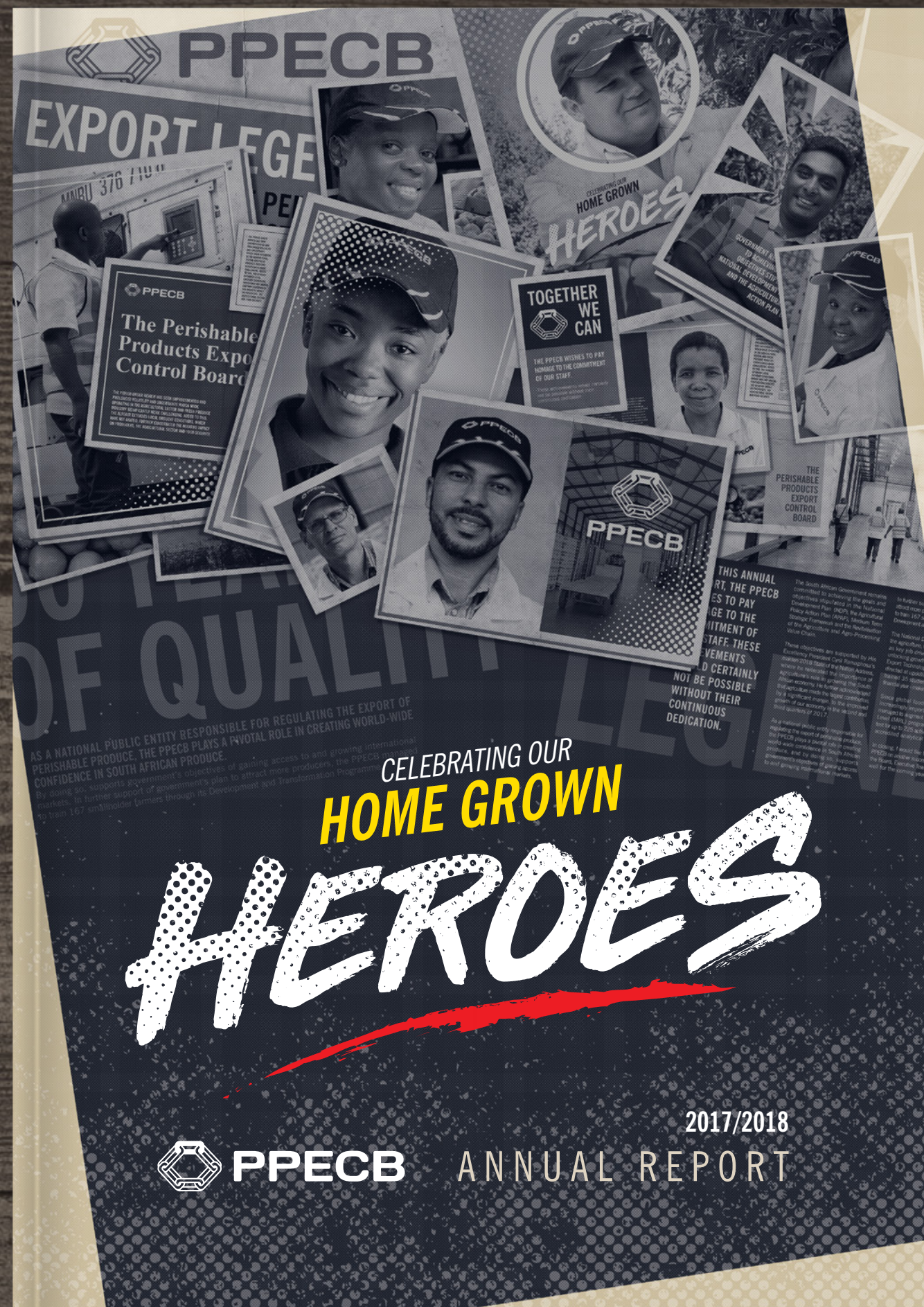


HOME GROWN HEROES



HOME GROWN HEROES

Dedicated to our very own

HOME GROWN HEROES

WHO MAKE WHAT WE DO POSSIBLE!



CONTENTS

CHAPTER 01	FOREWORDS	05
CHAPTER 02	GOVERNANCE & ADMINISTRATIVE INFORMATION	13
CHAPTER 03	DEPARTMENTAL REPORTS	33
CHAPTER 04	ANNUAL FINANCIAL STATEMENTS	61
CHAPTER 05	STRATEGIC PLAN FOR THE FISCAL YEARS 2017 - 2021	95
CHAPTER 06	ORGANISATIONAL PERFORMANCE REPORT	117



HOME GROWN HEROES



- | | | |
|---------------|------------------|-----------------|
| 1 CITRUSDAL | 6 GRABOUW | 11 JOHANNESBURG |
| 2 CERES | 7 ROBERTSON | 12 NELSPRUIT |
| 3 CAPE TOWN | 8 PORT ELIZABETH | 13 TZANEEN |
| 4 PAARL | 9 DURBAN | |
| 5 HEAD OFFICE | 10 LABORATORY | |

YEAR IN REVIEW 2017/18

**60,2
MILLION**
CARTONS OF TABLE GRAPES
WERE INSPECTED

**25%
OF POME**
WERE EXPORTED
TO ASIA

**46%
OF PEACHES**
WERE EXPORTED TO
THE MIDDLE EAST

**58% OF ALL
CITRUS FRUIT**
WAS SHIPPED FROM
THE DURBAN PORT

**PRIMARY EXPORT
DESTINATION FOR
AVOCADOS
IS THE EUROPEAN
UNION**

**3,5 MILLION
KILOGRAMMES
OF LITCHIS**
WERE INSPECTED

**19%
OF MANGOES**
ARE EXPORTED
TO AFRICA

**1,7 MILLION
TONNES OF
MAIZE**
WERE INSPECTED

**20 256
TONNES OF
MACADAMIAS**
WERE INSPECTED

MORE THAN 90% OF VEGETABLES ARE EXPORTED TO AFRICAN MARKETS



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CAREER HIGHLIGHT

Attending the AETP graduation ceremony at the Protea Hotel in JHB where I got to meet the Board members and managers as well as other AETP students. Seeing them face-to-face was an amazing experience for me.



**I ALSO ENJOY THE
CULTURAL ENVIRONMENT**

...we all respect each other's cultures
and traditions.



**MARION
SOLOMONS**

Joined PPECB MARCH 2008

First Position
AETP STUDENT

Currently
SENIOR INSPECTOR

CHAPTER 01

FOREWORDS

06 MINISTER'S
FOREWORD

08 CHAIRPERSON'S
FOREWORD

10 CHIEF EXECUTIVE
OFFICER'S FOREWORD

CELEBRATING OUR
HOME GROWN

HEROES



2017/2018
ANNUAL REPORT

HOME GROWN HEROES



MINISTER'S FOREWORD

THE SOUTH AFRICAN GOVERNMENT REMAINS COMMITTED TO ACHIEVING THE GOALS AND OBJECTIVES STIPULATED IN THE NATIONAL DEVELOPMENT PLAN (NDP), THE AGRICULTURAL POLICY ACTION PLAN (APAP), MEDIUM TERM STRATEGIC FRAMEWORK AND THE REVITALISATION OF THE AGRICULTURE AND AGRO-PROCESSING VALUE CHAIN.

These objectives are supported by His Excellency President Cyril Ramaphosa's maiden 2018 State of the Nation Address, where he reiterated the importance of agriculture's role in growing the South African economy. He further acknowledged that agriculture made the largest contribution, by a significant margin, to the improved growth of our economy in the second and third quarters of 2017.

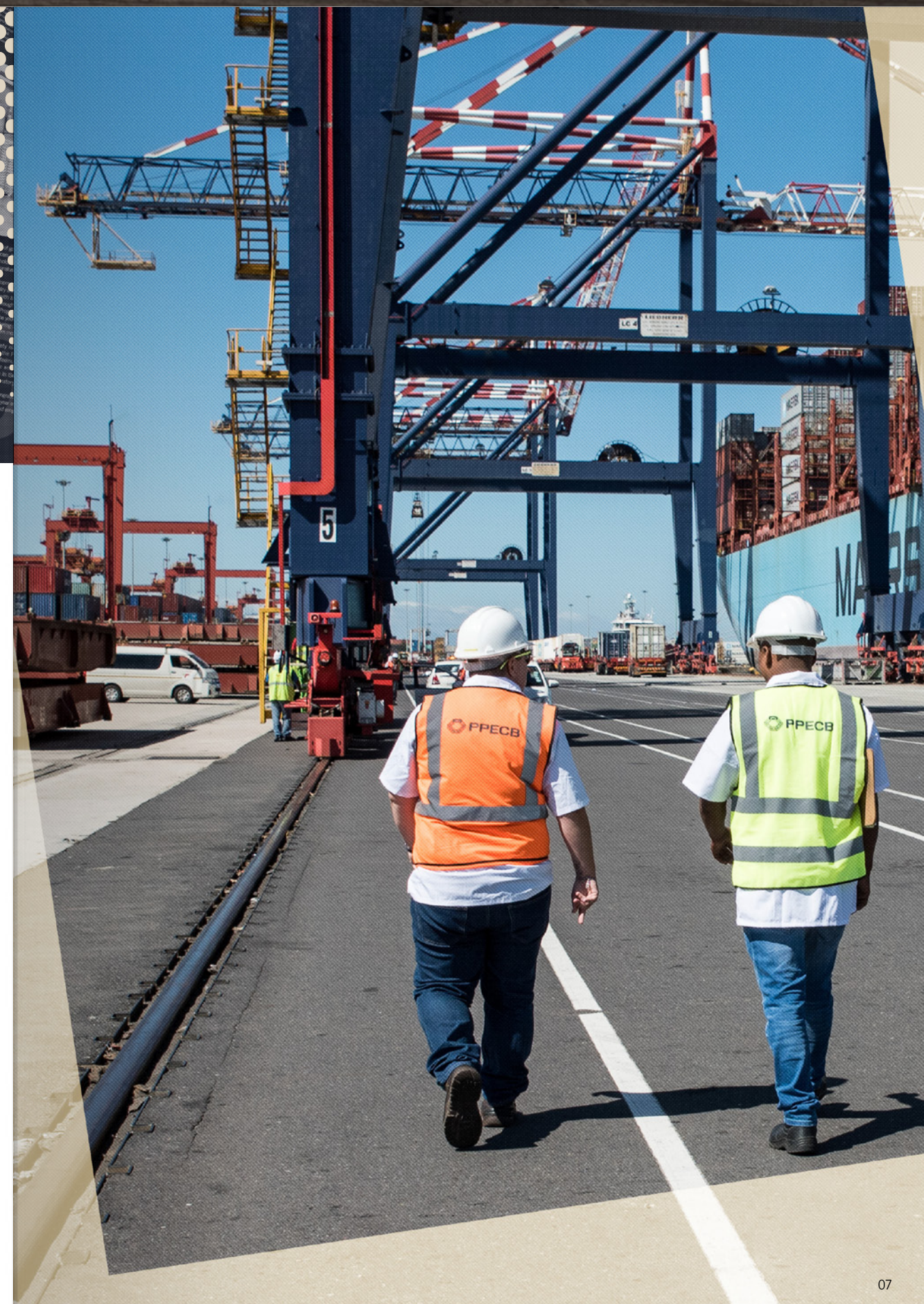
As a national public entity responsible for regulating the export of perishable produce, the PPECB plays a pivotal role in creating world-wide confidence in South African produce, and by doing so, supports government's objectives of gaining access to and growing international markets. In further support of government's plan to attract more producers, the PPECB managed to train 167 smallholder farmers through its Development and Transformation Programme.

The National Development Plan identifies the agriculture, forestry and fisheries sector as key job drivers with the potential of unlocking growth. Through its Agriculture Export Technologist Programme (AETP), directed at upskilling the youth, the PPECB trained 35 students during the 2017/18 financial year - making them more employable.

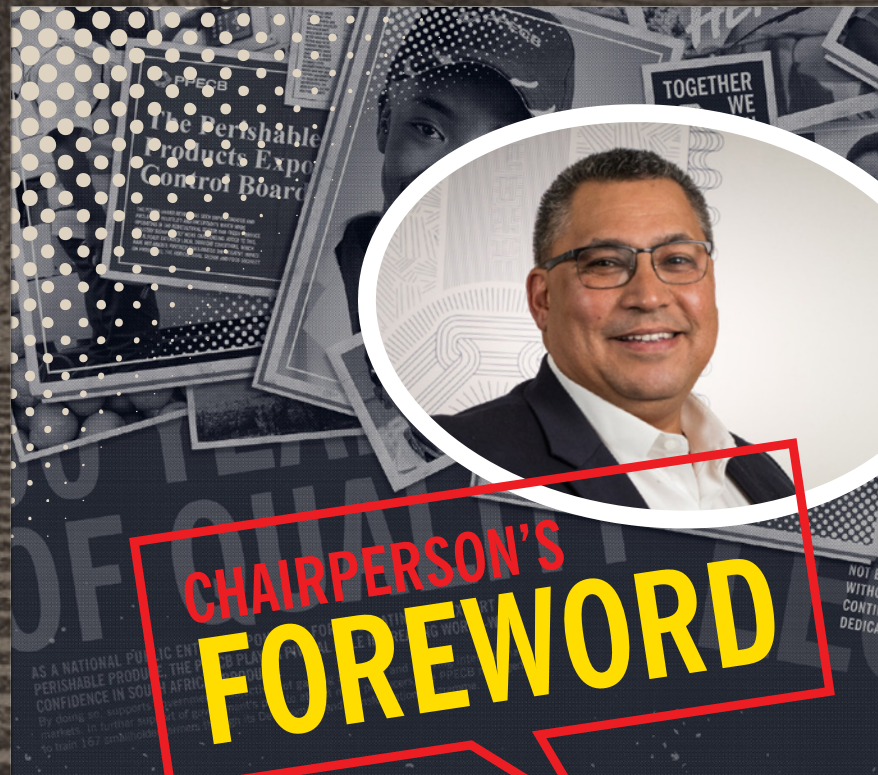
Since global food safety is becoming increasingly important, the PPECB has managed to augment its Maximum Residue Level (MRL) programme and can now test for up to 225 actives in its ISO 17025-accredited analytical laboratory.

In closing, I would like to congratulate the PPECB on another successful year and wish the Board, Executive Team and employees well for the coming year.

**MR SENZENI
ZOKWANA, MP**
MINISTER OF AGRICULTURE,
FORESTRY AND FISHERIES



HOME GROWN HEROES



THE PERIOD UNDER REVIEW HAS SEEN UNPRECEDENTED AND PROLONGED VOLATILITY AND UNCERTAINTY, WHICH MADE OPERATING IN THE AGRICULTURAL SECTOR AND FRESH PRODUCE INDUSTRY SIGNIFICANTLY MORE CHALLENGING. ADDED TO THIS, THE ALREADY EXTENDED LOCAL DROUGHT CONDITIONS, WHICH HAVE NOT ABATED, FURTHER EXACERBATED THE NEGATIVE IMPACT ON PRODUCERS, THE AGRICULTURAL SECTOR AND FOOD SECURITY.

I AM PLEASED TO PRESENT AND ENDORSE THE 2017/18 ANNUAL REPORT OF THE PERISHABLE PRODUCTS EXPORT CONTROL BOARD.



Despite previously mentioned volatilities, the PPECB more than satisfactorily delivered on its core performance mandate. To this end, the employees of the PPECB need to be celebrated as they are often required to step in and do more with fewer resources. A case in point was when the PPECB was called upon to carry out orchard inspection services for citrus to the European Union (EU), which required additional time and resources from everyone in the organisation. Food safety issues have come under the spotlight with the recent outbreak of listeriosis in South Africa. This further underscores the important role that food safety regulators such as the PPECB play. Citrus Black Spot (CBS) and False Codling Moth (FCM) remain a challenge. Despite all the controls in place, a total number of 24 CBS interceptions were recorded for 2017/18 in the EU. A number of these interceptions happened towards the end of the citrus packing season when growers were under pressure to pack and export additional volumes not accurately predicted. This placed the PPECB under significant pressure and increased the risk of CBS interceptions. Existing controls are being reinforced to prevent a recurrence, but all stakeholders are required to join hands in the management and control of these pests.

I am gratified to report that the financial fortunes of the PPECB have been completely turned around from the severe losses the organisation suffered a few years ago and that we will end the

2017/18 financial year with a surplus, despite significantly reduced export volumes and drought conditions.

The PPECB will remain focused on delivering an efficient service to our customers and strengthening relationships with key stakeholders, both locally and abroad. The PPECB will also continue its process of consolidation and will focus on leveraging systems and technologies to enhance service delivery over the medium term. Given the difficult economic climate, the PPECB will continue to be prudent with the management and controlling of expenditure, without compromising service delivery.

The 2017/18 Annual Report of the PPECB details how we have delivered on our mandate and various strategic objectives. These deliverables are annually reviewed and written into the performance management agreements of the CEO, Executive Management and all staff at the PPECB, thereby ensuring that a performance management culture is inculcated into the values of the PPECB.

I wish to extend our thanks to the Honourable Minister Senzeni Zokwana, Portfolio Committee on Agriculture, Forestry and Fisheries, the team at DAFF, our staff and our clients for their continued support and assistance during the period under review. I am also thankful to the Board members whose guidance, wisdom and commitment has ensured responsibility by steering the PPECB and setting direction.

I am deeply privileged and honoured to serve at the helm of such a team, whose diversity provides the appropriate mix of knowledge, skills and experience to lead the PPECB. The collaboration and effectivity of the team was again evident at the August 2017 Board Strategic Session, which was held together with members of the Executive Committee. The purpose of this session was to set a strategy for transformation, which remains a strategic focus for the PPECB. Furthermore, I am satisfied that the Board has fulfilled its responsibilities in accordance with its Charter for the reporting period.

All that remains is for me to wish Chief Executive Officer Lucien Jansen, his Executive Team and staff a very successful 2018/19.

**ANGELO
PETERSEN**
CHAIRPERSON, THE PPECB



HOME GROWN HEROES



CHIEF
EXECUTIVE
OFFICER'S

FOREWORD

For the PPECB, the 2017/18 fiscal year was challenging yet rewarding. With the effects of the drought still clearly visible on exports, the sector's resilience and adaptability was again put to the test. Total export volumes for major products combined (citrus fruit, pome fruit, stone fruit and avocados) remained subdued and came in 4% below volumes exported in 2015/16. The just over 2.6 million cartons exported in 2017/18 is, however, 4.4% better than the previous fiscal year.

Furthermore, we saw the value of the rand increase against the United States dollar (USD) by roughly 8%, when comparing April 2016 to April 2017. The value of the rand to the euro improved by nearly 15% for the same period. Albeit positive for most, the stronger rand certainly had an impact on market decisions and eventual export volumes.

From a PPECB perspective, one of the highlights for the period under review was the delivery of phytosanitary certification services and orchard inspections for citrus to the European Union (EU) on behalf of the Department of Agriculture, Forestry and Fisheries (DAFF). The objective was to ensure a seamless transfer of the service from DAFF to the PPECB while at the same time ensuring customer satisfaction and maintaining the integrity of the service. The PPECB appointed 34 additional staff members for this purpose,

inspecting 11 672 orchards covering a staggering 38 746.18 hectares. Furthermore, 28 593 orchard inspection certificates were issued, of which 1 793 were cancelled for various reasons. Notwithstanding all the controls in place, a total number of 24 Citrus Black Spot (CBS) interceptions were recorded for 2017/18 in the EU.

In addition, False Codling Moth (FCM) for some major products has become a regulated pest in the EU as from 1 January 2018. This regulation necessitated the South African government and all stakeholders within the export industry to reinforce existing controls to prevent the pest from reaching the EU. Systems have now been put in place and will surely be tested in years to come.

Project Titan, the PPECB's mobile technology project, has progressed well since its inception. For the year under review, 43% of major products were inspected using the Titan platform. This is a 12% improvement on the previous year. Citrus inspections on Titan is at 38%, with grapes achieving a 76% inspection rate on Titan. It is further comforting to note that 854 activity points are now registered to use Titan. The PPECB remains committed to increasing Titan inspections significantly during the next fiscal year.

The Perishable Products Export Control Bill that is currently under review made some great strides. The Bill was considered by the National Economic Development and Labour Council (NEDLAC) and on 16 March 2018 it was approved by the Economic Sector Employment and Infrastructure Development (ESEID) Cluster for presentation to Cabinet, which will hopefully happen during 2018. Supporting the Bill are the PPECB regulations. Significant progress has also been made with the regulations, which are currently in draft format.

In line with the PPECB's Communications Policy, external communication and client engagement remain central focus areas for the organisation. The PPECB website plays a significant role in this regard and serves as a resource for clients where documents such as operational procedures and annual reports can be downloaded. Furthermore, the organisation remains focused on raising awareness of the role of the PPECB, thereby creating confidence in South African produce. In line with this, the 2017/18 fiscal year saw the PPECB publish 15 editorials and advertisements and attend a total of 17 events, both locally and abroad. These events, together with annual client roadshows and 91 client meetings which took place during the fiscal year, provide a firm foundation on which to strengthen our relationship with clients. The PPECB

views these interactions as vital in order to strengthen our service offering and remains committed to enhancing its stakeholder relationships in the coming year.

Directed at keeping abreast with international standards, the PPECB, with the approval of DAFF, attended meetings with the United Nations Economic Committee for Europe (UNECE) during the period under review.

Delivering a credible service to the South African export industry and supporting government in its initiatives remains a priority for the PPECB. To this end, the PPECB's ISO 17025-accredited laboratory managed to increase the number of Maximum Residue Level (MRL) validations to more than 225 actives. This should further bolster South Africa's ability to deliver accredited analytical services to the export industry. Furthermore, the PPECB has finally managed to recapitulate our Research and Development (R&D) programme with the appointment of a dedicated resource. We are looking forward to collaborating with industry and government in investigating

options to contribute to the innovation of our export value chain.

The entity's development programme gained further momentum with 167 smallholder farmers trained in Good Agricultural Practices (GAP), the responsible use of pesticides and requirements for food safety certification. The PPECB's flagship programme, the Agricultural Export Technology Programme (AETP), was boosted with an additional 11 students recruited during the year under review. The programme now boasts 35 students and focusses specifically on people from designated groups.

I am delighted to report that the PPECB's Corporate Social Investment (CSI) initiatives are progressing well. The now-established PPECB Chip in for Charity Golf Day managed to attract 140 golfers from across the industry and enabled the PPECB to donate R30 000 to the Home of Hope. The PPECB also had a very successful stakeholder event, attended by just over 70 representatives from industry and government.

To uplift small businesses, the PPECB funded three small enterprises to attend the annual Enterprise Development Expo in Cape Town. In addition, the PPECB managed to spend 79% in rand value on B-BBEE registered suppliers during the year under review.

The PPECB further continued with its drive to inculcate a customer-centric service delivery culture. To this end, the PPECB initiated a web-based customer satisfaction survey, a measurement device which saw the organisation achieve a satisfaction rating of 83% - a very tough baseline to maintain and improve on! As a National Public Entity, the PPECB must measure and report on annual performance. Notwithstanding the challenges of 2017/18, the PPECB achieved a 93% organisational performance rating.

Lastly, with this annual report, the PPECB wishes to pay homage to the commitment of our staff. These achievements would certainly not be possible without their continuous dedication. I also wish to thank the PPECB Board members, DAFF and our valued clients for their support during the past year. Let us only improve on our achievements.

TOGETHER WE CAN ...



LUCIEN JANSEN
CHIEF EXECUTIVE OFFICER,
THE PPECB



HOME GROWN HEROES



CAREER HIGHLIGHTS

...the opportunity to do courses such as the one I completed on ISO.



