibility and scope of the audit function is approved annually by the Audit Committee. The internal audit function reports functionally to the Chairperson of the Audit Committee and administratively to the Chief Financial Officer (CFO). Official meetings are held with internal audit 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 PPECB's auditors and their availability of 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 for South Africa 2016 (King IV)* requirements, 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, as well as the identification of corrective actions and identified opportunities for improvement to the controls and processes.

Based on 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, as well as 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 procedures for internal control over financial reporting, compliance and operational matters was conducted.

# Whistleblowing

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

// View audit
committee report
 online>



effective

+ independent

# 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 that of the 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 Annual Financial Statements for the year ended 31 March 2023 were reviewed by the Audit Committee and the Committee believes that the statements presented a balanced view of the PPECB's performance for the period under review and were in compliance with South African Generally Recognised Accounting Practice (SA-GRAP). The Committee reviewed and satisfied itself on the entity's compliance with legal and regulatory provisions and confirms that there were no significant adjustments made. The external auditor's management letter and management's response were assessed and deemed satisfactory.

The Audit Committee recognised areas of financial management that required improvement and recommended that management consider actions to mitigate any risk. All actions to improve on the below areas must be reported on quarterly:

- > Irregular and Wasteful Expenditure;
- Asset Management;
- > Contract Management; and
- > Supply Chain Management (SCM).

# **Emerging financial issues and industry trends**

Technological Advancements: We have monitored the impact of emerging technologies, such as data analytics, on the financial operations. We aim to leverage these advancements to enhance financial reporting, internal controls, and risk management.

Regulatory Changes: We have stayed abreast of regulatory developments and changes that affect financial reporting and disclosure requirements. We work closely with management to ensure timely compliance and address any potential impact on the entity's financial position.

Sustainability Reporting: We have recognised the growing importance of sustainability reporting and have encouraged the integration of environmental, social, and governance (ESG) factors into financial reporting to provide a more comprehensive view of the PPECB's performance.

# Evaluation of the expertise and experience of the Chief Financial Officer and finance function

The expertise and experience of the CFO and the finance team is evaluated on an ongoing basis. The Committee's assessment is that the finance function has the appropriate skills and expertise. The Committee took note of challenges faced in resource capacity which management is to remedy to strengthen the control environment and continue to successfully deliver on its objectives.

# **Conclusion of the Audit Committee**

The Audit Committee remains committed to upholding the highest standards of financial governance, transparency, and compliance. We will continue to work diligently to safeguard the PPECB's financial interests, enhance internal controls, and adapt to the evolving regulatory landscape. The Audit Committee accepts the auditor's opinion of the PPECB's Annual Financial Statements for the year ended 31 March 2023 and conveys its appreciation to the PPECB for maintaining an unqualified audit opinion with no material audit findings.



Martli Slabber >
Chairperson of
the Audit
Committee / PPECB

Part \_4

//The ecomomic advancements
created with \_technology
are life-changing}

# annual financial statements/

>> for the year 2022/23



# 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
(Act No. 9 of 1983) (PPEC Act)

# **Registered office**

45 Silwerboom Avenue Plattekloof Cape Town 7500

# **Business address**

45 Silwerboom Avenue Plattekloof Cape Town 7500

# **Postal address**

PO Box 15289 Panorama Cape Town 7506

# **Auditors**

PKF Cape Town

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# board responsibilities >> and approval

The members of the Board are required by the Public Finance Management Act (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 are given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with the 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 upon 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 set 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 2024 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 80 to 82.

The annual financial statements set out on pages 85 to 111, which have been prepared on the going concern basis, together with the Board Report set out on pages 85 to 88 were approved by the Board on 10 July 2023 and were signed on its behalf by:

DNJOBO

MS B NJOBE >

Chairperson of the Board / PPECB

MR LP JANSEN >

Chief Executive Officer / PPECB

# //independent auditor's report

Independent
Auditor's Report
to Parliament on
the Perishable
Products Export
Control Board
(PPECB).

# Report on the audit of the financial statements

# Opinion

- 1 We have audited the financial statements of the PPECB set out on pages 89 to 111, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
- In our opinion, the financial statements present fairly, in all material respects, the financial position of the PPECB as at 31 March 2023 and its financial performance and cash flows for the year, then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (Act No. 1 of 1999) (PFMA).

# **Basis for opinion**

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

- We are independent of the entity in accordance with the Code of Professional Conduct for Registered Auditors of the Independent Regulatory Board for Auditors (IRBA) 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.

### Other matters

6 We draw attention to the matters below. Our opinion is not modified in respect of these matters.

# Previous period audited by the predecessor auditor

7 The financial statements of the previous year were audited by the predecessor auditor in terms of section 4(3) of the Public Audit Act (Act No. 25 of 2004) (PAA) on 31 May 2022.

# National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

On 23 December 2022, National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 interms of section 76 (1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure (UIFW expenditure). Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in either the annual report or the disclosure notes of the financial statements. Only the current year and prior year figures are disclosed in note 24 to the financial statements. Furthermore, the movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the financial statements of the PPECB. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) is now included as part of other information in the annual report of the PPECB. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

# Responsibilities of accounting authority for the financial statements

9 The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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. 10 In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to a going concern, and using the going concern basis of accounting unless the accounting authority either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

# Responsibilities of the auditor for the audit of the financial statements

- 11 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 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.
- 12 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

- 13 In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for a selected programme presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
- 14 We selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. We selected a programme that measures the public entity's performance on its primary mandated functions, and that is of significant national, community or public interest.

PROGRAMME	PAGE	PURPOSE
Programme 3: Food Safety Services	133	The purpose of this programme is to ensure compliance with 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 purpose of this is to enable South Africa's continuous penetration of international markets and therefore increase its market share with regard to safe and quality foods.

- 15 We evaluated the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
- 16 We performed procedures to test whether:
  - > The indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives;
  - > The indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements;
  - The targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, as well as how performance will be evaluated:
  - > The indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents;
  - > The reported performance information is presented in the annual performance report in the prescribed manner; and
  - There is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

- 17 We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
- 18 We did not identify any material findings on the reported performance information Programme 3: Food Safety Services.

# Other matter

19 We draw attention to the matter below.

# **Achievement of planned targets**

- 20 The annual performance report includes information on reported achievements against planned targets and provides explanations for over achievements.
- 21 In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
- 22 We performed procedures to test compliance with selected requirements in key legislation in accordance with the Auditor-General of South Africa (AGSA) findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.
- 23 Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
- 24 We did not identify any material non-compliance with the selected legislative requirements.

- 25 The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported on in this auditor's report.
- 26 Our opinion on the financial statements and our findings on the reported performance information and the report on compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.
- 27 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.
- 28 I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.
- 29 We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.
- 30 We did not identify any significant deficiencies in internal control.
- 31 In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that PKF Cape Town has been the auditor of the PPECB for one year.

PKF Cape Town.

PKF Cape Town M Louw Partner Registered Auditor

25 July 2023 Bellville



# \_ annexure to the auditor's report

# The annexure includes the following:

- The auditor's responsibility for the audit: and
- The selected legislative requirements for compliance testing.

# **Auditor's responsibility for the audit**

# Professional judgement and professional scepticism

As part of an audit in accordance with the International Standards of Auditing (ISA), we exercise professional judgement and maintain professional scepticism throughout our audit of the financial statements and the procedures performed on reported performance information for a selected programme and on the public entity's compliance with selected requirements in key legislation.

# Financial statements

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 public entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made;
- Conclude on the appropriateness of the 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 public entity 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 a public 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

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.

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# Compliance with legislation - selected legislative requirements

# 1. The selected legislative requirements are as follows:

LEGISLATION	SECTIONS OR REGULATIONS
Public Finance Management Act (Act No. 1 of 1999) (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulation 8.2.1; 8.2.2 Regulation 16A6.2(a) & (b); 16A6.2(e); 16A 6.3(a); 16A 6.3(b); 16A 6.3(c); 16A6.3(d); 16A 6.3(e); 16A; 6.4; 16A 6.6; 16A8.2 (1) and (2); 16A 8.3; 16A9; 16A9.1 16A9.1(c); 16A 9.1(d); 16A9.2; 16A9.2(a)(ii) Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Regulation 31.1.2(c) Regulation 32.1.1(a); 32.1.1(b); 32.1.1(c)
Public Service Regulation	Public Service Regulation 18; 18 (1) and (2);
Preferential Procurement Policy Framework Act, 2000 (PPPFA)	2.1(a); 2.1(b); 2.1(f)
Preferential Procurement Regulations, 2017 (PPR)	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 11.2 Paragraph 12.1 and 12.2
Preferential Procurement Regulations, 2022 (PPR)	Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
National Treasury Instruction (NTI) No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
National Treasury (NT) Supply Chain Management (SCM) Instruction Note 03 2021/22	Paragraph 4.3; 4.4 (a); 4.4(c); 4.4(d)
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraph 5.5.1(vi); 5.5.1(x)
NT SCM Instruction Note 11 2020/21	Paragraph 3.1; Paragraph 3.4(b); Paragraph 3.9
NT SCM Instruction note 2 of 2021/22	Paragraph 3.4.2(b); 3.3.1
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2 Paragraph 4.3.2; 4.3.3
NT instruction note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice note 7 of 2009/10	Paragraph 4.1.2
NT instruction note 1 of 2021/22	Paragraph 4.1

# >> board\_report

# 1. Introduction

In terms of the Perishable Products Export Control Act (Act No. 9 of 1983) (PPEC Act) and the Public Finance Management Act (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 fulfils 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 2023 and the results of its operations and cash flows for the year then ended.

We have pleasure in submitting to Parliament, through the Minister of the Department 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 2023.

# 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 the DALRRD under the Agricultural Product Standards Act (Act No. 119 of 1990) (APS Act). 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 values of professionalism, accountability, integrity, agility, collaboration and innovation.

# 5. Executive Management

The PPECB's Executive Management team is listed below:

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

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

quality
+ delivery

# 6. The Board

The constitution of the Board is prescribed by the PPEC Act which requires that nine (9) and a maximum of ten (10) members be appointed by the Executive Authority. At the date of this report, there were ten (10) members, all of whom are non-executive members.

NAME	INDUSTRY	RESIGNATION DATE
Mr W Bam**	Table grapes	
Mr I Beukes*	Citrus	
Mr M Brinkhuis*	Pome and stone	
Mr D Donkin*	Subtropical	
Ms M Kotze**	Pome and stone	
Mr B Mavume*	Marine	
Ms B Njobe*	Ministerial representative	
Dr CC Nkuna**	Organised agriculture	
Ms J Atwood-Palm*	Processed foods	
Ms P Tlomatsane*	Citrus	
Mr CG Garrett	Subtropical	31 January 2023
Mr KB Katoo	Citrus	31 January 2023
Mr AJ Kruger	Pome and stone	31 January 2023
Mr RM Ramasodi	Ministerial representative	31 January 2023
Ms KM Sinclair	Marine	31 January 2023
Ms M Slabber	Citrus	31 January 2023
Dr M Van Eeden	Processed foods	31 January 2023

<sup>\*</sup>Date of appointment 1 February 2023.

The tenure of office for the members of the Board shall not exceed three (3) years, as per the conditions determined by the Executive Authority. Section 9 of the PPEC Act enables the Board to determine its own Board members' remuneration. National Treasury instructions together with Board remuneration trends and feasibility are considered when determining Board remuneration.

# 7. Board meetings

The Board meets at least four (4) 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 Executive Management Committee (EXCO) and approved by the Chief Executive Officer to ensure completeness and relevance.

# 8. Board members' interest in contracts

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

# 9. Finances

The PPECB is self-funded by charging statutory fees (levies) to recover costs for services rendered. The PPECB made a net surplus of R12.5 million (2022: R35.4 million) for the year ended 31 March 2023. The financial statements provide further details regarding 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 Standards of Auditing 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 2023 to 31 March 2024 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.

<sup>\*\*</sup>Date of reappointment 1 February 2023.

# 12. Impact of loadshedding

The continued power cuts had a significant impact on the PPECB and the sector as a whole. The escalation of power cuts during the peak of the grape harvesting season affected the cooling cycles, resulting in irregular loading patterns. This necessitated the PPECB to commit additional resources to ensure the functioning of the logistical chain. The power cuts further required investment in infrastructure to ensure the increase in the uptime of critical digital platforms and systems. Uninterrupted Power Supplies (UPS) units were procured for regional offices to ensure continued delivery of services.

# Statutory operations

The power outages impacted inspections and cold chain certification processes. Despite some of the regional offices having generators, downtime was experienced in terms of printers and access to systems whilst reboot and reset processes were initiated. Some computer equipment was damaged due to loadshedding, and printers reported as non-operational for extended periods due to non-availability of spares. Batteries of laptops, tablets and UPS units were unable to recharge adequately when power loadshedding was experienced for extended periods of time.

Client concerns of a backlog of export and pre-cooling certificates were reported. Employees worked overtime to ensure timelines and service level agreements with the industry were met. From a TITAN 2.0® perspective, clients were unable to send inspection messages, receive inspection results or refresh agreement codes during loadshedding. The unavailability of WIFI at packhouses during loadshedding resulted in inspectors being unable to log into the system, receive or post inspection results. The PPECB Laboratory was not impacted significantly during the year under review due to the Laboratory building being on the electrical line between the Gautrain station and Unitas Hospital, which does not experience loadshedding. The building also has a back-up generator which supplies power in the event of a general power failure. All major Laboratory equipment is connected to a UPS unit offering protection from power surges.

