

National Agricultural Marketing Council

Mrs N Msimang – Chairperson - NAMC

Mr TR Ramabulana – CEO

Mrs S Muvhulawa - CFO

This Presentation will cover the following:

- NAMC budget : R32 million
 - Industries collecting statutory measures :
R256 million
 - 14 Agricultural trusts : R1.7 million
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STRATEGIC PLAN | NAMC BUSINESS ETHICS

Strategic Objective 1:

Increasing market access for all market participants

Strategic Objective 2:

Promotion of efficiency in the marketing of agricultural products

Strategic Objective 3:

Optimisation of export earnings from agricultural products

Strategic Objective 4:

Enhancement of the viability of the agricultural sector

COMPOSITION OF THE COUNCIL

- The MAP Act, No 47 of 1996 provides guidelines for the composition of the Council.
- Appointed by the Minister for the Department of Agriculture Forestry & Fisheries.
- The Council is composed of ten (10) members.

COUNCIL

NAMES	NO. OF MEETINGS	NO. OF MEETINGS ATTENDED	MEETINGS NOT ATTENDED
Ms N Msimang (Chairperson)	5	5	-
Dr M Karaan (Vice-Chairperson)	5	2	3
Ms M Gill	5	4	1
Prof JF Kirsten	5	3	2
Ms M Manny	5	4	1
Ms C Molo	5	5	-
Mr D Montshwe	5	5	-
Ms SE Moolman	5	5	-
Prof HD van Schalkwyk (resigned)	5	3	2
Mr AD Young	5	4	1

COMMITTEES OF COUNCIL

In terms of Section 7(1) of the MAPA, no. 47 of 1996, the Council may appoint one or more committees to advise the Council or to perform such of the Council's functions as the Council may entrust to it.

Council has established the following sub-committees:

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

AUDIT & RISK COMMITTEE

MEMBERS	ROLE
Mr P Slack (Chairperson) (Appointed July 2009)	Independent Member
Mr R Matlou	Independent Member
Ms M Moja	Independent Member
Prof HD van Schalkwyk	Council member
Ms M Gill	Council member
Mr TR Ramabulana	Chief Executive Officer
Ms M Muvhulawa (Appointed 1 January 2010)	Chief Financial Officer
Mr A Rampershad (Resigned 1 August 2009)	Chief Financial Officer
Ms K Mahlati (From 1 September 2009 to 31 December 2009)	Acting Chief Financial Officer
Ms V Nkobi (Appointed 1 October 2009)	Human Resources Manager
Ms MJ Sethu (Resigned as HR Manager on 30 September 2009)	Administrative/Human Resources Manager

HUMAN RESOURCES & REMUNERATION COMMITTEE

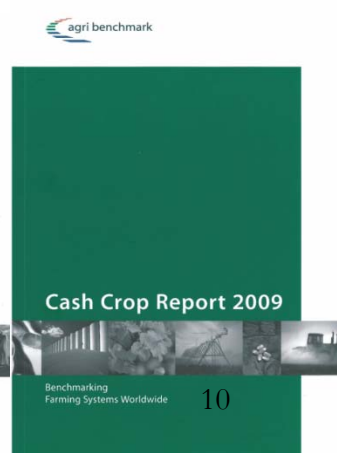
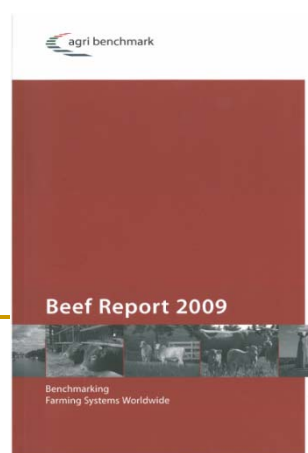
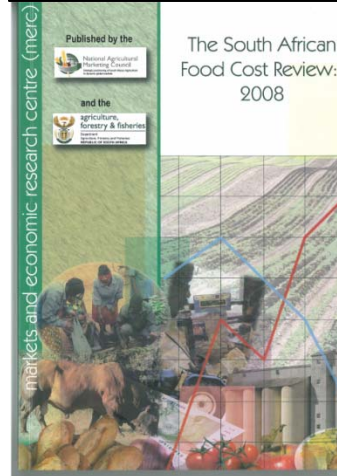
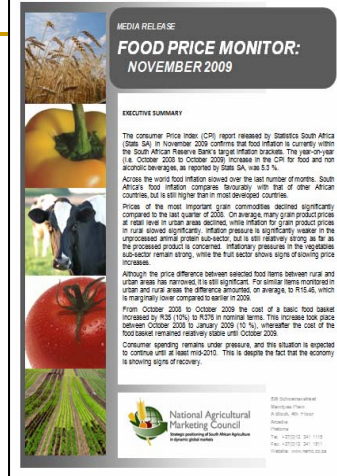
MEMBERS	ROLE
Mr AD Young	Council Member
Ms SE Moolman	Council Member
Ms M Mannya	Council Member
Mr TR Ramabulana	Chief Executive Officer
Ms MJ Sethu (Resigned as HR Manager on 30 September 2009)	Administrative/Human Resources Manager
Ms V Nkobi (Appointed 1 October 2009)	Human Resources Manager

