



AGRICULTURAL RESEARCH COUNCIL

BRIEFING TO THE PORTFOLIO COMMITTEE ON AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT

ARC Annual Performance Report
Presentation

(FY 2022/2023)

15 November 2023



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EMPLOYER

SOUTH
AFRICA
2023

CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

AGRICULTURAL RESEARCH COUNCIL

CONTENT OVERVIEW

- ❖ Overview of the Agricultural Research Council (ARC)
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- ❖ FY 2022/23 Audit Outcomes
- ❖ Finance FY 2022/23



**ARC
MANDATE,
VISION &
MISSION**

MANDATE

*In terms of the Agricultural Research Act, to promote the agricultural and related sectors through **Research, Development and Technology Transfer***

VISION

Excellence in research and innovation for sustainable agricultural systems and economic development

MISSION

To conduct research, develop partnerships and human capital, to foster innovation for a sustainable agriculture sector

I CAIRE

I - INTEGRITY

We conduct our business in a transparent, honest, truthful, consistent and ethical manner to ensure we foster trust among our employees and stakeholders.

C - COMMITMENT

We commit ourselves to live the values of the ARC

A - ACCOUNTABILITY

We honour our commitments towards our employees and stakeholders in a responsible and reliable manner, taking ownership of our work and decisions.

I - INNOVATION

We conduct our business in a way that fosters innovation to improve the growth of the organisation and the agricultural sector.

R - RESPECT

We treat our colleagues and stakeholders with respect and dignity in an equitable manner whilst embracing diversity.

E - EXCELLENCE

We conduct our work in an efficient, effective, professional manner to ensure we create highest quality and value.





SCIENCE IN ARC FOR THE AGRICULTURE ECONOMY

SCIENCE COUNCIL

- Innovation in science
- Basic/fundamental research
- Applied research (technologies)
- Intellectual assets
- Skilled scientists & engineers
- Volume & quality publications
- Scientist ratings
- Number of PhDs
- Number of doctoral fellows
- Number of postdoc fellows
- Scientific awards

AGRICULTURE DEVELOPMENT

- Economic link to Innovation
- Applied research
- Technology Transfer/dissemination
- Intellectual Asset Use
- Agricultural Production & productivity
- Food Security – hunger
- Environmental Sustainability
- Import Substitution
- Export Promotion
- Agrarian Transformation
- New products (vaccines, cultivars etc.)

MEDIUM TERM STRATEGIC FOCUS PRIORITIES FOR 2019 – 2024

MTSF PRIORITIES FOR ARC:

- a) Priority 1: A Capable, Ethical and Developmental State
- b) Priority 2: Economic Transformation and Job Creation
- c) Priority 3: Education, Skills and Health
- d) Priority 5: Spatial Integration, Human Settlements and Local Government
- e) Priority 7: A better Africa and World

Cross Cutting Focus Areas:

- Women
- Youth
- People with Disabilities
- Climate Change



ARC MTSF ALIGNED OUTCOMES FOR 2019 – 2024

1. Increased agricultural production and productivity
2. Sustainable ecosystems and natural resources
3. Improved nutritional value, quality and safety of agricultural products
4. A skilled, capable agriculture sector with innovation, knowledge and technologies
5. Enhanced resilience of agriculture
6. A high performance and sustainable organisation

OPERATING ENVIRONMENT

The ARC is exposed to many factors that adversely impact upon its performance, such as:

- ✓ The state of the economy
- ✓ Underperforming agriculture enterprises
- ✓ Unfavourable climatic conditions (e.g. severe drought in parts of the country, delayed Summer rainfall)
- ✓ Pest and Disease outbreaks (locust outbreaks, plant and animal diseases)
- ✓ Limited external revenues from traditional funding sources
- ✓ Ageing infrastructure

The ARC operating environment during FY2022/23 included the following risks:

- ✓ Increased risk of poor agricultural production and productivity as a consequence of frequent, uncontrollable outbreaks of pests and diseases (e.g. FMD, Fall Armyworm (FAW), drought, locust swarms, etc.);
- ✓ Increased risk of food insecurity, particularly malnutrition); and
- ✓ Increased risk of failed agricultural enterprises, particularly commercial agriculture with concomitant unemployment among others.

PERFORMANCE INFORMATION BY OUTCOME

OUTCOME 1: INCREASED AGRICULTURAL PRODUCTION AND PRODUCTIVITY

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	ACTUAL ACHIEVEMENT 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Crop technologies developed and information dissemination	Number of cultivars registered	2	1	11	7	(4)	Final registration of cultivars being awaited from registrar
	Number of field trials	311	289	204	230	26	More field trials due to favourable weather conditions
	Number of technical reports	271	209	174	316	142	Increase in reports generated for clients by the ARC
	Number of cultivar evaluations	68	70	39	78	39	Higher demand from industry for cultivar evaluations
Animal improvement services	Number of farmers participating in each of the animal improvement schemes	190	213	220	191	(29)	Lower than anticipated participation in the animal improvement schemes
	Number of technical reports	781	875	1 000	763	(237)	Fewer reports generated due to lower participation in the animal improvement scheme

STRATEGIES TO OVERCOME UNDERPERFORMANCE

Registration of cultivars

- Engaged the regulator to address the current back-log of PBR registrations.
- Improved internal coordination to ensure improved efficiencies going forward.