# Information and Communications Technology (ICT) infrastructure

The UPS units' main requirements are to protect the PPECB switches, routers and servers during loadshedding and to provide the sites with uninterrupted connectivity. The initial specification accounted for connectivity of two and a half hours during loadshedding. Now, these UPS units are only able to provide an average of forty-five minutes of connectivity due to the increased cycles during the higher levels of loadshedding experienced. The adverse impact of this is that the regional offices become reliant on Access Point Name (APN) sim cards for business continuity. This, in turn, increases overall spend via the Software-defined Wide Area Network (SD-WAN) contract for data services. The adverse risk of power instability also results in peripheral failures on printers. The service provider raised concerns about the possibility of repair costs being passed onto the PPECB in future. The overall infrastructure at each regional office is exposed to power surges and may result in equipment failure and business continuity challenges.

# **Human capital**

Training initiatives were impacted as employees had to attend training at locations with generators to ensure uninterrupted training but also consider space capacity and travel logistics to these locations. Frustration and anxiety were experienced but managed through the PPECB's appointed employee wellness partner. Recruitment processes posed challenges with the coordination of interviews. Travelling time to offices and to clients was longer and employees at times needed to work overtime or experienced unproductive time, which affected work-life balance.

# **Finance**

The procurement of energy generation equipment (twelve UPS units) was at a cost of R634,686, inclusive of VAT. The 105 KVA diesel generator at Head Office resulted in a spend of R210,000 for diesel, repairs and maintenance.

The PPECB will continue with efforts to reduce power usage and consider alternatives, such as renewable energy, whilst maintaining a high level of service delivery.

# 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, as some of its biggest challenges, the cost of doing business, financial performance of the Laboratory and the retention of critical technical skills. Informed by this analysis, the PPECB developed a five (5) 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 the DALRRD.

The shareholders' compact promotes good governance practices at the PPECB by helping to clarify roles and responsibilities of the Board and the 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 all fourteen of its fourteen objectives for the year - a 100% success rate. Further detail on the predetermined objectives can be found in the annual report.

# 16. The PPECB statutory fees (levies)

The PPECB may, with a view to meeting expenditure incurred by the entity in the performance of its functions in terms of the PPEC Act and the regulations, by notice in the Gazette, impose a statutory fee (levy) 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 (levies) for the financial year are subject to annual review and approval by the Executive Authority.

# 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 (2) 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 579 (2022: 534) permanent employees, 48 (2022: 31) fixed-term contract workers and 255 (2022: 220) seasonal contract workers as at 31 March 2023.

# 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 and any other applicable legislation. The PPECB has compiled a Legal Compliance Register, which is monitored and updated as legislation changes and reported to the Risk Management Committee (RISCO) periodically.

# 22. Auditors

The Board appointed PKF Cape Town as the PPECB's external auditors for the financial year under review, which was ratified by the Office of the Auditor General of South Africa.



# Statement of Financial Position

as at 31 March 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Current Assets			
Trade and other receivables	3	72,028,715	76,039,059
Investments	4	-	110,364,725
Cash and cash equivalents	5	152,514,371	39,343,218
		224,543,086	225,747,002
Non-Current Assets			
Property, plant and equipment	6	49,101,819	46,117,241
Total Assets		273,644,905	271,864,243
Liabilities			
Current Liabilities			
Operating lease liability	7	591,732	607,083
Trade and other payables	8	48,712,042	59,800,192
Provisions	9	21,684,025	21,264,485
		70,987,799	81,671,760
Total Liabilities		70,987,799	81,671,760
Net Assets		202,657,106	190,192,483
Reserves			
General reserve fund		131,999,604	132,760,072
Revaluation reserve	10	19,063,411	19,063,411
Self-insurance reserve	11	20,307,744	15,437,000
Asset replacement reserve	12	31,286,347	22,932,000
Total Net Assets		202,657,106	190,192,483

# Statement of Financial Performance

for the year ended 31 March 2023

Figures in Rand	Note(s)	2023	2022
Revenue	13	576,799,497	550,912,340
Other income		19,717,998	11,544,419
Investment interest		10,797,524	5,951,030
Sundry income		4,445,446	2,694,822
Transformation and development services		2,082,161	1,813,906
Agri Export Technologist Programme (AETP) and internal development services		2,392,867	1,084,661
		19,717,998	11,544,419
Operating expenses			
Administration		(7,092,208)	(7,824,629)
Auditors' remuneration	16	(655,864)	(684,145)
Bad debts		(227,686)	(175,392)
Board members' fees		(917,527)	(770,407)
Computer expenses		(48,688,701)	(39,474,333)
Consultant fees		(1,245,585)	(1,513,534)
Corporate identity		(2,991,841)	(2,124,742)
Courier charges - samples		(1,131,928)	(1,258,092)
COVID-19 expenses		(661,660)	(2,079,549)
Customer claims		883,499	(2,000,000)
Depreciation		(4,056,432)	(6,271,409)
Employee compensation and benefits	15	(414,116,828)	(374,483,778)
Insurance		(502,392)	(468,412)
Legal fees		(897,475)	(592,660)
Loss on disposal of assets		(192,961)	(100,283)
Meetings and workshops		(5,442,524)	(3,154,620)
Office accommodation		(15,276,135)	(12,341,889)
ICT Infrastructure outsourced services		(14,994,130)	(17,590,909)
Subsistence and accommodation		(23,511,862)	(22,200,323)
Technical equipment and labels		(13,636,429)	(11,541,026)
Training		(7,416,290)	(5,668,222)
Transformation and corporate social investment		(2,943,862)	(516,770)
Travel - local and overseas		(18,335,760)	(14,182,519)
Total operating expenses		(584,052,581)	(527,017,643)
Operating surplus		12,464,914	35,439,116
Finance costs		(294)	(793)
Surplus for the year		12,464,620	35,438,323

# Statement of Changes in Net Assets

for the year ended 31 March 2023

Figures in Rand	Self-insurance reserve	Asset replacement reserve	Revaluation reserve	General reserve fund	Total reserves	Total net assets
Balance at 1 April 2021	11,593,000	13,150,000	18,350,453	110,947,752	154,041,205	154,041,205
Revaluation of land and buildings	-	-	712,958	-	712,958	712,958
Transfer to asset replacement reserve	-	9,782,000	-	-	9,782,000	9,782,000
Transfer to self-insurance reserve	3,844,000	-	-	-	3,844,000	3,844,000
Transfer to surplus fees for disposal per Section 18(8) and (9) of the PPEC Act	-	-	-	35,438,320	35,438,320	35,438,320
Transfer from general reserve fund	-	-	-	(13,626,000)	(13,626,000)	(13,626,000)
Total changes	3,844,000	9,782,000	712,958	21,812,320	36,151,278	36,151,278
Balance at 1 April 2022	15,437,000	22,932,000	19,063,411	132,760,072	190,192,483	190,192,483
Transfer to asset replacement reserve	-	8,354,347	-	-	8,354,347	8,354,347
Transfer to self-insurance reserve	4,870,744	-	-	-	4,870,744	4,870,744
Transfer to surplus fees for disposal per Section 18(8) and (9) of the PPEC Act	-	-	-	12,464,621	12,464,621	12,464,621
Transfer from general reserve fund	-	-	-	(13,225,090)	(13,225,090)	(13,225,090)
Total changes	4,870,744	8,354,347	-	(760,469)	12,464,622	12,464,622
Balance at 31 March 2023	20,307,744	31,286,347	19,063,411	131,999,603	202,657,105	202,657,105
Note(s)	11	12	10			

The valuation of the PPECB reserves was reviewed by independent actuaries, True South Actuaries and Consultants.

The actuaries confirmed that given the information available, in their opinion, sufficient reserves have been set aside to meet the purpose of the self-insurance and asset replacement reserve.

# Cash Flow Statement

for the year ended 31 March 2023

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Receipts			
Rendering of services		589,625,896	546,734,209
Investment interest		10,797,527	5,951,031
		600,423,423	552,685,240
Payments			
Employee costs		(413,831,603)	(371,508,088)
Suppliers		(176,268,064)	(148,050,538)
Finance costs		(294)	(793)
		(590,099,961)	(519,559,419)
Net cash flows from operating activities	17	10,323,462	33,125,821
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(7,517,034)	(7,125,084)
Movement of investments		-	(19,031,527)
Proceeds from maturity of investments		110,364,725	-
Net cash flows from investing activities		102,847,691	(26,156,611)
Net increase in cash and cash equivalents		113,171,153	6,969,210
Cash and cash equivalents at the beginning of the year		39,343,218	32,374,008
Cash and cash equivalents at the end of the year	5	152,514,371	39,343,218

# Statement of Comparison of Budget and Actual Amount for the year ended 31 March 2023

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final and actual
rigures iii naiiu	Approved budget	Aujustinents	rinai buuget	Dasis	illiai allu actuai
Statement of Financial Performance					
Revenue					
Revenue	552,638,314	-	552,638,314	576,799,497	24,161,183
Investment interest	6,600,000	-	6,600,000	10,797,524	4,197,524
Sundry income	872,738	-	872,738	4,445,446	3,572,708
Transformation and development services	-	-	-	2,082,161	2,082,161
AETP and internal development services	-	-	-	2,392,867	2,392,867
Total revenue	560,111,052	-	560,111,052	596,517,495	36,406,443
Expenditure					
Employee compensation and benefits	(401,239,351)	-	(401,239,351)	(414,116,828)	(12,877,477)
Operating expenses	(187,037,252)	-	(187,037,252)	(169,935,753)	17,101,499
Finance costs	-	-	-	(294)	(294)
Total expenditure	(588,276,603)	-	(588,276,603)	(584,052,875)	4,223,728
(Deficit)/Surplus	(28,165,551)	-	(28,165,551)	12,464,620	40,630,171
Actual Amount on Comparable Basis	(28,165,551)	-	(28,165,551)	12,464,620	40,630,171

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 grapes, avocados, mangoes, groundnuts and litchis. Laboratory revenue did not meet budget due to lower mycotoxin commercial samples analysed.

The underspend on operating expenses is mainly due to the postponement of Human Capital (training) and ICT initiatives. The exceedance on employee compensation and benefits is related to salary adjustments for a number of operational employees who met the competency requirements, as well as the conversion of seasonal contract employees to permanent.

# Accounting Policies

for the year ended 31 March 2023

# 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 55 of the Public Finance Management Act (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, is disclosed below. These accounting policies are consistent with the previous financial year.

# 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 twelve (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 the 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 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.

# **Provisions**

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

# Property, plant and equipment

The useful lives of property, plant and equipment are based on management's estimation. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time. Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment: The useful life of movable assets was determined using the age of similar assets available for sale in the active market.

# 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the supply of goods or services, 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 is 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.

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable service amount is estimated. The impairment charged to the Statement of Financial Performance is the difference between the carrying value and the recoverable service amount. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

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 the 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 - 30 years
Furniture and fixtures	Straight-line	3 - 30 years
Motor vehicles	Straight-line	5 years
Technical equipment	Straight-line	3 - 30 years

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Residual values were considered for the motor vehicle (9%) and certain laptops and tablets (10%) based on the ICT refresh initiative.

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.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value. 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. A financial instrument is classified as measured at amortised cost or fair value.

# Initial recognition

A financial asset or financial liability is recognised when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

# Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability, other than those subsequently measured at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The entity measures all other financial assets and financial liabilities initially at its fair value.

# Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

> Financial instruments at amortised cost

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 in the case of a financial asset.

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.

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.

A financial asset is:

- > Cash:
- > A contractual right to:
  - > Receive cash or another financial asset from another entity; or
  - > Exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

> Deliver cash or another financial asset to another entity; or

# Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

A financial asset is past due when a counter party has failed to make a payment when contractually due. At the end of each reporting period, financial assets are assessed to determine if it impaired. If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in surplus or deficit.

# Derecognition

The entity derecognises financial assets using trade date accounting. Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position. A financial asset shall be derecognised when the contractual rights to the cash flows from the financial asset expire, are settled or waived.

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 amortised cost
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 building 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 expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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 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 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 cybersecurity 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 of the Laboratory without placing reliance on excessive statutory fees (levies) increases. On an annual basis, a review of the asset replacement reserve for the replacement of technical equipment is conducted and adjustments 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.

# 1.13 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.

# 1.14 Irregular expenditure

Irregular expenditure is 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.

# 1.15 Segment information

A segment is an activity of an entity:

- That generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- Whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- > For which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

# 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 01/04/2022 to 31/03/2023. The budget for the economic entity includes all 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 have 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.

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 Act 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

for the year ended 31 March 2023

# 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 1 April 2023 or later periods:

Standard/Interpretation:	Effective date:	Expected impact:
GRAP 25 (as revised): Employee Benefits	1 April 2023	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	1 April 2025	Unlikely there will be a material impact
iGRAP 21: The Effect of Past Decisions on Materiality	1 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	1 April 2023	Unlikely there will be a material impact

# 3. Trade and other receivables

Trade debtors	54,338,588	75,337,432
Sundry debtors	17,917,813	748,176
Provision for impairment of receivables	(227,686)	(46,549)
	72,028,715	76,039,059

# 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 2023, R87,145 (2022: R441,391) 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:

More than 60 days after statement	87,145	441,391
	87,145	441,391

# Trade and other receivables impaired

As of 31 March 2023, trade and other receivables of R227,686 (2022: R46,549) 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:

Two to six months	91,126	46,235
Six to twelve months	126,210	314
More than 12 months	10,350	-
	227,686	46,549
Reconciliation of provision for impairment of trade and other receivables	46 540	20.467
Opening balance Provision for impairment	46,549 227,686	30,467 46,549
Amounts written off as uncollectible	(13,127)	(17,780)
Reversal of debtors previously impaired	(33,422)	(12,687)
	227,686	46,549

# 4. Investments

Absa Group Limited	-	24,697,196
Nedbank Group Limited	-	39,728,612
Standard Bank Group	-	45,938,917
	-	110,364,725

Investments comprise of short-term money market securities of six (6) months or more, but do not exceed twelve (12) months. Per National Treasury's Instruction surplus cash funds must be transferred to the South African Reserve Bank's Corporation of Public Deposits.