MANAGEMENT COMMITTEE

MEMBERS	PORTFOLIO
Mr TR Ramabulana	Chief Executive Officer
Mr A Rampershad (Resigned 1 August 2009)	Chief Financial Officer
Ms K Mahlata (From 1 September 2009 to 31 December 2009)	Acting Chief Financial Officer
Ms M Muvhulawa (Appointed 1 January 2010)	Chief Financial Officer
Prof A Jooste	Senior Manager : Markets & Economic Research Centre
Mr IS Burger	Senior Manager : Statutory Measures
Mr HT Mohane	Senior Manager : Agribusiness Development
Ms MJ Sethu (Resigned as HR Manager on 30 September 2009)	Senior Manager : Administrative/Human Resources Manager
Ms V Nkobi (Appointed 1 October 2009)	Senior Manager : Human Resources Manager
Mr ZW Xalisa (Appointed 1 August 2009)	Senior Manager : Agricultural Trusts
Mr G Dlamini (Resigned July 2009)	Senior Manager : Agricultural Trusts

MERC focus area: Information Knowledge Management (IKM)

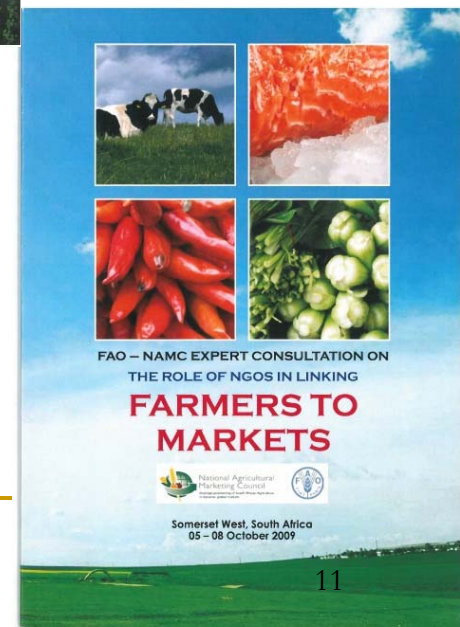
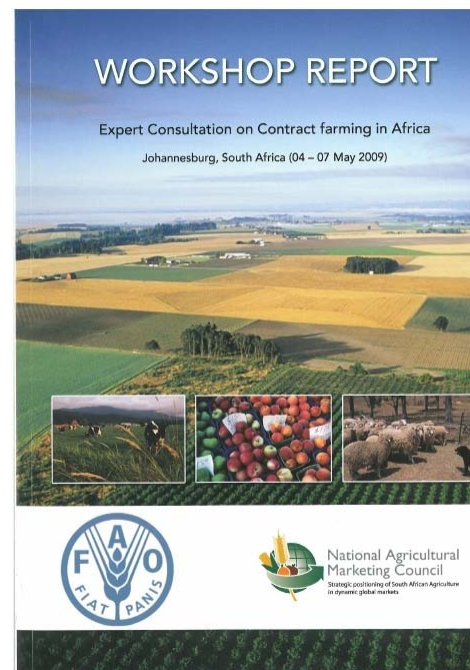
- **Quarterly Urban and Rural Food Price Monitoring**
 - Collaborate DAFF and Stats SA
- **Annual Food Cost Review**
 - Emanating from the recommendations by the Food Pricing Monitoring Committee in 2003
- **Input cost monitoring (4 reports)**
 - Agric sector stakeholders mandated NAMC in 2006 to coordinate input cost monitoring on behalf of the entire agricultural industry
- **agribenchmark**
 - Local and international collaboration since 2007
 - Benchmarking of local cash crop and beef sub-sector