**MARIUS
SCHOLTZ**

Joined PPECB 1997

First Position
COLD CHAIN ASSESSOR

Currently
SENIOR INSPECTOR



CHAPTER 02



16 BOARD AND
SUB-COMMITTEES

20 MANAGEMENT
COMMITTEES

24 CORPORATE
GOVERNANCE REPORT

28 MATERIALITY
FRAMEWORK

30 KING IV
DISCLOSURES

GOVERNANCE & ADMINISTRATIVE INFORMATION

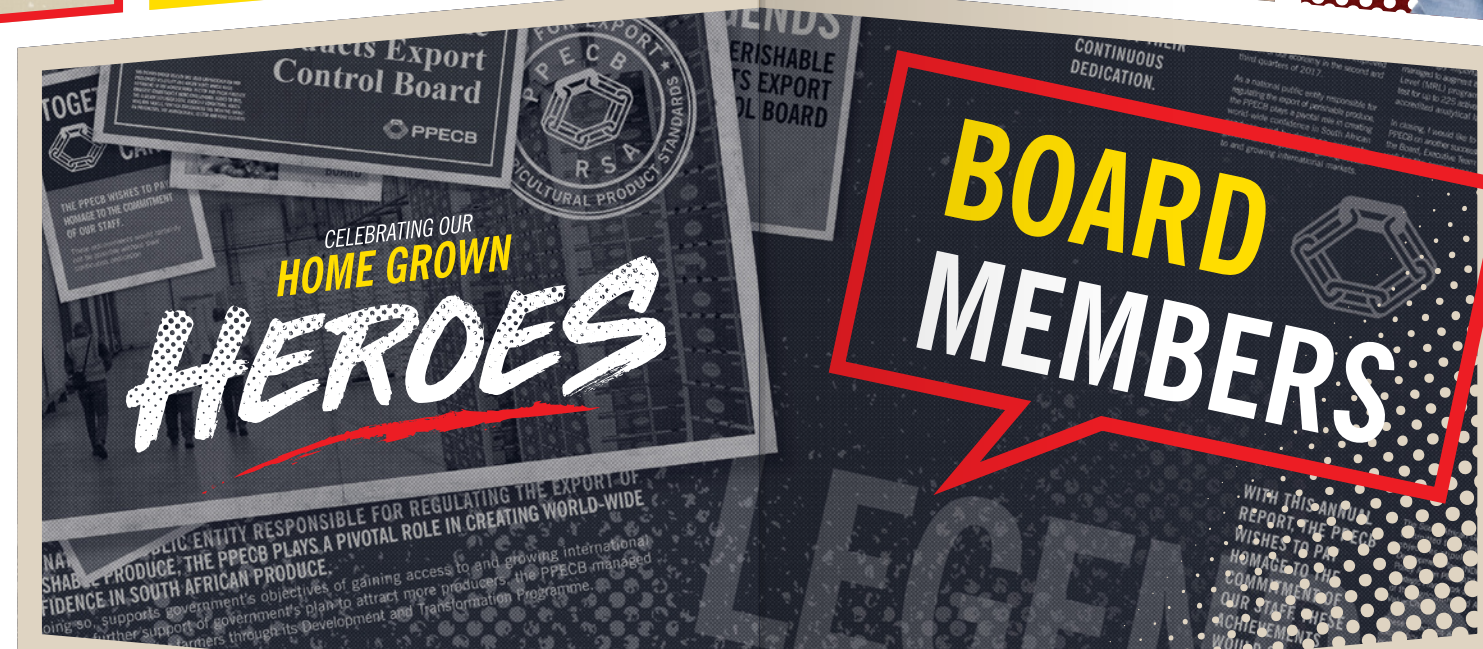
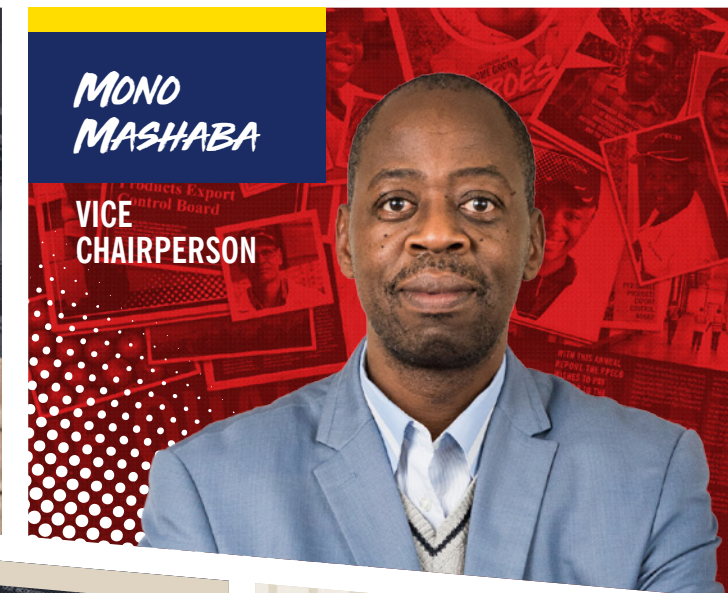
CELEBRATING OUR
HOME GROWN

HEROES



2017/2018
ANNUAL REPORT

HOME GROWN HEROES



HOME GROWN
HEROES



	BOARD	AUDIT COMMITTEE	HUMAN RESOURCES (HR) COMMITTEE	STRATEGIC PROJECTS COMMITTEE
Who appoints members?	Minister of Agriculture, Forestry and Fisheries	The PPECB Board	The PPECB Board	The PPECB Board
Term and date appointed	Appointed 01/12/2016 for three years	Appointed 27/02/2017 for three years	Appointed 27/02/2017 for three years	Appointed 27/02/2017 for three years
Composition	All non-executives and one ministerial representative	All non-executives and one ministerial representative	All non-executives	All non-executives
Charter approved by the Board	Yes	Yes	Yes	Yes
Do members have to declare interests?	Yes (There is a policy approved by the Board)	Yes (There is a policy approved by the Board)	Yes (There is a policy approved by the Board)	Yes (There is a policy approved by the Board)
Key role as detailed in charters	<ul style="list-style-type: none">Define and ensure compliance with the Perishable Products Export Control Act (Act 9 of 1983) (PPEC Act), the Public Finance Management Act (Act 1 of 1999) (PFMA) and the Treasury regulationsDetermine strategic directionApprove policies to achieve the objectives of the PPEC ActAnnually approve the strategic plan and budget and monitor the organisation's performance against these plansEstablish and oversee the framework of risk management and systems of internal controlDetermine the appropriate delegation of authorityEnsure that management integrates strategy, sustainability and control	<ul style="list-style-type: none">Evaluate the independence, objectivity and effectiveness of the external auditorReview any accounting and auditing concerns identified as a result of external and/or internal auditObtain assurance from the external auditors that adequate accounting records are being maintainedExamine and review the financial statements and interim management reportsMonitor the ethical conduct of the company, its executives and its senior officialsOversee the risk management plan of the PPECBReview the independence of the external auditorMake recommendations on the reappointment of the external auditorMonitor and supervise the performance of the internal auditorsAct in accordance with the requirements set out in the PFMA and Treasury regulations	<ul style="list-style-type: none">Review defined human resource indicators and make proposals to the Board on policy amendments if necessaryMake recommendations to the Board on human resource management policiesReport to the Board on staff development, capacity and organisational structure requirementsMonitor the implementation of employment equity targets and management's action plans to achieve theseMake recommendations to the Board on remuneration incentives and the annual salary review of the CEO, Executive Management and staffMonitor compliance with relevant employment and labour legislation	<ul style="list-style-type: none">Focus on Information and Communications Technology, including Project Titan, Laboratory Services and Market Access and make recommendations to the Board in respect of these focus areasConsider and make recommendations to the Board in respect of the mandates received from the Department of Agriculture Forestry and Fisheries, the PPECB's current business model, Research, Development and Innovation and any general updates which affect the PPECB directly and impact on volumes and growth
Key Focus Areas	Leadership Development Organisational Culture Transformation Talent Management ICT and Project Titan Laboratory Strategy Regulatory Affairs Market Access	Quarterly and Annual Results Business Risks Accounting and Auditing Functions Financial Reporting Corporate Governance Compliance Matters	Leadership Development Culture Transformation Talent Management	ICT and Project Titan Laboratory Strategy Regulatory Affairs Market Access
Number of meetings required to be held as per charter	4	2	2	2
Number of meetings held	4	4	4	4
Did all members attend all meetings? (Refer to table on page 21 for details of attendance)	No	No	No	No
Other permanent invitees	Executive Management Committee (EXCO), Legal and Corporate Governance Manager	EXCO, Legal and Corporate Governance Manager, External Auditors and Internal Auditors (with unrestricted access to Chairperson of the Committee)	EXCO, Legal and Corporate Governance Manager	EXCO, Legal and Corporate Governance Manager



HOME GROWN
HEROES

PPECB BOARD
QUALIFICATIONS & INTERESTS

BOARD MEMBER	QUALIFICATIONS	COMMENCEMENT OF SERVICE ON THE PPECB BOARD
Anton Kruger	BA Honours (Geography) BA MBA Diploma in Investment Management Certificate in Financial Services Marketing	2016
Arthur Shipalana	B Admin Certificate in Human Resources Management	2016
Eurica Scholtz	Table Grape Modular Course BCom (Business Economics and Business Psychology) BCom Honours (Research Methodology and Management, Marketing Management, Financial and Investment Management)	2013
Khaya Katoo	Agricultural Leadership Development Programme Citrus Excellence Programme Food Safety Short Course Good Agricultural Practices Short Course	2016
Martli Slabber	BA Honours (Afrikaans Nederlands) BBA Honours	2016
Mooketsa Ramasodi	Diploma in Agriculture Bachelor of Agricultural Management BA Honours Certificate in Industrial Marketing MA Agriculture MA Business Leadership	2016
Jill Atwood-Palm	National Higher Diploma in Business Management	2013
Clive Garrett	CA (SA) MBL	2016
Angelo Petersen	Personal Mastery in Leadership Leadership Development Programme Finance for Non-Financial Managers Strategic Human Resources Management Advanced Programme in Social and Labour Law Advanced Programme in Negotiation and Dispute Resolution Advanced Arbitration Skills	2013
Mono Mashaba	BA Post-Graduate Diploma in Management Master of Management PhD in Public Affairs	2013



CAREER HIGHLIGHT

There is no one single moment that stands out, but the day I was appointed as junior inspector was the start of many memorable moments.



JACQUES
CLOETE

Joined PPECB SEPTEMBER 2006

First Position
AETP STUDENT
Currently
CHIEF INSPECTOR





MANAGEMENT COMMITTEES

	EXECUTIVE MANAGEMENT COMMITTEE (EXCO)	RISK MANAGEMENT COMMITTEE (RISCO)
Who appoints members?	Chief Executive Officer (CEO)	CEO
Term and date appointed	No term	Members are appointed for a minimum of two years
Composition	CEO, Chief Financial Officer (CFO) and other Executive Managers. Refer to page 23 for details	Senior management representing the departments within the entity
Charter approved by the Board	Yes	Yes
Do members have to declare interests?	Yes (There is a policy approved by the Board)	Yes (There is a policy approved by the Board)
Key role as detailed in charters	Supporting the CEO and Board in the day-to-day management through a formal delegation of authority, which includes but is not limited to: <ul style="list-style-type: none">Developing PPECB strategy, business plans and budgets for approval by the BoardAppointing a suitably qualified Executive Team and establishing the appropriate organisational structure necessary to support the CEO in executing the PPECB's strategyMonitoring and reporting to the Board on the performance of the PPECB against its strategic objectivesSetting an example of ethical conduct by leading the PPECB's staff and its management ethicallyEnsuring that the PPECB complies with relevant laws, legislation and governance principlesProviding the Board with corporate governance, guidance and supportManaging and ensuring staff conform to the values, objectives and policies of the PPECB, through effective leadershipEnsuring the Board is given the necessary information to perform its dutiesEnsuring that proper systems of control are established and maintained	<ul style="list-style-type: none">Supporting the CEO and the executives in reviewing the effectiveness of the PPECB's risk management systems, practices and procedures in accordance with policies approved by the BoardEnsuring that risks are identified, evaluated, effectively managed and, where practical, quantifiedFulfilling the risk management and control responsibilitiesPreparing reports for EXCO for consideration by the Audit Committee and the BoardAdvising the Board, through EXCO, on mitigating strategies for risks identified, and monitoring these strategies
	Minimum of six meetings per annum	Quarterly
Number of meetings held	6	4
Did all members attend all meetings?	No	No
Other permanent invitees	Legal and Corporate Governance Manager	Legal and Corporate Governance Manager, Financial Systems and Compliance Auditor, Occupational Health and Safety Co-Ordinator

BOARD AND SUB-COMMITTEE MEETINGS: SUMMARY OF ATTENDANCE

MEMBER	BOARD	AUDIT COMMITTEE	HUMAN RESOURCES (HR) COMMITTEE	STRATEGIC PROJECTS COMMITTEE
Meetings held	4	4	4	4
	Number of meetings attended / total number of meetings held whilst a member of the Board	Number of meetings attended / total number of meetings held whilst a member of the Audit Committee	Number of meetings attended / total number of meetings held whilst a member of the HR Committee	Number of meetings attended / total number of meetings held whilst a member of the Strategic Projects Committee
A Petersen ¹	4/4	N/A	4/4	N/A
M Mashaba ²	4/4	4/4	N/A	N/A
J Atwood-Palm ³	3/4	N/A	N/A	4/4
E Scholtz ⁴	4/4	N/A	4/4	N/A
C Garrett ⁵	4/4	4/4	N/A	N/A
A Shipalana	3/4	N/A	4/4	N/A
K Katoo	4/4	N/A	N/A	4/4
M Slabber	4/4	3/4	N/A	N/A
R Ramasodi	3/4	2/4	N/A	N/A
A Kruger	4/4	N/A	N/A	3/4

- 1 Chairperson of the Board
2 Vice-Chairperson of the Board
3 Chairperson of the Audit Committee
4 Chairperson of the Human Resources Committee
5 Chairperson of the Strategic Projects Committee

HOME GROWN HEROES



CAREER HIGHLIGHT

There are so many highlights in PPECB that I cannot mention any specific one as they are all very important to me and leave deep tracks within me.



MY FAVOURITE MOMENT WAS WHEN

...I became permanent as this was my dream - to become part of the PPECB.

MARLENE BOTHÁ

Joined PPECB MARCH 2004

First Position
TEMPORARY ASSESSOR
Currently
LEAD ASSESSOR



**CYRIL
JULIUS**

**CHIEF
OPERATIONS
OFFICER**



**LUCIEN
JANSEN**

**CHIEF
EXECUTIVE
OFFICER**



**YANESH
RAMIAH**

**CHIEF
INFORMATION
OFFICER**



**PINKI
LUWACA**

**HUMAN
RESOURCES
EXECUTIVE**



**JOHAN
SCHNIEBUS**

**CHIEF
FINANCIAL
OFFICER**



HOME GROWN HEROES

CORPORATE GOVERNANCE REPORT

THE FOLLOWING
REPORT SETS OUT THE
CORPORATE GOVERNANCE
FRAMEWORK ADOPTED BY
THE PPECB BOARD (THE
BOARD) AND HIGHLIGHTS
THE KEY ACTIVITIES FOR
THE YEAR UNDER REVIEW.

THE CORPORATE GOVERNANCE FRAMEWORK ENABLES THE BOARD TO:

- Fulfil its role and discharge its duties and responsibilities as required by legislation and the regulatory environment in which the PPECB operates
- Contribute to servicing the PPECB's customers in a professional manner
- Decide on the PPECB's policy and strategic direction
- Set the parameters for delegating authority in the organisation
- Oversee risk management and internal controls at the PPECB.

An essential characteristic of the PPECB's culture is its compliance with applicable legislation, including the Constitution, relevant Acts, regulations, standards, protocols and codes. The PPECB's key enabling legislation are: The Perishable Products Export Control Act (PPEC Act) (Act 9 of 1983); the Agricultural Product Standards Act (APS Act) (Act 119 of 1990); and the Public Finance Management Act (PFMA) (Act 1 of 1999). Both the PPEC Act and APS Act are under review. In order to ensure that the PPECB remains focused on complying with applicable legislation, the Legal and Corporate Governance Department is drafting a Legal Compliance register which will:

- a) Identify relevant legislation, policies and best practice; and
- b) If applicable, indicate a management action plan, due date and responsible party.

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

THE PPECB'S BOARD MEMBERS AND ITS SUB-COMMITTEES

The PPECB is a statutory body constituted in accordance with Section 4 of the PPEC Act. The PPECB Board comprises 10 non-executive Board members representing the industries in which the PPECB operates. An independent non-executive member has not been appointed as a lead independent; such an appointment is not provided for in the PPEC Act. PPECB Board members are appointed by, and are accountable to, the Minister of Agriculture, Forestry and Fisheries and represent six of the largest export groups as determined on the basis of export volume.

The Minister also appoints an additional Board member to represent the Department of Agriculture, Forestry and Fisheries. As such, the majority of the non-executive Board members and chairperson of the PPECB Board cannot be categorised as independent, as recommended by the King IV report. In terms of the PPEC Act, Board members serve for a period of three years.

To discharge its duties more effectively, the Board has approved and delegated authority on specific matters to the following committees: Audit Committee; Human Resources (HR) Committee, where social and ethics matters are considered; and Strategic Projects Committee, which has oversight over strategic matters and projects such as Information and Communications Technology (ICT), Project Titan, the Laboratory and risk-based sampling. The sub-committees serve under written and approved charters, which are

reviewed and updated annually. The Human Resources Committee and Strategic Projects Committee are satisfied that they have fulfilled their responsibilities in accordance with their charters for the reporting period. The chairpersons of these sub-committees are responsible for relaying all proposals agreed by the sub-committees to the Board for approval, or otherwise.

Notices, agendas and documentation pertaining to the Board and sub-committee meetings are distributed well in advance. Minutes of all meetings are taken and are approved at the first and subsequent meetings. Where necessary, decisions can be taken between these meetings by round-robin resolutions via email. All documented minutes and resolutions are stored either in fireproof safes at the PPECB or at off-site storage facilities.

CHAIRPERSON

The Board appoints the chairperson who is responsible for the effective functioning of the Board. The chairperson's primary duties include:

- Providing overall leadership to the Board;
- Presiding over Board meetings, ensuring they function smoothly and managing conflicts of interest;
- Ensuring that Board members receive professional advice when needed;
- Serving as an informal link between the Board members and the Executive Management team (EXCO) and providing support and advice, while respecting executive responsibility;
- Serving as the link between the PPECB Board and the Minister of Agriculture, Forestry and Fisheries; and
- Ensuring that regular and objective appraisals are administered to assess the Board's effectiveness.

CHIEF EXECUTIVE OFFICER (CEO)

The CEO has been appointed by the Board in terms of Section 13 of the PPEC Act with the power to manage and control the work authorised by the Board and to exercise supervision over the other officers and employees in the employ of the Board.

The CEO is employed in terms of a five-year employment agreement which terminates on 31 June 2020. A three-

month written notice period is applicable should either party wish to terminate the agreement prior to the termination date. Succession planning is a focus area and will be managed in terms of the talent framework that is being formulated.

The CEO is a member of the Institute of Directors Southern Africa, a Board member of the Fresh Produce Exporters' Forum (FPEF) and is a country council member of the Produce Marketing Association (PMA).

The Board is satisfied that it has determined the appropriate delegation of authority to ensure that both management and the CEO are empowered to manage the day-to-day activities of the PPECB. The PPECB acts in accordance with a Board-approved delegation of authority framework which stipulates levels of authority for the CEO, EXCO and senior managers.

BUSINESS CONDUCT

The PPECB Board endeavours to lead ethically, effectively and with integrity and has adopted a code of conduct, which was approved by the Board. The EXCO and RISCO monitor compliance with this code at all times. The PPECB has also set up an independently managed fraud and ethics hotline to create awareness and monitor potentially unethical employee behaviour. During the reporting period, the PPECB created awareness in terms of articles on the PPECB intranet to ensure that employees are aware of which matters to report to the ethics hotline and that they may remain anonymous when reporting such matters. In line

with its Code of Conduct, the PPECB has both a Board member and employee declaration of interest and gift policy in order to ensure that Board members and employees act in good faith. Employees and Board members are required to disclose any interests on an annual basis and as they arise. Board members are also required to disclose any interests relating to agenda items of a particular meeting. Such disclosures must be made prior to discussion of the agenda item and in writing on the attendance/declaration register which is circulated at every committee and Board meeting. In addition, the PPECB's EXCO accepts its responsibility to address matters of significant concern for all stakeholders, taking into account the greater demand for accountability.

THE AGRICULTURAL PORTFOLIO COMMITTEE

The Portfolio Committee on Agriculture, Forestry and Fisheries meet with the PPECB in Parliament twice a year. The chairperson, the vice-chairperson, the CEO and CFO represent the PPECB at these meetings.

The PPECB's strategic plan and budget for the following year are tabled at the April meeting, and its financial results and Annual Report for the preceding year are tabled at the September meeting. The oversight role that the Portfolio Committee plays forms part of the PPECB's overall governance.



HOME GROWN HEROES

THE MANAGEMENT COMMITTEE (MANCO)

The MANCO is made up of the CEO, EXCO, general managers, regional operations managers and other senior managers. MANCO's chief role is to support the CEO in the PPECB's strategic management. The MANCO strategic meetings have been rebranded into PACE sessions. The purpose of the PACE sessions is to provide a platform for the leadership of the PPECB to engage on matters of strategic and tactical importance and to ensure all MANCO members are informed and equipped to perform their duties. Any organisational ethics outcomes are addressed in PACE sessions and, where appropriate, directly with employees.

During the reporting period, EXCO noted that there was a need to have a monthly Operational MANCO meeting to provide a platform to communicate and share information on day-to-day operational matters at a senior management level.

While the MANCO does not have any specific authority delegated to it, it remains an important middle-management forum that contributes towards decision-making in the organisation.

ADMINISTRATION AND LEGAL REQUIREMENTS

All legal, company secretarial and corporate governance matters are managed by the in-house Legal and Corporate Governance Manager, a suitably qualified employee. The Legal and Corporate Governance Manager ensures that the Board members and the Board have access to professional guidance on corporate governance and legal matters. The Legal and Corporate Governance Manager co-ordinates the functioning of the Board and its sub-committees, and contracts with external specialist service providers on legal or Board matters. The PPECB has contracted Ms Gaby Gess, an attorney, to assist primarily with the drafting of the PPEC Bill and the Regulations thereto.

The PPECB has various written policies and procedures supporting the management and staff in the day-to-day functioning of the business. Organisational policies are approved by the PPECB Board, and operational policies are approved by the relevant departmental managers. Organisational procedures are approved by the Board and operational procedures are approved by the relevant departmental Executive Committee member.



CAREER HIGHLIGHT
...when I went to another region on relief duty for the first time for more exposure to other products and when I was promoted to a senior inspector.

**JAN
PIENAAR**

Joined PPECB MAY 2002

First Position
JUNIOR INSPECTOR

Currently
SENIOR INSPECTOR



I am still at the Cape Town Airport office and enjoy the working environment and diversity of our team. I strive to live up to the values of the PPECB.

HOME GROWN
HEROES

MATERIALITY
FRAMEWORK

FOR THE PURPOSE OF INTERPRETING AND COMPLYING WITH
THE PUBLIC FINANCE MANAGEMENT ACT (PFMA) (ACT 1 OF 1999),
THE FOLLOWING FRAMEWORK OF ACCEPTABLE LEVELS OF
MATERIALITY AND SIGNIFICANCE WERE APPLIED DURING THE
2017/18 FINANCIAL YEAR:

PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
SECTION 50 Fiduciary duties of accounting authorities		
(1) (c)	The accounting authority for a public entity must, on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature	Any fact discovered, of which the amount exceeds the materiality figure of 0.5% of the annual gross operational expenditure of the previous year's audited financial results, must be disclosed <ul style="list-style-type: none">Any item or event for which specific disclosure is required by legislation, the King IV Report or GAAPAny fact discovered of which its omission or misstatement, in the Board's opinion, could influence the decisions or actions of the executive authority or legislature
SECTION 54 Information to be submitted by accounting authorities		
(2)	Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly, in writing, inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction: <ul style="list-style-type: none">Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement in a companyAcquisition or disposal of a significant assetCommencement or cessation of a significant business activity	<ul style="list-style-type: none">Acquisition or disposal of a significant assetAcquisition where market value is greater than materiality figureDisposal where market value is greater than 50% of materiality figureAny participation outside of the approved strategic plan and budgetAny acquisition or disposal of any asset that would increase or decrease the overall operational functions of the Board, outside of the approved strategic plan and budgetDisposal of the major part of the assets of the BoardAny business activity that would increase or decrease the overall operational functions of the Board, outside of the approved strategic plan and budget



PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
SECTION 55 Annual Report and Financial Statements		
(2) (a) (b) (i) (ii) (iii) (iv) (v)	The Annual Report and Financial Statements referred to in subsection (1)(d) must: <ul style="list-style-type: none">Fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concernedInclude particulars of:<ul style="list-style-type: none">Any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial yearAny criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditureAny losses recovered or written offAny financial assistance received from the state and commitments made by the state on its behalfAny other matters that may be prescribed	<ul style="list-style-type: none">Any losses identified through criminal conductLosses incurred through any expenditure where the combined total exceeds the planning materiality figure after consultation with the Audit Committee for the year under reviewAny irregular, fruitless and wasteful expenditure as defined by the PFMA will be reported Any identified loss through criminal, reckless or negligent conduct
SECTION 66 (1) Restrictions on borrowing, guarantees and other commitments	R0	This public entity may not borrow money, nor issue a guarantee, indemnity or security, nor enter into any other transaction that binds or may bind the institution to any future financial commitment unless acting through the relevant executive authority (PFMA section 66(3)(c))



HOME GROWN
HEROES

KING IV
DISCLOSURES

THE TABLE BELOW
OUTLINES THE REPORTS
WITHIN THE 2017/18
ANNUAL REPORT WHERE
DISCLOSURES RELATING
TO KING IV CAN BE FOUND.

KING IV PRINCIPLES

PPECB DISCLOSURES AND FOCUS AREAS IN THE ANNUAL REPORT

PRINCIPLE 1

The governing body should lead ethically and effectively.

Chairperson's Foreword
Corporate Governance Report

PRINCIPLE 2

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

Governance and Administrative Information: Board and Sub-Committees
Corporate Governance Report

PRINCIPLE 3

The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.

Corporate Governance Report
Strategic Plan
CEO's Foreword
Divisional Report: Human Capital

PRINCIPLE 4

The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

Governance and Administrative Info: Board and Sub-Committees
Strategic Plan
Organisational Performance Report

PRINCIPLE 5

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects.

CEO's Foreword

PRINCIPLE 6

The governing body should serve as the focal point and custodian of corporate governance in the organisation.

Governance and Administrative Information: Board and Sub-Committees
Chairperson's Foreword

PRINCIPLE 7

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

Chairperson's Foreword
Corporate Governance Report

PRINCIPLE 8

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

Governance and Administrative Information: Board and Sub-Committees
Report of the Audit Committee of the Board

PRINCIPLE 9

The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance effectiveness.

No performance evaluation was conducted in the year under review as the Board (comprising six new members) held its first meeting in February 2017.



KING IV PRINCIPLES

PPECB DISCLOSURES AND FOCUS AREAS IN THE ANNUAL REPORT

PRINCIPLE 10

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

Corporate Governance Report

PRINCIPLE 11

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

Governance and Administrative Information: Management Committees
Strategic Plan: Risk Management

PRINCIPLE 12

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

Governance and Administrative Information: Board and Sub-Committees
Divisional Report: Information and Communications Technology

PRINCIPLE 13

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

Corporate Governance Report
Governance and Administrative Information: Materiality Framework
CEO's Foreword
Financial Statements: Board Report

PRINCIPLE 14

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

Governance and Administrative Information: Board and Sub-Committees
Divisional Reports: Human Capital
Financial Statements

PRINCIPLE 15

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports.

Report of the Audit Committee of the Board
Financial Statements: Board Responsibilities and Approval

PRINCIPLE 16

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

CEO's Foreword
Corporate Governance Report

FOR A COMPREHENSIVE LIST OF ALL DISCLOSURES PLEASE VISIT

www.ppecb.com



HOME GROWN HEROES



CAREER HIGHLIGHT

...when I was promoted from inspector to senior inspector. I feel like I have grown in the company and achieved a lot in my career at the PPECB.



MY FAVOURITE MOMENTS:

...when travelling on relief duty, travelling to different provinces, meeting new people and seeing new places - learning and working with different products.



ZIMKHITHA MOLOSI

Joined PPECB MARCH 2009

First Position
JUNIOR INSPECTOR
Currently
SENIOR INSPECTOR

CHAPTER 03



DEPARTMENTAL REPORTS

34 OPERATIONS

48 HUMAN CAPITAL

52 INFORMATION AND
COMMUNICATIONS
TECHNOLOGY

54 CHIEF FINANCIAL
OFFICER'S REPORT

56 REPORT OF THE
AUDIT COMMITTEE
OF THE BOARD



CELEBRATING OUR
HOME GROWN
HEROES



HOME GROWN HEROES



THE OPERATIONS DEPARTMENT EXECUTES THE PPECB'S STATUTORY MANDATES IN TERMS OF THE PERISHABLE PRODUCTS EXPORT CONTROL ACT (PPEC ACT) (ACT 9 OF 1983), AS WELL AS THE AGRICULTURAL PRODUCT STANDARDS ACT (APS ACT) (ACT 119 OF 1990). THE DEPARTMENT IS COMMITTED TO ENSURE ACHIEVEMENT OF THE PPECB'S STRATEGIC OBJECTIVES.

