



**NAMMC**  
Promoting market access for South African agriculture

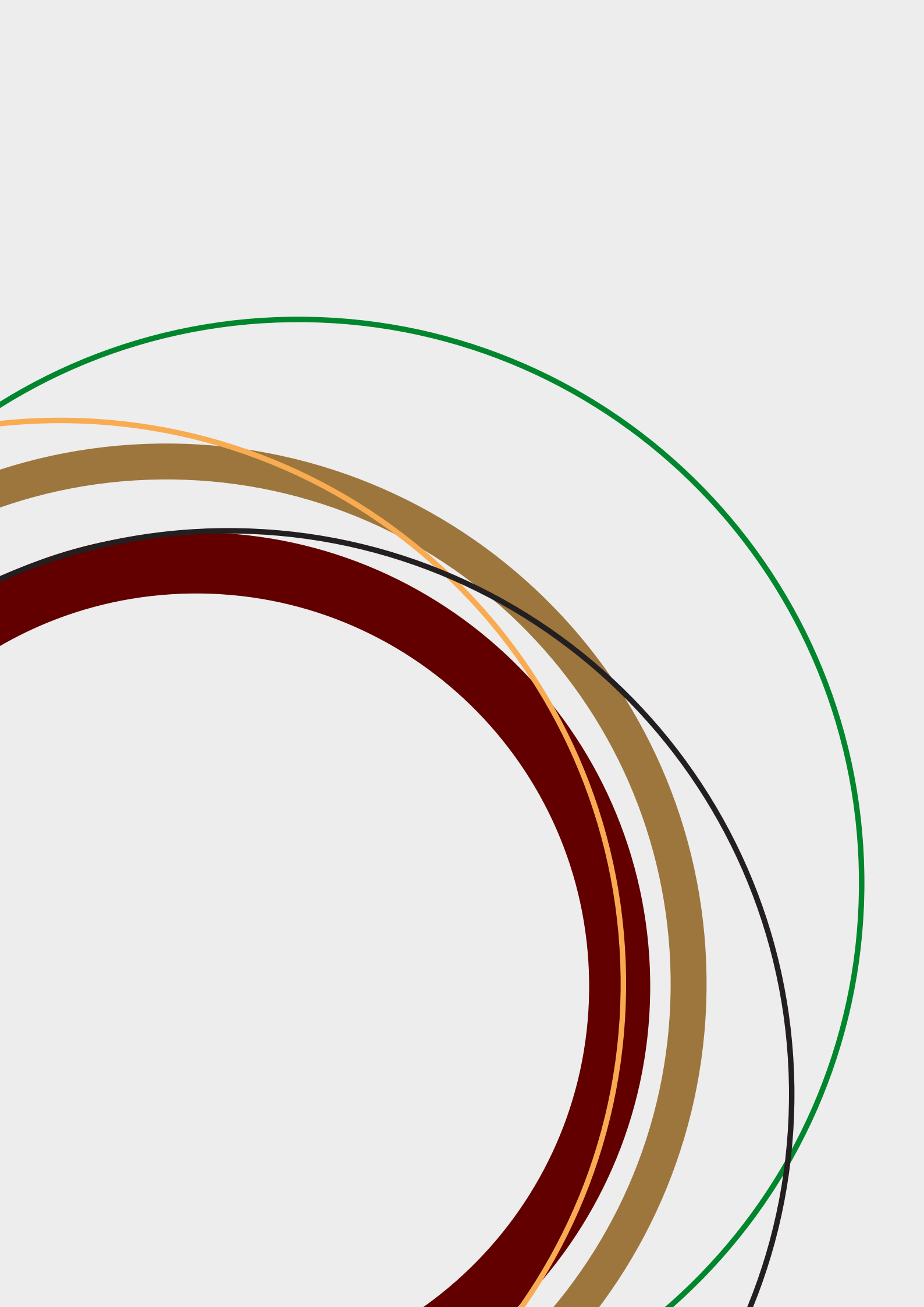


# ANNUAL REPORT

2022/23

[www.namc.co.za](http://www.namc.co.za)







National Agricultural Marketing Council

**Annual Report on  
Predetermined Objectives  
2022/23**

I am honoured to present the 2022/23 Annual Report for the  
National Agricultural Marketing Council (NAMC) to all stakeholders

A handwritten signature in black ink, enclosed within a large, loopy oval shape. The signature is positioned above a horizontal line.

Chairperson of the  
National Agricultural Marketing Council



# HELLO SOUTH AFRICA

## DID YOU KNOW?

The NAMC coordinates the #LoveRSAAgric initiative with the support of the Agricultural CEO's Forum. The core objective of Love South African Agriculture campaign is to promote appreciation of South African agriculture and bring about brand awareness of various agricultural products.







# About NAMC

The NAMC was established in terms of the Marketing of Agricultural Products Act No. 47 of 1996, as amended by Act No. 59 of 1997 and Act No. 52 of 2001. We are a statutory body reporting to the Minister of Agriculture, Land Reform and Rural Development.

**Our mandate is captured in our four core divisions namely:**



**Agribusiness  
Development**



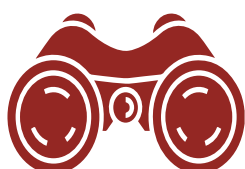
**Agricultural Trusts**



**Statutory Measures**



**Markets and  
Economic Research  
Centre (MERC)**



## Our Vision

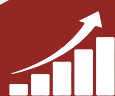
Strategic positioning of agriculture in a dynamic global market.



## Our Mission

To provide marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system in South Africa.

**The work of the NAMC is aligned to the four strategic objectives as set out in Section 2 of the MAP Act, 1996 namely:**



**Increasing market access  
to all market  
participants**



**More efficient marketing  
of agricultural  
products**



**Optimising export  
earnings from  
agricultural  
products**



**Enhanced viability of  
the agricultural  
sector**

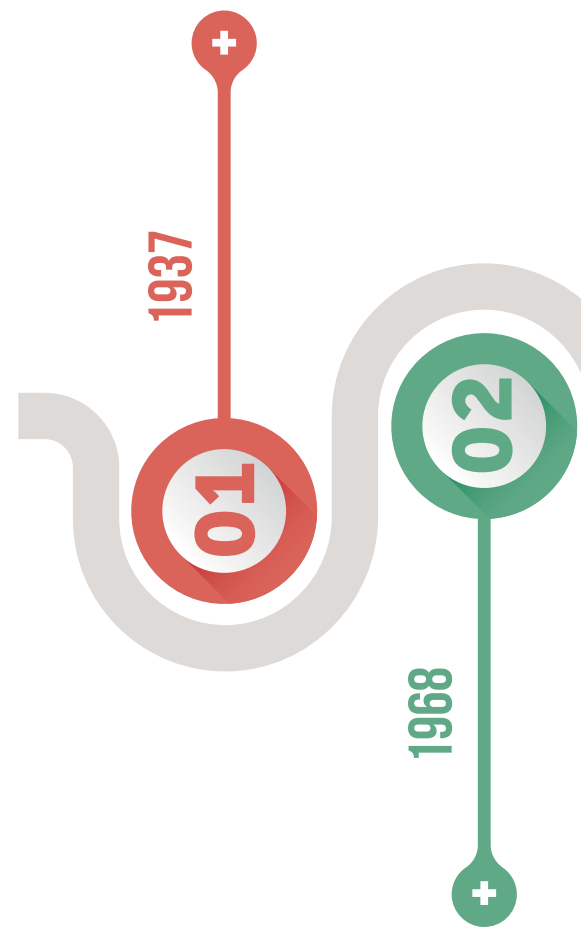


# NAMC

Promoting market access for South African agriculture

The National Marketing Council (NMC) was formed to administer the 1937 Marketing Act and advise the Minister of Agriculture on the provision of the Act.

## Evolution of National Agricultural Marketing Council



One of the intentions with the promulgation of the MAP Act was that the NAMC should operate “at arms-length” from the Department and subsequently became a statutory body. This meant that the NAMC will be only administering the MAP Act thereby serving as an advisory body. It also applied to the deregulation of the former Control Boards to Industry Trusts.

Marketing Act of 1937  
was replaced by the 1968  
Marketing Act

NMC changed to the National Agricultural Marketing Council

MAP Act amended to inter alia make provision for certain aspects regarding the transfer of staff from the Department to the NAMC

By this period, 80% of total agricultural production was subjected to statutory measures in South Africa



# TABLE OF CONTENTS

NO	ITEM	PAGE
	<b>TABLE OF CONTENTS</b>	08
	<b>LIST OF TABLES</b>	10
	<b>LIST OF FIGURES</b>	11
	<b>PART A: GENERAL INFORMATION</b>	13
1	PUBLIC ENTITY'S GENERAL INFORMATION	14
2	ABBREVIATIONS/ACRONYMS	15
3	COUNCIL MEMBERS	16
4	FOREWORD BY THE CHAIRPERSON	18
5	CHIEF EXECUTIVE OFFICER'S OVERVIEW	20
6	STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT	22
7	STRATEGIC OVERVIEW	23
8	LEGISLATIVE AND OTHER MANDATES	24
	ORGANISATIONAL STRUCTURE	25
	<b>PART B: PERFORMANCE INFORMATION</b>	27
1	AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES	28
2	SITUATIONAL ANALYSIS	28
3	STRATEGIC OUTCOME-ORIENTED GOALS	31
4	INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	31
	PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS	34
	PROGRAMME 1: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS	34
	PROGRAMME 2: OUTCOME 2: A VIABLE AND EFFICIENT AGRICULTURAL SECTOR GENERATING OPTIMAL EXPORT EARNING	35
	PROGRAMME 2: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS	36
	PROGRAMME 3: OUTCOME 3: ENHANCED MARKET ACCESS FOR THE AGRICULTURAL SECTOR PARTICIPANTS	37
	PROGRAMME 3: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS	37
	<b>NARRATIVE INFORMATION</b>	38
	PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS	38
	PROGRAMME 2: OUTCOME 2: A VIABLE AND EFFICIENT AGRICULTURAL SECTOR GENERATING OPTIMAL EXPORT EARNINGS	42
	PROGRAMME 3: OUTCOME 3: ENHANCED MARKET ACCESS FOR THE AGRICULTURAL SECTOR PARTICIPANTS	51
	<b>PART C: CORPORATE GOVERNANCE</b>	55
	INTRODUCTION	56
	PORTFOLIO COMMITTEE	56
	EXECUTIVE AUTHORITY	56
	ACCOUNTING AUTHORITY / COUNCIL	56
	COMPOSITION OF THE COUNCIL	58
	RISK MANAGEMENT	64
	INTERNAL CONTROL	64
	INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE	64
	FRAUD AND CORRUPTION	64



MINIMISING CONFLICT OF INTEREST	64
CODE OF CONDUCT	64
HEALTH, SAFETY AND ENVIRONMENTAL ISSUES	65
AUDIT AND RISK COMMITTEE REPORT	66
B-BBEE COMPLIANCE PERFORMANCE INFORMATION	70
<b>PART D: HUMAN RESOURCE MANAGEMENT</b>	71
<b>PART E: PFMA COMPLIANCE REPORT</b>	83
<b>PART F: FINANCIAL INFORMATION</b>	87
<b>ANNEXURE A: CONTACT DETAILS</b>	156

# LIST OF TABLES

Table	Item	Page
Table 1:	Core Divisions Contribution to the NAMC Mandate	29
Table 2:	Statutory Measures Applicable During the 2022/2023 Financial Year	44
TABLE 3:	Total Statutory Levy Income – 2022 Survey	45
Table 4:	Allocation of Levy Expenditure: 2022 Survey	46
Table 5:	Performance on Pillars of Transformation	48
Table 6:	Linking Performance with Budgets	54
Table 7:	Revenue Collection	54
Table 8:	Audit and Risk Committee Information	66
Table 9:	Bbbee Compliance Performance Information	70
Table 10:	The NAMC Succession Planning Process	72
Table 11:	Appointments	74
Table 12:	Terminations	74
Table 13:	Approval From the Agri-SETA Discretionary Grant	75
Table 14:	Training Facilitated During the Reporting Period	75
Table 15:	The Staff Performance	76
Table 16:	Counselling Referrals	77
Table 17:	Personnel Cost by Programme	79
Table 18:	Employment and Vacancies	79
Table 19:	Number of Disabled Personnel	80
Table 20:	Management Committee Gender Equity (% of Total Management Committee)	80
Table 21:	Total Employment: Gender Equity	80
Table 22:	Employment Equity: Females	81
Table 23:	Employment Equity: Males	81
Table 24:	Reasons For Staff Leaving (Permanent and Contract)	82
Table 25:	Contact Details of Levy Administrators and Transformation Managers	157



# LIST OF FIGURES

Figure	Item	Page
Figure 1:	Percentage of Staff Turnover Permanent Employees	75

# IMAGINE A DAY WITHOUT AGRICULTURE



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# PART A:

GENERAL INFORMATION

## 1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	National Agricultural Marketing Council
PHYSICAL ADDRESS:	Block A, 4th Floor 535 Francis Baard Street, Arcadia Pretoria, 0002
POSTAL ADDRESS:	Private Bag X 935 Pretoria 0001
TELEPHONE NUMBER:	012 341 1115
FAX NUMBER:	012 341 1811
EMAIL ADDRESS:	info@namc.co.za
WEBSITE ADDRESS:	www.namc.co.za

## 2. ABBREVIATIONS/ACRONYMS

AAMP	Agricultural Agro-processing Master Plan
ARC	Agricultural Research Council
CEO	Chief Executive Officer
COVID-19	Coronavirus disease of 2019
DALRRD	Department of Agriculture, Land Reform and Rural Development
DPSA	Department of Public Service and Administration
ERRP	Economic Reconstruction and Recovery Plan
GDARD	Gauteng Department of Agriculture and Rural Development
GDP	Gross Domestic Product
ICT	Information and Communication Technology
ITAC	International Trade Administration Commission
MAP Act	Marketing of Agricultural Products Act
MERC	Markets and Economic Research Centre
MTEF	Medium Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NAMC	National Agricultural Marketing Council
NDSF	National Spatial Development Framework
NRMDP	National Red Meat Development Programme
PSET	Post-Secondary Education and Training
S&DELC	Supply and Demands Estimates Committee
SLA	Service Level Agreement
SOP	Standard Operating Procedure
TRC	Transformation Review Committee

## COUNCIL MEMBERS







### 3. FOREWORD BY THE CHAIRPERSON



Mr. Angelo Petersen: Chairperson

#### INVESTMENT IN ORGANISATIONAL EFFECTIVENESS AND RESULTS DRIVEN APPROACH

The introduction of internal controls to provide effective management of finances has started to produce positive results within the National Agricultural Marketing Council (NAMC). Furthermore, we are starting to see an overall improvement in terms of efficient and effective supply chain management systems and processes and adequate information technology systems within the NAMC.

During the reporting period under review, there has been a significant improvement on compliance with laws and regulations as irregular expenditure also decreased by 67% in the current financial year. The determination test on past irregular expenditure is still under review.

Adherence to key internal controls such as segregation of duties, implementation of SCM checklist, which are being reviewed every time

“

*During the reporting period under review, there has been a significant improvement on compliance with laws and regulations as irregular expenditure also decreased by 67% in the current financial year*

the legislation changes, monthly monitoring of procurement processes, monthly review of contract register has contributed towards ensuring that there is no material non-compliance to rules and regulations.

We continue to invest in Information and Communication Technology (ICT) to make sure that our objective to migrate to paperless operational environment is realised in the near future. The ICT remains an enabler and catalyst for efficient and optimal operations, and majority of functions are outsourced to an external service provider.

## **AGENDA FOR INCLUSIVE GROWTH AND TRANSFORMATION**

The total funds collected through statutory levies as part of the 2022 survey amounted to approximately R986.1 million, which is 21.9% higher than the 2021 survey's reported R808.9 million. The 2022 survey shows that approximately R896.0 million was spent on industry functions – an increase of 28.3% compared to the 2021 survey. Of the total expenditure, approximately 47.0% was spent on research, 20.0% on transformation projects, 9.0% on export promotion/market access, and 6.7% on information.

Currently, the asset value of the eleven agricultural industry trusts is valued at R2,48 billion, and has increased by R47,8 million from the previous review. Notably, global markets have been unstable during the period under review but a bit of an improvement from the previous period where the assets had declined, and despite all the geopolitical instability, this increase was nevertheless achieved.

The Trust Deeds make a provision for the Minister to appoint or remove ministerial trustees when their terms expire or in the event of a resignation. The Minister appointed 14 Ministerial Trustees on the board of five agricultural industry trusts.

Agribusiness development remains one of the key focus areas within NAMC through market facilitation programme. It is guided by market analysis, market readiness for farmers, market demand and stakeholder intervention to support farmers to supply the identified market. In the year under review, 190 smallholder farmers (91 male, 99 female and 76 youth) were linked with the markets.

We are grateful to all stakeholders for their commitment towards inclusive growth and transformation of industries in the agricultural sector. We are confident that the implementation of the Agriculture and Agro-Processing Master Plan will expedite inclusivity, market access and efficiency in the sector.

On behalf of the Council, I would also like to appreciate the Chief Executive Officer, management and employees for the great output and dedication in the 2022/2023 financial year period.

Sincerely,



Mr. Angelo Petersen  
 Chairperson: NAMC  
 Date: 31 July 2023

## 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



### REFOCUSING SERVICE DELIVERY

In the reporting period under review, the Council approved a plan that was crafted by Management of the National Agricultural Marketing Council, aimed at refocusing service delivery within the organisation. The purpose of the project was to establish internal platforms which sought to improve coordination of the work that the organisation is doing and furthermore intensify inputs (inside-out approach) for better outputs (outside-in approach).

In addition, NAMC seized an opportunity to engage with the Portfolio Committee for Agriculture, Land Reform and Rural Development in relation to the strategy and annual performance plan for 2023/2024 Financial Year. Indeed, there were invaluable inputs that NAMC gained from this engagement, particularly on the necessity for the organisation to create rigorous awareness pertaining its mandate among its stakeholders to manage expectations.

In the year under review, we were elated to witness the finalisation of the Agriculture and Agro-processing Master Plan (AAMP) and it was ultimately signed by social partners to pave a way for its implementation.

“

*In the year under review, we were elated to witness the finalisation of the Agriculture and Agro-processing Master Plan (AAMP) and it was ultimately signed by social partners to pave a way for its implementation.*



## ENGAGEMENT WITH SHAREHOLDER AND ACCOUNTING AUTHORITY

As part of its continual engagement with its shareholder and accounting authority, NAMC held a crucial engagement with the Minister of Agriculture, Land Reform and Rural Development and Council to discuss the challenges facing the National Red Meat Development Programme (NRMDP), among other things. The long-term future of the NRMDP was a subject of further engagements in the year under review the future role of the NAMC was clearly defined and clarified.

The Minister supported the sentiment expressed by the Council pertaining allocation of adequate resources to NAMC to ensure that the organisation does not fail to carry out its mandate.

## MACRO ENVIRONMENT FACTORS CONTRIBUTE TO RISING INPUT COST

It is forecast that the increasingly challenging global environment characterised by rising input costs, among others will continue to affect the performance of the sector in the short to medium term. In South Africa, the risks brought about by the electricity blackouts, as manifested at every level of the agro-food chains, are a particular concern.

Against this backdrop, NAMC focused on strengthening stakeholder relationships throughout the agro-food industry during the period under review. In partnership with the Department of Agriculture, Land Reform and Rural Development (DALRRD), several stakeholder visits were held with the aim

of discussing how the delivery mechanisms for the implementation of the AAMP would be set up in various industries.

## TRANSFORMATION THROUGH STAKEHOLDER PARTICIPATION

The Transformation Review Committee (TRC) of the NAMC was also hard at work conducting assessments of various transformation projects around the country and gathering lessons on how some of the stable and successful projects could be upscaled as part of the implementation of the AAMP. During this period, we also continued to intensify our efforts to link farmers to markets and it is encouraging to note good progress in this regard.

NAMC played a vital role in informing the public of current economic trends affecting the agricultural sector. The information gathered through our research was utilised to set the agenda in terms of conversations

in the public platforms, seminars, and workshops as well as engagements with the media, stakeholders, and the shareholder.

During the period under review, various media engagements were conducted with NAMC on various topics ranging from agricultural trade to food security. As I conclude, I would like to extend my sincere gratitude to the Council and the Minister for guidance and support in our commitment to fully execute the mandate of the organisation. I will always remain indebted to NAMC management and staff for their resilience and consistency in a difficult and unpredictable operational environment.

I am therefore proud and excited to present to you the 2022/2023 NAMC Annual Report. Sincerely,



Dr Simphiwe Ngqangweni  
 Chief Executive Officer: NAMC  
 Date: 31 July 2023

## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent. The Annual Report is complete, accurate, and free from any omissions. The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice and the relevant frameworks and guidelines issued by the National Treasury. The Accounting Authority is responsible for the preparation of the Annual Financial Statements and the judgements made regarding this information. The Accounting Authority is responsible for establishing and implementing a system of internal controls that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information, and the Annual Financial Statements.

The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information, and the financial affairs of the entity for the financial year ended 31 March 2023.

Yours faithfully,



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Dr Simphiwe Ngqangweni  
Chief Executive Officer:  
National Agricultural Marketing Council  
Date: 31 July 2023



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Mr Angelo Petersen  
Chairperson:  
National Agricultural Marketing Council  
Date: 31 July 2023

## 6. STRATEGIC OVERVIEW



### Vision

The Vision of the NAMC is captured as the “strategic positioning of agriculture in a dynamic global market”.

This Vision is aligned to the DALRRD’s Mission which includes “...improve agricultural production to stimulate economic development and food security through, amongst others, innovative sustainable agriculture and promotion of access to opportunities for youth, women and other vulnerable groups.

It also speaks to the sustainable agricultural productivity element of the DALRRD’s Impact Statement. As stated in the DALRRD’s Strategic Plan for 2020-2026 (dated 24th October 2019), “Sustainable Agricultural Productivity refers to a functioning system which ensures that food is produced optimally using available resources including adequate access to fertile land, water, agricultural inputs, funding, markets, production capability (i.e., research, biosecurity, skills, etc.) within the short and long term”.

Specifically, the NAMC Vision indirectly responds to:

### Priority 2: Economic Transformation and Job Creation

**Outcome:** Investing in accelerated inclusive growth and Re-industrialization of the economy and emergence of globally competitive sectors:

- Create jobs through Job Summit Commitments and other public sector employment programmes; and
- Create a conducive environment that enables national priority sectors to support industrialisation and localisation, leading to increased exports, employment, and youth- and women-owned SMME participation.

### Priority 3: Education, Skills, and Health

**Outcome:**

- Expand access to Post-Secondary Education and Training (PSET)
- Extension policy reviewed to support the implementation of the Agriculture and Agro-processing Master Plan and provide advisory services to commodity groups.

### Priority 5: Spatial Integration, Human Settlements and Local Government

**Outcome:** Integrated service delivery, settlement transformation and inclusive growth in rural and urban places

- Develop and implement district/metro Joined-Up

Plans

- Develop Regional Spatial Development Frameworks
- Support addressing of development objectives and local needs through piloting, refinement and implementation of the District Development Coordination Model
- Identify and use derelict government land and buildings in urban and rural areas as a catalyst for spatial transformation in support of the NSDF and IUDF objectives, including land and agrarian reform. (9 993 Ha identified – custodianship of national DPWI identified for human settlements purposes)
- National Spatial Development Framework (NSDF)
- Sustainable land Reform



### Mission

The Mission of the NAMC is to “provide agricultural marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system in South Africa”. The Mission is aligned to the Vision of the NAMC and expresses the core functions that the NAMC performs as stipulated in Section 9 of the MAP Act No 47 of 1996.



### Core Business Values

The following values are adopted as our commitment to entrench and deepen the “NAMC” way, both in our behaviour and service offering:



### Integrity

(honesty / ethical / trustworthy / transparent)



### Assertiveness

(accountable / responsible / reliable / taking ownership / confident)



### Collaboration

(consultative / teamwork / participative / co-operative)



### Service excellence

(performance driven / target oriented / service oriented / motivated / committed / diligent)



### Fairness

(equal treatment / respectful / tolerance / consistency)



### Objectivity

(analytical / rational / attention to detail / conceptual)



### Innovation

(creative / pro-active / adaptive / flexible / initiative)

## 7. LEGISLATIVE AND OTHER MANDATES

### The Marketing of Agricultural Products (MAP) Act and its subsequent amendments

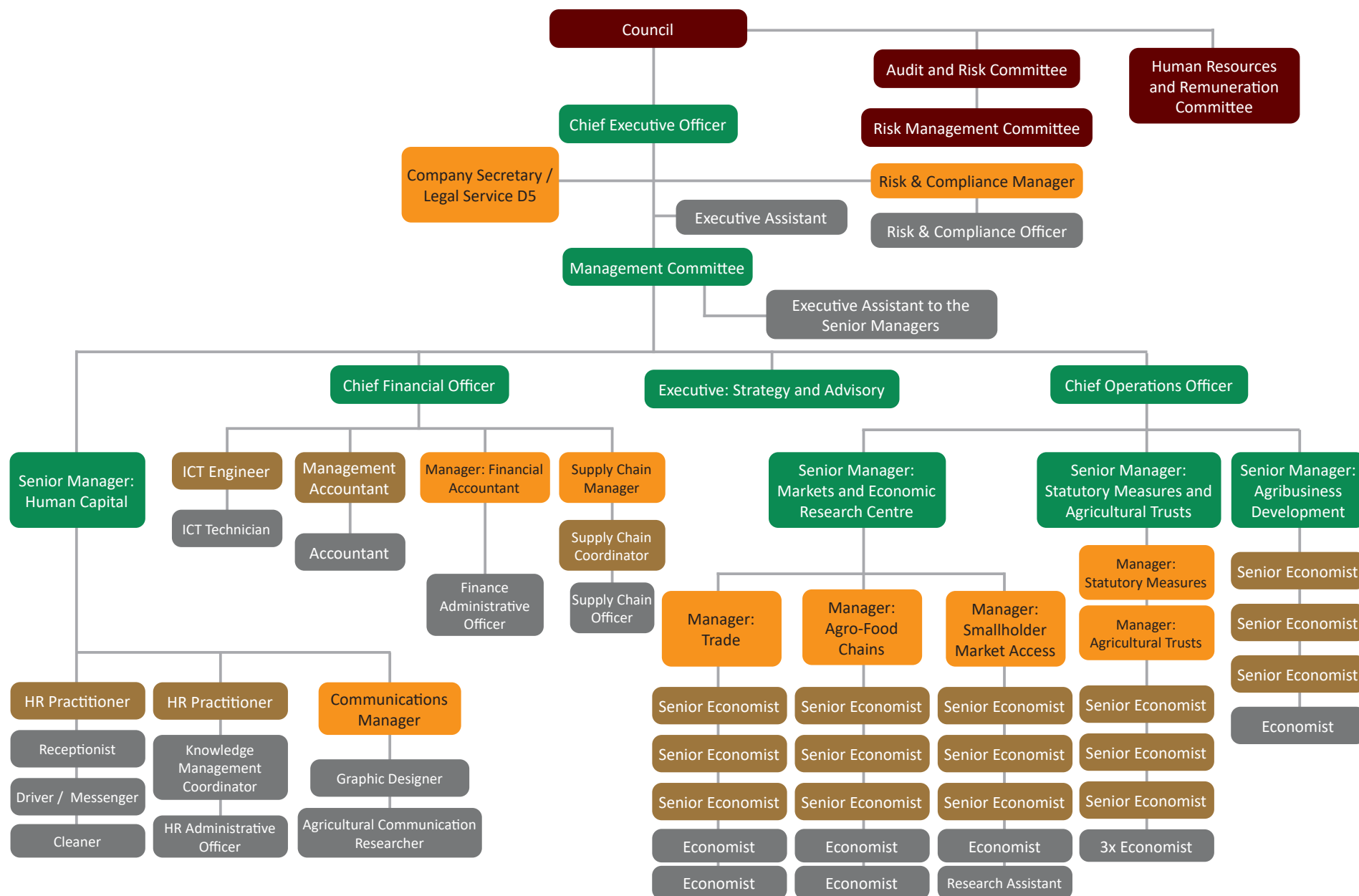
The mandate of the NAMC is enshrined in the MAP Act, which authorises the establishment and enforcement of regulatory measures to intervene in the marketing of agricultural products, e.g., the introduction of statutory measures. The NAMC is established by Section 3 of the MAP Act, and the functions of the NAMC particularly feature in section 9 of the Act, which stipulates the “Functions of Council”:

1. Subject to the provisions of section 2, the Council –
  - a. shall, when requested by the Minister, or of its own accord, investigate, in terms of section 11(2), the establishment, continuation, amendment or revocation of statutory measures affecting the marketing of agricultural products, evaluating the desirability, necessity or efficiency and if necessary, proposing alternatives to the establishment, continuation, amendment or repeal of a statutory measure and report to and advise the Minister accordingly;
  - b. shall prepare and submit to the Minister for consideration statutory measures and changes to statutory measures which the Minister directs it to prepare;
  - c. shall, whenever requested by the Minister and at least once annually, report on the activities of the Council;
  - d. may direct any institution or body of persons designated for the purpose of the implementation or administration of a statutory measure in terms of section 14, to furnish the Council with such information pertaining to a statutory measure as the Council, the Minister or the parliamentary committees may require;
  - e. may undertake investigations and advise the Minister regarding –
    - i. agricultural marketing policy and the application thereof.
    - ii. the co-ordination of agricultural marketing policy in relation to national economic, social and development policies and international trends and developments.
    - iii. the possibilities for promoting the objectives mentioned in section 2(2); and
    - iv. the effect of that the marketing of products has on the objectives mentioned in section 2(2).
  - f. shall monitor the application of statutory measures and report thereon to the Minister and shall evaluate and review such measures at least every two years.
2. Copies of all reports which are submitted to the Minister in terms of subsection (1) shall simultaneously be dispatched to the parliamentary committees for their information.

The NAMC performs the above-mentioned mandate in support of the four (4) objectives of the MAP Act, i.e.:

- a. Increasing market access to all market participants;
- b. Promoting efficiency in the marketing of agricultural products;
- c. Optimising export earnings from agricultural products; and
- d. Enhancing the viability of the agricultural sector.

## 8. ORGANISATIONAL STRUCTURE



The Agriculture and Agro-processing Master Plan is a product of negotiations between government, business, labour and civil society organisations in the agriculture and agro-processing sectors.



Stay informed about the activities of the AAMP by visiting our portal

[www.namc.co.za/aamp/](http://www.namc.co.za/aamp/)



agriculture, land reform  
& rural development

Department:  
Agriculture, Land Reform and Rural Development  
REPUBLIC OF SOUTH AFRICA

[www.dalrrd.gov.za](http://www.dalrrd.gov.za)





# PART B:

PERFORMANCE  
INFORMATION

# PERFORMANCE INFORMATION

## 1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the audit of the annual performance report section of the auditor's report.

Refer to page 91 of the Report of the Auditors Report, published as Part F: Financial Information.

## 2. SITUATIONAL ANALYSIS

The performance and achievements of the NAMC are directly impacted by external and internal factors and contexts. The external context includes the advent of the global coronavirus (COVID-19) in 2019 and the regulations instituted in South Africa to curb the spread of the pandemic. After rallying in the third quarter of 2022, South African gross domestic product (GDP) declined by 1.3% in the fourth quarter (October–December). After contracting by a revised 1.1% in the fourth quarter of 2022, real gross domestic product (GDP) edged higher in the first quarter of 2023 (January – March), expanding by an estimated 0.4%.

The manufacturing and finance industries were the major drivers of growth on the supply side of the economy. The demand side was lifted by exports, with smaller positive contributions for household, government, and investment spending. Internally, the NAMC will respond to the external environment and contribute to the role played by the sector towards the economy through the availability of financial (budget) and human (skills) resources. The NAMC through the adoption of the Economic Reconstruction and Recovery Plan (ERRP) as well as the Agriculture and Agro-processing Master Plan (AAMP) are some of the examples that the NAMC will contribute to the economy.

### 2.1. External Environment Analysis

#### 2.1.2. World and South African economic outlook

The International Monetary Fund's (IMF) latest outlook (July 2023) indicates that global growth is projected to drop from an estimated 3.5 percent recorded in 2022 to 3.0 percent in both 2023 and 2024. However, the

estimate is way below the 3.8 percent annual average for the period between 2000 and 2019. With respect to global headline inflation, it is projected to decline to expected to 6.8 percent and 5.2 percent in 2023 and 2024, respectively from 8.7 percent recorded in 2022. Noteworthy, the projected levels are still above the annual average (2.5 percent) for the pre-Covid-19 period (2017 -2019).

The IMF reports that in 2023, it is predicted that nearly seventy percent of the world's economies will experience decreased annual average headline inflation. Whilst monetary policy tightening is anticipated to gradually reduce inflation, decreasing global commodity prices is a significant contributor to the disinflation forecasted for 2023. In South Africa, the annual percentage change in real Gross Domestic Product (GDP) is projected by 0.3 percent in 2023 and 1.7 percent in 2024 yet it was 1.9 percent in 2022. According to the IMF's country report of June 2023, the robust COVID-19 pandemic-related economic recovery in South Africa has slowed down while poverty and inequality are still widespread, and economic and social issues are intensifying.