# 5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,889	2,120
Bank balances	130,697,371	10,622,305
Short-term deposits	21,814,111	28,718,793
	152,514,371	39,343,218

The effective interest rate is between 5.10% and 7.75%. A Standard Bank guarantee was issued to Branvest Close Corporation, in terms of the Montague Garden's office rental agreement amounting to R112,020 (2022: R112,020).



# 6. Property, plant and equipment

		Accumulated	Carrying		Accumulated	Carrying
	Cost/Valuation	depreciation	value	Cost/Valuation	depreciation	value
Computer equipment	26,385,080	(15,462,922)	10,922,158	23,232,065	(11,509,968)	11,722,097
Furniture and fixtures	5,507,160	(2,019,886)	3,487,274	5,998,664	(3,364,543)	2,634,121
Land and buildings	23,970,000	(806,493)	23,163,507	23,970,000	-	23,970,000
Motor vehicles	374,271	(98,421)	275,850	374,271	(7,646)	366,625
Technical equipment	19,681,751	(8,428,721)	11,253,030	18,704,573	(11,280,175)	7,424,398
Total	75,918,262	(26,816,443)	49,101,819	72,279,573	(26,162,332)	46,117,241

# Reconciliation of property, plant and equipment - 2023

				Other		
	Opening balance	Additions	Disposals	movements	Depreciation	Total
Computer equipment	11,722,097	6,018,538	(535,178)	-	(6,283,299)	10,922,158
Furniture and fixtures	2,634,121	222,027	(154,378)	97,911	687,593	3,487,274
Land and buildings	23,970,000	-	-	-	(806,493)	23,163,507
Motor vehicles	366,625	-	-	104,420	(195,195)	275,850
Technical equipment	7,424,398	1,276,469	(5,377)	16,578	2,540,962	11,253,030
	46,117,241	7,517,034	(694,933)	218,909	(4,056,432)	49,101,819

# 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

# 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.

# Expenditure incurred to repair and maintain property, plant and equipment

Repairs and maintenance computer equipment	17,206	36,137
Repairs and maintenance building	1,166,822	1,196,967
Repairs and maintenance vehicles	30,760	23,026
Repairs and maintenance office equipment	425,959	20,819
	1,640,747	1,276,949

# 7. Operating lease liability

Operating lease liability (591,732) (607,083)

The entity's obligations under operating leases are secured by the lessor's charge over the leased assets. Refer to the note 19 on Commitments.

# 8. Trade and other payables

Accrued expenses	2,155,787	2,066,745
Accrued external audit fees	750,000	689,045
Accrued leave pay	21,586,387	22,286,828
Agricultural product samples	180,956	101,937
Deposits received	6,602,423	6,565,136
Payroll related control accounts	8,362,170	5,843,052
South African Maritime Safety Authority services	616,488	621,241
Trade payables	8,457,831	21,626,208
	48,712,042	59,800,192

# 9. Provisions

Reconciliation of provisions - 2023	Opening balance	Additions	Utilised during the vear	Reversed during the vear	Total
Performance incentive	17,100,000	19,461,138	(17,100,000)	-	19,461,138
Long service award	2,164,485	-	-	(243,099)	1,921,386
Customer claims	2,000,000	301,501	(815,000)	(1,185,000)	301,501
	21,264,485	19,762,639	(17,915,000)	(1,428,099)	21,684,025

			<b>Utilised during</b>	Reversed during	
Reconciliation of provisions - 2022	Opening balance	Additions	the year	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

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. Approval is based on the outcome of the audited financial results, the achievement of the PPECB against its predetermined objectives and individuals' agreed key 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 service.

The entity provided for one potential claim from a customer in 2023. The entity provided for three potential claims from customers in 2022.

# 10. Revaluation reserve

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

Figures in Rand	2023	2022
11. Self-insurance reserve		
Opening balance	15,437,000	11,593,000
Transfer from the general reserve fund	4,870,744	3,844,000
	20,307,744	15,437,000
12. Asset replacement reserve		
Opening balance	22,932,000	13,150,000
Transfer from the general reserve fund	8,354,347	9,782,000
	31,286,347	22,932,000
13. Revenue		
Agricultural Product Standards Act (APS) inspection services	377,619,433	361,630,770
Container services	14,963,651	13,846,992
Export services	155,713,518	148,025,535
Food safety certifications	6,163,363	6,300,701
Laboratory services	16,037,498	15,535,503
Sea services	6,302,034	5,572,839
	576,799,497	550,912,340
14. Other income		
14. Other income		
Investment interest	10,797,524	5,951,030
Sundry income	4,445,446	2,694,822
Transformation and development services	2,082,161	1,813,906
AETP and internal development services	2,392,867	1,084,661
	19,717,998	11,544,419
15. Employee compensation and benefits		
Salaries and wages	386,696,540	348,845,194
Defined contribution costs - retirement fund	27,420,288	25,638,584
	414,116,828	374,483,778
16. Auditors' remuneration		
Professional fees	655,864	684,145

# 17. Cash generated from operations

Surplus	12,464,621	35,438,323
Adjustments for:		
Depreciation	4,056,432	6,271,409
Movements in operating lease assets	(15,351)	(232,917)
Movements in provisions	419,540	2,975,691
Other movements - Property, plant and equipment	476,024	-
Changes in working capital:		
Trade and other receivables	4,010,344	(9,768,988)
Trade and other payables	(11,088,148)	(1,557,697)
	10,323,462	33,125,821



# 18. 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.

# 19. Commitments

# **Authorised capital expenditure**

# Not yet contracted

Drop orthy plant and agriffment	16 202 021	0.167.021
Property, plant and equipment	16,302,931	9,167,931

The capital commitments are in terms of the approved budget for property, plant and equipment.

# Operating leases - as lessee (expense)

# Minimum lease payments due

	11,081,991	9,774,358
- in second to fifth year inclusive	4,781,440	5,885,046
- within one year	6,300,551	3,889,312

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

# 20. 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 R2,603,415 (2022: R2,719,036) to companies on which some of the members of the Board serve. The outstanding debtors balances of these companies and entities totalled to R259,369 (2022: R382,304).

# Related party balances

# **Board members**

Mr CG Garrett - Bertie van Zyl (Pty) Ltd	-	13,522
Ms M Kotze/Mr M Brinkhuis - SA Apple and Pear Producers Association NPC	16,675	-
Ms M Kotze/Mr M Brinkhuis - SA Stone Fruit Producers Association NPC	18,927	-
Ms B Njobe - The Department of Agriculture, Land Reform and Rural Development	(114)	-
Ms KM Sinclair - Irvin and Johnson (Pty) Ltd	-	77,288
Ms KM Sinclair - South African Bureau of Standards	-	13,319
Dr M Van Eeden - Rhodes Food Group (Pty) Ltd	-	278,175
Mr I Beukes - Sundays Citrus Company (Pty) Ltd	10,126	-
Ms B Njobe - Rhodes Food Group (Pty) Ltd	213,755	-
	259,369	382,304
Department of Agriculture, Land Reform and Rural Development		
Laboratory Analysis and Diagnostics Programme	(206,235)	(101,937)
	(200,200)	(101,331)
Export Readiness and Market Access Programme (Eastern Cape)	(994,684)	(1,451,935)
Export Readiness and Market Access Programme (Eastern Cape)  Export Readiness and Market Access Programme (Gauteng)	, ,	, ,
	, ,	(1,451,935)
Export Readiness and Market Access Programme (Gauteng)	(994,684)	(1,451,935) 29,591

Figures in Rand	2023	2022
Related party transactions		
Board members		
Mr W Bam - SA Tafeldruiwe NPC	170,062	293,952
Mr CG Garrett - Bertie van Zyl (Pty) Ltd	359	17,441
Mr KB Katoo - Citrus Growers Association NPC	107,525	205,275
Ms M Kotze/Mr M Brinkhuis - SA Apple and Pear Producers Association NPC	150,075	129,122
Ms M Kotze/Mr M Brinkhuis - SA Stone Fruit Producers Association NPC	94,634	112,746
Mr AJ Kruger - Fresh Produce Exporters Forum	107,525	107,525
Mr RM Ramasodi - The Department of Agriculture, Land Reform and Rural Development	2,418	-
Ms KM Sinclair - Irvin and Johnson (Pty) Ltd	507,525	636,293
Ms KM Sinclair - South African Bureau of Standards	105,776	114,822
Ms M Slabber - Hexrivier Sitrus (Edms) Bpk	71,781	34,020
Dr M Van Eeden - Rhodes Food Group (Pty) Ltd	827,681	1,067,840
Mr I Beukes - Sundays Citrus Company (Pty) Ltd	10,126	-
Ms B Njobe - Rhodes Food Group (Pty) Ltd	447,928	-
	2,603,415	2,719,036
DALRRD		
Agri Export Technologist Programme (AETP)	622,000	600,000
Inter-departmental training and capacitation initiative (Free State)	28,662	-
Export Readiness and Market Access Programme (Gauteng)	168,503	1,052,919
Export Readiness and Market Access Programme (KZN)	365,907	-
Export Readiness and Market Access Programme (Limpopo)	462,944	-
Export Readiness and Market Access Programme (Mpumalanga)	454,469	369,779
Export Readiness and Market Access Programme (NEVPOSA)	21,478	-
Export Readiness and Market Access Programme (Northern Cape)	193,521	321,599
Export Readiness and Market Access Programme (North West)	292,629	-
Export Readiness and Market Access Programme (Western Cape)	57,788	-
	2,667,901	2,344,297

2023 Figures in Rand 2022

### Remuneration of Management

Management class: Executive Management 2023

### 2023

		Med	ical aid and provident	
Name	Basic Salary	Travel allowance	contributions	Total
Chief Executive Officer	2,683,947	4,800	536,789	3,225,536
Chief Financial Officer	2,170,568	5,000	516,648	2,692,216
Chief Operations Officer	1,804,110	12,000	439,690	2,255,800
Chief Information Officer	1,795,833	-	161,625	1,957,458
Human Capital Executive	1,444,925	-	216,627	1,661,552
	9,899,383	21,800	1,871,379	11,792,562

### 2022

			Medical and	
Name	Basic salary	Travel allowance	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 Operations 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

### Management class: Board members

N	a	n	1	2

Name		
Mr W Bam (Reappointed 1 February 2023)	90,981	64,602
Mr I Beukes (Appointed 1 February 2023)	32,301	-
Mr M Brinkhuis (Appointed 1 February 2023)	37,534	-
Mr D Donkin (Appointed 1 February 2023)	21,534	-
Ms M Kotze (Reappointed 1 February 2023)	110,279	86,136
Mr B Mavume (Appointed 1 February 2023)	32,301	-
Ms B Njobe* (Appointed 1 February 2023)	40,143	-
Dr CC Nkuna (Reappointed 1 February 2023)	64,301	74,767
Ms J Atwood-Palm (Appointed 1 February 2023)	34,910	-
Ms P Tlomatsane (Appointed 1 February 2023)	32,301	-
Mr CG Garrett (Resigned 31 January 2023)	93,045	111,654
Mr KB Katoo (Resigned 31 January 2023)	75,369	86,136
Mr AJ Kruger (Resigned 31 January 2023)	83,196	96,572
Mr RM Ramasodi∗ (Resigned 31 January 2023)	-	-
Ms KM Sinclair (Resigned 31 January 2023)	32,301	89,366
Ms M Slabber (Resigned 31 January 2023)	83,196	96,572
Dr M Van Eeden (Resigned 31 January 2023)	53,835	64,602
	917,527	770,407

<sup>\*</sup>Ms B Njobe is appointed as the Ministerial Representative for the DALRRD from 1 February 2023. This position was previously held by Mr RM Ramasodi and he did not receive fees from the PPECB as a Board member.

Figures in Rand 2023 2022

### 21. Change in estimate

### Property, plant and equipment

In the financial year under review management revised the estimated useful lives of property, plant and equipment. Residual values were considered for the motor vehicle (9%) and certain laptops and tablets (10%) based on the ICT refresh initiative. The effect of this revision and the consideration of the residual values resulted in a decrease of depreciation charges of R5,354,305. The straight-line depreciation method is utilised.

Item	Initial useful life	Revised useful life
Buildings	50 years	50 years
Computer equipment	3 - 7 years	3 - 30 years
Furniture and fixtures	3 - 20 years	3 - 30 years
Technical equipment	3 - 20 years	3 - 30 years

### 22. Comparative figures

Certain comparative figures have been reclassified based on their nature. The effects of the reclassification are as follows:

The AETP and Internal Development services (2022: R1,084,661) was reclassified from Revenue to Other Income. The Transformation and Development services (2022: R1,813,906) was reclassified from Revenue to Other Income.

### 23. 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; and
- > 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

The entity's risk to liquidity is the risk that funds are not available to cover future commitments.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The entity manages the liquidity risk through an ongoing review of future commitments by monitoring cash flows, budgets and management accounts. Included in the general reserve is a provision for expense risk (an increase in the level of expenditure, without a commensurate increase in income).

The contractual cash flows due as at 31 March 2023 to trade and other payables is R48,712,042 (2022: R59,800,192). Trade payables will be settled within one year or less. Operating leases within one year is R6,300,551 (2022: R889,312), operating leases between two and five years is R4,781,440 (2022: R5,885,046) and will be settled within agreed payment periods. Amounts noted are undiscounted cash flows.

Figures in Rand 2023 2022

### 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 collectable 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 Group Limited	-	30,499,095
First National Bank	-	13,824,134
Nedbank Group Limited	6,404,468	40,133,080
Standard Bank Group	28,887,442	65,249,515
South African Reserve Bank - Corporation of Public Deposits	117,106,582	-
	152,398,492	149,705,824

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 counter parties. 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.

### 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 as to sustain its statutory obligations. The level of the reserves is dependent on the approval of the Minister of the DALRRD.

