



NAMMC

Promoting market access for South African agriculture



**The National Agricultural
Marketing Council**
ANNUAL REPORT
2022/23



NAMC MANDATE AND OBJECTIVES

- **The mandate of the NAMC is enshrined in MAP Act, No 47 of 1996**
 - Statutory (and other regulatory) Measures [Section 9 (a) to (d) and (f)]: to investigate, recommend to the Minister, report to the Minister, oversee the administration, and monitor and review the application of statutory and other regulatory measures The Act provided the basis for the establishment of the NAMC
 - Advisory services [Section 9 (e)]: to undertake investigations and advise the Minister regarding agricultural marketing policy and its application, coordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments, and the possibilities for and effects of promoting the objectives of the MAP Act namely:



NAMC MANDATE AND OBJECTIVES...CONTINUED

- **The objectives of the MAP Act, No 47 of 1996**
 - the increasing of market access for all market participants;
 - the promotion of the efficiency of the marketing of agricultural products;
 - the optimisation of export earnings from agricultural products; and
 - the enhancement of the viability of the agricultural sector.



NAMC COUNCIL MEMBERS



NAMC STRUCTURE

Agricultural Regulatory Measures

Statutory Measures:

Levies

Records & Returns

Registrations

Other Regulatory Measures:

Oversight on 11 agricultural industry trusts

Markets & Economic Research Centre

Analysis of the agricultural economy and markets globally and locally with a view to advising the Minister regarding agricultural marketing policy and its application

Agribusiness Development Division

Identification of market opportunities and the linking of smallholder farmers to those opportunities. Piloting of market access projects on behalf of the Shareholder Department