Thus, it is commended that in order to permanently increase potential growth, generate jobs, and combat poverty and inequality, comprehensive reforms are urgently required. Moreover, decisive action is needed to facilitate the transition to a greener economy.

### 2.2 Impact of Russia/ Ukraine conflict SADC and South Africa

With Russia and Ukraine together accounting for nearly 30 percent of global wheat exports in 2021, about 14 percent of global maize exports, about 32 percent of global barley exports, almost 60 percent of global sunflower oil exports, and about 14 percent of global fertilizer exports, the continuing conflict between Russia and Ukraine is expected to have a significant impact in the world economy, especially in emerging economies that rely on imports to meet their domestic food security shortfalls. An analysis conducted by the NAMC for the Food and Agriculture Organisation (FAO) and the Southern African Development Community (SADC) indicates that agriculture and food trade relation between SADC and Russia/Ukraine equates to about 2.3 percent, implying it is weak at an aggregate level.

However, trade is strong in commodities such as fertilizer, wheat, and sunflower oil, where Russia and Ukraine collectively supply between 5 percent and 20 percent in various countries within the SADC region.

For example, the agriculture and food trade relation between Russia and the Democratic Republic of Congo was measured at 9.3 percent in 2021 and this goes up to 13.2 percent for Tanzania. South Africa's trade relationship with the two countries is around 2.4 percent, also dominated by fertilizer, wheat, and oil commodities. South Africa also exports large quantities (average 350 000 tons per year) of fruits to Russia, as it is seen as a new strategic Eastern Europe market.

## 2.3 Women, Youth and Persons with Disabilities

Over and above the promotion of general transformation, the NAMC is leading the effort to empower vulnerable groups in agriculture as this objective is central to the development of the agriculture and Agro-processing master plan. Apart from coordinating the AAMP, the NAMC contributes to the empowerment of women, youth and persons living with disabilities through the design of market access models and market access facilitation programmes. Through these sectoral interventions, the NAMC strives to achieve inclusive and sustainable agricultural growth that also creates jobs for all and ensures food security. Furthermore, the NAMC has been actively advocating for the diversification of boards managing the agricultural trusts to ensure a proper representation of women, youth and persons with disabilities on the boards. To this effect, nearly 50% of Ministerial representatives in agricultural trusts are now women.

## 2.4 Internal Environment Analysis

The NAMC prides itself on a team of highly qualified and experienced economists that strategically place the organisation at the forefront of providing policy advisory to the policymakers and directly affected stakeholders. However, challenges related to capacity building remain and readily available analytical tools may compromise the role of MERC in providing timeous, relevant economic advice based on scientific research to the stakeholders. The policy advice emanates from the research outputs that MERC produces throughout the year. The research output includes food price monitoring, food cost, commodity value chain analysis, trade policy analysis and identification of market opportunities as well as models to integrate smallholder farmers into the formal agricultural markets. To address this challenge, there is a need to conduct a needs analysis to establish the inventory of analytical tools and access to data sources necessary to conduct research as well as build capacity to ensure that the skill development and capacity development initiatives are fit for purpose. The NAMC's contribution of its core divisions to this

mandate is summarized in the table below.

**Table 1: Core Divisions Contribution to the NAMC Mandate**

Division	Contribution to the NAMC mandate
Agribusiness Development	The agribusiness development division contributes to the NAMC mandate by designing market access models that enable farmers to participate in the new and existing markets as well as facilitate market access for farmers.
Agricultural Industry Trusts	The Agricultural Industry Trusts plays a role in ensuring that the assets of the trusts are safeguarded and used to ensure the viability of the agricultural sector.
Markets and Economic Research Centre (MERC)	Is mandated to provide timeous and relevant market and economic advice which is scientific and evidence-based to the Minister of Agriculture, Land Reform and Rural Development and the Directly Affected Groups (DAGs) to ensure that the South African agricultural sector is strategically positioned in a globally dynamic environment.
Statutory Measures	The NAMC investigate applications for statutory measures in terms of the MAP Act, and advises the Minister accordingly.

### 2.4.1 Administration of the Statutory Levy System

The purpose of statutory levies as approved by the Minister and promulgated in terms of the MAP Act, is to finance generic functions as identified by the relevant agricultural industries. The NAMC is instrumental in facilitating the implementation of the levy system in the agricultural sectors, but once approved, the relevant industries are collecting the statutory levies and the NAMC is only performing a monitoring function. At present, the NAMC facilitates the implementation of statutory measures for about 80% of agricultural industries, and collectively industries have raised R986.1 million of levies in 2022, up with approximately 21.9% compared to the previous year. The promulgation of statutory measures plays a critical role, in the enhancement of the viability and competitiveness of the agricultural sector. They also play a critical role in the enhancement of inclusivity in the sector, through the levy portion allocated to transformation.



## 2.4.2 Research-based Policy and Statutory Measure/s Proposals through the MERC Division

The NAMC was tasked by the Minister of the Department of Agriculture, Land Reform and Rural Development (DALRRD) to coordinate the research and development of the AAMP. The process is at the tail-end to finalise the commitments and interventions for sectoral inclusive growth, investment, sustainable jobs, food security and development.

The NAMC on behalf of DALRRD also researched and contributed a chapter to the Presidents' Economic Reconstruction and Recovery Plan (ERRP) which was announced by the President on 14 October 2020. Both the ERRP and AAMP provides an economic planning framework for the sector to enhance public institutional capacity and the design of public-private partnerships to develop commodity value chains and inclusive growth.

Guided by the economic frameworks, the NAMC through its Market and Economic Research Centre (MERC), Statutory Measures, Agribusiness and Agricultural trusts, will provide advice to policymakers, industry captains and directly affected groups to effectively implement the practical solutions outlined in the AAMP and ERRP. Some of the NAMC's outputs that contain advisory to stakeholders include annual statutory measures survey, food price monitoring, food cost, commodity value chain analysis, trade policy analysis and identification of market opportunities as well as models to integrate smallholder farmers into the formal agricultural markets.

## 2.4.3 Management of Agricultural Industry Trusts

The NAMC manages the appointment of Ministerial trustees on the current 11 Agricultural Industry Trusts. These Trusts advance transformation in the agricultural sector by using their funds to support previously disadvantaged individuals through various activities including farmer enterprise development and skills development support. Under the guidance of the NAMC the asset (monetary and fixed property) value of the Trusts has grown and is currently valued at over R2.4 billion.

## 2.4.4 Market Access for Smallholder Farmers

Despite the numerous support programmes for smallholder farmers that the NAMC has implemented in the past, market access for these farmers remains a challenge due to the lack of comprehensive support, inconsistent production, fluctuating quality and transport costs to markets. The NAMC's Agri-business Development division design Market access models that enable farmers to participate into the new and

existing markets as well as facilitate market access for farmers. The market facilitation programme is guided by market analysis, market readiness of farmers, market demand and stakeholder intervention to support farmers in order to supply the identified market. These programmes enable the NAMC to contribute in making the agricultural sector more inclusive and viable as a contributor to economic growth and transformation.

## 2.4.5 Organisational capacity

The NAMC core staff is made up of economists and this has turned the organization into a breeding pot for agricultural economists in the country. The highly qualified and experienced economists strategically place the NAMC in the fore front of providing policy advisory to the policymakers and directly affected stakeholders. Moreover, the NAMC has recruited and upskilled young economists to drive research intelligence and marketing policy analysis for the sector. This suggests that the organization has capable human capacity to drive the new strategy.

## 2.5 Key Policy developments and legislative changes

The aim of the NAMC is to provide strategic agricultural marketing advice to the Minister responsible for the National Department of Agriculture, Land Reform and Rural Development and all directly affected groups in the agricultural sector. The goal is to promote the achievement of the objectives of the MAP Act, which are to:

- a) Increase market access for all market participants,
- b) Promote the efficiency of the marketing of agricultural products,
- c) Optimise export earnings from agricultural products, and
- d) Enhance the viability of the agricultural sector.

During the period under review, there were no policy developments or legislative changes.

### 3 STRATEGIC OUTCOME-ORIENTED GOALS

Strategic Outcome Oriented Goals.	<ol style="list-style-type: none"> <li>1. The NAMC delivers on its mandate and core functions.</li> <li>2. A viable and efficient agricultural sector generating optimal earnings (Domestic and International)</li> <li>3. Enhanced market access for the agricultural sector</li> </ol>
Impact statement	A viable and inclusive agricultural marketing system contributing to food security, socioeconomic growth and sustainable development.

The three business strategic goals were identified as pillars that underpin the NAMC's mission. These goals are aligned to the objectives as outlined in the Marketing of Agricultural Product Act.

### 4 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

#### PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS

**PURPOSE:** This programme aims to ensure that the NAMC functions optimally through effective business processes, corporate governance, and resource support services.

#### Contribution to Outcomes and Impact

The collective outputs of Programme 1 are responsive to Outcome 1 which is "The NAMC delivers on its mandate and core functions". They indicate the extent to which the NAMC has been managed and governed in compliance with applicable legislation and regulations. It also indicates the level of functionality of the NAMC and its commitment and contribution to increasing market access for the agricultural sector across its value chain.

All the outputs and their respective indicators respond to the functional, the management and the governance elements required for the NAMC to deliver on its mandate and core functions as expressed in the outcome. The unqualified audit and budget spend indicators focus primarily on prudent, effective and efficient financial management as the enabler of service delivery and achievement of all non-financial performance targets of the Department. The "Achievement of all Corporate Support Services targets in operational plans of each financial year" output focuses primarily on the functionality element of the outcome due to the critical services provided by the sub-programmes of the Corporate Services Unit. These services include ensuring the Department has the required human resource capacity to perform its work, the work of the department is communicated to all external role-players and beneficiaries and that IT connectivity and uptime facilitates and enables speedy, effective, and efficient implementation of all core and corporate services.

Importantly, the outputs and output indicators of this Programme are the strategic enablers of service delivery by the core function programme areas of the NAMC and their respective outcomes, i.e., creating an enabling policy and/or statutory environment for the growth and development of the agricultural sector and ensuring that the sector is viable, inclusive, and competitive as a key economic sector.

All the outputs of the NAMC individually and collectively contribute to the outcomes and impact statement of the NAMC.

### Contribution to Women, Youth and Persons with Disabilities

The programme's contribution to improving the lives of women, youth and persons with disabilities is located in its supply chain management and human resource management sub-programmes. The NAMC strives to spend 30% of its total procurement budget for each financial year on businesses owned by women, 20% on businesses owned by youth and 5% on businesses owned by persons with disabilities.

In addition to this, the NAMC sets a target of spending 70% of its total annual procurement budget to local suppliers, some of which have women, youth and persons with disabilities in their ownership/management or staff structures.

The NAMC continues to strive to achieve the Department of Public Service and Administration (DPSA) targets of 50% women employed in SMS positions and 2% employment of persons with disabilities. These targets are not reflected as outputs in the APP but instead are reflected in the Operational Plans of the Corporate Services Unit of the NAMC.

### Planned Performance

The outputs, output indicators and targets in respect of Outcome 1 remains constant over the MTEF. However, any changes introduced to the strategic and political priorities of the Department over the MTEF period may impact on some of the outputs, indicators and targets of this Programme Area which delivers on Outcome 1.

The programme is currently structured in accordance with the following sub-programmes:

- Office of the CEO
  - Risk and Compliance Unit
- Finance and Administration Division
  - Supply Chain Management Unit
  - ICT Support Unit
- Human Capital Division
  - Marketing and Communications Unit

## PROGRAMME 2: OUTCOME 2: A VIABLE AND EFFICIENT AGRICULTURAL SECTOR GENERATING OPTIMAL EXPORT EARNINGS

**PURPOSE:** To provide quality research outputs to stakeholders in support of agricultural marketing, trade, policy advisory and statutory measures implementation.

### Contribution to Outcomes and Impact

The collective outputs of Programme 2 speak to Outcome 2 which is "A viable and efficient agricultural sector generating optimal export earnings". They indicate the extent to which the NAMC has:

- Contributed to creating an enabling policy and statutory environment for the growth, development and transformation of the agricultural sector as a key economic role-player. The outputs and output indicators of this Programme represent the mandate and core functions of the NAMC as reflected in the MAP Act. All the outputs of the NAMC individually and collectively contribute to the outcomes and impact statement of the NAMC.
- Effectively administered statutory measures which is critical for economic growth, the creation of employment and the transformation of the sector to be more inclusive. The outputs and output indicators of this Programme also represent the mandate and core functions of the NAMC as reflected in the MAP Act.
- Effectively administered the agricultural trusts. The Trusts are vehicles to enhance and advance the transformation and development of the agricultural sector through the trusts' funds expenditure. Each financial year, 20% of the trusts' funds are set aside and directed into interventions that develop the sector such as capacity development of smallholder farmers and the provision of farm inputs.

### Contribution to Women, Youth and Persons with Disabilities

This Programme does not make any direct quantitative contribution to improving the lives of women, youth and persons with disabilities. However, the Programme may make a qualitative contribution in terms of any research it conducts and/or policies/legislation or strategies it develops on ensuring and increasing the participation of these marginalised groups in the agricultural sector. The Programme could also disaggregate its information in some of its reports, when applicable, to reflect the participation and/or the access challenges experienced by women,



youth and persons with disabilities.

Moreover, the Programme may make a qualitative contribution in terms of any statutory measures it develops on ensuring and increasing the participation of these marginalised groups in the agricultural sector. The Programme could also disaggregate some of its statutory measures, when applicable, to reflect how women youth and persons with disabilities can benefit from the measures.

This Programme's contribution to improving the lives of women, youth and persons with disabilities is reflected in the appointment of Ministerial Trustees. However, the Programme could make a further contribution in terms of a policy proposal to the Minister that the 20% trust Funds set aside for development activities be further disaggregated e.g., a percentage of the 20% to be ring-fenced for developing each of the marginalised groups to participate in the sector.

### Planned Performance

The outputs, output indicators and targets remain constant over the MTEF. This is because the reports and statutory measures, as well as their quarterly and annual targets, that must be developed and submitted are legislated requirements. However, the targets pertaining to statutory measures must be read as indicative because these targets deal with needs-based and market flux matters and contexts which are subject to changes.

The programme consists of contributions from the following sub-programmes:

- Markets and Economic Research Centre (MERC)
  - Trade Research Unit
  - Agro-Food Chains Research Unit
  - Smallholder Market Access Research Unit
- Statutory Measures Division
- Agricultural Trusts Division

## PROGRAMME 3: OUTCOME 3: ENHANCED MARKET ACCESS FOR AGRICULTURAL SECTOR PARTICIPANTS

**PURPOSE:** To design market access models that are aimed at increasing market access, encouraging new business development and capacity building for farmers/agri-businesses.

### Contribution to Outcomes and Impact

The collective outputs of Programme 3 articulate to Outcome 3 which is "Enhanced market access for the agricultural sector participants". They indicate the extent to which the NAMC has increased domestic and international commercial market access, especially for smallholder farmers. Such access is a key contributor to making the sector more inclusive and facilitating its viability as a contributor to economic growth and transformation.

All the outputs of the NAMC individually and collectively contribute to the outcomes and impact statement of the NAMC.

### Contribution to Women, Youth and Persons with Disabilities

This Programme does not make any direct quantitative contribution to improving the lives of women, youth, and persons with disabilities. However, the Programme contributes to improving the lives of women, youth and persons with disabilities is also reflected in the number of smallholder farmers comprising of these marginalised groups that the NAMC supports and provides services to.

### Planned Performance

The outputs, output indicators and targets in respect of Outcome 3 remains constant over the MTEF.

The programme is currently structured in accordance with the following sub-programmes:

- Agribusiness Development Division

## PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS

<b>Purpose</b>	This programme aims to ensure that the NAMC functions optimally through effective business processes, corporate governance, and resource support services
<b>Sub-Programmes</b>	<ul style="list-style-type: none"> <li>- Office of the CEO</li> <li>- Finance and Administration</li> <li>- Human Capital</li> <li>- Marketing and Communication</li> </ul>

## PROGRAMME 1: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

Outputs	Output Indicators	Planned Annual Targets 2022/23	Annual Target April 2022– March 2023	Actual Achievement April 2022 – March 2023	Deviation from planned target to Actual achievement	Comments on Deviation
Unqualified Audit Report	Number of unqualified audit reports per financial year	1	1	One (1) Unqualified audit report was achieved during the reporting period.	Not Applicable	None
100% Budget spend	Percentage of budget spent against APP each financial year	100%	100%	99% of the budget was spent against the APP in the 2022/2023 financial year	The target was not achieved by 1%	Unplanned funds were received during the financial year.
Achievement of Human Capital targets in operational plans of each financial year	Number of Human Capital reports produced each financial year.	4	4	Four (4) Human Capital Report was produced during the reporting period	Not Applicable	None
Achievement of Corporate Communication targets in operational plans of each financial year	Number of Corporate Communications reports produced each financial year.	4	4	Four (4) Corporate Communications report is produced each financial year.	Not Applicable	None

Outputs	Output Indicators	Planned Annual Targets 2022/23	Annual Target April 2022– March 2023	Actual Achievement April 2022 – March 2023	Deviation from planned target to Actual achievement	Comments on Deviation
Achievement of ICT services targets in operational plans of each financial year	Number of ICT reports produced each financial year on the following: <ul style="list-style-type: none"> <li>▪ ICT Security enhances.</li> <li>▪ ICT Continuity support.</li> <li>▪ WAN/LAN</li> <li>▪ availability monitoring; and</li> <li>▪ Continuous improvement in ICT.</li> </ul>	4	4	Four (4) ITC report produced on the following: <ul style="list-style-type: none"> <li>- ICT Security enhances.</li> <li>- ICT Continuity support.</li> <li>- WAN/LAN availability monitoring; and</li> <li>- Continuous improvement in ICT.</li> </ul>	Not applicable	None

## PROGRAMME 2: OUTCOME 2: A VIABLE AND EFFICIENT AGRICULTURAL SECTOR GENERATING OPTIMAL EXPORT EARNINGS

<b>Purpose</b>	To provide quality research outputs to stakeholders in support of agricultural marketing, trade, policy advisory and statutory measures implementation.	
<b>This programme is aligned to the following objectives of the MAP Act.</b>	<ul style="list-style-type: none"> <li>- The promotion of the efficiency of the marketing of agricultural products.</li> <li>- Optimization of export earnings from agricultural products; and</li> <li>- The enhancement of the viability of the agricultural sector.</li> </ul>	
<b>Sub-Programmes</b>	<ul style="list-style-type: none"> <li>• Statutory Measures Division</li> <li>• Markets and Economic Research Centre (MERC)               <ul style="list-style-type: none"> <li>- Trade Unit</li> <li>- Agro-Food Chains Unit</li> <li>- Smallholder Market Access Unit</li> </ul> </li> <li>• Agricultural Trusts Division</li> </ul>	

## PROGRAMME 2: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

Outputs	Output Indicators	Planned Annual Targets 2022/2023	Annual Targets April 2022 – March 2023	Actual Achievement April 2022 – March 2023	Deviation from planned target to Actual achievement	Comments on Deviation
Status of Statutory Measures Reports submitted to the Minister	Number of Status of Statutory Measures Reports submitted to the Minister each financial year	1	1	One (1) Status of Statutory Measures Report was submitted to the Minister	Not applicable	None
Approved Trade Remedies, value chain research, advisory reports and Investigations	Number of trade advisory briefs /commentaries provided to Minister, policy-making institutions and directly affected stakeholders each financial year	4	4	Four (4) trade advisory briefs /commentaries were provided to Minister, policy-making institutions and directly affected stakeholders.	Not applicable	None
	Number of value chain analysis produced for each financial year	1	0	Zero (0) value chain analysis report was produced	The target was one (1) report, and it was not achieved	The report was produced and submitted to the Council for approval, however it was not submitted to the Minister's office for approval.
Status report on agricultural industry trusts	Number of status reports on agricultural industry trusts submitted to the Minister to each financial	1	1	One (1) status report on agricultural industry trusts was submitted to the Minister.	Not applicable	None
Transformation report on interventions funded through trusts funds and levies	Number of transformation reports submitted to the Minister to each financial	1	1	One (1) Transformation report was submitted to the Minister	Not applicable	None
Approved Market intelligence reports to Minister and directly affected stakeholders.	Number of Market Intelligence reports produced each financial year.	12	12	Twelve (12) Approved Market Intelligence Report was produced during the reporting period.	Not Applicable	None
	Number of Grain Supply and Demand Estimates Reports produced each financial year	12	12	Twelve (12) Grain Supply and Demand Estimates were produced during the reporting period.	Not Applicable	None

### PROGRAMME 3: OUTCOME 3: ENHANCED MARKET ACCESS FOR THE AGRICULTURAL SECTOR PARTICIPANTS

<b>Purpose</b>	To design market access models that are aimed at increasing market access, encouraging new business development and capacity building for farmers/agri-businesses.
<b>This programme is aligned to the following objectives of the MAP Act.</b>	<ul style="list-style-type: none"> <li>Increasing market access for all market participants.</li> </ul>
<b>Sub- Programmes</b>	<ul style="list-style-type: none"> <li>Agribusiness Development Division</li> <li>Markets and Economic Research Centre (MERC) <ul style="list-style-type: none"> <li>Smallholder Market Access</li> </ul> </li> </ul>

### PROGRAMME 3: OUTPUT INDICATORS, ANNUAL AND QUARTERLY TARGETS

Output	Output Indicators	Planned Annual Targets 2022/23	Annual Targets April 2022 – March 2023	Actual Achievement April 2022 – March 2023	Deviation from planned target to Actual Achievement	Comments on deviations
Increased number of farmers accessing market opportunities	Number of Smallholder farmers linked to market opportunities.	80	80	One Hundred and Ninety (190) smallholder farmers were linked to market opportunities during the reporting period	The target was exceeded by One Hundred and Ten (110) farmers linked with the market.	It is impossible to send back farmers during market facilitation sessions. Those who are in production and willing to participate in the identified markets, were profiled and linked with the market. The work was facilitated in partnership with the DALRRD and other stakeholders.
	Number of production schemes designed.	2	2	Two (2) production schemes were designed (Citrus and Red Meat).	Not applicable <sup>1</sup>	Not applicable
	Number of Smallholder Market Access Tracker (SMAT) reports produced each financial year.	1	1	One (1) Smallholder Market Access Tracker (SMAT) report was produced	Not Applicable	None

<sup>1</sup> The role of the NAMC regarding production schemes was only to design. The responsibility for implementation lies with the custodians of the production schemes.



## NARRATIVES INFORMATION

### PROGRAMME 1: OUTCOME 1: NAMC DELIVERS ON ITS MANDATE AND CORE FUNCTIONS

#### Sub- programme 1: Office of the Chief Executive Officer

##### Risk Management

The Risk and Compliance Unit was established in terms of the Public Finance Management Act (PFMA), Treasury Regulations, Public Sector Risk Management Framework, and ISO 31000. In ensuring compliance with the requirements of the Public Sector Risk Management Framework, the Risk and Compliance Unit has an approved Risk and Compliance Implementation Plan and approved Business Continuity Plan, which states a defined approach for the implementation, monitoring and maintaining risk management in the organisation, and for achieving desired outcomes.

In assisting the entity to attain its mandate and meet expectations of the shareholder and the various stakeholders, the Risk and Compliance Function is empowered to perform the following:

- a) Facilitate risk identification sessions, risk mitigations, risk reporting and risk monitoring on the strategic, project and operational risk levels.
- b) Implementation of the Business Continuity Management strategy
- c) Implementation of the Fraud Prevention Strategy
- d) Implementation of the Compliance and Ethics programme
- e) Implementation of the Combined Assurance Plan

The Risk and Compliance Unit is stationed in the office of the CEO and provides its report to the Risk Management Committee, Audit and Risk Committee and Council for oversight purposes.

The element of risk is inherent in any business, and in the current situation, it is encountered more in the space in which the entity provides market access to smallholder farmers, to reduce unemployment and achieve reductions in the levels of poverty. It is in this regard that Risk Management is an important element of the organisational strategy and daily operational activities that impact on the organisational performance and financial position of the entity.

In implementing our strategy, the entity believes that risk management remains the responsibility of each employee in the organisation and should be incorporated into the daily operations of the entity. The incorporation of risk management into daily activities prevents occurrences of losses, and promotes the reduction of fraud and corruption, the reduction of

irregular, fruitless and wasteful expenditure, and the optimisation of resources.

##### Strategic Risk Profile

During the term of the Council, the Council and the Management Committee undertook a risk assessment to identify risks and the creation of opportunities. From the organisational strategic plan and annual performance targets for the 2022/2023 financial year, strategic risk exposure was identified relating to:

- a) Fraud and Corruption
- b) Financial sustainability
- c) Stakeholder relations
- d) Information and Communication Technology
- e) Human Capital
- f) Regulatory Environment
- g) Business Continuity

##### Fraud and Corruption

In accordance with the Public Finance Management Act, the Protected Disclosure Act and the Prevention and Combating of Corrupt Activities Act, the Risk and Compliance Unit reviewed the Fraud Prevention Policy and Strategy and the Whistleblowing Policy to focus on fraud prevention. In accordance with the Risk Appetite and Tolerance Framework, the entity has a zero-tolerance approach towards fraud and corruption. Furthermore, the entity has an approved Declaration of Interest Policy and Integrity and Ethics Management Policy, which ensure that the values of the entity are exercised by all parties concerned.

For reporting incidents of fraud, corruption and unethical behaviour, the entity has a whistleblowing facility available to all stakeholders, through which reports may be made in confidence on matters of fraud, corruption and unethical behaviour. There have been a few incidents regarding fraud and corruption, which are reported to the Audit and Risk Committee and Council, as and when they come to the attention of the Risk and Compliance Unit.

##### Conflict of interest

In the implementation of the Declaration of Interest Policy, and for purposes of minimising conflicts of interest, all employees are required to complete declaration of interest forms on an annual basis. All employees who participate in Bids Specification, Bid Evaluation Committees and Bid Adjudication Committees in terms of the supply chain management process, and all employees who participate in the tender processes on regular basis, are required to sign a declaration of interest form. Should an official be found to be conflicted in any way, they are expected to declare such conflict of interest and recuse themselves from the affected procurement process.

## Compliance with laws and regulations

To improve the culture of compliance with legislation and policies, a Compliance Risk Management Policy and Compliance Risk Management Framework have been approved by the Council. The entity has a 'Regulatory Compliance Universe', which encompasses fifty-two pieces of legislation. For purposes of maintaining order in this 'universe', the entity has a compliance monitoring plan, which is used to monitor compliance with the applicable legislation on a regular basis and to report on issues of non-compliance, with a view to applying remedial actions to non-compliance. It is the intention of the compliance function to implement, in full, the approved compliance framework, with a view to ensuring that we operate in line with the Generally Accepted Compliance Framework.

## Corporate Governance Support

The NAMC is established in terms of the Marketing of Agricultural Products Act, No. 47 of 1996, as the primary legislation, supported by the Public Finance Management Act and the King Code of Corporate Governance.

## Minister of Agriculture, Land Reform and Rural Development

In terms of PFMA, Section 62, the Minister of Agriculture, Land Reform and Rural Development is the executive authority responsible for a public entity under the ownership control of the national or provincial executive and must exercise the executive ownership control powers to ensure that the public entity complies with the Act and financial policies.

## Accounting Authority

In terms of Section 50 of the PFMA, the Council serves as the Accounting Authority of the NAMC, and its fiduciary duty is to ensure the protection of the entity's assets and records. The Council must always act with fidelity, honesty and integrity, and serve in the best interests of the public entity in managing the financial affairs of the public entity.

## Role of the Accounting Authority

The Council has a responsibility to perform the following:

- Steer and set direction.
- Approve policy and planning.
- Oversee and monitor the implementation of policy.
- Ensure accountability.

The Council and its committees conduct their affairs according to approved charters, which indicate the Council's role and responsibilities, as well as those of its committees.

## Sub-programme 2: Finance and Administration

### Finance and Administration

The purpose of Finance and Administration division is to provide effective management of finances, ensure that there are sound internal controls, ensure efficient and effective supply chain management systems and processes and that there are adequate information technology systems within NAMC.

### Strategic Reviews and Compliance with Strategic Objectives

Quarterly reports aligned to the outputs as stated in the strategic plan were presented to various stakeholders throughout the financial year. Monthly and quarterly reviews of programmes expenditures against the budget were conducted throughout the year and this has assisted in ensuring that 99% of the budget being spend during the financial year 2022/2023.

### Financial Management

The division provide effective and efficient financial management support, ensuring that there is proper budget management system in place. Monthly budget variance reports are presented to Mancom monthly to enable proper decision making by management and to monitor the spending trends throughout the year. Monthly management accounts were also produced and reported monthly to Mancom and quarterly to Audit and Risk and the Council. All reports as requested by various stakeholders were submitted timeously as and when requested.

### Supply Chain Management

The division renders supply chain management services to NAMC. The SCM unit ensures compliance with all regulatory requirements governing procurement practices in public sector. During the financial year there has been a significant improvement on compliance with laws and regulations as irregular expenditure also decreased from R6 million in the previous financial year to R2 million in the current financial year. The determination test on past irregular expenditure is still under review. The unit through adherence to key internal controls such as segregation of duties, implementation of SCM checklist which are being reviewed every time the legislation changes, monthly monitoring of procurement processes,

monthly review of contract register has played a great role in ensuring that there is no material non-compliance to rules and regulations.

### Information Technology

The Informational Technology is understaffed, and majority of functions are outsourced to an external service provider. The service provider who was assisted NAMC with IT services was Vukani Technologies whose contract has since ended 31 May 2023. The new service provider Enabling Solutions has been appointed with effect from 01 June 2023. The service provider's performance has been assessed throughout the year in line with deliverables as stated in the service level agreement (SLA). Monthly reports have been submitted to CFO and quarterly reports have been presented to ICT Steering Committee which plays an oversight role regarding IT strategy, policies etc. This quarterly reports also get tabled at Audit and Risk committee and ultimately to Council.

### Risk Assessment and Management

Finance and Administration recognises the importance of risk management in ensuring that its objectives are achieved. The Finance and Administration risk register and controls to mitigate the risks were reviewed and updated.

### Functioning Audit and Risk Committee

The NAMC's Audit and Risk Committee continued to function throughout the year. Various reports as requested and those imposed by statutes were presented to the committee as part of their fiduciary responsibilities.

### Internal Audit Function

The internal audit function of the NAMC is outsourced to Nexia SAB & T. Their contract had initially ended in January 2022 and they were reappointed in May 2022. The following audits were undertaken during the financial year:

- Financial controls review,
- Supply chain management,
- Follow-up review on audit findings,
- Human resource management audit,
- Information Communication technology and
- Performance Information.

## Sub-programme 3: Communications Unit

### Introduction

The Communication Unit supports the mandate of the organisation by delivering efficient and effective communications to internal and external stakeholders. In the year under review, Communication Unit supported the organisation through stakeholder engagement, marketing and communications, public relations as well as internal communication and media production.

### Stakeholder Relations

Under the period review, the NAMC participated in various agricultural stakeholder engagements structures that produced tangible results and impact. Some of these engagements are covered widely in other narratives of the annual report. From a communications perspective, the involvement was essentially to market the outcomes of the stakeholder initiatives or partnership and these included:

- **The AAMP launch:** Organised agriculture, farming unions, agribusinesses and government finally put pen to paper as we witnessed the launch of the Agriculture and Agro-Processing Master Launch (AAMP).
- **Potatoes South Africa:** Potato South Africa together with the KZN Provincial and Local Departments of Agriculture had organized a demonstration of basic steps of planting potatoes and conducted information session and provided certified seed to the farmers, as part of the National Agricultural Marketing Council's multi-stakeholder interventions to help farmers meet their supply target for the identified markets. The NAMC produced a video for the Potatoes Farmer Demonstration Trial.
- **Cassava Value Chain Project:** Stakeholders such as FABCO, TIA, Department of Science and Technology, Agricultural Research Council as well as NAMC held various sessions as part of the Cassava Value Chain study in South Africa and NAMC developed five audiovisual products to that effect.
- **Market Information Webinars:** NAMC, as part of its mandate to promote market access, hosted several market information webinars in collaboration with industry stakeholders and the DALRRD. Five (5) webinars were hosted, with average of 100 farmer participating in the sessions.
- **Proudly SA Wine Expo:** Proudly SA Local Wine Expo organised in concert with Wine ARC and NAMC was successful. Wine makers recommended that NAMC lead in the Local Wine Expo together with other provincial departments of Agriculture. The main focus was on consumer wine education.

