



NAMMC

Promoting market access for South African agriculture



The National Agricultural Marketing Council

PERFORMANCE REPORT QUARTERS 1, 2 & 3 OF 2021/22

Presentation to the Portfolio Committee on Agriculture, Land Reform and Rural Development.

15 February 2022



MAP ACT, NO. 47 OF 1996

- **The mandate of the NAMC is enshrined in MAP Act**
 - ✓ The Act authorises the establishment and enforcement of regulatory measures to intervene in the marketing of agricultural products e.g. the introduction of levies on agricultural products;
 - ✓ The Act provided the basis for the establishment of the NAMC
- **The roles of the NAMC particularly feature in section 9 of the Act, e.g.**
 - ✓ The NAMC - shall, when requested by the minister, or of its own accord, report to and advise the Minister on matters pertaining statutory measures that relate to the marketing of agricultural products
 - ✓ Advise Minister regarding the achievement of the four MAP Act objectives
- **Implementation of the mandate is enshrined in NAMC's Strategic Plan & Annual Performance Plan (APP)**





**PERFORMANCE
REPORT FOR
QUARTERS 1,2 &
3 OF 2021/22**



PROGRAMME 2:

AN ENABLING AGRICULTURAL MARKETING POLICY AND STATUTORY ENVIRONMENT

STATUTORY MEASURES

- Section 10 of the MAP Act stipulates that directly affected groups may apply for statutory measures (applications is, therefore, a voluntary process).
- For the past 7 financial years, the average number of applications was 31.3 applications per financial year.
- For the 2021/22 financial year, the NAMC predicted to receive 30 applications, but only **16 applications were received in the first 3 quarters**.
- At this stage it seems that the prediction to receive 30 applications in the financial year, will not materialise.

STATUTORY MEASURES

- Section 9 of the MAP Act stipulates that the NAMC shall monitor the application of statutory measures.
- For the first 3 quarters of the 2021/22 financial year, the NAMC was in the process to compile the 2021 survey regarding the Status of Statutory Measures Report.
- The 2021 survey indicates that in total, an amount of **R808,9 mil was collected as statutory levies**, compared to R735,8 mil in the previous financial year.
- Approximately 38.5% was spent on research, 21.1% on transformation, 9.3% on information, 8.7% on export promotions and 8.3% on local consumer education activities.

AGRO-FOOD CHAIN RESEARCH

Nine (9) Grain & Oilseeds Supply & Demand Estimates reports published on the following:

- Total maize production in 2020/21 is expected to be 16 234 265 tons, up 0.14% from the previous estimate of 16 211 265 tons
- White maize was estimated at 8 608 815 tons, while yellow maize was estimated at 7 625 450 tons, up 0.30% from the previous estimate of 7 602 450 tons.
- The production forecast for soybeans is estimated at 1 890 450 tons.
- The production forecast for sunflowers is estimated at 677 240 tons.
- Wheat production is expected to reach 2 117 435 tons in 2020/21, up 0.86% from the previous forecast of 2 099 435 tons.
- Total maize demand (domestic plus exports) is projected to be 14 542 000 tons in 2021/22.
- Total maize closing stock levels are estimated to be 3 097 864 tons on April 30, 2022.
- Total demand for wheat in 2020/21 (domestic plus exports) was 3 506 073 tons, with 3 527 500 tons forecast for 2021/22.
- On the back of increased supplies, soybean crushing (oil/oilcake) is expected to reach 1 475 000 tons in 2021/22.

TRADE RESEARCH

Three (3) advisory briefs were submitted to policy institution : ITAC

- Review of the Poultry Tariff Structure: NAMC supports the review of the poultry tariff structure and it considers the poultry industry as an essential subsector of agriculture and food security.
- Preliminary comments on an application to create a rebate facility on bulk white chocolate classified under tariff heading 1704.09.
- Preliminary comments on an application for a permit in terms of rebate provision 460.02/0904.20/01.05 for the importation of 1 000 000 kg of dried crushed or ground fruits of the genus capsicum classifiable under tariff subheading 0904.20.