**ANNUAL
PERFORMANCE
REPORT OF
2022/23**

STRATEGIC OUTCOMES



A VIABLE AND EFFICIENT AGRICULTURAL SECTOR
GENERATING OPTIMAL EXPORT EARNINGS



NAMC DELIVERS ON ITS MANDATE AND
CORE FUNCTIONS



ENHANCED MARKET ACCESS FOR THE
AGRICULTURAL SECTOR PARTICIPANTS

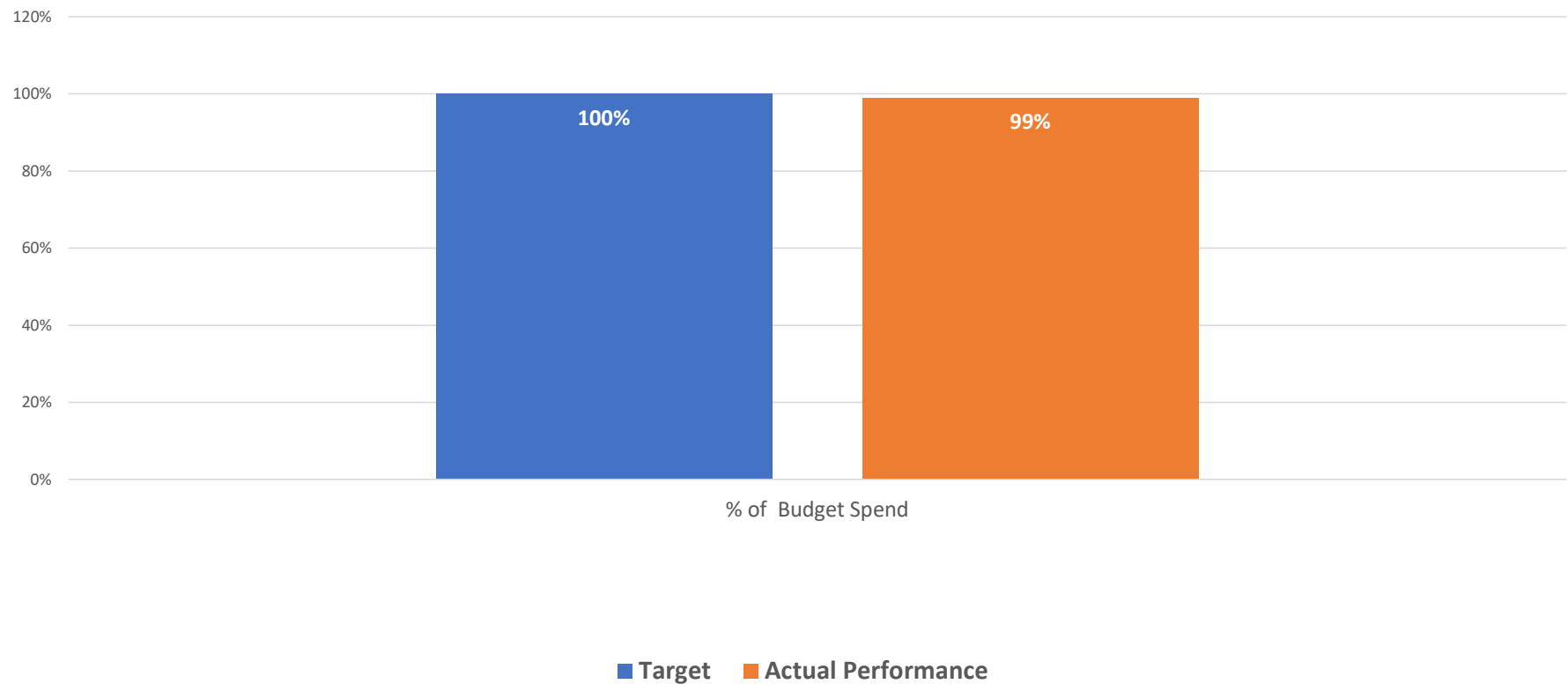




**PROGRAMME 1:
BUSINESS
EXCELLENCE**

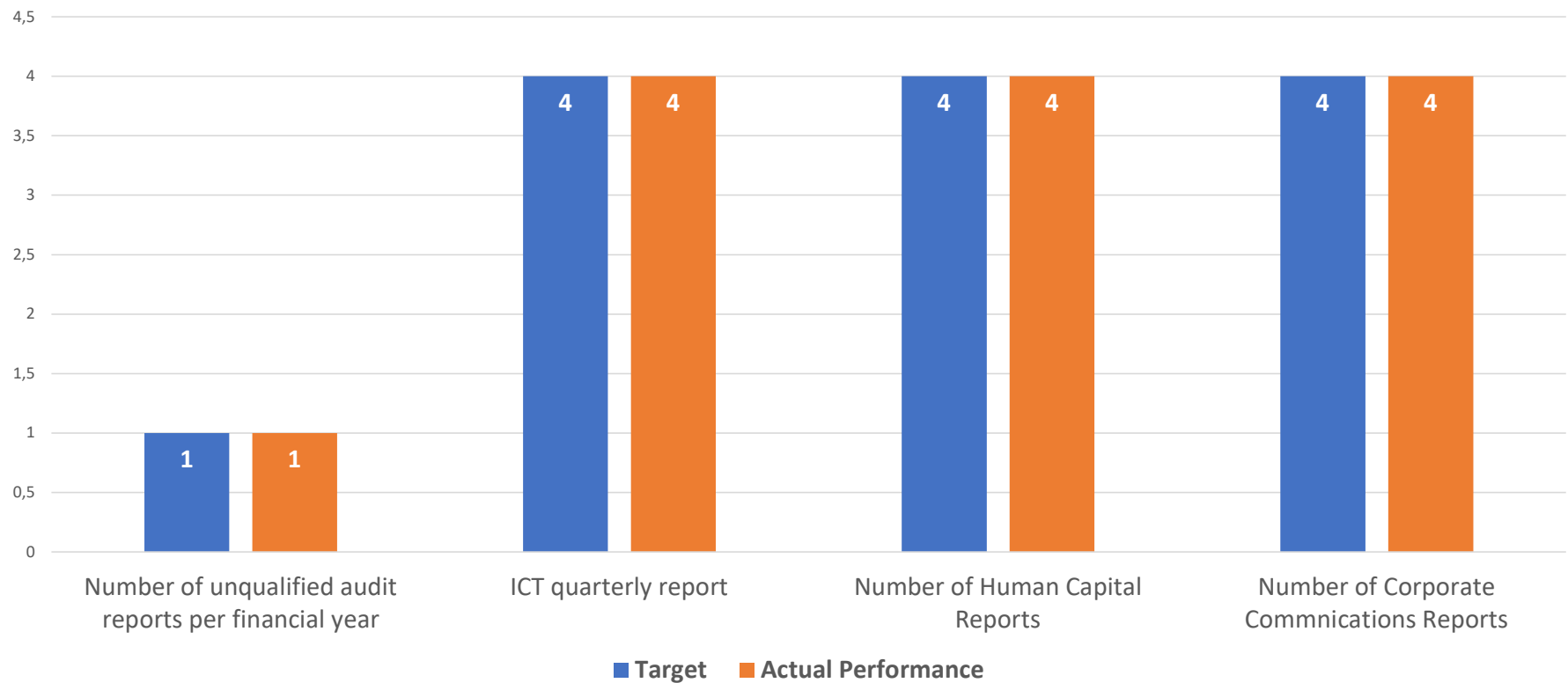
OVERVIEW OF PERFORMANCE

PROGRAMME 1: BUSINESS EXCELLENCE



OVERVIEW OF PERFORMANCE

PROGRAMME 1: BUSINESS EXCELLENCE...CONTINUED



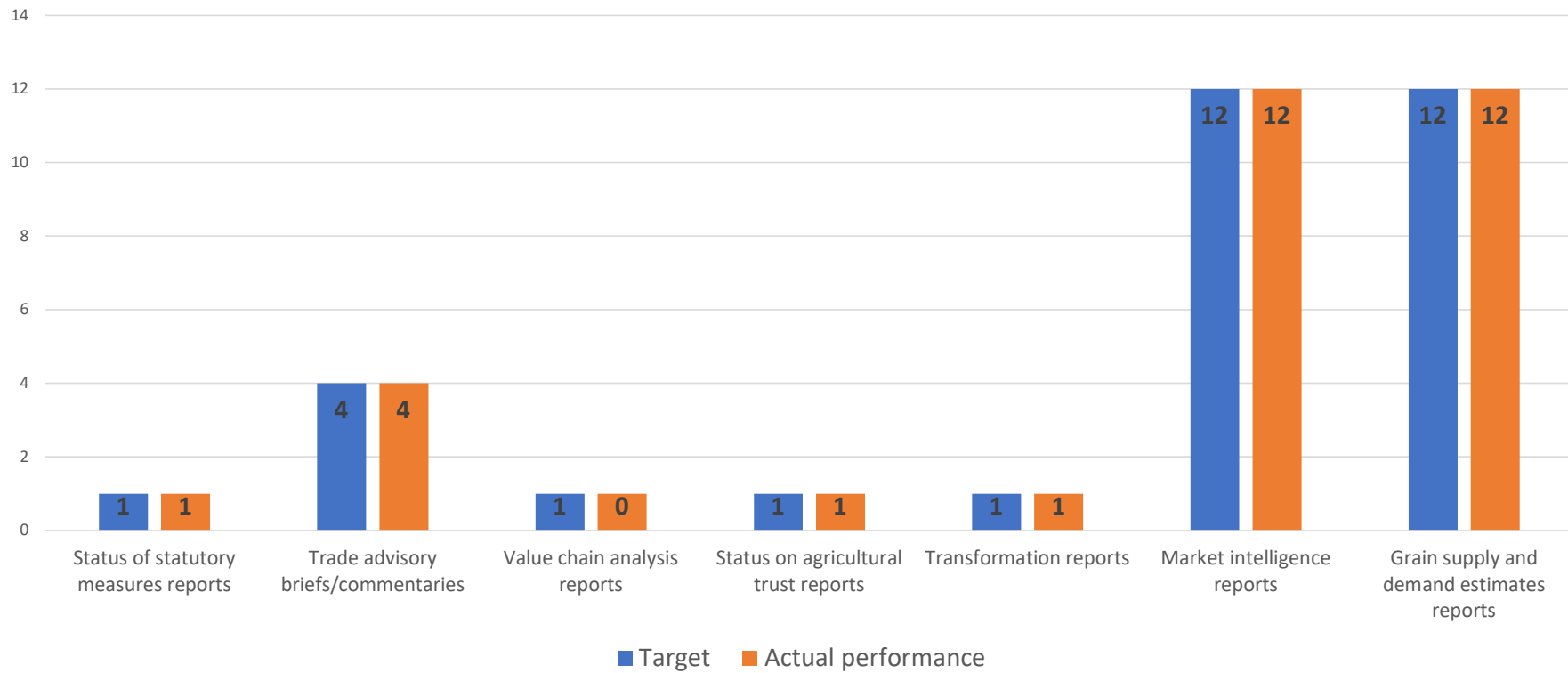


PROGRAMME 2:

AN ENABLING AGRICULTURAL MARKETING POLICY AND STATUTORY ENVIRONMENT

OVERVIEW OF PERFORMANCE

PROGRAMME 2: AN ENABLING AGRICULTURAL MARKETING POLICY AND STATUTORY ENVIRONMENT



STATUTORY MEASURES

- **Targets: One (1) Status of Statutory Measures Report submitted to the Minister.**
- **Annual Achievement: One (1) Status of Statutory Measures Report submitted to the Minister**

Product	Levy income 2022 survey	Total value of product at the first point of sale	Levy income as a percentage of the value of the product
	R	R	%
Citrus (exported)	254 770 473	24 217 316 216	1,1%
Cotton lint	7 330 439	593 400 000	1,2%
Dairy products	62 739 378	17 029 885 730	0,4%
Deciduous Fruit	139 724 733	9 034 537 258	1,5%
***Pome and stone	81 276 141		
***Market development	21 526 448		
***Fruit fly Africa	36 922 144		
Dried fruit	11 616 397	1 513 561 000	0,8%
Fynbos (proteas)	1 311 632	229 831 991	0,6%
Lucerne	2 710 694	1 043 295 000	0,3%
Lupines (SACTA)	509 853	50 943 201	1,0%
Macadamias	33 852 101	3 965 290 000	0,9%
Olives	1 354 292	75 712 576	1,8%
Pecan nuts	6 724 370	1 095 100 000	0,6%
Pomegranates	872 403	118 735 931	0,7%
Pork	40 212 526	7 967 674 980	0,5%
Potatoes	48 515 521	12 000 000 000	0,4%
Red meat	49 677 110	28 000 000 000	0,2%
Soybeans (SACTA)	87 336 501	6 022 299 000	1,5%
Table eggs	8 795 046	9 200 000 000	0,1%
Table grapes	38 697 413	8 000 000 000	0,5%
Wine	115 461 535	6 649 300 000	1,7%
Winter cereal (SACTA)	73 843 106	8 418 034 326	0,9%
TOTAL	986 055 523	145 224 917 209	0,7%

AGRICULTURAL TRUSTS

- **Targets:**

- ✓ One (1) Status of the agricultural industry trusts report submitted to the Minister
- ✓ One (1) Transformation report was submitted to the Minister

- **Annual Achievement:**

- ✓ One (1) Status of Agricultural Trusts and