### Categories of financial instruments

2023	At amortised cost	Total
Financial assets:		
Trade and other receivables	54,667,036	54,677,036
Cash and cash equivalents	152,514,371	152,514,371
Financial liabilities:		
Trade and other payables	47,084,021	47,084,021
2022		
Financial assets:		
Trade and other receivables	76,039,059	76,039,059
Investments	110,364,725	110,364,725
Cash and cash equivalents	39,343,218	39,343,218
Financial liabilities:		
Trade and other payables	54,641,788	54,641,788
24. Irregular expenditure and fruitless and wasteful expenditure		
Irregular expenditure	1,290,771	1,377,429
Fruitless and wasteful expenditure	796,405	32,294
Closing balance	2,087,176	1,409,723

Figures in Rand 2023 2022

In respect of irregular expenditure incurred, the three-quote procurement process was not followed with year-to-date (YTD) expenditure of R938,440. Prior approval from the Chief Executive Officer was not obtained which is a deviation from National Treasury Regulations. The procurement process is in progress to initiate contracts.

National Treasury Regulation 16 A6.3(c) requires tenders to be advertised for a minimum of 21 days. The AETP learnership programme tender was advertised for 18 days. YTD spend was R352,331.

In respect of fruitless and wasteful expenditure, a permanent employee resigned and continued to receive a salary amounting to R178,872.

Funeral benefits were paid on behalf of the service provider to three employees amounting to R67,500. These funds are irrecoverable.

ICT equipment (tablets, laptops and monitors) amounting to a book value of R550,032 could not be physically accounted for and were reported as missing. These assets were written off.

### 25. 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 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

2023	Statutory services	Food Safety services	Development services	Corporate services	Total
Revenue					
Income	558,793,208	21,571,326	2,577,320	13,575,642	596,517,496
Entity's revenue					596,517,496
Expenditure					
Employment compensation	323,007,337	15,145,970	4,965,332	71,132,504	414,251,143
Activity cost	42,505,008	8,246,242	221,109	95,414	51,067,773
Administrative cost	20,840,022	5,369,240	1,198,629	91,326,068	118,733,959
Total segmental expenditure	386,352,367	28,761,452	6,385,070	162,553,986	584,052,875
Total segmental surplus					12,464,621
2022					
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

### strategic >> plan

Fiscal Years 2021 - 2026

### Part \_5

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### 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. The PPECB is South Africa's official perishable produce export certification agency.

The PPECB, mandated by the Department of Agriculture, Land Reform and Rural Development (DALRRD), has been delivering end-point inspection services on perishable products destined for export since 1991. The PPECB ensures that food business operators comply with the standards regarding food hygiene and food safety of regulated agricultural food products intended for export. The PPECB fulfils this role by conducting Statutory Food Safety Audits nationally.

The PPECB has been responsible for managing the export cold chain since 1926 and ensures that products leaving the country are handled, stored and transported at specific temperatures and optimum conditions. The PPECB's Laboratory is geared for the delivery of analytical services, which include mycotoxin analysis, fats analysis, dairy testing and Maximum Residue Level (MRL) testing of pesticides in a myriad of matrices (grain, feed, fruit, vegetables, cereals, peanut butter, spices).

The PPECB has been appointed as a third party to act on behalf of the South Africa Maritime Safety Authority (SAMSA) to approve shippers using a certified method to verify the gross mass of a packed and sealed container.

One of government's top priorities is the development of smallholder farmers as an instrument to stimulate growth within the South African agricultural sector. The PPECB works with various sister state owned enterprises, the DALRRD and industry to develop smallholder farmers to gain greater market access and thereby improve their profitability and sustainability as agri-businesses.

There are several challenges currently facing the agricultural sector within South Africa. One of the major challenges at the moment is the state of the ports. Without effectively managed and run ports, the agricultural export industry is hamstrung. One of the most sustainable and fastest-growing industries in South Africa, providing thousands of jobs, is being severely affected by dysfunctional ports. Another challenge currently facing the export industry is the issue of hi-cube containers. Hi-cube 40ft containers, making up around 75% of worldwide container cargo, are currently illegal on South African roads if their height, from the road surface to the top, exceeds 4.3 metres.

Despite many requests to government to resolve this issue, there remains uncertainty regarding the use of hi-cube containers. The lack of market access to many export markets is also hampering further agricultural growth and, with that, the creation of jobs. The issue of our neighbouring countries closing their borders to protect their industries without our government doing the same is putting pressure on the agricultural industry and flies in the face of the SADC and African Continental Free Trade Agreements.

The Medium Term Expenditure Framework (MTEF) of the government in 2022 will be to continue to focus on interventions that mitigate the negative impacts of the pandemic while supporting recovery efforts. The national rollout of the COVID-19 vaccination programme and the implementation of the Economic Reconstruction and Recovery Plan (ERRP) are vital to support medium-term recovery. We hope the government's commitment to investment in strategic economic infrastructure will lead to the much-needed intervention in the ports.

On a positive note, the dedicated employees of the PPECB have stuck to their task of providing the agricultural export industry with unfaltering service despite the enormous challenge of COVID-19 and the unrest in KwaZulu-Natal and Gauteng. The finances of the PPECB remain stable, and the PPECB has, once again, received an unqualified audit report.

Now that the world is returning to a sense of normality, the PPECB is well-placed to maintain its service to the agricultural export industry. We have continued to concentrate on strengthening our ICT capabilities and stakeholder relationships, providing training to smallholder farmers and upgrading the skills of our employees.

For the coming year, the PPECB will therefore concentrate on the following strategic focus areas:

- > Improved client experience through seamless integration with PPECB systems (external), at the same time becoming more customer-centric;
- > The provision of relevant and timeous export information and market trends to enhance the competitiveness of the industry (BI);
- > Continuous improvement through a process of transformation, innovation, and automation;
- Revised business models through the introduction of digitisation and 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.

The PPECB's TITAN 2.0° project was well entrenched during the last citrus season, with 88% of volumes being inspected on this platform. This surpassed our initial target of 80% for the season. The application is now well adopted by industry vendors and packhouses. Our customer-centric approach and face-to-face engagements greatly assisted in achieving these performance figures. These engagements have also informed our priorities with regard to further development. To ensure that the PPECB is agile and can quickly shift gears to meet the needs of our clients, TITAN 2.0° will be considered as a product supported by agile approaches to development. This approach will enable greater customer satisfaction and stronger partnerships.

The PPECB informed the industry that TITAN 2.0® was compulsory for the 2021/2022 grape season. This was positively received and supported by communication and various engagements with the South African Table Grape Industry (SATI) at pre-season meetings and various customers.

An area of focus for the PPECB in the coming months will be the PPECB Laboratory. There are some concerns regarding the Laboratory's future viability due to increased competition, ageing equipment and lack of space.

The strategic plan of the PPECB is reviewed on a regular basis by the Board and Executive Management to ensure that we remain 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, 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 for making sure that South African perishable produce is still sought after worldwide. Thanks also to the PPECB Board, the DALRRD and our stakeholders for their guidance and support in making our 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 / PPECB



### Part A

### > our mandate



### Legislative and Policy \_Mandates

The PPECB is mainly governed by the Perishable Products Export Control Act (Act No. 9 of 1983 (PPEC Act) and the Agricultural Product Standards Act (Act No. 119 of 1990) (APS Act). In terms of this legislation, the PPECB is responsible to oversee the export of perishable produce. This is achieved through the inspection of listed agricultural products and management of the cold chain. The PPECB is further mandated to conduct Food Safety audits in terms of the APS Act on all Food Business Operators (FBO) exporting perishable produce of plant origin.

The PPEC Act is still currently under review but has not been finalised. 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. The next step will be for the Bill to be introduced to Parliament together with the PPECB Levies Bill for further consideration.

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

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

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

### dynamic

+ progressive

## Part B/ \_\_our strategic focus

### >1. Vision

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

### //2. Mission

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

### 3. Values



### Professionalism:

We do the job right the first time with a positive attitude.



### Accountability:

We take ownership of our deliverables.



### Integrity.

We trust our people to uphold the highest standards of honesty and excellence in what we do.



### **Collaboration:**

We actively engage in sharing knowledge and experience.



### Agility:

We are flexible and able to adjust rapidly to change.



### Innovation:

We continuously improve what we have and experiment with new ways of doing things.

### 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 ever before.

Being an independent and impartial regulator for South African perishable exports for the past 90 years, the PPECB is very much focused on delivering quality inspection services, cold chain management services and, to some extent, food safety certification services based on minimum South African export standards. Leapfrogging to an era where technological advancements will continue to disrupt the status quo, privileged information is readily available, and consumers are spoilt for choice, the PPECB has no choice but to adapt to these rapid changes or simply face becoming irrelevant.

Clients now expect increased efficiencies, seamless systems integration, a faster flow of information supported by proper business and, more so, market intelligence as well as impeccable customer service. It is clear that the PPECB's value proposition should change from merely playing the role of a regulator to that of an enabler. Therefore, the organisation should 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 to the PPECB, relieving some pressure on future levy increases.

### 4.1. External Environment Analysis

The global economy is expected to grow at 5.9% for 2021 (International Monetary Fund (IMF), October 2021) and 4.9% for 2022. This is, however, dependant on the impact of COVID-19 over the short to medium term. Recent price pressures, for the most part, reflect unusual pandemic-related developments and transitory supply-demand mismatches. Inflation is expected to return to its pre-pandemic ranges in most countries in 2022 once these disturbances work their way through prices, though uncertainty remains high.

Risks around the global baseline are to the downside. Slower-thananticipated vaccine rollout would allow the virus to mutate even further and new variants may have a significant impact. Financial conditions could tighten rapidly, for instance, from a reassessment of the monetary policy outlook in advanced economies if inflation expectations increase more rapidly than anticipated. A double hit to emerging market and developing economies from worsening pandemic dynamics and tighter external financial conditions would severely set back their recovery and drag global growth below this outlook's baseline.

Europe, South Africa's major trading partner for fresh fruit, is expected to grow at 4.3% in 2022, and expected growth of 5% in 2021, recovering from a decline of nearly 6.3% in 2020 following the impact of COVID-19 on the region. It is further forecasted that emerging markets, including China, will grow at around 5.6% in 2022. Sub-Saharan Africa is set to grow at 3.8% in 2022. Advanced economies are expected to show positive growth of 5.2% for 2021 and the prospects for 2022 are also positive at 4.5%.



Whilst the South African economy remains under severe pressure, prospects for 2022 remain positive and the economy is expected to grow at a healthy 2.2%. South African inflation is currently at 4.41% for 2021 and 4.48% is estimated for 2022.

The battling economy certainly had a negative effect on South Africa's unemployment figures for quarter 3 (Q3) of 2021 and reported a new record high of 34.9% which represents an increase in unemployment of 0.5%, up from 34.4% in quarter 2 (Q2) of 2021. The rate was the highest since the quarterly labour force survey began in 2008. According to an expanded definition of unemployment that includes those discouraged from seeking work, 46.6% of the labour force was without work in the second quarter, from 44.4% in the first quarter.

The number of unemployed people decreased by 183 000 to 7.6 million. Formal sector employment decreased by 571 000, private households employment decreased by 65 000 (5.4%), and agriculture employment decreased by 32 000 (3.8%) in quarter 3 (Q3) of 2021. Informal sector employment increased by 9 000 (0.4%).

During the 2021 State of the Nation Address, President Ramaphosa reiterated government's commitment to economic growth that translates into job creation and structural transformation. The following areas were highlighted by the President:

- > Defeat the COVID-19 pandemic;
- > Accelerate economic recovery;
- > Implement economic reforms to create sustainable jobs and drive inclusive growth; and
- > Fight corruption and strengthen the State.

Despite the logistical challenges and the shortage of containers within South Africa, there was good recovery in perishable products exported in containers during September. The year-to-date container volumes exported for this fiscal year was 1.5% above the budgeted volumes. The impact in the Eastern Cape was most felt with lower container volumes moving through the port. Durban and Cape Town had increased container volumes shipped in comparison to the previous year.

Good partnership and commitment resulted in 15 vessels laden with citrus fruit to the United States of America (USA) from the port of Cape Town. The final USA vessel arrived in the USA in the third week of October. This year 63 046 pallets were shipped to the USA on specialised reefer vessels as compared to 48 936 pallets of the previous year which is a 29% increase in volumes. On the opposite side of the scale, shipments to Japan and China shipped on this mode of transportation were down by 11% and 28%, respectively. The year-on-year increase in total volumes shipped on specialised reefer vessels to all destinations is 16%.

The ongoing logistical challenges with the South African ports remain of huge concern. On 22 July 2021 Transnet experienced a cyber breach, security intrusion and sabotage. The hack disrupted normal processes and damaged equipment and information, culminating in the declaration of force majeure at the ports' container terminals. The force majeure ended on 2 August 2021 and the ports systems were restored to normal.

During the past few months, the South African ports were still heavily congested and under-equipped at times to deal with the volumes of containers entering the port. This resulted in massive congestion and delays within the port. The congestion in the ports had a negative impact on the entire logistical value chain that included producers, cold storages, container depots and transporters. The lack of empty refrigerated containers, congestion at cold storages, below-par productivity at Transnet terminals and inclement weather affecting port operations at times all contributed to the perfect storm. This was exacerbated by vessels by-passing South African ports resulting in the short shipment of containers and empty refrigerated containers not entering South Africa. The short shipment of containers added to the port congestion and containers had to spend additional dwell time at the port. It has been reported that some containers had missed several vessels before being shipped.

This will certainly negatively impact the shelf life of the products and could potentially result in food loss and waste. The congestion within the ports, cold storages and container depots was at such a critical level that requests were made to the citrus growers within KwaZulu-Natal, Northern Province and Eastern Cape to cease packing citrus fruit to alleviate the congestion. Under these circumstances, the PPECB is not mandated to stop inspections and continues with inspections when requested.