Market

INTELLIGENCE REPORT

Nine (9) Market Intelligence reports were published and observations in the Grain Industry on the following:

- International prices of grains and oilseeds remain higher due to a steady demand throughout the world, led by China.
- The World Agricultural Supply and Demand Estimates (WASDE) report of June 2021 shows an increase in 2021/22 global maize ending stocks due to increases in crop expectations from South Africa and Pakistan
- Estimated global oilseeds increased, largely due to increased global canola production from the EU following improved weather conditions in recent weeks plus improved yields and higher harvested area in Australia.
- Regional grain production is projected higher from many countries noticeably from Zambia, which is a key maize supplier as well as Tanzania, attributable to higher than average rainfall received in those countries.

INDUSTRY TRUSTS

Two legislations governing Trusts

Execution:

- **Liaise with all the trusts**
 - ✓ Status Report on trusts based on their mandate (over R2 billion)
 - ✓ Transformation activities (R50 M Y-oY)
- **Coordinate communication**
 - ✓ (Trusts Minister)
- **Coordinate Ministerial Trustee's appointments**
 - ✓ Minister approves and NAMC communicates with Trusts
- **Monitor and Evaluation (M&E)**
 - TRC work
 - Collaborations with government

Achieving our mandate

Output (s)	Indicator	Processes followed to achieve our target(s)	Total (n)
Status Report on Agricultural Industry Trusts	Number of status reports on Agricultural Industry Trusts (y-o-y)	NAMC sits on the board of trustees (observer status); Ministerial Trustees template (key interventions required to be communicated to the Ministry); Progress reports on Q basis; Workshop on Trusts & Status Report on Trusts	4 reports (3 Progress reports + 1 final report)
Transformation report (Trusts' funds and levies)	Number of transformation reports (trusts funds and levies: y-o-y)	TRC work <ul style="list-style-type: none"> - Review Transformation business Plans; - Ensure alignment to guidelines; and - Conduct site visits (20% levy and Trusts funds) 	

Oil & Protein Seeds Development Trust



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INDUSTRY TRUSTS

Status of the Agricultural Industry Trusts

Trust Name	2019 Asset value (R)	2020 asset value (R)	2020 Asset (+/-) R)
Citrus Industry Trust	15 447 855	14 811 430	-636 425,00
Deciduous Fruit Industry Development Trust	17 113 818	17 121 862	8 044,00
Maize Trust	1 030 342 303	1 002 121 609	-28 220 694,00
Meat Industry Trust	48 048 852	50 154 619	2 105 767,00
Mohair Trust	274 274 112	261 115 585	-13 158 527,00
National Lucerne Trust	1 844 933	1 858 567	13 634,00
Oil and Protein Seeds Development Trust	314 890 562	309 242 325	-5 648 237
Potato Industry Development Trust	22 782 515	28 029 018	5 246 503
Sorghum Trust	26 208 750	23 896 147	-2 312 603
Winter Cereal Trust	64 480 385	54 781 411	-9 698 974
Wool Trust	543 703 763	528 889 536	-14 814 227
Total/Average	2 359 137 848	2 292 022 109	-67 115 739

Status quo

- 2021 survey on the status report on Trusts in process of being completed. **Questionnaire shared with all the Industry Trusts administrators.**
- The 2020 survey reported **R2.2 billion**. A decline of over **R67 million** from **R2.3 billion was** reported in 2019.
 - This was mainly due to poor investment market performance as a result of COVID.
- Good news: The transformation expenditure increased to **R76.6 million** in 2020 from **R66.3 million** reported in 2019.

INDUSTRY TRUSTS

Trusts meetings of the current financial year

The meetings attended for the first 3 quarters of the year are as follows

- **Quarter 1:** Sorghum Trust, Meat Industry Trust, Red Meat Research Development Trust; Wool trust & Mohair Trust
- **Quarter 2:** Winter Cereal Trust, Oil and Protein Seeds Development Trust, wool trust, Deciduous Fruits Industry Development Trust
- **Quarter 3:** Wool trust, Oil and Protein Seeds Development Trust, Potato Industry Development Trust, Meat Industry Development Trust and Red Meat Industry Research Development Trust;