- **Symposium on Women in Agriculture and Agro-Processing:** NAMC participated in the panel that discussed market access for women and presented market access facilitation programmes, lessons learned and achievements.
- **Annual Agricultural Trusts workshop:** NAMC held its first face-to-face annual Agricultural Trusts workshop post Covid – 19 pandemic. The workshop provided a platform for agricultural industry Trusts to report on their operations, highlighting successes and challenges and the performance of the Trusts' assets.
- **The 2022 Annual Conference of the Agricultural Economics Association of South Africa (AEASA):** NAMC attended the conference which had panel of experts, plenary sessions and made significant contribution toward the theme: "How recent value chain disruptions shaped agri-food systems in sub-Saharan Africa".
- **2022 Regional Policy Dialogue:** As the South African node host of the Food, Agriculture and Natural Resources Policy Network (FANRPAN), NAMC supported FANRPAN when it was hosting its annual Regional Policy Dialogue. The 3-day virtual webinar deliberated on the theme: "Resilient African Food Systems – Solutions for Climate Change, Livelihoods, Food and Nutrition Security". The NAMC played a key role in both the planning and daily webinar proceedings.
- **2023 Regional Climate Smart Agriculture (CSA) Policy Dialogue:** The CSA Policy Dialogue provides a platform for stakeholders from Sub-Saharan Africa to jointly reflect and craft messages that will feed into the UN Water Conference deliberations. The event was organized by TISA consortium in collaboration with the FANRPAN Node Hosting Institution in South Africa in collaboration with NAMC as well as other stakeholders. With climate change having a significant impact on Southern Africa, the CSA Policy Dialogue aimed to promote climate-smart agriculture (CSA) in the region.
- **Africa Agri Tech2023:** NAMC was invited to participate and deliver a presentation on theme: "The business of agriculture: Agriculture marketing trends". The conference was convened by AFGRI. .

## Marketing Communications

TIn the year under review, the following activities were implemented to increase brand awareness and brand presence in the sector and beyond:

### Events

NAMC held several market information events with the aim of addressing policy ambiguity. These events included webinars and seminars on:

- Livestock Market Information Session
- Grains market information day
- Wool, Mohair & Cotton Trade Awareness Workshop
- Dried Fruits and Raisins Trade Awareness Workshop
- Cassava Project awareness and information sharing
- Innovation for Policy Process: A Case Study of Senegal
- The sixteen years of agriculture productivity growth in Africa: Evidence from the twenty-first century
- Business opportunities along the cassava value chain in South Africa
- SMAT Baseline Report: A Case Study of Smallholder Wool Producers in South Africa
- Vegetable Market Information Day invitation
- Agricultural climate financing for Sub-Saharan Africa after the 2015 Paris Agreement declaration

### Exhibitions

The NAMC has conducted exhibitions at the following events in the year under review:

- Ekurhuleni Agricultural College Farmer's Day
- World Food Day Celebration
- Summit on Economic Empowerment for Persons with Disabilities

### Media Interviews

NAMC disseminated eighty-six (86) messages across various media platforms. Print and online (57 articles), television (07 interviews), and radio (22 interviews).

### Social Media and Website

NAMC's social media statistics suggested a significant increase in a number of followers and visitors on its media platforms

There was also increase in traffic of visitors to the NAMC website. The website had 40,658 users, The average number of pages viewed during a session was 2.21 and the average session duration was 00:02:05. There were 151,431 pageviews in total.



## **PROGRAMME 2: OUTCOME 2: A VIABLE AND EFFICIENT AGRICULTURAL SECTOR GENERATING OPTIMAL EXPORT EARNINGS**

### **STATUTORY MEASURES**

#### **Introduction**

The MAP Act makes provision for the application and implementation of the following statutory measures, namely:

- Statutory levies (section 15 of the MAP Act)
- Control of exports of agricultural products (section 16).
- Records and returns (section 18); and
- Registration (section 19).

Statutory measures are normally promulgated for a period of four years, after which the relevant industry must apply to the Minister for the continuation of measures if they wish to continue to make use of statutory measures. The MAP Act stipulates the procedures that must be followed in order to investigate an application for the establishment, continuation, amendment or repeal of statutory measures. Some of the procedures involve the following, namely that the Council shall:

- Publish a notice setting out particulars of the request and an explanation in connection therewith in the Government Gazette and such magazines or newspapers as may be sufficient to bring the request to the attention of directly affected groups, and inviting such directly affected groups to submit any comments relating to the request within a specified time (normally 14 days);
- Consider such comments to ensure that there is sufficient support amongst directly affected groups for the proposed statutory measure; and
- Report on its findings and make a recommendation to the Minister

Statutory levies are implemented for the purpose of funding essential generic functions, such as research, information, generic promotion, transformation, etc. in a particular agricultural industry. All levy applications must have a business plan and reasonable level of industry support. The NAMC follows the guideline that there must be indications that two-thirds of levy payers representing two-thirds of production, should support an application. In January 2021 the NAMC adopted a document titled "Standard Operation Procedure (SOP) for the approval process of statutory measure applications".

To influence how the statutory levy funds should be spent, the NAMC requires that approximately 70 % of levy funds should be spent on functions such as

research, information, export promotion, etc., at least 20 % on transformation and not more than 10 % on the administration of the levy. A levy must not exceed 5 % of the price realised by a specific agricultural product at the first point of sale (average price at the first point of sale over a period not exceeding three years). The NAMC has compiled guidelines on what should be regarded as administration costs, generic promotions, and transformation. These guidelines were compiled after the relevant agricultural industries were consulted.

#### **Application for statutory measures**

Section 10 of the MAP Act stipulates that a directly affected group may request the Minister to establish, continue, amend or repeal one or more statutory measures. Directly affected groups refer to any group of persons which is party to the production, sale, purchase, processing, or consumption of an agricultural product and includes labour employed in the production or processing of such product. It is important to understand that the application for statutory measures by commodity organisations, is a voluntary process. It is also important to note that the NAMC is not involved in the administration and collection of statutory levies, except for a monitoring function in this regard.

#### **Support from directly affected groups for statutory measures**

The MAP Act stipulates that an application for statutory measures must contain particulars or evidence of support by directly affected groups. For the past almost two decades the NAMC used the guideline that two-thirds of directly affected groups, representing two-thirds of the production, must support an application for statutory measures. This is only a guideline and much larger support is preferable for the successful administration of statutory measures in the agricultural sector.

#### **Conditions of approval**

Statutory levies are normally approved for a period of up to four years. In addition to this period, the Minister approves statutory levies on the following conditions:

- That approximately 70% of the levy income is spent on generic functions such as consumer education, export promotions, information, research, etc.
- That not more than 10% of levy income is spent on administration costs.
- That a minimum 20% of levy income is spent on transformation activities, including the development of emerging farmers and other role players in line with the NAMC's transformation



guidelines.

- That the statutory levy income and expenditure are audited by the Auditor General, with the percentage allocated towards transformation clearly indicated.
- That surplus funds do not form part of the assets of the administrator, and that surplus fund only be utilised with the approval of the Minister upon the lapsing of the statutory period (for example, after four years);
- That the administrator submits an employment equity plan for the NAMC to monitor progress on employment equity within the relevant institution.
- That the administrator maintains a database of black role players and their market share to monitor the progress of transformation in the relevant industry; and
- That the NAMC has observer status on the board of the administrator to ensure compliance with the original intent of the application.

### Surplus funds

The MAP Act stipulates that “any levies remaining in the possession of or under the control of any person or body after the period for which such levies were approved, shall be utilized in a manner determined by the Minister”. In most cases, statutory levies are approved for a period of four years. During the past few years, the NAMC follows the guideline to recommend to the Minister that all surplus funds must be used for transformation activities, unless levy administrators can convince the NAMC to recommend otherwise.

The past few years, more levy administrators have highlighted the fact that in cases where administrators of statutory levies request for the continuation of levies, and where they operate as a going concern, it may cause financial difficulties if all surplus funds be solely used for transformation activities, leaving administrators at a deficit and unable to cover operational expenditure including salaries, accommodation and other commitments during the first few months of a new four year levy period. During its May 2018 meeting, the NAMC debated this issue, and it was concluded that, depending on the merits of each case, a maximum of two months of levy income in a relevant industry, may be used to cover operating expenditure (salaries, accommodation and other commitments) of administrators in order for them to operate as a going concern.

## Summary of statutory measures

The following table summarises the statutory measures that were applicable in the South African agricultural sector during the 2022/2023 financial year:

**Table 2: Statutory Measures Applicable During the 2022/2023 Financial Year**

Industry	Administration body	Statutory Measures		
		Statutory levy	Records and returns	Registration
Citrus	SA Citrus Growers' Association	✓	✓	✓
Cotton	Cotton SA	✓	✓	✓
Dairy	Milk SA	✓	✓	✓
Deciduous fruit	HORTGRO	✓	✓	✓
Dried vine fruit (raisins)	Raisins South Africa	✓	✓	✓
Fruit industry	Agrihub		✓	✓
Fruit fly	Fruit Fly Africa	✓		
Fynbos (proteas)	Cape Flora SA	✓	✓	✓
Maize, winter cereals, sorghum and oilseeds	South African Grain Information Service		✓	✓
Lucerne	National Lucerne Trust	✓	✓	✓
Macadamias	SA Macadamia Growers' Association	✓	✓	✓
Milk	Milk Producers' Organisation		✓	✓
Olives	South African Olive Industry Association	✓	✓	✓
Pecan nuts	SA Pecan Producers' Association	✓	✓	✓
Pomegranates	Pomegranate Association of South Africa	✓	✓	✓
Pork	SA Pork Producers' Organisation	✓	✓	✓
Potatoes	Potatoes SA	✓	✓	✓
Red meat	Red Meat Levy Admin	✓	✓	✓
Soybeans	SA Cultivar and Technology Agency (SACTA)	✓		
Table eggs	SA Poultry Association	✓	✓	✓
Table grapes	SA Table Grape Industry	✓	✓	✓
Wine	SA Wine Information and Systems; Wine Industry Network of Expertise and Technology; Wines of South Africa and Wine Transformation Unit	✓	✓	✓
Winter cereals	Winter Cereals Trust (general levies)	✓		
	SA Cultivar and Technology Agency (SACTA)	✓		
Wool	Cape Wools SA		✓	✓

### Total statutory levy income

The total funds collected through statutory levies as part of the 2022 survey amounted to approximately R986.1 million, which is 21.9% higher than the 2021 survey's reported R808.9 million.

**TABLE 3: Total Statutory Levy Income – 2022 Survey**

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
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%
<b>TOTAL</b>	<b>986 055 523</b>	<b>145 224 917 209</b>	<b>0,7%</b>

The MAP Act stipulates that a statutory levy may not exceed 5% of the price realised for a specific agricultural product at the first point of sale. The maximum of 5% must be based on a guideline price, calculated as the average price at the first point of sale over a period not exceeding three years. For the 2022 survey, the total levy income as a percentage of the value of agricultural products at the first point of sale is approximately 0.7%.

### Total statutory levy expenditure

The 2022 survey shows that approximately R896.0 million was spent on industry functions – an increase of 28.3% compared to the 2021 survey. Of the total expenditure, approximately 47.0% was spent on research, 20.0% on transformation projects, 9.0% on export promotion/market access, and 6.7% on information.

**Table 4: Allocation of Levy Expenditure: 2022 Survey**

Functions	2020 survey R	2021 survey R	2022 survey R	2022 % of levy expenditure
Administration	41 340 218	52 949 652	48 829 202	5,4
Information	73 707 321	64 593 792	60 072 980	6,7
Research	244 075 627	268 581 600	421 316 576	47,0
Transformation	124 393 310	147 236 706	179 226 062	20,0
Export promotion/ market access	78 352 505	61 031 638	81 015 134	9,0
Consumer education / promotions	54 335 881	58 111 407	61 152 393	6,8
Production development	10 669 201	11 390 985	6 613 468	0,7
Plant improvement	3 930 873	1 717 815	938 373	0,1
Quality control	27 881 177	32 631 993	36 867 535	4,1
<b>TOTAL</b>	<b>658 686 113</b>	<b>698 245 588</b>	<b>896 031 723</b>	<b>100</b>

### Administration

The NAMC's guidelines on the utilisation of levy funds stipulate that not more than 10% of levies collected should be used for administrative purposes. The 2022 survey shows that, in total, all levy administrators spent approximately 5.4% (R48.8 million) of levies collected on administration costs, which is well below the guideline of 10%. Audit fees are one of the major components of administration costs.

### Information

For the 2022 survey, approximately 6.7% (R60.1 million) of total levy expenditure was allocated to the information function. The cotton, fynbos and the potato industries spent proportionally the most on information and industry liaison. Statutory measures relating to records and returns and registrations play an important role in an effective information function.

The information and the analysis thereof make market signals visible for the role players in the industry and for Government institutions and contribute significantly to the achievement of the relevant objectives of the Act.

It also facilitates communication in the industry aimed at matters of common interest such as technical issues, food safety, product standards and other issues regarding the improvement of the viability of the industry. Confidential information of any person subject to a statutory measure, obtained by the administrator through the implementation, administration, and enforcement of these statutory measures, are dealt with in accordance with section 23 (2) of the Act.

## Research

Research is the generic function that receives the largest proportion of total statutory levies and a steady increase in levies spent on research is evident over the past 10 years. The 2022 survey shows that approximately 47.0% (or R421.3 million) of total levy expenditure was allocated to the research function. The 56.8% increase in the allocation to the research function in the 2022 survey, compared with the 2021 survey, can mainly be attributed to the fact that the citrus, soybean, and winter cereal industries decided to spend much more on research, specifically cultivar development, and to finance it by way of statutory levies.

## Transformation

Since 2000 statutory levies were approved, with the provision that approximately 10% of levy income should be spent on transformation activities. In August 2005, this guideline was changed to approximately 20%, and in 2010 it was changed again, with the provision that at least 20% of levy income should be used for transformation activities. In 2018 the NAMC adopted new transformation guidelines, in line with the AgriBEE scorecard, to increase the return on investment of funds being used for transformation. Although the 'at least 20 %' provision was not changed, the NAMC adopted specific generic transformation guidelines with the focus on enterprise development.

In terms of the new transformation guidelines, levy administrators should, on an annual basis and three months before the start of a financial year, submit a business plan in respect of transformation activities envisaged for the coming financial year. Six months after the close of a particular financial year, levy administrators should also report on actual transformation activities, by comparing their activities with the budget for that financial year. The NAMC appointed a Transformation Review Committee to manage this process.

The NAMC further endorsed the view of the then Department of Agriculture, Forestry and Fisheries that all its stakeholders should adhere to the Employment Equity Amendment Act, No 47 of 2013, which strives to achieve equity in the workplace by promoting equal opportunities and fair treatment in employment, and to ensure equitable representation in all occupational levels in the workforce. Therefore, administrators of statutory levies will be requested to submit an employment equity plan, with the racial composition of the staff employed by the statutory levy administrator, with every statutory levy application to the NAMC and the Minister.

According to the 2022 survey, approximately 20.0% (R179.2 million) was spent on transformation projects, compared with R147.4 million reported in the previous survey, being an increase of 21.7%. This is in line with the condition of approval for all statutory levies, namely that at least 20% of statutory levy income must be used for transformation activities.

Levy administrators indicated, as part of the 2022 survey, that they spent the transformation funds as follows:

**TABLE 5: Performance on Pillars of Transformation**

	2022 Pillars of transformation			
	Enterprise development	Skills development	Employment equity, Management control, Socio economic development, Ownership	Total spent on transformation
	(guideline 60%)	(guideline 18%)	(guideline 22%)	
Citrus (exported)	33 500 000	6 000 000	4 542 956	44 042 956
Cotton lint	183 024	1 138 885	22 440	1 344 349
Dairy products	4 666 781	0	2 302 571	6 969 352
Deciduous fruit	10 115 216	253 809	2 544 179	12 913 204
Deciduous fruit fly	771 024	0	20 000	791 024
Dried fruit	1 393 968	418 190	511 121	2 323 279
Fynbos (proteas)	95 119	66 458	0	161 577
Lucerne	460 076	126 236	47 326	633 638
Macadamias	3 671 547	1 736 406	1 956 608	7 364 561
Olives	77 455	290 000	62 500	429 955
Pecan nuts	1 115 381	318 766	129 868	1 564 015
Pomegranates	40 995	0	0	40 995
Pork	5 056 124	2 670 839	2 791 372	10 518 335
Potatoes	4 922 909	920 008	2 987 113	8 830 030
8 685 653	845 339	3 378 878	12 909 870	12 197 356
Red meat	5 756 281	1 726 884	2 110 637	9 593 802
SACTA (lupines, soybeans and winter cereals)	26 283 681	2 291 750	3 988 400	32 563 831
Table eggs	989 252	561 210	0	1 550 462
Table grapes	3 993 785	708 930	1 503 400	6 206 115
Wine	22 234 440	1 162 500	3 907 802	27 304 742
<b>TOTAL</b>	<b>129 089 802</b>	<b>20 316 202</b>	<b>29 820 058</b>	<b>179 226 062</b>
	<b>72,0%</b>	<b>11,3%</b>	<b>16,6%</b>	<b>100,0%</b>

Table 4 shows that approximately R129.1 million or 72.0% of total transformation expenditure was aimed at enterprise development, while approximately R20.3 million or 11.3% was spent on skills development, and approximately R29.8 million or 16.6% was spent on employment equity, management control, ownership, etc.

#### Consumer education / local promotions

According to the 2022 survey, approximately 6.8% (R61.2 million) of total levy expenditure was spent on consumer education or local promotions, compared with the R58.1 million reported in the previous survey. The dairy, olive, pork, potato, red meat and table egg industries mainly spent a major part of statutory levies on consumer education/local promotions. The dairy industry allocated 41.1% of levy funds towards this function, while the olive industry allocated 36.4% of levy funds towards consumer education and local promotions for marketing their produce.



## Export promotion and market access

The 2022 survey indicated that approximately 9.0% (R81.0 million) of total levy expenditure was allocated to export promotion and market access, compared with the roughly R61.0 million reported in the 2021 survey. The horticultural industries, and more specifically the citrus, deciduous fruit, dried fruit, table grape and wine industries, spent a major portion of their statutory funds on export promotion activities. The market development levy in the deciduous fruit industry is used specifically to fund the market development/consumer education programmes planned in Europe, the Middle East and the Far East.

## Quality control

The function of quality control is becoming more important. It is mainly undertaken by the cotton, dairy, lucerne, pork and red meat industries to ensure that consumers have peace of mind when using their products. These industries spent approximately 20%, each, of the relevant expenditure on the quality control function. Approximately R36.9 million (4.1% of total levy expenditure) was spent on quality control in the 2022 survey. In the red meat industry, the Meat Classification Function is the responsibility of the Department of Agriculture, Land Reform and Rural Development (DALRRD) and is being done in terms of the Agricultural Product Standards Act (Act No 119 of 1990). Due to various reasons, South African Meat Industry Company (SAMIC) was appointed as an assignee to perform this function on behalf of DALRRD. Although SAMIC is performing this function on behalf of DALRRD, the red meat industry is paying for this function through a statutory levy.

## Plant improvement

The deciduous fruit industry spent approximately R0.9 million (0.1% of total levy expenditure) on plant improvement in the 2022 survey. Over the past number of years, much less of the statutory levy funds has been spent on the plant improvement function. The assumption can be made that much of the activities previously financed under the plant improvement function are now being absorbed under the research function.

## Production development

Although only a small percentage of statutory levy expenditure was allocated to production development, the macadamia and red meat industries spent approximately R6.6 million (0.7% of total levy expenditure) on product development.

## TRADE RESEARCH UNIT

The main functions of the trade research unit include analysing trade and market opportunities available both locally and internationally to enable agricultural exporters and all directly affected stakeholders. Furthermore, the unit provides an advisory role to International Trade and Administration Commission (ITAC) on matters relating to trade policies. The advisory service entails, among other things, evaluation of tariff rates, rebate facilities, and safeguards mechanisms. The NAMC is expected to provide its comment and indicate whether the comment is confidential or not, and in the case of a confidential report, ITAC also demands a non-confidential copy. The NAMC has adopted a stance of only producing non-confidential reports. During the financial year 2022/2023, the NAMC received requests from ITAC to comment on the following policy matters:

On February 03, 2023, the National Agricultural Marketing Council (NAMC) received a request from the International Trade Administration Commission (ITAC) to comment on a directive to review a request for a reduction in the rate of customs duty for the importation of canned minced anchovies: Republic of Namibia. The applicant requested for a reduction in the rate of customs duty, on canned minced anchovies classifiable under tariff subheading 1604.20.31, from 25 per cent ad valorem to 6c/kg. The NAMC comments are based on background research conducted together with own articulation regarding this matter

## AGRICULTURAL TRUSTS DIVISION

Section 26 [(1 and 2)] of the Marketing of Agricultural Products Act (the MAP Act) provides for the regulations of “assets, liabilities and contractual rights and obligations of Control Boards”, where the work of the NAMC’s Agricultural Industry trusts was established and derives its mandate. The mandate of the 11 agricultural industry trusts is to grow and protect the assets, and use the proceeds generated from investments to finance industry functions such as transformation, market access, research and development to mention few; guided by the trusts deeds. The division liaises directly with all the Trusts to ensure that the Minister of Agriculture, Land reform and Rural Development is represented on the board of the trusts while the NAMC plays a role on an observer status. Furthermore, the NAMC as a liaison between trusts and the Minister coordinates the development of the annual report on the status of the trusts in collaboration with the 11 industry trusts administrators. The division works closely with the statutory measures unit and the agribusiness development division through the Transformation

Review Committee (TRC) to ensure that industry applications for statutory levies (transformation component) are in line with the transformation guidelines.

Currently, the asset value of the eleven trusts is valued at R2,48 billion, and increased of R47,8 million from the previous review. Notably, global markets have been unstable during the period under review but a bit of an improvement from the previous period where the assets had declined, and despite all the geopolitical instability, this increase was nevertheless achieved. The Trust Deeds make a provision for the Minister to appoint or remove ministerial trustees when their terms expire or in the event of a resignation. The Minister appointed 14 Ministerial Trustees on the board of five agricultural industry trusts. Following resignation of Dr. H. Ngwenya, Ms. H. Makhuvha was appointed to serve as the ministerial trustee on the board of Citrus Industry Trust. In the Deciduous Fruit Industry Trust, Mr. J. Mthombeni, Dr. Erna Blancquaert, Ms. Natasha Boks, and Mr. Elton Mitchel Greeve were appointed. In the Sorghum Trust Ms. T. Moagi took over Mr. H. Mohane's position after his tenure expired. Mr. S. Shandu and Ms. D. Makgatho-Mosehla replaced Ms. U. Speirs' and Mr. K. Gaoraelwe's in the Oil and Protein Seeds Development Trust (OPSDT). The Wool Trust appointed Dr Linda Makuleni as a ministerial trustee.

In 2017, the AGRIBEE Sector codes were gazetted and in 2018, the NAMC in consultation with the agricultural industries also amended its transformation guidelines to align to the sector codes. As per the guidelines, at least 20% of the total levy income is spend on transformation with 60% or more allocated to enterprise development, 18% enterprise development and remaining percentages on management control and socioeconomic interventions. The agricultural trusts and statutory measures unit ensures that the commitment is adhered to by the respective trusts and levy administrators. There are other areas of spending such as bursaries for students and training of farmers that are making huge impacts in the transformation of the industry. During the period under review the NAMC visited several industries to ensure that the reported projects are indeed operating, and their status are as reported by the industries. The following industries were visited, and their projects were seen by the TRC: Wine industry (South African Wine Industry Transformation); Raisins industry (Raisins South Africa); Potato industry (Potato South Africa; Pecan nut industry (Pean nut South Africa); Deciduous

Fruit Industry (Hortfin South Africa); Table Grapes Industry (Table Grapes SA); and Grain industry (South African Cultivar and Technology Agency).

The NAMC transformation guidelines focus mainly on the 20% transformation expenditure of the total levy income, which supports black farmers and agripreneurs in industries that use statutory levies. Businesses that apply for statutory levies are required to submit a business plan detailing their transformation activities and budget. Five (5) transformation proposals/plans have been received and reviewed by the TRC, including: South Africa Cultivar Technology Association (Lupines); South Africa Dairy Industry; South African Wine Industry Development and Empowerment Foundation; SAPA Egg Organization; and South African Wine Industry Transformation Unit. NAMC TRC members participated in various industry transformation committees to strengthen relationships and observe and guide industry transformation activities. For the period under review, the TRC participated in the following transformation committees: Potato South Africa (PSA) Transformation Committee meeting; Raisins South Africa Transformation Committee meeting; South African Poultry Association (SAPA) Transformation Committee meeting; and South African Pork Producers Organization (SAPPO) Business Development meeting.

#### AGRO-FOOD CHAINS RESEARCH UNIT

Within the Agro-Food Chains Research Unit, research focuses on assessing the competitiveness in agricultural value chains and the application of economic models to draw evidence-based recommendations bound to enhance the efficiency of the sector. For the 2022/2023 financial year, the unit 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. The unit also contributes towards supply and demand for the grains and oilseeds industry with the aim to inform stakeholders on the country's food security status (availability pillar). Twelve (12) Supply and Demand Estimate reports were delivered during the 2022/2023 financial year.

## PROGRAMME 3: OUTCOME 3: ENHANCED MARKET ACCESS FOR THE AGRICULTURAL SECTOR PARTICIPANTS

### AGRIBUSINESS DEVELOPMENT DIVISION

The ADD facilitates market access for farmers especially smallholder farmers who are mostly disadvantaged in terms of market information, compliance (SA and Global GAP certification), packaging, quality control, consistency, logistic planning, and business linkages with potential buyers. This programme enables the NAMC to contribute to making the agricultural sector more inclusive and viable as a contributor to economic growth and transformation. This is achieved by working collaboratively with the existing network of partners with the respective knowledge and resources. The market facilitation programme is guided by market analysis, market readiness of farmers, market demand and stakeholder intervention to support farmers to supply the identified market. 190 smallholder farmers (91 male, 99 female and 76 youth) were linked with the markets during the period in review.

#### Actual Achievement for Quarter 1

During the period in review, the Agribusiness Development Division linked 25 chicory smallholder farmers with Kakhulu Brands Market to supply chicory roots that will be processed into inulin. The smallholder farmers are affiliated with UBumbano Farmer's Cooperative and comprised of 17 men, 8 women and 6 youth. They collectively operate on approximately 327 hectares communal or family-owned land.

The farmers are in Weenen area under three local municipalities namely, Inkosi Langalibalele (Weenen area) in ward 7, Indaka in ward 10 and Imbabazane in ward 7 and they are all part of uThukela District Municipality from the KwaZulu Natal province. Development support was facilitated with various stakeholders to support farmers with technical support, production inputs, access to land, extension and advisory services, capacity building, funding, mentorship, social facilitation, and agro-processing Infrastructure including storage facility, amongst others.

#### Actual Achievement for Quarter 2

During the period in review, the division collaborated with the Directorate Marketing within the Free State Provincial Department of Agriculture Land Reform and Rural Development and linked 56 farmers with the Fresh Way Market (Tshwane Fresh Produce market) to supply tomatoes. The farmers are in the Mangaung Metropolitan Municipality of the Free State Province,

specifically from the Thaba Nchu and Excelsior areas. This group include 45 farmers (25 female, 20 male) from Thaba Nchu and 11 from Excelsior (6 female and 5 male). Amongst these farmers, 27 is youth committed on agricultural production, to overcome the high unemployment rates facing young people in the country. The farmers collectively own a total of 1264 hectares and they also specialize on producing other crops, such as sunflower, spinach cabbages and livestock commodities. The type of facilitated development support for the 56 farmers include resolving the ownership issues on the Sedibeng Farmer Support Production Unit (FPSU) with DALRRD, addressing issues regarding access to water and water licenses, the need for technical support with Horticultural industry and training and capacity building with the Directorate: Plant Production.

#### Actual Achievement for Quarter 3

Eighty (80) farmers were linked with the markets during the period in review. The Agribusiness Development Division in collaboration with the Directorate Marketing of the Free State Provincial Department of Agriculture Land Reform and Rural Development (FSDALRRD) linked 70 smallholder farmers with the Ultimate Growers (PTY) LTD to supply various vegetables such as spinach, cabbages, tomatoes, onions, and green beans.

The group of participating farmers are in Sasolburg under the Fezile Dabi District Municipalities and in Welkom in Lejweleputswa District Municipality. Out of the total of 70 farmers, 32 of them are from Sasolburg and the surrounding areas and this group is composed of 15 females, 17 male farmers and 19 youth. The group from Welkom has 38 farmers which include 24 female, 14 male and 18 youth representing both genders. Both group of farmers operate on a total of about 876 hectares collectively. Various stakeholders were engaged to facilitate technical support, production inputs and access to land (based on the availability), water licenses and allocation, capacity building through the Civil Society Organisations (CSO's) development, connecting the farmers with the local Community Nutritional Development Centres (CNDC's), compliance (SA-GAP) and access to machineries and implements, business registration, assistance with financial statements and business plans.

The Division also linked 10 farmers with Limfruit company to supply robot peppers. Limfruit is located at Randburg, Gauteng Province. They buy bulk vegetables, fruits, and field crops at farmgate. The 10 farmers identified include five male, five female and two youth. The farmers are in Tshwane, Midvaal in Gauteng Province and Jozini in the KZN Province.

30% of the farmers owns irrigation system, tractor and its implements, car, dam and generator, while other farmers require support from business operation compliance, tractors and other related mechanisation, irrigation system, fence, inputs for production. All farmers require SAGaP training and audit. 30% of the farmers are ready to supply the market.

#### **Actual Achievement for Quarter 4**

The Agribusiness Development Division in collaboration with the Directorate Marketing of the Free State Provincial Department of Agriculture Land Reform and Rural Development (FSDALRRD) linked 29 smallholder farmers with the Chicken Supreme to supply chickens. The participating farmers are located on farm Thabong No.382 and farm Roodewal No.137, which were redistributed to Tseki Community Trust, through the Land Reform programme. They collectively operate on a total of 97, 5 hectares where they specialize on poultry production, specifically layers, vegetables and few have field crops for household consumption and income. However, they are willing to diversify into broiler / meat production, in order to secure a reliable market with Supreme Chicken. Supreme Chicken offer development support in a form of technical support, veterinary support, catching and transportation of broilers to the abattoir. SAPA was engaged to assist farmers with capacity building, disease management and biosecurity issues. SAPA's Development Poultry Farmers Organization (DPFO) to assist with capacity building and resource mobilisation.

#### **The National Red Meat Development Programme**

NRMDP is a market facilitation programme that affords developing farmers an opportunity to upscale their participation in the marketing of their livestock. Farmers are trained on the various market channels, grading, classification, pricing, and other formal market details. The programme aims to develop the institutional capacity in rural areas through the establishment of custom feeding infrastructure and the facilitation of livestock auctions. Each facility is represented by Co-operatives. During the period in review, a 4 months NRMDP SLA was signed by NAMC and DALRRD. The purpose of the SLA is to finalize the construction and market access facilitation through the Implementing agents appointed by DALRRD. Five (5) technical personnel are contracted by NAMC, to assist with overseeing the work of Implementing Agencies. Two provincial plans were finalized through engagements with the provinces.

#### **Production Scheme Design**

The Agriculture and Agro-processing Master Plan (AAMP) promotes inclusive growth in the sector achieved through a district-based commodity value chain development that is safeguarded by comprehensive farmer support, data and evidence-based policies and equitable access to land, water, competitive markets, technology, and research. Implementing these AAMP interventions will ensure food security, jobs, and reduction of inequality in the country. To implement the AAMP interventions, sector players must recognize the crucial role of both commercial and emerging farmers and their existence must be sustained through meaningful partnerships with government and markets. The support provided must be tailored to the needs and growth prospects of commercial and emerging farmers as they are at the different level of development and participation in the global linked value chains.

Emerging farmers refers to new entrants in agriculture, that is, subsistence, small-scale and medium scale farmers, who are predominantly black and were historically denied by law to farm commercially and sell to formal markets. To make emerging farmers operate in a modern commercial and market-linked manner, not necessarily making them large scale, a Production Scheme or Transformation Initiative concept is proposed which will result in a structured arrangement of emerging farmers, expanded production output, economies of scale with bargaining power to access affordable agricultural inputs and seeds, government support and secured market offtake agreements.

During the period in review, the Agribusiness Development Division facilitated the design of two production schemes as one of the delivery models of the AAMP. The design is guided by the production scheme framework, to be implemented through a private and public partnership. The full design of production scheme was affected by the re-signing of the AAMP SLA process which was finalized in February 2023. Two concept documents were finalized i.e., Citrus and Red Meat Production Scheme, informed by engagements between NAMC and the two industries. The role of the National Agricultural Marketing Council in this regard was only to design production schemes. The implementation was a subsequent responsibility of the custodians of the production schemes.



## SMALLHOLDER MARKET ACCESS RESEARCH

### Smallholder Market Access Tracker (SMAT)

Research in the Smallholder Market Access unit focuses on the analysis of market access by smallholder farmers and their level of participation in the economy. The monthly Smallholder Market Access Estimates Report was developed, presenting the smallholder market access estimates for April 2022 until March 2023 based on 30% share of each traded agricultural product as recommended in the NAMC Section 7 committee report published in 2006. It considers the top four agricultural products traded in the fresh produce market system as they are regarded as the mainstay of the fresh produce markets, accounting for over 50% of the annual turnover from the system.

The NAMC through the SMA unit collects data on mass and volume of fresh produce traded by market agents in the fresh produce market industry in South Africa. The purpose is to obtain the estimates of smallholder farmers participating in the markets and thus, improve the NAMC's task of tracking market access by smallholder producers in support of the overall NAMC objective of increasing market access for all participants, particularly the previously disadvantaged group.