Given the situation in the ports, the following actions to mitigate the logistical challenges have been introduced:

- Stakeholder engagement regarding resource allocation and planning;
- Monitoring/oversight of operational activities;
- > Weekly meetings between the PPECB/ the Department of Agriculture, Land Reform and Rural Development (DALRRD)/ Transnet/ Citrus Growers Association (CGA)/depots/coldstores/shipping lines to discuss process and alternate shipping opportunities;
- Cold storage stock reports are generated to monitor the degree of congestion; and
- Continuous lobbying for more specialised reefer vessels to carry South African perishable cargo.

With the increased growth in the production of agricultural produce, the urgent improvement of the situation within the ports cannot be overemphasised. The current situation puts significant pressure on the cost of exports and threatens South Africa's reputation as a reputable and reliable supplier of perishable produce worldwide. It is therefore crucial that the situation with the ports be addressed as a matter of urgency to ensure the continued success of the sector.

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

In 2021, South African perishable produce exports increased by 9.71% to 3.48 million tonnes to around 92 countries. Year-on-year growth on this front has been steady, except for 2019 when export volumes were below anticipation due to effects the drought and unfavourable market conditions.

**2017** 2,751,885 **2018** 2,903,834 **2019** 2,821,274 **2020** 3,179,092 **2021** 3,487,842



During 2021, citrus fruit exports soared to a record high of 172 million cartons (14% above expectation) exported until December 2021. This figure is expected to increase even further as new plantings come into production. By the end of December, the year-on-year comparison on citrus volumes is as follows. Grapefruit exports increased by 17%. Soft citrus shipments firmed significantly by 24%. Lemon exports increased by 10%. Navels exported shifted marginally. Valencia exports declined by 9%.

On 18 September, the South African citrus industry suspended the exportation of Valencias and lemons from South Africa's summer rainfall, citrus black spot (CBS) regions to the European Union (EU) due to the spike in CBS interceptions.

During 2021 deciduous fruit exports were up on expectation, with pome and stone fruit reported at 16% and 18% above expectation, respectively. The 2021 pome season is delivering better than expected volumes across all areas. Last season's winter showed favourable rain in the majority of the production areas. Cooler weather during spring and the flowering period has resulted in a good crop. Apple and pear export volume estimates for the 2021 season are 18% and 5%, respectively, up on the previous season. Up to 31 December 2021, 58 million cartons of pome fruit were inspected, which

is considerably higher than previous years. The impact of COVID-19 on global logistics and, specifically, the availability of refrigerated containers during the season remains a huge concern.

Up to 31 December 2021, 17.96 million cartons of grapes were inspected, which is 19.3% below the budgeted volumes due to the grape season that started later in the Lower Orange River, Groblersdal and Western Cape.

Due to the critical crisis at the Durban port, the industry requested that the Citrus Research Institute (CRI), the PPECB and the DALRRD investigate the possibilities of utilising the Maputo port. The focus was to be able to utilise the Maputo port for citrus exports to Europe using specialised refrigerated vessels. After consultation, the standard operating procedure (SOP) to ship South African citrus from Maputo was approved by the DALRRD. Meetings were also held between the terminal operator, DP World, and the stakeholders to make sure everyone had a common understanding of the procedures.

The unrest experienced in Gauteng and KwaZulu-Natal halted courier services, resulting in samples not being able to get to the PPECB Laboratory. Further to this, many trucks carrying export produce got stuck, which had a devastating impact on exports. From an organisational point of

view, as an essential service, continued inspections were under threat as PPECB employees battled to get to work.

The 2021 avocado season commenced with the avocado industry estimating a bigger crop, but this was revised as the season proceeded. The season ended with volumes 26% down from the budgeted crop. The flooding of the Peru crop in the EU displaced South African fruit leading to some exporters holding back as this created unfavourable prices in the market. The quality of the fruit for the season was generally good, except for pockets of rejections due to some quality defects. High volumes of avocado containers were loaded in Johannesburg before being sent to the ports. The outlook for the 2022 avocado season remains positive.

The 2021 maize season was in full swing, with high volumes of bulk maize being exported via deep sea exports. Up to 31 December 2021, inspected grain volumes were 2.6 million tonnes versus a budget of 1.7 million tonnes. Approximately 1.4 million tonnes were exported from the port of Durban. During the month of September, five vessels loaded 278 000 tonnes of maize collectively for export from Durban. This is out of the ordinary as the port does not usually work with this many vessels in a month. Maize exports were expected to increase from 1.9 tonnes in 2020 to around 2.4 million tonnes in 2021.

Looking towards the new maize season, above average rainfall across parts of South Africa's summer rainfall region resulted in some farmers having to delay the planting of crops such as maize, soya bean and sunflower. Currently, the biggest concern is that planting may not be completed early enough. Certain farmers in the region have completed planting, however fields are now drenched in water and they cannot get machinery onto the lands to perform remedial measures and any follow-up spraying. Farmers in the eastern and western parts of the summer grain production region have reported damage to grain crops following several weeks of rainfall. The situation was exacerbated by the fact that rain occurred on soil where the moisture levels had already reached maximum capacity. The Free State, Mpumalanga and North-West regions had been amongst the worst affected. The lack of prolonged periods of sunshine makes evaporation virtually impossible, causing the plants to become waterlogged.

Volumes for vegetable inspections for 2021/2022, up to 31 December 2021, were 89.6 million kilograms versus a budget of 67.8 million kilograms. However, the inspections from Cape Town substantially decreased due to some restrictions placed by the Namibian authorities on imported

vegetables as they are producers of some of these vegetables. The restricted outbound international flights from Cape Town resulted in vegetable volumes produced in the Western Cape being transported to Gauteng for exports.

The South African blueberry season is gaining momentum as growers across the country move to peak production. South Africa is projected to export 25 000 tonnes, which is an increase of 63% on last year's export volumes. The country remains on track to achieve 5 000 hectares of planting during the next four years. If this materialises, South Africa will export around 55 000 tonnes in 2025, which is 220% more than this year's anticipated export volume.

Notwithstanding the positive growth, the impact of the recent drought remains a huge concern, especially in the parts of the Eastern Cape and northern parts of the country, which provide around 80% of the total citrus fruit exports. Should the situation not improve, it certainly will have an impact on the citrus volumes for the 2022 season. However, good rains in December 2021/January 2022 might influence the situation positively, but floods were also experienced in the Eastern Cape and KwaZulu-Natal. The situation in the Western Cape was significantly better in 2021. At the time of writing this report,

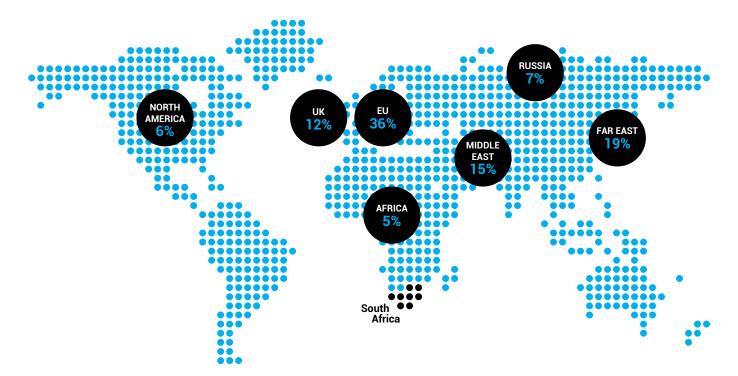
dam levels were already at 77% on average at some dams, which is higher than 2020, when dam levels were reported at just above 62%. The Western Cape experienced an above normal rainfall season, with deciduous fruit volumes expected to be higher for the 2021/2022 season.

From a market perspective, the EU, excluding the United Kingdom (UK), remains the biggest importer of South African fruit, with 36% during 2021. The UK took a further 12% of South African fruit volumes. Based on reported figures, it appears that BREXIT had little effect on the volumes exported to this region to date.

With CBS still an unresolved issue in the EU, the South African citrus industry remains on high alert. To date, for 2021, South Africa recorded 43 CBS interceptions in the EU, from six in the previous year. False codling moth (FCM) became a regulated pest in the EU in 2018 and 16 interceptions were recorded in 2021 compared to 14 in 2020. In addition to this, there were two fruit fly inceptions.

Asia remains a market with huge potential for South African fruit, with 19% of fruit exported to this region during 2021, up from 18% in 2020. The importance of increased market access to this region cannot be overemphasised.

Percentage of Fruit Exported to the Major Destinations (Jan-Dec 2021)



Other high-value products are also increasing significantly from a South African export perspective. One such example is macadamia and pecan nut exports, which have increased from 39 213 tonnes in 2019/2020 to 41 893 tonnes in 2020/2021. For the 2021/2022 cycle, until 31 December 2021, 43 780 tonnes of tree nuts were inspected, which is 18% above the 37 090 tonnes budgeted. It is reported that these products are becoming extremely popular and of great value to South Africa due to their high returns.

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 is critical.

Volumes of major fruit products have seen an upswing over the past three years, mainly due to new plantings. Citrus fruit exports alone have grown by 19% in 2021 when compared to 2020. The growth in citrus exports is expected to continue and will 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 they become more popular in 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 both cyber attacks and data breaches have catapulted to amongst 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;
- > A competitive market environment;
- > Policy changes;
- > An increase in fruit export volumes;
- > Information security;
- > Change in the world order; and
- > Protectionism.

### 4.2 Internal Environment Analysis

In 2019, the PPECB Board approved a business strategy in support of the PPECB's medium-term objectives. The strategy is directed to move the organisation from simply being a regulator to an enabler. The strategy is further in support of the PPECB's drive towards digitisation in order to create further efficiencies. The business strategy has been reconfirmed by the Board in 2022.

It is clear that clients expect a consistent and more professional service as a bare minimum. Most clients operate globally, making mobile interaction crucial to the success of their businesses. Over the past few years, clients have also become accustomed to individualised service offerings, online interactions, and the availability of information at their fingertips.

As a regulator of perishable produce destined for export, the PPECB has a national footprint, holds critical export information, and 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 as a whole. The PPECB will therefore remain relevant and successful as an organisation over the next three years by:

"Embracing technology to ease interaction and establishing ourselves as the industry leader for the provision of intelligent market information. We will further review our operational model to allow for digitisation and change in methodologies whilst continuing to ensure compliance. We are committed to improving the overall customer experience through innovation and continuous improvement."

The PPECB must adapt its products, services and processes to make it 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 government and the industry.

Both the organisation and individuals will need to put 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. The application also becomes important. In the rapid reskilling era, unlimited, unrestricted access to learning is becoming the game changer. However, for us to harness the benefits of this unlimited, unrestricted access to learning, we need to develop into self-directed, agile learners with a strong growth mindset.

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. Employees also need the space to unlearn redundant competencies and re-learn what is relevant for the future.

The PPECB thus needs to evolve, but this cannot be achieved by operating and behaving like an island. Collaboration internally and externally is key, and it is important that the evolution of the PPECB is a journey that includes all its ecosystem members - the DALRRD; suppliers; clients; service providers; processes and services - to move beyond silos and to co-create new opportunities for creating value and to innovate. 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 stakeholder needs internally as well as externally;
- > Deliver TITAN 2.0® and Enterprise Resource Planning (ERP) on time;
- > Ensure seamless integration between PPECB and client systems where possible (ERP, 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 which will add to the PPECB's future sustainability. Some of the key outcomes of the PPECB Transformation strategy are:

- > To increase the number of women in leadership in the PPECB:
- To provide dignified opportunities for people with disabilities to gain skills, qualifications and work experiences; and
- To create opportunities for youth to gain skills, qualifications and work experience in the industry.

To achieve the outcomes, the PPECB launched pilot programmes in the 2021/2022 financial year for:

- > Women in Leadership with eight candidates; and
- > People with Disabilities with eight candidates.

The PPECB is also continuing with the flagship Agri Export Technologist Programme (AETP) with a planned intake of 45 candidates aimed at youth, in addition to a new graduate development programme in support areas (Human Capital, Information and Communications Technology (ICT), Legal and Laboratory Services). The PPECB aims to continue with these pilot programmes in 2022 and 2023 should it be sustainable.

In 2022 the PPECB will also launch a development programme for 30 of the current unemployed graduates for a two-year period to improve the employability of these individuals within the PPECB should vacancies arise. Over the two-year period, these individuals will be afforded the opportunity to gain credits needed as a prerequisite for permanent appointment.

### Strategic Projects: TITAN 2.0® and ERP

### **TITAN 2.08**

From 1 April 2020 to 31 December 2021, 200 million cartons (84%) of the main products were inspected on TITAN 2.0® at 670 activity points. The uptake of TITAN 2.0® by clients is dependent on the readiness of the client's software vendor to integrate with the TITAN 2.0® platform, and up to 31 December 2021, nine software vendors successfully integrated with this platform. Due to vendors and packhouses not being ready for version 2, the PPECB continued to support version 1 and version 2 of TITAN 2.0®. The second iteration of TITAN 2.0® is integrated with the Electronic Certification (eCert) Trade Unit Register. It offers electronic addendums and certification, which is a significant improvement on the previous version with special market validations also being catered for. As a result, TITAN 2.0® version 1 was decommissioned on 14 December 2020.

TITAN 2.0® priorities for 2021 include paperless consignment notes and export certificates, electronic inspection finding sheet, bulk pass, sign-off (multi-select) functionality and Tracking Unit Register (TUR) as single point of entry and cold chain modules. Excellent progress has been made with reviewed and rebased lined priorities for Product Inspection and development for most of these priorities was completed with a significant number of them already successfully deployed.

The current risk of allowing clients to make changes to consignment notes on their packhouse vendor systems after being processed on the TITAN 2.0® platform, prior to presenting consignment notes to an inspector for sign-off of the hard copies, will be mitigated by the planned deployment of the PPECB electronic PDF consignment note in February/March 2022. The changes can result in differences between packhouse and PPECB systems and can lead to unnecessary queries and credit notes and may impact completeness of income.