The status of the Winter Cereal Trust

- The Winter Cereal Trust is currently facing administrative challenges which led to the formation of a new trust referred to as the South African Winter Cereal Trust. The WCT is no longer collecting levies which was the main source of income for the Winter Cereal Industry. No meeting was held due to lack of quorum. The industry trustees resigned from attending the WCT board meetings.
- The points of contestation are around the following:
 - a) the amendment of the trust deed (casting vote),
 - b) the transformation of the Winter Cereals in South Africa, and
 - c) the composition of the Trust i.e, reduction of the Ministerial trustees.
- In resolving these challenges, the Minister established a task team led by the DG of DALRRD together with the NAMC to investigate the matters regarding the Board of the Winter Cereal Trust. Explore various options as to how to resolve the matters.
- The Task team held various meetings between the industry nominated trustees and the Ministerial trustees to better understand the challenges of the WCT.
- Currently, the task team finalised its findings (a report with possible options) to resolve the challenges faced by the Board of the Winter Cereal Trust. The Minister is due to be briefed on the report.

INDUSTRY TRUSTS

The work of the Transformation Review Committee

The Transformation committee meetings, business plans reviewed and Monitoring and Evaluation site visits conducted for the first 3 quarters of the year are as follows

Quarter 1: M&E to the South African Table Grapes Association in the Western Cape; Business plans reviewed include SACTA, Milk South Africa & SAWIDEF and the Industry Transformation Committees attended include Pork industry (SAPPO) Business Development, Raisins SA Transformation Committee and South African Poultry Association (SAPA) Transformation committee.

Quarter 2: M&E to the Pomegranate Association of South Africa (POMASA) in Eastern Cape and South African Pork Producers Association Mpumalanga; Business plan reviewed include SAPA Egg Organization, the Industry Transformation Committees attended include - Pork industry (SAPPO) Business Development meeting; Raisins SA Transformation Committee; Poultry Association (SAPA) Transformation committee meeting.

Quarter 3: M&E to the Potato Industry Development Trust, and transformation committee meetings of the PIDT Transformation Advisory & Raisins SA.



PROGRAMME 3:

**AGRICULTURAL
SECTOR IS
VIABLE,
INCLUSIVE
COMPETITIVE AS
A KEY ECONOMIC
SECTOR**

AGRI-BUSINESS DEVELOPMENT

Increased number of smallholder farmer projects linked to market opportunities

- Output indicator: Increased number of smallholder farmers/projects linked to market opportunities
- **Actual Achievement for Q1 (April to June 2021): Twenty-nine (29) farmers linked to the new market**
 - The Division linked 21 smallholder farmers from Ntabankulu with Kei Fresh Produce Market and Buffalo City Fresh produce market to supply vegetables. The farmers are organized into small projects and co-operatives and farming in a total of 81 hectares collectively
 - 7 potato farmers from Limpopo and 1 farmer from KZN were identified and engaged to supply Garankuwa Market and Crop Box Market to supply Mondial potatoes.
 - Farmer development support was facilitated for the 29 farmers linked with the market.



AGRI-BUSINESS DEVELOPMENT

Increased number of smallholder farmer projects linked to market opportunities

Actual Achievement for Q2 (July to September 2021): Thirty-Nine (39) farmers linked to existing and/or new market opportunities.

- The Agribusiness Development in collaboration with MERC Division linked 20 vegetable farmers from the Botshabelo area in the Free State province with Garankuwa Fresh Produce Market to supply onion. The farmers specialize in various vegetable production and farming on 64.5 hectares in total.
- The Division in collaboration with National Lucerne Trust linked 19 lucerne producers from North West Province, Greater Taung Municipality with Lucerne/hay traders (OVK, AGRISA, SA Alfalfa (PTY) Ltd and Triangle Commodity Trading SA (PTY) Ltd) to supply small, large, high density and round lucerne bales.
- Farmer development support was facilitated for the 39 farmers linked with the market.



AGRI-BUSINESS DEVELOPMENT

Increased number of smallholder farmer projects linked to market opportunities

Actual Achievement for Q3 (October to December 2021): Twenty-two (22) farmers were linked to existing and/or new market opportunities.