- ✓ One (1) Transformation report were produced and submitted to the Minister during the reporting period.



STATUS REPORT ON AGRICULTURAL INDUSTRY TRUSTS – 2022 SURVEY



DEVELOPMENTS IN AGRICULTURAL TRUSTS

- The Agricultural Industry Trusts unit was established to manage and coordinate communication between the Ministry of Agriculture, Land Reform and Rural Development (DALRRD) and various Agricultural Industry Trusts. Annually, the NAMC, through its Agricultural Industry Trusts unit, publishes a status report on the Agricultural Industry Trusts. The status report covers work pertaining to the coordination between the Minister of the DALRRD and the various Agricultural Industry Trusts.
- The asset value increased by approximately **R47.8 million** throughout the 2021/22 period, rising from **R2,44 billion** in 2020/21 to **R2,48 billion** in 2021/22.
- The Trusts spent around **R55.9 million** on transformation, whereas in the previous 2020/21 fiscal year the Trusts spent R63 million on transformation.
- The governance of these Trusts is undertaken through the Board of Trustees adding up to a total of 82 Trustees, 56 representing industry stakeholders and **26 the Minister (16 females and 10 males)**. The Minister **appointed 14 Ministerial Trustees** for the 5 Trusts (WT, OPSDT, Citrus Industry Trust, DFIDT, and WCT)

AGRICULTURAL TRUSTS ASSETS

TRUST NAME	2020/2021(000)	2021/2022 (000)	CHANGE (R'000)
Citrus Industry Trust	R16 066	R17 631	R1 566
Deciduous Fruit Industry Development Trust	R18 999	R20 654	R1 655
Maize Trust	R1 061 365	R1 062 492	R1 126
Meat Industry Trust	R58 830	R54 547	-R4 282
Mohair Trust	R279 607	R301 379	R21 773
National Lucerne Trust	R1 867	R1 966	R100
Oil and Protein Seeds Development Trust	R343 754	R345 482	R1 728
Potato Industry Development Trust	R27 860	R29 722	R1 863
Sorghum Trust	R23 052	R24 421	R1 369
Winter Cereal Trust	R47 192	R47 192	R0
Wool Trust	R561 589	R582 514	R20 925
Total	2 440 180	R2 488	R47 823

Notes

Original asset inheritance was R677 million,

- The value of assets increased from R2,44 billion in 2021 to R2,48 billion in 2022; an increase of over R47 million.
- The MIT lost about R 4 million on their investments whereas Mohair realised the highest returns of approximately R21 million.
- Since COVID, markets have been volatile due to geopolitics, natural disaster (KZN floods), and other factors.