The unit also uses the Smallholder Market Access Tool (SMAT) tool to measure progress towards achievement of "market access for all participants," in particular, market access for smallholder farmers<sup>2</sup> in South Africa.

The 2022/2023 edition in a series of annual Smallholder Market Access Tracker (SMAT) baseline studies focused on smallholder cotton farmers. The 2023 cotton baseline report is based on the results generated from a survey of 153 smallholder cotton farmers in the KwaZulu-Natal, Limpopo, and Mpumalanga provinces. 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.

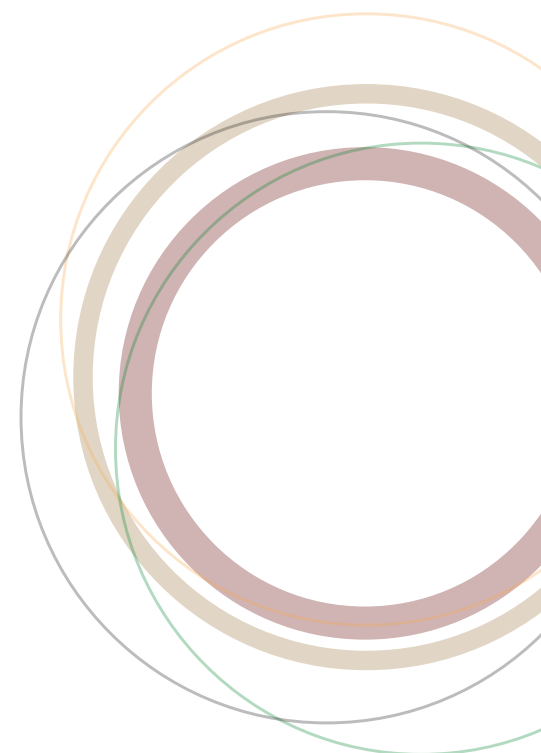
Although farming is her main source of livelihood, she has a diverse range of other sources of income, such as social grants, pensions, remittances, and small business activities. She prefers to work in a collective, as she farms mainly as a member of a cooperative. She produces an average of 2 055.44 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 a significant investment into her cotton production endeavours, as she buys several inputs, hires implements and labour, and conducts various

activities such as harvesting, sorting, and packing her cotton manually.

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), which is more than double the distance travelled by a farmer in Limpopo and fourteen-fold the distance travelled by a farmer in KwaZulu-Natal.

Perhaps owing to a lack of alternative marketing channels to compare with, she is generally satisfied with her relationship with the ginnery, although with minor concerns regarding fairness and convenience of the ginnery. 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 these. In some cases, even those who have access share the machinery and implements, which makes it difficult to plan their production season properly.

Furthermore, these facilities were rated as 'poor' or 'very poor' by most of the farmers, and this was attributed to lower adequacy. Therefore, it was recommended that the farmers should organise themselves properly to share lessons and align their goals in a manner that optimises access to resources, machinery, and equipment. It was also recommended that collaboration between Cotton SA, government and farmers should strive to bring the youth on board to enable access, analysis and use of marketing information, as well as the adoption of developmental initiatives in an optimum manner.



## LINKING PERFORMANCE WITH BUDGETS

**Table 6:** Linking Performance with Budgets

Programme/activity/objective	2022/2023			2021/2022		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	30,279	28,716	1,563	28,533	29,635	(1,102)
Markets and Economic Research Centre (MERC)	11,920	12,742	(822)	11,802	12,446	(644)
Statutory Measurers	3,483	3,086	397	3,410	3,667	(257)
Agricultural Trusts	2,948	3,351	(403)	2,806	3,335	(529)
Agribusiness Development	3,583	3,696	(113)	3,614	5,377	(1,763)
<b>Total</b>	<b>52,213</b>	<b>51,591</b>	<b>622</b>	<b>50,165</b>	<b>54,460</b>	<b>(4,295)</b>

### Strategy to overcome areas of under performance

The NAMC's budget for the year under review was R52,2 million. There is a surplus of R2.7 million as at the end of the reporting period. The underspending on the budget is due to savings on some operating expenses such as legal expenses, consultants etc. Most of the funds were spent on employee costs, Council, and oversight committee fees and to further the mandate of NAMC as per the MAP Act.

## REVENUE COLLECTION

**Table 7:** Revenue Collection

Sources of revenue	2022/2023			2021/2022		
	Budget	Actual Amount collected	(Over)/Under collection	Budget	Actual Amount collected	(Over)/Under collection
Government Grant	R'000	R'000	R'000	R'000	R'000	R'000
Sponsorship Revenue	-	2,904	(2,904)	-	4,182	(4,182)
Rendering of service	1,578	324	1,254	1,840	605	1,235
Interest Income	2,100	2,273	(173)	1,020	2,260	(1,240)
Other	-	258	(258)	-	132	(132)
<b>Total</b>	<b>52,213</b>	<b>54,294</b>	<b>(2,081)</b>	<b>50,165</b>	<b>54,484</b>	<b>(4,319)</b>

**Sponsorship Revenue** – These are funds received on various projects during the year as part of collaboration with other relevant industry bodies, CASSAVA, FANPRAN, etc.

**Rendering of service** – This is the management fee received from projects administered by NAMC.

**Interest income** – The NAMC had a favorable bank balance due to funds from projects and the approved retention of surplus in the previous financial years resulting in increased interest received from the bank.





# PART C:

CORPORATE GOVERNANCE

# CORPORATE GOVERNANCE

## INTRODUCTION

The Government has identified good corporate governance as being one of the key focus areas within the public sector, leading to the creation of the Protocol on Corporate Governance in the Public Sector, which encompasses the recommendations by the King Codes on Corporate Governance.

The NAMC undertakes to promote good corporate governance, which will encourage an efficient, effective and transparent business enterprise.

## PORTFOLIO COMMITTEE

Parliament exercises its oversight role over the NAMC by evaluating its performance and interrogating its annual financial statements and other relevant documents. This oversight role is fulfilled by the Portfolio Committee on Agriculture, Forestry and Fisheries and by the Standing Committee on Public Accounts (SCOPA).

The Portfolio Committee oversees service delivery and performance in accordance with the mandate and strategy of the NAMC. The Committee reviews financial and non-financial information, such as efficiency and effectiveness measures, and therefore reviews the non-financial information contained in the Annual Reports of the NAMC.

## SCOPA Oversight

SCOPA oversees the financial performance and accountability of the NAMC in terms of the PFMA, and it, therefore, reviews the annual financial statements and audit reports from the Auditor General of South Africa.

## EXECUTIVE AUTHORITY

Parliament oversees the Executive Authority, which is required to provide it with full and regular reports concerning matters under its control. The Executive Authority for the NAMC is the Minister of Agriculture, Land Reform and Rural Development. The MAP Act, No. 47 of 1996, provides that the Executive Authority can appoint or dismiss members of Council, including the Chairperson, Deputy-Chairperson, and members of Council.

The appointment procedure for Council members is set out in subsection (4) of the MAP Act. Before the expiration of a member's term of office, the procedure

set out in subsection (4) of the MAP Act must be followed for the appointment of a successor.

The NAMC Council submits quarterly reports on actual performance against pre-determined objectives to the Executive Authority within 30 days of the end of a quarter.

## ACCOUNTING AUTHORITY / COUNCIL

The MAP Act, No. 47 of 1996, provides guidelines for the composition of the Council. The Minister of Agriculture, Land Reform and Rural Development is responsible for appointing one of the members of the Council to the position of Chairperson and another member as Vice-Chairperson. The Council is composed of 10 members. The current Council was appointed on 25 May 2021, and their term of office will end on 25 May 2025.

## Functions of Council

According to Section 9 of the MAP Act, No. 47 of 1996, the functions of Council are as follows:

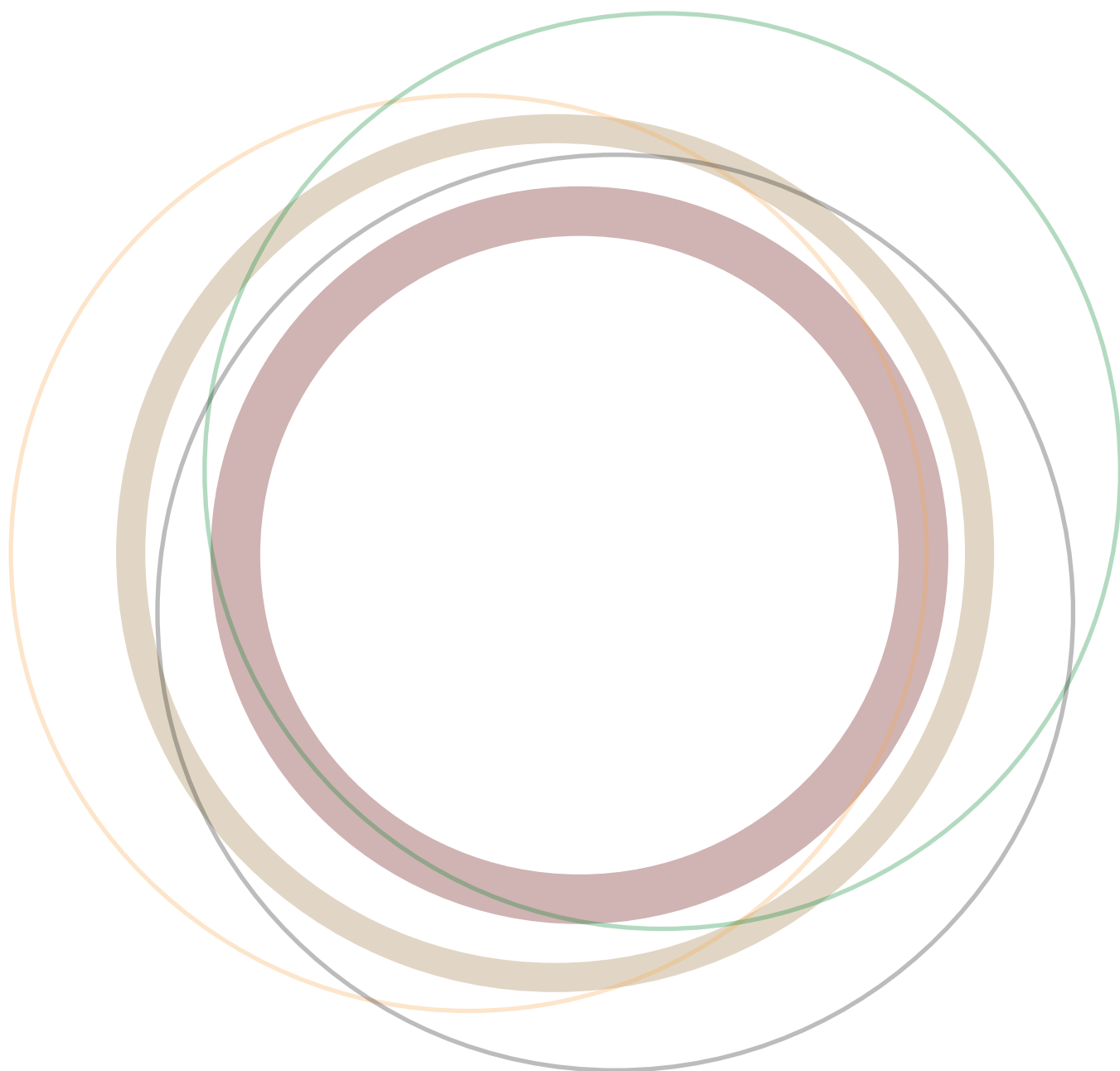
- (1) Subject to the provisions of section 2, the Council;
  - (a) shall, when requested by the Minister, or of its own accord, investigate in terms of section 11 (2), the establishment, continuation, amendment or revocation of statutory measures and other regulatory measures affecting the marketing of agricultural products, evaluating the desirability, necessity or efficiency of, and if necessary proposing alternatives to, the establishment, continuation, amendment or repeal of a statutory measure, or other regulatory measure, and to report to and advise the Minister accordingly;
  - (b) shall prepare and submit to the Minister for consideration statutory measures and changes to statutory measures which the Minister directs it to prepare.
  - (c) shall, whenever requested by the Minister, and at least once annually, report on the activities of the Council.
  - (d) may direct any institution or body of persons designated for the implementation or administration of a statutory measure in terms of section 14, to furnish the Council with such information pertaining to a statutory measure as the Council or the Minister (or the parliamentary committees) may require.
  - (e) may undertake investigations and advise the Minister regarding:
    - (i) the agricultural marketing policy and the application thereof.
    - (ii) the co-ordination of agricultural marketing policy in relation to national economic, social and development policies and international trends

- and developments; and
  - (iii) the possibilities for promoting the objectives mentioned in section 2 (2); and
  - (iv) the effect that marketing of products has on the objectives mentioned in section 2 (2).
- (f) shall monitor the application of statutory measures and report thereon to the Minister and shall evaluate and review such measures at least every two years.
- (g) shall prepare a budget of its expenses, in consultation with the Director-General, on an annual basis for approval by the Minister.

(2) Copies of all reports which are submitted to the Minister in terms of subsection (1) shall simultaneously be dispatched to the parliamentary committees for their information.

### **Council Charter**

The Council is governed by a Charter as recommended by the King Codes on Corporate Governance, MAP Act, PFMA, Companies Act and Treasury Regulations which, among others, details the roles, structures and functions of the Council and its various sub-committees.



## COMPOSITION OF THE COUNCIL

Name	Designation (in terms of Public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Mr Angelo Petersen	Chairperson: Council	May 2021	Not applicable	Post Graduate Diploma in Leadership Development (cum Laude (University of Stellenbosch).	Extensive experience in leading agricultural strategy at multi-market and multiple divisional levels for commercial agricultural organisations. FFMA and PPPFA Board governance, ethical leadership, and compliance experience (King Code).	Independent Director at the following: Capespan Farms (Pty) Ltd, Capespan Namibia (Pty) Ltd, Agri Enterprises (Pty) Ltd, Hortgro (Pty) Ltd and Hortgro Legacy Foundation, Apac Council, Casidra SOE, Executive Director at Petropulos Advisory (Pty) Ltd and Trustee at Petropulos Family Trust	None	5 out of 5
Ms Fezeka Mkile	Council Member	May 2021	Not Applicable	Bachelor of Administration (University of Durban Westville), Diploma Office Management and Information Technology (Infotech College), Introduction to Corporate Governance and Board Effectiveness, Being a Director, Parts 1-5, Governance of Ethics, Financial insights for Non- financial Directors, Mastering Chairmanship (Institute of Directors Southern Africa), Certificate of Competence in Leadership and Team Building (Ubumbo Research and Development).	Agribusiness Development	Chairperson of the Cookhouse Wind Farm Community Trust and member of Social and Ethics Committee. Board Member of the Renewables Cookhouse Wind Farm 1 (RF) Proprietary Limited. Independent Trustee of the FortHare Piggery Trust and Chairperson of the Social and Ethics Committee. Independent Trustee of the FortHare Dairy Trust and Chairperson of the Environment Social and Ethics Committee. Director – Fezzz Business Enterprises and Suppliers. Former Deputy Chairperson of the Board of Director – Eastern Cape Rural Development Agency (ECRDA). Former Director at Kangela Citrus Farm.	Member of HR and R Committee	5 out of 5

Name	Designation (in terms of Public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Ms Thandeka Ntshangase	Deputy Chairperson Council	May 2021	Not Applicable	Bachelor of Commerce (University of Kwa-Zulu Natal)	Strategic Business Planning and Execution. Corporate Governance and Strategy. Finance, Budgeting and Cost Management. Risk or Change Management and Performance Metrics. Policy and Procedure Development	Agribusiness Development Agency – KZN Department of Agriculture - Chairperson: Projects and Finance Committee - Member: Audit and Risk Committee	None	3 out of 5
Mr Sifiso Mhlaba	Council Member	May 2021	Not applicable	Master of Business Administration (MBA) University of Stellenbosch Business School, Master of Science (M. Sc) In Applied Economics. Washington State University, USA. BSc Honours in Agriculture Economics (Cum Laude) North West University. Being a director part 1 - 4, Governance of Ethics (IoDSA)	Market research and analysis Policy analysis and evaluation Agricultural Trade research and analysis Competition and Regulatory Economics Financial Modelling Project Management	Director: Davhuka Investments; Director: Umvongothi Holdings	Member of the HR and RC	5 out of 5
Dr Thembi Xaba	Council Member	May 2021	Not Applicable	PhD in Business Management Administration (University of Stellenbosch Business School) Master's degree in development finance AACSB/EQUIS/AMBA accredited. Advanced Diploma in Economics Policy	Strategic influence Analytical Abilities Financial Management Reporting Writing Project Management Negotiation Skills Deal Structuring	NED for the following: Crookes Brothers Limited, Gibela Business Incubator, and Joburg Market. Ministerial Trustee for Winters Cereal Trust. Director at Abuyile Investments and Mazibuye Investments	Chairperson of the HR	10 out of 12



Name	Designation (in terms of Public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Prof Andre Jooste	Council Member	May 2021	Not Applicable	PhD Agricultural Economics (Free State University) MSc Agricultural Economics University of Pretoria BSc Honors Agricultural Economics University of Pretoria	Conducting Market, policy, rural and industry analysis. Value Chain analysis. Market Research	Chairperson of the Red Meat Research and Development Trust Project Committee and the Grain and Oilseed Demand and Supply Estimates Committee. Committee member of the Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN)	Member of the Audit and Risk Committee	5 out of 5
Ms Nonie Mokose	Council Member	May 2021	Not Applicable	Master's degree of Agriculture in Rural Development (University of Pretoria), BSc. Nutritional Sciences (Cornell University, Ithaca, New York).	Rural Development, Agricultural and Farmer Development and Empowerment, Sustainable Agri-Food Systems, and Fast-Moving Consumer Goods (FMCG) Marketing, Human Nutritional Sciences	Central University of Technology: Free State (CUT) Member of Council. Specialist Agricultural Representative on Council Member of Planning Finance and Resources Committee (PFRC) Kgodiso Trust (Pioneer Food Group (Pty) Ltd: PepsiCo Inc.) Independent Trustee of the Kgodiso Trust Chairperson of Kgodiso Trust Investment Committee Laeveld Agrochem Steering Committee Member: Agricultural Entrepreneur Development Company.	Audit and Risk Committee Member	5 out of 5



Name	Designation (in terms of Public entity board structure)	Date appointed	Date resigned	Qualifications	Area of expertise	Board Directorship	Other committees or task teams (e.g. Audit Committee/ Ministerial Task Team)	No. of meetings attended
Ms Shandini Naidoo	Council Member	May 2021	Not Applicable	LLB LAW (WITS) BA International Relations (WITS) LLM International Economic Law (UNISA)	Legal and Risk Management Legal Advisory Legal Compliance Company Secretary Business Development Legal Research International Trade Advisory and Policy Business proposals	AVOPORT PTY LTD	None	5 out of 5
Mr Gerhard Schutte	Council Member	May 2021	Not Applicable	Master's degree in agriculture, Baccalaureus Honours in Agriculture (Animal Nutrition), Bachelor of Science in Agriculture.	Red Meat Farming, Executive Management, CEO: National Red Meat Producers Organisation	Member of the CEO Forum; Vice-Chairperson of National Animal Health; Forum Board; Member of Onderstepoort Advisory Board; Member of National Agricultural Research Forum; Manager of National Stock Theft Forum; Member of Predation Management South Africa; Director and Executive Member of Red Meat Industry Forum.	None	5 out of 5

## MEETINGS FOR COMMITTEES OF THE COUNCIL: 1 APRIL 2022 TO 31 MARCH 2023

### AUDIT AND RISK COMMITTEE

No.	Name	Role	No. of meetings attended
1	Mr Paul Slack	Chairperson	4 out of 4
2	Ms Buyiswa Mgozeli	Former Audit and Risk Committee Member <sup>3</sup>	2 out of 4
3	Mr Simphiwe Dzegwa	Audit and Risk Committee Member and Chairperson of the Risk Management Committee	3 out of 4
4	Prof Andre Jooste	Council Member	4 out of 4
5	Ms Nonie Mokose	Council Member	4 out of 4
6	Mr Sazi Ndwandwa <sup>4</sup>	Independent Member of the Audit and Risk Committee	0 out of 4

### HUMAN RESOURCES & REMUNERATION COMMITTEE

No.	Name	Role	No. of meetings attended
1	Dr Thembi Xaba	Council Member (Chairperson)	4 out of 4
2	Ms Fezeka Mkile	Council Member	4 out of 4
3	Mr Sifiso Mhlaba	Council Member	4 out of 4
4	Mr Gerhard Schutte	Council Member	4 out of 4

<sup>3</sup> Ms Buyiswa Mgozeli resigned on 12 August 2022.

<sup>4</sup> Mr Sazi Ndwandwa was appointed on 31 January 2023.

## RISK MANAGEMENT COMMITTEE

No.	Name	Role	No. of Meetings attended
1.	Mr. S Dzengwa	Chairperson and Audit and Risk Committee Member	4 out of 4 (Appointed 01 January 2022)
2.	Dr S. Ngqangweni	Chief Executive Officer	2 out of 4
3.	Ms I. Mathatho	Chief Financial Officer	4 out of 4
4.	Ms N. Simelane	Senior Manager: Human Resources Management	4 out of 4
5.	Dr N. Tempia	Senior Manager: Markets and Economic Research Centre	3 out of 4
6.	Mr S. Burger	Senior Manager: Statutory Measures	3 out of 4
7.	Ms K. Mosoma	Senior Manager: Agribusiness Development	3 out of 4
8.	Mr B. Nyhodo	Senior Manager: Agricultural Trusts	2 out of 4
9.	Mr S. Monamodi	Communications Manager	3 out of 4

## RISK MANAGEMENT

Risk management is, in essence, about proactively identifying and understanding the factors and events that may impact upon the achievement of strategic and operational objectives, including the managing, monitoring, and reporting of risks and opportunities. It is in this regard that the Risk and Compliance Unit of the NAMC was established, based on the prescripts of the Public Finance Management Act, Treasury Regulations and the Public Sector Risk Management Framework issued by the National Treasury. The realisation of the Risk Management Strategy was executed through a Risk Management Implementation Plan, approved by the Council. The Risk Management Implementation Plan is meant to guide and assist in implementing the activities that will assist in serving the organisation.

The Risk Implementation Plan empowers the Risk and Compliance Unit to perform the following:

- Facilitation of risk identification,
- Risk mitigation.
- Risk monitoring and reporting at the operational, project and strategic levels.
- Implementation of the approved fraud prevention policy.
- Implementation of the approved continuity management policy.
- Implementation of the compliance and ethics programme; and
- Implementation of the combined assurance framework.

## INTERNAL CONTROL

The Council has the ultimate responsibility for establishing a framework for internal controls, including an appropriate procurement and provisioning system. This function is delegated to the executive management to ensure that the risks are properly managed. The controls throughout the entity focus on the critical risk areas identified and confirmed by management.

The Council relies on the Audit and Risk Committee, Risk Management Committee, and Internal Auditors to monitor and report on the status of the internal controls at the NAMC. These controls are designed to provide a cost-effective assurance that assets are safeguarded and that the available working capital is managed efficiently, effectively, and economically.

Organisational policies, procedures and the delegation of authority provide direction, accountability, and division of responsibilities, and contain self-monitoring mechanisms. The designed internal controls are

closely monitored by both management and internal audit, and actions are taken to correct deficiencies identified.

## INTERNAL AUDIT AND AUDIT AND RISK COMMITTEE

The Audit and Risk Committee plays an important role in ensuring that the entity functions according to good governance, accounting, and audit standards. The Committee also monitors the adoption of appropriate risk management arrangements, and a brief description of these is as follows:

- Key activities and objectives of the internal audit
- Specify summary of audit work done
- Key activities and objectives of the Audit and Risk Committee
- Attendance of Audit and Risk Committee meetings by Audit and Risk Committee members.

## FRAUD AND CORRUPTION

The NAMC has an approved Fraud Prevention Policy, which is established to facilitate the development of controls that will aid in the detection and prevention of fraud against the entity. The NAMC has zero tolerance towards fraud and corruption; in addition, the entity has a declaration of interest policy which ensures that the values of the entity are maintained and upheld.

## MINIMISING CONFLICT OF INTEREST

In managing the risk of conflict of interest, it is a requirement that all officials in the supply chain management unit and all internal staff participating in the tender/procurement committees – whether bid specification, bid evaluation or bid adjudication – complete and sign declaration of interest forms and the code of conduct. In instances where an affected party is conflicted, it is a requirement that recusal be made and that the matter of conflict be declared and registered.

## CODE OF CONDUCT

The NAMC code of conduct sets out the standard social norms, regulations, and responsibilities that employees must adhere to in performing their duties. Investigations have been conducted in instances of misconduct because of non-compliance with policies.

## HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The following is an overall and consolidated annual status update on the Occupational Health and Safety (OHS) report for the NAMC. This report aims to provide an overview of the measures implemented, the progress made, and the

challenges encountered in maintaining a safe and healthy workplace for our employees. The reporting period covers the past year from 01 April 2022 to 31 March 2023.

### The OHS Policy and Management

The NAMC reaffirms our commitment to prioritizing the health and safety of our employees through a well-defined and approved OHS policy. The policy is regularly communicated and reviewed to ensure its legal relevance and effectiveness. Furthermore, a dedicated OHS Committee was established to oversee the implementation of safety protocols and initiatives.

### Risk Assessment and Control

Comprehensive risk assessments were conducted across all areas of the office environment. The identification of potential hazards and risks enabled us to develop appropriate control measures. Regular inspections and audits were carried out to ensure compliance with safety protocols. Any identified hazards were promptly addressed, and corrective actions were implemented.

### Training and Education

OHS training programs were conducted for all employees during the reporting period. These sessions covered topics such as emergency procedures, proper workstation ergonomics, stress management, and general health and safety awareness.

### Incident Reporting and Investigation

A robust incident reporting system was in place to encourage employees to report any workplace incidents, accidents, or near misses. All reported incidents were thoroughly investigated to determine root causes and identify areas for improvement. Corrective measures were implemented promptly to prevent similar incidents from recurring.

### Emergency Preparedness

Emergency response plans were developed, communicated, and tested regularly. Evacuation drills were conducted to ensure all employees were familiar

with emergency procedures and assembly points. Emergency equipment, such as fire extinguishers and first aid kits, were regularly inspected and maintained.

### Mental Health and Well-being

Recognizing the importance of mental health in the workplace, initiatives were implemented to support the well-being of our employees. These initiatives included awareness campaigns, via our duly appointed service provider, access to mental health resources, and employee assistance programs.

### Challenges Faced

While significant progress has been made in maintaining a safe and healthy office environment, a few challenges were encountered during the reporting period. These challenges included a fire drill that did not cover all employees within the organisation due to some employees working from home and the current office space does not cater for all employees to be at the office at the same time. Maintaining consistent adherence to safety protocols, and addressing the minor evolving risks associated with housekeeping.

### Future Focus Areas

Based on the observations and feedback received, the following areas will be prioritized for further improvement in the upcoming year:

- Enhanced communication and training on emerging safety issues, including remote work safety.
- Continual reinforcement of safety protocols and promoting a culture of safety.
- Strengthening mental health support initiatives and promoting work-life balance.
- Conducting regular reviews and updates of risk assessments to address changing work conditions and emerging hazards.
- Exploring innovative technologies and solutions to improve safety practices.



## AUDIT & RISK COMMITTEE REPORT

### Introduction

The Audit and Risk Committee is pleased to present its report for the 2022/2023 financial year. The Audit and Risk Committee exists as an independent statutory committee appointed by the Council of the National Agricultural Marketing ("NAMC"). The Committee operates within the approved Audit and Risk Committee Charter and complies with all relevant legislation in executing its responsibilities in terms of the PFMA and Treasury Regulations and the requirements of King 1V. The duties and responsibilities of the Committee are outlined in the report below.

### Composition

The Audit and Risk Committee comprises of three Independent Members namely Mr Paul Slack (the Chairperson), Ms Buyiswa Mgozeli, Mr Simphiwe Dzegwa and two Council Members namely Ms N Mokose and Prof A Jooste.

During the 2022/2023 financial year, two (2) Independent committee members' namely, Ms L Mothae (Chairperson) and Dr P Dala employment contracts ended. The Council appointed Mr Paul Slack as the Independent Chairperson and Ms Buyiswa Mgozeli and Mr Simphiwe Dzegwa as the Independent Committee members.

The Chief Executive Officer, The Chief Financial Officer, The Chairperson of the Information Communication Technology Steering Committee, and the Risk and Compliance Manager are all standing invitees to the Audit and Risk Committee meetings. Representatives from Nexia SAB&T (Internal Auditors) and the Auditor General also attended the meetings.

The table below discloses relevant information on the Audit and Risk Committee members.

**Table 8: Audit and Risk Committee Information**

No	Name	Qualifications	Internal or external member	If the internal, position in the department	Date appointed	No. of meetings attended
1	Mr Paul Slack	CD(SA)	Independent Member	Not applicable	01/07/2021	3 out of 4
2	Ms Buyiswa Mgozeli <sup>5</sup>	Postgraduate Diploma Risk Management	Independent Member	Not applicable	01/07/2021	3 out of 4
3	Mr Simphiwe Dzegwa	MBA	Independent Member	Not applicable	01/12/2021	3 out of 4
4	Ms Nonie Mokose	Master of Agriculture in Rural Development	Council Member	Not applicable	01/06/2021	4 out of 4
5	Prof Andre Jooste	PhD Agricultural Economics	Council Member	Not applicable	01/06/2021	2 out of 4
6	Mr Sazi Ndwandwa	CA (SA), MPhil (Management Coaching)	Independent Member	Not applicable	31/01/2023	0 out of 4

<sup>5</sup> Ms Buyiswa Mgozeli resigned on 12 August 2022.

## Audit and Risk Committee Responsibility

### Statutory Duties

The Audit and Risk Committee compiled this report with a purpose to outline its responsibilities arising from Section 78 of the Public Finance Management Act and Treasury Regulation 3.1.13. and the requirements of the KING 1V Code of Corporate Governance include:

- To assist the Council in its evaluation of the adequacy and effectiveness of the internal control systems, governance, accounting practices, information systems, risk management and auditing processes applied within the NAMC'S day to day management of its business.
- To facilitate and promote communication between Council, Management, the External Auditors and internal auditors on matters which fall within the responsibilities of the Committee.
- To ensure the risk and compliance areas of NAMC operations to be covered in the scope of Internal and External audits.
- To ensure the accounting and auditing concerns identified from the internal and external audits conducted during the period under review are addressed.
- To ensure NAMC compliance with legal and regulatory provisions, the MAP Act and the PFMA as well as the Treasury Regulations; and
- To ensure the independence and objectivity of the Internal and External Auditors.

### Internal controls

Below are the primary activities are undertaken by the Audit and Risk Committee in assessing the effectiveness of internal controls:

- Reviewed the effectiveness of internal control systems by approving the risk-based Internal Audit Plan and reviewed internal audit reports every quarter.
- Assessed the adequacy, reliability and accuracy of financial information provided by management.
- Reviewed the effectiveness of the internal audit function, and thorough assessment of the quality of reports submitted to the committee.
- Reviewed the NAMC's processes for compliance and legal and regulatory provisions.
- Reviewed the NAMC's processes for risk management and ethics management.
- Reviewed the expertise, resources, and experience of the organisation's finance function.
- Reviewed, and where appropriate, recommended changes to the Annual Financial Statements as presented by the NAMC for the year ended 31 March 2022.

- Reviewed the accounting policies and practices, as reported in the Annual Financial Statements, and confirmed that these were appropriate.
- Reviewed the information of the predetermined objectives as reported in the Annual Report.
- Reviewed the AGSA's Management Report and management's response thereto.
- Reviewed adjustments resulting from the audit of the NAMC.
- Provided a channel of communication between the Accounting Authority and management, internal auditors, and external auditors.
- Ensured that a combined assurance model was applied to provide a coordinated approach to all assurance activities and ensured that it was appropriate to address all significant risks faced by the NAMC.

The key outcomes following the above assessment procedures include:

Our review of the findings highlighted by Internal and External Audit revealed several weaknesses. These were raised with management, and some were adequately and effectively addressed, hence most remain as a work in progress.

The Audit and Risk Committee acknowledges the non-compliance with concern; and continues to advise Council to take decisive, and timely actions to address the incident of irregular expenditure, contract management and overarching mismanagement of the organisation. The Audit and Risk Committee further advised Council to take immediate initiation of investigations, followed by consequence management and strengthening of controls, highlighting management's commitment to preventing a reoccurrence thereof.

In line with the PFMA requirements, the internal auditor's objectives are to provide the Audit and Risk Committee and management with objective assurance that the internal controls are appropriate and effective. This is achieved by means of an objective appraisal and evaluation of the risk management processes, internal controls and governance processes, as well as identifying corrective action and suggested enhancements to the controls and processes.

The Audit and Risk Committee ensured that the organisation's internal audit function was independent and had the necessary resources and authority to discharge its duties. Nexia SAB & T are the appointed internal auditors for the NAMC. Their contract ended on 31 January 2022, and they were re-appointed through the tender process on 19 April 2022. No audits were undertaken other than a follow-up on findings from both Internal and External audits.