Bin pack code validation, nett weight validation and validation of class were also successfully deployed and will further strengthen operational internal controls and improve the accuracy of PPECB information. With class validation, only valid classes for the specific product will be allowed. The weight validation will make the inclusion of weight mandatory and improve the accuracy of the weight required and improve the accuracy of information supplied to deciduous and citrus industry bodies in terms of seasonal Service Level Agreements (SLAs).

Cloning of service request development was completed and successfully deployed following system integration and user application testing. The cloning functionality will enable clients with an approved or expired service request to clone information and will save the clients valuable time when completing the service request for the new season.

Volumes Inspected on TITAN 2.0® 2022/2023

PRODUCT	BATCH	TITAN 2.0®	%TITAN 2.0®
Avocados	1 280 958	14 915 654	92.09%
Citrus fruit	9 140 389	166 558 703	94.80%
Grapes	1 022 050	58 722 107	98.29%
Litchis	977 255	707 547	42.00%
Mangoes	77 018	1 316 007	94.47%
Other fruit	9 334 317	4 092 674	30.48%
Pome fruit	14 168 665	49 957 537	77.91%
Stone fruit	1 995 578	19 415 742	90.68%
Grand Total	37 996 230	315 685 971	89.26%

More customers are getting on board with electronic addendum and export certification with subsequent requests for enhancements which include the determination of five days after sail of vessel, excluding weekends and public holidays, which was successfully deployed. The requirements for the updated electronic export certification process will be mapped out and reviewed to ensure all requirements are accurately captured, and eCert and TUR dependencies are clarified. Customer change requests due to urgency require prioritisation above already approved priorities. From April 2021 to December 2021, 2 475 export certificates were processed on the TITAN 2.0® platform.

TITAN 2.0® Electronic Export Certificates

Region	<b>Electronic Certificates</b>
Durban	203
Gqeberha	0
Cape Town	2 272
Total	2 475

In March 2021, a search function for temperature regimes (Schedule 1) was launched on the TITAN 2.0® platform. Schedule 1 will allow cold chain assessors to look up and cross-reference specifications, ventilation settings, temperature tolerances, target countries and temperature regime codes for all products resulting in less documentation and a more efficient process.

Cold chain electronic export notifications (bookings) went live in June 2021, the benefits of which include:

- Clients can electronically capture and submit bookings for container and vessel loadings and view the status of container loading in real time;
- Lead Assessors are able to assign assessors to loading points electronically;
- Assessors will be able to access the working programme on their tablet and view the information for the activity points they are assigned to.

## 2 475



electronic export certificates processed [on] TITAN 2.0° April - Dec 2021

### **Enterprise Resource Planning (ERP)**

The PPECB has initiated the introduction of an ERP system to replace its legacy Navision (NAV) system. The ERP software selected is Microsoft Dynamics 365. With the implementation of the software, the PPECB seeks to create further process efficiencies and an enhanced customer experience.

The first phase of the ERP implementation, analysis and blueprint has been completed, and the next phase, design and build, has started and will continue into the first quarter of 2022. The implementation should be completed by the end of the 2022 financial year.

The ERP will allow the PPECB to:

- > Automate and integrate business processes and data to bring about efficiencies in how to get work done and how to centrally enter, access, and manage data;
- > Integrate systems to meet customer expectations of consistent and professional service;
- > Improve business intelligence (BI) and reporting capabilities; and
- Improvement in the experience customers, partners and vendors have whilst doing business with the PPECB.

### Impact of COVID-19 on the PPECB

The PPECB services were categorised as essential during the national state of disaster as a result of the COVID-19 pandemic. The organisation took a people-first approach and introduced remote working, working from home and flexible work arrangements, as far as possible, in an attempt to reduce the spread of COVID-19 in the workplace. Employees continue to operate remotely as far as practically possible with a minimum requirement of two days in the office. Office time is also scheduled so that sufficient social distancing remains in place between employees who are in the office and, where this is not possible, screens have been purchased to place between workspaces and at reception desks. Permits are issued to those employees required to be on site at a customer during curfew times. All employees are still required to follow strict COVID-19 guidelines, which include the wearing of personal protective equipment (PPE), social distancing and regular hand sanitising. The necessary PPE and hand sanitisers are procured and distributed to employees on a regular basis, and the organisation also pays for any COVID-19 tests required by its temporary employees who do not have medical aid. Health screening and temperature checks of customers and employees were also introduced at all PPECB offices.

A third wave was experienced from May 2021 to September 2021, with up to level four restrictions being implemented. South Africa was moved to alert level one in October 2021 however; a fourth wave was experienced during December 2021, which was at the peak of the deciduous season in Gauteng, Northern Cape and the Western Cape. The PPECB could, however, continue to deliver services to all customers during this time.

For that reason, as at 31 December 2021, the organisation had incurred R1.8 million in costs since the beginning of the financial cycle. Expenditure is indicated in the table below:

YTD (R's '000)
578
35
371
55
852
1 891

Considering the current global pandemic, the PPECB remains cautiously optimistic and will continue to scan the environment. Where necessary, re-prioritisation of projects will be done to ensure that the organisation remains financially sustainable. The PPECB will further persist with its people-first approach and continue to safeguard our people against the pandemic.

### Part C:

### > measuring our performance

### Institutional \_Performance Information

The focus of performance over the medium term will be on continued service delivery without compromising the integrity of product quality and continued contribution towards social responsibility, including 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 employee complement that can add value to the perishable export industry.

The priority area of the Statutory Operations programme will be to increase the capacity of the workforce to be 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.

Performance will be monitored and managed through a system of 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 the DALRRD to ensure the orderly export of perishables products and to improve the competitiveness of our customers in the international market. In addition, the PPECB aims to contribute to Priorities 1 and 7 of the National Development Plan (NDP), namely Economic Transformation and a Better Africa and World.



### 3. Measuring our Outcomes>>

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

The organisation will further remain focused on delivering an efficient service to customers and strengthening relationships with stakeholders locally and abroad. The PPECB will also persist with its strategy of consolidation and seek to place a greater reliance on systems and technology to enhance service delivery over the medium term. The organisation further remains committed to deliver 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 our capabilities by:

- > Increasing our infrastructure stability and connectivity;
- > Strengthening our business intelligence (BI) capacity and knowledge to provide accurate and complete information on time;
- > Properly integrating innovation into the business;
- > Properly understanding stakeholder needs internally as well as externally;
- > Delivering TITAN 2.0® and ERP on time;
- > Ensuring seamless integration between PPECB and client systems (ERP, TITAN 2.0®); and
- > Discovering new business models to deliver services cost-effectively and guickly.

With these enablers in place, more doors will open in 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 customers	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 Agri Export Technologist Programme (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%
Enhance the credibility of the South African Export certificate Support the export competitiveness of South	Zero markets closed as a result of poor quality and food safety non- compliance  Enable percentage growth in main perishable product exports (citrus,	0	

### 4. \_Key Risks and Mitigations

Below is a summary of the key risks and mitigations as at November 2022.

Outcomes	Key Risks	Risk Mitigations (Current Controls and Actions)
Efficient service delivery	Failure to achieve customer centric/ enabling culture and behaviours to promote positive performance	<ul> <li>Approved and implemented change management strategy</li> <li>Approved and implemented new business strategy</li> <li>Equip leaders through Leadership Development Programme (LDP)</li> <li>Coaching and mentoring initiatives</li> <li>Utilising existing forums to raise awareness and to ensure satisfaction of internal and external customers (Employee Connect Sessions, MANCO, TES, EXCO, pre-season meetings; regional customer satisfaction survey [Q78])</li> <li>Careways Wellness Sessions</li> <li>Review the PPECB values to ensure that they are still relevant to the new business strategy</li> <li>Change management and culture initiatives to close survey gaps</li> <li>Customer centric training</li> <li>Training management on how to manage a hybrid workforce</li> </ul>
Efficient service delivery	Increased risk of cyber attacks and information security threats	<ul> <li>Monthly patch management for Windows, servers and desktops being conducted and remedial action applied</li> <li>Monitoring of anti-virus and firewall, ensuring reports are being checked and implemented</li> <li>Cybersecurity continuous awareness and annual refresher training for employees to create a data privacy culture within the organisation</li> <li>Classification of electronic data (master data)</li> <li>Obtain insurance for cyber events in a cyber-secure environment</li> <li>Protection of Personal Information Act (POPIA) Implementation Plan, including physical security mitigations and improvements at various sites</li> <li>Microsoft Defender implementation and establishment of threat intelligence framework</li> <li>Response when stakeholders are impacted by information security threats</li> <li>Distinction between PPECB devices and use of own devices for applications and costs to implement security devices on own personal device</li> </ul>
Process Transformation	Failure to timeously roll out TITAN 2.0® modules	<ul> <li>Internal project management processes and governance in place</li> <li>Internal auditors appointed to provide assurance on implementation and quality</li> <li>Monthly Steering Committee meetings, including Gartner/internal auditors to ensure successful implementation</li> <li>Bi-monthly internal engagements through the sprint planning and demo sessions</li> <li>Technical task team engagement with major/software industry vendors on integrating systems, e.g. Paltrack, PhytClean</li> <li>Monitoring of web services that are published and appropriate change control measures are put in place</li> <li>Recruitment of additional application support analysts</li> </ul>
Process Implementation	Unsuccessful implementation of ERP adversly impacting the PPECB's ability to deliver business value, system integration and collate business intelligence	<ul> <li>Approved business case for ERP</li> <li>Steering Committee oversight over ERP (Microsoft Dynamics software, excluding HCM) and road map, which includes Gartner/internal auditors to ensure successful implementation</li> <li>Internal project management processes and governance in place</li> <li>Internal auditors appointed to provide assurance on implementation and quality</li> <li>Cloud Service Provider Agreement</li> <li>Business Analysts recruited to document as-is processes and measures for benefit realisation</li> <li>Master data assurance project and data governance forum to ensure alignment between ERP, TITAN 2.0°, and Navision (NAV) for key operational components. Further work on NAV in progress. Delayed by COVID-19</li> </ul>
Compliance	Non-compliance with the APS mandate, PPEC Act, POPIA, Competitions Act and other legislation and ability to respond to mandate changes that may adversely impact people, process and reputation	<ul> <li>POPIA Implementation Plan</li> <li>Supply chain management and contract management training to be done per department. Bid specifications to be reviewed in terms of a checklist to be developed which will include equipment requirements, pricing as per industry standards</li> <li>Board approval required regarding further procurement in respect of Instruction Note 3</li> <li>Amendment of SCM policies in line with the CC Judgement</li> <li>Supplier development programme</li> </ul>
Efficient Service Delivery	Sustainability and Inflexibility of current operating model and associated legislation may adversely impacts costs (under) recovery and operational resilience	<ul> <li>Monthly monitoring of the financial health of the organisation</li> <li>Benchmarking with counterparts in other countries, governments, grower associations, lobby groups, importers on acceptable, good and regulated practices, which could lead to more cost efficient risk management practices</li> <li>Monthly monitoring of volumes and performance of business units</li> <li>Reserves are maintained to sustain operations in case of financial distress</li> <li>Approved Medium Term Expenditure Framework (MTEF)</li> <li>Applying approved model for levy determination</li> <li>Review actual expenditure in line with cost containment budgeted expenditure</li> </ul>
Efficient Service Delivery	Disruption of PPECB services due to industrial action and declining South African infrastructure (ie ports, loadshedding, drought, connectivity)	<ul> <li>Stakeholder engagement regarding resource allocation and planning</li> <li>De-linking TITAN 2.0° from eCert in order to function offline independently</li> </ul>
Compliance	Transfer of PPECB functions to the Border Management Authority in so far as it relates to border management functions	<ul> <li>Discussions with the DALRRD and BMA commissioners</li> <li>Implementation Protocol</li> <li>SLA to coordinate functions</li> </ul>

# 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 (NAV13) regarding suppliers having a B-BBEE certificate as evidence of their compliance
Method of Calculation	Spend on B-BBEE suppliers is divided by the total spend, and that gives the percentage of B-BBEE spend
Means of Verification	B-BBEE certificates of suppliers
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	The desired performance would be that which exceeds the target as an indication that PPECB business benefits mostly the B-BBEE suppliers, especially Qualifying Small Enterprises (QSE) and Exempted Micro Enterprises (EME) that play a vital role in fighting the scourge of unemployment
Indicator Responsibility	Procurement Manager
Indicator Title	Percentage of inspection/export information provided at a 95% accuracy level in week one of reporting
Definition	This is the percentage of information that is captured of the total volume inspected/exported the previous week
Source of Data	A record/log is kept of the volumes reported in the SLA reports that are sent to the industry
Method of Calculation	When the weekly reports are sent to 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
Means of Verification	System generated report
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation Type	Cumulative
Reporting Cycle	Quarterly
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	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
Means of Verification	Customer Feedback Survey
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Annually
Desired Performance	Performance which is higher than the target is desirable as this means that the customers 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	This has to do with the PPECB processes that are mostly manual and, with the introduction TITAN 2.0° and ERP, will be transformed to electronic or digitised
Source of Data	Calculated based on the number of processes converted to electronic
Method of Calculation	Total number of processes converted
Means of Verification	Report on actual processes automated
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Data Limitations	No specific limitations
Type Of Indicator	Manual vs manual converted to electronic
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	The current attrition rate illustrates that we are experiencing difficulties to change. However, with the introduction of TITAN 2.0° ERP and other technologies, the way the PPECB operates will change considerably and, ultimately, some processes will become redundant as we leverage technology and digitalise. The PPECB will have to be able to transform from manual processes to electronic processes or automation of manual 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	Data collected manually and reported monthly to the coordinator who reports monthly and quarterly. The number of samples inspected on a 2% basis are expressed as a percentage of total samples inspected
Means of Verification	System generated report
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	Performance which is higher than target is desirable as it means more inspection 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® system
Definition	Percentage of cartons of main products captured using TITAN 2.0®
Source of Data	Monthly report from the PPECB mobile technology system
Method of Calculation	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)
Means of Verification	TITAN 2.0® (mobile application) compared to system generated report
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	Desired performance is to achieve the targeted percentage of cartons captured on TITAN 2.0° for the fiscal year
Indicator Responsibility	General Managers: Operations
Indicator Title	Number of activity points interfacing with the PPECB mobile technology platform
Definition	Number of inspection activity points that are able to exchange data with the PPECB tablet technology system
Source of Data	Monthly report from the PPECB mobile technology system
Method of Calculation	All activity points that were able to exchange data with the PPECB tablet technology system for a financial year
Means of Verification	TITAN 2.0® (mobile application)
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	Desired performance is to achieve the targeted number of activity points for the fiscal year
Indicator Responsibility	Application Development Manager