TRUSTS' TRANSFORMATION EXPENDITURES

Year	Expenditure on Transformation (R'm)
2012/13	73, 5
2013/14	47, 3
2014/15	50, 7
2015/16	51, 4
2016/17	54, 4
2017/18	61, 3
2018/19	66, 3
2019/20	76, 6
2020/21	63, 7
2021/22	R55.9
Totals	600, 47

NOTES

- In the 2021/22 financial period Trusts spent approximately R55.9 million on transformation, this represents an R13.54 million decrease from the previous financial year. Over the past 10 years, Trusts have been over R600 million on transformation n
- In the past three years the trusts transformation expenditure has been decreasing due to decreased ROI on trust assets influenced by COVID, geopolitics, natural disasters etc



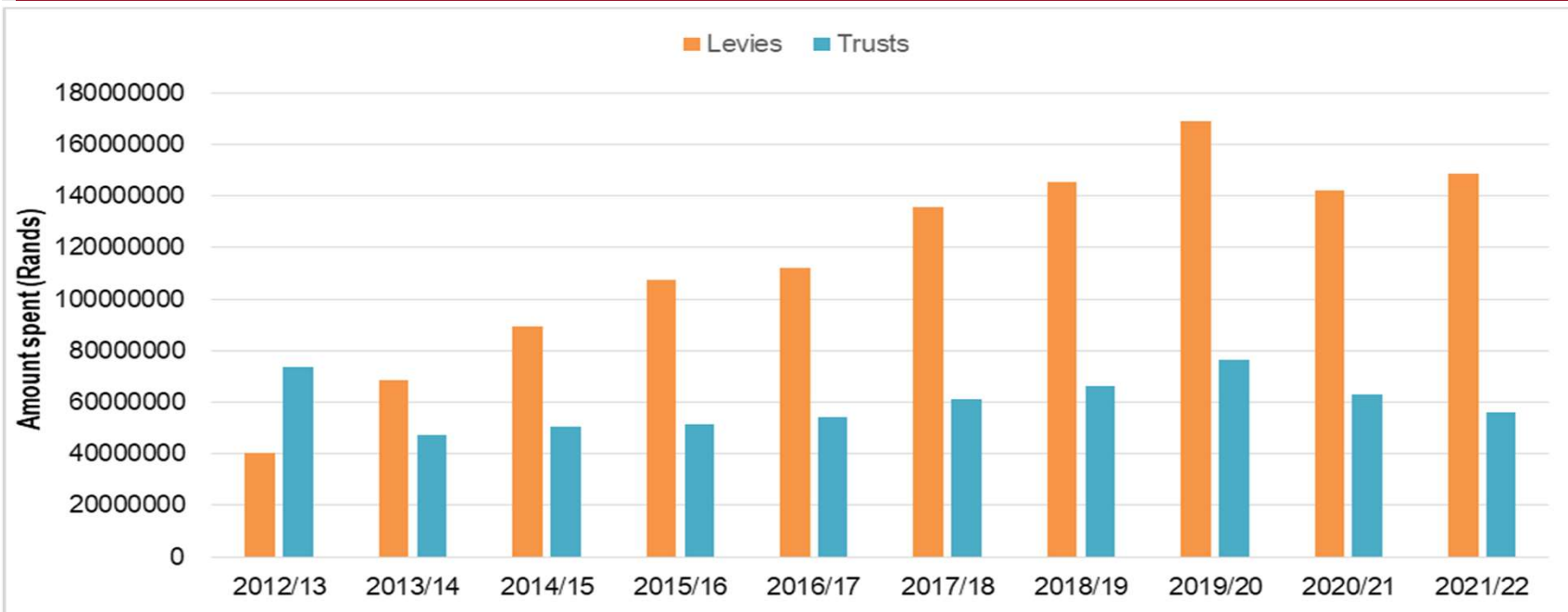
TRUST AND LEVY TRANSFORMATION REPORT – 2022 SURVEY



2022 TRANSFORMATION REPORT OBSERVATIONS

- The industry's commitment to transformation is evident in its continuous support of black role-players in line with government initiatives (**AgriBEE Sector Codes**), as outlined in the **Transformation Guidelines**.
- The industry spent around **R235.1 million on transformation in 2021/22, a 10.68% increase** from the previous year spending of **210 million**.
- The sector continues to be dualistic, with black farmers still having a **production and market share of more/less than 10%**, indicating that further efforts are needed to mainstream black role-players.
- **Public-Private-Partnership** is very significant in implementing transformation as it creates much-needed impact and avoids uncoordinated development support.

TRUST AND LEVY TRANSFORMATION EXPENDITURE



Transformation figures for the reporting year:

- levy administrators spent about 20.0% (**R179.2 million**) on transformation projects during the period under review, an **increase of 32.2 million over the 147 million spent in 2020/21**. On the trust side, transformation support amounted to R55.9 million, a decrease of 13.54 million (in 2021).
- During the **2021/22 financial year approximately R235,1 million** was spent on transformation by trusts and levy administrators, a **10,68% increase from the previous spending of 210 million**.