Operating responsibilities include inspection, cold chain, food safety, laboratory, research and development as well as information services for the export market. In October 2016 the Department of Agriculture, Forestry and Fisheries (DAFF) delegated the phytosanitary inspections and certification of citrus fruit destined for the European Union (EU) to the PPECB, which added to the current mandates. To increase the department's value proposition to stakeholders, commercial functions are also carried out and these include certain laboratory services as well as audits on behalf of the South African Maritime Safety Authority (SAMSA).

- Highlights for the fiscal year in review include:
- Successfully turning around the PPECB laboratory to regain profitability;
 - Successful execution of the newly delegated phytosanitary mandate;
 - Successfully training 14 inspectors of the Namibian Agro Marketing and Trade Agency (AMTA);
 - Re-establishing the PPECB Research and Development (R&D) unit; and
 - Curbing operational expenditure to 1% below budget.

FINANCIAL RESULTS FOR OPERATIONS

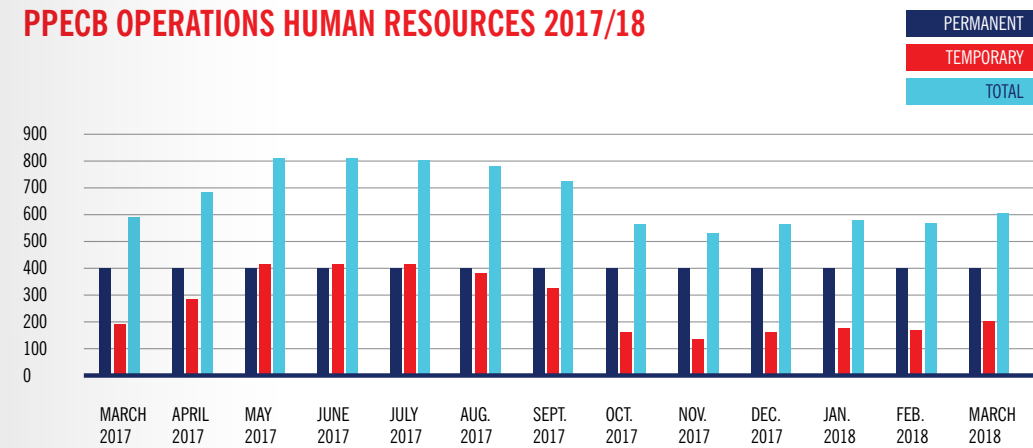
The Operations Department realised a surplus of R101 million at the end of the fiscal year under review. Total income budgeted was R356.4 million with R363 million realised. Thus, total income generated was 2% above budget. Excellent contributions were received from citrus fruit and maize inspections.

Due to a focused approach to curb expenditure, a saving of 1% or R2.5 million was managed under difficult conditions. Total expenditure amounted to R261 million.

STAFF MATTERS

Staff morale was generally low at the beginning of the financial year mainly due to the non-payment of incentive bonuses, which was exacerbated by the strike action at the time. Regional management went the extra mile to ensure that spirits were lifted for the difficult citrus season ahead. Training of staff was intensified to ensure that the PPECB delivered on the new delegated mandate of the EU Citrus Phytosanitary Programme. Operations staff took this programme in their stride and ensured that the PPECB complied in every aspect. Despite the increase of Citrus Black Spot (CBS) hits recorded in the EU, we are proud of our performance in this space. The PPECB extended its gratitude to DAFF for providing it with inspectors during both the strike period and citrus season to ensure that service delivery was not compromised.

PPECB OPERATIONS HUMAN RESOURCES 2017/18



The temporary staff complement expanded significantly over the past few years, which brings with it a certain measure of challenges and risk. During the months of May and June 2017, the Operations Department employed 407 temporary and 396 permanent staff members, respectively. The amended Labour Relations Act increased the expectations of temporary staff with regard to permanent placement and Operations is collaborating closely with Human Capital in seeking solutions on how best to manage the situation.

Operations rely heavily on the PPECB's flagship Agricultural Export Technologist Programme (AETP) as a feeder programme for new technical staff. In total, 35 AETP participants and six interns from the Cape Peninsula University of Technology (CPUT) were trained in Operations. PPECB is also utilising this pool of competent inspectors for temporary appointments to ensure

service excellence and the meeting of clients' expectations. All available participants exiting the AETP were appointed as graduates for the 2017 citrus season.

The South African government has a formal Memorandum of Understanding with its Namibian counterparts regarding cooperation between the two countries. Following from this, the PPECB has a formal Service Level Agreement (SLA) with the Namibian inspection service, the AGRO-Marketing & Trade Agency (AMTA), to conduct quality inspections on table grape exports on their behalf. The PPECB also trains AMTA inspectors to ensure they will be able to perform inspections independently as from the 2018/19 table grape season. As a result of this training, all 14 AMTA inspectors were found competent by the PPECB Learning and Development Unit. The SLA will shift to an oversight and supervisory role from November 2018.

CERTIFICATION

Albeit confined to citrus fruit to the EU, phytosanitary certificates were issued for the first time in the PPECB's history during 2017. This meant certification processes had to be amended and certification officers up-skilled to ensure compliance. Export quality certification processes were also improved with the certification office managing to process certificates well within 24 hours after submission. Clients had experienced operational challenges with phytosanitary certification due to the complexity of the process. This had resulted in clients submitting their export certificates to the PPECB on the final day of submission. The PPECB accommodated these clients and assisted them to meet the DAFF Phytosanitary Certification deadlines. The PPECB also implemented processes to reduce the certification turn-around time of exports via road transport and documents that have been resubmitted.

During the 2017/18 financial year the certification desks processed 119 757 export certificates nationally, a decrease of 4.5% compared to the previous fiscal year. These certificates represent more than 250 million cartons and 558 million kilogrammes of vegetables, flowers, canned products, dried fruit, red tea and other products. In total, 6 274 certificates (-12% on the previous year) were identified with mistakes and had to be re-issued. A total of 4 815 certificates (-12% on the previous year) were cancelled for various reasons, of which nine per cent were cancelled due to mistakes.



HOME GROWN HEROES

SUPPLY OF INFORMATION TO INDUSTRY

Four SLAs to supply information to industry bodies were successfully implemented during 2017. Despite challenges experienced in the first quarter of 2018, the accuracy of the information supplied to the various industry bodies is 95% for week one and 99% for week two. Weekly statistical information on the availability of cold storage capacity within South African ports and containers inspected by the PPECB was also disseminated to the citrus industry.



INSPECTION SERVICES

The Operations Department achieved a 76% ratio of product-related hours and 24% non-billable hours were attributed to, among other things, leave (13%), training (6%), meetings (1.3%) and administration (1.4%). A productivity level (time allocated for legitimate reasons) of 98% was maintained, with the balance of unproductive time (2%) being the result of diminished activity in regions between the seasons (particularly during the month of October). Customer satisfaction (Q78) was measured, resulting in 100% positive feedback being received from 985 respondents, with 70% (687) rating the services of the PPECB as excellent.

INSPECTION VOLUME SUMMARY

Below-budgeted export volumes for fruit were recorded against budgeted volumes for grapes (-12%), pome fruit (-15.4%), stone fruit (-17.2%), avocados (-25%) and other fruit (-44%). Above-budgeted exports for fruit were recorded against budgeted volumes for citrus (+6.3%). In the 'other products' category, the total weight (in kilogrammes) exported consisted of dried fruit (+8%), canning (-22%), red tea (+50%) and vegetables (-23%).

RISK-BASED APPROACH

The PPECB Chief Executive Officer and Chief Operations Officer, together with representatives from the Department of Agriculture, Forestry and Fisheries, visited stakeholders and counterparts in Australia and New Zealand in the winter of 2017. The purpose of the visit was to investigate the risk-based approaches which were successfully implemented by these countries when faced with the same funding and resources challenges with which the PPECB is currently grappling. Exciting possibilities were unearthed and a Risk-Based Framework for the Export of South African Perishable Products is currently being drafted.

THE DECIDUOUS FRUIT EXPORT SEASON

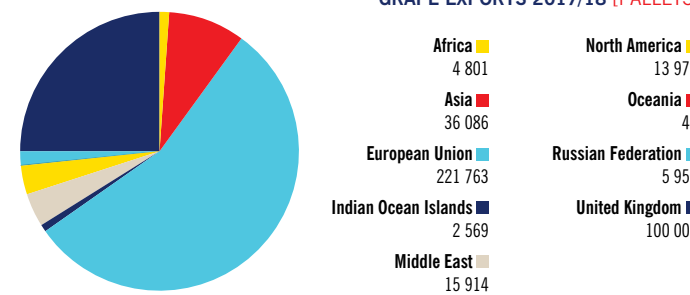
TABLE GRAPES

The table grape season commenced 10 days later than the previous season. The crop inspected during the fiscal year for South Africa amounted to 60.2 million cartons, which is 12% below budgeted volumes estimated at 68 million cartons. With Namibian volumes included, the total crop inspected came to 11.6% below budgeted volumes. The Berg River water scheme was shut down on 23 January 2018 which was a concern especially for those producers dependent on the scheme and who do not have access to their own water irrigation infrastructure. As a result, vines yielded smaller berry sizes and light bunch weights which detrimentally affected carton volumes. It is anticipated that the yield/crop of the 2019 season will also be affected. Some producers were forced to divert water from varieties with lower yields to higher yield varieties to utilise available water more efficiently.

Export destinations were primarily Northern Europe (55%), United Kingdom (25%) & Asia (9%)



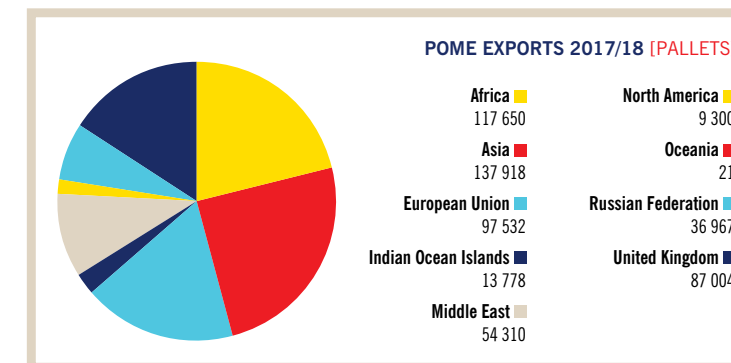
GRAPE EXPORTS 2017/18 (PALLETES)



POME FRUIT

The continued drought conditions experienced in the major pome fruit production areas also impacted negatively on pome fruit export volumes. The decrease in export volumes can directly be attributed to weather conditions impacting on colour development, fruit size and pack-outs. The main production regions did not receive the rainfall they were hoping for and producers are now certain that the production of the next season will be drastically affected as well. Volumes of certain apple and pear cultivars have been approximately 10% lower. Similar to grapes, pome producers are holding true to their commitment to divert water to the most productive orchards and cultivars of high demand like Forelle. The positives are that target markets like Asia, Russia and Africa are keen to accept South African pome fruit and there was a noticeable increase in demand compared to last year.

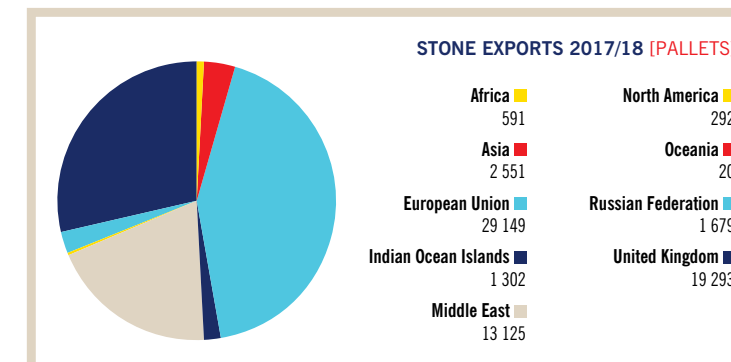
Pome fruit volumes inspected amounted to 44.7 million cartons and was 15.4% below budgeted volumes of 52.8 million cartons.



STONE FRUIT

The late stone fruit cultivars had smaller fruit sizes due to water shortages, especially for those producers that are dependent on the Berg River scheme for irrigation. High temperatures and heat wave conditions added to the challenging water situation, putting more pressure on water management practices. This contributed to lower pack-outs due to sunburn and a general decrease in the cosmetic appearance of red and darker plums. Hail, rain and wind damage also affected pack-out percentages. The total stone fruit volumes were 15.8 million cartons which was 17.2% below budgeted volumes of 19 million cartons.

Plums were mainly exported to the EU (52%), the UK (22%) and the Middle East (15%), nectarines were primarily exported to the UK (51%), the EU (26%) and the Middle East (17%) and peaches to the Middle East (46%), UK (35%) and EU (9%).





THE CITRUS FRUIT EXPORT SEASON

The overall climatic conditions during the 2017 citrus season were more favourable than the previous year for citrus production. Some of the major production regions had recovered from the heat and drought conditions experienced during 2016. The favourable climatic conditions had resulted in an increase of citrus volumes by 13% compared to the previous citrus season. However, the season brought its unique set of challenges. The climatic conditions experienced were also favourable for False Codling Moth and Citrus Black Spot development and manifestation. Parts of the Eastern Cape had also experienced quality problems in the orchards that resulted in fruit detaching from stems. The most significant increases in inspected citrus volumes were lemons (up by 20%), soft citrus and grapefruit (up by 15%) and oranges (up by 20%).

Durban remained the preferred port of export for citrus fruit, shipping 58% of the total citrus volumes. Annual comparatives between the 2017 and 2016 citrus season revealed that volumes shipped from Durban had increased by 28% while the ports within the Eastern Cape had shown a decline in citrus volumes by 10%. The lower citrus volumes shipped through Eastern Cape ports were a result of lower citrus volumes in these production regions. The Port of Cape Town shipped six per cent more citrus fruit than the previous year.

NATIONAL CITRUS INSPECTION VOLUMES IN CARTONS

CITRUS FRUIT	2015/16	2016/17	2017/18	2016/17 VS 2017/18
ORANGES	75 985 560	68 050 089	75 344 574	111%
LEMONS	15 422 747	16 245 718	19 539 304	120%
SOFT CITRUS	12 356 508	15 049 751	17 307 317	115%
GRAPEFRUIT	13 884 211	12 614 431	14 518 914	115%
KUMQUATS	178 205	178 919	152 550	-15%
PUMMELOS (SHADDOCKS)	101 755	67 640	85 068	126%
LIMES	8 549	43 634	25 047	-43%
Grand Total	117 937 535	112 250 182	126 972 774	113%

THE EU CITRUS PROGRAMME

Below are the total hectares, number of orchards inspected and phytosanitary certificates issued for this programme.

MONTH	NO. OF ORCHARDS INSPECTED	NO. OF HA INSPECTED	NO. OF PHYTOSANITARY CERTIFICATES	NO. OF PHYTOSANITARY CERTIFICATES CANCELLED
April	1 862	5 998.04	902	116
May	3 287	10 476.31	3 373	158
June	2 984	10 920.69	5 429	270
July	2 730	9 052.73	5 931	452
August	809	2 298.41	7 695	525
September	20	42	5 263	272
October	0	0	868	103
November	0	0	18	0
December	0	0	0	0
January	45	194.87	0	0
February	68	157.16	0	0
March	330	1 748.51	30	3
TOTAL	12 135	40888.72	29509	1899

CITRUS FRUIT EXPORT DESTINATIONS [PALLETES]

DESTINATIONS	2014/15	2015/16	2016/17	2017/8	2016/17 VS 2017/18
European Union	444 439	486 863	493 973	528 878	107%
Middle East	311 140	316 409	279 765	289 156	103%
Asia	289 141	301 756	273 408	365 811	134%
United Kingdom	135 686	145 049	143 412	155 433	108%
Russian Federation	169 971	137 027	110 842	132 966	120%
North America	99 025	104 521	94 125	103 685	110%
Africa	9 701	10 448	9 823	10 862	111%
Indian Ocean islands	8 863	8 086	9 888	10 759	109%
Oceania	0	0	0	20	100%
Grand Total	1 467 987	1 510 159	1 415 236	1 597 569	113%

CITRUS LOAD PORT DISTRIBUTION [PALLETES]

PORT	2014/15	2015/16	2016/17	2017/18	2016/17 VS 2017/18
CAPE TOWN	297,806	285,511	290,802	308,500	106%
DURBAN	788,388	822,178	729,105	930,957	128%
MAPUTO	3,360	6,240	0	0	0
PORT ELIZABETH	144,368	155,858	167,796	147,800	-12%
NGOURA (COEGA)	234,065	240,372	227,553	210,312	-8%
TOTAL	1,467,987	1,510,159	1,415,256	1,597,569	113%



THE SUBTROPICAL FRUIT EXPORT SEASON

AVOCADOS

There was a decline of 18% in the avocado crop for the 2017/18 financial year compared to the previous year, from 12.6 million to 10.5 million cartons. The primary destination was the EU followed by the UK, with very small volumes going to the Russian Federation and the Middle East. The crop was characterised by small fruit and blemishes.

DESTINATION FOR AVOCADOS	VOLUMES (IN CARTONS)	PERCENTAGES
European Union	8 496 840	76%
United Kingdom	2 520 672	22.5%
Asia (incl. Middle East)	144 280	1%
Russian Federation	52 400	0.5%
Total	11 185 152	



LITCHIS

Although the litchi season for 2017/18 was an “off year”, the difference in volumes was negligible compared to 2016/17. Volumes inspected in 2017/18 were 3.5 million kilogrammes compared to 3.9 million kilogrammes in the previous financial year. The main destination was the EU which received 85%, with the rest sent to the UK (12%), the Middle East and the US, which each received 1.5% of the crop. The US programme continued from the beginning of the season until the end which was different to the previous season which was short lived.



MANGOES

The mango volumes for the 2017/18 financial year were down due to an “off year” with just over 1.1 million cartons inspected, compared to 1.6 million cartons the previous financial year. Destination markets changed compared to the previous seasons as the focus was predominantly on Africa and the Middle East.

GRAINS AND TREE NUTS

After the drought experienced in the previous financial year, higher volumes of maize, groundnuts and tree nuts were inspected during the 2017/18 fiscal year as a result of good rains experienced in the production regions.

Maize bulk volumes inspected in 2017/18 amounted to 1.7 million tonnes compared to the previous year's 1.2 million tonnes. The target markets for bulk grain deep sea exports is shown below. A total of 1.6 million tonnes were shipped through the Durban harbour. Exports to African destinations are transported mainly via trucks.

MAIZE VOLUMES

DESTINATION	VOLUMES (IN TONNES)	PERCENTAGE
Africa	452 164	26%
Asia	1 164 112	68%
European Union	69 453	4%
Middle East	5 495	0.3%
South East Asia	29 124	1.7%
Total	1 720 348	100%



Due to the severe drought experienced during the 2016/17 fiscal year, groundnut volumes were subdued. However, inspections increased to 21 800 tonnes during 2017/18, with the increase due to optimum growing conditions and good rainfall. Approximately 70% of South African groundnuts are exported mainly to Asia (especially Japan) and the EU.

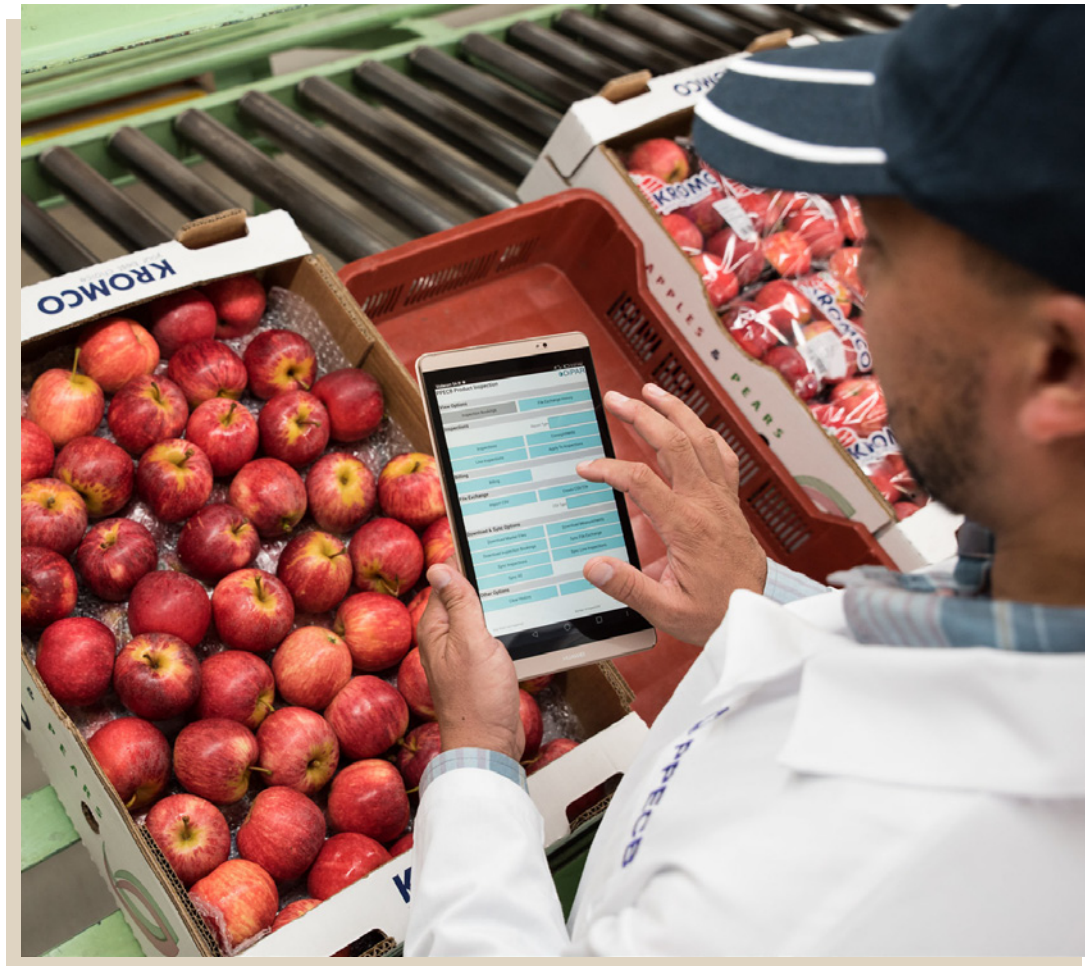
The PPECB started with tree nut inspections in the 2016/17 fiscal year and significant growth was experienced during 2017/18. The volumes for pecan nuts increased from 8 457 tonnes to 14 242 tonnes, with 78% of the crop exported to Asia and 20% to the African market. Macadamias also followed the same trend in terms of growth with volumes inspected moving from 13 680 tonnes to 20 256 tonnes for the 2017/18 financial year. The target market for macadamias was mainly Asia (China) for the bulk of the in-shell product.

VEGETABLES

Total volumes of vegetables exported continued to increase against previous years. Potato volumes were the main growth drivers and moved from 37.9 million to 43.6 million kilogrammes. Onions inspected declined slightly from 29.8 million kilogrammes to 28 million kilogrammes and mini vegetables declined from 38 million kilogrammes to 34 million kilogrammes. More than 90% of vegetables are exported to African markets while the balance is airfreighted to the EU and the Middle East.



HOME GROWN HEROES



PROJECT TITAN

In total, 43% of the main products were inspected on the Titan platform. In addition, 6 021 electronic addendums and certificates have been processed by the FTP (File Transfer Protocol) site. This figure is expected to increase drastically with the expected increase of volumes on Titan.



CAREER HIGHLIGHT

I can honestly say my favourite aspect from my years at the PPECB is the people and continuous growth of friends and family. Family isn't always connected by blood but rather it's those people who would do anything to see a smile on your face and care for you no matter what. That for me is the PPECB.



ZAID TALIEP

Joined PPECB 2000

First Position
**TEMPORARY JUNIOR COLD
CHAIN ASSISTANT**

Currently
SENIOR ASSESSOR



Someone I no longer work with directly, Mr Chris Lang, is one of the nicest and most genuine people I have had the pleasure of working with. He was encouraging, supportive and an awesome mentor and great friend.

COLD CHAIN SERVICES

The global trend of a decline in volumes shipped on specialised refrigerated vessels has been experienced in South Africa as well. Fewer specialised reefer vessels called at South African ports due to availability and the lack of demand to use this mode of refrigerated transportation. During this fiscal year a total of 169 911 pallets were shipped on specialised refrigerated vessels. This is a three per cent reduction in volumes shipped on this mode of transport compared to the previous year. However, citrus volumes shipped in specialised refrigerated vessels to Japan increased by 13% compared to the previous fiscal year.

Refrigerated container volumes shipped from South Africa continued to increase exponentially, in line with international trends. The inland loading of refrigerated containers, including cold treatment, continued to increase annually. The 2017/18 fiscal year showed a one per cent increase in total container volumes, which placed further strain on the availability of equipment and infrastructure. During peak volumes, some of the ports reported a shortage of containers, generator sets, cold storage space and plug points.

VESSEL SURVEY

	TOTAL INSPECTED	TOTAL PASSED	TOTAL REJECTED	PERCENTAGE REJECTED	REASONS FOR REJECTIONS
	39	39	0	0	0

NATIONAL CONTAINER INSPECTION

REASONS	TOTAL INSPECTED	TOTAL PASSED	REJECTED	PERCENTAGE REJECTED	REASONS FOR REJECTIONS
Cleanliness	191 749	171 066	20 683	11%	Dirty, tainted, damaged panels, oxidisation, damaged seals
Technical	149 506	149 478	28	0.02%	
TOTAL	341 255	320 544	20 711	6.1%	

NATIONAL COLD STORAGE INSPECTION

	TOTAL INSPECTED	TOTAL PASSED	TOTAL REJECTED	PERCENTAGE REJECTED	REASONS FOR REJECTIONS
	577	550	27	5%	Dirty, damaged panels, faulty temperature recording equipment, plug point, temperature recording systems, door seals, excessive ice build-up in cold rooms

NATIONAL CONTAINERS LOADED - ALL PRODUCTS

PORT	2015/16	2016/17	2017/18	VARIANCE 2016/17 VS 2017/18
CPT	69 815	81 744	74 847	92%
DUR	34 453	36 381	44 859	123%
PLZ	8 160	9 807	9 560	97%
NGQURA (COEGA)	14 511	13 842	13 798	99.7%
Other	0	0	0	0
Grand Total	126 939	141 774	143 064	101%

NATIONAL CONVENTIONAL VOLUMES - ALL PRODUCTS (PALLETES)

PORTS	2014/15	2015/16	2016/17	2017/18	%
ALL SA PORTS	261 511	218 406	175 469	169 911	97%



HOME GROWN HEROES

CAREER HIGHLIGHT

In 2013, I was selected to assist with the PPECB's ISO 9001:2008 certification and assessment by SABS on the container inspection aspect of the cold chain function. I was successful and felt proud to add value to the PPECB's quality management system.