Number of farmers participating in each of the animal improvement schemes

- Implementation of aggressive marketing strategies stimulate demand for our services.
- Improving the quality and quantity of our value addition service offerings to make them more appealing to the livestock keepers.

Number of technical reports

- Embark on an aggressive marketing of the animal improvement services to enhance performance in this area.

SIGNIFICANT ACHIEVEMENTS OF TARGETS - OUTCOME 1

Number of Cultivars Registered

Seven (7) new cultivars were registered. These include three (3) wheat, peaches, proteas, citrus and granadilla cultivars.

Four (4) other cultivars are awaiting final registration with the registrar.



Three wheat cultivars



'Delight' is a new cut flower Protea cultivar bred by the ARC.



Granadilla and Mandarin cultivar

Famers Participating in Animal Improvement Schemes

2022 ARC National Master Dairyman Awards

- The ARC promotes the adoption of improved livestock production practices by recognizing farmers that have embraced technological innovations.
- South Africa's top commercial and smallholder dairy farmers were recognised for outstanding performances in dairy farming.



From Left to Right: Ms. Danielle Durr from Nedbank, Ms. Nompe Zim (2022 ARC Small-scale Master Dairyman of the year), Dr. Litha Magingxa (President and CEO of the ARC)



From Left to Right: Ms. Joyene Isaacs (ARC Board Chairperson), Mr. PE Loubser (2022 ARC National Master Dairyman Winner) and Dr. Litha Magingxa, President and CEO of the ARC

The 2022 ARC National Beef Performers Awards.

ARC National Platinum Bull Awards (sponsored by GMP Basic). The seven bulls awarded the title this year are: Pierre-André Cronje's Afrikaner (MC 20 0666), Daan Viljoen's Bonsmara (EHE 20 0188), Nick Serfontein's Bonsmara (NFS 20 0063), Gerrie Oelofse's Boran (BG 20 0097), Alpheus Denga's Boran (DE 20 0719), Johan Fourie's Limousin (YF 20 0001) and Desmond Robertson's Santa Gertrudis (SS 20 0147).



ARC National KyD Province of the Year Award (proudly sponsored by Molatek). The following provinces take silver, gold and platinum: Silver – Eastern Cape, Gold – North-West and Platinum – KwaZulu-Natal

ARC National KyD Beef Farmer of the Year Award (sponsored for the first time by Stockfarm (Plaas Media)). The National Emerging Beef Farmer of the Year Award goes to Selina Hlabedi of Bakwa-Hlabedi in Farming, in Gauteng. Selina farms with Bonsmara cattle.



ARC National Mentor of the Year Award (sponsored by Molatek for several years now). 2022 saw not just one mentor, but two mentors taking the title. They are: Mpho Munyai from the Magaliesburg region and Gert Brits from Delareyville.



ARC National Special Performance Test Class Awards (sponsored for the first time by Plaas Media). This award saw a total of 13 bulls receiving accolades in this category in 2022: Afrikaner - Jannie Visagie's JEV 20 0151, Angus (black) - Stefan Terblanche's FG 200782, Boran - Zippo Lamprecht's ZIP 20 0041, Braford - Gert van der Merwe and Johan de Jager's GM 20 0043, Brahman - Justin de Bruyn's H2O 20 0013, Brangus - Myburgh and Tewie Wessel's WW2 20 0031, Braunvieh - Erik de Klerk's DEK 20 0053, Charolais - Dami Stemmert's DS 20 0511, Hereford - Danie van Breda's DVB 200047, Limousin - Johan Fourie's YF 20 0090, Nguni - Hannes Eksteen's EX 20 0251, Santa Gertrudis - Desmond Robertson's SS 20 0146 and Sussex - Erina and Carlé Cillie's CC 20 0028.

- The aim of the awards is to recognise the outstanding achievements of beef producers across all production sectors in South Africa.
- A total of 13 bulls received accolades in the Special Performance Test Class category (running for over four decades), all of which originate from different breeds.

PERFORMANCE INFORMATION BY OUTCOME

OUTCOME 2: SUSTAINABLE ECOSYSTEMS AND NATURAL RESOURCES

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	ACTUAL ACHIEVEMENT 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Natural Resource Management	Number of technical reports	86	82	78	103	25	Increase in reports generated for clients by the ARC
	Number of field trials	76	75	59	60	1	More field trials due to favourable weather conditions
	Number of services rendered	436	780	559	663	104	Higher demand from the sector for ARC services
	Number of biological control solutions developed	Not measured	2	0	0	0	–
Soil and Water Science	Number of samples analysed for soil health and water quality	157	411	144	523	379	Higher demand from the sector for ARC services
	Number of scientific solutions	0	0	0	0	0	–
	Number of technical reports	62	42	19	42	23	Increase in reports generated for clients by the ARC
	Number of services rendered	488	557	400	487	87	Higher demand from the sector for ARC services
Weed Science	Number of technical reports	7	14	12	12	0	–
	Number of services rendered	13	7	5	6	1	Higher demand from the sector for ARC services
Ecosystem services	Number of technical reports	11	7	4	6	2	Increase in reports generated for clients by the ARC
	Number of services rendered	7	2	0	0	0	–

SIGNIFICANT ACHIEVEMENTS OF TARGETS : OUTCOME 2

International, local and government partnerships and funding support, enabled achievement of targets and implementation of multi-year projects under outcome 2, e.g:

- Water Research Commission (WRC) funded project to create a Knowledge Hub for Contaminants of Emerging Concern (CECs) in agriculture and their impact on water resources in South Africa.
- Water Research Commission (WRC) funded project to develop management and rehabilitation protocols for South African peatlands affected by peat fires from the determined peat loss in three selected case studies: 1) Molopo Peatland, North West Province; 2) Onrus Peatland, Western Cape; and 3) Muzi and Vasi Peatlands, KwaZulu-Natal.