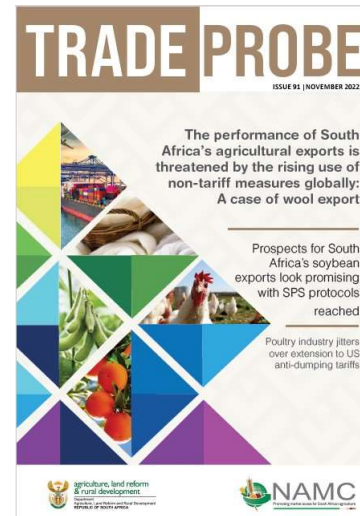
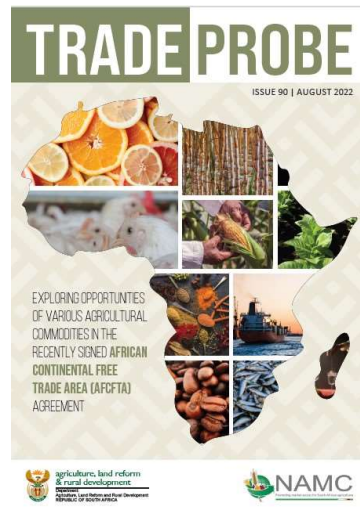
EMPLOYMENT EQUITY WITHIN INDUSTRIES

Industry/trust name	African	Coloured	Indian	White
Cotton SA	8	-	-	10
Pecan SA	1	-	-	8
SACTA	1	-	-	-
Milk SA	4	2	-	3
SAPPO	8	-	-	-
Table eggs	2	-	-	4
Cape flora	-	-	-	1
Mohair South Africa	4	-	-	6
Fruit South Africa	11	-	2	6
Deciduous Fruit Industry Trust	-	1	-	1
Meat Industry Trust	-	2	-	3
National Lucerne Trust	-	-	-	2
Oilseed & Protein Development Trust	-	-	-	2
Sorghum Trust	-	-	-	1
CGA-GDC	8	-	-	-
Fruit Fly Africa	-	8	-	4
Deciduous Fruit Industry (DFDC)	11	18	-	26
Macadamia	4	-	1	11
Raisins SA	-	2	-	4
SAWITU	-	2	-	-
SATI	1	5	-	6
POMASA	-	-	-	1
Winter Cereals Trust	2	-	-	-
Oil and Protein Seeds Development Trust	-	-	-	2
SA Olives	-	1	-	1
Wool Trust	-	2	-	2
Potatoes South Africa	19	1	-	20
National Lucerne Trust	-	-	-	2
Total	84	44	3	126

At present, agricultural trusts and commodity industries employ **257 individuals**. The proportion of **Africans, coloureds, Indians, and whites is approximately 32.7%, 17.1%, 1.2% and 49.02%**, respectively. Furthermore, this presents a **worrying picture of employment equity**, as transformation aims not only to enhance black producers' and agripreneurs' competitiveness, but also to close the gap between workers and service providers.

TRADE RESEARCH

- **Target: Four (4) trade advisory briefs /commentaries provided to Minister, policy-making institutions and directly affected.**
- **Annual Achievement:** Four (4) trade advisory briefs /commentaries were provided to the Minister, policy-making institutions and directly affected
- **Target: Twelve (12) Market Intelligence Reports (MIRs) produced**
- **Annual Achievement:** Twelve (12) Market Intelligence Reports were produced



AGRO-FOOD CHAINS RESEARCH

- **Target: Twelve (12) Supply and Demand Estimates Reports and 1 Value Chain Analysis Report**

Annual Achievement: Twelve (12) Supply and Demand Estimates Reports were produced

- **Annual Achievement:** x1 Value Chain Analysis report produced and submitted to the Minister

Deviation: Report was produced, approved by Council and submission to the Minister was delayed

- **2022/23 Avocado Value chain Study**

- ✓ Report analysed the performance of the avocado value chain over a period of 10 years.
- ✓ Of keen interest was to: map out key actors along the avocado value chain; determine the main marketing channels used role players; analyse the industry's trade performance as well as assess realistic market opportunities; and identify factors influencing the function of the value chain.

AGRO-FOOD CHAINS RESEARCH...CONTINUED

Findings

- ✓ Avocado's projected global market size in 2022 is estimated at US\$ 14.85 billion, equivalent a 6.3% rise from 2021 (US\$ 13.97 billion).
- ✓ Several factors, including the rising demand and population growth (especially in the North American region), a wide spread of the Western cuisine throughout Asia and major Chinese cities, and the continued growth of the middle-class population in China and India.
- ✓ The main value chain actors include producers/packhouses, Fresh produce markets, export markets, processors, traders (wholesalers & retailers) and consumers.

Local production

- ✓ Mainly concentrated in the warm subtropical areas of Limpopo and Mpumalanga Provinces. Due to increased demand, production has also extended to KwaZulu Natal, Eastern Cape and Western Cape Province
- ✓ Limpopo province is the largest avocado production area accounting for 60% of the total production, followed by Mpumalanga (30%), and Kwa Zulu Natal (9%). The total area planted in South Africa is 15 439 ha in 2021.

Marketing channels used.

- ✓ The avocado industry in South Africa is export oriented. According to the 2021 data, 45% of the fruit was exported while 16% was sold through the National Fresh Produce Markets (NFPMs). 15% was sold directly to retailers while the equivalent was marketed informally. Less than 10% of avocado produced is processed into guacamole (6%) and oil (3%).
- ✓ The Netherlands and the United Kingdom account for 64% and 19% of south africa's avocado exports, respectively while Africa commands only 3% (Namibia & Botswana)

AGRO-FOOD CHAINS RESEARCH...CONTINUED

Issues affecting the industry

- ✓ Limited market diversification, theft of produce, port inefficiencies, poorly maintained infrastructure of the local municipal fresh produce markets and climate variability during production seasons.

RECOMMENDATIONS

- ✓ There is a need to diversify export markets for South Africa's avocado. Identified potential markets include the United States of America (USA), Japan China and South Korea, among others.
- ✓ The research team takes cognizance of the likelihood of oversupply of avocado in the USA and the European Union in the near future given that Peru's peak season coincides with South Africa's season.
- ✓ Regarding the poor infrastructure of the local municipal markets, the management and maintenance regimes of these markets must be reconsidered.