### Programme 3: Food Safety Services

Indicator Title	Number of tests performed on samples received using accredited methods*
Definition	Samples analysed for testing as per the DALRRD mandate for pesticides, mycotoxins and compositional dairy testing for export and the local market
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	Volumes of samples analysed for different tests are counted by the LIMS automatically as received at sample reception
Means of Verification	LIMS
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	A higher than target performance is preferred, as increased samples analysed for testing is indicative of compliance to food and feed safety regulations and may also be indicative of increased exports
Indicator Responsibility	Laboratory Manager
Indicator Title	Number of food safety audits conducted
Definition	Reporting on the number of export Food Business Operators (FBO) who were South Africa Good Agricultural Practices (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	A count of the number of Food Safety Certificates issued in a quarter to exporting Food Business Operators
Means of Verification	Food Safety Audit Reports
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation Type	Cumulative
Reporting Cycle	Quarterly
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 Agri Export Technologist Programme (AETP) annually
Definition	This is the number of people who fulfil all the requirements of the learnership and are then awarded with a National Qualification Framework (NQF) Level 5 qualification after their portfolios of evidence have been assessed and moderated
Source of Data	Certificates issued by the Sector Education and Training Authority (SETA)
Method of Calculation	The indicator is calculated through stipulating the number of students graduated (who successfully meet the final requirements of the learnership)
Means of Verification	Agricultural Sector Education and Training Authority (AgriSETA) Certificates
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Annually
Desired Performance	All registered students graduate after course completion and get employment in the sector
Indicator Responsibility	Learning and Development Manager
Indicator Title	The number of smallholder farmers trained
Definition	The number of smallholder farmers trained by the PPECB
Source of Data	Attendance registers completed by farmers during training sessions
Method of Calculation	Adding together all the farmers who attended training sessions during a quarter across all registers
Means of Verification	Attendance Registers
Assumptions	N/A
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation Type	Cumulative
Reporting Cycle	Quarterly
Desired Performance	Performance which is higher than the target is desirable as this means that more smallholder farmers have an awareness of post-harvest activities
Indicator Responsibility	Organisational Development and Transformation Manager

Indicator Title Percentage of permanent technical professionals (inspectors and assessors) evaluated as technically competent.  Percentage of permanent technical professionals (inspectors and assessors) evaluated as technically competent.  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 the default risk tolerance manageable internally. A count of the number of individuals evaluated is now reported  Source of Data The data is gathered from specialists within the Learning and Development department which has a national footprint in all PPECE regions. A seasonal plan is followed, and the competence status of the inspectorate is reported quarterly  Method of Calculation The number of technical professionals evaluated as competent, expressed as a percentage of the total number of technical professionals of Verification  Evaluation report  Assumptions N/A  Spatial Transformation N/A  Spatial Transformation N/A  Calculation Type Cumulative  Reporting Cycle Quarterly  Desired Performance which is higher than the target is desirable as this means that the inspectorate is better equipped to fulfil its mandated and market access responsibilities.  Indicator Title Number of smallholder farmers certified for export  Definition Reporting on the 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 is susse the certificates.  Method of Calculation A count of the number of certificates issued in a quarter to smallholder farmers.  Spatial Transformation N/A  Disaggregation of Beneficiaries N/A  Spatial Transformation N/A	Indicator Title	Number of new skills identified and trained
Method of Calculation         A count of the number of new skills identified and trained.           Means of Verification         System Generated Report           Assumptions         N/A           Disaggregation of Beneficiaries         N/A           Spatial Transformation         N/A           Calculation Type         Cumulative           Reporting Cycle         Quarterly           Desired Performance         The target should increase continuously as new technologies are introduced and new skills requirements emerge and should be trained for.           Indicator Responsibility         Human Capital Executive/Business Optimisation           Indicator Title         Percentage of permanent technical professionals (inspectors and assessors) evaluated as technically competent.           Berinition         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 the default risk tolerance manageable internally. A count of the number of individuals evaluated is now reported.           Source of Data         The data is gathered from specialists within the Learning and Development department which has a national footprint in all PPECE regions. A seasonal plan is followed, and the competence status of the inspectorate is reported quarterly           Method of Calculation         N/A           Disaggregation of Beneficiaries	Definition	Reporting on the number of new skills identified in the PPECB to adapt to digital transformation.
Means of Verification         System Generated Report           Assumptions         N/A           Disaggregation of Beneficiaries         N/A           Spatial Transformation         N/A           Calculation Type         Cumulative           Reporting Cycle         Quarterly           Desired Performance         The target should increase continuously as new technologies are introduced and new skills requirements emerge and should be trained for.           Indicator Title         Percentage of permanent technical professionals (inspectors and assessors) evaluated as technically competent.           Indicator Title         Percentage of permanent technical professionals (inspectors and assessors) evaluated as competent by an independent Learning and Development product and Cold Chain Specialist within a four-year cycle. The orgination sets a targeted percentage based on the desired competency levels and the default risk tolerance manageable internally. A count of the number of individuals evaluated is now reported           Source of Data         The data is gathered from specialists within the Learning and Development the partment which has a national footprint in all PPECE regions. A seasonal plan is followed, and the competence status of the inspectorate is reported quarterly           Method of Calculation         The unturn of technical professionals evaluated as competent, expressed as a percentage of the total number of technical professionals evaluated as competent, expressed as a percentage of the total number of such professionals reported quarterly           Assumptions         N/A	Source of Data	The data is collected from Operations/Human Capital
Assumptions N/A  Disaggregation of Beneficiaries N/A  Calculation Type Cumulative  Reporting Cycle Quarterly  Desired Performance The target should increase continuously as new technologies are introduced and new skills requirements emerge and should be trained for.  Indicator Responsibility Human Capital Executive/Business Optimisation  Indicator Title Percentage of permanent technical professionals (inspectors and assessors) evaluated as technically competent.  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 the default risk tolerance manageable internally. A count of the number of individuals evaluated is now reported  Source of Data The data is gathered from specialists within the Learning and Development department which has a national footprint in all PPECB regions. A seasonal plan is followed, and the competence status of the inspectorate is reported quarterly  Method of Calculation The number of technical professionals evaluated as competent, expressed as a percentage of the total number of technical professionals  Means of Verification Explanation N/A  Disaggregation of Beneficiaries N/A  Spatial Transformation N/A  Calculation Type Cumulative  Reporting Cycle Quarterly  Desired Performance Performance which is higher than the target is desirable as this means that the inspectorate is better equipped to fulfil its mandated and market access responsibilities.  Indicator Responsibility Learning and Development Manager  Indicator Responsibility A count of the number of smallholder farmers who attained SAGAP (R707) certification in a quarter.  Source of Data New for smallholder farmers certified for export  Method of Calculation A count of the number of certificates issued in a quarter to smallholder farmers.  Method of Calculation A count of the number of certificates issued in	Method of Calculation	A count of the number of new skills identified and trained.
Disaggregation of Beneficiaries         N/A           Spatial Transformation         N/A           Calculation Type         Cumulative           Reporting Cycle         Quarterly           Desired Performance         The target should increase continuously as new technologies are introduced and new skills requirements emerge and should be trained for.           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 organization sets a targeted percentage based on the desired competency levels and the default risk tolerance manageable internally. A count of the number of individuals evaluated is now reported.           Source of Data         The data is gathered from specialists within the Learning and Development department which has a national footprint in all PPECE regions. A seasonal plan is followed, and the competence status of the inspectorate is reported quarterly           Method of Calculation         The number of technical professionals evaluated as competent, expressed as a percentage of the total number of technical professionals evaluated as competent, expressed as a percentage of the total number of professionals from the competence status of the inspectorate is better equipped to full in a manufactor of the professionals from the professionals evaluated as competent pr	Means of Verification	System Generated Report
Spatial Transformation         N/A           Calculation Type         Cumulative           Reporting Cycle         Quarterly           Desired Performance         The target should increase continuously as new technologies are introduced and new skills requirements emerge and should be trained for.           Indicator Responsibility         Human Capital Executive/Business Optimisation           Indicator Title         Percentage of permanent technical professionals (inspectors and assessors) evaluated as technically competent.           Befinition         Reporting on the percentage of permanent inspectors and assessors evaluated as competent by an independent Learning and Development Product and Cold Chain Specialists within a four-year cycle. The organisation sets a targeted percentage based on the desired competency levels and the default risk tolerance manageable internally. A count of the number of individuals evaluated is now reported           Source of Data         The data is gathered from specialists within the Learning and Development department which has a national footprint in all PPECB regions. A seasonal plan is followed, and the competence status of the inspectorate is reported quarterly           Method of Calculation         The number of technical professionals evaluated as competent, expressed as a percentage of the total number of technical professionals           Means of Verification         Evaluation report           Assumptions         N/A           Disaggregation of Beneficiaries         N/A           Performance         Quarterly	Assumptions	N/A
Calculation Type Cumulative Reporting Cycle Quarterly Desired Performance The target should increase continuously as new technologies are introduced and new skills requirements emerge and should be trained for. Indicator Title Percentage of permanent technical professionals (inspectors and assessors) evaluated as technically competent.  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 the default risk tolerance manageable internally. A count of the number of individuals evaluated is now reported  Source of Data The data is gathered from specialists within the Learning and Development department which has a national footprint in all PPECE regions. A seasonal plan is followed, and the competence status of the inspectorate is reported quarterly  Method of Calculation The Augustion report  Means of Verification Evaluation report  Assumptions N/A  Disaggregation of Beneficiaries N/A  Spatial Transformation N/A  Calculation Type Cumulative  Reporting Cycle Quarterly  Desired Performance Performance which is higher than the target is desirable as this means that the inspectorate is better equipped to fulfil its mandated and market access responsibilities.  Indicator Title Number of smallholder farmers certified for export  Definition Reporting on the 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 A count of the number of certificates issued in a quarter to smallholder farmers.  Means of Verification SAGAP Certificates  N/A  Spatial Transformation N/A	Disaggregation of Beneficiaries	N/A
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Indicator Responsibility Organisational Development and Transformation Manager	Indicator Responsibility	Organisational Development and Transformation Manager



## organisational performance 2022 - 2023

\_the science of today is the technology of tomorrow//





### organisational\_ >performance

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 and 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 to ensure mandated compliance and deliver an effective and efficient service to all PPECB stakeholders. The programme is further committed to achieving the PPECB's strategic objectives.





>> Through these
programmes, the PPECB
aims to create more
jobs as a result of
increased exports

### Programme 3: Food Safety Services

Food Safety refers to the assurance that food will not cause harm to the consumer when it is prepared or eaten according to its intended use. Section 2(1) of the Foodstuffs Cosmetics and Disinfectants Act (Act No. 54 of 1972) (FCD Act) prevents any person from putting any food unfit for human consumption into international trade. The Agricultural Product Standards Act (Act No. 119 of 1990) (APS Act) controls and promotes specific product quality standards for the local market and 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). Concerning food safety, the PPECB has been appointed and authorised to conduct Food Safety audits (Regulation 707), test groundnuts for aflatoxins (Regulation 1145 relating to tolerance for fungus-produced toxins in foodstuffs) and conduct compositional testing of dairy products (Regulation R2581 relating to dairy products and imitation dairy products) destined for the export market.

### **Purpose**

The purpose of this programme is to ensure compliance with 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 regard 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 and Training Authority (AgriSETA).

In collaboration with the AgriSETA, the PPECB provides job exposure in fields like ICT, Finance, Human Capital 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 are given opportunities through internships and learnerships in the organisation 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 we focus 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, used for supervisory and management development as part of a blended learning approach that reduces face-to-face classroom time and augments time in the field for operational employees.

Internal development focuses on women, developing youth with potential and youth with disabilities. Over and above training, coaching and mentoring provided to our internal stakeholders, we also have 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 to mitigate 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 that will enable them to cope with digitalisation. The competencies required, 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 a game changer. However, to harness the benefits of this unlimited and unrestricted access to learning we must develop into self-directed, agile learners with a strong growth mindset. 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 to suit all types of learning styles. The policies and procedures put in place should encourage unlimited and unrestricted access to learning. Innovation should be encouraged, and people must be allowed to explore, experiment, and fail without fear of punishment. Employees also need space to unlearn redundant competencies and relearn what is relevant for the future.

### **Smallholder Farmer Development**

The Learning and Development unit aims to provide services that 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 collaboratively with the DALRRD and provincial departments of agriculture and service all provinces in South Africa. Collaboration not only extends to sister state-owned enterprises but also to commercial development partners.