A soil auger indicating the 1.2 m of peat loss using the bottom of the fence line as an indicator of the former level of the peatland surface at the Molopo Peatland, North West Province

PERFORMANCE INFORMATION BY OUTCOME

OUTCOME 3: IMPROVED NUTRITIONAL VALUE, QUALITY AND SAFETY OF AGRICULTURAL PRODUCTS

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	ACTUAL ACHIEVEMENT 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Broadening the food base	Number of cultivars registered	0	0	4	4	0	–
	Number of field trials	5	6	3	13	10	More field trials due to favourable weather conditions
	Number of technical reports	131	102	69	151	82	Increase in reports generated for clients by the ARC
	Number of cultivar evaluations	105	41	64	48	(16)	Lower demand from industry for cultivar evaluations
	Number of new products developed	1	0	6	2	(4)	Delays in finalisation of product development process
	Number of services rendered	16	44	15	38	23	Higher demand from the sector for ARC services
Post-harvest handling and agro processing	Number of cultivars developed with improved shelf life	0	0	0	0	0	–
	Number of solutions for controlled atmosphere	1	1	1	2	1	Higher demand from industry for controlled atmosphere solutions
	Number of services rendered	59	55	33	58	25	Higher demand from the sector for ARC services

STRATEGIES TO OVERCOME UNDERPERFORMANCE

Number of cultivar evaluations

Ongoing engagements with relevant stakeholders in the deciduous fruit industry to reach consensus modalities for cultivar evaluations.

Number of new products developed

New products refer to Moringa teabag prototypes that have been developed and are currently being analysed.

SIGNIFICANT ACHIEVEMENTS OF TARGETS : OUTCOME 3

Cultivars registered:

- Three new orange-fleshed sweet potato varieties were granted plant breeders' rights.



New orange-fleshed sweet potato cultivar
ARC-SP-6 (2014-13-1).

Cultivars evaluated:

- Eleven cassava cultivars were evaluated in on-farm evaluation trials for yield and yield related traits.



Cassava on-farm evaluation trial in Mpumalanga, with MSAF2 cultivar
harvested on a farmer's field

PERFORMANCE INFORMATION BY OUTCOME

OUTCOME 4: A SKILLED AND CAPABLE AGRICULTURE SECTOR

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	ACTUAL ACHIEVEMENT 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Skills development	Number of people trained	1 808	1 375	497	939	442	Higher demand for training
	Number of Post-graduate students supported by ARC	44	52	46	63	17	More students completed their degrees than anticipated
Technology Transfer	Number of technologies/IP registered/developed	2	2	3	7	4	More solutions registered than anticipated
	Number of enterprises supported	6	6	5	5	0	–
	Number of technologies transferred under license	12	137	30	0	(30)	Lower demand for ARC technologies
Smallholder farmer supported	Number of farmers trained	851	1 246	1 004	3 068	2064	Higher demand for ARC training
	Number of technical assessments for commercial readiness	25	30	40	44	4	Higher demand for technical assessments for establishing commercial readiness
	Number of smallholder farmers participating in KyD	4 834	7 096	4 500	4 646	146	Higher participation than anticipated
	Number of services rendered	191	179	54	152	98	Higher demand for ARC services
	Number of farmer field days	5	5	6	5	(1)	Lower demand for farmer field days
Farmer support	Number of farm assessments	0	19	25	1	(24)	Lower demand for farm assessments
	Number of farmers supported	311	420	238	748	510	Higher demand for ARC support
	Number of farmer field days	26	37	18	71	53	Higher demand from farmers
	Number of services rendered	379	112	103	164	61	Higher demand for ARC services
Knowledge generated and dissemination	Number of scientific publications	446	479	249	428	179	More manuscripts were accepted earlier than anticipated
	Number of popular publications	317	251	187	236	49	More publishing houses extended an opportunity for ARC researchers to publish work
	Number of public awareness events	96	187	80	171	91	More opportunities than expected

STRATEGIES TO OVERCOME UNDERPERFORMANCE

Number of farm assessments - Ongoing engagements to demonstrate the importance of the tool.

Number of technologies transferred under license - The ARC will embark on different means to attract and market the ARC technologies.

Calls for expression of interest will be published in different media platforms to reach potential partners.

SIGNIFICANT ACHIEVEMENTS OF TARGETS : OUTCOME 4

- 428 scientific publications was achieved as compared to a target of 249.
- 3 068 farmers were trained as compared to a target of 1 004.
- A new Black-owned auction company was unveiled as a result of collaborative efforts between ARC and KZN department of Agriculture and Rural Development (KZN DARD) through implementation of Kaonafatso Ya Dikgomo (KyD) Farmer Support Scheme.