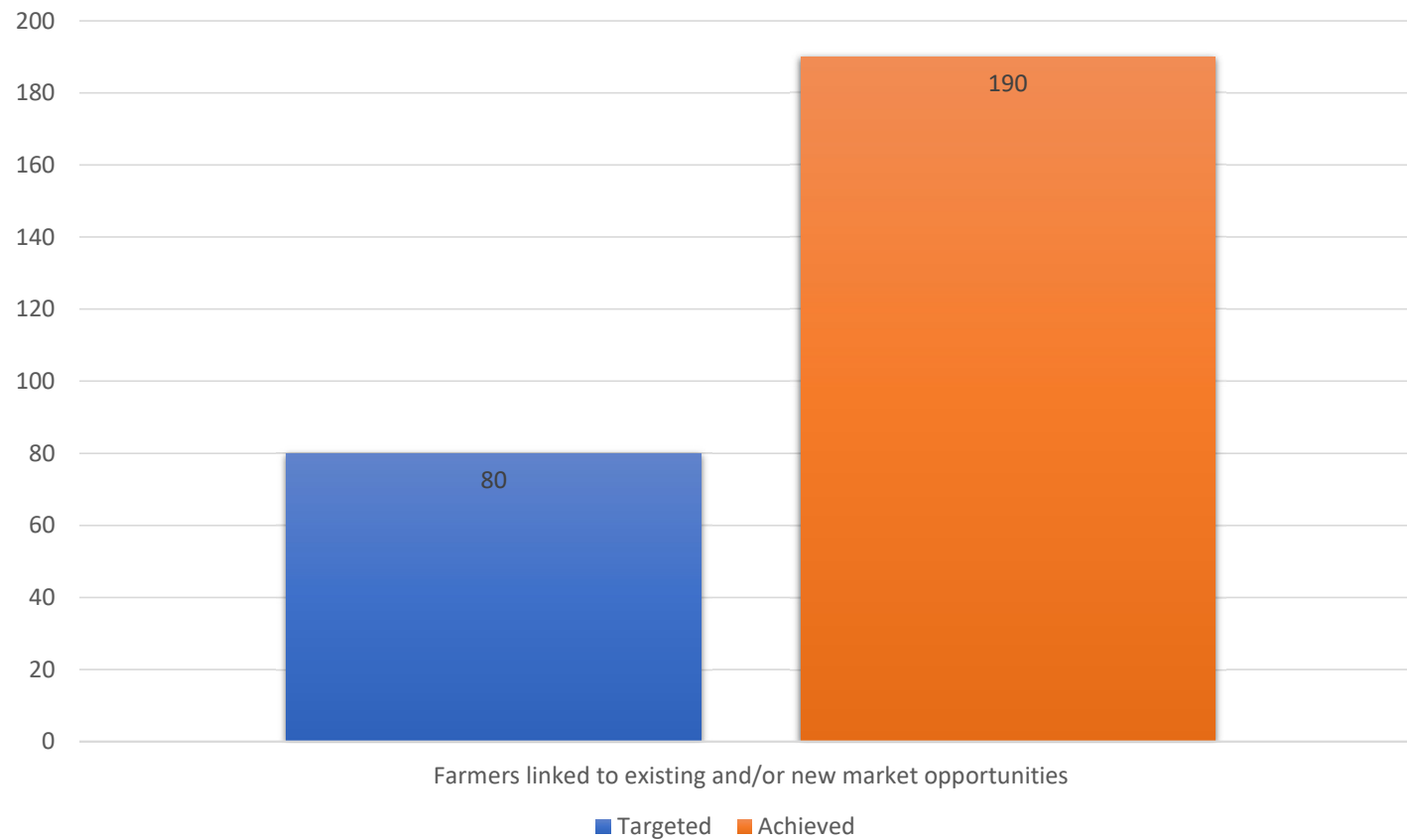


PROGRAMME 3:

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

OVERVIEW OF PERFORMANCE

PROGRAMME 3: ENHANCED MARKET ACCESS FOR THE AGRICULTURAL SECTOR PARTICIPANTS



FARMERS LINKED TO THE MARKET

- **Target: Eighty (80) Farmers linked with market opportunities**
- **Annual Achievement:** One Hundred and Ninety smallholder farmers (190: 91 male, 99 female and 76 youth) were linked with Market opportunities as follows:
 - Twenty-five (25) farmers from uThukela District, KwaZulu Natal were linked with Kakhulu Brands to supply chiccory roots;
 - Fifty-six (56) vegetable farmers from Mangaung Metropolitan in Free State were linked with Fresh Way Market to supply tomatoes. This was a collaboration between NAMC and Directorate Marketing within the Free State Provincial Department of Agriculture Land Reform Rural Development (FSDALRRD);
 - Seventy (70) vegetable farmers from Fezile Dabi and Lejweleputswa District Municipalities in Free State, were linked with Ultimate Growers (PTY) LTD to supply various vegetables such as spinach, cabbages, tomatoes, onions, and green beans;
 - Ten (10) smallholder farmers from Gauteng province were linked with Limfruit company to supply robot peppers;
 - Twenty-nine (29) poultry smallholder farmers were linked with Chicken Supreme to supply chickens through a collaboration between NAMC and FSDALRRD;
- **Target: two production scheme designed**
- **Annual Achievement:** two (2) production schemes were designed i.e., Citrus and Red Meat.
- The design is guided by the production scheme framework, to be implemented through a private and public partnership.

OVERVIEW OF PERFORMANCE

PROGRAMME 3: ENHANCED MARKET ACCESS FOR THE AGRICULTURAL SECTOR PARTICIPANTS



SMALLHOLDER MARKET ACCESS RESEARCH

- **Target: One (1) Smallholder Market Access Tracker (SMAT) reports to Minister and directly affected groups**
- **Annual Achievement:** One (1) Smallholder Market Access Tracker (SMAT) report was submitted to the Minister
- The 2022/23 edition focused on smallholder cotton farmers based on survey of farmers in KZN, Limpopo and Mpumalanga

Findings:

- ✓ In terms of the farmers' profile, the results indicate that a typical smallholder cotton farmer is a black female who has acquired (mainly) primary education or less and relies mainly on farming as a source of livelihood.
- ✓ Although farming is her main source of livelihood, she has a diverse range of other sources of income such as social grants, pensions, remittances, and small business activities.
- ✓ She prefers to work in a collective as she farms mainly as a member of a cooperative.
- ✓ She produces an average of 2 055.44 kg of cotton per annum.
- ✓ Her farm income per annum is R12 332.63 and the total cost of production per annum is R7 471.90. She puts in quite an investment in her cotton production endeavours as she buys several inputs, hire implements and labour and does some activities such as harvesting, sorting and packing her cotton manually.
- ✓ Their main marketing channel has been brokers for the past 5 years and 9 months. Other marketing channels include small buyers and bakkie traders.