PHINEAS SIDLAYIYA

Joined PPECB MARCH 2010

First Position **TEMPORARY
JUNIOR COLD CHAIN ASSESSOR**

Currently
SENIOR ASSESSOR

THE FOOD SAFETY PROGRAMME

FOOD SAFETY AUDITS

The Food Safety Programme is primarily responsible for ensuring compliance with Regulation R707 with regards to food hygiene and food safety of regulated agricultural food products of plant origin intended for export, commonly known as SAGAP. For the 2016/17 fiscal year, the programme made provision for a total number of 750 audits with the following breakdown: 250 ad hoc audits, 450 SAGAP audits and 50 SAMSA audits. As a result of the new audits on raisin drying facilities, the programme conducted 156 more SAGAP audits. The private sampling initiative provided for a consistent client base with a majority uptake from the citrus industry.

LABORATORY SERVICES

One of the key objectives during the 2017/18 review period was to reposition the laboratory to ensure a greater contribution towards government imperatives and the market challenges experienced by customers. The laboratory therefore expanded its scope on three business units: its Mycotoxin Analytical Programme (MAP); the Dairy Testing Services (DAP); and the Pesticide Analytical Programme, more commonly known as the maximum residue limit (MRL) programme. It successfully passed all South African National Accreditation System (SANAS) audits, hence introducing accredited methods to its stakeholders. The extension of the MRL scope has allowed the PPECB laboratory to test for export products (fresh produce) destined for markets beyond Africa, including the EU. The laboratory also received additional audits from DAFF on its Dairy Analytical Programme (DAP), with exceptional audit results recorded from this process. Subsequently, the laboratory's SANAS accreditation remains intact and all of its analytical programmes are fully accredited.

The following number of samples have been tested during the review period:

- The MAP analysed a total of 11 884 samples reflecting an increase of 83% compared to the previous year.
- Dairy compositional analysis amounted to 1 971 samples, a two-thirds decline from the previous year. This downward trend can be attributed mainly to an anticipated revised Standard Operating Procedure on dairy export products.
- The Fats Analysis Programme (FAP), consisting of testing for peroxide, moisture and free fatty acids, analysed a total of 3 973 samples representing an increase of 77% from the previous year.
- The MRL programme saw an encouraging increase of samples during 2017/18, with 1 542 samples analysed through its LC-MS-MS and GC-MS-MS equipment. This programme focused primarily on the north of the country, thereby providing an alternative laboratory to farmers in Limpopo, Mpumalanga, Gauteng and KwaZulu-Natal.

The total samples analysed by the laboratory during the 2017/18 period amounted to 19 370 samples while the total number of tests performed amounted to 23 887, representing increases of 52% and 9% respectively compared to the previous year.

The Laboratory Services unit regained its financial viability reflecting a surplus at the end of the financial year for the first time in more than five years. This business unit ended the year with an income of R18.4 million against a budget of R15.6 million, thereby exceeding the budgeted income by R2.8 million. In this way, a net surplus of R1.7 million was realised at the end of the fiscal period. A platform has been laid for further growth, sustainable flow of sample volumes and further increase of the income base, thereby ensuring financial sustainability in the ensuing years.

RESEARCH AND DEVELOPMENT

The PPECB's Research and Development (R&D) unit has seen the appointment of Dr Nhlanhla Mathaba as its new R&D Manager. Dr Mathaba is a former beneficiary of the Citrus Academy Bursary Fund and a well-known figure within the subtropical and citrus industries. The PPECB continued to partner with industry sectors in performing collaborative research aimed at an improved South African product in the international market.

During the 2017/18 period, contributions were made to the following research projects and industry partners:

- Ambient loading of citrus fruit (navels and mandarins). This project is in its final stage. Partner: Citrus Research International;
- Reducing the cooling time of table grapes from 72 hours cooling to either 48 hours or 36 hours. This project is conducted by the South African Table Grapes Industry (SATI) and co-funded by the PPECB. Partner: South African Table Grape Industry;
- Non-destructive quantification and prediction of table grapes' external and internal quality. This project is conducted by SATI and still underway. Partner: South African Table Grape Industry; and
- Potato trial (1°C & 2°C). Results from a potato trial (set point 1°C) showed good and sound quality at destination (Seychelles). Minor scaring and few signs of chilling were observed on table potatoes. Brix was around 8.3°. This, however, does not quantify the reducing sugars (sucrose, glucose, fructose) from starch. Once starch is converted to reducing sugars, the potato chips become dark-brown when fried which shows a compromise in quality. Baby potatoes, on the other hand, were of excellent quality overall.

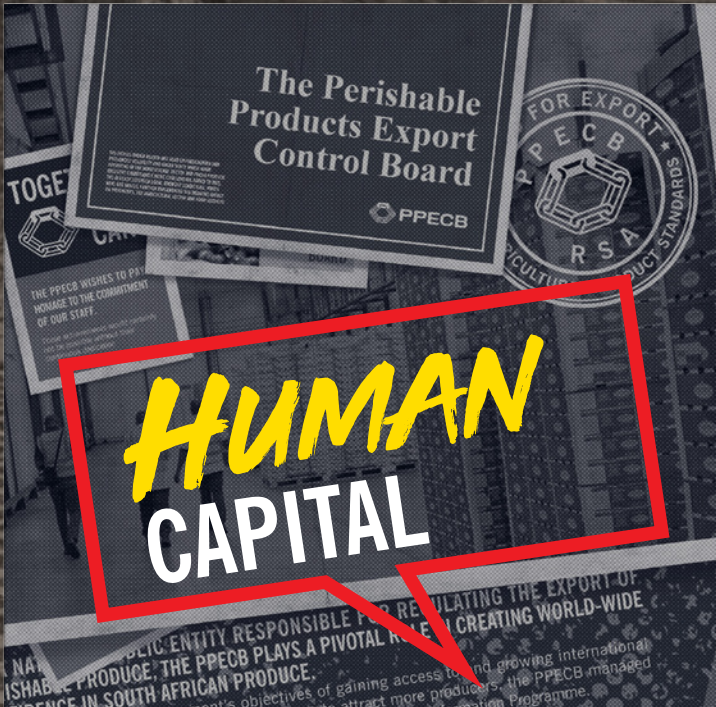
This unit handled in excess of 300 cold chain-related dispensations during the 2017/18 period.

LOOKING AHEAD

Some priority areas for the 2018/19 fiscal year include:

- Ramping up staff engagement initiatives and platforms;
- Implementing the False Codling Moth Risk Management System;
- Further rollout of the laboratory strategy;
- Re-establishing the R&D Division, incorporating innovation;
- Increased focus on transformation initiatives;
- Increase the volumes inspected on the Titan platform;
- Establishing the Risk-Based Framework for the Export of South African Perishable Products; and
- Implementing the Talent Management Framework, in conjunction with the Human Capital Department.

HOME GROWN HEROES



IN A DIGITAL WORLD MARKED BY INCREASING TRANSPARENCY AND THE GROWING INFLUENCE OF MILLENNIALS, EMPLOYEES EXPECT A PRODUCTIVE, ENGAGING AND ENJOYABLE WORK EXPERIENCE.

Organisations therefore need a new approach, one which builds on the foundations of culture and engagement to focus on the employee's holistic experience, considering all the contributors to worker satisfaction, engagement, wellness and alignment.



The Human Capital Team at the PPECB, guided by both internal and external factors impacting the organisation, made it their purpose to develop a future fit organisation. All people interventions during the 2017/18 financial year were geared towards ensuring that the PPECB is fit for the future and that its employees are well equipped.

During the period under review the PPECB launched the Talent Framework, embarked on a journey of defining its culture, continued with the employee wellness initiatives and launched the eLearning platform.

Despite these positive achievements the organisation experienced some challenges including, for the first time in the PPECB's history, a wage dispute which resulted in a strike.

TALENT MANAGEMENT

The PPECB Talent Framework provides an integrated approach to how the PPECB plans to attract, recruit, develop and retain talent that meets its current and future needs in support of Strategic Objective 3, namely strengthening the entity's capacity to provide a professional suite of services.

During the 2017/18 fiscal year the implementation principles for the Talent Framework were endorsed by the Executive Committee (EXCO) to enable the integration of existing people management processes according to the principles. Subsequent work focused on reviewing job profiles, a competency library, recruitment, promotions, performance management, training and remuneration. The ultimate goal of talent management is to support delivery on the PPECB's strategic goals and desired culture. Therefore, stronger consideration of competencies and performance is being built into all people management processes.

TRANSFORMATION AND EMPLOYMENT EQUITY

After extensive consultation, the Transformation principles have been agreed with the Board and a clearly defined strategic plan will be developed in the new financial year.

Quarterly meetings of the Employment Equity (EE) and Skills Development Forum have provided a platform of engagement on transformation, including equal opportunities for skills development and training for all employees. The EE and Skills Development Forum has also contributed greatly towards the development of the new EE plan for 2018-2021, as well as guiding changes to the Study Assistance policy.

The PPECB is 13% short of reaching its 2017/18 target of 69% African representation overall. As a remedial measure, the organisation is emphasising the recruitment and promotion of African males, African females, White females and people with disabilities to align to the

Economically Active Population (EAP). For the period under review the PPECB was verified as a level 8 contributor.

ORGANISATIONAL DEVELOPMENT

The focus for the 2017/18 financial year was to continue the journey of defining the culture of the organisation. To this end, a Culture Shift survey was conducted with a 65% response rate being achieved. The survey indicates that current organisational culture is cautious and rigid with elements of a good, great and endearing culture. The key focus areas highlighted by the survey, which will enable the PPECB to shift to a more endearing culture, include more open communication, reduced conflict avoidance, improved learning and growth, systems and process improvement. Focus groups are planned to unpack some of the concerns and action plans will be developed over the next few months to address specific issues. This will enable the PPECB to ensure that its culture remains relevant and aligned to the organisational strategy.

CAPACITY BUILDING OF LINE MANAGEMENT

A key accomplishment for the Human Capital department lies in the value that it adds to line management. During 2017/18, a total of 53 supervisors received customised training to enable the shift from punitive discipline to constructive discipline, which is in line with the shift from a performance management to performance motivation process. In addition, when it became apparent that strike action would occur in May 2017, the Human Capital department proved its value-add by equipping all line managers with the necessary tools to prepare for the strike. As a result, the strike was well managed and had little to no impact.

EMPLOYEE WELLNESS

Building Healthy Relationships was the employee wellness theme for 2017/18. In promoting this theme 21 Topic Talk sessions were rolled out throughout the organisation in partnership with the contracted service provider (CAREWAYS). The Topic Talk sessions were in direct response to feedback received from focus groups and a callout in March for topics for the Topic Talk campaigns. Keeping a focus on improving the employee experience, it has been proven that having a network of healthy relationships helps employees to have more enjoyable workdays, which in turn add value to the organisation as far as human capital is concerned.

Furthermore, in order to ensure employees are aware of their human rights and the enforcement thereof, sessions were held in all regions in acknowledgement of Human Rights Day.

OCCUPATIONAL HEALTH AND SAFETY

All Occupational Health and Safety Audits that were planned for the year were conducted successfully throughout the organisation, including the new Operations Office at the Johannesburg Fresh Produce Market. A review of the current Health and Safety Risk Register for the organisation was also completed which included injury on duty incidents reported during this fiscal year. In total, only five cases of non-fatal occupational injuries were reported to management over the 2017/18 financial period. Improvements were made in ensuring reasonable accommodation for current

and future employees living with disabilities, including provision of emergency equipment in compliance of legislated occupational health standards.

LEARNING AND DEVELOPMENT

During the year in review the Learning and Development Department applied for and received funding for:

- Six interns (agriculture students who required workplace exposure to graduate)
- Five graduate placements (unemployed graduates who are placed in support service areas);
- Adult Education and Training (AET) for six people who do not have matric
- Four postgraduate bursaries for PPECB staff

Other key achievements included:

- For the first time the Agriculture Export Technologist Programme (AETP) modules presented by the PPECB were placed online for advance reading by students to reduce the time spent in the classroom during central training.
- The PPECB Skills Development Facilitator won the Emerging Practitioner of the Year Award at the Institute of People Management (IPM) awards.
- Engagements with Lesotho started which will be a similar project to that run for the Agro Marketing and Trade Agency (AMTA) in Namibia to upskill their inspectors.
- Competency evaluations were concluded for the AMTA inspectors in Namibia, with all their inspectors found competent.
- An increased number of farms were nominated onto the SA GAP certification programme with the Department of Agriculture, Forestry and Fisheries (DAFF), with a corresponding increase in the number of certifications, especially certifications for cooperatives.



HOME GROWN HEROES



CAREER HIGHLIGHT
The Leadership Development Programme of 2015 was a very positive and uplifting experience. It added a lot value to my current role and to my life in general. It was definitely a benefit in my journey at the PPECB.



**PEDRO
DIETRICH**
Joined PPECB JUNE 2004

First Position
JUNIOR INSPECTOR
Currently
CHIEF INSPECTOR

REMUNERATION AND BENEFITS

REMUNERATION POLICY

The PPECB's remuneration policy addresses remuneration on an organisation-wide basis and is one of the key components of the PPECB's overall human resources strategy, in full support of the overall PPECB business strategy. It supports the business strategy by helping to build a competitive, high-performance and innovative culture that attracts, retains, motivates and rewards high-performing employees.

KEY ELEMENTS OF PPECB'S REMUNERATION POLICY

PPECB's remuneration philosophy is supported by robust performance management practices, which strive to set all employees' total remuneration package at a competitive level by benchmarking to the market and providing incentives geared to drive the agreed-upon performance outcomes, where appropriate.

The remuneration policy is based on the following principles:

- The remuneration policy reflects the rules that underpin all aspects of remuneration and reward in the PPECB.
- The remuneration policy, procedures and practices support and are consistent with effective risk management.
- Employees are rewarded on a Total Cost of Employment (TCE) basis, upon which comparisons will be made.
- The guaranteed component of the reward includes a base salary, retirement fund and benefits.
- The following key aspects apply:
 - Remuneration will be compared with selected comparators in the South African labour market on a bi-annual basis to ensure competitive remuneration levels in the PPECB; and
 - Comparison of PPECB remuneration with the comparators will be done on a TCE basis.
- Cost of living adjustments will serve as the basis upon which remuneration will be increased annually.
- Any non-guaranteed rewards, bonuses or incentives will be paid as motivation to ensure that exceptional performance is being maintained.
- The organisation will adhere to principles of good corporate governance, as depicted in best practice and regulatory frameworks such as King IV and the Solvency Assessment and Management Project.

EXECUTIVE REMUNERATION

The principles underpinning the approach to executive remuneration serve as the foundation for everything we do, and are listed below.

- Alignment with the PPECB's strategy: The Executives TCE are linked to the achievement of targets seen as indicators of the execution of PPECB's strategy.
- Competitiveness: Remuneration levels are determined externally against companies of comparable size, complexity and scope.



HOME GROWN HEROES

INFORMATION & COMMUNICATIONS TECHNOLOGY

THE INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) DEPARTMENT REMAINS A STRATEGIC PILLAR OF PPECB IN DEVELOPING AND TRANSFORMING THE BUSINESS, IN LINE WITH THE PPECB'S OBJECTIVES, AND PROPELLING IT INTO THE DIGITAL AGE. IT DRIVES THE ACCELERATION OF NEW PROCESSES, TECHNOLOGIES AND ECOSYSTEMS TO IMPROVE ORGANISATIONAL EFFECTIVENESS AND AGILITY IN THE FOURTH INDUSTRIAL REVOLUTION.

GOVERNANCE

ICT within the PPECB is governed by the PPECB Board's Strategic Projects Committee, which addresses all strategic ICT issues. There is also an internal committee, the ICT Steering Committee (Steercom), which meets on a monthly basis. The ICT Steercom comprises of business and ICT and provides a platform to discuss operational matters.

To maintain appropriate ICT governance, the PPECB has embarked on a process of adopting the international COBIT (Control Objectives for Information and Related Technologies) governance framework, which provides guidelines for best practices, standards and methodologies. Key focus areas include project management, service management, enterprise applications and infrastructure. The governance framework is scheduled to be fully operational during the 2018/19 financial year.

KEY ICT OBJECTIVES, ACHIEVEMENTS AND FOCUS AREAS

- Promoting, collaborating and maintaining strategic relationships between ICT and its stakeholders, to offer superior customer service delivery and to provide innovative technologies that supports the business. To this end, ICT has initiated two key projects towards the creation of a digital organisation, namely the upgrade of the current Titan system and consolidation of the organisation's back office systems into a single Enterprise Resource Planning System. A strategic decision has also been taken to perform all Titan development inhouse to ensure the intellectual property and source code is owned by the PPECB, thus enabling the PPECB to deliver a superior experience to our clients.
- Developing the PPECB's technological framework for Titan as well as future applications, including re-architecting the data warehouse and reporting environment.
- Optimising the Titan system to include the automated booking process which was implemented to streamline the service request and booking process. Also, the False Codling Moth Management System (FMS) functionality has been included in Titan with integration to PhytClean. The addendums for export certification are in progress.
- Cybersecurity is a key focus area, together with ensuring compliance with the Protection of Personal Information Act (POPIA) and Promotion of Access to Information Act (PAIA).

- The orchard inspection process has been digitised. Testing is in progress and production rollout is scheduled to take place during May 2018. A drone has been procured to conduct research and development with a view to leveraging this technology to automate and simplify the inspection process.
- The temperature regimes (HP22) manual has been made electronic and is currently being tested by industry.
- Back office processes are being reviewed in consideration of a single back office system incorporating Human Capital, Finance, Food Safety, Laboratory and ICT processes.
- The major upgrade to the Titan application has commenced to make it more user-friendly and efficient.

MONITORING THE EFFECTIVENESS OF TECHNOLOGY AND INFORMATION MANAGEMENT

ICT provides various reporting mechanisms to its different stakeholders to create awareness of information and technology projects, initiatives and issues being addressed. Quarterly reports are produced for the Board highlighting key projects and strategic issues, as well as investments and IT expenditure. The monthly Steercom is an operational meeting to discuss key projects and issues. The project office provides a monthly dashboard to the business showing project progress and risks. A projects steering committee, which also comprises external advisors, has been created to discuss strategic projects.

KEY FOCUS AREAS FOR THE NEXT PERIOD

Some key imperatives ICT will be focusing on in the coming year include:

- Implementing high availability for the PPECB's in-house applications;
- Enhancing the current Titan system with further integration to other industry systems and the inclusion of cold chain;
- Implementing a single back office system for the PPECB;
- Implementing the COBIT framework and cybersecurity;
- Cleanup of the PPECB's master data; and
- Rollout of technologies to reduce costs and create further efficiencies, e.g. Voice over Internet Protocol.

CAREER HIGHLIGHT

I was given the opportunity to represent the PPECB and South Africa internationally on my trip to China. I will always treasure that moment.



MARLIN VOIGHT

Joined PPECB FEBRUARY 2008

First Position
AETP STUDENT

Currently
SENIOR INSPECTOR



HOME GROWN HEROES



KEY INDICATORS

PERFORMANCE	POSITION	CASHFLOW
Revenue R365 million Up 23.8%	Net Assets R106 million 2017: R85 million	Cash from Operations R36 million 2017: R1.5 million
Expenditure R349 million Up 17.5%	Receivables R45 million Collection Period 41 days	B-BBEE Procurement Spent R54 million 79.6% Against Target of 78%
Employee Expenses R253 million 72.5% of Total Expenses	Investment in Technology R2.5 million 77.3% of CAPEX	CAPEX R3.3 million 2017: R9.8 million

THE PPECB'S STRATEGIC FOCUS IS ON BUILDING A RESILIENT ORGANISATION THAT CAN BETTER RESPOND TO SHIFTS IN ITS BUSINESS ENVIRONMENT.

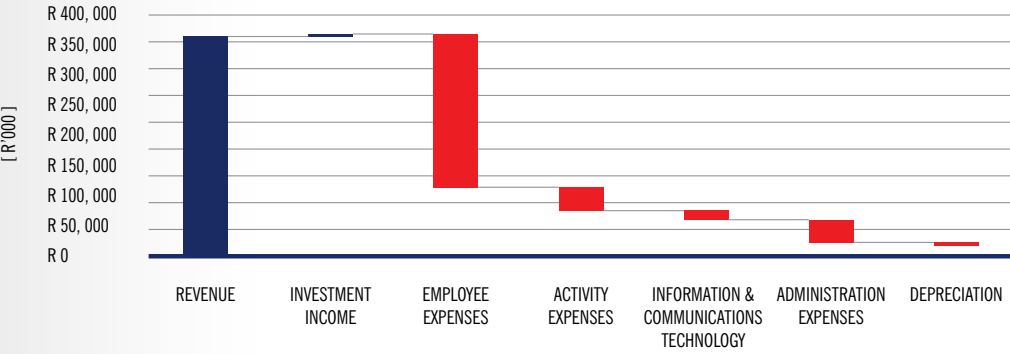
This allowed the PPECB to capitalise on technology to further enhance service delivery and to better manage its scarce resources, including its financial and human resources. It is thus encouraging to end the 2018 financial year with a surplus of R20.9 million (2017: R1.4 million). This surplus bodes well for PPECB's strategy to internally fund the further development of its mobile technology platform across all service offerings and internal business processes.

FINANCIAL PERFORMANCE

Despite the unfavourable weather conditions experienced in South Africa during the year under review, revenue increased by 24% from R295 million to R365 million. Volume growth accounted for 13.3% of overall growth, price inflation 6.2% and attainment of the orchard inspection and phytosanitary certification mandate 4.5%. Although citrus fruit, maize and dried fruit volumes were up 14%, 150% and 15%, respectively, revenue was diluted by lower table grape productions, unfavourable harvests on deciduous fruits and unrealised training and development funding.

It is pleasing that operating costs have been well maintained. Total expenditure of R349 million increased by 17.5% from last year, which reflected an 18.4% increase in operational activity due to the deployment of additional resources needed to fulfil the newly acquired mandate. Administrative expenditure increased by 8.1% from last year. A shift in the ICT strategic direction from outsourced to in-house application development resulted in the delay of R10 million in project expenditure.

DISTRIBUTION OF REVENUE



FINANCIAL POSITION

The PPECB improved its Total Net Assets to R106 million (2017: R85 million) by maintaining robust expenditure and debt management practices to improve on cash and investments. Cash and investments reflected growth of R33 million (67% on last year).

Growth on receivables of R6 million on the previous year is reflected, primarily due to escalations in new accounts brought about by the additional mandates. Debtor payment collection behaviour increased to 41 days in comparison to 37 days in the previous year, which is indicative of the current challenging economic setting. The debtors' impairment provision of R118 000 is 0.2% of total accounts receivable and is attributable to firm adherence to debt management practices.

Non-current assets were lower by R2 million due to the periodic review and write down of useful lives of assets. Capital expenditure totalling R3.3 million in 2018 (2017: R9.8 million) was incurred of which R2.5 million was invested in technology. Notwithstanding the PPECB's unwavering determination to embrace technology, our method is a careful and responsible approach of maximising the use of current technological assets to promote cost efficiencies.

An amount of R14.1 million (2017: R19.2 million) has been contracted and committed, but not spent. The significant capital expenditure programme is supported by strong internal cash generation and reserves within the PPECB.

CASH FLOW

The PPECB generated strong cash flows of R35.9 million during the year which were R34.5 million higher than the previous year. Net working capital decreased by R2 million owing primarily to the R11 million provision made for the payment of performance incentives. Net cash in-flows were offset by R3.3 million capital expenditure of which R2.5 million was in information and technology.

A share of these cash reserves will be expended in the 2019 financial year on earmarked strategic projects, including the enhancement of the mobile information technology platform, the acquisition of an enterprise resource planning system and other deferred capital expenditure.

PROSPECTS

The spending trend of the PPECB is dictated by delivering on its mandate and set objectives to ensure the credibility and enhance the effectiveness of its service delivery programmes. Working capital

management will continue to receive high focus with various initiatives.

Cash flows are expected to remain robust against the backdrop of continued drought conditions and a significant capital expenditure investment programme. Nevertheless, with the pressure of increased statutory levies being felt, the containment of expenditure remains a high priority. To this end, the PPECB is constantly looking for opportunities to improve efficiencies without compromising on the quality of its service delivery programmes.

APPRECIATION

Finance continues to be the financial gatekeeper of the PPECB, while simultaneously effectively partnering with the business to achieve its strategic objectives. I would like to thank the finance team for their commitment and support over the past year.

JOHAN SCHNIEBUS
CHIEF FINANCIAL OFFICER



AUDIT COMMITTEE'S STATEMENT OF RESPONSIBILITY AND MANDATE

The Audit Committee is a statutory sub-committee of the PPECB Board, which assists the Board in fulfilling its oversight responsibilities on the evaluation of the adequacy and efficiency of internal controls, risk management and financial reporting processes.

The committee operates independently of management and acts in accordance with its statutory duties and the delegated authority of the Board.

The committee formally adopted an Audit Committee Charter that was duly reviewed in the performance period. The Charter, which complies with section 38(1)(a) of the PFMA and Treasury Regulation 3.1, guides the committee in terms of its objectives, authority and responsibilities, both statutory and those assigned by the Board.

The committee recognises the importance of its role in maintaining corporate governance standards.

COMPOSITION AND COMMITTEE MEETINGS

The PPECB Board appointed four, non-executive board members who have the requisite skills and experience to fulfil the committee's duties.

The committee discharges its responsibilities by meeting formally four times a year. During the year under review, members serving on the committee were Mr C Garrett, Ms M Slabber, Mr M Ramasodi and Dr M Mashaba. More details of these board members are given in the Governance and Administrative information Section of this Annual Report.

The findings and recommendations of the committee are reported to the Board at the next board meeting, which is typically held within two days of the committee meeting.

The committee invites the Chief Executive Officer (CEO), Chief Financial Officer (CFO) and members of the Executive Management Team, as well as representatives of the external and internal auditors, to attend its meetings. The internal and external auditors have unrestricted access to the committee.

KEY ACTIVITIES

The committee receives, discusses and reviews the PPECB's quarterly and annual results, business risks, accounting, auditing, financial reporting, corporate governance and compliance matters. The internal audit plan and internal audit conclusions are similarly reviewed and approved by the committee. It meets with management to review their progress on key issues relating to controls and risks and deals with other matters falling within its terms of reference.