The internal auditors are fully supported by management, Council and the Audit and Risk Committee and have full, unrestricted access to all organisational activities, records, property, and personnel. During the period under review, the internal auditors conducted a follow-up on the prior year's audit findings review. The results were reported to management and the Audit and Risk Committee and Council.

Having considered, analysed, and reviewed the combined assurance information provided by management, Internal Audit, external auditors and the management risk committee, the Audit and Risk Committee confirms that:

- The internal controls of the organisation were somewhat effective in isolated material aspects throughout the period under review.
- Some of the identified weaknesses associated with non-compliance to the Supply Chain Management were addressed, however, there is room for improvement.
- Appropriate policies supported by reasonable and prudent judgement and statements were somewhat applied.
- A reasonable degree of effective controls is in place to safeguard assets, though not adequate to the required standards.
- The Financial Statements comply, in all material respects, with the relevant provisions of the PFMA of 1999 and GRAP.
- The skills, independence, audit plan, reporting, and overall performance of the external auditors were acceptable.
- The finance function is under capacitated; however, some degree of skills, knowledge and expertise exists in the function.

## Whistle-Blowing

The Whistle-Blowing contract with Deloitte ended during the reporting period and Deloitte was reappointed again to continue to monitor whistle blowing reports within the organisation.

## External Auditors

The Audit and Risk Committee independently engaged the Auditor General and the Committee is satisfied that it has adequately discharged its legal and regulatory responsibilities.

The Committee has reviewed and accepted the Auditor General's final Management Report and Audit Opinion relating to the Annual Financial Statements, Audit of Performance Information and Compliance with legislation as well as the audit findings issued by

the Auditor General which are to be addressed per the mitigation action plans as agreed between NAMC and the AGSA.

## Evaluation of Annual Financial Statements

The Audit and Risk Committee has:

- Reviewed the appropriateness of accounting policies.
- Reviewed the appropriateness of assumptions made by management in preparing the financial statements.
- Reviewed the significant accounting and reporting issues and understood their impact on the annual financial statements.
- Reviewed the annual financial statements and considered that they are complete, consistent with prescribed accounting practices and information known by the Committee; and
- Obtained assurance from Management concerning the completeness and accuracy of the annual financial statements.

## Irregular, Fruitless and Wasteful Expenditure

In the financial year under review, there was no fruitless and wasteful expenditure and irregular expenditure decreased from R6m in the previous financial year to R2m in the current financial year. The determination test for the past irregular expenditure was not finalised in the current financial year and management is working on this to ensure that there is conclusion.

## Governance of Risk

The Audit and Risk Committee has continued to fulfil its oversight role regarding:

- Enterprise risk management.
- Compliance Management.
- Anti-Corruption and Fraud.
- Business Continuity Management; and
- Combined Assurance.

During the 2022/2023 financial year, the Risk Management Committee and Audit and Risk Committee highlighted the need for the NAMC to conduct a Determination Test for the irregular expenditure that has been incurred by the entity. This was recommended to Council, and it was subsequently resolved that a service provider will be appointed to conduct the determination test. The process of which has been initiated, therefore as of financial year-end, there was no Determination test that has been conducted.

## Internal Audit

The Audit and Risk Committee discharged its responsibility to approve the annual and three-year rolling plan and consider Internal Audits quarterly reports and the mitigation action plans as agreed between NAMC and Internal Audit. The Committee further ensured that Internal Audit remained independent, and objective and had the necessary resources, standing and authority within the NAMC to enable it to discharge its duties.

## Conclusion

The Audit and Risk Committee recommended the approval of the audited annual financial statements and the audit opinion for the financial year end 31 March 2023 at its special meeting held on 25 July 2023 and these annual financial statements and audit opinion were duly approved by the Council on 28 July 2023 to be included in the NAMC Annual Report for the financial year ended 31 March 2023.



Mr Paul Slack  
Chairperson of the Audit and Risk Committee  
National Agricultural Marketing Council  
31 July 2023

## B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the B-BBEE requirements of the BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

**Table 9: B-BBEE Compliance Performance Information**

<b>HAS THE PUBLIC ENTITY APPLIED ANY RELEVANT CODE OF GOOD PRACTICE (B-BBEE CERTIFICATE LEVELS 1 – 8) WITH REGARDS TO THE FOLLOWING?</b>		
<b>Criteria</b>	<b>Response Yes / No</b>	<b>Discussion (include a discussion on your response and indicate what measures have been taken to comply)</b>
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	N/A	Not applicable
Developing and implementing a preferential procurement policy?	Yes	Supply Chain Management policy is in place
Determining qualification criteria for the sale of state-owned enterprises?	N/A	Not applicable
Developing criteria for entering partnerships with the private sector?	N/A	Not applicable
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad Based Black Economic Empowerment?	N/A	Not applicable





# PART D:

## HUMAN RESOURCE MANAGEMENT



# HUMAN RESOURCE MANAGEMENT

## INTRODUCTION

The Human Capital Division has the primary responsibility for managing, assisting and dealing with all employee-related matters including functions such as policy administration, recruitment process, benefits administration, training and development and employee assistance program. The division is committed to creating a high-performance, diverse, and inclusive workforce and recognizing the skills and capabilities of our employees. This is the reason we provide regular learning and development opportunities, which enable employees to increase and maintain their skills and capabilities.

The Human Capital Division is pleased to present the Annual report for the period April 2022 to March 2023. The report is in line with the thirteen (13) Human Resources Standards.

## TALENT MANAGEMENT

The Human Capital Division initiated the process for Succession Planning with the NAMC management. Succession planning is a strategy for identifying developing future leaders within the organisation. This strategy is not just introduced at the top but for major roles at all levels to assist the organisation to prepare for all contingencies by identifying high-potential and high performing employees for advancement.

Succession planning is an important part of the talent management process as captured in the approved Human Capital Strategy and it provides a way to identify critical employees with the right skills. It also provides a way to cut the costs of recruitment, enabling the NAMC to manage recruitment in-house. Below is the plan that will be implemented accordingly:

**Table 10: The NAMC 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

## STRATEGIC HUMAN RESOURCES MANAGEMENT

Our strategic human capital management processes link our functions with the strategic objectives of the NAMC. This is to improve the organisation's performance and develop a culture that fosters innovation, flexibility, and employee development. The Human Capital policies ensure that the NAMC complies with relevant labour legislation and reduces the risk of corporate liability or employee lawsuits.

In light of the above, the Human Capital Division has reviewed the following policies and procedures:

Policies with Major amendments:

- The Disciplinary and Incapacity Code Policy and Procedure.
- The Performance Management and Development Policy and Procedure.
- The Recruitment and Selection Policy and Procedure; and
- Leave and Incapacity Policy and Procedure.

Policies with the minor and no amendments:

- The Sexual Harassment Policy and Procedure.
- The Basic Conditions of Employment.
- The grievance Policy and Procedure.
- Remuneration Policy.
- Bursary Policy; and
- HIV/ AIDS Policy.

In line with the newly approved organisational structure, the Corporate Communication unit has been reallocated to the Human Capital Division and the Statutory Measures and Agricultural Trusts Divisions have officially merged into one division called the Agricultural, Regulatory and Measures Division. The Human Capital Division facilitated change management with all the employees that were affected by the structural changes. Furthermore, the NAMC is in the partitioning of the registry office was completed during the reporting period.

## HR RISK MANAGEMENT

The Human Capital risk register is in place to ensure that the Human Capital activities and people management practices are within the governance, risk and compliance framework and integrated reporting model of the organisation. The following risks were identified with the Human Capital environment:

- Risk to employee performance and organisational performance due to capacity constraints.
- Inability to attract and retain skilled personnel.
- Organisational Development (lack of funds and resources to fully implement the newly approved structure);
- Ineffective or poor management of Registry or Records; and
- Inadequate implementation of good practices in dealing with labour relations matters.

The identified risks are continuously monitored, and mitigation plans are in place to address critical issues as outlined in the risk register.

## WORKFORCE PLANNING

The Human Capital Division plays a significant role in ensuring that the NAMC has the required human resources with the requisite skills, knowledge, and attitudes to achieve its strategic objectives. Through this process, we ensure that:

- The NAMC has the right number of competent people, at the right place, at the right time, doing the right work.
- A pipeline of critical and scarce skills is readily available to meet the needs of the organisation; and
- The recruitment process is implemented efficiently to prevent positions from remaining vacant for extended periods.

Considering the above, the following appointments and terminations were facilitated during the financial year:

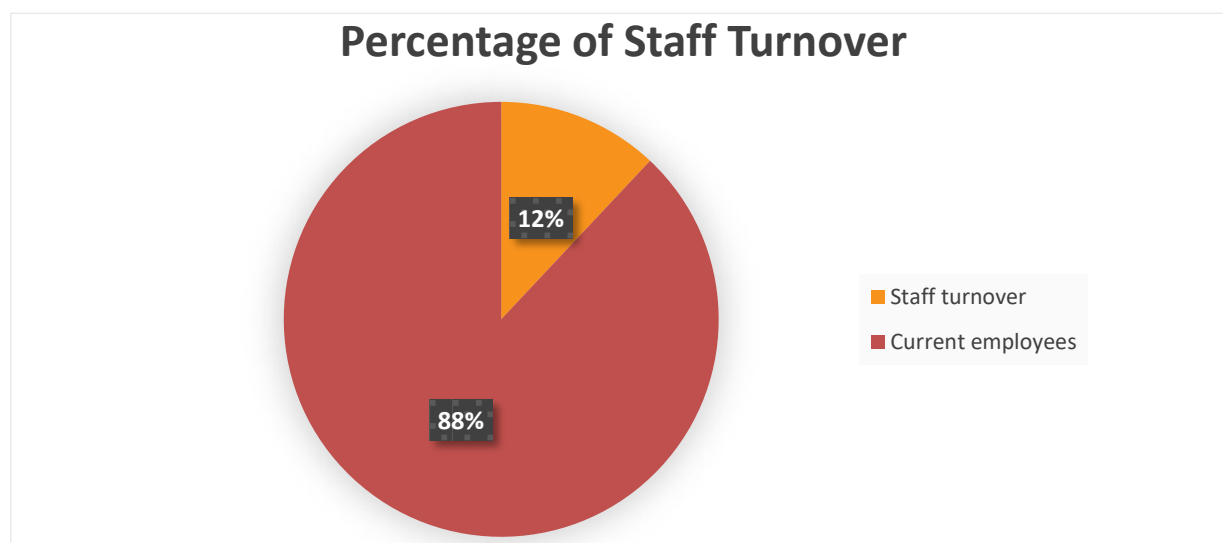
**Table 11: Appointments**

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

**Table 12: Terminations**

Number of employees	Reason for termination	Race	Gender
1x Financial Administrator	End of Contract	African	Male
12 x Internship	End of Contract	African	3 x Male and 9 x Female
1 x Financial Accounting Internship	Resignation	African	Female
1 x Economist: Agricultural Trust	Resignation	African	Male
1x Financial Intern	Resignation	African	Male
1 x Economist Trade	Resignation	African	Male
1 x Risk and Compliance Officer	Resignation	African	Female
1 x Management Accountant	Resignation	African	Female
1x Financial Intern	Resignation	African	Male
1x Manager Corporate Communications	Resignation	African	Male
1x Manager: Agro-Food Chains	Resignation	White	Male
1x Research Assistant Cassava	Resignation	African	Male
2 x Interns	End of Contract	African	Male
3 x Interns	End of Contract	African	Female
1 x Economist Agro-food Chains	Resignation	African	Female
5 x Interns	End of Contract	African	Female
2 x Interns	End of Contract	African	Male

Chart 1 outlines the percentage of staff turnover as per the fourth 4th quarter of the 2022/2023 financial year:



**Figure 1:** Percentage of staff turnover permanent employees

## LEARNING AND DEVELOPMENT

The Human Capital seeks to build the capabilities of our employees and accelerate their professional, academic and skills development. We provide several initiatives aimed at fostering management and leadership skills. This is aimed at equipping employees with the necessary capabilities to lead the organization through change, develop teams, manage performance, and ensure business success in line with the NAMC's strategic objectives. Bursaries and training initiatives are funded through Agri-SETA's discretionary grants.

During the reporting period the NAMC received the following approval from the Agri-SETA Discretionary Grant for the 2022/2023 financial year:

**Table 13:** Approval from the Agri-SETA Discretionary Grant

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

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.

The Human Capital Division coordinated the following training for the employees as follows during the reporting period:

**Table 14:** Training Facilitated During the Reporting Period

Type of Training	Number of Employees
Computable General Equilibrium (CGE)	x1
Ethics of the Legal Professional	x1
Report Writing	x14
Conflict Management Training	x34
Executive Coaching for the CEO	x1
Financial Literacy Workshop	x38
Workshop for the Project Management Framework and Project	
Management Steering Committee Charter	x41
Change Management	x1
HR Policy workshop	x31
Business Antiquate	x11
Basic Conditions of Employment and Training and Development	
Policies	All staff members
Discovery/ Sanlam employee benefits workshop	All staff members
Supply Chain Risk Management	x1
Basic Excel Training	x11

## PERFORMANCE MANAGEMENT

The Performance Management and Development Policy and Procedure has been reviewed to provide a framework for the effective management of employee performance within the NAMC and to ensure the following:

- Alignment of performance management to the NAMC's strategic objectives.
- An increase in the certainty of job roles, accountability and transparency of both employees and the organisation to optimise resource utilisation.
- Improved employee development and engagement.
- Early warning signs for under-performance and timely interventions; and
- The creation of a culture of performance in the organisation amongst all employees including recognising excellent performance and curtailing and correcting poor performance.

Council approved the performance bonuses for the 2022/2023 financial year, in line with the approved Performance Management and Incapacity Policy. Of the evaluated employees, forty (40) employees qualified for the performance bonus and three (3) employees received a pro-rated performance bonus as they were not evaluated for one quarter each. Four (4) employees did not qualify, of which three (3) employees had not finished their probation period at the end of March 2022 and one (1) employee did not qualify, due to prolonged illness and were not evaluated for all four quarters. The scoring allocation for the 2021/2022 financial year is outlined in the table below.

**Table 15: The Staff Performance**

Rating	Performance Range	Number Of Employees	Gender
5 Rating Employees	91 – 100%	1	1.69%
4 Rating Employees	81 – 90%	5	1.07%
3 Rating Employees	60 – 80%	34	0.47 – 0.97%
2 Rating Employees	31 – 59%	0	0
0-1 Rating Employees	0 – 30%	0	0

Employees were given the bonus payment notification letters and the performance bonuses were paid in November 2022.

## REWARDS AND RECOGNITION

The NAMC encourages the recognition of excellent performance and achievement using rewards that are creative, flexible and meaningful. The following salary increases were implemented in the 2022/2023 financial year:

- A once-off pensionable salary adjustment of 1.5% to employees with effect from 01 April 2022; and
- The payment of a non-pensionable monthly cash allowance of R1000.00 with effect from 01 April 2022.

All due communication was sent to all employees to notify them of the adjustment and was implemented accordingly.

### Long Service Recognition

A remuneration policy was developed to attract high-calibre talent, reward employees, and motivate them to achieve the organisation's goals and objectives. One (1) employee was recognised for thirty (30) years of long service. The employee was awarded certificate and bonuses.

### Risk Benefits

In line with the Basic Conditions of Employment and the Labour Relations Act, the following benefits are provided by the NAMC:

- Group Risk Benefit Schemes;



- Group Life Scheme for death cover;
- Group Income Continuation Scheme for disability cover; and
- Funeral Cover and the Provident Fund.

## EMPLOYEE WELLNESS

The Human Capital Division recognises the need for wellness in the workplace to create an environment that promotes healthy behaviours and improves the work/life balance of the employees. During the reporting period, Human Capital facilitated the process to appoint a new Wellness service provider. The company that was appointed as of 01 December 22 is ICAS.

Furthermore, the NAMC conducted Wellness Day Event for the organisation on 02 December 2022. Employees received free examinations from the following experts:

- Optometrist.
- Dietician.
- Audiologist.
- Podiatrists.
- Physiotherapist; and
- Dentist.

The Wellness Day was a success and the Human Capital received appreciation from employees that attended.

The OHS Committee held five (5) meetings during the reporting period to discuss, the final OHS assessment or inspection report.

The report was shared with the Management Committee, staff members and the OHS committee. The following findings have been addressed:

- The development of the OHS Implementation Plan to address the findings.
- Employees were taken for fire-fighting training.
- The cleaning and disinfecting of the NAMC office.
- Landlord has addressed some of the findings, such as replacing the broken lights, and fixing the broken toilet seat and tile.
- SCM is facilitated the procurement of fire extinguishers, screen dividers and disinfecting sanitisers.

The OHS committee continues to monitor the implementation of safety measures within the NAMC

## Women's and Men's Diversity Forums

The Diversity forums are to inspire men and women, to face new opportunities and challenges, through building a culture of diversity and inclusivity. Employees are encouraged to create dialogue, debate and forward-thinking in addressing issues affecting them both in the workplace and personal.

## Employee Assistance Programme

Below is a list of employees that were referred for counselling during the reporting period:

**Table 16: Counselling Referrals**

Category	Race	Gender
1 x Trauma	African	Male
1 x Depression and Anxiety	White	Male

## EMPLOYEE RELATIONS

Human Capital ensures that all our employee relations processes are constantly reviewed to ensure that they follow the best practices and meet all legal obligations. We ascertain that there is consistent communication with employees about our policies and procedures.

Human capital facilitated the CEO engagement, and the following was discussed:

- The Agriculture Agro-processing Master Plan.
- Refocusing the NAMC Service Delivery Plan.
- The Minister's Summary of the Budget Speech; and
- The Occupational Health and Safety Assessment Report.

The CEO's Engagement Sessions are meant to provide further emphasis on the strategic objectives of the organisation, engaged employees boosts productivity. It is also another attempt to retain the employees, and to promote and enhance the organisational culture

## Grievances

Seven (7) grievances were lodged during the reporting period.

## Disciplinary Hearing

There were no disciplinary hearings held during the reporting period.

## Staff Representative Committee

The Staff Representative Committee held three (3) meetings during this reporting period.

## ORGANISATIONAL DEVELOPMENT

The Agriculture Agro-processing Master Plan project structure was developed in consultation with the Project Manager during the reporting period. The structure focuses on the key areas of the project, to ensure that we appoint and second the right people with the requisite skills and capabilities to deliver on the project objectives. Key Senior Managers and the Chief Financial Officer were consulted and provided inputs into the structure. The identified positions are as follows:

- The Project Manager.
- The Secretary.
- The Administrative Officer.
- Research and Value Chain.
- Industry and Transformation.
- Economist Research and Coordination.
- Production Schemes.
- Monitoring and Evaluation Coordinator.
- Market and Communication Automation Specialist.
- Project Finance Management; and
- HR Coordinator.

The Human Capital Division is currently awaiting approval of the proposed structure and the re-signing of the SLA to commence with the recruitment process

## HUMAN RESOURCES TECHNOLOGY

To extract Human Capital information in real-time and deliver effective Human Capital information, the following technological systems are in place:

- VIP Payroll systems.
- Records management.
- Employee Self Service (ESS); and
- Quick skills system.

## HUMAN CAPITAL STATISTICS

**Table 17: Personnel Cost by Programme**

Programme	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel Expenditure as a % (R'000)	No of Employees	Average personnel cost per employee
Programme 1: CEO's Office	(R'000)	5 764 282,21	68%	5	1 152 856,44
Programme 1: Finance and Administration	14 611 860,11	5 125 269,41	35%	7	732 181,34
Programme 1: Human Capital	5 613 409,93	4 921 665,47	88%	11	447 424,13
Programme 2: MERC	12 733 472,67	11 235 960,93	88%	15	749 064,06
Programme 3: Statutory Measures	3 084 973,19	2 953 316,12	96%	4	738 329,03
Programme 4: Agricultural Trust	3 354 235,66	2 692 906,11	80%	4	673 226,53
Programme 5: Agribusiness Development	3 671 700,52	3 256 715,58	89%	3	1 085 571,86
<b>TOTAL</b>	<b>51 577 496,59</b>	<b>35 950 115,83</b>	<b>70%</b>	<b>47</b>	<b>721,00</b>

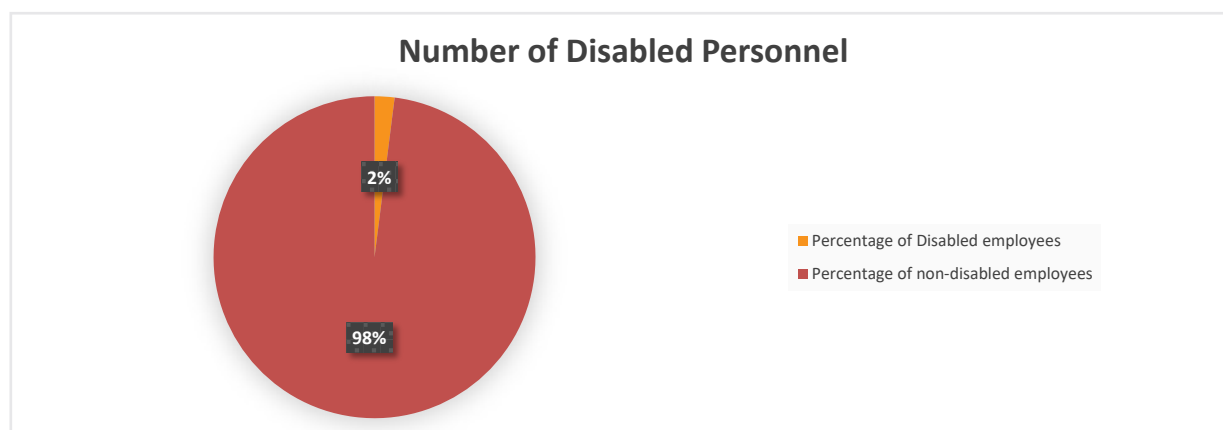
**Table 18: Employment and Vacancies**

Programme	2022/2023 Approved Posts	No. of Employees	2022/2023 Vacancies	% of Vacancies
Programme 1: CEO's Office	8	4	4	6.6%
Programme 1: Finance and Administration	10	8	2	3.3%
Programme 1: Human Resources	11	10	1	1.6%
Programme 2: MERC	17	11	6	10%
Programme 3 and 4 Agricultural Regulatory Measures	9	8	1	1.6%
Programme 5: Agribusiness Development	5	3	2	3.3%
<b>TOTAL</b>	<b>60</b>	<b>44</b>	<b>16</b>	<b>26.4%</b>

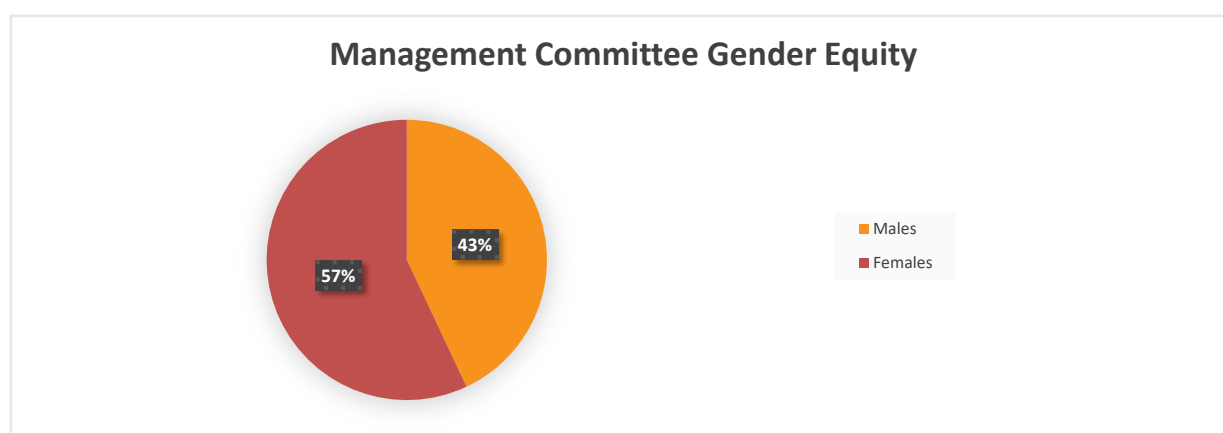
Most of the vacancies are from the non-funded positions in the recently approved organisational structure. The positions will be filled when the organisation has the necessary funds available.

**Table 19: Number of Disabled Personnel**

Levels	Male	Target	Female	Target
Senior Management	1	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	0	0
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>

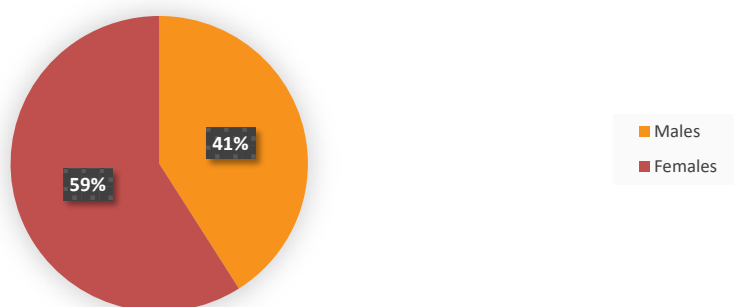

**Table 20: Management Committee Gender Equity (% of total Management Committee)**

Gender	Number	% of total Management Committee
Males	3	43%
Females	4	57%
<b>TOTAL</b>	<b>7</b>	<b>100%</b>


**Table 21: Total Employment: Gender Equity**

Gender	Number	% of the total staff
Males	18	41%
Females	26	59%
<b>TOTAL EMPLOYEES</b>	<b>44</b>	<b>100%</b>

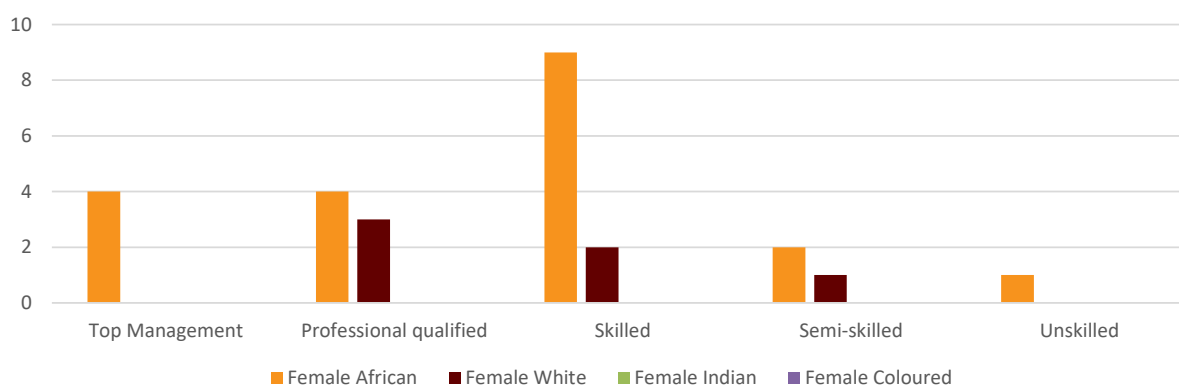
## Employee Gender Equity



**Table 22: Employment Equity: Females**

Levels	Female African	Female White	Female Indian	Female Coloured
Top Management	4	0	0	0
Professional qualified	4	3	0	0
Skilled	9	2	0	0
Semi-skilled	2	1	0	0
Unskilled	1	0	0	0
<b>TOTAL</b>	<b>20</b>	<b>6</b>	<b>0</b>	<b>0</b>

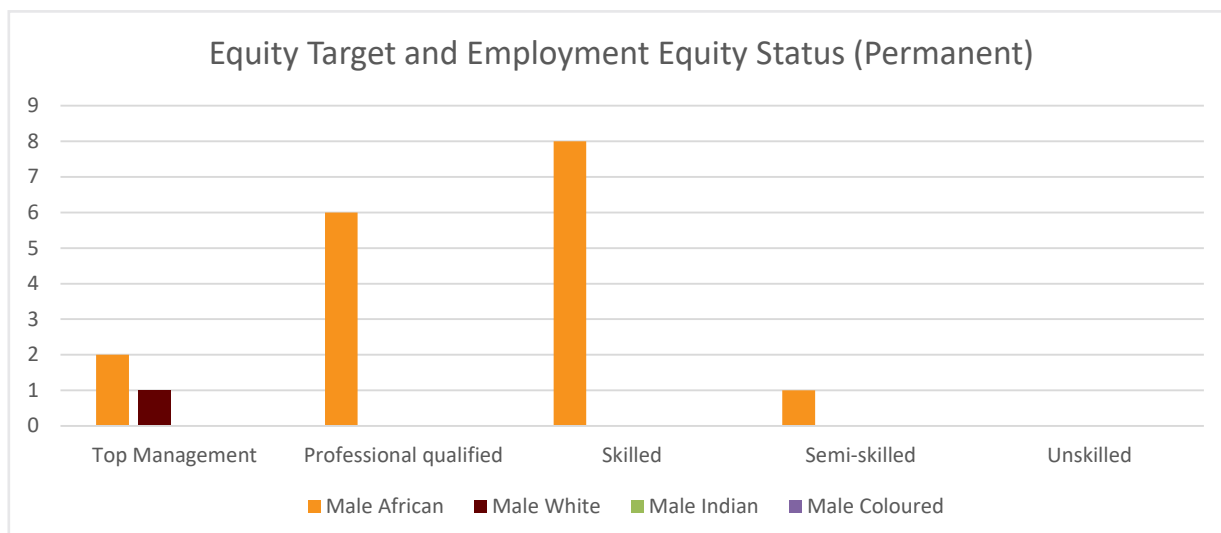
## Equity Target and Employment Equity Status (Permanent)



**Table 23: Employment Equity: Males**

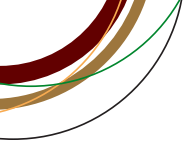
Levels	Male African	Male White	Male Indian	Male Coloured
Top Management	2	1	0	0
Professional qualified	6	0	0	0
Skilled	8	0	0	0
Semi-skilled	1	0	0	0
Unskilled	0	0	0	0
<b>TOTAL</b>	<b>17</b>	<b>1</b>	<b>0</b>	<b>0</b>





**Table 24: Reasons for Staff Leaving (Permanent and Contract)**

Reasons	Number
Death	0
Resignation	1
Retrenchment	0
Retirement	0
Ill Health	0
Expiry of Contract	7
Dismissal	0
Separation Agreement	0
<b>TOTAL</b>	<b>8</b>



# PART E:

PFMA COMPLIANCE  
REPORT

# PFMA COMPLIANCE REPORT

## Irregular expenditure

### a) Reconciliation of irregular expenditure

Description	2022/23 R'000	2021/22 R'000
Opening balance	154,002	147,990
Add: Irregular expenditure confirmed	2,113	6,012
Less: Irregular expenditure condoned	-	-
Less: Irregular expenditure not condoned and removed	-	-
Less: Irregular expenditure recoverable	-	-
Less: Irregular expenditure not recovered and written off	-	-
<b>Closing balance</b>	<b>156,115</b>	<b>154,002</b>

### Reconciling notes

Description	2022/23 R'000	2021/22 R'000
Irregular expenditure that was under assessment in 2022/23	154,002	147,990
Irregular expenditure identified in 2021/22 relating to prior year	-	97
Irregular expenditure for the current year	2,113	5,915
<b>Total</b>	<b>156,115</b>	<b>154,002</b>

### b) Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	2022/23 R'000	2021/22 R'000
Irregular expenditure under assessment	2,113	-
Irregular expenditure under determination	154,002	154,002
Irregular expenditure under investigation		
<b>Total</b>	<b>156,115</b>	<b>154,002</b>

During the current reporting period the NAMC appointed a service provider to conduct a determination test on identified irregular expenditure. At reporting date the determination test report was not yet finalised.

## Fruitless and wasteful expenditure

### c) Reconciliation of fruitless and wasteful expenditure

Description	2022/23 R'000	2021/22 R'000
Opening balance	7,988	7,946
Add: Fruitless and wasteful expenditure confirmed	2	42
Less: Fruitless and wasteful expenditure written off	(7,990)	
Less: Fruitless and wasteful expenditure recoverable		
Closing balance	-	7,988

### Reconciling notes

Description	2022/23 R'000	2021/22 R'000
Fruitless and wasteful expenditure that was under assessment	7,988	7,988
Fruitless and wasteful expenditure that relates to prior year and identified in current year	-	-
Fruitless and wasteful expenditure for the current year	2	-
Total	7,990	7,988

### Reconciling notes

Description	2022/23 R'000	2021/22 R'000
Fruitless and wasteful expenditure written off	7,990	-
Total	7,990	

During the current reporting period the council approved the write off of fruitless and wasteful expenditure incurred in the previous financial years. The fruitless and wasteful expenditure written off related to the salary payout to the NRMDP employees as per the CCMA judgement, as well as expenses incurred on the AIMS projects. The fruitless and wasteful expenditure did not result in fraudulent activities and the employees involved on the transgression are no longer with the NAMC.