SMALLHOLDER MARKET ACCESS RESEARCH

- ✓ She has no alternatives in the marketing channel that she uses as she sells her cotton only through the ginnery, which is some distance from Mpumalanga (260 km) as this is more than double the distance travelled by the farmer in Limpopo and fourteen-fold the distance travelled by the farmer in KwaZulu Natal.
- ✓ Access to services, facilities and equipment that could enhance market access is a challenge, with less than 50% of the farmers in many cases having access to such.

Recommendations

- ✓ Farmers must strive to keep records of their business transactions and activities to ascertain profits and losses, and also to determine the effect of sharing, hiring and renting equipment as this affects the timing of production activities and the yield thereof.
- ✓ The sharing of equipment in a cooperative setting must be properly planned to service many farmers as optimally as possible.
- ✓ Collaboration between Cotton SA and the government for the benefit of smallholder cotton producers
- ✓ Youth Involvement , extension service officers in improving the means of communication with the farmers.
- ✓ The need to share market information and trends with the farmers to manage their expectations. This could be best achieved when the youth is on board too.

SMALLHOLDER MARKET ACCESS RESEARCH

■ Challenges identified for farmers

- Lack of access to land
- Poor record-keeping
- Lack of adequate infrastructure, machinery, and implements (e.g., irrigation infrastructure, storage, office buildings, and equipment)
- Lack of information about agricultural insurance

Policy implications

- Access to resources such as land may inhibit the growth and aspirations of smallholder cotton farmers.
- Land reform policy remains key to promoting equality and inclusive growth in the cotton industry, and the agriculture sector at large.



HUMAN RESOURCES

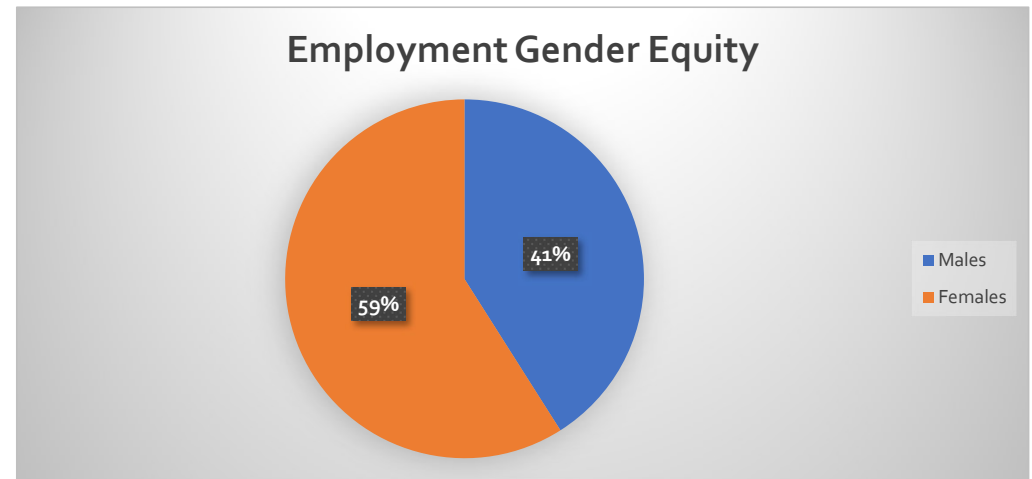
HUMAN RESOURCES

Succession Planning Process

Succession Planning Activities	Progress
Identifying critical positions in the NAMC	Completed
Identifying High potential employees	Completed
Developing Succession Plan and Development Plan	In progress
Implementing a succession plan for the identified high-potential employees	In progress
Developing retention plan	Delayed
Identify key employees for leadership development	In progress
Monitor the implementation against the set targets.	Continuous

Employment Gender Equity

EMPLOYMENT GENDER EQUITY		
Gender	Number	% Of total staff
Males	18	41%
Females	26	59%
TOTAL EMPLOYEES	44	100%