KEY ACTIVITIES DURING THE 2017/18 FINANCIAL YEAR INCLUDED:

- Nominating the independent external auditor, their terms of engagement and fees for the provisioning of audit services to the Board for approval after considering the quality of service delivered
- Providing oversight on all decisions made by the Bid Adjudication Committee on tenders, which included the appointment of independent internal auditors, a travel management company and a supplier to deliver a management learnership programme, as well as the construction of a parking site at the PPECB's head office
- Reviewing and approving the internal audit annual work plan
- Reviewing the external auditor's audit plan, independence, performance and management reports
- Ensuring that the items that gave rise to audit findings or emphasis of matter have been satisfactorily resolved and if not, assess the adequacy of proposed action plans, their timelines and the reporting thereof to the committee
- Reviewing the PPECB's quarterly risk reports, combined assurance plan, evaluation of audit findings on controls and appropriateness of actions taken by management to address the key issues identified

- Reviewing the PPECB's predetermined objectives and measuring performance against the set targets
- Reviewing management's quarterly management reports and obtaining explanations for inconsistencies and significant variances as compared to the appropriated budget and prior year
- Reviewing the budget for the year ended 31 March 2019 and recommendation thereof for approval by the Board
- Reviewing the Annual Financial Statements and results for the year ended 31 March 2018 following the close of the reporting period.

EXTERNAL AUDITORS

The committee ensured that the appointment of the PPECB's external auditor complies with the Public Audit Act (Act 25 of 2004) and any other legislation relating to the appointment of auditors to a public entity. The firm and relevant designated auditor are accredited with the Independent Regulatory Body of Auditors and hold the requisite certifications and registrations.

The committee is satisfied that the external auditor, SizweNtsalubaGobodo Inc, is independent of the PPECB and was thus able to perform their functions without any influence from the PPECB. The Board's approval for reappointing SizweNtsalubaGobodo Inc. as the PPECB's external auditor for the financial period under review was accepted by the Auditor-General.

The committee adopted a formal rule on placing the appointment of external auditors on tender after a firm served as external auditor to the PPECB for seven consecutive years. SizweNtsalubaGobodo Inc. has been the PPECB's external auditor for six years. In terms of the policy, the PPECB will initiate the request for proposals process for the appointment of external auditors in 2019.

The committee, in consultation with Executive Management, agreed to the terms of engagement. The external auditor was not engaged in providing non-audit services during the period under review.

The audit fee for the external audit was considered and approved taking into consideration such factors as the timing of the audit,

the extent of the work required and the scope of the audit. The external auditor is afforded unrestricted access to the PPECB's records and management. The auditor furnishes a written report to the committee on significant findings arising from the annual audit and can raise matters of concern directly with the chairperson of the committee.

In respect of the 2017/18 financial year, the committee was satisfied with the quality and effectiveness of the SizweNtsalubaGobodo Inc. audit process.

INTERNAL AUDIT

The Board has outsourced the internal audit function to an independent, reputable service provider.

The internal audit activities performed during the year were informed by the PPECB's risk management and combined assurance framework. Internal audit complies with the Institute of Internal Auditor's International Standards in the performance of its assurance function. The engagement partner of the outsourced service provider reports directly to the committee.

Internal audit provides the committee with assurance on the PPECB's system of internal control and compliance to policies and procedures. The committee considers audit reports on weaknesses, corrective actions and suggested enhancements to controls and processes. The committee ensures that management takes appropriate action where weaknesses were identified.

The committee is satisfied that the internal audit function performed its responsibilities effectively and efficiently.





RISK MANAGEMENT AND
INTERNAL CONTROLS

The committee assists the Board in the assessment of the adequacy of the risk management process and effectiveness of internal controls. The committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk and information technology risks as they relate to financial reporting. The PPECB continues to place importance on IT risk management and consistently reviews the measures to curb risks identified.

- Key activities during the 2017/18 financial year included:
- Reviewed and considered quarterly risk reports, emerging risks and risk incident register
 - Reviewed and considered the report by internal audit on the effectiveness of the risk management processes
 - Ensured that management considers and implements appropriate risk responses
 - Reviewed and considered the status of financial, IT and internal controls, for the year under review, as reported by the internal and external auditors

Based on audits conducted by both the internal and external auditors on the effectiveness of the PPECB's system of internal financial controls, the committee is satisfied that the PPECB's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements.

No findings have come to the attention of the committee to indicate that any material breakdown in internal controls occurred during the past financial year.

COMBINED ASSURANCE

The committee is satisfied that the PPECB has optimised the assurance coverage obtained from management and internal and external assurance providers, in accordance with an appropriate approved combined assurance model.

- The committee is also satisfied that the combined assurance model and related systems and procedures are effective in achieving the following objectives:
- Enabling an effective internal control environment
 - Supporting the integrity of information used for internal decision-making by management, the Board and its committees
 - Supporting the integrity of external reports.

ANNUAL FINANCIAL STATEMENTS

- Following the close of the reporting period, the committee reviewed the Annual Financial Statements for the year ended 31 March 2018, which included:
- Considering whether the Annual Financial Statements fairly present the financial position, the results of operations and cash flows of the organisation in all material respects
 - Reviewing the accounting policies and practices, satisfying itself that they are appropriate and comply with the appropriate requirements of the Generally Recognised Accounting Practice (GRAP)
 - Reviewing the external auditor's audit report
 - Reviewing the management representation letter relating to the Annual Financial Statements
 - Considering the significant judgements and estimates, accounting treatments, significant unusual transactions, the summary of uncorrected misstatements and accounting judgements

Following their review of the Annual Financial Statements, the committee is of the opinion that in all material respects they comply with the relevant provisions of the PFMA and GRAP, as issued by the International Accounting Standards Board, and fairly present the results of operations, cash flows and the financial position of the PPECB.

The committee also noted management's confirmation of going concern for the 2018/19 financial year, which is informed by the budgets, operational results, cash flow projections, cost-saving opportunities and the cost of capital projects.

The Audit Committee concurs with and accepts the conclusion and audit opinion of the external auditors on the Annual Financial Statements.

PERFORMANCE REPORTING

Part of the responsibilities of the Audit Committee includes the review of organisational performance management. The committee has, in terms of the performance of the PPECB, performed the following functions:

- Reviewed and commented on the relevance of indicators to ensure that they are measurable and relate to services performed by the PPECB
- Reviewed reported noncompliance with legislation

The Audit Committee is satisfied that the performance report has been prepared in terms of the PFMA, the Treasury Regulations and any other related regulatory requirements for reporting performance.

EXPERTISE OF THE FINANCE FUNCTION

The committee considers the expertise and experience of the CFO and finance function on an annual basis.

The committee believes that the CFO possesses the appropriate expertise and experience to meet his responsibilities in that position.

The committee also considered that the expertise, resources and experience of the finance function are appropriate based on the nature, complexity and size of the PPECB's operations.

CONCLUSION BY THE COMMITTEE

- Having considered, analysed, reviewed and debated information provided by management and internal and external audit, the committee confirmed that:
- The external and internal auditors are independent
 - The internal controls of the PPECB were effective in all material aspects throughout the year under review
 - These controls ensured that the PPECB's assets had been safeguarded
 - Proper accounting records had been maintained
 - Expertise, resources and experience of the finance function are appropriate considering the nature, complexity and size of the PPECB's operations

Following the review of the Annual Financial Statements for the year ended 31 March 2018, the committee is of the opinion that they comply with the relevant provisions of the PFMA and Generally Accepted Accounting Standards, and that they fairly present the results of the operations, cash flow and financial position of the PPECB.



THE COMMITTEE IS SATISFIED
THAT IT HAS COMPLIED IN ALL
MATERIAL RESPECTS WITH
ITS LEGAL, REGULATORY AND
OTHER RESPONSIBILITIES.

On behalf of the Audit Committee,
CLIVE GARRETT
CHAIRPERSON, AUDIT
COMMITTEE

HOME GROWN HEROES



CAREER HIGHLIGHT

...the opportunity to establish a career in the fruit industry, which is never static and evolving all the time. Another highlight was my appointment as inspector and making the transition from the cold chain to the inspection value stream.



EMILE VAN TONDER

Joined PPECB JANUARY 2001

First Position
**TEMPORARY TEMPERATURE
MONITOR IN THE COLD
CHAIN VALUE STREAM**

Currently
SENIOR INSPECTOR

OTHER HIGHLIGHTS INCLUDE

...the exposure to different kinds of export products and gaining experience in them and the different places I have travelled to perform duties for the PPECB. I have to single out Sarel van Wyk for giving me this opportunity in 2001.



ANNUAL FINANCIAL STATEMENTS

WITH THIS ANNUAL REPORT, THE PPECB WISHES TO PAY HOMAGE TO THE COMMITMENT OF OUR STAFF. THESE ACHIEVEMENTS WOULD CERTAINLY NOT BE POSSIBLE WITHOUT THEIR CONTINUOUS DEDICATION.

CELEBRATING OUR
**HOME GROWN
HEROES**

04
CHAPTER

PPECB

2017/2018
ANNUAL REPORT



PERISHABLE PRODUCTS EXPORT CONTROL BOARD
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

**THE REPORTS AND STATEMENTS SET OUT BELOW
COMPRISE THE ANNUAL FINANCIAL STATEMENTS
PRESENTED TO THE PROVINCIAL LEGISLATURE**

<i>Board Responsibilities and Approval</i>	63
<i>Independent Auditor's Report</i>	64
<i>Board Report</i>	67
<i>Statement of Financial Position</i>	70
<i>Statement of Financial Performance</i>	70
<i>Statement of Changes in Net Assets</i>	71
<i>Cash Flow Statement</i>	72
<i>Accounting Policies</i>	74
<i>Notes to the Annual Financial Statements</i>	80

BOARD RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999) (PFMA) to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the responsibility of the members to ensure that the Annual Financial Statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the Annual Financial Statements and were given unrestricted access to all financial records and related data.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Annual Financial Statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. These standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is

on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations provided by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the Annual Financial Statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The financial statements are prepared on the basis that the entity is a going concern. The members have no reason to believe that the entity will not be a going concern in the foreseeable future. These financials support the viability of the entity.

The external auditors are responsible for independently reviewing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on pages 64 to 65.

The Annual Financial Statements set out on pages 70 to 93, which have been prepared on the going concern basis, were approved by the Board on 31 May 2018 and were signed on its behalf by:

MR AG PETERSEN
CHAIRPERSON

DR JM MASHABA
VICE CHAIRPERSON



INDEPENDENT AUDITOR’S REPORT

TO THE BOARD OF THE PERISHABLE PRODUCTS EXPORT CONTROL BOARD

REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the separate financial statements of the Perishable Products Export Control Board set out on pages 70 to 93, which comprise the separate statement of financial position as at 31 March 2018, the separate statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amount for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Perishable Products Export Control Board as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act (Act 1 of 1999) and Perishable Products Export Control Act (Act 9 of 1983).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the audit of the separate financial statements section of our report. We are independent of the Perishable Products Export Control Board in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of the consolidated financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

No such matters were identified during our audit.

OTHER INFORMATION

The Perishable Products Export Control Board accounting authority is responsible for the other information.

The other information comprises the information included in the Annual Report which includes the Boards Responsibilities and Approval and Board Reports. The other information does not include the separate financial statements, the auditor’s report and those objectives in the entity’s report on its performance against predetermined objectives that have been specifically reported on in the auditor’s report.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE SEPARATE FINANCIAL STATEMENTS

The Board members who constitute the accounting authority are responsible for the preparation and fair presentation of the separate financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act (Act 1 of 1999) and Perishable Products Export Control Act (Act 9 of 1983) and for such internal control as the accounting authority determines is necessary to enable the preparation of the separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the accounting authority is responsible for assessing the Perishable Products Export Control Board’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the Perishable Products Export Control Board or to cease operations, or has no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Perishable Products Export Control Board’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board members.
- Conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Perishable Products Export Control Board’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Perishable Products Export Control Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Perishable Products Export Control Board to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the Perishable Products Export Control Board audit. We remain solely responsible for our audit opinion.

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the accounting authority, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Public Audit Act and the General Notice issued in terms thereof, we report the following findings on the performance information against predetermined objectives, non-compliance with legislations as well as internal control. We performed tests to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, we do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

We performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2018:

- Operational Services
- Food Safety Services

We evaluated the reported performance information against the overall criteria of usefulness and reliability.

We evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury’s annual reporting principles and whether the reported performance was consistent with the planned objectives. We further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury’s Framework for Managing Programme Performance Information (FMPPi).

We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not raise any material findings in respect of the usefulness and reliability of the reported performance information for the selected programmes.

COMPLIANCE WITH LEGISLATIONS

We performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. We did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the Public Audit Act.

INTERNAL CONTROL

We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with legislation. We did not identify any significant deficiencies in internal control.

SizweNtsalubaGobodo Inc.

SizweNtsalubaGobodo Inc.
Director: Natalie Arendse
Registered Auditor
Date: 31 May 2018

2nd Floor, Block A, Century Falls
32 Century Boulevard, Century City, Cape Town, 7441

HOME GROWN HEROES

CAREER HIGHLIGHT

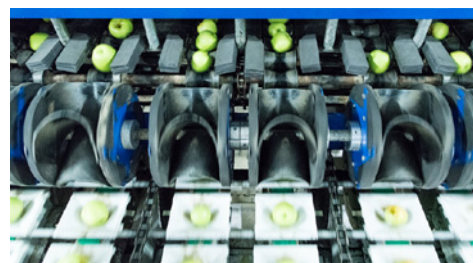
...the day when I was certified competent as an inspector for the first time. It felt good to know that you are doing everything right and that someone else, who is actually a specialist, confirms it too.



**BYRON
WILLIAMS**

Joined PPECB 1999

First Position
COLD CHAIN ASSESSOR
Currently
SENIOR INSPECTOR



BOARD REPORT

1. INTRODUCTION

In terms of the Perishable Products Export Control Act (Act 9 of 1983) (PPEC Act) and the Public Finance Management Act (Act 1 of 1999) (PFMA) this report addresses the performance of the Perishable Products Export Control Board (PPECB) and relevant compliance with statutory requirements.

In the opinion of the Board, which fulfils the role of an accounting authority as envisaged by the PFMA, the financial statements fairly reflect the financial position of the PPECB as at 31 March 2018 and the results of its operations and cash flows for the year then ended.

We have pleasure in submitting to Parliament, through the Minister of Agriculture, Forestry and Fisheries, this report and the Audited Financial Statements of the PPECB for the year ended 31 March 2018.

2. OUR STATUTORY BASIS

As a national public entity, the PPECB is constituted and mandated in terms of the PPEC Act to perform cold chain services. The PPECB was established in 1926.

3. OUR MANDATE

The PPECB is an independent service provider of quality certification and cold chain management services for producers and exporters of perishable food products. These services support the PPECB's strategic objectives of enhancing the credibility of the South African export certificate and supporting the export competitiveness of South Africa's perishable product industries.

The PPECB also delivers inspection and food safety services assigned by the Department of Agriculture, Forestry and Fisheries (DAFF) under the APS Act (Act 119 of 1990). The presence of the PPECB in the export industry is furthermore enhanced by South Africa's recognition as an approved country under the European Commission Regulation 543 of 2011. This agreement recognises the South African inspection systems as equivalent to those of the European Union inspection bodies and therefore ensures less frequent checks at the port of import into the European Union.

4. VISION, MISSION AND VALUES

The vision of the PPECB is to enable its customers to be the preferred suppliers of perishable products worldwide. This vision is supported by the PPECB's mission to empower its people, to execute our mandates to ensure the integrity of our customers' products. This mission is further underpinned by the PPECB values of professionalism, accountability, passion, integrity, confidence and collaboration.

5. BOARD

The constitution of the Board is prescribed by the PPEC Act which requires that nine (9) and a maximum of ten (10) members be appointed by the Executive Authority.

As at the date of this report, there were ten (10) members of whom all are nonexecutive members.

NAME	INDUSTRY
Ms JM Atwood-Palm	Fruit & Vegetable Canning
Mr CG Garrett	Subtropical
Mr KB Katoo	Citrus
Mr AJ Kruger	Pome & Stone
Dr JM Mashaba	Deciduous
Mr AG Petersen	Other Products
Mr RM Ramasodi	Ministerial Representative
Ms E Scholtz	Table Grapes
Mr AM Shipalana	Marine
Ms M Slabber	Citrus

The tenure of office for the members of the Board shall not exceed three (3) years, as per the conditions determined by the Executive Authority.

6. BOARD MEETINGS

The Board meets at least four (4) times per annum, or as circumstances necessitate. Board meetings follow a formal agenda to ensure that all substantive matters are addressed and information relevant to the meetings is supplied to Board members in advance so that they can make informed and reasoned decisions.

All documents submitted to the board are reviewed by the PPECB Executive Committee and approved by the Chief Executive Officer to ensure completeness and relevance.

7. CHANGES IN EXECUTIVES

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

8. BOARD MEMBERS' INTEREST IN CONTRACTS

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

9. FINANCES

The PPECB is self-funded by charging levies to recover costs for services rendered. The PPECB made a net surplus of R20.9 million (2017: surplus of R1.4 million) for the year ended 31 March 2018. The financial review provides further details regarding financial performance.

10. FINANCIAL STATEMENTS

The Board confirms that they are responsible for preparing financial statements that fairly present the state of affairs of the PPECB as at the end of the financial year. The Annual Financial Statements contained on pages 70 to 93 have been prepared in accordance with GRAP and the PFMA.

HOME GROWN HEROES

They are based on appropriate accounting policies and are supported by reasonable and prudent judgments and estimates. The external auditor is responsible for carrying out an independent examination of the financial statements in accordance with Standards of Auditing and for reporting any findings thereon. The external Auditor's Report is set out on pages 64 to 65.

11. GOING CONCERN

The Board reviewed and approved the PPECB's financial budgets for the period 1 April 2018 to 31 March 2019 and is satisfied that adequate resources exist to continue business for the foreseeable future. The board confirms that there is no reason to believe that the PPECB's operations will not continue as a going concern in the year ahead.

12. STRATEGIC PLANNING POLICY

The corporate plan is approved by the Board and the Executive Authority and contains predetermined strategic and operational objectives. The plan, together with associated budgets, is approved before the start of the financial year in compliance with the provisions of the PFMA.

The PPECB has analysed the environment within which it operates and has identified as some of its biggest challenges the cost of doing business, financial performance of the laboratory and the retention of core technical skills. Informed by this analysis, the PPECB developed a five-year plan focusing on customer centricity, operational efficiency and competent human capital to effectively deliver on its mandate.

13. SHAREHOLDERS' COMPACT

In terms of the Treasury Regulations issued in accordance with the PFMA, the PPECB must, in consultation with the Executive Authority, annually agree on its key performance objectives, measures and indicators. These are captured in the Shareholder's Compact which is annually concluded between the PPECB and DAFF. The Compact promotes good governance practices in the PPECB by helping to clarify the roles and responsibilities of the Board and DAFF, as well as ensuring agreement on the PPECB's mandate and key objectives.

14. PERFORMANCE INFORMATION

In the PPECB's performance information, the achievements of the PPECB are highlighted against the predetermined objectives for the year. The PPECB managed to achieve all of its objectives for the year barring one (1).

15. SIGNIFICANCE AND MATERIALITY FRAMEWORK

The significance and materiality framework for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as significant transactions envisaged per section 54(2) of the PFMA has been confirmed by the Board.

Losses through criminal conduct and irregular, fruitless and wasteful expenditure which are identified are disclosed as prescribed in terms of relevant legislation.

16. DELEGATION OF AUTHORITY

The Board has delegated a range of matters to the PPECB Executive Committee and has established four (4) Board committees to assist in discharging its responsibilities. Delegating authority to committees or management does not in any way release the Board of its duties and responsibilities. There is always transparency and full disclosure from the Board committees to the Board.

17. EMPLOYEES

The PPECB had 474 (2017: 464) permanent employees and 34 (2017: 24) fixed-term contract workers as at 31 March 2018.

18. EVENTS SUBSEQUENT TO REPORTING DATE

The members of the Board are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which will have a significant impact on the operations, financial results or the financial position of the PPECB.

19. COMPLIANCE WITH LEGISLATION

The Department of Agriculture, Forestry and Fisheries is in the process of reviewing the Perishable Products Export Control Act (Act 9 of 1983) and the Agriculture Products Standards Act (Act 119 of 1990).

The Board believes that management has, during the year, complied, in all material respects, with all legislation and regulations applicable to it, including without limitation, the Public Finance Management Act (Act 1 of 1999), Treasury Regulations and the Income Tax Act (Act 58 of 1962). The PPECB has compiled a list of relevant legislation and will focus on broadening this list into a legal compliance register which will be monitored, updated and reported to the risk committee periodically.

20. AUDITORS

The Board appointed SizweNtsalubaGobodo Incorporated as the PPECB's external auditors, which was ratified by the Auditor-General.



**BABALWA
SASANTI**

Joined PPECB 2014

First Position
AETP STUDENT
Currently
INSPECTOR



MY SECOND HIGHLIGHT
was when I was approached to do the photo shoot for the Annual Report. I was so excited. I couldn't wait because I love taking photos. I can tell you it was a piece of cake.





STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

	NOTE(S)	2018 [ZAR]	2017 [ZAR]
ASSETS			
Current Assets			
Trade and other receivables	4	44,846,726	39,167,120
Investments	5	55,779,322	21,291,679
Cash and cash equivalents	6	26,609,912	28,159,788
		127,235,960	88,618,587
NON-CURRENT ASSETS			
Property, plant and equipment and intangible assets	7	30,279,659	32,595,891
TOTAL ASSETS		157,515,619	121,214,478
LIABILITIES			
Current Liabilities			
Operating lease liability	24	2,379,847	2,280,092
Trade and other payables	10	36,842,127	32,768,718
Provisions	11	12,103,129	951,870
		51,325,103	36,000,680
TOTAL LIABILITIES		51,325,103	36,000,680
NET ASSETS		106,190,516	85,213,798
Reserves			
Revaluation reserve		14,716,203	14,716,203
Asset replacement fund	8	18,055,000	15,852,000
Self-insurance reserve	9	6,531,000	6,332,000
Reserve fund		66,888,313	48,313,595
TOTAL NET ASSETS		106,190,516	85,213,798

STATEMENT OF FINANCIAL PERFORMANCE

	NOTE(S)	2018 [ZAR]	2017 [ZAR]
Revenue	12	362,965,601	293,722,268
Other income	13	2,179,571	1,265,448
Operating expenses	15&16	(349,099,285)	(297,196,939)
OPERATING SURPLUS (DEFICIT)		16,045,887	(2,209,223)
Investment revenue	14	4,932,022	3,661,895
Finance costs	17	(1,189)	(23,787)
SURPLUS FOR THE YEAR		20,976,720	1,428,885

STATEMENT OF CHANGES IN NET ASSETS

	REVALUATION RESERVE [ZAR]	ASSET REPLACEMENT RESERVE [ZAR]	SELF- INSURANCE RESERVE [ZAR]	RESERVE FUND [ZAR]	TOTAL RESERVES [ZAR]	SURPLUS LEVY FOR DISPOSAL [ZAR]	TOTAL NET ASSETS [ZAR]
Balance at 01 April 2016	12,426,576	11,663,000	6,023,000	51,382,710	81,495,286	-	81,495,286
Changes in net assets							
Transfer to asset replacement fund	-	4,189,000	-	(4,189,000)	-	-	-
Transfer to self-insurance fund	-	-	309,000	(309,000)	-	-	-
Revaluation of land and buildings	2,289,627	-	-	-	2,289,627	-	2,289,627
Surplus for the year	-	-	-	-	1,847,547	1,847,547	3,695,094
Transfer from surplus levy for disposal in terms of Section 18(8) and (9) of Act 9 of 1983	-	-	-	1,428,885	1,428,885	-	1,428,885
Transfer to reserve fund	-	-	-	-	(1,847,547)	(1,847,547)	(3,695,094)
Balance at 01 April 2017	14,716,203	15,852,000	6,332,000	48,313,595	85,213,798	-	85,213,798
Changes in net assets							
Transfer to asset replacement fund	-	2,203,000	-	(2,203,000)	-	-	-
Transfer to self-insurance fund	-	-	199,000	(199,000)	-	-	-
Surplus for the year	-	-	-	-	20,976,720	20,976,720	41,953,440
Transfer from surplus levy for disposal in terms of Section 18(8) and (9) of Act 9 of 1983	-	-	-	20,976,720	20,976,720	-	20,976,720
Transfer to reserve fund	-	-	-	-	(20,976,720)	(20,976,720)	(41,953,440)
Balance at 31 March 2018	14,716,203	18,055,000	6,531,000	66,888,315	106,190,518	-	106,190,518
Note(s)		8	9				



HOME GROWN
HEROES



CASH FLOW STATEMENT

	NOTE(S)	2018 [ZAR]	2017 [ZAR]
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Rendering of services		359,465,566	292,833,220
Interest received - investment		4,932,022	3,661,895
		364,397,588	296,495,115
PAYMENTS			
Employee costs		(241,901,537)	(217,260,654)
Suppliers		(86,502,466)	(77,750,789)
Finance costs		(1,189)	(23,787)
		(328,405,192)	(295,035,230)
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	35,992,396	1,459,885
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and intangible assets	7	(3,296,621)	(9,751,761)
Proceeds from sale of property, plant and equipment and intangible assets	7	241,994	195,684
Movement in investments		(34,487,643)	15,006,101
NET CASH FLOWS FROM INVESTING ACTIVITIES		(37,542,270)	5,450,024
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(1,549,874)	6,909,909
Cash and cash equivalents at the beginning of the year		28,159,788	21,249,879
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6	26,609,914	28,159,788

CAREER HIGHLIGHT
...just being part of the always-evolving environment within the workplace - never a dull moment.

AMBROSE ABRAHAMS
Joined PPECB NOVEMBER 2002
First Position
JUNIOR INSPECTOR
Currently
SENIOR INSPECTOR



ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these Annual Financial Statements, are disclosed below. These accounting policies are consistent with the previous period, except for the changes set out in the note changes in accounting policy.

1.1 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in these statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Annual Financial Statements.

Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of these assets and liabilities.

Provisions

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

Post-retirement benefits

The present value of the post-retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

1.3 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

The entity assesses the useful life and residual values of these assets based on the condition of the assets and the current practice for the replacement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Board and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Property, plant and equipment and intangible assets is initially measured at cost.

The cost of an item of property, plant and equipment and intangible assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment and intangible assets is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment and intangible assets have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment and intangible assets.