# LEVY ADMINISTRATORS



For more information, contact:  
Tel: (012) 341 1115 | Email: [info@namc.co.za](mailto:info@namc.co.za)



[www.namc.co.za](http://www.namc.co.za)





# PART F:

FINANCIAL INFORMATION



# FINANCIAL INFORMATION

## Contents

Item	Page
General Information	89
Report of the Auditor-General to Parliament on National Agricultural Marketing Council	90
Annexure - Auditor-General's responsibility for the audit	95
Compliance with legislation - selected legislative requirements.	96
Accounting Authority Responsibilities and Approval	97
Accounting Authority Report	98
Statement of Financial Position	104
Statement of Financial Performance	105
Statement of Changes in Net Assets	106
Statement of Cash Flows	107
Statement of Comparison of Budget and Actual Amounts	108
Accounting Policies	109
Notes to the Financial Statements	122

## General Information

<b>Country of Incorporation and Domicile</b>	Republic of South Africa
<b>Nature of Business and Principal Activities</b>	Administration of the 1996 Marketing Act and advise the Minister of Agriculture, Land Reform and Rural Development on the provision of the Act, and provision of marketing advisory services to key stakeholders in support of a vibrant agricultural marketing system in South Africa
<b>Accounting Authority</b>	Mr. Angelo Petersen: Chairperson of the Council Ms. Thandeka Ntshangase (Deputy - Chairperson) Mr. Gerhard Schutte Prof. Andre Jooste Ms. Nonie Mokose Mr. Sifiso J Mhlaba Ms. Fezeka Mkile Ms. Shandini Naidoo Dr. Sharon Thembi Xaba
<b>Registered Office</b>	536 Francis Baard Street Meintjiesplein Building Block A, 4th Floor Arcadia Pretoria 0002
<b>Bankers</b>	Standard Bank of South Africa
<b>Controlling Entity</b>	Department of Agriculture, Land Reform and Rural Development
<b>External Auditors</b>	Auditor-General of South Africa Private Bag X 935 Pretoria 0001

# Report of the Auditor-General to Parliament on National Agricultural Marketing Council

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the National Agricultural Marketing Council set out on pages 104 to 156 which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Agricultural Marketing Council 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 1 of 1999 (PFMA).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with the IRBA code and in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms 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, 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 the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 26 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the National Agricultural Marketing Council. The disclosure of these movements is now required to be included as part of other information in the annual report of the auditees. 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

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

# Report of the Auditor-General to Parliament on National Agricultural Marketing Council

## Report on the audit of the annual performance report

9. 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 going concern, and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

10. My 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 my 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.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

### Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PM) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
A viable and efficient agricultural sector generating optimal earnings (domestic and international)	35 - 36	To provide quality research outputs to stakeholders in support of agricultural marketing, trade, policy advisory and statutory measures Implementation
Enhanced market access for the agricultural sector	37	To design market access models that are aimed at increasing market access, encouraging new business development and capacity building for farmers/agri-businesses

14. I evaluated the reported performance information for the selected programmes 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.

# Report of the Auditor-General to Parliament on National Agricultural Marketing Council

15. I 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.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. I performed the procedures for the purpose of reporting material findings only and not to express an assurance opinion.

17. I did not identify any material findings on the performance information of the selected programmes.

## Other matters

18. I draw attention to the matter below:

### Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over and under achievements. This information should be considered in the context of the material findings on the reported performance information.

### Material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of a viable and efficient agricultural sector generating optimal earnings (domestic and international) and an enhanced market access for the agricultural sector. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

# Report of the Auditor-General to Parliament on National Agricultural Marketing Council

## Report on compliance with legislation

21. In accordance with the PAA and the general notice issued in terms thereof, I 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. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
23. Through an established AGSA process, I 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. The material finding on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

### Consequence Management

25. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against the officials who had incurred irregular expenditure in prior years, as required by section 51(1)(e)(iii) of the PFMA. This was because investigation into such expenditure was not finalised and approved as at year-end to institute disciplinary steps.

### Other information in the annual report

26. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.
27. My opinion on the financial statements and my findings on the reported performance information and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. 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.



# Report of the Auditor-General to Parliament on National Agricultural Marketing Council

## Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
31. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, and the findings on the annual performance report and the material findings on compliance with legislation included in this report.
32. Management did not adequately review the Annual Performance Report, to ensure that presentation of achieved performance targets were disclosed appropriately.
33. Management did not ensure timely submission of the value chain analysis to the executive authority and the department to ensure that all targets reported as being achieved have been achieved.
34. Adequate internal control processes were not in place to ensure that proper consequence management processes were conducted at the public entity.
35. Management did not perform adequate reviews of the annual financial statements as errors were identified which could result in future material misstatements.

## Other reports

36. I draw attention to the following engagements conducted by various part. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
37. At the date of this report, the determination test report for previously accumulated irregular expenditure had not been finalised and approved by the Council for the purpose of implementing consequence management.

*Auditor-General*

Pretoria

31 July 2023



# Annexure - Auditor-general's responsibility for the audit

The annexure includes the following:

- the auditor general's responsibility for the audit
- the selected legislative requirements for compliance testing

## Professional judgement and professional scepticism

1. As part of an audit in accordance with the ISAS, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

## Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I 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 my 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. I 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My 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.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Communication with those charged with governance

3. I 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 I identify during my audit.
4. I also provide the accounting authority with a statement that I 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 my 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	PFMA 38(1)(b) PFMA 44 PFMA 45(b) PFMA 51(1)(b)(ii) PFMA 51(1)(e)(iii) PFMA 53(4) PFMA 54(2)(c) PFMA 54(2)(d) PFMA 55(1)(a) PFMA 55(1)(b) PFMA 55(1)(c)(i) PFMA 57(b)
National Treasury Regulations	TR 16A.7.1 TR 16A.7.6 TR 16A.T7 TR 16A6.1 TR 16A8.4 TR 16A9.1(d) TR 16A3.2(a) & (b) TR 16A6.4 TR 16A6.5 TR 16A6.3(b) & (c) TR 16AB.3 TR 30.1.3(d) TR 16A8.4 TR30.1.1 TR 30.1.3(a) TR 30.1.1 TR 30.1.3(b) TR30.2.1 TR 31.1.2(c) TR 16A.7.3 TR 33.1.1 TRA 9.1(b)(ii) TR 16A9.1(e) TR 16A9.1(f) TR 16Ab.2(a) & (b) TR 16A.8.4 TR 16A.8.3 TR 16A.9.1(d) TR 16A.9.2(a)(ii) TR 16A6.6 TR 16A.3.2 TRA 6.3(a)(i) TR 8.2.1 TR 8.22 TR31.3.3 TR 33.1.3 TR 31.2.1 NT Instruction 07 of 2017-18 par 4.3 NT Instruction 01 of 2021-22 par. 4.1 NT Instruction 4A of 2016-17 par 6 I NT Instruction 04 of 2015/16 SBD 6.2 issued in 2015/16 SCM Instruction Note 02 of 2021-22 [PFMA instruction note no.3 of 2021/22 NT Instruction 4A of 2016-17] NT instruction 05 of 2020/21 Second amendment NT 05 of 2020/21 Erratum NT 05 OF 2020/21 NT instruction 11 of 2020/21 Instruction notes on designated sectors
Preferential Procurement reg 2011	Preferential Procurement reg 9(1)
Preferential Procurement reg 2017	PPPFA section 2(1)(a) and (b) Preferential Procurement reg 6(8), 7(8), 10(1) & (2) & 11 (1) Preferential Procurement reg 5(1) & 5(3) Preferential Procurement reg 5(6) Preferential Procurement reg 5(7) Preferential Procurement reg 4(1) & 4(2) Preferential Procurement reg 8(2) Preferential Procurement reg 8(5) Preferential Procurement reg 9(1)
Preferential Procurement reg 2022	Preferential Procurement reg 4(4)
State Information Technology Agency Act	SITA Act section 7(3)
Public Service Regulations	Reg 18(1), (2)
Prevention and Combating of Corrupt Activities Act	PRECCA section 34(1)

National Agricultural Marketing Council

## Accounting Authority Responsibilities and Approval

Annual Financial Statements for the year ended 31 March 2023

The Accounting Authority is responsible for the preparation, integrity and fair presentation of the financial statements of the National Agricultural Marketing Council. The annual financial statements presented on pages 104 to 156 have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practice (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board, and include amounts based on judgements and estimates made by management. The Accounting Authority also prepared the other information included in the annual report and is responsible for both its accuracy and its consistency with the financial statements.

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 accounting authority & accounting officer 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 loss.

The going concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources for the year up to 31 March 2024, the accounting authority have no reason to believe that the entity will not be a going concern in the foreseeable future. The annual financial statements support the viability of the entity.

The annual financial statements as set out on pages 104 to 156 were approved by the accounting authority on 31 July 2023 and signed on their behalf by;



Dr. Simphiwe Ngqangweni  
Chief Executive Officer



Mr. Angelo Petersen  
Chairperson: Council

National Agricultural Marketing Council

# Report of the Chief Executive Officer

Annual Financial Statements for the year ended 31 March 2023

The accounting authority present their report for the year ended 31 March 2023.

## 1. Financial overview of the Business and Operations

### 1.1 National Agricultural Marketing Council (NAMC) Funding and Financial Performance

The NAMC received funding of R 48,5 million which represents the annual budget allocation for 2022/23 from the Department of Agriculture, Land Reform and Rural Development, while other income amounted to R 3,5 million and interest generated amounted to R 2,3 million. The total income amounted to R 54.3 million. Total expenditure for 2022/23 amounted to R 51,5 million.

### 1.2 Statement of Financial Position as at 31 March 2023 is as follows:

- Total assets decreased by 16%, mainly due to decrease in receivables and cash & cash equivalents during the 2023 financial year end.
- Total liabilities decreased by 27% mainly due to projects being implemented during the current reporting period

### 1.3 Cash Flow

The NAMC's cash position as at 31 March 2023 was R 40,5 million. This entails unutilised sponsorship funding relating to projects as disclosed under note 20 of these annual financial statements.

### 1.4 Non - Compliance with Applicable Legislation

During the 2021/22 financial period council member Professor Mzukisi Qobo resigned as a council member of the Accounting Authority on the 15th of June 2021 which led to composition of the council not complying with the MAP Act. According to Section 4 (1) of the Marketing of Agricultural Products Act, Act No 47 of 1996, stipulates that the Council shall consist of ten members. As at 2022/23 financial year end the position has not yet been filled.

National Agricultural Marketing Council

# Report of the Chief Executive Officer

Annual Financial Statements for the year ended 31 March 2023

## 1.5 Utilisation of Sponsorship Funding

During the period under review the entity received and utilised sponsorship funding as follows:

Name of project	Opening balance	Amount received/ receivable	Amount utilised/ Returned	Closing balance
<b>2022/2023</b>	R'000	R'000	R'000	R'000
Strategic Infrastructure Project: SIP 11	1	-	(1)	-
Agricultural Sector Education, Training Authority (AgriSeta)	465	1,010	(772)	703
GDARD-Extension service as a catalyst to improve farm productivity	156	-	-	156
Ceres abattoir	2,198	-	(2,198)	-
Operation Phakisa	160	-	(160)	-
CASSAVA	240	800	(812)	228
<b>Total</b>	<b>3,220</b>	<b>1,810</b>	<b>(3,942)</b>	<b>1,087</b>

### Agent sponsorship funding

Name of project	Opening balance	Amount received/ receivable	Amount utilised/ Returned	Closing balance
	R'000	R'000	R'000	R'000
Agriseta - The Agricultural Sector Education and Training Authority (AgriSeta - AAMP)	1,500	-	(677)	823
Agriculture and Agro-Processing Master Plan	16,631	-	(1,802)	14,829
National Red Meat Development - (New SLA)	14,774	913	(5,692)	9,995
Australian Centre for International Agricultural Research (ACIAR)	1,422	71	(1,493)	-
<b>Total</b>	<b>34,327</b>	<b>984</b>	<b>(9,664)</b>	<b>25,647</b>



National Agricultural Marketing Council

# Report of the Chief Executive Officer

Annual Financial Statements for the year ended 31 March 2023

## 1.5.1 National Red Meat Development Project

The project has an opening balance of R 14,8 million as at 2022/23 reporting period. During the current financial year total expenditure of R 5,7 was utilised which includes accruals at financial year end, interest generated to the amount of R 913, 000 was transferred to the Department of Agriculture, Land Reform and Rural Development. The remaining balance as at year-end is R 9.9 million which was deferred to the statement of financial position.

## 1.5.2 Agricultural Sector, Education Training Authority (AgriSeta)

The project has an opening balance of R 465,000 as at 2022/23 reporting period. During the current financial year, a total amount of R 772,000 was utilised, and an amount of R 703,000 was deferred to the statement of financial position.

## 1.5.3 GDARD - Extension service as a catalyst to improve farm productivity

This project has an opening balance of R 156,000. No expenditure was incurred during the 2022/23 financial year. A total of R 156,000 was deferred to the statement of financial position.

## 1.5.4 Australian Centre for International Agricultural Research (ACIAR)

The NAMC has entered into a service level agreement with the Department of Agriculture, Forestry and Fisheries to identify, modify and develop a wider range of market systems and value chains available for small scale and emerging beef farmers in South Africa. The NAMC act as an agent and the Department is the principal. During the current financial year, we received funds to finalise the project expenses relating to the signed SLA agreement. During the current reporting period the funds were fully utilised.

## 1.5.5 Ceres Abattoir project

During 2022/23 financial year the NAMC refunded the remaining funds of R 2,1 million to the department due to the SLA agreement expiring with no intention of renewal.

## 1.5.6 Operation Phakisa

During 2022/23 financial year the NAMC refunded the remaining funds of R 160,000 to the department due to the SLA agreement expiring with no intention of renewal.

## 1.5.7 Agriculture and Agro-Processing Master Plan

During the current financial reporting period the NAMC re-signed the SLA agreement with the Department of Agriculture, Land Reform and Rural Development for the implementation of Agriculture and Agro-Processing Master Plan (AAMP) as the initial contract was signed without following the delegation of authority framework. The project had an opening balance of R 16,6 million. As at financial year end an amount of R 1,8 million was utilised for salaries of the employees and travel expenses for the services rendered towards the AAMP. At financial year end the balance of R 14,8 million was deferred to the statement of financial position.

## 1.5.8 AGRISETA - The Agricultural Sector Education and Training Authority (Agriseta AAMP)

An amount of R 1,5 million was received from the Agricultural Sector Education and Training Authority for implementation of projects and programs identified in the national skills development strategy and other national priorities. A total amount of R 677,000 was incurred during the 2022/23 financial year and the closing balance of R 823,000 was recognised in the statement of financial position as deferred income.

National Agricultural Marketing Council

# Report of the Chief Executive Officer

Annual Financial Statements for the year ended 31 March 2023

## 1.5.9 Cassava Project

During the current financial year end the project had an opening balance of R 240,000 and an additional amount of R 800,000 was received from the Technology Innovation Agency. A total amount of R 812,000 was utilised, and the closing balance of R 228,000 was recognised in the statement of financial position as deferred income during the 2022/23 financial year.

## 2. Going concern

The Accounting Authority has reviewed the annual financial statements for the period under review, and there is no reason to believe that the entity will not be able to continue its operations in the foreseeable future, based on the forecasts and the approved MTEF allocation by the Department of Agriculture, Land Reform and Rural Development. These annual financial statements support the viability of the entity.

## 3. Accounting Authority interest in contracts

To our knowledge none of the accounting authority had any interest in contracts entered into during the year under review.

## 4. Accounting Authority

The accounting authority of the entity during the year under review and up to the date of this report are as follows:

Mr. Angelo Petersen  
Ms. Thandeka Ntshangase  
Prof. Andre Jooste  
Mr. Sifiso J Mhlaba  
Ms. Nonie Mokose  
Ms. Shandini Naidoo  
Mr. Gerhard Schutte  
Dr. Sharon Thembi Xaba  
Ms. Fezeka Mkile

## 5. Materiality Framework

In terms of Treasury Regulation 28.2.1, the NAMC had a materiality framework for the period under review. This was used as a basis for reporting losses and irregular, fruitless and wasteful expenditure, as well as for significant transactions envisaged by section 54(2) of the PFMA. Thus, it was used as a basis for evaluating the materiality of transactions and to determine the accounting treatment thereof.

## 6. Annual Financial Statements

The annual financial statements have been prepared in accordance with the Statements of Generally Recognised Accounting Practice (GRAP) and applicable legislations as stated in the financial statements, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements to comply with the statutory requirements of the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations issued in terms of the Act, Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations of such statements issued by the Accounting Standards Board.

National Agricultural Marketing Council

# Report of the Chief Executive Officer

Annual Financial Statements for the year ended 31 March 2023

## 7. Corporate Governance

The NAMC as a public entity confirms its commitment to the principles of corporate governance as stated in the King IV Report on Corporate Governance.

In the governance of the NAMC, the Council is responsible for policy making and control, while the CEO has been delegated the responsibility of the day- to- day execution of the policies and objectives as directed by the Council. The members of the Council are appointed by the Minister of Agriculture, Land Reform and Rural Development based on their expertise in the field of agriculture, business, financial management and research.

### 7.1 Governance Structures

To comply with these principles, the Council has and continues to design and implement appropriate governance structures across the organisation. The Council acknowledges that, for it to set up an effective governance framework, robust governance structures need to be in place.

The following Council Committees were functional as at 31 March 2023:

- Audit and Risk Committee
- Risk Management Committee
- Human Resources and Remuneration Committee

Their respective terms of reference are outlined in the Committee charters.

### 7.2 The role of Council Committees

The Council's committees are charged with certain functions and operate within clearly defined terms of reference and continue to assist the Council with the governance function on the following principles:

#### 7.2.1 The role of Council Committees

The entity recognises the importance of risk management in ensuring that its objectives are achieved. A risk assessment has been undertaken to ensure that risks are appropriately mitigated by designing and implementing appropriate controls.

The risk assessment covers financial, operational, compliance and reputational risks and adherence to good governance principles. A key consideration in the risk assessment is compliance with laws and regulations.

These include the PFMA, any regulations issued in terms of the PFMA, and the Preferential Procurement Policy Framework Act.

The risk management committee continued to function during the period under review. The Audit & Risk Committee has been assigned to play an oversight role in the enterprise-wide risk management activities.

#### 7.2.2 Internal Controls

The Council has the ultimate responsibility for establishing a framework for internal controls, including an appropriate procurement and provisioning system. This function is delegated to the executive management to ensure that the risks are properly managed.

National Agricultural Marketing Council

## Report of the Chief Executive Officer

Audited Annual Financial Statements for the year ended 31 March 2023

The controls throughout the entity focus on the critical risk areas identified and confirmed by management. The Council relies on the Audit & Risk Committee, Risk Management Committee and Internal Auditors to monitor and report on the status of internal control at NAMC.

The controls are designed to provide cost-effective assurance that assets are safeguarded and that the available working capital is managed efficiently, effectively, and economically.

Organisational policies, procedures and the delegation of authority provide direction, accountability and division of responsibilities and contain self-monitoring mechanisms. The designed internal controls are closely monitored by both management and internal audit and actions are taken to correct deficiencies identified.

### 7.2.3 Internal Audit

Nexia SAB & T continues to be the internal auditors for NAMC. The firm was reappointed in May 2022 for three years. During the period under review internal auditors conducted six audits (Finance, ICT, SCM, audit finding matrix follow-up review, HR, and performance information audits). The results were reported to management and Audit and Risk Committee and Council.

In line with the PFMA requirements, the internal auditor's objectives are to provide the Audit and Risk Committee and management with objective assurance that the internal controls are appropriate and effective. This is achieved by means of an objective appraisal and evaluation of the risk management processes, internal controls and governance processes, as well as identifying corrective action and suggested enhancements to the controls and processes.

The internal auditors are fully supported by management, Council and the Audit and Risk Committee and have full, unrestricted access to all organisational activities, records, property, and personnel.

### 7.2.4 Code of Conduct

The NAMC has a code of conduct policy dealing with ethical behaviour in the workplace. Employees are required to maintain high ethical standards and to ensure that NAMC's business practices are conducted in a manner that is above reproach.



Dr. Simphiwe Ngqangweni  
Chief Executive Officer  
National Agricultural Marketing Council

National Agricultural Marketing Council

# Statement of Financial Position

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	Notes	2023	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	1,452	1,469
Investment property	13	1,405	1,615
Intangible assets	14	251	238
Receivables from exchange transactions	10.1	251	251
<b>Total non-current assets</b>		<b>3,359</b>	<b>3,573</b>
<b>Current assets</b>			
Inventories	8	60	47
Receivables from non-exchange transactions	9	90	2,629
Receivables from exchange transaction	10.1	759	305
Cash and cash equivalents	11	40,469	46,948
<b>Total current assets</b>		<b>41,378</b>	<b>49,929</b>
<b>Total assets</b>		<b>44,737</b>	<b>53,502</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Finance lease obligation	17	-	44
<b>Total non-current liabilities</b>		<b>-</b>	<b>44</b>
<b>Current liabilities</b>			
Employee short-term benefits provisions	4.1.1	3,605	3,281
Finance lease obligation	17	40	114
Operating lease liability	18	73	48
Payables from exchange transactions	19	600	1,348
Deferred Income	20	26,734	37,547
<b>Total current liabilities</b>		<b>31,052</b>	<b>42,338</b>
<b>Total liabilities</b>		<b>31,052</b>	<b>42,382</b>
<b>Net assets</b>		<b>13,685</b>	<b>11,120</b>
Represented by:			
Net asset			
Accumulated surplus		13,685	11,120
<b>Total</b>		<b>44,737</b>	<b>53,502</b>

National Agricultural Marketing Council

# Statement of Financial Performance

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	Notes	2023	2022
<b>Revenue from non-exchange transactions</b>			
Grants	3.2	48,535	47,305
Sponsorship revenue	3.2	2,904	4,182
<b>Revenue from exchange transactions</b>			
Rendering of services	3.1	324	605
Other Income	3.1	126	-
Interest income	3.1	2,273	2,260
Rent income	3.1	132	132
<b>Gross Revenue</b>		<b>54,294</b>	<b>54,484</b>
<b>Expenses</b>		<b>(51,578)</b>	<b>(54,353)</b>
Administrative expenses	5	(6,308)	(6,695)
Operating expenses	6.1	(6,699)	(9,752)
Depreciation and amortisation	6.3	(613)	(719)
Personnel expenditure	4	(37,950)	(37,172)
Finance costs	21	(8)	(15)
Profit/(Loss) on disposal of property, investments prop- erty	6.2	(13)	(107)
<b>Surplus from operating activities</b>		<b>2,703</b>	<b>24</b>
<b>Surplus for the year</b>		<b>2,703</b>	<b>24</b>



National Agricultural Marketing Council

## Statement of Changes in Net Assets

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	Notes	Accumulated surplus	Total
<b>Balance at 1 April 2021 as previously reported</b>		<b>10,812</b>	<b>10,812</b>
Increase (decrease) due to corrections of prior period errors	28	284	284
Balance at 1 April 2021 as restated		11,096	11,096
<b>Changes in net assets</b>			
Surplus for the period		24	24
<b>Balance at 1 April 2022</b>		<b>11,120</b>	<b>11,120</b>
<b>Changes in net assets</b>			
Surplus for the period		2,703	2,703
Prior period error	28	(138)	(138)
<b>Balance at 31 March 2023</b>		<b>13,685</b>	<b>13,685</b>

National Agricultural Marketing Council

# Statement of Cash Flows

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	Notes	2023	2022
<b>Cash flows (used in) / from operating activities</b>			
<b>Cash receipts from grants or transfers and other appropriations or other budget authority made by national government and other entities</b>		<b>53,304</b>	<b>51,151</b>
Project receipts		3,700	2,791
Sponsors receipts		945	1,055
Receipts from premiums and claims, annuities, and other policy benefits		124	-
Cash receipts from grants or transfers		48,535	47,305
<b>Cash payments to suppliers and employees</b>		<b>(61,255)</b>	<b>(60,369)</b>
Cash payments to suppliers for goods and services		(23,305)	(20,989)
Cash payments to and on behalf of employees		(37,950)	(39,380)
<b>Net cash flows used in operations</b>	<b>7</b>	<b>(7,951)</b>	<b>(9,218)</b>
Interest received		2,190	2,257
Other receipts			387
<b>Net cash flows (used in) / from operating activities</b>		<b>(5,761)</b>	<b>(6,574)</b>
<b>Net Cash flows (used in) / from investing activities</b>			
Purchase of property, plant, and equipment	12	(551)	(648)
Purchase of intangible assets	14	-	(212)
<b>Cash flows (used in) / from investing activities</b>		<b>(551)</b>	<b>(860)</b>
<b>Net Cash flows used in financing activities</b>			
Finance lease payments		(159)	(161)
Finance costs		(8)	(15)
<b>Net Cash flows used in financing activities</b>		<b>(167)</b>	<b>(176)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(6,479)</b>	<b>(7,610)</b>
Cash and cash equivalents at beginning of period		46,948	54,558
<b>Cash and cash equivalents at end of period</b>	<b>11</b>	<b>40,469</b>	<b>46,948</b>

National Agricultural Marketing Council

# Statement of Comparison of Budget and Actual Amounts

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	Approved budget	Adjustments	Final budget	Actual amount on comparative basis	Difference between final budget and actual	Var. %	Reference
<b>Revenue</b>							
<b>Revenue from non-exchange transactions</b>							
Government grants and subsidies	48,535	-	48,535	48,535	-	0 %	
Other income/sponsorship utilised	-	-	-	2,904	2,904	100 %	23.1
<b>Revenue from exchange transactions</b>							
Rendering of services	1,578	-	1,578	324	(1,254)	-79 %	23.2
Interest	1,122	978	2,100	2,273	173	8 %	23.3
Rent income	-	-	-	132	132	100 %	13.1
Other Income	-	-	-	126	126	100 %	
<b>Total revenue</b>	<b>51,235</b>	<b>978</b>	<b>52,213</b>	<b>54,294</b>	<b>2,081</b>	<b>4 %</b>	
<b>Expenses</b>							
Personnel expenditure	34,651	-	34,651	35,950	(1,299)	-4 %	23.4
Administration expenses	9,844	1,779	11,623	5,537	6,087	52 %	23.5
Administration projects	-	-	-	772	(772)	-100 %	23.5
Operating expenses	4,840	(901)	3,939	6,057	(2,118)	-54 %	23.6
Operating expenses (Projects)	-	-	-	642	(642)	-100 %	23.6
Depreciation and amortisation	-	-	-	613	(613)	-100 %	23.7
Loss on disposal and impairment of assets	-	-	-	13	(13)	-100 %	23.8
Bonus	1,900	100	2,000	2,000	-	0 %	23.9
Finance costs	-	-	-	8	(8)	-100 %	
<b>Total expenses</b>	<b>51,235</b>	<b>978</b>	<b>52,213</b>	<b>51,591</b>	<b>622</b>	<b>1 %</b>	
<b>Surplus / (Deficit) before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,703</b>	<b>2,703</b>		

The adjustments to the budget are as a result of mid-year term budget review.

National Agricultural Marketing Council

# Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

## 1. Accounting Policies

The following are the principal accounting policies of the National Agricultural Marketing Council, which are in all material respects, consistent with those applied in the previous year. The historical cost convention has been used. The financial statements have been prepared on a going concern basis.

However, for the following accounting policies listed below there were minor changes made which does not have material impact on the financial statements;

- 1.8 Property, Plant and Equipment
- 1.9 Investment property
- 1.10 Intangible assets
- 1.15 Inventories
- 1.12 Leases
- 1.4 Use of estimates and Judgements
- 1.3 Basis of preparation.

### 1.1 Reporting institution

The National Agricultural Marketing Council ("NAMC") is an entity domiciled in South Africa. The address of the NAMC's registered office is 536 Francis Baard Street, Arcadia, Pretoria, 0002. The NAMC's primary business is to provide strategic advice to the Minister of Department of Agriculture, Land Reform and Rural Development and directly affected groups in the agricultural sector. The full responsibilities of the NAMC are contained in the Marketing of Agricultural Products Act of 1996, as amended by Act no. 59 of 1997 and Act no. 52 of 2001.

### 1.2 Functional and presentation currency

The financial statements are presented in South African Rand which is the entity's functional currency. All financial information has been rounded to the nearest thousand.

### 1.3 Basis of preparation

The financial statements have been prepared and are in compliance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Public Finance Management Act, (Act No 1 of 1999). The financial statements are prepared on an accrual basis.

### 1.4 Use of estimates and judgements

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

National Agricultural Marketing Council

## Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

### *Effective interest rate*

The NAMC uses interest rates stipulated by the South African banks, taking into account guidance provided in the accounting standard and applying professional judgement to the specific circumstances, to discount cash flows

### *Trade and other receivables*

The NAMC assesses its trade receivables and other receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in surplus or deficit, the NAMC makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for trade and other receivables is calculated on a portfolio basis.

### *Useful lives of property, plant and equipment, and intangible assets*

The NAMC determines the estimated useful lives and related depreciation charges for property, plant and equipment, and intangible assets. This estimate is based on the condition and use of the individual assets in order to determine the remaining period over which the asset can and will be used. Refer to note 12,13 & 14.

### *Impairment testing*

The NAMC reviews and tests the carrying value of assets when the events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates of expected future cash flows for each group of assets are prepared. Refer to note 12,13 & 14.

### *Adequacy of the leave pay accruals*

The leave pay accrual is based on the actual days accrued at the rate of remuneration at the reporting date. Changes in the rate of remuneration are determined annually and are effective from the first date of the financial year. Refer to note 4.1.1.

## **1.5 Revenue recognition**

### *Revenue from exchange transactions*

The entity's revenue from exchange transactions comprises of interest generated from investments, management fees and rental income from investment property. The management fees recognised in the statement of financial performance is based on the stage of completion of the project, that is, project cost incurred to date as a percentage of total project cost multiplied by the total management fee. Refer to note 20 for details on the projects managed by the entity.

### **Recognition**

Revenue is recognised when it is probable that economic benefits or service potential will flow to the entity and these benefits can be measured reliably.

### **Measurement**

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

National Agricultural Marketing Council

# Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

## Interest income

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

## Revenue from non-exchange transactions

### Recognition

Grants, transfers and donations received, or receivable are recognised as revenue when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of the related conditions.

### Measurement

Revenue from non-exchange transactions is measured at the cost of asset received or receivable, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised in full when the asset is recognised, at an amount equaling the cost of the asset received.

Interest earned on investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the payables.

## 1.6 Finance cost

Finance cost comprises of interest expense on finance lease liabilities. All finance lease costs are recognised in surplus or deficit using the effective interest method.

## 1.7 Irregular, fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with a requirement of any applicable legislation, including:

- The Public Finance Management Act, Act 1 of 1999;
- The State Tender Board Act, 1968 (Act No. 86 of 1968) or any regulations made in terms of that Act, or
- Contravention of the entity's supply chain management policy.

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

All irregular, fruitless, and wasteful expenditure are recognised as expenditure in the statement of financial performance or position in the period in which they are incurred and were recovered, are subsequently accounted for as revenue in the statement of financial performance.



# Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

## 1.8 Property, plant and equipment

### Recognition

An item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value can be measured reliably. Cost includes expenditure that is directly attributable to bringing asset to the location and condition necessary for it to be capable of operating in a manner intended by management.

### Initial Measurement

Property, plant & equipment are initially measured at cost. Where an asset is acquired through a non- exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

### Subsequent Measurement

Non-current assets are subsequently measured at cost less any subsequent accumulated depreciation and accumulated impairment losses.

### Depreciation

These assets are depreciated on the straight-line basis at rates which will result in each asset being written off over its useful life. Project assets are depreciated over the lifespan of the contract period. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the entity will obtain ownership by the end of the lease term, then it is depreciated over its useful life and not the lease term.

The estimated remaining useful lives, residual values and depreciation methods are reviewed at the end of each financial year and adjusted if necessary. The estimated useful lives of property, plant and equipment are:

Asset class	Estimated useful life in years
Leasehold improvements	3 - 13 years
Motor vehicles	5 - 10 years
Fixtures and fittings	6 - 26 years
Office equipment	4 - 26 years
Computer equipment	3 - 18 years
Leased office equipment	2 - 3 years
Farming equipment	3 - 12 years

Management will assess the useful life of the assets annually according to GRAP 17.

National Agricultural Marketing Council

# Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

## Subsequent cost

The cost of replacing part of an item of property, plant and equipment is recognised when it is probable that the future economic benefits or service potential associated with the item will flow to the entity and its cost or fair value can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised as expenditure in the statement of financial performance.

## Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits or service potential are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in the Statement of Financial Performance in the year it is derecognised.

## 1.9 Investment property

### Recognition

Investment property shall be recognised as an asset when, and only when:

- (a) it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity; and
- (b) the cost or fair value of the investment property can be measured reliably.

### Initial Measurement

An investment property shall be measured initially at its cost (transaction costs shall be included in this initial measurement).

Where an investment property is acquired through a non-exchange transaction, its cost shall be measured at its fair value as at the date of acquisition.

### Subsequent measurement

Investment property are subsequently measured at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

### Depreciation

Depreciation is determined using the straight-line method. It is calculated based on the assets' historical cost less residual value, over the useful life of the asset.

Asset class	Estimated useful life in years
Land	Infinite
Building	20 years

# Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

## Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position):

- On disposal (including disposal through a non-exchange transaction) or;
- When the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property shall be determined as the difference between the net disposal proceeds and the carrying amount of the asset and shall be recognised in surplus or deficit in the period of the retirement or disposal.