ARC presenting a live-animal auction in KZN



Workshop for pruning of young vines



Eight farmers graduated from the ARC-NW Department of Agriculture and Rural Development on potato enterprise development

PERFORMANCE INFORMATION BY OUTCOME

OUTCOME 5: ENHANCED RESILIENCE OF AGRICULTURE

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	ACTUAL ACHIEVEMENT 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Climate resilient solutions	Number of drought tolerant cultivars	0	0	2	0	(2)	Final registration of cultivars beyond the control of ARC
	Number of services rendered	6	6	0	0	0	–
	Number of technical reports	31	12	10	8	(2)	Fewer reports were generated for ARC clients
	Number of field trials	105	107	105	129	24	Higher demand from clients
	Number of tools for measuring climate change	433	419	400	410	10	Higher demand for tools measuring climate change
Vaccine production	Number of blood vaccine doses produced	198 052	49 890	65 000	186 481	121 481	Higher demand for ARC vaccine doses
	Number of different types of vaccines developed	0	0	0	0	0	–
	Number of FMD vaccine doses produced	0	0	0	0	0	–
	Number of vaccine clinical trials	0	0	2	1	(1)	Fewer trials than anticipated
Laboratory services	Number of test reports issued for animal health	16 781	22 344	14 208	21 573	7 365	Higher demand for the sector for ARC services
	Number of tests performed for food and feed	3 293	3 008	2 310	2 943	633	Higher demand for the sector for ARC services
	Number of services rendered	139	231	150	302	152	Higher demand for the sector for ARC services
	Number of technical reports	13	21	0	15	15	Increase in reports generated for clients by the ARC

STRATEGIES TO OVERCOME UNDERPERFORMANCE

Number of drought tolerant cultivars

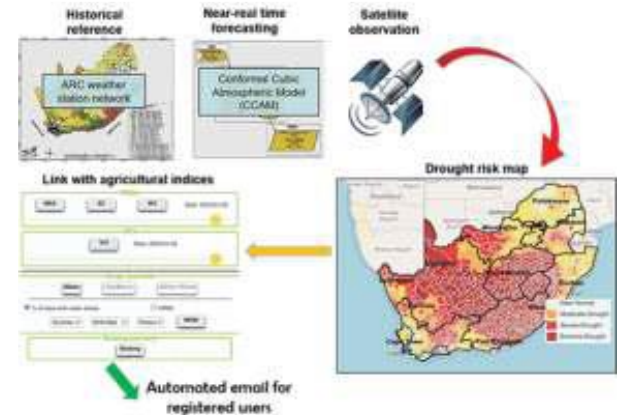
- on-going engagements with the regulator to ensure timely registration of drought resilient cultivars

Number of vaccine clinical trials

- The efficacy of the FMD vaccine will be assessed under a variety of field conditions and circulating strains to strengthen efficacy claims. This will improve the marketability of the vaccine in South Africa and beyond.

SIGNIFICANT ACHIEVEMENTS OF TARGETS : OUTCOME 5

- An Agricultural Drought Early Warning System (ADEWS) was developed
- Four live blood vaccines tick-borne diseases were produced by the ARC but marketed by OBP. 186 481 blood vaccine doses were produced against a target of 65 000.
- 21 573 test reports for animal health were issued to clients against a target of 14 208.



Diagnostic samples received at the laboratory at ARC-OVR.



The ADEWS is a web-based system (<https://www.drought.agric.za/>)

PERFORMANCE INFORMATION BY OUTCOME

OUTCOME 6: A HIGH PERFORMING AND SUSTAINABLE ORGANISATION

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	ACTUAL ACHIEVEMENT 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Infrastructure Management	Number of business cases developed for implementation of assets management plan	1	3	1	4	3	Focused approach on the implementation of recommendations from prior assessment
	Increase in Rand value of rental income	3.48%	3.25%	1%	5.9%	4.9%	Post COVID-19 demand on property rental
ICT Strategy Implementation	Number of digital transformation projects implemented	Not measured	5	3	4	1	Higher demand on digitisation
	Number of Stabilisation projects implemented	Not measured	4	2	2	0	–
	Number of Optimisation projects implemented	Not measured	4	3	4	1	Increase in interest from ARC projects
Human Resources Management	Vacancy rate	9.72%	12.8%	10%	12.20%	(2.20%)	Challenges with regards to filling of vacancies
	Support employees as percentage of total staff	22.70%	19.8%	16.70%	20.70%	(4%)	
	Percentage increase of Employment equity ratio in the designated groups in core business, in respect of: - Women at Senior Management level	46%	46%	46%	50%	4%	Recruitment of more women than anticipated
	- People with Disabilities Employed	0.57%	0.51%	1.55%	0.41%	(1.14%)	Recruiting PWD is challenging
Performance Management	Improve the leadership dimensions of 360° results of Management, Senior and Executive Management	3.42%	3.45	4	Not undertaken during the financial year	(4)	Tender process were undertaken to appoint the supplier. Process is ongoing
	Alignment of organisational values	93.51%	96%	100%		(100%)	Low staff morale and high level of uncertainties
	Percentage implementation of change management strategies linked to culture survey and 360° leadership processes	Culture survey completed	96%	100%		(100%)	