- The Agribusiness Development Division in collaboration with the Jozini Local office of the Department of Agriculture, Land Reform and Rural Development (DALRRD) linked 22 goat farmers with KwaZulu Natal Qhakaza Goats Market. The farmers specialize in indigenous, cross-bred and boar goats
- The farmers are located in Jozini, Mkhuze and the surrounding areas under uMkhanyakude District Municipality of the Northern KwaZulu Natal
- Farmer development support was facilitated for the 22 farmers linked with the market.





PROGRAMME 1: BUSINESS EXCELLENCE

HUMAN CAPITAL

WORKFORCE PLANNING

Workforce planning is significant in ensuring that the organisation has the required number of people with the requisite skills, knowledge and competencies to achieve our strategic objectives. The following appointments were facilitated during the reporting period:

Permanent Appointments	Contract Appointments	Graduate Placement / Internships
1x Agricultural Economist	1x Financial Administrator (Contract)	3 x Graduate Placements
1x Grain Specialist	1x Supply Chain Administrator (Contract)	16 x Internships
1x Chief Financial Officer	1x Cleaner (Temporary Contract)	
1x Supply Chain Officer	1x Supply Chain Manager (Contract)	
	1x Research Assistant (Contract)	
	5x Herdsmen (NRMDP Contract)	
	118x Re-appointments of NRMDP employees (Contract)	

HUMAN RESOURCES

LEARNING AND DEVELOPMENT

The NAMC is committed to building the capabilities of our employees and accelerating their professional, academic and skills development. Our Internship and Graduate placement programmes are aimed at equipping graduates and students with the necessary skills and knowledge to build their careers within the agricultural sphere.

Name of the Training	Number of Employees attended
Public Sector Enterprise Risk Management Training	2
Occupational Health and Safety Training	9
Conflict Management Training	10
CGE Modelling training	1
Ethics Management and Code of Conduct Workshop	34
Job Profiling and Evaluation	3
Wellness Day Workshop	30
Change Management Workshop on Finance	All NAMC Employees
Employee awareness on the Sexual Harassment Policy	38
Financial awareness training for all employees.	28
Resource Mobilization Training	8
POPIA Training	All NAMC employees

Bursaries & Graduate Placement Funding

The NAMC received the following from the Discretionary grant:

R802 950.00 for 2022 Bursaries (Continuation); and

R477 000,00 for Ten (10) Graduate placements.

Rewards & Recognition

One (1) employee qualified for a 15-year long-service award and two

(2) employees qualified for a 10-year long-service award. These

employees were awarded certificates and bonuses.

HUMAN RESOURCES

EMPLOYEE WELLNESS

In response to the recent Covid-19 outbreak, the following interventions were put in place to ensure the health and safety of employees and prevent the transmission of the disease:

- The establishment of the **Occupational Health & Safety committee** to oversee the implementation of Health & Safety mitigation measures within the organisation;
- Putting in measures to ensure that the NAMC is in compliance with the relevant OHS and Covid-19 legislative requirements, including the Occupational Health and Safety Policy & Procedure;
- The development of the **Work from Home Policy** to establish a process for employees working from home.
- One employee tested positive for COVID-19 during the reporting period. Those employees who were in contact with the COVID-19-positive employee were notified and requested to self-isolate and to get tested, should they experience any symptoms.
- Employees who travel for work are required to self-isolate for 10 days before returning to the office.
- No injuries on duty were reported during this period.

COMMUNICATIONS

Stakeholder relations

- **Mohair Empowerment Trust** – assisted in profiling MET transformation work
- **FABCO** – assisted in compiling awareness of CASSAVA project undertaken by FABCO
- **Agriculture and Agro-processing Master Plan** – communication strategy developed

Public Relations

- Social Media presence is rising – social media platform being used to assist farmers with market access opportunities
- Bursaries and Job placement opportunities posted on social media for the benefit of young audiences

Media Relations

- **Quarter 1:** NAMC exceeded its (4) targets of media presence across television, radio and print.
- **Quarter 2:** Negative media reporting affected the NAMC; Council called for a reviewed media strategy to counteract negative media reporting
- **Quarter 3:** The Agriculture and Agro-processing Master Plan portal is being finalised.