### 1.10 Intangible assets

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Gains and losses on disposal of intangible assets are determined by comparing the net proceeds from disposal with the carrying amount of intangible asset, and are recognised within the surplus or deficit.

The amortisation period and amortisation method for intangible assets with finite useful life are reviewed at the end of each reporting period.

Amortisation is provided to write down the intangible assets on a straight-line basis over their useful lives from the date that they are available for use as follows:

Item	Estimated useful life in years
Computer software	3 - 13 years

The amortisation of intangible assets is disclosed in the statement of financial performance as part of the depreciation and amortisation line item.

### 1.11 Impairment

#### *Impairment of cash-generating unit*

The entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the relevant asset is estimated.

An asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the cash-generating asset's fair value less costs to sell and its value in use.

The recoverable amount is determined for individual assets, unless it is not possible to estimate the recoverable amount of the individual assets, an entity shall determine the recoverable amount of the cash generating unit to which the asset belongs the asset generates cash inflows that are largely dependent on other assets or groups of assets. In this case the recoverable amount for the cash-generating unit is determined.

National Agricultural Marketing Council

# Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

Value in use is the present value of the asset's remaining future cash flows that the entity expects to derive from the continuing use of the asset and from its disposal at the end of its useful life. The estimate of these cash flows is based on the asset's current condition, and by applying an appropriate discount rate.

If there is an indication that an individual asset may be impaired, an impairment loss is recognised immediately in surplus or deficit when the asset's recoverable amount is less than the carrying amount. The impairment loss is recognised by reducing the asset's carrying amount to its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income in statement of financial performance.

## **Impairment of non- cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets. At each reporting date, the entity reviews by considering the internal and external factors whether there is an indication that a non- cash generating asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated.

A non-cash-generating asset will be impaired when its carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Value in use is the present value of the asset's remaining service potential. This is determined using one of three approaches: depreciated replacement cost, restoration cost or service units. The choice of the most appropriate approach depends on the availability of data and the nature of the impairment.

## **1.12 Leases**

### **Operating leases as the lessee**

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating lease are charged to statement of financial performance on a straight-line basis over the term of the relevant lease.

**A reconciliation of the minimum lease payments of operating lease is disclosed as follows:**

- i. Minimum payments for 1 year;
- ii. Minimum lease payments for a period over 1 to 5 years

The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

### **Finance leases as the lessee**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as assets at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

National Agricultural Marketing Council

## Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of financial performance.

### Finance lease liabilities

Finance lease liabilities are initially recognised at the commencement of the lease term at the fair value of the leased asset, or the present value of the minimum lease payments (if lower). The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If it is not practicable to determine the interest rate implicit in the lease payments, the incremental borrowing rate of the entity will be used in the calculation.

### 1.13 Financial instruments

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or residual interest in accordance with the substance of the contractual arrangement.

### Initial recognition

Financial assets and liabilities are recognised in the statement of financial position only when the entity becomes a party to the contractual provisions of the instrument. Financial instruments measured at fair value, plus or minus transaction costs.

The entity recognises financial assets using trade date accounting.

### Measurement

#### *Finance assets*

The entity's financial assets comprise trade and other receivables and cash and cash equivalents. These financial assets are classified as financial assets at amortised cost.

Subsequent to initial recognition, non-derivative financial assets are measured as described below:

#### *Trade and other receivables*

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost.

Short term receivables are measured at amortised cost, using the effective interest rate method which would involve discounting amounts to the present values.

#### *Cash and cash equivalents*

For purposes of the cash flow statement as well as the statement of financial position, cash and cash equivalents comprise cash on hand, deposits held and other short-term investments, highly liquid investment that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents are stated at amortised cost.

National Agricultural Marketing Council

# Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

## *Finance liabilities*

The entity's financial liabilities comprise of trade and other payables. Fair value of non-derivative financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

## *Trade and other payables*

The entity's principal trade and other payables relates to the amount owed to the suppliers and levies paid to municipality.

Trade and other payables are initially measured at cost plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at cost/amortised cost which relates to finance leases, using the effective interest rate method. Interest expenses on these items are recognised in surplus or deficit and they are included in 'finance cost'.

The entity's accrual amount represents goods and services that have been delivered, and an invoice has been received from the supplier but remain unpaid as at year-end.

Short-term payables are not discounted to present values if the original credit period granted are in line with the public-sector credit period.

## *Finance income, gains and losses*

Finance income is recognised using the effective interest method with gains and losses recognised in the statement of financial performance (surplus or deficit).

Finance income includes interest earned on deposits and short terms investments. Finance cost includes interest on finance lease liabilities.

## **Derecognition of financial instruments**

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the entity is recognised as a separate asset or liability.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

## **1.14 Provisions**

Provisions are recognised when the entity has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. The unwinding of the discount is recognised as finance cost.



National Agricultural Marketing Council

## Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

### Measurement

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. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The unwinding of the discount is recognised as finance cost. Where some or all of the expenditure required to settle provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

### 1.15 Inventories

The entity's inventory consists of Stationery.

#### Initial recognition

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the entity and that the cost of the inventories can be measured reliably.

#### Measurement at recognition

Inventories that qualify for recognition as assets shall initially be measured at cost. Where inventories are acquired through a non-exchange transaction, they shall be measured at fair value as at the date of acquisition.

#### Measurement after recognition

The cost of inventories is based on the first in first out (FIFO) principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

When inventories are issued, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised, and the inventory is derecognised.

Redundant and slow-moving inventories are identified and written down from cost to current replacement cost with regard to their estimated economic or realisable values and the write-down or reversal is recognised against the expense.

### 1.16 Principals and Agents – Deferred Income

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

National Agricultural Marketing Council

# Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

## Identifying whether an entity is a principal or an agent

When the entity is party to a principal to a principal -agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

## Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of the binding arrangement are modified, the parties to the arrangement re-assess whether they act as principal or an agent.

## Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not an agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction, It does not have the ability to use all, or substantially all, of the resources that result from the
- transaction for its own benefit and
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

## Recognition

The entity as a principal and/or agent recognizes revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity recognizes assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standard of GRAP.

### 1.17 Related parties

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.

National Agricultural Marketing Council

## Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

Related party transactions are transactions that involve the transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity directly or indirectly. The remuneration of the Council members and senior managers are disclosed under notes 4, 15 and 16 of the annual financial statements.

### 1.18 Commitments

Commitments represent the orders issued to the suppliers that have been approved, but where no delivery has taken place as at year end and commitment for contracts signed with the service providers, of which as at 31 March the contracts had not expired.

Commitments are disclosed at the cost of the purchase order issued.

### 1.19 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are beyond the control of the entity.

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or
- The amount of the obligation cannot be measured with sufficient reliability

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

### Recognition and Measurement

#### Contingent liability

Contingent liability is disclosed if there is a possibility of an outflow to the entity. The entity shall disclose for each class of contingent liability at the reporting date a brief description of the nature of the contingent liability and where practicable an estimate of its financial effect. The entity will indicate the uncertainties relating to the amount or timing of the outflow.

### 1.20 Employee benefit cost

#### *Short – term employee benefits*

Short-term employee benefits are measured on an undiscounted basis and are expensed in the statement of financial performance in the reporting period that they are incurred.

#### *Accrual for leave pay*

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is based on the total cost to company is raised for estimated liabilities as a result of services rendered by employees up to the reporting date.

National Agricultural Marketing Council

# Accounting Policies

Audited Annual Financial Statements for the year ended 31 March 2023

## *Bonus accrual*

Employees are entitled to receive a bonus when there is available budget. Bonus is paid out in August each year. Bonus is awarded based on the employees' performances and the entity's performance.

## **Post-employment benefits**

The entity operates defined contribution retirement benefit plans for its employees. Payments to defined contribution plan are charged as an expense as they fall due in the statement of financial performance, and they represent the contribution paid to these plans by the entity at a rate specified by the entity's policy.

### **1.21 Budget information**

Budget information in accordance with GRAP 1 and 24, has been provided in a separate statement of comparison of budget and actual amounts. Material budget differences and the basis of budget preparation are as per disclosure note 24 of these annual financial statements.

### **1.22 Comparative figures**

Where necessary comparative figures have been adjusted to conform to changes in presentation in the period under review. The nature and reason for such reclassification and restatements are also disclosed in the notes where applicable.

### **1.23 Amended but not yet effective GRAP standards**

At the date of authorisation of these financial statements, the following accounting Standards of Generally Recognised Accounting Practice (GRAP) were approved, but not yet effective:

National Agricultural Marketing Council

## Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

GRAP	Disclosure	Nature	Impact
GRAP 25	Employee benefits	The standard prescribes the disclosure requirements of recognition and measurement of all short-term and post-employment benefits	No impact as this was disclosed last year.
GRAP 1	Presentation of Financial Statements	The objective of this Standard is to prescribe the basis for presentation of general purpose financial statements.	No material impact on financial statements disclosure.
GRAP 7	Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction.	The standard prescribes the accounting treatment and disclosure requirement of financial statements	No impact
Standards Approved and not yet effective			
GRAP 104	Financial Instruments (effective from 1 April 2025)	The objective of this Standard is to establish principles for recognising, measuring, presenting, and disclosing financial instruments.	Not yet effective
GRAP 103	Heritage Assets	The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing Heritage assets.	No impact. The NAMC does not have Heritage assets.
IGRAP 21	The Effect of Past Decisions on Materiality	The objective of the standard is to explain the implications of adopting accounting policies for material items based on Standards of GRAP as well as applying alternative accounting treatments for immaterial items.	Not yet effective
Guideline	Accounting for Landfill Sites	The Guideline outlines the accounting for transactions and events that impact the accounting for landfill sites and the related rehabilitation provision in so far as they apply to general and hazardous waste.	No impact. The NAMC does not have Landfill sites.

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
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## 2. Going Concern

The Accounting Authority has reviewed the financial statements for the period under review, and there is no reason to believe that the entity will not be able to continue its operations in the foreseeable future, based on the forecasts and the approved MTEF allocation by the Department of Agriculture, Land Reform and Rural Development. These financial statements support the viability of the entity.

## 3. Revenue

### 3.1 Revenue from exchange transactions consists of the following amounts

Management fee for rendering of services	324	605
Other Income	126	-
Interest income	2,273	2,260
Rent income	132	132
	<b>2,855</b>	<b>2,997</b>

Interest income is generated through investment of surplus funding.

The amount included in rendering of services arose from exchange transactions of R324,000 in 2022/23 financial year end (R605,000 in 2021/22). The exchange revenue relates to National Red Meat Development Project, Agriculture and Agro-Processing Master Plan and CASSAVA.

Decrease in management fees is due to project that came to an end during 2022/23 financial year, which resulted in a decrease in expenses incurred on projects.

### 3.2 Revenue from non-exchange transactions consists of the following amounts

Department of Agriculture, Land Reform and Rural Development - MTEF Allocation	48,535	47,305
Total sponsorship revenues	2,904	4,182
Sponsorship funds	1,368	612
Other income	-	183
Revenue from projects - (See note 20)	1,536	3,387
	<b>51,439</b>	<b>51,487</b>



# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
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## 4. Personnel expenditure

### 4.1 Personnel expenditure is analysed as follows:

<b>Non-management</b>	<b>24,680</b>	<b>24,930</b>
Basic salaries	19,226	20,138
*Performance bonuses paid out	1,278	1,123
Other non-pensionable allowance	343	1,081
Leave provision expense	324	(260)
UIF	93	95
*Other salary related cost	988	342
Pension: Post-employment benefits	2,428	2,411
Senior management remuneration	Note 16 13,270	12,242
<b>Total personnel expenditure</b>	<b>37,950</b>	<b>37,172</b>

\*Performance bonus paid to senior managers is disclosed under note 16.

\*Other salary related cost includes Group scheme

#### 4.1.1 Reconciliations of employee benefit provisions

Employee benefit provisions 2022/23	Opening balance	Movement Additions	Payments	Total
Leave accrual	1,281	324	-	1,605
Performance bonus provisions	2,000	2,000	-2000	2,000
	<b>3,281</b>	<b>2,324</b>	<b>-2000</b>	<b>3,605</b>

#### Movement explanation for bonus provision:

The NAMC paid out a bonus of R2 million in 2022/23 financial year relating to prior year, the payout is a result of the performance management policy which states that the bonus will be paid in the next financial year. During 2022/23 financial year the NAMC raised a bonus provision of R2 million.

Employee benefit provisions 2021/22	Opening balance	Movement	Total
Leave accrual	1,541	(260)	1,281
Performance bonus provisions	2,500	(500)	2,000
	<b>4,041</b>	<b>(760)</b>	<b>3,281</b>

The NAMC does not know the timing of the payment if any, for accrued leave pay, as this is dependent on whether an employee remains in the service of the NAMC or not. Any bonus provisions will be paid out in August each year in terms of the Performance Management & Development Policy and Procedure.

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
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## 5. Administrative expenses

**Administrative expenses consist of:**

General administrative expenses	616	522
Printing and stationery	278	326
Audit committee fees	349	773
Auditors` remuneration - fees	1,478	1,427
Council fees	1,369	1,435
Internal audit fees	576	479
Bad debts	197	131
Bank charges	35	36
IT costs	1,008	1,000
Refreshments and catering	42	30
Training and development	360	536
	<b>6,308</b>	<b>6,695</b>

## 6. Operating expenses

**6.1 Operating expenses consist of:**

Legal Fees	-	1,551
Rentals in respect of operating lease	1,104	2,295
Levy	214	173
Municipal charges	996	582
Communication costs	36	59
Other expenses	5	10
Project expenses	642	1,924
Section 7 Committees and Consultancy	1,224	1,336
Computer consumables	1	2
Courier and delivery charges	2	6
Maintenance, repairs and running costs	53	171
Research & workshops	803	578
Travel and subsistence	1,619	1,065
<b>Total other expenses</b>	<b>6,699</b>	<b>9,752</b>

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
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## 6.2 Other gains and losses

Gain or loss on disposal of assets	13	107
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## 6.3 Depreciation and amortisation

Depreciation- property, plant & equipment	566	548
Depreciation- investment property	60	36
Amortisation	(13)	135
<b>Total</b>	<b>613</b>	<b>719</b>

## 7. Reconciliation of (deficit)/surplus for the year to net cash flows from operating activities

<b>Surplus for the year</b>	<b>2,703</b>	<b>24</b>
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### Adjustments to reconcile surplus

Adjustments for finance income	(2,189)	(2,257)
Adjustments for finance costs	8	15
Adjustments for increase in inventories	(13)	(22)
Adjustments for decrease in trade accounts receivable	2,085	1,973
Adjustments for impairments	-	131
Adjustment for decrease or increase in trade accounts payable	(517)	(771)
Adjustments for decrease in deferred income	(10,813)	(9,137)
Adjustments for depreciation and amortisation expense	613	719
Adjustments for gains and losses on disposal of non-current assets	13	107
Other adjustments for which cash effects are investing or financing cash flow	159	-
<b>Total adjustments to reconcile surplus</b>	<b>(10,654)</b>	<b>(9,242)</b>

<b>Net cash flows from operations</b>	<b>(7,951)</b>	<b>(9,218)</b>
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National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
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## 8. Inventories

The balances of inventories are as follows:

Stationery	60	47
<b>Total current inventories</b>	<b>60</b>	<b>47</b>

Inventories were not pledged as security for liabilities.

<b>Stationery (expenditure)</b>	<b>107</b>	<b>63</b>
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The inventory purchase is recognised in the statement of financial performance as and when inventories are issued, and they are classified as expense under the administration note.

## 9. Receivables from non-exchange transactions

### 9.1 Receivables from non-exchange transactions comprise:

Receivables from non-exchange transactions	90	2,629
<b>Total current receivables</b>	<b>90</b>	<b>2,629</b>

The receivables are mainly for non-exchange transactions (grants with no conditions/ conditional grants) raised during the financial year relating to National Lucern trust and Oil & Protein seed Development trust. The receivables were assessed for impairment, and none were impaired, as major part of receivables are contractual.

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
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## 10. Receivables from exchange transactions

### 10.1 Receivables from exchange transactions comprise:

Receivables Exchange transactions	411	214
Prepayments	580	220
Deposits	251	251
Provision for bad debt	(246)	(131)
Other Debtors	14	2
	<b>1,010</b>	<b>556</b>
Less non-current portion	(251)	(251)
<b>Total current receivables</b>	<b>759</b>	<b>305</b>

Rental income to the value of R 132,000 was raised as revenue from exchange transaction. Based on historical events the NAMC does not anticipate the tenant to pay rent for 2022/23 financial year end which resulted in NAMC raising an additional provision for bad debts of R115,000. At year end the provision for bad debt amount to R 246,000. Maintenance fees were deducted from the debtor as he paid R 17,000 during the prior financial year.

### 10.2 Items included in Receivables from exchange transactions not classified as financial instruments

Prepayments	580	220
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The prepayments mainly relate to study fees paid in advance.

## 11. Cash and cash equivalents

### Cash and cash equivalents comprise:

#### Cash

Cash on hand	2	3
Balances with banks	40,467	46,945
<b>Total cash</b>	<b>40,469</b>	<b>46,948</b>
<b>Total cash and cash equivalents included in current assets</b>	<b>40,469</b>	<b>46,948</b>
<b>Net cash and cash equivalents</b>	<b>40,469</b>	<b>46,948</b>

## 12. Property, plant and equipment

### Balances at year end and movements for the year

Figures in R `000	Leasehold improvements	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Leased office equipment	Total
<b>Reconciliation for the period 31 March 2023</b>							
<b>Balance at 1 April 2022</b>							
At cost	1,153	1,072	821	320	1,837	329	5,532
Accumulated depreciation	(770)	(868)	(711)	(249)	(1,291)	(174)	(4,063)
<b>Carrying amount</b>	<b>383</b>	<b>204</b>	<b>110</b>	<b>71</b>	<b>546</b>	<b>155</b>	<b>1,469</b>
<b>Movements for the period 31 March 2023</b>							
Additions	12	-	-	70	469	-	551
Other movements - Opening balance	-	11	-	(44)	41	-	8
COE - additions (non-cash items)	-	-	-	49	(46)	-	3
Depreciation	(155)	(20)	65	(8)	(338)	(110)	(566)
Disposals	-	-	(4)	(5)	(4)	-	(13)
<b>Property, plant, and equipment at end of period</b>	<b>240</b>	<b>195</b>	<b>171</b>	<b>133</b>	<b>668</b>	<b>45</b>	<b>1,452</b>
<b>Closing balance at 31 March 2023</b>							
At cost	1,165	645	1,067	486	2,255	329	5,947
Accumulated depreciation	(925)	(450)	(896)	(353)	(1,587)	(284)	(4,495)
<b>Carrying amount</b>	<b>240</b>	<b>195</b>	<b>171</b>	<b>133</b>	<b>668</b>	<b>45</b>	<b>1,452</b>



National Agricultural Marketing Council

## Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

The entity's obligations under finance leases are secured by the lessor's title to the leased assets, which have a carrying amount of R 39,000 in 2022/23 and R 155,000 in 2021/22. The entity is not allowed to pledge these assets as security for borrowings or sell them to another entity.

During the current reporting period a review of the FAR was performed, and we identified assets that were previously incorrectly classified, which resulted in the opening balance for computer equipment, furniture & fittings and office equipment changing.

The net effect of the movement was nil.

Furthermore, during the physical verification, we identified assets that were not on the FAR but were currently in use (COE additions - non-cash items), these assets were recognised on the FAR at deemed cost as at 1 April 2018. There were assets at nil book value in the previous financial year end that were reassessed in the current period (reassessment of asset useful life). The effects of this review resulted in a decrease in the annual depreciation expense due to adjustments done retrospectively.

### **Repairs and maintenance**

A total amount of R53,000 has been spent on repairs and maintenance on assets under leasehold improvements.

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	Leasehold improvements	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Leased office equipment	Farming equipment	Operational buildings	Total
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## Reconciliation for the year ended 31 March 2022

### Balance at 1 April 2021

At cost	1,340	1,072	1,145	493	2,157	486	36	-	6,729
Accumulated depreciation	(1,310)	(825)	(986)	(372)	(1,512)	(218)	(35)	-	(5,258)
<b>Carrying amount</b>	<b>30</b>	<b>247</b>	<b>159</b>	<b>121</b>	<b>645</b>	<b>268</b>	<b>1</b>	<b>-</b>	<b>1,471</b>

## Movements for the year ended 31 March 2022

Additions	482	-	-	24	142	-	-	-	648
Depreciation	(129)	(43)	(31)	(68)	(173)	(104)	-	-	(548)
Disposals	-	-	(18)	(6)	(68)	(9)	(1)	-	(102)
<b>Property, plant and equipment at end of period</b>	<b>383</b>	<b>204</b>	<b>110</b>	<b>71</b>	<b>546</b>	<b>155</b>	<b>-</b>	<b>-</b>	<b>1,469</b>

### Closing balance at 31 March 2022

At cost	1,153	1,072	821	320	1,837	329	36	15,476	21,044
Accumulated depreciation	(770)	(868)	(711)	(249)	(1,291)	(174)	(36)	(15,476)	(19,575)
<b>Carrying amount</b>	<b>383</b>	<b>204</b>	<b>110</b>	<b>71</b>	<b>546</b>	<b>155</b>	<b>-</b>	<b>-</b>	<b>1,469</b>

National Agricultural Marketing Council

## Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

### 13. Investment property

Balances at year end and movements for the year: 2023

Reconciliation for the year	Land	Building	Total
<b>Balance at start of year</b>			
At cost	550	1,200	<b>1,750</b>
Accumulated depreciation	-	(135)	<b>(135)</b>
<b>Carrying amount</b>	<b>550</b>	<b>1,065</b>	<b>1,615</b>
Depreciation	-	(60)	(60)
Other Movement - Prior year adjustment	-	(150)	(150)
<b>Investment property at end of period</b>	<b>550</b>	<b>855</b>	<b>1,405</b>
<b>Closing balance at end of year 2023</b>			
At fair value	-		
At cost	550	1,200	1,750
Accumulated depreciation	-	(345)	(345)
<b>Carrying amount</b>	<b>550</b>	<b>855</b>	<b>1,405</b>

For the period under review, no items of investment property were pledged as security for liabilities.

No repairs and maintenance expenses were incurred on the entity's investment properties during the period under review.

The NAMC has intentions of disposing of the investment property held as at end of financial year.

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Reconciliation for the year	Land	Building	Total
<b>Balance at start of year end 2021</b>			
At cost	550	1,200	<b>1,750</b>
Accumulated depreciation	-	(99)	<b>(99)</b>
<b>Carrying amount</b>	<b>550</b>	<b>1,101</b>	<b>1,651</b>
<b>Movements for the year 2022</b>			
Depreciation	-	(36)	<b>(36)</b>
<b>Investment property at end of period</b>	<b>550</b>	<b>1,065</b>	<b>1,615</b>
<b>Closing balance at end of year 2022</b>			
At fair value			
At cost	550	1,200	1,750
Accumulated depreciation	-	(135)	(135)
<b>Carrying amount</b>	<b>550</b>	<b>1,065</b>	<b>1,615</b>

## Rental income from investment property, net of direct operating expense

Rental income of R132,000 2022/23 (132,000 in 2021/22) was disclosed as receivable. Rental income is disclosed under rental income line item as goods.

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

## 14. Intangible assets

Reconciliation of changes in intangible assets	Computer Software	Total
<b>Reconciliation for the period 31 March 2023</b>		
<b>Balance at 1 April 2022</b>		
At cost	1,083	1,083
Accumulated amortisation	(845)	(845)
<b>Carrying amount</b>	<b>238</b>	<b>238</b>
<b>Movements for the year period 31 March 2023</b>		
Amortisation	13	13
Disposals	-	-
<b>Intangible assets at end of period</b>	<b>251</b>	<b>251</b>
<b>Closing balance for the year period 31 March 2023</b>		
At cost	1,083	1,083
Accumulated amortisation	(832)	(832)
<b>Carrying amount</b>	<b>251</b>	<b>251</b>
No intangible assets were pledged as security for liabilities.		
<b>Reconciliation for the year ended 31 March 2022</b>		
<b>Balance at 1 April 2021</b>		
At cost	1,061	1,061
Accumulated amortisation	(893)	(893)
<b>Carrying amount</b>	<b>168</b>	<b>168</b>
<b>Movements for the year ended 31 March 2022</b>		
<b>Additions</b>	212	212
<b>Amortisation</b>	(136)	(136)
<b>Disposals</b>	(6)	(6)
<b>Intangible assets at end of period</b>	<b>238</b>	<b>238</b>
<b>Closing balance at 31 March 2022</b>		
At cost	1,083	1,083
Accumulated amortisation	(845)	(845)
<b>Carrying amount</b>	<b>238</b>	<b>238</b>

During the physical verification, we identified assets that were not on the FAR but were currently in use, these assets were recognised on the FAR at deemed cost as at 1 April 2018. There were assets at nil book value in the previous financial year end that were reassessed in the current period (reassessment of asset useful life). The effects of this review resulted in a decrease in the annual depreciation expense due to adjustments done retrospectively. No intangible assets were pledged as security for liabilities.

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

## 15. Council and Independent Audit & Risk Committee members' fees

	Attendance and preparation fees	Total 2023	Total 2022
<b>Members Name</b>			
Mr. AG Petersen: Chairperson (From 25 May 2021)	290	290	141
Mr. JH Prinsloo: Acting Chairperson (Contract ended 25 May 2021)	-	-	54
Ms. F Mkile (Re-appointment: 25 May 2021)	133	133	225
Mr. HT Mohane (Contract ended 25 May 2021)	-	-	32
Ms. N. Mokose (Re-appointment: 25 May 2021)	205	205	179
Mr. B Mokgatle (Contract ended 25 May 2021)	-	-	32
Dr. D Rangaka (Contract ended: 25 May 2021)	-	-	29
Mr. GM Schutte (Re-appointment: 25 May 2021)	108	108	125
Prof. MJ Qobo (Appointed in 25 May 2021 and resigned June 2021)	-	-	8
Dr. ST Xaba (Appointed 25 May 2021)	179	179	136
Ms. T Ntshangase (Deputy Chairperson - Appointed 25 May 2021)	76	76	203
Ms. SN Naidoo (Appointed in 25 May 2021)	112	112	79
Mr. SJ Mhlaba (Appointed in 25 May 2021)	100	100	85
Prof. A Jooste (appointed in 25 May 2021)	166	166	107
<b>Total</b>	<b>1,369</b>	<b>1,369</b>	<b>1,435</b>
<b>Fees paid to Independent Audit and Risk Committee members</b>			
Ms. B Mgozeli - Appointed as audit & risk committee member (Resigned 2 August 2022)	31	31	39
Mr. S Dzengwa - Appointed as an independent audit & risk committee member and a Chairperson of Risk committee (1 December 2021)	115	115	26
Dr. P Dala - Chairperson of Risk Management Committee and Audit & Risk Committee member (Contract ended December 2021)	-	-	366
Mr. P Slack - Chairperson of Audit and Risk Committee member (1 July 2021)	203	203	163
Ms. L Mothae - Chairperson of Audit & Risk Committee (Contract ended June 2021)	-	-	179
	<b>349</b>	<b>349</b>	<b>773</b>



## Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

### 16. Senior managers' remunerations

	Basic salary	Allowances	Pension contribution payments	Termination payout	UIF	Bonuses	Total 2023
Mr. Schalk Burger - Senior Manager – Statutory Measures	1,269	-	177	-	2	112	1,560
Mr. B. Nyhodo - Senior Manager - Agricultural Trusts	1,257		177	-	2	112	1,548
Dr. S Ngqangweni - Chief Executive Officer	1,950		274	-	2	84	2,310
Mrs. MI Mathatho - Chief Financial Officer	1,715		-	-	2	66	1,783
Mrs. KC Mosoma - Senior Manager – Agribusiness Development	1,272			-	2	124	1,575
Mr. T.D Mokutu - Legal & Company Secretary (Appointed 1 August 2022)	546				1	-	624
Mrs. NN Shelembe - Risk and Compliance Manager	667		177	-	2	-	762
Dr. NP Tempia- Senior Manager MERC	1,263		77	-	2	112	1,554
Ms. PNC Simelane- Senior Manager Human Resources	1,263		177	-	2	112	1,554
	<b>11,202</b>	<b>-</b>	<b>1,329</b>	<b>-</b>	<b>17</b>	<b>722</b>	<b>13,270</b>

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

	Basic salary	Allowances	Pension contribution payments	Termination payout	UIF	Bonuses	Total 2022
Ms. F Netili - Chief Financial Officer (Resigned on the 30 June 2021)	515	-	52	-	1	152	720
Mr. Schalk Burger - Senior Manager – Statutory Measures	1,240	-	245	-	2	67	1,554
Mr. B. Nyhodo - Senior Manager - Agricultural Trusts	1,239	-	173	-	2	125	1,539
Mr. K Mphela - Acting Risk & Compliance manager (10 August 2021 - 31 December 2021)	-	146	-	-	-	-	146
Dr. S Ngqangweni - Chief Executive Officer	1,901	-	269	-	2	193	2,365
Mrs. MI Mathatho - Chief Financial Officer (Appointed 1 October 2021)	844	-	-	-	1	-	845
Mrs. KC Mosoma - Senior Manager – Agribusiness Development	1,233	-	173	-	2	125	1,533
Mr. T Marishane - Risk and Compliance Manager (Resigned 31 July 2021)	197	-	30	145	1	-	373
Ms. F Mudau- Acting CFO (1 July - 30 September 2021)	-	176	-	-	-	-	176
Mrs. NN Shelembe - Risk and Compliance Manager (Appointed 1 January 2022)	170	-	23	-	1	-	194
Dr. NP Tempia- Senior Manager MERC	1,233	-	159	-	2	-	1,394
Ms. PNC Simelane- Senior Manager Human Resources	1,229	-	173	-	2	-	1,404
	<b>9,801</b>	<b>322</b>	<b>1,297</b>	<b>145</b>	<b>15</b>	<b>662</b>	<b>12,242</b>

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
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## 17. Finance lease obligation

### 17.1 Finance lease obligation is analysed as follows:

Finance lease obligations: Leased equipment	40	158
	<b>40</b>	<b>158</b>
Non-current liabilities	-	44
Current liabilities	40	114
	<b>40</b>	<b>158</b>

### 17.2 Finance lease obligations - lease payment reconciliations

#### Gross finance lease obligations - minimum lease payments

Not later than one year	41	122
Later than one year and not later than five years	-	45
	<b>41</b>	<b>167</b>

Future finance charges on finance lease liabilities	(1)	(9)
Present value of finance lease liabilities	40	158
Present value of finance lease obligations net of impairments	40	158

The finance lease liability for the entity is with regards to photocopying machines. At the inception of the lease the interest rate was estimated at the prime rate. The entity leased photocopy machine from Konica Minolta for a period of 24 to 36 months.

#### Terms and conditions

- i) All the leases are for an agreed period of 24 - 36 months, with an option to renew.
- ii) The photocopies are installed and then the contract will continue on a monthly basis until the entity decides to terminate the contract with one month's written notice.
- iii) The contract will be renewed for a period of one year if the entity does not give written notice of cancellation of contract.

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
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## 18. Operating lease liabilities

Operating lease liabilities are analysed as follows:

Operating lease liability	73	48
Current liabilities	73	48

## Future minimum lease payments

Not later than one year	1,202	1,129
Later than one year and not later than five years	409	1,611
	<b>1,611</b>	<b>2,740</b>

The NAMC entered into a 3-year lease agreement, the lease agreement for office rental will expire in July 2024.

## 19. Payables from exchange transactions

Payables from exchange transactions are made up as follows:

Trade creditors	600	1 348
<b>Total payables from exchange transactions</b>	<b>600</b>	<b>1 348</b>

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

## 20. Deferred Income

### 20.1 Deferred revenue

#### Principal and Agent liability

Name of project	Opening balance	Amount received/ receivable	Amount utilised	Amounts transferred/ Invoice reversed	Closing balance
<b>Name of project: Principal</b>					
<b>2023</b>					
Strategic Infrastructure Project: SIP 11	1	-	-	(1)	-
Agricultural Sector Education, Training Authority (AgriSeta)	465	1,010	(772)	-	703
GDARD - Extension service as a catalyst to improve farm productivity	156	-	-		156
Ceres abattoir	2,198	-	-	(2,198)	-
Operation Phakisa	160	-		(160)	-
CASSAVA project	240	800	(812)		228
<b>Total</b>	<b>3,220</b>	<b>1,810</b>	<b>(1,583)</b>	<b>(2,359)</b>	<b>1 087</b>
<b>Name of project: Agent</b>					
<b>2022</b>					
Agriculture and Agro-Processing Master Plan (AAMP)	16,631	-	(1,802)		14 829
National Red Meat Development Programme	14,774	913	(5,692)		9 995
AgriSeta (AAMP)	1,500	-	(677)		823
Australian Centre for International Agricultural Research (ACIAR)	1,422	71	(766)	(727)	0
<b>Total</b>	<b>34,327</b>	<b>984</b>	<b>(8,937)</b>	<b>(727)</b>	<b>25 647</b>
<b>Total liabilities</b>					<b>26,734</b>

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Name of project	Opening balance	Amount received/ receivable	Amount utilised	Amounts transferred/ Invoice reversed	Closing balance
<b>Name of project: Principal</b>					
<b>2022</b>					
Strategic Infrastructure Project: SIP 11	1	-	-		1
Agricultural Sector Education, Training Authority (AgriSeta)	1,890	1,391	(1,605)	(1,211)	465
Small holder Farming in Agro-processing industry	34	125	(3)		156
Ceres abattoir	2,198	-	-		2 198
Operations Phakisa	160	-	-		160
National Red Meat Development (NRMDP)	22,416	-	(1,565)	(20,851)	0
CASSAVA project	-	713	(473)		240
<b>Total</b>	<b>26,699</b>	<b>2,229</b>	<b>(3,646)</b>	<b>(22,062)</b>	<b>3 220</b>
<b>Name of project: Agent</b>					
<b>2022</b>					
Agriculture and Agro-Processing Master Plan (AAMP)	19,010.00	0	(2,379)		16 631
National Red Meat Development Programme	-	20,851	(6,077)		14,774
Agriseta (AAMP)	1,500	-	-		1,500
Australian Centre for International Agricultural Research (ACIAR)	975	655	(208)		1 422
<b>Total</b>	<b>21,485</b>	<b>21,506</b>	<b>(8,664)</b>		<b>34 327</b>
<b>Total liabilities</b>					<b>37 547</b>

Deferred revenue reflects the amount of income received during the current and previous financial years, but which will be utilised in the subsequent years. Disclosure of deferred income is accounted for according to the GRAP 109, where the contracts are assessed according to the standard to determine whether it's an agent or principal.