PERFORMANCE INFORMATION BY OUTCOME

OUTCOME 6: A HIGH PERFORMING AND SUSTAINABLE ORGANISATION

OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2020/2021	ACTUAL ACHIEVEMENT 2021/2022	PLANNED ANNUAL TARGET 2022/2023	ACTUAL ACHIEVEMENT 2022/2023	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2022/2023	REASONS FOR DEVIATIONS
Human resource development	Number of employees appointed with Masters degrees	8	5	20	17	(3)	Fewer applications with master's degrees
	Number of employees appointed with Doctoral degrees	9	15	10	19	9	More applicants with doctoral degrees
	Number of employees with Masters degrees	199	187	200	185	(15)	Challenges in retaining staff
	Number of employees with Doctoral degrees	232	238	240	241	1	More staff acquiring Doctoral degrees
	Percentage staff turnover	3.32%	4.61%	3.5%	3.8%	(0.3%)	Higher staff turnover
	Total spend on PDP stipend and registration	R 8.85 mil	R 5.8 mil	R 21.1 mil	R 1.76 mil	R 19.34 mil	Termination of students from PG funding
	Training spend as a % of salary bill	0.4%	1%	1%	1%	0	–
Commercialisation of ARC solutions	Establishment of an ARC commercialisation entity	Not approved	0	Entity approved	Not Finalised	(not met)	Delays in the finalisation process
Exhibitions and sponsorships	Number of exhibitions, sponsorships	0	0	5	34	29	More exhibitions than anticipated
International partnerships	Number of new international partnerships	2	2	2	4	2	More opportunities than anticipated
Governance	Audit opinion	Unqualified audit	Unqualified audit	Unqualified audit	Qualified		The ARC continue to address property, plant and equipment qualification areas which has contributed negatively to the modified audit opinion from the Auditor General of South Africa. The Action Plan for FY2023/24 will be workshopped with the Audit Committee and AGSA to ensure it addresses the root causes.

PERFORMANCE INFORMATION BY OUTCOME

	Zero Deficit	Zero deficit	Zero deficit	Zero deficit	Zero deficit	-	No variance
Funding and revenue generation	B-BBEE rating	Level 8	Non-compliant	Level 5	Non-compliant		The ARC could not document the evidence to satisfactory support skills development. A workshop was organised to align and clarify the BEE requirements.
	External income as % of total revenue	21%	21%	35%	23%	12%	Generation of external income was negatively impacted by the delay in the kick-off projects due to both.
	Rand value of royalty income	R 39 mil	R 35 mil	R 23 mil	R 47 mil	R 24 mil	
Cost efficiencies	Reduction in fixed cost	1%	2%	5%	(-10%)	(15%)	The consolidation of the Pretoria Campuses is still delayed due to limited funding needed
	Personnel costs as % of Operational PG	91%	83%	75%	83%	(8%)	The organisation review exercise is still ongoing and will provide the ARC with the optimal organisational structure moving forward.

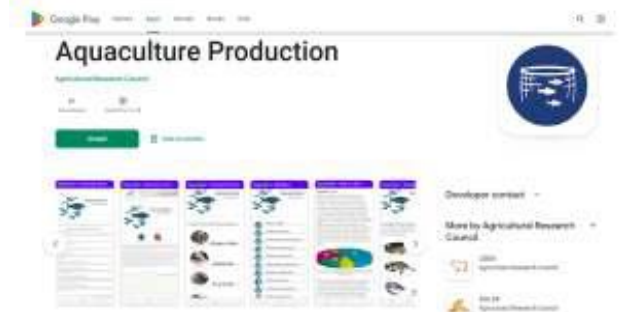
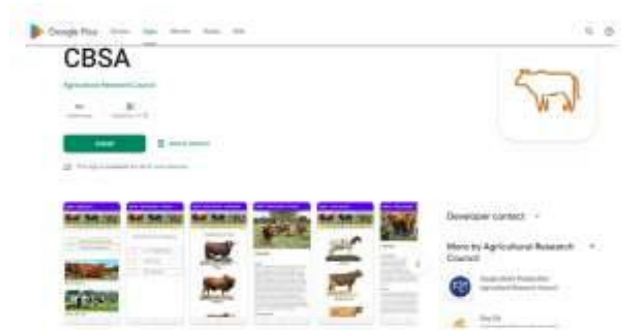
SIGNIFICANT ACHIEVEMENTS OF TARGETS : OUTCOME 6