Land and buildings comprise mainly office buildings. Freehold land and buildings are shown at fair value, based on valuations by external independent valuers every three years, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Increases in carrying value arising on revaluation are credited directly to the revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve directly in equity; all other decreases are charged to the statement of financial performance.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Minor assets of R5,000 or less are charged to the statement of financial performance in full as expenditure in the year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of financial performance. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to the reserve fund.

Assets that are subject to depreciation are reviewed.

The useful life is the period over which an asset is expected to be used and is summarised as follows:

ITEM		AVERAGE USEFUL LIFE
Buildings		50 years
Furniture and equipment	Straight line	3-10 years
Motor vehicles	Straight line	5 years
Computer equipment	Straight line	3-7 years
Technical equipment	Straight line	3-20 years

1.4 FINANCIAL INSTRUMENTS

Financial assets

The Board classifies its financial assets as held to maturity. Management determines the classification of financial assets at initial recognition.

This applies to investments where there are fixed or determinable payments and fixed maturity dates and the Board has the positive intent and ability to keep the investments until maturity. These investments are measured and recognised at amortised costs with interest-income recognised in the statement of financial performance.

Assets in this category are classified as current assets if they are expected to be realised within 12 months of the statement of financial position date.

The Board assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from net assets and recognised in the statement of financial performance.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

HOME GROWN HEROES

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

1.5 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.6 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

1.7 REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Board's activities. Revenue is recognised in the accounting period in which the services are rendered and is exclusive of value added taxation.

Revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Board. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the delivery of service have been resolved. The Board bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired the Board reduces the carrying amount to its recoverable amount being the future estimated cash flow discounted at the original effective interest rate of the instrument. Interest income on impaired loans is recognised using the original effective interest rate.

1.8 RESERVES

Self-insurance reserve:

A self-insurance reserve fund was established to manage the uninsured risks of the PPECB. The reserve covers 20% of uninsured movable assets (laptop computers) as well as technical equipment carried by inspectors and also provides for potential indemnity claims.

Asset replacement fund:

The PPECB is a non-profitable entity. It has significant investment in technical equipment. This reserve was established to provide for the replacement of technical equipment of the laboratory, without placing reliance on excessive levy increases.

Revaluation reserve:

This reserve was established due to surpluses that were generated on the revaluation of land and buildings.

General reserve:

The general reserve is maintained to protect the PPECB's operating capacity by funding non-recurring or unforeseen needs, including severe weather or other natural disasters and unexpected obligations after the budget process has occurred, or opportunities to achieve cost savings.

1.9 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages and salaries;
- short-term compensated absences (such as paid annual leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service; and
- bonus and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service.

The entity recognises the expected cost of bonus and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Long-term benefits

The Board has an obligation to provide long-term service benefits to all employees appointed prior to 1997. According to the current long service award policy, which the Board institutes and operates, permanent employees are entitled to a long service award after completion of a continuous period of 20, 30 and 40 years.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.



CAREER HIGHLIGHT

...having my career path unfolding from AETP to Junior Inspector. The extra effort I put in yielded good results and saw me completing three major products within a year at the Robertson office. This was achieved with the help of my manager, chief inspector and senior inspectors.



**NOMBALI
MKHIZE**

Joined PPECB AUGUST 2008

First Position
AETP STUDENT
Currently
SENIOR INSPECTOR



OTHER HIGHLIGHTS INCLUDE

...attending training interventions and being equipped with the skills and competencies needed to perform in my role. Also being recognised by Vijan Chetty and Zaheer Hoosen in 2012 in Durban as one of the most reliable employees in inspection services propelled me to strive for excellence.





When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

1.10 OFF-SETTING

If the Board undertakes, in the course of its ordinary activities, transactions that do not generate revenue but are incidental to its main revenue-generating activities, the results of such transactions are presented by netting any income with related expenses arising on the same transaction, when this presentation reflects the substance of the transaction or other event.

1.11 TAX

In terms of the Income Tax Act (Act 58 of 1962), the PPECB is not subject to normal taxation. No provision has been made for taxation.

1.12 FRUITLESS AND WASTEFUL EXPENDITURE

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.13 IRREGULAR EXPENDITURE

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act (Act 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.14 SEGMENT INFORMATION

A segment is an activity of an entity:

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

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

Measurement
The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and the segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.15 BUDGET INFORMATION

The PPECB is subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2017 to 31/03/2018.

The statement of comparison of budget and actual information has been included in the Annual Financial Statements as the recommended disclosure when the Annual Financial Statements and the budget are on the same basis of accounting as determined by National Treasury. Refer to note 29.

1.16 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.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

1.17 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.



NOTES TO THE
ANNUAL FINANCIAL STATEMENTS

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

Management has considered the standards below and concluded that the standards may have an impact on the disclosure notes of the entity; this will be reviewed in the future. The Minister of Finance has yet to set an effective date.

- GRAP 20: Related parties

2.2 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE OR RELEVANT

Management has considered the standards below and concluded that the standards will not have a material impact on the entity's results; this will be reassessed in the future. The Minister of Finance has yet to set an effective date.

- GRAP 32: Service concession arrangements: Grantor
- GRAP 34: Separate Financial Statements
- GRAP 35: Consolidated Financial Statements
- GRAP 36: Investments in Associates and Joint Ventures
- GRAP 37: Joint Arrangements
- GRAP 38: Disclosure of Interests in Other Entities
- GRAP 108: Statutory receivables
- GRAP 109: Accounting by principals and agents
- GRAP 110: Living and Non-living Resources

3. RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The members of the Board acknowledge their responsibility for establishing and communicating appropriate risk and control policies and ensuring adequate risk management processes are in place. The audit committee assists the members of the Board in discharging their risk management obligations.

The principal objectives of risk management are to:

- Review the Board's risk philosophy, strategy, policies and processes recommended by senior management;
- Review compliance with risk policies and with the overall risk profile of the Board;
- Review and assess the integrity of the process and procedures for identifying, assessing, recording and monitoring of risk;
- Review the adequacy and effectiveness of the Board's risk management function and its implementation by management;
- Ensure that material risks have been identified, assessed and receive attention.

The Board's risk management processes, of which the systems of internal, financial and operating controls are an integral part, are designed to control and monitor risk throughout the Board. For effectiveness, these processes rely on regular communication, sound judgment and thorough knowledge of statutory and operational activities. Management is tasked with integrating the management risk into the day-to-day activities of the Board.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash reserves. Due to the dynamic nature of operational activities, the Board aims to be conservative in funding by keeping committed cash reserves available.

CREDIT RISK

Credit risk arises from cash and equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

Measures taken by the Board to limit credit risk to acceptable levels include, inter alia, an assessment of the credit quality of the customer, by taking into account their financial position; past experience and other factors; the application of standard credit acceptance procedures to assess potential clients; daily monitoring of collectible balances at both branch and head office level; and the suspension of services to accounts which exceed the Board's payment terms.

THE TABLE BELOW SHOWS THE CREDIT RATINGS AND BALANCES OF THE FINANCIAL INSTITUTIONS IN WHICH THE BOARD HELD DEPOSITS AT STATEMENT OF FINANCIAL POSITION DATE:

FINANCIAL INSTITUTIONS	FITCH CREDIT RATING	2018 [ZAR]	2017 [ZAR]
ABSA	BB +	23,047,149	11,786,407
Nedbank	BB +	21,778,163	7,227,745
First National Bank	BB +	5,100,085	-
Rand Merchant Bank	BB +	-	1,096,828
Standard Bank	BB +	32,460,626	29,335,985
		82,386,023	49,446,965

The carrying amount of financial assets in the statement of financial position represents the Board's exposure to credit risk in relation to these assets. Credit limits assigned to customers may be exceeded due to timing differences. Such instances are individually approved and closely monitored by management. Management does not expect any losses from non-performance by these counter-parties.

The Board's exposure to concentrated credit risk is low due to the large number of customers and their dispersion across different geographical areas and product sectors.

THE DISPERSION OF INCOME PER PRODUCT FROM STATUTORY LEVIES IS:

Citrus fruit	37 %	38 %
Grapes	20 %	23 %
Pome fruit	12 %	16 %
Stone fruit	5 %	6 %
Subtropical fruit	3 %	4 %
Vegetables	3 %	6 %
Flowers and bulbs	2 %	1 %
Canned products	1 %	1 %
Other products	6 %	3 %
Maize	11 %	2 %
	100 %	100 %

FAIR VALUE ESTIMATION

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Board for similar financial instruments. The directors are of the opinion that the carrying value of financial instruments approximates fair value.

CASH FLOW AND FAIR VALUE INTEREST RATE RISK

The Board's interest rate risk arises from investments held to maturity as well as from cash and cash equivalents. The Board's policy is to maintain its investments across a range of high quality financial institutions. Interest rate exposure and investment allocations are evaluated by management on a regular basis. This risk is managed by maintaining an appropriate mix of investments with registered financial institutions. Interest-bearing investments are held with reputable financial institutions in order to minimise exposure.

CAPITAL RISK MANAGEMENT

Capital is regarded as total reserves which is a result of accumulated surpluses. The Board strives to maintain a sufficient reserve as to sustain its statutory obligations. The level of the reserves is dependent on the approval of the Minister of the Department of Agriculture, Forestry and Fisheries.





4. TRADE AND OTHER RECEIVABLES

	2018 [ZAR]	2017 [ZAR]
Trade debtors	41,175,706	36,325,327
Sundry debtors	3,789,381	2,852,008
Provision for impairment of receivables	(118,361)	(10,215)
	44,846,726	39,167,120

TRADE AND OTHER RECEIVABLES PAST DUE BUT NOT IMPAIRED

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 March 2018, R 218,857 (2017: R 60,948) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing of amounts past due but not impaired is as follows:

	2018 [ZAR]	2017 [ZAR]
Between 60 and 90 days after statement	218,857	60,948

TRADE AND OTHER RECEIVABLES IMPAIRED

At 31 March 2018, trade and other receivables of R 118,361 (2017: R 10,215) were impaired and provided for. The individually impaired receivables mainly relate to producers and exporters, who are in unexpectedly difficult economic situations. The ageing of these receivables is as follows:

	2018 [ZAR]	2017 [ZAR]
Less than one year	10,958	6,854
Between one and three years	107,403	3,361
	118,361	10,215
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	10,215	59,006
Provision for impairment	118,361	6,854
Amounts written off as uncollectible	(3,821)	(37,031)
Amounts recovered	(6,394)	(18,614)
	118,361	10,215

5. INVESTMENTS

	2018 [ZAR]	2017 [ZAR]
ABSA	20,000,000	10,196,507
Nedbank	15,000,000	-
Rand Merchant Bank	-	1,095,172
Standard Bank	20,779,322	10,000,000
	55,779,322	21,291,679

6. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS CONSIST OF:	2018 [ZAR]	2017 [ZAR]
Cash on hand	3,221	4,502
Bank balances	1,714,252	9,540,282
Short-term deposits	24,892,439	18,615,004
	26,609,912	28,159,788

The effective interest rate is between 5.850% and 7.975%.
A Standard Bank guarantee was issued to Brancroft Investments CC, in terms of the Montague Garden's office rental agreement; amounting to R112,020 (2017: R74,500).

7. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	2018 COST / VALUATION	2018 ACCUMULATED DEPRECIATION AND IMPAIRMENT	2018 CARRYING VALUE	2017 COST / VALUATION	2017 ACCUMULATED DEPRECIATION AND IMPAIRMENT	2017 CARRYING VALUE
Land and buildings	17,273,396	(283,745)	16,989,651	16,880,000	(102,569)	16,777,431
Furniture	4,410,703	(2,850,842)	1,559,861	4,309,664	(2,674,343)	1,635,321
Motor vehicles	212,281	(202,138)	10,143	212,281	(159,682)	52,599
Technical equipment	28,912,459	(17,192,455)	11,720,004	27,602,848	(13,472,308)	14,130,540
Total	50,808,839	(20,529,180)	30,279,659	49,004,793	(16,408,902)	32,595,891

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS - 2018

	OPENING BALANCE	ADDITIONS	DISPOSALS	DEPRECIATION	TOTAL
Land and buildings	16,777,431	393,396	-	(181,176)	16,989,651
Furniture	1,635,321	356,078	(5,297)	(426,241)	1,559,861
Motor vehicles	52,599	-	-	(42,456)	10,143
Technical equipment	14,130,540	2,547,147	(236,697)	(4,720,986)	11,720,004
	32,595,891	3,296,621	(241,994)	(5,370,859)	30,279,659

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS - 2017

	OPENING BALANCE	ADDITIONS	DISPOSALS	REVALUATIONS	DEPRECIATION	TOTAL
Land and buildings	14,177,181	413,192	-	2,289,627	(102,569)	16,777,431
Furniture	1,336,130	699,995	(7,546)	-	(393,258)	1,635,321
Motor vehicles	95,055	-	-	-	(42,456)	52,599
Technical equipment	10,310,112	8,638,574	(188,138)	-	(4,630,008)	14,130,540
	25,918,478	9,751,761	(195,684)	2,289,627	(5,168,291)	32,595,891





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REVALUATIONS

Cape Town - Erf 19927, Parow with office building thereon: the property was revalued by DJB Hoffman, an independent registered valuer as at 1 February 2017. Valuations were made in accordance with the investment approach method using the basis of recent market transactions, rentals of similar properties in the area and an insurance valuation of the property.

Durban - Portion 1 of Erf 1736, Wentworth with office building thereon: the property was revalued by Roper Associates, an independent registered valuer as at 31 January 2017. Valuations were made in accordance with the investment approach method using the basis of recent market transactions, rentals of similar properties in the area and an insurance valuation of the property.

Land and buildings are re-valued independently every three (3) years.

8. ASSET REPLACEMENT FUND

	2018 [ZAR]	2017 [ZAR]
Opening balance	15,852,000	11,663,000
Transfer from reserve fund	2,203,000	4,189,000
	18,055,000	15,852,000

9. SELF-INSURANCE RESERVE

	2018 [ZAR]	2017 [ZAR]
Opening balance	6,332,000	6,023,000
Transfer from reserve fund	199,000	309,000
	6,531,000	6,332,000

10. TRADE AND OTHER PAYABLES

	2018 [ZAR]	2017 [ZAR]
Accrued expenses	2,362,588	3,442,816
Accrued leave pay	12,960,268	10,176,342
Agricultural product samples	-	117,537
Deposits received	6,525,305	6,542,031
Payroll control accounts	2,076,757	1,570,887
Provision for audit fees	653,821	349,973
Trade payables	11,062,290	9,238,205
SAMSA audits	1,201,098	1,330,927
	36,842,127	32,768,718

11. PROVISIONS

RECONCILIATION OF PROVISIONS - 2018

	OPENING BALANCE	ADDITIONS	TOTAL
Provision for performance bonus	-	11,000,000	11,000,000
Long service award	951,870	151,259	1,103,129
	951,870	11,151,259	12,103,129

RECONCILIATION OF PROVISIONS - 2017

	OPENING BALANCE	UTILISED DURING THE YEAR	REVERSED DURING THE YEAR	TOTAL
Provision for performance bonus	9,000,000	(8,377,537)	(622,463)	-
Long service award	1,148,134	-	(196,264)	951,870
	10,148,134	(8,377,537)	(818,727)	951,870

The performance bonus pay-out is subject to approval by the Board.

All permanent employees appointed prior to 1997 may become entitled to the long service award upon completion of 20, 30 and 40 years' service. Based on the current policy, the estimated liability for the long service award is R1,103,129 (2017: R951,870).

12. REVENUE

	2018 [ZAR]	2017 [ZAR]
APS inspection services	223,115,397	189,063,307
Container services	8,638,100	7,929,056
Development services	904,250	1,281,463
Export services	90,071,775	78,461,734
Food safety certifications	4,403,104	2,713,728
Laboratory services	18,370,534	10,513,509
Orchard inspection services	13,410,727	-
Other services	3,377,688	2,852,762
Transformation and Development services	674,026	906,709
	362,965,601	293,722,268

13. OTHER INCOME

	2018 [ZAR]	2017 [ZAR]
Sundry income	2,179,571	1,265,448



14. INVESTMENT REVENUE

	2018 [ZAR]	2017 [ZAR]
Interest revenue - bank	4,932,022	3,661,895

15. OPERATING EXPENSES

	2018 [ZAR]	2017 [ZAR]
Accommodation office	12,887,295	11,681,240
Administration expenses	6,749,975	5,303,111
Auditors remuneration	554,350	464,899
Bad debt expense	111,967	(11,761)
Board members' emoluments	1,063,996	969,304
Computer expenses	15,043,532	16,984,137
Consultants	946,409	1,167,234
Corporate identity	2,643,428	2,779,293
Courier samples	955,749	510,352
Depreciation	5,370,859	5,168,291
Insurance	356,853	400,886
Legal fees	183,140	105,207
Loss on disposal of assets	140,546	195,691
Meetings and workshops	4,116,323	4,056,302
Subsistence and accommodation	17,519,997	15,404,436
Technical equipment, labels	8,349,797	6,863,256
Training	4,815,591	4,003,270
Travel administrative	1,847,765	1,509,209
Travel operational	11,266,060	10,821,364
Travel overseas	949,801	655,182
Wasteful expenditure	73,301	101,647
	95,946,734	89,132,550

16. EMPLOYEE COMPENSATION AND BENEFITS

	2018 [ZAR]	2017 [ZAR]
Salaries and wages	234,814,472	191,454,902
Defined contribution costs - retirement fund	18,338,079	16,609,487
	253,152,551	208,064,389

17. FINANCE COSTS

	2018 [ZAR]	2017 [ZAR]
Finance charges	1,189	23,787

18. CASH GENERATED FROM OPERATIONS

	2018 [ZAR]	2017 [ZAR]
Surplus	20,976,720	1,428,885
ADJUSTMENTS FOR:		
Movements in operating lease assets and accruals	99,755	418,662
Movements in provisions	11,151,259	(9,196,264)
Depreciation	5,370,859	5,168,291
CHANGES IN WORKING CAPITAL:		
Trade and other receivables	(5,679,606)	(2,154,498)
Trade and other payables	4,073,409	5,794,809
	35,992,396	1,459,885

19. AUDITOR'S REMUNERATION

	2018 [ZAR]	2017 [ZAR]
Professional fees	554,350	464,899

20. TAXATION

In terms of the Income Tax Act (Act 58 of 1962), the PPECB is not subject to normal taxation. No provision has been made for taxation.



21. BOARD MEMBERS’ EMOLUMENTS

	2018 [ZAR]	2017 [ZAR]
Ms JM Atwood-Palm	116,911	101,312
Ms CH Engelbrecht	-	62,204
Mr CG Garrett	97,377	32,870
Mr KB Katoo	97,674	30,502
Mr AJ Kruger	87,907	30,502
Ms LC Kutta	-	40,270
Dr JM Mashaba	145,687	140,720
Mr AG Petersen	239,250	176,525
Mr A Rabe	-	65,707
Ms E Scholtz	110,744	99,777
Mr AM Shipalana	80,539	30,502
Ms M Slabber	87,907	30,502
Mr W Steenkamp	-	65,707
Mr DJ Westcott	-	62,204
	1,063,996	969,304

Mr RM Ramasodi is appointed as the Ministerial Representative for the Department of Agriculture, Forestry and Fisheries. He does not receive Board members’ emoluments from the PPECB.

KEY MANAGEMENT COMPENSATION	2018 [ZAR]	2017 [ZAR]
Salaries	7,783,614	7,478,460
Defined contribution costs - retirement fund	1,776,054	1,612,701
	9,559,668	9,091,161

22. RELATED PARTIES

The PPECB has related party relationships with the Department of Agriculture, Forestry and Fisheries, members of the Board and the management committee. The Department of Agriculture, Forestry and Fisheries have significant influence. Services delivered to related parties are on terms of business normally prevailing with third parties.

The PPECB rendered services of R15,252,744 (2017: R14,052,542) to companies on which some of the members of the Board serve. The outstanding debtors balances of these companies totalled R1,574,665 (2017: R1,243,403).

RELATED PARTY BALANCES	2018 [ZAR]	2017 [ZAR]
BOARD MEMBERS		
Ms CH Engelbrecht - Van Doorn South Africa (Pty) Ltd	-	18,931
Mr CG Garrett - Bertie Van Zyl (Pty) Ltd	222,651	123,952
Mr AG Petersen - Capespan South Africa (Pty) Ltd	501,541	426,381
Mr AG Petersen - Contour Logistics (Pty) Ltd	821,142	612,530
Mr A Rabe - Proteus Logistics & Marketing (Pty) Ltd	-	5,790
Ms E Scholtz - South African Table Grape Industry	-	32,239
Mr AM Shipalana - In X-Freight (Pty) Ltd	28,003	17,563
Mr AM Shipalana - Visko Sea Products (Pty) Ltd	1,328	-
Mr DJ Westcott - C Tabanelli Export (Pty) Ltd	-	6,017
	1,574,665	1,243,403

RELATED PARTY TRANSACTIONS	2018 [ZAR]	2017 [ZAR]
BOARD MEMBERS		
Ms CH Engelbrecht - Piet Engelbrecht Trust	-	363,206
Ms CH Engelbrecht - Van Doorn South Africa (Pty) Ltd	-	466,759
Mr CG Garrett - Bertie Van Zyl (Pty) Ltd	622,685	179,506
Mr AG Petersen - Capespan South Africa (Pty) Ltd	4,665,676	4,673,676
Mr AG Petersen - Contour Logistics (Pty) Ltd	9,660,604	7,963,506
Mr A Rabe - Proteus Logistics & Marketing (Pty) Ltd	-	66,170
Ms E Scholtz - South African Table Grape Industry	-	221,454
Mr AM Shipalana - In X-Freight (Pty) Ltd	138,376	49,301
Mr AM Shipalana - Visko Sea Products (Pty) Ltd	17,197	-
Ms M Slabber - Hexrivier Sitrus (Edms) Bpk	11,406	-
Mr DJ Westcott - C Tabanelli Export (Pty) Ltd	-	68,964
	15,115,944	14,052,542

DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES	2018 [ZAR]	2017 [ZAR]
Agri-Export Technologist Programme	600,000	600,000
Joint Venture - Transformation and Development (refer note 25)	500,000	500,000
The Agricultural Research Council	-	265,676
Western Cape Department of Agriculture through CASIDRA	-	164,242
	1,100,000	1,529,918

23. FRUITLESS AND WASTEFUL EXPENDITURE

	2018 [ZAR]	2017 [ZAR]
Changes in travel arrangements due to cancelled or rescheduled meetings	9,112	4,278
Charges for late payments to creditors	55	3,341
Inaccurate creditor and employee payments	64,134	-
Unapproved expenditure for data charges	-	93,798
	73,301	101,417

24. OPERATING LEASE LIABILITY

	2018 [ZAR]	2017 [ZAR]
Operating lease liability	2,379,847	2,280,092

The entity’s obligations under finance leases are secured by the lessor’s charge over the leased assets. Refer note 25.



25. COMMITMENTS

	2018 [ZAR]	2017 [ZAR]
OPERATING LEASES - AS LESSEE (EXPENSE)		
MINIMUM LEASE PAYMENTS DUE		
- within one year	4,658,019	5,484,116
- in second to fifth year inclusive	8,514,684	12,998,184
- later than five years	916,356	696,688
	14,089,059	19,178,988
JOINT VENTURE - DEPARTMENT OF AGRICULTURE, FORESTRY AND FISHERIES		
Training and Development Programme	500,000	1,000,000
	500,000	1,000,000

During 2014, the PPECB entered into a Joint Venture agreement with the Department of Agriculture, Forestry and Fisheries in relation to various training development programmes to be held. The total estimated project value is R4,711,633, inclusive of VAT, of which the PPECB has received R4,211,633 to date. The Department of Agriculture, Forestry and Fisheries further committed to annual payments of R500,000 up until June 2020.

26. CHANGE IN ESTIMATE

Property, plant and equipment and intangible assets

The useful life of certain technical equipment was estimated to be an average of five (5) years. In the current period management have revised the estimate to 10 and 20 years. The effect of this revision has decreased the depreciation charges for the current period by R 629,355.

27. PRIOR PERIOD ADJUSTMENT

During the current year, rental paid under operating leases was recognised on a straight-line basis over the lease terms in the statement of financial performance as per the requirement of GRAP 13. In the prior year, the operating lease expense was recognised based on actual payments that occurred during the year. The correction results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION	RESERVE FUND	OPERATING LEASE LIABILITY
Balance as at 1 April 2016	-	-
Previously stated	53,244,140	-
Adjusted	(1,861,430)	(1,861,430)
Restated amount	51,382,710	(1,861,430)
Balance as at 31 March 2016	-	-
Previously stated	50,593,687	-
Adjustment (1 April 2016)	(1,861,430)	(1,861,430)
Adjustment (31 March 2016)	(418,662)	(418,662)
Restated amount	48,313,595	(2,280,092)

STATEMENT OF FINANCIAL PERFORMANCE	SURPLUS
Balance as at 31 March 2017	-
Previously stated	1,847,547
Adjustment	(418,662)
Restated amount	1,428,885

CASH FLOW STATEMENT	SURPLUS	MOVEMENT ON OPERATING LEASE LIABILITY
Cash flow from operating activities		
Balance as at 31 March 2017	1,847,547	-
Previously stated	(418,662)	(418,662)
Restated amount	1,428,885	(418,662)

28. IRREGULAR EXPENDITURE

	2018 [ZAR]	2017 [ZAR]
Opening balance	83,683	-
Condoned during the year (1)	(83,683)	-
Emergency repairs to laboratory specialised pump (2)	-	10,226
Procurement of pre-printed books (3)	-	73,457
Deviation on minimum threshold for local content (4)	512,402	-
Deviation of 3-quote procurement process (5)	32,250	-
	544,652	83,683

- (1) The Board condoned the prior year’s irregular expenditure on 26 May 2017.
- (2) During 2016, only one quote was obtained, to have emergency repairs conducted on a specialised pump. Due to the urgent nature of the repairs, prior approval was not obtained from the CEO, which is a deviation from Treasury Regulations.
- (3) During 2016, pre-printed books were procured from a supplier whose contract had expired. Prior approval was not obtained from the CEO, which is a deviation from Treasury Regulations.
- (4) During the current year, a bidder (with a declaration of local content of 75%) was awarded a contract. As per the National Treasury Guidelines for bids relating to textile, clothing, leather and footwear the bidder should make use of 100% local content. No exemption letter was submitted by the bidder during the tender process. The exemption letter remains outstanding which is a deviation from Treasury Regulations.
- (5) During the current financial year, accommodation for a training session was procured, where the 3-quote procurement process was not followed. Prior approval from the CEO was not obtained, which is a deviation from Treasury Regulations.



29. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL

	ACTUAL	BUDGET	VARIANCE	EXPLANATION
Revenue	362,965,601	357,695,970	5,269,631	Higher than expected exports of maize and citrus and additional unbudgeted orchard inspection mandate.
Other income	2,179,571	1,551,244	628,327	Additional client requests for information & AgriSETA funds
Investment revenue	4,932,022	4,926,158	5,864	
TOTAL INCOME	370,077,194	364,173,372	5,903,822	
Employment costs	253,152,551	242,205,841	10,946,710	Variance is the inclusion of the performance incentive not budgeted
Depreciation	5,370,859	5,794,000	(423,141)	Delayed capital acquisitions
Activity costs	37,835,384	35,664,931	2,170,453	Higher than expected exports of maize and citrus and additional unbudgeted orchard inspection mandate
Computer expenses	15,043,532	25,175,000	(10,131,468)	Implementation of ICT strategy to move application development in-house
Training	4,815,591	5,438,946	(623,355)	HR initiatives to leverage on technology of on-line training
Administrative costs	32,882,557	36,293,471	(3,410,914)	Efforts to contain costs included relocation of an office (R0.4m), curtailing use of consultants (R1.5m), renegotiating contracts (R0.8m) & reducing travel.
TOTAL EXPENDITURE	349,100,474	350,572,189	(1,471,715)	
SURPLUS	20,976,720	13,601,183	7,375,537	

30. SEGMENT INFORMATION

GENERAL INFORMATION

Identification of segments
The segment information report reflects the reportable segments regularly provided, reviewed and used by the Board and Executive Management to make strategic decisions and assess performance of the segments. The executive assesses the performance of the operating segments based on a measure of contribution consistent with that of the financial statements.

Total assets allocated are based on the operation of the segment and the physical location of the assets. Working capital is not considered to be segment specific and is primarily managed by the central finance function.

The operations in each reportable segment are Statutory Services and Food Safety Services, which provide mostly regulatory services at a fee to the perishable product industry. Statutory Services is responsible for delivering integrated inspection and cold chain services on perishable products being exported. Food Safety Services refers to the assurance given that food will not cause harm to the consumer when consumed. The Transformation and Development Services programme is aimed at building capacity through the development of internal and external skills. Corporate Services ensures coherence among the respective programmes within the PPECB by providing support, direction, leadership and promoting the services of the PPECB.

2018	STATUTORY SERVICES	FOOD SAFETY SERVICES	DEVELOPMENT SERVICES	CORPORATE SERVICES	TOTAL
REVENUE					
Revenue	339,847,544	22,831,332	1,833,868	5,564,451	370,077,195
ENTITY'S REVENUE					370,077,195
EXPENDITURE					
Employment cost	199,845,372	7,205,774	6,896,291	59,328,013	273,275,450
Activity cost	30,816,511	13,279,108	2,695,384	201,527	46,992,530
Administrative cost	5,598,020	4,678,104	5,376,167	13,180,204	28,832,495
TOTAL SEGMENT EXPENDITURE	236,259,903	25,162,986	14,967,842	72,709,744	349,100,475
TOTAL SEGMENTAL SURPLUS/(DEFICIT)	103,587,641	(2,331,654)	(13,133,973)	(67,145,293)	20,976,720
ASSETS					
Non-current assets	4,042,758	5,781,304	79,965	20,375,632	30,279,659
ASSETS PER STATEMENT OF FINANCIAL POSITION					30,279,659

2017	STATUTORY SERVICES	FOOD SAFETY SERVICES	DEVELOPMENT SERVICES	CORPORATE SERVICES	TOTAL
REVENUE					
Income	280,820,039	13,088,625	1,507,547	3,037,710	298,453,921
ENTITY'S REVENUE					298,453,921
EXPENDITURE					
Employment cost	140,795,195	9,183,159	1,881,848	40,414,264	192,274,466
Activity cost	42,540,809	5,053,130	297,812	1,288,186	49,179,937
Administrative cost	15,237,826	4,612,365	949,926	34,351,854	55,151,971
TOTAL SEGMENT EXPENDITURE	198,573,830	18,848,654	3,129,586	76,054,304	296,606,374
TOTAL SEGMENTAL SURPLUS/(DEFICIT)	82,246,210	(5,760,029)	(1,622,039)	(73,016,595)	1,847,547
ASSETS					
Non-current assets	20,514,866	61,404	34,378	11,985,243	32,595,891
ASSETS PER STATEMENT OF FINANCIAL POSITION					32,595,891

HOME GROWN HEROES



CAREER HIGHLIGHT
My favourite moment or highlight was the day I was appointed as a chief inspector in the Paarl Region. This was part of my career plan and one of my life goals



**JACQUES
PETERSEN**

Joined PPECB JANUARY 2001

First Position
ASSESSOR

Currently
CHIEF INSPECTOR



CHAPTER 05

The South African Government remains committed to achieving the goals and objectives stipulated in the National Development Plan (NDP), the Medium Term Budget Policy Statement (MTBPS), the Strategic Framework and the Foundation of the Agriculture and Agro-Processing Value Chain.

These objectives are supported by the Executive Director of the National Institute for Food and Nutrition (NIF) who has reiterated the importance of agriculture's role in growing the South African economy, the further development and expansion of the sector, and the significant contribution of a significant number of the improved growth of our economy in the second and third quarters of 2017.

As a national public entity responsible for regulating the sector of agricultural products, the PPECB plays a pivotal role in ensuring that the sector is safe, secure, and supports the growth and development of the sector, and by doing so, supports the government's objective of growing, and to and creating international markets.

In further support of government's plan to protect and promote the PPECB's role in the sector, the PPECB has engaged with the relevant stakeholders to ensure that the sector is safe, secure, and supports the growth and development of the sector, and by doing so, supports the government's objective of growing, and to and creating international markets.

The National Development Plan (NDP) stipulates that the sector should be able to create 100,000 jobs by 2030. The PPECB is committed to supporting the sector to achieve this goal, and by doing so, supports the government's objective of growing, and to and creating international markets.

Since global food safety is becoming increasingly important, the PPECB has initiated a programme to ensure that the sector is safe, secure, and supports the growth and development of the sector, and by doing so, supports the government's objective of growing, and to and creating international markets.

In 2017, the PPECB has initiated a programme to ensure that the sector is safe, secure, and supports the growth and development of the sector, and by doing so, supports the government's objective of growing, and to and creating international markets.

STRATEGIC PLAN FOR THE FISCAL YEARS 2017-21

CELEBRATING OUR
HOME GROWN
HEROES



PPECB 2017/2018
ANNUAL REPORT

HOME GROWN HEROES



PART A STRATEGIC OVERVIEW 97

1. CONTEXTUAL ANALYSIS 97
2. VISION, MISSION, VALUES 100
3. LEGISLATIVE & POLICY MANDATES 101
4. SITUATIONAL ANALYSIS 101
 - 4.1 Expenditure Framework 101
 - 4.2 Organisational Planning Process 102
 - 4.3 Monitoring and Evaluation 102
5. STRATEGIC OUTCOME-ORIENTED GOALS 103

PART B PROGRAMME OVERVIEW 113

1. PROGRAMME 1: Corporate Services 105
2. PROGRAMME 2: Operational Services 106
3. PROGRAMME 3: Food Safety Services 106
4. PROGRAMME 4: Transformation & Development Services 107

PART C RISK MANAGEMENT 109

PART D ORGANISATIONAL PERFORMANCE TARGETS 113

CONCLUSION 114

PART A



1. CONTEXTUAL ANALYSIS

The global economy showed definite signs of recovery during 2017, growing steadily at 3.8%, up from a meagre 3.1% in 2016. The International Monetary Fund (IMF) estimates that the global economy will continue this upward trend with growth of 3.9% expected in 2018. Advanced economies remain under pressure, however, and are expected to grow at 2.5% in 2018. Developing economies look much brighter with an anticipated growth rate of 4.9% on average, with India and China leading on this front. The Sub-Saharan African economy is set to grow at 3.4% during 2018.

From a South African perspective, the economy remains under pressure with the medium term estimated growth rate adjusted downwards to 1.5% for 2018 and 1.7% for 2019. The economy suffered a significant setback with the threat of a credit ratings downgrade having a definite impact on investor confidence.

In terms of the labour force, the unemployment rate for Q1 of 2018 remains steady at 26, 7%, unchanged from Q4 of 2017. Unemployment increased by 100 000 during this period, but remains in a better state (3.8%) when compared to Q1 of 2017. Of concern is the loss of 28 000 jobs in the agricultural sector from Q4 2017 to Q1 2018.

Although a steady unemployment rate of 26.7% remains largely positive, the unemployment rate is still far off the National Development Plan's (NDP) target of 14% in 2020.

During the 2018 State of the Nation Address, President Cyril Ramaphosa reiterated government's commitment to economic growth that translates into job creation. The following areas were highlighted by the President:

- Economic recovery, growth and transformation
- Job creation, specifically for the youth
- Address unemployment
- Investment in infrastructure
- Realise the economic potential of agriculture
- Accelerate the land distribution programme
- Advancement in Information and Communications Technology (ICT)
- Develop capabilities in areas of science, technology and innovation
- Market access
- The performance of State Owned Entities (SOEs)

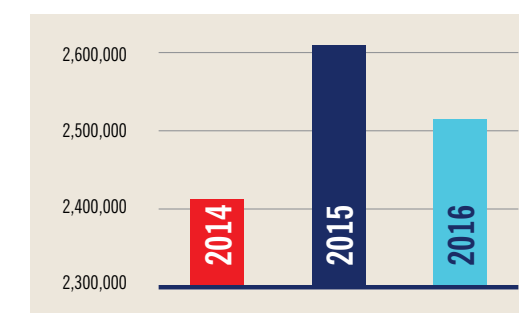
Given the above, it is clear that government regards agriculture as one of the major sectors to drive economic growth within South Africa. With agriculture's contribution to the South African GDP sitting below 3%, there is certainly an opportunity to grow the sector's contribution, especially given the fact that it was around 15% in the 1950s and 10% in the 1960s. Agriculture's ability to create employment is also notable, as 1.5 jobs are created on average for every 1 hectare of fruit planted, with a further job created for every 2 500 cartons packed.

Looking at fruit production specifically, South Africa exports around 60% of all fruit produced, amounting to around 2.7 million tonnes, to 92 countries. Steady growth in this area has been experienced over the past five years, except for 2016 when fruit export volumes were 4% lower than the previous year. Positive growth is, however, visible in the YTD (from January to July 2017) export volumes which reflect 6% growth on 2016 figures and 7% growth on 2015 figures for major export fruit types.

South Africa remains the second largest exporter of citrus globally, exporting just over 1.7 million tonnes of citrus during a normal season.

This is, however, expected to increase significantly over the medium term as new plantings come to fruition and access to new markets is gained. Below (Figure 1) is a graphic depiction of fruit export volumes for the past three years, clearly displaying the trend and the reduction of exports in 2016.

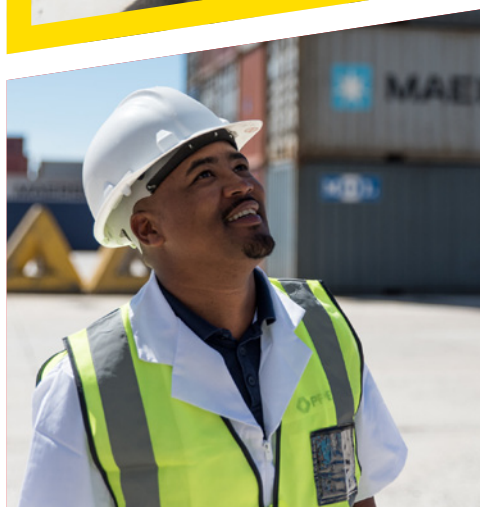
FIGURE 1: EXPORT VOLUMES OVER THE PAST 3 YEARS



HOME GROWN HEROES

CAREER HIGHLIGHT

I had been trying to become an employee of the the PPECB for a long time. I never gave up and finally, in December 2017, I was accepted. It was my breakthrough into the company.



QUINTON JANSEN

Joined PPECB **DECEMBER 2017**

First Position **TEMPORARY
COLD CHAIN ASSESSOR**
Currently **JUNIOR COLD
CHAIN ASSESSOR**

**I BECAME PERMANENT ON
THE 1ST OF JUNE 2018**

I regard this moment as a highlight in my career with the PPECB. I am forever grateful!

Notwithstanding positive growth, the impact of the recent drought remains a huge concern, especially in the Eastern and Western Cape. Rainfall in both these regions are well below par. Dam levels in the Western Cape are 44% down on the previous year and are currently sitting on around 30% of capacity. Should rainfall not normalise soon, deciduous and citrus fruit export volumes from these regions will be under severe threat.

From a market perspective, the European Union (EU), excluding the United Kingdom (UK), remains South Africa's major trading partner, taking about 35% of South African fruit. With the Economic Partnership Agreement (EPA) which came into effect in September 2016, this trend is expected to continue as the EPA provides preferential market access for South African products into the EU. Fruit export volumes to the EU may, however, be impacted by the region's future policy stance on non-tariff barriers including, but not limited to, Citrus Black Spot (CBS) and False Codling Moth (FCM). The volatility of the rand is another factor that may impact exports to the EU. Only looking at 2017, the rand started off relatively strong against major currencies but lost significant ground towards the middle of the year. At its strongest for 2017, the rand traded at R13.43 against the euro and devaluated to R15.93 towards the middle of 2017, a change of 18.3%. Significant fluctuations like these may result in exporters opting for other markets instead of the EU.

Asia remains an attractive destination for South African fruit and imports on average 17% of fruit. The potential in the Asian markets cannot be overemphasised, as these markets have the benefit of critical mass. India's economy is expected to continue

growing at 7% and although the Chinese economy is reported to slightly decelerate, it is still forecasted to grow at around 6%. South Africa currently has market access for citrus, table grapes and apples to China and is in the process of gaining access for pears. For India, South Africa has market access for plums, apples, table grapes and citrus fruit. Both the Indian and Chinese markets have been identified by South Africa as two of nine strategic markets for future growth and development. These initiatives are essential as the identified fruit types are also very labour intensive, thereby supporting South Africa's quest to create more jobs. Figure 2 below depicts the relationship between major products and their labour intensity.

From a United Kingdom (UK) perspective, the announcement that Great Britain will break ties with the EU (BREXIT) had no significant impact on fruit exported to this region to date. The UK continued to import about 15% of South African fruit, making it the third biggest export destination.

Although 2016 export volumes were significantly reduced due to the drought, year-to-date (January to July 2017) export figures are 2% above that of 2016 and only 1% below 2015 figures, with table grape and stone fruit volumes still to come. It is believed this trend will continue, as the UK is an established market and consumers have become accustomed to South Africa as a reputable supplier of fresh fruit. Although the road ahead with regard to the UK's policy direction on imports from South Africa is not clear yet, opportunities do exist for lobbyists to influence their stance on imports, especially with regard to non-tariff barriers they may consider imposing.

FIGURE 2: PRODUCTS AND LABOUR INTENSITY





On a further positive note, maize exports are recovering well after two years of reduced export volumes. South Africa exports between 1.4 and 1.8 million tonnes of maize on average during a normal year. During 2015 and 2016, maize export volumes have been reduced significantly with less than 1 million tonnes exported over both those years. Due to relatively good rainfall in the northern parts of South Africa, maize export volumes are normalising with over 2 million tonnes (YTD) inspected for the export market in 2017.

With the role of State Owned Entities (SOEs) under review, government's vision is for SOEs to play an even greater role in supporting government to achieve its objectives. This bodes well for the PPECB's strategy of pursuing additional mandates with a strategic fit. To this end, the PPECB was given an additional mandate by the Department of Agriculture, Forestry and Fisheries (DAFF) to manage the citrus export programme to the EU during the 2017 season. In 2018 it was confirmed that the mandate had been extended for the next two years. Thus the functions carried out by the PPECB in the 2017 citrus season will continue until the end of the 2019 citrus season. Albeit temporary, the PPECB was committed to delivering on this mandate with distinction, with the objective of creating confidence in South African systems and ultimately its produce.

Government's Nine-Point Plan highlights investment in ICT infrastructure as one of the areas to support the objective of enhancing economic growth. As a National Public Entity with a decentralised operating model, the PPECB is reliant on stable ICT infrastructure to drive efficiencies and deliver an effective service. The entity will therefore continue with its investment in mobile technology during 2018 by prioritising development within the cold chain value stream. These developments are intended to bring about a faster flow of essential export information, thereby enhancing the competitiveness of the South African export industry through the provision of intelligent information and data trends.

One of the National Development Plan (NDP) and Agriculture Policy Action Plan (APAP) imperatives is the 'realisation of a food trade surplus, with one third produced by small-scale farmers and households'.

2. VISION, MISSION, VALUES

The VISION of the PPECB is to enable its customers to be the preferred suppliers of perishable products worldwide.

This vision is supported by the PPECB's MISSION to empower its people to execute our mandates to ensure the integrity to their customers' products.

This mission is further underpinned by the PPECB VALUES of:

Professionalism

We aspire to doing the job right the first time, while displaying a positive attitude towards our relationships with our clients, colleagues and stakeholders.

Accountability

We proactively assume responsibility for all our deliverables and areas of influence. This is done by creating and maintaining an environment which fosters guidance and empowerment of the employees to take ownership of their actions.

Passion

We are driven and committed to continually serve our stakeholders with energy and enthusiasm.

The PPECB, as technical experts in the field of perishable exports, will continue to dedicate its expertise to the development of emerging farmers, with a specific focus on Good Agricultural Practices (GAP) and Food Safety, Quality and Cold Chain management directed at the export market. During 2018, the PPECB will seek to increase the number of emerging farmers trained and hopes to expand on the number of collaborative partners and funding sources in order to maximise the impact of these initiatives.

The entity will further remain focused on delivering an efficient service to customers and strengthening relationships with stakeholders locally and abroad. The PPECB will also persist with its strategy of consolidation and seek to place a greater reliance on systems and technology to enhance service delivery over the medium term. The entity further remains committed to delivering services with integrity and professionalism. Given the current economic landscape, the PPECB will pay specific attention to managing and controlling expenditure, without compromising service delivery.

In conclusion, the outlook for South African exports remains positive and holds even greater potential. The next three years will, however, be critical in determining the success of the sector as the following factors may have an impact on the future of South Africa's horticultural trade:

- South African farmer debt is sitting at R160 billion, a near all-time high in real terms;
- Uncertainty with regards to credit downgrades;
- General pressure on the world trading system;
- Low consumer confidence, globally;
- A sense of global protectionism, especially in developed markets;
- Clarity on policy direction of the United States administration with regards to trade;
- The impact of BREXIT; and
- Global political relations.

Integrity

We uphold the highest standards of honesty, impartiality and confidentiality in the execution of our duties, services and stakeholder relationships.

Confidence

We believe in our people, processes, proficiency and in-depth knowledge which enables us to execute our duties and deliver our services with conviction and excellence.

Collaboration

We actively engage in building and maintaining relationships in which we share information and exchange innovative ideas with all stakeholders.

3. LEGISLATIVE AND POLICY MANDATES

The PPECB is mainly governed by the Perishable Products Export Control Act (PPEC Act) (Act 9 of 1983) and the Agricultural Product Standards Act (APS Act) (Act 119 of 1990). In terms of this legislation, the PPECB is responsible for overseeing the export of perishable produce. This is achieved through the inspection of listed agricultural products and management of the cold chain. The PPECB is further mandated to conduct food safety audits in terms of the APS Act on all Food Business Operators (FBOs) exporting perishable produce of plant origin.

During 2016 the PPECB was also mandated by DAFF to handle all operational activities relating to the Risk Management System

MANDATES

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

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

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

4. SITUATIONAL ANALYSIS

4.1 EXPENDITURE FRAMEWORK

The 2018/19 PPECB budget is informed by four main drivers: the delivery of statutory services, the execution of the Board-approved strategic plan; the mitigation of the main risk areas in the PPECB's service delivery priorities and moving towards electronic export certification.

To respond to the current volatile global environment PPECB management continues to focus on building a change agile and resilient organisation that is able to respond quickly to negative environmental shifts, whether political, economic or social, in its strategic framework and plan.

The spending focus over the medium term will be on continued service delivery without compromising the integrity of product quality. The PPECB will also prioritise its continued contribution towards social responsibility by building capacity and assisting smallholder farmers, as well as focusing on establishing a professional and well-trained staff complement that can add value to the perishable export industry.

Expenditure Trends

Between 2014/15 and 2017/18, total expenditure grew by 8.1%, from R261.7 million to R330.6 million. The increases reside in employment, travel and accommodation costs, all of which increased annually in excess of CPI, coupled with continued pressure to increase staff resources to ensure compliance with DAFF's mandate.

From 2018/19, expenditure is set to increase for the next five years by an average annual rate of 8.5% to R523.1 million in 2022/23. It is assumed that the activity base used in 2018/19 will track the growth in exports. The activity base refers to the operational resources deployed, kilometres travelled and relief

(RMS) for citrus exports to the EU. Following the successful completion of this year-long project DAFF extended the mandate by an additional two years.

Both the PPEC Act and the APS Act are currently under review.

During the year under review, the PPEC Bill was considered by the National Economic Development and Labour Council (NEDLAC). On 16 March 2018 the Bill was approved by the Economic Sector Employment and Infrastructure Development (ESEID) Cluster for presentation to Cabinet, which will hopefully take place in 2018.

duty days. Computer expenses increase by an average of 11% due to the introduction of mobile technology in the PPECB's business as well as accelerated expenditure in the implementation of the ERP system. Depreciation is based on an annual CAPEX replacement in technology of R12 million per year and written off over a five-year period.

Revenue trends

It is assumed that total income will increase by 9% from R390 million in 2018/19 to R548 million in 2022/23. This 9% increase is based on an initial 6% inflationary adjustment to levies but then increased to 7% in the last three years. A 2.5% growth rate in product volumes is expected.

The volume growth on statutory services projects citrus fruit inspected volumes increasing by 2% per annum, and deciduous fruit inspected volumes by 3% per annum. A 3% growth is assumed for all other products and services. Interest income is assumed to marginally reduce due to shortfalls in the first two years. Interest rates are expected to remain firm over the medium term.

Personnel Information

The period ending 2022/23 is informed by the two major objectives, namely fulfilment of the mandate from government and execution of the strategic plan approved by the Board. Over the past decade the PPECB became increasingly under-resourced to meet these objectives. The period ending 2022/23 will continue to address human resource constraints to ensure that the PPECB meets its mandate and strategic goals. Employment cost of R252 million in 2018/19 is set to increase to R347 million over the next five years, which is an average of 8%. Salaries, including promotions, are adjusted by an average of 6% per annum and growth in employment is 2%. The PPECB is a service-oriented entity and as such 66% of total expenditure consists of personnel costs. The vacancy rate is kept at 4% of total staff over the five-year period.

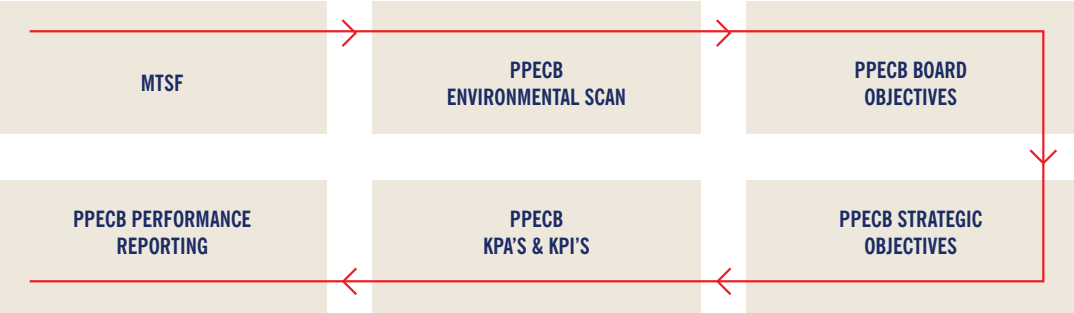




PERISHABLE PRODUCTS EXPORT CONTROL BOARD MTEF FOR THE PERIOD ENDING MARCH 2022

R thousand	AUDITED OUTCOME				REVISED ESTIMATE	AVERAGE GROWTH RATE %	AS % OF TOTAL %	MEDIUM-TERM ESTIMATE						AVERAGE GROWTH RATE %	AS % OF TOTAL %
	2014/15	2015/16	2016/17	2017/18	2014/15	2017/18		2018/19	2019/20	2020/21	2021/22	2022/23	2018/19 - 2022/23		
Revenue															
Sale of goods and services	246,082	278,741	290,934	340,269	11.53%	97.84%		381,973	416,351	462,150	512,986	538,635	9.00%	98.15%	
Interest received	5,404	6,816	6,920	6,920	9.22%	1.99%		7,010	7,534	8,174	8,869	9,312	7.37%	1.74%	
Transfers received	600	600	600	600	0.00%	0.17%		600	510	510	510	510	-3.75%	0.11%	
Total revenue	252,086	286,157	298,454	347,789	11.45%	100.00%		389,583	424,395	470,834	522,365	548,458	9.40%	100.00%	
Expenses															
Compensation of employees	176,688	185,815	191,018	228,508	9.20%	69.11%		252,523	270,411	297,452	327,197	347,483	8.22%	66.42%	
Goods and services	81,512	94,822	100,408	95,387	5.74%	28.85%		116,104	126,186	141,328	158,288	166,202	9.42%	31.77%	
Depreciation	3,565	3,814	5,168	6,706	24.08%	2.03%		6,997	6,985	8,245	8,987	9,436	7.97%	1.80%	
Interest paid	10	12	12	20	28.89%	0.01%		15	15	16	18	19	6.03%	0.00%	
Total expenses	261,775	284,463	296,606	330,621	8.13%	100.00%		376,639	403,597	447,041	494,490	523,141	8.58%	100.00%	
Surplus/(Deficit)	-9,689	1,694	1,848	17,167				12,944	20,798	23,793	27,875	25,317			

4.2 ORGANISATIONAL PLANNING PROCESS



4.3 MONITORING AND EVALUATION

The PPECB monitors and evaluates its performance against pre-determined objectives listed per sub-programme. Although progress against stated targets is reported quarterly, monthly divisional discussions in terms of performance progress are held. Organisational performance reports are escalated to executive meetings, whereafter they get approved by the Accounting Authority (PPECB Board), before submission to the Executive Authority.

Great emphasis is placed on evidence-based monitoring, which gets audited on a regular basis. The PPECB currently uses a manual reporting system, coordinated by a senior manager within the organisation. The effective monitoring and reporting on organisational performance rests with the office of the CEO.