FINANCIALS

Financial Outputs Q1, Q2 & Q3 of 2021/22

Output Indicators	Annual Target	Q1	Q2	Q3
Number of unqualified audit reports per financial year	1	N/A	N/A	N/A
Percentage of budget spent against APP each financial year	100%	25%	27%	31%
Number of ITC reports produced each financial year on the following: <ul style="list-style-type: none"> - ICT Security enhances; - ICT Continuity support; - WAN/LAN availability monitoring; and - Continuous improvement in ICT. 	4	1	1	1
Percentage of annual NAMC procurement spent, per financial year, targeted at businesses owned by:				
Local Suppliers	70%	81% (non-cumulative)	100% (non-cumulative)	98% (non-cumulative)
Women	30%	43% (non-cumulative)	30% (non-cumulative)	8% (non-cumulative)
Youth	20%	22% (non-cumulative)	0% (non-cumulative)	0% (non-cumulative)
Persons with Disabilities	5%	0% (non-cumulative)	0% (non-cumulative)	0% (non-cumulative)

Statement of Financial Performance for the period ended 31 December 2021

	Actual (R'000)	Budget (R'000)	Variance (R'000)	31/03/2021 (R'000)
Revenue	53,902	50,165	3,737	77,463
Grants	47,305	47,305	-	47,222
Sponsorship revenue	5,533	1,840	3,693	25,936
Other revenue	1,064	1,020	44	4,105
Expenses	41,895	50,165	8,270	75,212
Administrative Expenses	4,207	10,501	6,294	5,089
Operating Expenses	6,981	4,635	(2,346)	15,571
Compensation of employees	30,197	33,591	3,394	44,724
Other expenses	510	1,438	928	9,828
Surplus/ (Deficit)	12,007	-	(4,533)	2,251

Audit Improvement Action Plan

NO	AUDIT FINDING	IMPROVEMENT ACTION	RESPONSIBLE PERSON	BY WHEN	ACTION STATUS
1	Late submission of Annual financial statements and annual performance reporting	Financial statements are being prepared monthly	CFO	31/10/2021	Implemented
2	Non-compliance with SCM legislation resulting in irregular expenditure	SCM checklists introduced and categorised per procurement threshold to track compliance , segregation of duties between preparer, reviewer and approver, Delegation of authority framework reviewed, contract register implemented and monitored monthly	CFO	31/10/2021	Implemented
3	Limitation of scope - Investigation Reports	The matter is being handled by Council sub-committees	Council	31/03/2022	In progress
4	Non-Compliance Consequence Management	Prioritised for future irregular expenditure incurred	CEO	31/03/2022	In progress
5	Performance indicators not well defined	The Technical Indicator Descriptions were revised in the 2021/26 Strategic Plan and 2021/22 Annual Performance Plan. The reviewed Strategic Documents have been approved by the Minister.	CEO	31/01/2022	Implemented
6	Misstatements in the annual financial statements	Monthly management accounts implemented	CFO	31/10/2021	Implemented
7	Non-compliance - Council members declaration of interest	Declaration of interest policy to be reviewed	Risk and Compliance Manager	31/03/2022	In progress
8	Contingent liabilities incomplete disclosures	Annual financial statements to be reviewed at financial year end	CFO	31/03/2022	In progress
9	Presentation and disclosure on Property, plant and equipment	Consultant in a process of being appointed to assist to review to ensure completeness and accuracy of asset register due to limited human resource capacity as a result of staff resignation	CFO	31/03/2022	In progress
10	Administrative and Operating expenditure - Internal Control deficiency	The expenditure are being reviewed and monitored daily when processing, the cash advance register has been implemented to ensure compliance with policy, Workshops are being held with staff to ensure compliance with policies	CFO	01/11/2021	Implemented



CONCLUDING REMARKS

CONCLUDING REMARKS

- Targets were achieved for all three quarters except in the case of Statutory Measure applications (due to factors beyond NAMC's control)
- The target of linking farmers to markets has so far been overachieved
- According to the Audit Action Improvement Plan, out of the ten findings from the 2020/21 audit report, five of them have been resolved
- The process to request National Treasury to condone cumulative irregular expenditure from previous financial years is on course



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