PROGRAMME 1: ANNUAL TARGET FOR CORPORATE SERVICES 2022/2023 AS PER APP

SERVICES	PER APP	QUARTERLY TARGETS			
		Q1 Target as per APP	Q1 Actual Output	Q2 Target as per APP	Q2 Actual (

	. =			Q0/11/12/12/1/1/1/02/10			
Output Indicator		Q1 Target as per APP Apr-Jun 22	Q1 Actual Output Apr-Jun 22	Q2 Target as per APP Jul-Sep 22	Q2 Actual Output Jul-Sep 22	Q3 Target as per APP Oct-Dec 22	
% of money spent on B-BBEE suppliers	80%	75%	93%	76%	95%	78%	
% of information provided at a 95% accuracy level in week one of reporting	95%	92%	96%	93%	96%	94%	
Organisational customer satisfaction index measured annually as a %	80%	-	-	-	-	-	
Number of manual processes converted to electronic or digitised	10	5	5	6	6	8	

PROGRAMME 2: ANNUAL TARGET FOR OPERATIONAL 2022/2023 AS SERVICES PER APP

QUARTERLY TARGETS

SENVICES	ILITALI	QOAITERE TARGETO					QOAITERE TARGETS			
Output Indicator		Q1 Target as per APP Apr-Jun 22	Q1 Actual Output Apr-Jun 22	Q2 Target as per APP Jul-Sep 22	Q2 Actual Output Jul-Sep 22	Q3 Target as per APP Oct-Dec 22				
% of samples inspected on a 2% basis	99%	97%	100%	97%	100%	98%				
% of cartons on main products (citrus, grapes, pome, stone and avocados collectively) captured on TITAN 2.0® system	85%	84%	91%	84%	93%	85%				
Number of activity points interfacing with the PPECB mobile technology platform	880	870	968	875	977	878				

### QUARTERLY TARGETS

### COMMENTS

Q3 Actual Output Oct-Dec 22	Q4 Target as per APP Jan-Mar 23	Q4 Actual Output Jan-Mar 23	Reason for Deviation	Corrective Action
93%	80%	95%	The target of 80% (R173m/R182m) was exceeded by 15% for Q4 due to increased spend with B-BBEE compliant suppliers. A total of 621 out of 784 active suppliers are B-BBEE compliant.	
96%	95%	97%	A higher uptake of TITAN 2.0° by customers (92% on main products) resulted in reduced reliance on manual data capturing, with associated increased accuracy levels. Citrus fruit had an exceptional uptake, with 94.8% inspected. Grapes were at 98% and stone fruit at 91% on the TITAN 2.0° platform.	
-	80%	89%	The target of 80% was exceeded	
8	10	10	<ol> <li>Implementation of data loggers for the PPECB Laboratory</li> <li>"Q77" for Durban activity points online - Cold Store Registration (not manual)</li> <li>Internal Audit documents stored on One Drive (no longer hard copy files)</li> <li>Electronic packhouse route files implemented in Tzaneen</li> <li>Training of citrus fruit on the Learning Management System (LMS) platform by Learning and Development specialists</li> <li>Boardvantage - board portal implemented for Board related documentation.</li> <li>Enterprise Resource Planning (ERP) implementation: Release 1 - Finance and Operations - General Journal (no paperwork required to be signed or saved outside the ERP)</li> <li>ERP implementation - a significant decrease in manual payments by creditors and improved three-way checking of purchase orders, invoices and payments</li> <li>Implementation of a new travel system, Travelit, which includes replacing the manual travel request form with an online one. Travelit's mobile application does away with printed travel documentation</li> <li>Introduction of Intellex to supply real-time data to the industry on a digital platform directly accessible by customers, replacing weekly, manually drafted Excel spreadsheets sent via email</li> </ol>	

### QUARTERLY TARGETS

### COMMENTS

Q3 Actual Output Oct-Dec 22	Q4 Target as per APP Jan-Mar 23	Q4 Actual Output Jan-Mar 23	Reason for Deviation	Corrective Action	
100%	99%	100%	The result is due to a sufficient permanent inspector complement, augmented with unemployed graduates and retirees, when required. The Agri Export Technologist Programme (AETP) serves as a feeder pool for the unemployed graduate programme.		
94%	85%	92%	An exceptional performance of 94.8% of citrus fruit, 92% of avocados and 98% of table grape volumes inspected via TITAN 2.0°. Citrus fruit and table grape inspections were compulsory on the TITAN 2.0° system; stone fruit became compulsory on 1 November 2022 - 91% were conducted on the platform; pome fruit became compulsory on 1 January 2023.		
995	880	1 002	The significant increase is due to table grapes, citrus, stone fruit and pome fruit inspections being compulsory and new activity points coming on board.		

PROGRAMME 3: FOOD SAFETY SERVICES	ANNUAL TARGET FOR 2022/2023 AS PER APP	QUARTERLY TARGETS					
Output Indicator		Q1 Target as per APP Apr-Jun 22	Q1 Actual Output Apr-Jun 22	Q2 Target as per APP Jul-Sep 22	Q2 Actual Output Jul-Sep 22	Q3 Target as per APP Oct-Dec 22	
Number of samples analysed using accredited methods	18 000	4 500	4 586	9 000	10 486	13 500	
Number of food safety audits conducted	1 000	250	330	500	593	700	

PROGRAMME 4: TRANSFORMATION AND DEVELOPMENT SERVICES	ANNUAL TARGET FOR 2022/2023 AS PER APP			QUARTERLY TARGETS			
Output Indicator		Q1 Target as per APP Apr-Jun 22	Q1 Actual Output Apr-Jun 22	Q2 Target as per APP Jul-Sep 22	Q2 Actual Output Jul-Sep 22	Q3 Target as per APP Oct-Dec 22	
Number of students graduated through the AETP programme annually	45	-	-	-	-	-	
Number of smallholder farmers trained	50	5	46	10	299	20	
Number of new skills identified and trained	10	4	4	6	7	7	
% of permanent Technical Professionals (inspectors and assessors) evaluated as technically competent	92%	80%	93%	85%	93%	88%	
Number of smallholder farmers certified for	20	5	16	10	67	15	

export

### QUARTERLY TARGETS

### COMMENTS

Q3 Actual Output Oct-Dec 22	Q4 Target as per APP Jan-Mar 23	Q4 Actual Output Jan-Mar 23	Reason for Deviation	Corrective Action
15 033	18 000	19 575	The commercial mycotoxin samples showed an improvement compared to the previous financial year, with an increase of just over 36%. The application of discounts assisted in growing the sample volumes for the commercial mycotoxin analytical programme. Successful engagements with raisin clients in the Northern Cape led to a significant increase in commercial raisin samples (60% increase for Ochratoxin A). Similar engagements with the groundnut industry led to a 25% increase in commercial samples. Commercial moisture analysis increased by 28%. The pesticides analytical programme saw an increase of 42% for commercial samples, which were mainly vegetable and grain samples.	
724	1 000	1 036	Annual target exceeded by 3.5% due to increased vineyard packing and private sampling audits.	

QUARTERLY TA	RGETS
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### COMMENTS

QUANTERET TARGETS			COMMENTS		
Q3 Actual Output Oct-Dec 22	Q4 Target as per APP Jan-Mar 23	Q4 Actual Output Jan-Mar 23	Reason for Deviation	Corrective Action	
-	45	52	The training for the AETP 2022/2023 intake was completed on 30 March 2023. Portfolios of evidence are being submitted for assessment and moderation.		
606	50	721	115 smallholder farmers were trained in the Northern Cape and Limpopo in Q4. The provinces are expanding the number of training workshops due to the increase in demand for certification.  Note: The number of farmers trained in Q1 was not included in the cumulative numbers for Q2. The totals have been amended to reflect the final total of 721 trained for the year ending 2022/2023.	Targets will be adjusted for the new FY, taking into account expansion of the programme in all provinces.	
10	10	10	<ol> <li>How to Implement Practical Data Quality Management - training</li> <li>Future Leader - supplementary training for LDP graduates (upskilling)</li> <li>Virtual Marketing and Communications - seminar</li> <li>Data Literacy (upskilling)</li> <li>Leading in Disruptive Times</li> <li>Leading Hybrid Teams</li> <li>Holistic Wellness Management</li> <li>Data Literacy Phase 3: Train the Trainer (upskilling)</li> <li>MANCO New World of Work (NWOW) Leadership: Cultivating Resilience for the NWOW (upskilling)</li> <li>MANCO NWOW Leadership: Connection in the NWOW (upskilling)</li> </ol>		
89%	92%	98%	A high increase in competency on cold chain was achieved due the drive to re-evaluate cold chain disciplines, especially inland container loading. There was a similar drive on major products, with focus on senior inspectors to improve competency on certain products.		
86	20	105	19 smallholder farmers were certified in Q4, 74% being new farmers certified in the North West, Eastern Cape, Limpopo (vegetables), Western Cape (flowers), and Northern Cape (dried fruit). This resulted in higher numbers than expected. Note: Q2 was not cumulative and four compliant certificates were issued after submission for Q1.		

## Glossary of > //abbreviations and acronyms

AETP	Agri Export Technologist Programme	IDC	Industrial Development Corporation	PWD	People with Disabilities
AgriSETA	Agricultural Sector Education and	IMF	International Monetary Fund	QSE	Qualifying Small Enterprises
	Training Authority	IoDSA	Institute of Directors Southern Africa	R&D	Research and Development
AGSA	Auditor-General of South Africa	IRBA	Independent Regulatory Board for	RFG	Rhodes Food Group
API	Application Programming Interface		Auditors	RISCO	Risk Management Committee
APN	Access Point Name	ISA	International Standards on Auditing	RMS	Risk Management System
APP	Annual Performance Plan	ITIL	Information Technology Infrastructure	SA-GRAP	South African Generally Recognised
APS Act	Agricultural Product Standards Act		Library		Accounting Practice
	(Act No. 119 of 1990)	KCB	Kwaliteits Controle Bureau	SAAA	South African Agri Academy
ASTI	Accelerated Skills Transfer	King IV	King IV Report on Corporate	SAAGA	South African Avocado Grower's
ATE	Interventions	LDD	Governance for South Africa 2016	0400	Association
ATF	Agricultural Trade Forum	LDP	Leadership Development Programme	SADC	Southern Africa Development
B-BBEE	Broad-Based Black Economic	LIMS	Laboratory Information Management	0451/04	Community
DI.	Empowerment	LMC	System	SAFVCA	South African Fruit and Vegetable
BI	Business Intelligence	LMS	Learning Management System	CACAD	Canners Association
BMA BREXIT	Border Management Authority	LOR MANCO	Lower Orange River	SAGAP	South Africa Good Agricultural Practices
CASP	British exit from the European Union	MAP	Operational Management Committee	SAMSA	
CASP	Comprehensive Agricultural Support	MOU	Mycotoxin Analytical Programme	SAIVISA SAPO	South African Maritime Authority
CBS	Programme Citrus Black Spot	MRL	Memorandum of Understanding Maximum Residue Level	SAPU	South African Plant Improvement Organisation
CCA	International Cool Chain Association	MTEF	Medium Term Expenditure Framework	SATI	South African Table Grape Industry
CGA	Citrus Growers Association	MTSF	Medium Term Strategic Framework	SAVA	South African Veterinary Association
CIS	Centre of Internet Security	NAMC	National Agricultural Marketing	SAVA	South African Veterinary Council
CLA	Corporate LAN Advertising	NAIVIC	Council	SCM	Supply Chain Management
CMU	Central Management Unit	NAV	Navision	SD-WAN	Software-defined Wide Area Network
COBIT	Control Objectives for Information and	NDP	National Development Plan	SETA	Sector Education and Training
CODIT	Related Technologies	NEAP	National Economically Active	JLIA	Authorities
COVID-19	Coronavirus		Population	SLA	Service Level Agreement
CRI	Citrus Research Institute	NEDLAC	National Economic Development and	SOP	Standard Operating Procedure
DALRRD	Department of Agriculture, Land		Labour Council	SRV	Specialised Refrigerated Vessels
	Reform and Rural Development	NGP	National Growth Path	Steercom	Strategic Projects Steering Committee
EC	European Commission	NIR	Near Infra Red	Subgroup	South African Subtropical Growers
eCert	Electronic Certification	NQF	National Qualification Framework		Association
EME	Exempted Micro Enterprise	NT	National Treasury	TESA	Team Export South Africa
ERP	Enterprise Resource Planning	NTI	National Treasury Instruction	TITAN 2.0®	PPECB Mobile Application
ESG	Environmental, Social, and Governance	OECD	Organisation for Economic	TR	Treasury Regulations
EU	European Union		Co-operation and Development	TUM	Tracking Unit Manager
EXCO	Executive Management Committee	PAA	Public Audit Act (Act No. 25 of 2004)	TUR	Tracking Unit Register
FAP	Fat Analytical Programme	PAIA	Promotion of Access to Information Act	UIFW	Unauthorised, irregular, fruitless and
FARA	Forum for Agricultural Research	PAP	Pesticide Analytical Programme		wasteful
	in Africa	PDP	Personal Development Plan	UK	United Kingdom
FB0	Food Business Operator	PFMA	Public Finance Management Act	UNECE	United Nations Economic Commission
FCD	Foodstuffs, Cosmetics and	PMA	Produce Marketing Association		for Europe
	Disinfectants	POPIA	Protection of Personal Information Act	UPS	Uninterrupted Power Supplies
FCM	False Codling Moth	PPA	Public Audit Act	USA	United States of America
GAP	Good Agricultural Practices	PPE	Personal Protective Equipment	VoIP	Voice over Internet Protocol
GHG	Green House Gas	PPEC Act	Perishable Products Export Control Act	WVA	World Veterinary Association
Global GAP	Global Good Agricultural Practices	DDECT	(Act No. 9 of 1983)	4IR	Fourth Industrial Revolution
GRAP	Generally Recognised Accounting	PPECB	Perishable Products Export Control		
	Practices		Board		

**Preferential Procurement Policy** 

**Preferential Procurement Regulations** 

Framework Act, 2000

**PPPFA** 

**PPR** 

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