National Agricultural Marketing Council

## Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

### 20.2 Agent and principal liability

Nature of the relationship

#### 20.2.1 Australian Centre for International Agricultural Research (ACIAR)

The NAMC has entered into a service level agreement with the Department of Agriculture, Forestry and Fisheries to identify, modify and develop a wider range of market systems and value chains available for small scale and emerging beef farmers in South Africa. The NAMC act as an agent and the Department is the principal. An additional invoice to the amount of R71 000 was raised, and an invoice to the value of R727,000 was reversed. A total expenditure amount of R 767,000.00 has been incurred during the current period.

#### 20.2.2 Agriculture and Agro-Processing Master Plan

An amount of R20,2 million was received for the Department of Agriculture, Land Reform and Rural Development for the implementation of Agriculture and Agro-Processing Master Plan (AAMP), as at 1st of April 2022 there was an opening balance of R16,6 million carried from the previous financial year. During the reporting period an amount of R 1,8 million was utilised for salaries of the employees and other administration expenses.

#### 20.2.3 National Red Meat Development Project

During the 2020/21 financial year the NRMDP contract came to an end on the 30th of September 2020. The NAMC accounted for the project as a principal according to GRAP 109. A new SLA was signed with the Department of Agriculture, Land Reform and Rural Development on the 10th of November 2021, which resulted in the change of accounting treatment to the NAMC being an agent according to the accounting standard. A balance of R 20,8 million was transferred to deferred liability - agent during 2021/22 financial year end. A total amount of R5,693 million was utilised during the current financial year end. The remaining balance as at financial year end is R9,9 million which was deferred to liabilities.

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

## 21. Financial instruments

### Introduction and overview

This note represents information about the entity's exposure to each of the below risks, the entity's objectives, policies and processes for measuring and managing risk, and the entity's management of capital. Further quantitative disclosures are included.

### Risk Management

#### Financial risk factors

Exposure to the credit risk arises in the normal course of the NAMC's business. Exposure to currency and interest rate risk is minimal. NAMC has an overall risk management plan approved by Council and is reviewed by Audit and Risk committee every financial year. Council has approved written policies such as Cash, Bank and Investment Policy, Debtors Management Policy and other policies that management adheres to.

The entity has exposure to the following risks from its use of financial instruments:

**Credit risk** - Exposure of credit risk is monitored on an ongoing basis. Reputable financial institutions are used for investing and cash handling. As at 31 March 2023 there was no significant concentration of credit risk.

**Liquidity risk** - NAMC manages its liquidity risk by monitoring cash flows and ensuring that necessary funds are available to meet any commitments that arises, and further manages its liquidity risk by spending according to their budget which is fully funded.

**Interest rate risk** – NAMC is exposed to interest rate risk which relates to various accounts opened with Standard Bank, the interest rate is updated monthly. On average cash balances (differences of opening balance and closing balances) (R46,9- R40.5 Million).

The following are the carrying values of the NAMC's financial instruments per category:

	Carrying amount	
	2023	2022
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	40,469	46,948
Receivables from non-exchange and exchange transactions	355	2,882
	<b>40,824</b>	<b>49,830</b>
<b>Financial liabilities at amortised cost</b>		
Payables from exchange transactions	600	1,348
	<b>600</b>	<b>1,348</b>

Prepayments are excluded from financial instruments in both financial years

The following table presents the gains or losses per financial instrument category:

National Agricultural Marketing Council

## Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
<b>2023</b>			
Interest income	2,273	-	2,273
Finance costs	-	(8)	(8)
<b>Total</b>	<b>2,273</b>	<b>(8)</b>	<b>2,265</b>
<b>2022</b>			
Interest income	2,260	-	2,260
Finance costs	-	(15)	(15)
<b>Total</b>	<b>2,260</b>	<b>(15)</b>	<b>2,245</b>

### Exposure to risks: Credit risk

The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2023	2022
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	40,469	46,948
Receivables from non-exchange and exchange transactions	355	2,882
	<b>40,824</b>	<b>49,830</b>
<b>Financial liabilities at amortised cost</b>		
Finance leases	40	158
Payables from exchange transactions	600	1,348
	<b>600</b>	<b>1,506</b>

The following table reflects the NAMC's exposure to liquidity risk from financial liabilities:

### Exposure to risks: Liquidity risk

The entity minimises this risk by ensuring that enough working capital (cash reserves and short-term receivables) is available to cover its current liabilities through the analysis of the commitments against the cash available in our current and call accounts.

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

	2023		2022	
	Gross	Impairment	Gross	Impairment
<b>Cash and equivalents</b>				
- Neither past due nor impaired	40,469	-	46,948	-
<b>Receivables</b>				
- Past due but not impaired	65	-	392	-
- Neither past due nor impaired	-	-	2,487	-
<b>Total</b>	<b>40,534</b>	<b>-</b>	<b>49,827</b>	<b>-</b>

The following table provides information regarding the maturity analysis on NAMC's contractual undiscounted cash flows for its payables:

	Carrying amount	Total contractual cash flows	Not later than one year	2 to 5 years
<b>2023</b>				
Finance lease liabilities	40	145	115	30
Payables	600	600	-	-
<b>Total</b>	<b>640</b>	<b>745</b>	<b>115</b>	<b>30</b>
<b>2022</b>				
Finance lease liabilities	158	158	114	44
Payables	1,348	1,348	-	-
<b>Total</b>	<b>1,506</b>	<b>1,506</b>	<b>114</b>	<b>44</b>

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
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## **Exposure to risk: Market risk**

Interest rate risk

### **Concentration of interest rate risk**

#### **Variable rate instruments**

Financial assets	40,469	46,948
Financial liabilities	(40)	158
<b>Total</b>	<b>40,429</b>	<b>47,106</b>

#### **Fixed rate instruments**

Financial assets: Accounts receivable	355	2,882
Financial liabilities: Accounts payable	(600)	(1,348)
<b>Total</b>	<b>(245)</b>	<b>1,534</b>

The exposure to the changes in interest rates primarily affects NAMC's current and call accounts.

## **22. Related parties**

Parties related to National Agricultural Marketing Council

Relationship	Name of related party
Controlling entity	Minister of Agriculture
Land and Agricultural Bank of South Africa (under common control with NAMC)	Land and Agricultural Bank of South Africa
Agricultural Research Council (under common control)	Agricultural Research Council
South Africa's Official Perishable Produce Export certification Agency (under common control)	PPECB
Deeds Registration (under common control)	Deeds Registration
Onderstepoort Biological Products (under common control)	OBP
Office of the Valuer General (under common control)	OVG
Ingonyama Trust Board (under common control)	Ingonyama Trust Board
Agricultural Land Holdings Trading Account (under common control)	Agricultural Land Holdings Trading Account
Council members & Independent Audit and Risk Committee	Refer to note 15
Senior Management	Refer to note 16

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
<b>Related parties transactions</b>		
Department of Agriculture, Land Reform and Rural Development - Grant	48,535	47 305
Department of Agriculture, Land Reform and Rural Development-Strategic Infrastructure Project, Operation Phakisa and ACIAR National Red Meat Development project, Agriculture and Agro-Processing Master plan (AAMP)	10,520	4 152
	<b>9,055</b>	<b>51,457</b>
<b>Nature of the related party transactions</b>		
The transaction with related parties indicates the amounts utilised and receivable from grants/sponsorship from related parties during 2022/23. Other related party transactions for key management are disclosed in note 15 & 16.		
<b>Related parties balance</b>		
Department of Agriculture, Land Reform and Rural Development -Strategic Infrastructure Project, Operation Phakisa and ACIAR and AAMP	26,734	21 912
<b>Total</b>	<b>26,734</b>	<b>21 912</b>

The balances on related parties indicates the conditional grants remaining to be utilised 2023/24. The balances disclosed are interest free and not secured.

## 23. Budget differences

### Material differences between budget and actual amounts

#### Revenue

##### 23.1 Other income /sponsorship utilised

This is as a result of the NAMC not budgeting for income to be received from other sponsors. The un-budgeted amount of R2,9 million was received and utilised for sponsorship projects.

##### 23.2 Management fees

A decrease of R1,254 million is due to a decrease in project expenses which resulted in management fees relating to Agriculture and Agro-Processing Master Plan and National Red Meat Development Project decreasing.

##### 23.3 Interest

The increase of R 173,000 as compared to the budget is due to an increase in funds invested during the financial year.

## Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

### 23.4 Personnel expenditure

An unfavourable variance of R1,299 million is as a result of salaries for interns. The intern's salaries were paid through AgriSeta funding, these expenses are accounted for under human resources division. There were additional expenses relating to contract employees appointed who were not budgeted for.

### 23.5 Administration expenses

A favourable variance of R6 million is due to majority of staff working from home.

Disclosed separately are administration expenses relating to projects, these expense are not budgeted for by the NAMC as it relates to the project.

### 23.6 Operating expenses

The operating expenditure shows an unfavourable variance of R2,1 million as a result of the increase in operating expenses.

Disclosed separately is operational expenditure relating to projects, these expenses are not budgeted for by the NAMC as it relates to the project.

### 23.7 Depreciation

There is no budget allocated to depreciation, this resulted in a variance of R 613,000.

### 23.8 Loss on disposal of assets

There is no budget allocated on loss on disposal of assets, this resulted in a variance of R 13,000.

### 23.9 Bonus

Bonuses for the current financial year end that have not yet been paid out. Bonus pay out is based on the performance of the organisation after the audit has been conducted, which results in prior year performance bonuses being paid in 2022/23 financial year. During 2022/23 year end a provision for R 2 million was made to pay out bonuses.

### 23.10 Budget and the actual amounts basis of preparation and presentation

The approved budget covers the period from 1 April 2022 to 31 March 2023, which is based on the MTEF budget allocation that is published on the Estimation of National Expenditure by National Treasury every year. The project funding is not budgeted for, however a separate budget control to track expenditure against the actual funding received is in place. The budget and annual financial statements are both on the accrual basis. The financial statements are prepared using classification on the nature of expenses in the statement of financial performance. The difference between approved and final budget is due to reallocation between various programmes and line items within the programmes.



National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

## 24. Segment reporting

### Segment information

The entity is organised and reports to the Accounting Authority and Executive Authority on the basis of five segments. The segments were organised around the type of services they deliver/provide. Management uses these same segments for determining strategic objectives. The business main operations are focused in the Republic of South Africa.

Information reported about these segments is used by management as a basis for evaluating the segment's performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The NAMC's financing (including finance costs and finance income) and revenue from taxes and transfers are allocated to operating segments. Inter- business unit services are not valued and are deemed to have been supplied for no consideration, and are therefore not eliminated. However, the quality of services provided internally is monitored as part of the non-financial service performance information through quarterly performance information reports.

The entity's business operations offices are in Pretoria, and with satellite offices for the National Red Meat Development project. The NAMC has the following five primary reportable segments:

#### Programme 1: Administration

The purpose of this programme is to provide support services towards achieving internal business excellence within the NAMC. The programme is currently structured in accordance with the following sub- programmes:

Sub Programme 1.1: Finance and Administration Sub Programme 1.2: Human Resources

Sub Programme 1.3: Office of the Chief Executive Officer

The segments were aggregated on the basis of services delivered as management considered that the economic characteristics of segments throughout the NAMC were sufficiently similar to warrant aggregation.

#### Programme 2: Markets and Economic Research Centre (MERC)

The purpose of this programme is to provide quality research to key stakeholders in support of agricultural marketing decision making.

#### Programme 3: Statutory Measures

The purpose of this programme is to facilitate the process to implement statutory measures in order to promote the efficiency of the marketing of agricultural products.

#### Programme 4: Agricultural Trusts

The purpose of this programme is to provide advisory services relating to trusts to the Minister.

#### Programme 5: Agri-business Development

The purpose of this programme is to provide development programmes that will link small holder farmers to markets.

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

## Segment surplus or deficit, assets and liabilities

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
<b>2023</b>						
<b>Revenue</b>						
Revenue from non-exchange transactions	50,050	1,180		209	-	51,439
Revenue from exchange transactions	582	-	-	-	-	582
<b>Total segment revenue</b>	<b>50,632</b>	<b>1,180</b>	<b>-</b>	<b>209</b>	<b>-</b>	<b>52,021</b>
<b>Expenses</b>						
Salaries and wages	17,811	11,236	2,953	2,693	3,257	37,950
Depreciation and amortisation	577	36	-	-	-	613
Other expenses	10,307	1,470	133	658	439	13,007
Loss on disposal of assets	13					13
Impairments	-					-
<b>Total segment expenses</b>	<b>28,708</b>	<b>12,742</b>	<b>3,086</b>	<b>3,351</b>	<b>3,696</b>	<b>51,583</b>
<b>Total segment surplus/(deficit)</b>	<b>21,924</b>	<b>(11,562)</b>	<b>(3,086)</b>	<b>(3,142)</b>	<b>(3,696)</b>	<b>438</b>
Interest revenue	2,273	-	-	-	-	2,273
Interest expense	8	-	-	-	-	8
<b>Surplus for the period/(deficit)</b>	<b>24,189</b>	<b>(11,562)</b>	<b>(3,086)</b>	<b>(3,142)</b>	<b>(3,696)</b>	<b>2,703</b>

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
<b>2023</b>						
<b>Assets</b>						
Segment assets (tangible assets)	2,857	-	-	-	-	2,857
Segment assets (intangible assets)	251	-	-	-	-	251
Receivable from exchange and Non-exchange transactions	1,100	-	-	-	-	1,100
Inventory	60	-	-	-	-	60
Cash and cash equivalent	15,261	15,213	-	-	9,995	40,469
<b>Total assets</b>	<b>19,529</b>	<b>15,213</b>	<b>-</b>	<b>-</b>	<b>9,995</b>	<b>44,737</b>
<b>Liabilities</b>						
Other Liabilities	4,318	-	-	-	-	4,318
Segment liabilities	703	16,036	-	-	9,995	26,734
<b>Total Liabilities</b>	<b>5,021</b>	<b>16,036</b>	<b>-</b>	<b>-</b>	<b>9,995</b>	<b>31,052</b>
<b>Other information</b>						
Capital expenditure	551	-	-	-	-	551
Deferred revenue	703	15,213	-	-	10,818	26,734

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
<b>2022</b>						
<b>Revenue</b>						
Revenue from non-exchange transactions	48,863	800	-	261	1,565	51,489
Revenue from exchange transactions	737	-	-	-	-	737
<b>Total segment revenue</b>	<b>49,600</b>	<b>800</b>	<b>-</b>	<b>261</b>	<b>1,565</b>	<b>52,226</b>
<b>Expenses</b>						
Salaries and wages	17,458	11,340	3,441	2,901	3,467	38,607
Depreciation and amortisation	719	-	-	-	-	719
Other expenses	11,338	1,106	226	434	1,910	15,014
Loss on disposal of assets	107				-	107
<b>Total segment expenses</b>	<b>29,622</b>	<b>12,446</b>	<b>3,667</b>	<b>3,335</b>	<b>5,377</b>	<b>54,447</b>
<b>Total segment surplus/(deficit)</b>	<b>19,978</b>	<b>(11,646)</b>	<b>(3,667)</b>	<b>(3,074)</b>	<b>(3,812)</b>	<b>(2,221)</b>
Interest revenue	2,260	-	-	-	-	2,260
Interest expense	15	-	-	-	-	15
<b>Surplus/(deficit) for the period</b>	<b>22,223</b>	<b>(11,646)</b>	<b>(3,667)</b>	<b>(3,074)</b>	<b>(3,812)</b>	<b>24</b>

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

	Administration	Markets and Economic Research Centre (MERC)	Statutory Measures	Agricultural Trusts	Agribusiness Development	Total
<b>2021</b>						
<b>Assets</b>						
Segment assets (tangible assets)	3,084	-	-	-	-	3,084
Segment assets (intangible assets)	238	-	-	-	-	238
Receivable from exchange and Non-exchange transactions	3,316	-	-	-	-	3,316
Inventory	47	-	-	-	-	47
Cash and cash equivalent	12,788	19,386	-	-	14,774	46,948
<b>Total assets</b>	<b>19,473</b>	<b>19,386</b>	<b>-</b>	<b>-</b>	<b>14,774</b>	<b>53,633</b>
<b>Liabilities</b>						
Other liabilities	4,966	-	-	-	-	4,966
Segment liabilities	465	22,308	-	-	14,774	37,547
<b>Total Liabilities</b>	<b>5,431</b>	<b>22,308</b>	<b>-</b>	<b>-</b>	<b>14,774</b>	<b>42,513</b>
<b>Other information</b>						
Capital expenditure	648	-	-	-	-	648
Accrued expense	711	-	-	-	-	711
Deferred revenue	465	20,808	-	-	16,274	37,547

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

	R' 000
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## 25. Contingent liabilities

### Litigation by Center for Economic Participation

Lawsuit against Minister where NAMC has been cited as a co-respondent. Centre for Economic Participation instituted a lawsuit against the Minister to the value of R15 000 000, being the amount promised to them by the Minister around 2020 or 2021.

17,500

### Litigation by Athari Sourcing Group

The NAMC received summons from Athari Sourcing Group lawyers relating to the contract being terminated due to poor performance. The service provider is claiming payment of remainder of the contract. The NAMC appointed Counsel to represent the organisation on the matter, and a notice of intention to defend has been filed.

860

Should the matter go to court, the NAMC will likely incur legal expenses and additional costs should the applicant's claim succeed.

### Litigation by Labstyres (Pty) Ltd

The NAMC received summons from Labstyres (Pty)ltd lawyers relating to the outstanding payments to the service provider. The outstanding payment on the contract in question was not paid due to the dispute regarding the claims made by the NAMC arguing poor workmanship and defective delivery.

1,000

Notice of set-down for default Judgment received in a matter involving a claim for payment of funds incurred during implementation of a contract. The NAMC will incur legal expenses and we are likely to incur damages payment should the applicant's claim succeed.

National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
<b>26. Irregular, Fruitless and Wasteful expenditure</b>		
Irregular expenditure	2,113	6,012
Fruitless & Wasteful expenditure	-	2
<b>Total</b>	<b>2,113</b>	<b>6,014</b>

**26.1 Details of irregular expenditure disclosed in the current year: R2,113,000.**

## 26.1.1 Agriculture and Agro-processing Master Plan: R1,476 million

The irregular expenditure of R1,476 million is a result of contract being signed without following the delegation of authority policy.

## 26.1.2 Non-Compliance with SCM processes: R 14,000

The irregular expenditure of R14,000 is a result of service provider being engaged without a contract in place.

## 26.1.3 Non-Compliance with human resource process: R 624,000

The irregular expenditure of R 624,000 is a result of non-compliance with the recruitment policy.

## 27. Tax exemption

The NAMC is exempted from income tax in terms of Section 10(1) cA (i) of the Income Tax Act 1962.



National Agricultural Marketing Council

# Notes to the Financial Statements

Audited Annual Financial Statements for the year ended 31 March 2023

Figures in R `000	2023	2022
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## 28. Prior period errors

### Correction on Accruals

#### Effects of the correction: 2021

Decrease in expenses	-	284
Increase in accumulated surplus	-	-284

Prior period error is a result of accruals not raised and incorrectly captured in 2020/21 financial year end.

#### Effects of the correction: 2022

##### Assets:

Increase in Accumulated depreciation	(138)
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##### Expenditure

Decrease in accumulated surplus	138
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#### Prior period error is a result of the following:

Assets were previously depreciated at cost less residual value in the prior year. As per GRAP16 investment property is exempted from recognising residual value, this resulted in accumulated depreciation and depreciation being understated.

## 29. Operational Commitments

### Approved commitments

Goods and services	5,372	4,957
<b>Total</b>	<b>5,372</b>	<b>4,957</b>

Commitments relate to outstanding orders issued to suppliers for services not rendered as at 31 March 2023 and also commitments relating long term and short-term contracts with service providers of which as at year end the contracts were still active.

There were no capital commitments for the period under review.

## 30. Reclassification

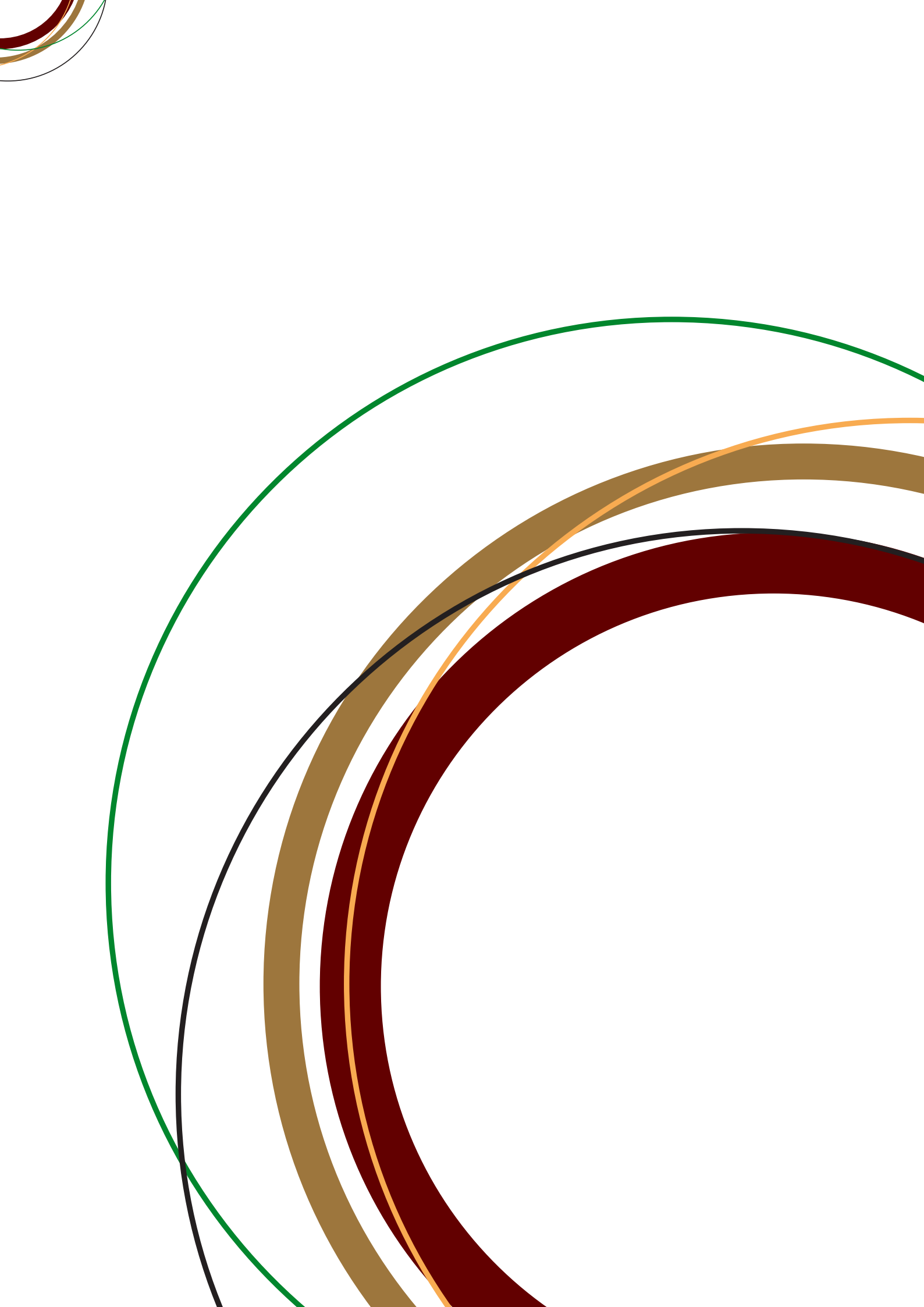
Provision for bad debts amounting to R131,000.00 was incorrectly disclosed under the current liability in the statement of financial position. These funds were subsequently corrected under note 10.1 and the statement of financial position.

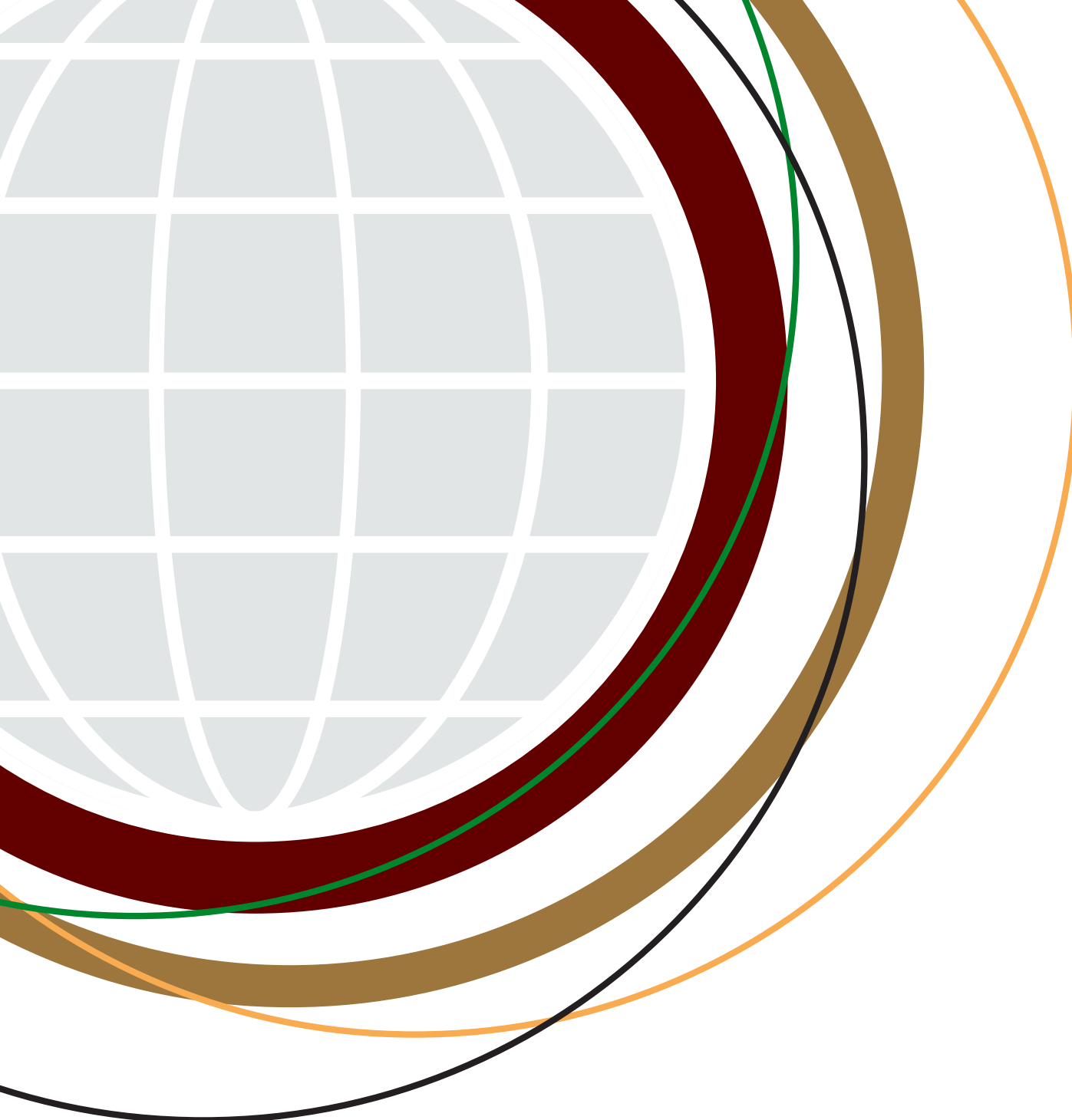
# ANNEXURE A: CONTACT DETAILS

**Table 25: Contact Details of Levy Administrators and Transformation Managers**

Administering Body	Contact Person	Transformation Manager
Agri-hub (fruit industry information)	Jolene Wium T 072 249 1234 jolene@agrihub.co.za	Not applicable
Cape Flora SA	Karien Bezuidenhout T 021 870 2900 F 021 870 2915 karien@hortgro.co.za	
Citrus Growers' Association of SA	Mr Justin Chadwick T 031 765 2514 F 031 765 8029 justchad@iafrica.com	Mr Lukhanyo Nkombisa 072 257 8386 lukhanyo@cga-gdc.org.za
Cotton SA	Dr Annette Bennett T 012 804 1462/7 F 012 804 8616 annette@cottonsa.org.za	Mr Tertius Schoeman T 012 804 1462 Cell 072 4881415 tertius@cottonsa.org.za
National Lucerne Trust	Mr Fritz Ruppig T 044 272 8991 F 044 279 2838 fritz@lucern.org.za	
Milk Producers' Organisation	Mr Fanie Ferreira T 012 843 5600 F 012 843 5781 fanif@mpo.co.za	
Milk SA	Mr Nico Fouché T 012 460 7312 F 012 460 9909 nico@milksa.co.za	Mr Godfrey Rathogwa 012 460 7312 Cell 082 900 6712 godfrey@milksa.co.za
Fruitfly Africa	Ghian du Toit The Manager T 021 882 9541 F 086 756 8656 ghian@fruitfly.co.za	Not applicable
HORTGRO	Mr Anton Rabe T 021 870 2900 F 021 870 2915 anton@hortgro.co.za	
Macadamias South Africa	Ms Lizel Pretorius T 012 001 4107 lazel@samac.org.za	transformation@samac.org.za
SA Olive Industry	Ms Vittoria Jooste T 021 870 2900 F 021 870 2915 manager@saolive.co.za	Mr John Scrimgeour T 021 868 3120 Cell 083 381 5287 buffet@icon.co.za
SA Table Grape Industry	Mr AJ Griesel T 021 872 1438 F 021 872 4375 aj@satgi.co.za	Mr Wilton September T 021 872 1438 F 021 872 4375 wilton@satgi.co.za

Administering Body	Contact Person	Transformation Manager
Raisins SA	Mr Ferdie Botha T 054 495 0283 ferdieb@raisinsa.co.za	Ms Simone Sell simones@raisinsa.co.za
SA Cultivar and Technology Agency (SACTA)	Ms Beatrix de Witt T 012 807 3958 F 012 349 8707 beatrix@llagri.co.za	Mr Sandile Mahlangu T 012 807 3958 F 012 349 8707 sandile@sactalevy.co.za
South African Pecan Producers' Association	Mr Andre Coetzee 083 271 6577 andrec@sappa.za.org	
South African Pork Producers' Organisation	Mr Johann Kotze T 012 100 3035 Cell 079 523 5767 jfk@sapork.com	Ms Kgadi Senyatsi T 012 100 3035 Cell 073 861 3588 kgadi@sapork.com
Pomegranates Association of South Africa	Ms Andriette de Jager T 021 870 2900 andiette@hortgro.co.za	
Potatoes SA	Mr Willie Jacobs T 012 349 1906 F 012 349 2641 monica@potatoes.co.za	
Red Meat Industry Services	Mr Dewald Olivier Cell 082 800 3737 exec@safeedlot.co.za	Dr Florence V Nherera-Chokuda fsd@nerpo.co.za
SAGIS (South African Grain Information Service)	Mr Bernard Schultz T 012 941 2050 F 086 543 2639 bernards@sagis.org.za	
SAPA (Southern African Poultry Association)	Dr Abongile Balarane T 011 795 9920 Cell 076 752 4846 abo@sapoultry.co.za	
SA Wine NPC	Mr Rico Basson SA Wine NPC Cell 082 698 4761 rico@sawine.co.za	
Cape Wools SA	Mr Deon Saayman T 041 484 4301 F 041 484 6792 capewool@capewools.co.za	
Winter Cereals Trust	Ms Thato Kganakga T 012 007 1200 F 086 617 9409 thato@wctrust.co.za	Ms Boipelo Kadiege T 012 007 1200 F 086 617 9409 boipelo@wctrust.co.za





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