5. STRATEGIC OUTCOME-ORIENTED GOALS

The PPECB has defined the following key strategic objectives:

- STRATEGIC OBJECTIVE 1 (SO1):** Enhance the credibility of the South African export certificate
- STRATEGIC OBJECTIVE 2 (SO2):** Support the export competitiveness of South Africa's perishable products industries
- STRATEGIC OBJECTIVE 3 (SO3):** Strengthen the PPECB's capacity to provide a professional suite of services for its customers
- STRATEGIC OBJECTIVE 4 (SO4):** Contribute to the socio-economic transformation of the agricultural sector

These strategic objectives have further been linked to strategic programmes that will drive the achievement of the organisation's mission and vision.

BELOW IS A TABULAR ILLUSTRATION OF THE RESPECTIVE PROGRAMMES LINKED TO THE ORGANISATIONAL STRATEGIC OBJECTIVES:

STRATEGIC OBJECTIVES (SO)	PROGRAMMES
(SO1) Enhance the credibility of the South African export certificate	Programmes 1, 2, 3 and 4
(SO2) Support the export competitiveness of South Africa's perishable products industries	Programmes 3 and 4
(SO3) Strengthen the PPECB's capacity to provide a professional suite of services for its customers	Programmes 1, 2
(SO4) Contribute to the socio-economic transformation of the agricultural sector	Programme 4



HOME GROWN HEROES



CAREER HIGHLIGHT
...when I was promoted to chief inspector
10 years ago.



MARK REDDY
Joined PPECB JANUARY 2001
First Position
INSPECTOR
Currently
CHIEF INSPECTOR

PART B



THE PPECB'S STRATEGY IS DRIVEN AND EXECUTED BY FOUR MAIN PROGRAMMES:

1. PROGRAMME 1: CORPORATE SERVICES

The Corporate Services Programme is one of four strategic programmes within the PPECB. The purpose of the programme is to support, provide direction and leadership, instil corporate discipline and promote the services of the PPECB.

The programme includes the following units: Finance, Human Capital, Marketing and Communications, Legal and Governance, Information and Communications Technology, Innovation and Research and Business Certifications.

The Corporate Services Programme operates cross-functionally with the primary aim of delivering professional support services to the whole of the PPECB. The Programme further plays an essential role in ensuring coherence among the respective business units within the PPECB.

1.1 THE MAIN PROGRAMME DELIVERABLES ARE:

- To provide strategic direction to the organisation
- To ensure service alignment with relevant stakeholder expectations
- To seek and identify opportunities to improve service delivery and customer satisfaction
- To promote and protect the PPECB brand
- To provide the necessary business infrastructure
- To instil a culture promoting Batho Pele
- To ensure adherence to sound financial and governance practices
- To improve the organisation's Corporate Social Responsibility portfolio
- To ensure seamless mobility infrastructure and ICT governance
- To harness technology to deliver better services
- To establish and maintain a working relationship with the trade union
- To promote employment equity within the workplace

1.2 BASED ON THE LISTED DELIVERABLES, THE PROGRAMME IS COMMITTED TO ACHIEVE THE FOLLOWING OUTCOMES OVER THE MEDIUM TERM:

- Formulate and submit a PPECB strategy aligned with government imperatives and stakeholder expectations
- Obtain ISO 9001:2015 certification and Level 3 B-BBEE verification
- Successfully migrate from a manual to an automated inspection system
- Introduce systems and processes that promote sound financial and governance practices without hampering business efficiency
- An integrated approach to innovation that acts as a catalyst for business transformation
- A clear shift in organisational culture that complements the values of the PPECB
- Increase spend on Corporate Social Initiatives
- Attract and retain previously disadvantaged individuals



2. PROGRAMME 2: OPERATIONAL SERVICES

The PPECB Operational Services Programme is responsible for delivering integrated laboratory, inspection and cold chain services for the export market. The Programme is divided into four functional areas: Operations North, South and Coastal, as well as Food Safety and Technical Services. The aim of the Programme is mandate compliance and to deliver an effective and efficient service to all PPECB stakeholders. The Programme is further committed to the achievement of the PPECB's strategic objectives.

2.1 PRIORITY AREAS

- Ensuring compliance and alignment with all relevant legislation that affects the PPECB and its operational mandate
- Building and maintaining a high-performance workforce that is multi-skilled, accountable, competent, innovative, consistent and uniform
- Rendering an integrated, cost-effective service to customers
- Collaborating closely with all stakeholders to maintain relationships and client confidence in the PPECB and its processes
- Providing stakeholders with information that is accurate and timeous
- Ensuring greater access to technology platforms and tools for digital service delivery

2.2 MEASURABLE OBJECTIVES

- The successful implementation of the Programme will be measured against the following objectives:
- Maintain the required sampling frequency with regards to the PPECB's mandate
 - Implement and maintain proper procedures for enhancing the credibility of the South African Export Certificate and Carrying Temperature Instructions
 - Adherence to the SLA targets
 - Implement policies and procedures aligned with the requirements of ISO 9001: 2015
 - Ensure completeness of income
 - Client feedback with responses that are timeous and accurate
 - An engaged and satisfied staff creating a culture of performance and care
 - Re-capacitate Research and Development

3. PROGRAMME 3: FOOD SAFETY SERVICES

Food safety refers to the assurance that food will not cause harm to the consumer when it is prepared and/or eaten according to its intended use. Section 2(1) of the Foodstuffs Cosmetics and Disinfectants Act (Act 54 of 1972) prevents any person from putting into international trade any food that is unfit for human consumption. The Agricultural Products Standards Act (Act 119 of 1990) controls and promotes specific product quality standards for the local market and for export purposes. It is administered and enforced by the Directorate: Food Safety and Quality Assurance in the Department of Agriculture, Forestry and Fisheries (DAFF). With respect to food safety, the PPECB has been appointed and authorised to conduct food safety audits (Regulation 707), test groundnuts for aflatoxins (Regulation R1145 relating to the tolerance for fungus-produced toxins in foodstuffs) and conduct compositional testing of dairy products (Regulation R2581 relating to dairy products and imitation dairy products) destined for the export market.

3.1 PRIORITY AREAS

- Ensuring consistent production of safe and quality products by reducing risks of compromised food quality
- Maintaining consumer (local and international) confidence in food safety and quality by using reliable, advanced and rapid technologies in testing quality characteristics of food to ensure compliance, and testing mycotoxin tolerance levels, pesticide residues and microorganisms
- Promoting safe production practices for growers through food safety audits and strengthening national food control systems
- Reducing the negative impact on the environment by ensuring compliance with regulations

3.2 MEASURABLE OBJECTIVES

- Strengthen national food control systems
- Facilitate active collaboration between stakeholders
- Provide an ISO 17025-accredited Pesticide Residue Testing (Maximum Residue Limit) and dairy testing service in foods and feeds to ensure food safety compliance and quality
- Test for all pesticides as per the regulations of South Africa and the EU with a lead time of 48 hours from sample receipt
- Increase the scope of mycotoxin and dairy analyses to meet customer needs in line with Regulation 1145 (Foods), Regulation 2581 (Dairy) and Regulation 1087 (Feeds)
- Strengthen core competencies of lead times, workflow processes and in-house developed methodology
- Offer a one-stop shop for food and feed safety testing
- Reposition the PPECB Laboratory to provide further support to DAFF and promote the export of safe food

The Programme comprises of Food Safety services and Laboratory services.

4. PROGRAMME 4: TRANSFORMATION AND DEVELOPMENT SERVICES

THE TRANSFORMATION AND DEVELOPMENT SERVICES PROGRAMME IS AIMED AT BUILDING CAPACITY THROUGH THE DEVELOPMENT OF INTERNAL AND EXTERNAL SKILLS. THE PROGRAMME INCLUDES THE FOLLOWING INITIATIVES:

4.1 INTERNSHIPS AND LEARNERSHIPS

The PPECB has in the past eight years offered a learnership at NQF Level 5, exposing learners to the postharvest agricultural value chain and providing them with a head start in advancing themselves professionally in this sector. It is the PPECB's aim to continue with this initiative and take this to a higher level by partnering with institutions like the Cape Peninsula University of Technology (CPUT), which will assist in enhancing the qualification students obtain at the PPECB. The learnership programme is provided in partnership with DAFF and the Agricultural Sector Education Training Authority (AgriSETA).

In collaboration with AgriSETA, the PPECB is further providing on-the-job exposure in fields like ICT, finance, human capital and marketing. All students who have participated in the ICT internship programme have since been employed permanently by the PPECB.

4.2 INTERNAL CAPACITY BUILDING

The PPECB emphasises the area of capacity building by providing development opportunities for both internal and external stakeholders. With regard to internal stakeholders the focus is on women and youth empowerment. Leadership development initiatives are being put in place to ensure that women's advancement is accelerated so that they can assume leadership roles as these are currently occupied predominantly by men.

The PPECB is striving to be a learning institution and is leveraging technology to ensure that training provided meets the needs of Generation Y and X employees. This has resulted in the introduction of a learning management system with online onboarding. There is also a huge focus on coaching and mentoring to ensure that the youth entering the work place are empowered to provide customer service with confidence.

In addition to training, coaching and mentoring of internal stakeholders, we also have a dedicated programme to ensure uniform interpretation and consistent application of standards during execution of product inspection, cold chain functions and food safety audits. The harmonisation programme is aimed at mitigating the risks of incorrect decision making during inspections and cold chain functions and enhances confidence levels of employees and associated clients during service delivery.

4.3 SMALLHOLDER DEVELOPMENT

The Development Unit's services aim to expose smallholder farmers to food safety, good agricultural practices, responsible use of pesticides, cold chain management and product quality training in preparation for food safety certification and market access.

Development initiatives are run on a collaborative basis with DAFF, the Western Cape Department of Agriculture, the Agricultural Research Council (ARC) and the National Agricultural Marketing Council (NAMC) and service all provinces in South Africa. Collaboration not only extends to sister State Owned Enterprises (SOEs) but also to commercial development partners like Citrus Research International (CRI) as well as Further Education and Training Colleges like Fort Cox Agricultural College in the Eastern Cape.

PPECB employees have enviable expertise in quality standards, food safety and cold chain management in particular, and it plays to its strength as an organisation in imparting that knowledge. The PPECB's mandate and resources are limited when it comes to providing a stand-alone training function, so it is imperative that the organisation performs this important function in a collaborative fashion.

4.4 MEASURABLE OBJECTIVES OF THE PROGRAMME:

- Raise external donor funds for the running of the development programme
- Increase the product offering of development initiatives
- Build capacity in externally targeted groups by transferring knowledge and skills
- Extend laboratory services to smallholder farmers

HOME GROWN HEROES



**RICKUS VAN
ANTWERPEN**

Joined PPECB 1997

First Position
JUNIOR INSPECTOR
Currently
SENIOR INSPECTOR



PART C



THE PPECB'S ROLE IS TO INSTIL CONFIDENCE IN THE INTERNATIONAL COMMUNITY THAT FOOD DELIVERED AS A RESULT OF THE PPECB'S QUALITY ASSURANCE PROGRAMME MEETS THE EXPECTED STANDARD AND IS SAFE TO EAT. THE ONUS IS ON THE PPECB TO REDUCE OR CONTROL ANY LIABILITY THAT MAY ARISE FROM PROFESSIONAL ERRORS OR NON-PERFORMANCE AROUND THE ORGANISATION'S MANDATE.

The PPECB needs to manage an array of risks that present themselves annually to the organisation. Some are predictable while others can take the organisation by surprise. For this reason, the PPECB has developed policies, committees and overall management structures to ensure that risks do not place the organisation in jeopardy.

The Board members have primary responsibility for overseeing risk management and risk assessment across the PPECB. In accordance with the Public Finance Management Act (Act 1 of 1999), and Treasury Regulations, the Board must ensure that a risk assessment is conducted regularly to identify emerging risks. The Board of the PPECB recognises that it is obliged to protect the organisation, people and assets against the adverse consequences of risk with a view to ensuring that objectives are met.

THESE KEY OBJECTIVES INCLUDE:

- Delivering on the mandate delegated to the PPECB by DAFF
- Protecting the reputation of the PPECB
- Furthering good corporate governance within the organisation
- Developing and growing relationships with the PPECB's stakeholders
- Protecting and developing PPECB employees and the organisation's intellectual property
- Protecting the assets of the public entity

A risk management strategy was used to direct internal audit efforts and priorities, as well as to determine the skills required of management and staff to improve controls and manage these risks. Management is responsible for designing, implementing and monitoring the effective functioning of system internal controls. The Risk Management Committee (RISCO) has been established by the PPECB to support the Chief Executive Officer (CEO) and Executive Team in monitoring the risk by reviewing the effectiveness of the PPECB's risk management systems, practices and procedures, as well as providing recommendations for improvement. A review by Internal Audit indicated that the entity must determine criteria to measure the effectiveness of the risk management function for evaluation and that actions in the Fraud Prevention Plan are assigned to a particular person and that due dates are allocated. This is a future focus area for RISCO. The top risks are addressed through action plans that have individuals responsible for the known risks.



HOME GROWN
HEROES

THE FOLLOWING ARE BROAD AREAS OF RISK RELEVANT TO THE PPECB:

- Strategic risks
 - Compliance risks
 - Operational risks
 - Financial risks
 - Stakeholder risks
 - Business processes risks
- Technology risks
 - People risks
 - Social, environmental and economic responsibility risks
 - PPECB Laboratory risks

RISCO oversees the risk process from a strategic perspective and monitors risks, practices and procedures, and provides recommendations for improvement. The independent, external financial auditors and internal auditors check for the robustness and thoroughness of risk management within the PPECB, and report independently on such risk matters. The assessment methodology takes into account the severity and probability of risk occurring, including the ranking and prioritisation of identified risks. The top risks are addressed through action plans that have individuals responsible for the known risks.

Risks can vary depending on the nature, scope and size of the business matter involved. Importantly, the threat to the integrity of the business as a going concern must be considered, including the potential collateral damage (reputational and otherwise) to all of the PPECB's stakeholders.

BELOW IS AN EXTRACT OF THE FOUR MAJOR RISKS THAT MAY IMPACT THE PPECB IN THE YEAR TO COME:

RISK	IMPACT A	PROBABILITY B	INHERENT RISK EXPOSURE C = A X B
Non-compliance with the APS Act mandate	4	3	12
PPEC Act, which constitutes the PPECB, does not fit into the current deregulated environment	3	3	9
Inability to recover costs	4	4	16
Insufficient disaster recovery and business continuity	4	3	12



CAREER HIGHLIGHT

One of my favourite moments was attending the central training in October 2017, which forms part of AETP. We were a diverse group from all regions of South Africa. From the first day we met it felt like we had known each other for a long time.

LUYANDA TSHEMESE

Joined PPECB APRIL 2017

First Position
AETP STUDENT

Currently **TEMPORARY JUNIOR INSPECTOR**

THE OTHER ENJOYABLE PART OF WORKING AT THE PPECB IS THE TRAVELLING.

HOME GROWN HEROES



**SANDISIWE
DAWUSHE**

Joined PPECB MAY 2017

Position
INTERN



PART D



THE PPECB HAS IDENTIFIED THE FOLLOWING KEY PERFORMANCE AREAS AND KEY PERFORMANCE INDICATORS FOR THE PERIOD 2018 TO 2022.

ORGANISATIONAL PERFORMANCE TARGETS OVER THE MTEF

PROGRAMME 1: CORPORATE SERVICES

OUTPUT (KPA)	INDICATOR (KPI)	TARGETS 2018 - 2022				
		2018/19	2019/20	2020/21	2021/22	2022/23
Business Transformation	Percentage of money spent on B-BBEE suppliers	78%	80%	82%	85%	85%
Informed and Satisfied Stakeholder Base	Percentage of information provided at a 95% accuracy level in Week 1 of reporting	95%	98%	98%	98%	99%
	Organisational customer satisfaction index measured annually as a %	80%	80%	80%	80%	80%
Skills Retention	Percentage of staff retained annually	97%	97%	94%	92%	90%

PROGRAMME 2: OPERATIONAL SERVICES

OUTPUT (KPA)	INDICATOR (KPI)	TARGETS 2018 - 2022				
		2018/19	2019/20	2020/21	2021/22	2022/23
Compliance	Percentage of samples inspected on a 2% basis	98%	99%	99%	99%	99%
	Percentage of accurate temperature letters issued in relation to the number of vessels sailed	100%	100%	100%	100%	100%
Efficient Service Delivery	Percentage of cartons of main products (citrus, grapes, pome, stone and avos collectively) captured on Titan	70%	80%	83%	85%	85%
	Number of activity points interfacing with Titan	1 000	1 200	1 300	1 350	1 350

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PROGRAMME 3: FOOD SAFETY SERVICES

OUTPUT (KPA)	INDICATOR (KPI)	TARGETS 2018 - 2022				
		2018/19	2019/20	2020/21	2021/22	2022/23
Food Safety Assurance	Number of samples analysed using accredited methods	24 000	26 000	26 750	27 500	28 000
	Number of food safety audits conducted	800	850	950	1 050	1 050

PROGRAMME 4: TRANSFORMATION AND DEVELOPMENT SERVICES

OUTPUT (KPA)	INDICATOR (KPI)	TARGETS 2018 - 2022				
		2018/19	2019/20	2020/21	2021/22	2022/23
Capacity Building	Number of students recruited and graduated through the AETP programme	40	45	45	50	50
	Number of smallholder farmers trained	170	200	210	220	230
Competent Staff	Percentage of operational staff verified as competent on their technical skills	90%	95%	95%	95%	95%
Market Access	Number of smallholder farmers certified for export	10	15	20	25	30

CONCLUSION

Classified as a National Public Entity in terms of the Public Finance Management Act (Act 1 of 1999) and mandated to oversee the export of perishable produce, the PPECB's core services are targeted at adding value to the export value chain.

However, as a government entity the PPECB is further committed to assisting government in achieving its priorities. The PPECB is also committed to continuously improving customer service by becoming more efficient and customer centred. Hence, strategic programmes have been consolidated and aligned to direct organisational focus accordingly.

Over the medium term, the PPECB will focus on becoming more efficient through consolidation, where possible. The entity will further have a strong focus on containing costs which will include lessons learned from the drought in 2016 and 2017 and aligning itself further with stakeholder needs.



CAREER HIGHLIGHT

My favourite moment was when I was appointed to assist with relief duty in Durban in 2016.



CHUMA FUTSHANE

Joined PPECB 2008

First Position **TEMPORARY
JUNIOR COLD CHAIN ASSESSOR**
Currently
COLD CHAIN ASSESSOR



HOME GROWN HEROES



**DAYLAN
MOUTON**

Joined PPECB 2010

First Position
JUNIOR INSPECTOR

Currently
SENIOR INSPECTOR



CHAPTER 06



118 PROGRAMME 1:
CORPORATE SERVICES

118 PROGRAMME 2:
OPERATIONAL SERVICES

119 PROGRAMME 3:
FOOD SAFETY SERVICES

119 PROGRAMME 4:
TRANSFORMATION
AND DEVELOPMENT
SERVICES



ORGANISATIONAL PERFORMANCE REPORT

CELEBRATING OUR
**HOME GROWN
HEROES**



2017/2018
ANNUAL REPORT



PROGRAMME 1 CORPORATE SERVICES

PERFORMANCE PROGRESS PER QUARTER 2017/18											
Output (KPA)	Indicator (KPI)	Annual Target 17/18	Q1 Apr-Jun 17		Q2 Jul-Sep 17		Q3 Oct-Dec 17		Q4 Jan-Mar 18		Comments
		Target	Progress	Target	Progress	Target	Progress	Target	Progress		
BUSINESS TRANSFORMATION	% of money spent on B-BBEE suppliers	77%	70%	77%	72%	75%	75%	81%	77%	79%	The B-BBEE spend is above the Q4 target. This can be attributed to the considerable effort in driving B-BBEE compliance amongst the existing suppliers on the PPECB's database and targeting compliant suppliers in the sourcing process.
INFORMED AND SATISFIED STAKEHOLDER BASE	% of information provided at a 95% accuracy level in week 1 of reporting*	94%	94%	97%	94%	97%	94%	95%	94%	95%	More data capturers were employed during the citrus season and higher uptake of Titan inspections for deciduous fruit.
	Organisational customer satisfaction index measured annually	80%					80%	83%			Annual client satisfaction survey was conducted in Q3. The 80% satisfaction target was surpassed.
SKILLS RETENTION	% of staff retained annually	97%	97%	99%	97%	99%	97%	99%	97%	98%	There were five resignations during the quarter which accounts for the 98% retention rate.

83% ACHIEVEMENT

PROGRAMME 2 OPERATIONAL SERVICES

PERFORMANCE PROGRESS PER QUARTER 2017/18											
Output (KPA)	Indicator (KPI)	Annual Target 17/18	Q1 Apr-Jun 17		Q2 Jul-Sep 17		Q3 Oct-Dec 17		Q4 Jan-Mar 18		Comments
			Target	Progress	Target	Progress	Target	Progress	Target	Progress	
COMPLIANCE	Number of samples inspected on a 2% basis*	97%	97%	95%	97%	96%	97%	96%	97%	97%	The deciduous season, which is less resource intensive, coinciding with Q4, contributed to the target being met.
	% of accurate temperature letters issued in relation to the number of vessels sailed	100%	100%	100%	100%	100%	100%	100%	100%	100%	All vessels carrying perishable products were issued with temperature letters.
EFFICIENT SERVICE DELIVERY	% of cartons of main products (citrus, grapes, pome, stone and avos) captured on the Titan system	50%	35%	26%	40%	32%	45%	35%	50%	43%	An ambitious annual performance target of 50% for main products was set for the Titan system. This KPI started the year with a baseline of 32% and ends off with 43%. Growth experienced was due to strong uptakes of deciduous fruit with citrus fruit lagging.
EFFICIENT SERVICE DELIVERY	Number of activity points interfacing with the PPECB mobile technology platform*	800	500	552	600	563	700	601	800	854	There was a strong focus on moving clients onto Titan which contributed to the increase in activity points. Success was achieved primarily on deciduous fruit.

PROGRAMME 3 FOOD SAFETY SERVICES

PERFORMANCE PROGRESS PER QUARTER 2017/18											
Output (KPA)	Indicator (KPI)	Annual Target 17/18	Q1 Apr-Jun 17		Q2 Jul-Sep 17		Q3 Oct-Dec 17		Q4 Jan-Mar 18		Comments
			Target	Progress	Target	Progress	Target	Progress	Target	Progress	
FOOD SAFETY ASSURANCE	Number of samples analysed using accredited methods*	22000	5500	5307	13200	11941	17600	17427	22000	23887	Statutory and commercial groundnut volumes have consistently increased throughout the year, as have dried fruits. Since the suspension of the DAFF laboratory (South), export maize samples have been directed to the PPECB laboratory. These volumes were not budgeted for but added to the income stream. A significant increase in the number of fresh fruits has been observed since the expansion of MRL services. However, a significant decrease in the dairy sample volumes has been observed.
	Number of food safety audits conducted*	750	180	118	430	362	590	529	750	906	Ended on 156 audits above the annual target, mainly due to raisin drying facility audits and the SAMSA ad hoc audits. The SAMSA ad hoc audits were not counted the previous financial year as part of the KPI.

PROGRAMME 4 TRANSFORMATION AND DEVELOPMENT SERVICES

PERFORMANCE PROGRESS PER QUARTER 2017/18											
Output (KPA)	Indicator (KPI)	Annual Target 17/18	Q1 Apr-Jun 17		Q2 Jul-Sep 17		Q3 Oct-Dec 17		Q4 Jan-Mar 18		Comments
			Target	Progress	Target	Progress	Target	Progress	Target	Progress	
CAPACITY BUILDING	Number of students graduated through the AETP programme annually	35	0	0	0	0	0	0	35	35	All students' portfolios have been assessed and moderated and have been found competent. Awaiting certificates from AgriSETA.
	Number of smallholder farmers trained*	150	70	40	100	44	125	132	150	167	Training was conducted for a co-operative in Q4 leading to higher attendance numbers due to the number of farmers in the co-operative.
COMPETENT STAFF	Percentage of operational staff verified as competent on their technical skills	90%	85%	81%	87%	82%	89%	88%	90%	91%	Across the seven products and 12 cold chain competency streams a total of 1 405 competencies were identified of which 1 284 have been found competent.
MARKET ACCESS	Number of smallholder farmers certified for export*	10	1	2	5	5	8	9	10	20	Eleven farmers from a co-operative obtained certification in Q4 leading to higher-than-expected certifications for the year as a whole.

* These targets are cumulative

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GLOSSARY OF
ACRONYMS & ABBREVIATIONS

AETP	Agricultural Export Technologist Programme	GLOBAL GAP	Global Good Agricultural Practices	NGP	National Growth Path
APAP	Agricultural Policy Action Plan	HACCP	Hazard Analysis and Critical Control Point	NPE	National Public Entities
APHIS	Animal and Plant Health Inspection Services of USDA	HPLC	High Performance Liquid Chromatography	NQF	National Qualification Framework
APS	Agricultural Product Standards Act	ICT	Information and Communication's Technology	PAIA	Promotion of Access to Information Act
ARC	Agricultural Research Council	IPAP	Industrial Policy Action Plan	PFMA	Public Finance Management Act
B-BBEE	Broad-Based Black Economic Empowerment	ISO	International Standard Organisation	POPI	Protection of Personal Information Act
BRC	British Retail Consortium	KPA	Key Performance Areas	PPECB	Perishable Products Export Control Board
BRICS	Brazil Russia India China South Africa	KPI	Key Performance Indicator	RISCO	Risk Management Committee
CAPEX	Capital Expenditure	LEAF	Linking Environment and Farming	S&T SAGAP	Subsistence & Travel South Africa Good Agricultural Practices
CBS	Citrus Black Spot	MAFF	Ministry of Agriculture, Forestry and Fisheries (Japan)	SLA	Service Level Agreement
CPI	Consumer Price Index	MANCO	Management Committee	SO	Strategic Objective
CPUT	Cape Peninsula University of Technology	MRL	Maximum Residue Level	SOE	Stated-Owned Enterprises
CRI	Citrus Research Institute	MTEF	Medium Term Expenditure Framework	SOP	Standard Operating Procedure
DAFF	Department of Agriculture, Forestry and Fisheries	MTSF	Medium Term Strategic Framework	UPLC	Ultra-High Performance Liquid Chromatography
EC	European Community	NAMC	National Agricultural Marketing Council	USDA	United States Department of Agriculture
EU	European Union	NDP	National Development Plan		
EXCO	Executive Management Committee	NGO	Non-Governmental Organisation		
FCM	False Codling Moth				
FSTS	Food Safety and Technical Services				



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