HUMAN RESOURCES...CONTINUED

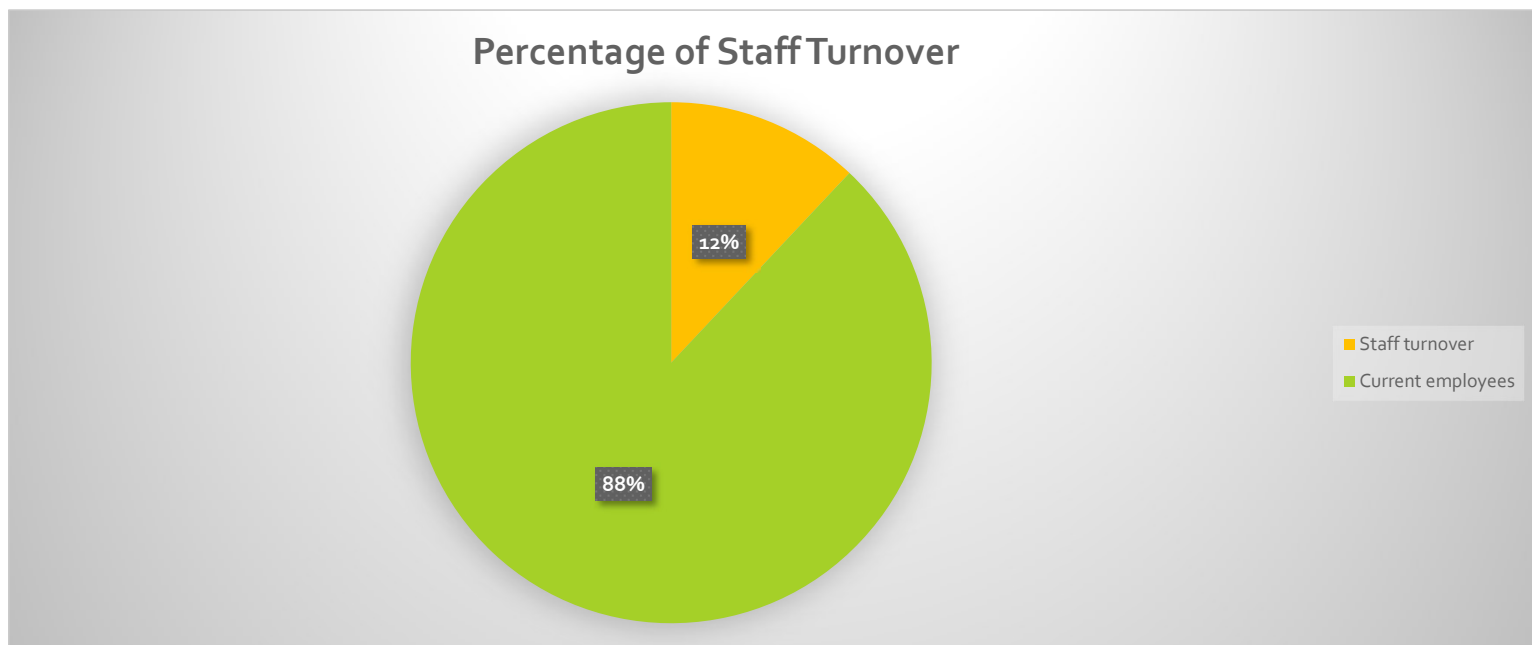
Appointments

Number of employees	Race	Gender
1x Supply chain Coordinator	African	Female
1 x Risk and Compliance Officer	African	Female
12 x Graduate Placement	African	4 x Males and 8 x Females
1 x Management Accountant	African	Female
1 x Financial Administrator	African	Female
1x Economist	African	Male
1 x Senior Economist: Statutory Measures	African	Male
1 x Company Secretary and Legal	African	Male
1x Cleaner	African	Female
1 x Economist Trade	African	Male
1 x Finance Intern	African	Female
1 x Management Accountant	African	Male
1 x Manager: Agro Food Chains	African	Male



HUMAN RESOURCES...CONTINUED

Percentage of staff turnover for permanent employees



HUMAN RESOURCES...CONTINUED

Learning and Development

Approval from the Agri-SETA Discretionary Grant

Category	Amount
Bursaries: Continuation	R 802 950.00
Graduate Placement	R 477 000,00
TOTAL AMOUNT	R 1 279 950.00

Furthermore, we received the following approval for the 2023/24 financial year:
R 391 250.00 for 2023 Bursaries: Continuation; and
R 620 100.00 for 2023/2024 Thirteen (13) Graduate placement





**FINANCIAL
OUTCOMES**

Annual Financial Statements 2022/23

	2022/23	2021/22
Income (Grant received)	48,5 million	47,3 million
Interest generated	2,2 million	2,2 million
Sponsorship received and other income	3,4 million	4,9 million
Expenditure	54,2 million	54,4 million
Surplus for the year	2,7 million	24 thousand
Total current assets	41,3 million	50,0 million
Total amount of non-current assets	3,3 million	3,5 million
Total amount of current liabilities	31,0 million	42,4 million
Total amount of non-current liabilities	-	44 thousands
Fruitless, wasteful & irregular expenditure current year	2,1 million	6,0 million
External Audit Report	Unqualified with findings	Unqualified with findings on Financials and Clean Report on Predetermined objectives

Statement of Financial Performance for the period ended 31 March 2023

	Actual (R'000)	Budget (R'000)	Variance (R'000)	31/03/2022 (R'000)
Revenue	54,294	52,213	2,081	54,484
Grants	48,535	48,535	-	47,305
Sponsorship revenue	3,354	1,578	1,776	4,787
Other revenue	2,405	2,100	305	2,392
Expenses	51,591	52,213	622	54,460
Administrative Expenses	6,308	11,623	5,315	6,695
Operating Expenses	6,699	3,939	(2,760)	9,752
Compensation of employees	37,950	36,651	(1,299)	37,172
Other expenses	634	-	(634)	841
Surplus/ (Deficit)	2,703	-	2,703	24

Variance Explanation

Revenue variance

- ❑ **Other income and sponsorship received:** the variance of R1,7 million relates to amount received and utilised for sponsorship projects as well as the management fee generated from projects.
- ❑ **Interest received:** An increase of R305 000 as compared to budget is due to increase in funds invested

Expenditure variance

- ❑ **Personnel expenditure:** An unfavorable variance of R1,2 million is as a result of salaries for interns. Intern's stipend were paid through AgriSeta funding
- ❑ **Administration expenses:** A favorable variance of R5,3 million is due to savings on some costs due to majority of staff working from home.
- ❑ **Operating expenses:** The operating expenditure shows an unfavorable variance of R2,7 million, as a result of increase in operating expenses

Statement of Financial Position as at 31 March 2023 vs March 2022

	2022/23:	2021/22:	% Change	Reasons for variances
	R'000	R'000		
Non-current assets	3,359	3,573	-6%	A decrease is due to depreciation and disposals of assets during the financial year
Receivables	1,100	3,185	-65%	Decrease in number of outstanding invoices raised as at financial year end.
Cash & cash equivalents	40,469	46,948	-14%	Decrease in additional funds received for projects
Liabilities	31,052	42,382	-27%	Decrease in sponsorship funding received but not yet utilized at financial year end



Thank You



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