Facilities and Infrastructure

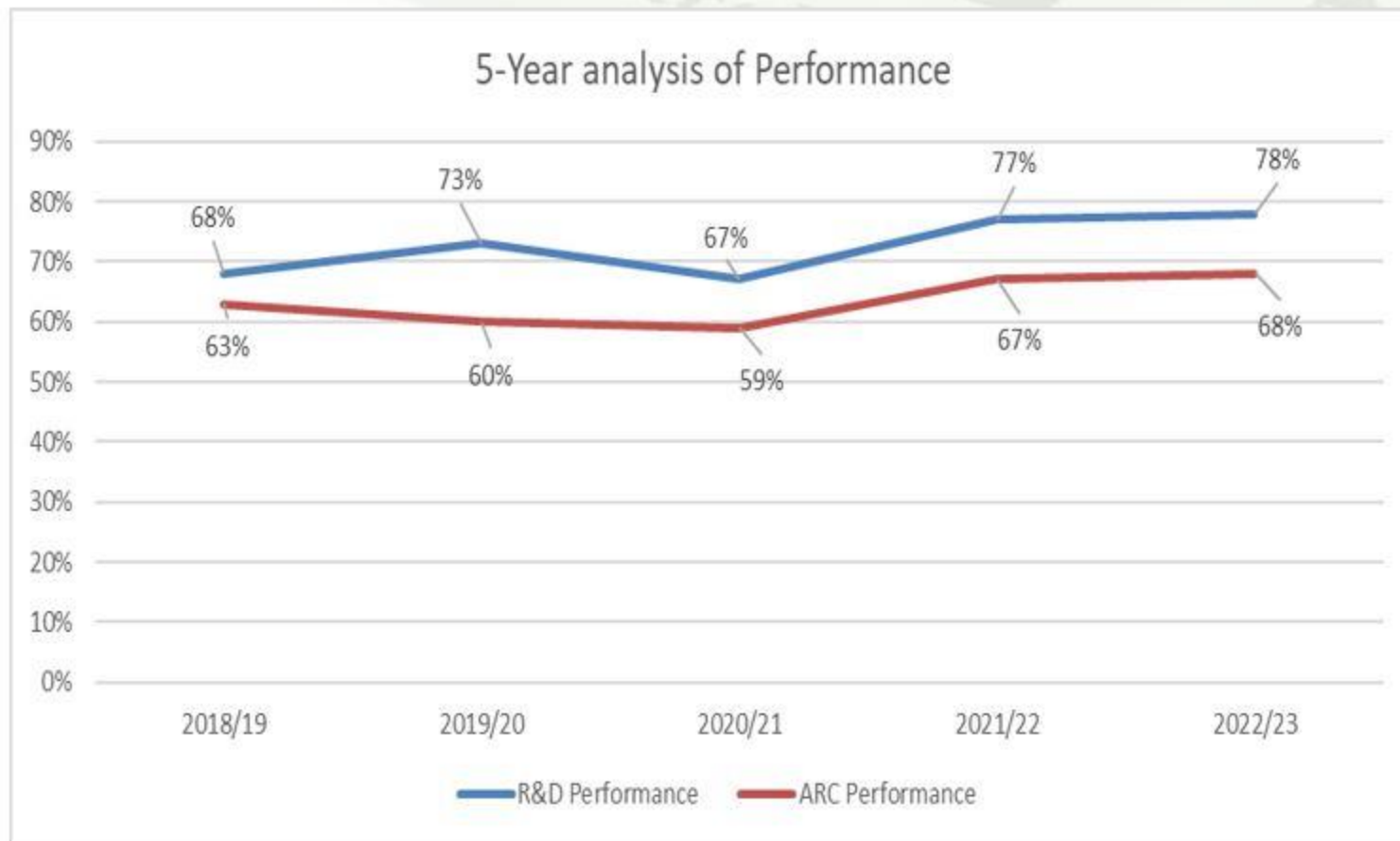
- The ARC has implemented a new Facilities Management Model to improve operational efficiency which resulted notable improvements across various aspects of ARC's infrastructure and facilities operations.
- A comprehensive Land and Property Management Plan was developed to enhance the oversight of ARC's land and property portfolio. Specific emphasis was placed on refining the leasing portfolio and ensuring that rental agreements with external parties align with market values.

ICT

- 3 research applications (CBSA, Aquaculture production and Soy SA applications) were rolled out to assist farmers with production guidelines, management strategies, and disease control for different farming areas.
- The electronic document and records management system (EDRMS) and Infrastructure-as-a-Service (IaaS) were implemented to align to current technological trends.



FIVE YEAR ANNUAL R&D PERFORMANCE INFORMATION TREND ANALYSIS (2018/19 TO 2022/23)



FMD STATUS UPDATE (PROCESS)



- The ARC undertook to develop a process for the production of FMD vaccines for use in Southern Africa.
- These efforts have culminated in establishment of technical expertise and infrastructure to consistently produce FMD antigens at 20-litre scale using suspension production technologies. This is sufficient to produce 20 000 doses.
- The FMD vaccine was registered on 20th May 2022, as a stock remedy under Act 36 of 1947. The registration certificate is valid for/renewable after 3 years.
- The ARC will be able to use the vaccine as part of DALRRD's FMD prevention programme. DALRRD requested the ARC to provide FMD vaccines to be deployed on farms or feedlots affected by the current outbreaks of FMD in Free State, Mpumalanga, North West and Gauteng.

ONDERSTEPSPOORT FMD VACCINE

TRIVALENT

SAT 1; 2 & 3 STRAINS

FOR VETERINARY USE ONLY

Reg. No. G 1944 Act 36/1947

Montanide™ ISA 206 VG adjuvanted vaccine for intramuscular immunisation of cattle, sheep, goats and pigs against Foot and Mouth Disease.

CATTLE DOSAGE: 2 ml (Total doses: 50 doses)
SMALL STOCK DOSAGE: 1 ml (Total doses: 100 doses)

100 ml
Net volume

Formulation date:

Batch No:

Expiry date:

Store: 4 – 10 °C & Shake before use

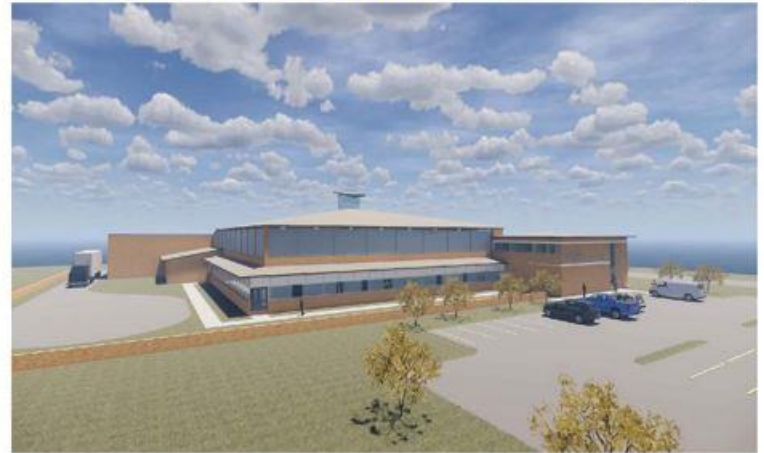
Onderstepoort Veterinary Research, 100 Old Soutpan Road, Onderstepoort, 0110



FMD STATUS UPDATE (FACILITY)

OVI BSL III FMD Vaccine Production facility

- The building preparatory measures like management of land rights including necessary zoning, environmental, infrastructural/external services, legal requirements in relation to such land rights (Obtaining the title deed, Surveyor General diagram, municipal account approval, etc.)



2022/23 ARC AUDIT OUTCOMES

Progress in FY2021/22:

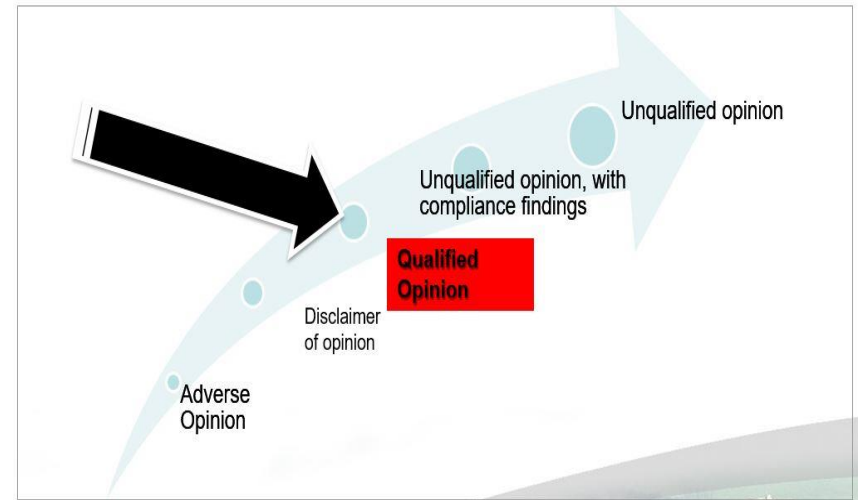
- Resolved the qualification paragraph finding on contingent liability and ownership of land.
- Continuous asset verification process was implemented.

Audit qualification paragraphs for 2022/23

- Existence and completeness of assets remains a risk as it is a repeat finding.
- Completeness and accuracy of irregular expenditure disclosure remains a risk as it is a repeat finding
- A new finding on the recognition of Conditional grant was issued.

FY 2023 Audit Improvement Plan (AIP)

- Asset management responsibilities delegated to champions and users.
- Increased frequency of physical verifications.
- SCM Policy improvement and training of Staff.
- AIP workshopped with Audit Committee and subject to monitoring by Internal Audit.



FINANCIAL PERFORMANCE

Figures in Rand Thousand	FY2023	Restated FY2022	Variance (R')	Variance (%)
Financial Performance Overview				
Revenue from exchange transactions	464 872	365 069	99 802	27.34%
Government Grants	1 061 835	1 029 146	32 689	3.18%
Total expenditure	1 293 177	1 207 196	85 981	7.12%
Operating Surplus	233 529	187 019	46 511	24.87%
Surplus/(Deficit) for the year	215 324	157 921	57 402	36.35%
Financial Position Overview				
Current Assets	1 315 420	937 321	378 098	40.34%
Non-current Assets	1 964 947	1 983 650	(18 703)	(0.94%)
TOTAL ASSETS	3 280 367	2 920 971	359 396	12.30%
Current Liabilities	411 861	259 493	(152 368)	(58.72%)
Non-current Liabilities	488 600	496 339	7 739	1.58%
TOTAL LIABILITIES	900 460	755 832	(144 629)	(19.14%)
NET ASSETS	2 379 906	2 165 139	214 767	9.92%
Cash Flows Overview				
Cash flows from operating activities	468 802	345 094	123 707	35.85%
Cash flows from investing activities	60 759	50 288	10 472	20.82%
Cash balance at the end of the year	1 205 012	796 969	408 042	51.20%

*(-) negative variance = unfavourable

*(+) positive variance = favourable

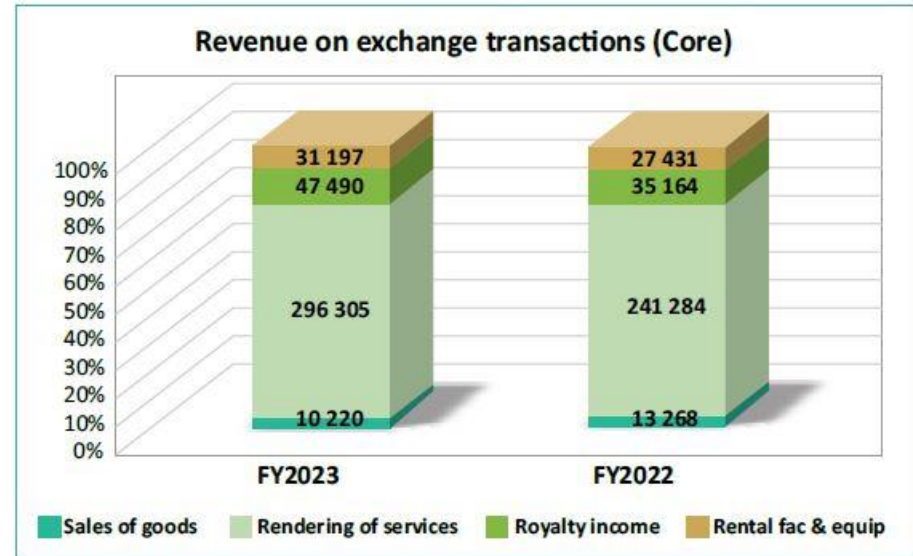
FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE OVERVIEW

Revenue:

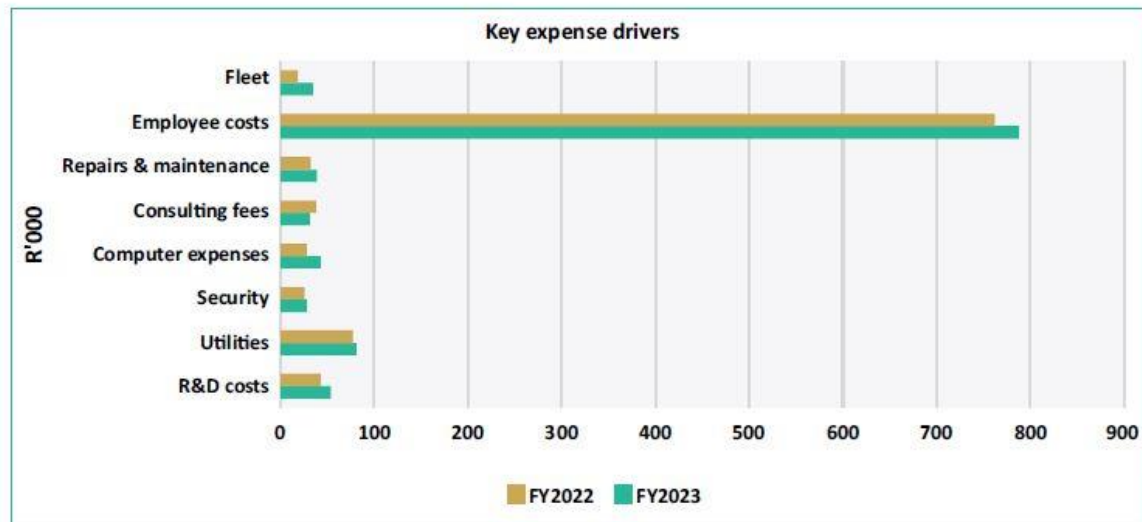
Government grants of R1 billion represent a 3.18% growth compared to the prior year due to a 3% baseline budget allocation increase from DALLRD. Conditional grant recognised on the FMD project for the current financial year amounted to R1.6 million rand.

The Revenue from exchange transactions earned for the FY2023 is R464.9 million, an increase of 27.34% compared to the prior year. Performance on the top revenue drivers is outlined:



Expenditure

The total Operating Expenditure reported is R1.3 billion which represents a 7.12% year-on-year increase. The spending trend compares as follows on the key expense drivers:



The increase is mainly attributed to:

- Employee-related costs. Overall increase of R25.9million. The cost increase is attributable to salaries and wages cost of living adjustment of 3% across the board and variable pay for the year 2022 and an increase on the leave pay provision of R2.5 million year on year;
- R&D costs and fleet costs (R27.4 million year on year increase), direct costs to support research activities;
- IT computer expense costs (R14.7 million increase), more effort towards business continuity to guard against the impact of loadshedding;
- Repairs and maintenance (R6.5 million unfavourable variance), campuses spending improved and prior year backlogs reduced. This was due to centralised control of the budget.

FINANCIAL PERFORMANCE

The Net Assets of the Agricultural Research Council are at R2.4 billion and the year-on-year results have been influenced by the following:

The current assets of R1,315.4 mil have shown a 40.34% growth year-on-year. The following have influenced the favourable performance:

- Inventories reported at R22.9 mil represent a 22% year-on-year increase. The increase was due to the increased consumables for research.
- Receivables from exchange transactions of R80.1 mil, decreased year-on-year by 30%. This is impacted by improved collection of outstanding debts.
- At year-end, the cash and cash equivalents balance was R1,205 mil, representing 51% year-on-year growth, mainly due to the FMD funding received and invested at the Reserve Bank Corporation for Public Deposits (CPD) and other funds received in advance from DALRRD.

The Non-Current Assets remained largely flat at R2 billion, and the results are mainly influenced by the Property, Plant and Equipment (PPE). The PPE year-on-year comparison is outlined below:

The total liabilities of the organisation were at R900.5 mil balance, which represents an 16% growth year-on-year. The growth is significantly influenced by the accrual for benefit sharing and funds received from DALRRD.



THANK YOU

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