UPDATE: TRENDS IN SELECTED AGRICULTURAL INPUT PRICES
July 2009

MERC focus areas: Linking farmers to markets

- **Focussed investigations, e.g.**
 - Assessment of Contractual Agreement for Agricultural Market in SA: A Smallholders' Perspective
- **Collaborative activities, e.g.**
 - FAO workshops and reports
- **Research in action, e.g.**
 - Export certification of smallholders
- **Linking Farmers to Markets reference group, e.g.**
 - Tugela Ferry veg. project, Eastern cape
red meat project



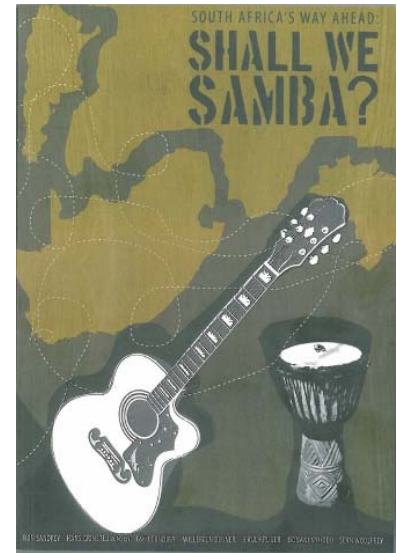
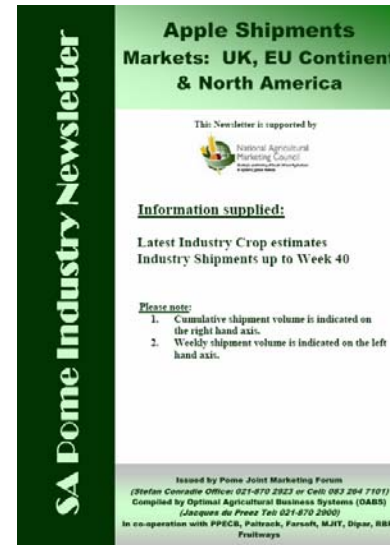
MERC focus area: Trade

- 11 *TradeProbes* published
 - Create knowledge of trade-related topics by discussing/reporting trade statistics, inviting perspectives from people working in related sectors, reporting on trade-related research and stimulating debate.
- Seasonal publication on Fruit Trade Flows
- Product profiles
 - Show global and SA trade
- Trade studies, e.g.
 - India Market Study
 - South Africa's way ahead: Shall we Samba?
 - Country market study: Saudi Arabia
- Collaboration, e.g. ITAC



INTERNATIONAL TradeProbe

No. 22, November 2009



- Export promotion activities
 - Singapore, Malaysia, Hong Kong
- Trade Reference Group
 - Workshops, Geek Weeks

MERC focus area: Mapping and understanding value chains

■ Sub-sector studies, e.g.

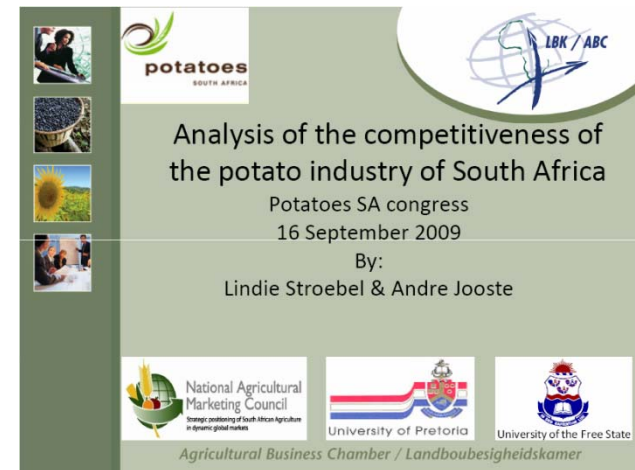
- ❑ The impact of market power and the dominance of supermarkets on agricultural producers in South Africa: A case study of the South African dairy industry.
- ❑ The impact of the Namibian Small Stock Marketing Scheme on South Africa.
- ❑ The comparative advantage of the primary potato industry. The NAMC also participated in a broader study on the factors affecting the competitiveness of the potato industry.
- ❑ The functioning of the agricultural futures market for grains and oilseeds.
- ❑ Investigation into Farmer Controlled Businesses in South Africa: options and lessons learned.

■ Section 7 Committee Reports, e.g.

- ❑ Investigation into the Wheat to Bread value chain

■ Agro-food chain reference group, e.g.

- ❑ Workshops, mini symposiums



STATUTORY MEASURES DIVISION : HIGHLIGHTS AND CHALLENGES

■ Highlights

- More and more industries apply for statutory measures – the latest was the mango industry
- Current statutory levies is only 0.5 % of the production value of levied agricultural products at the first point of sale

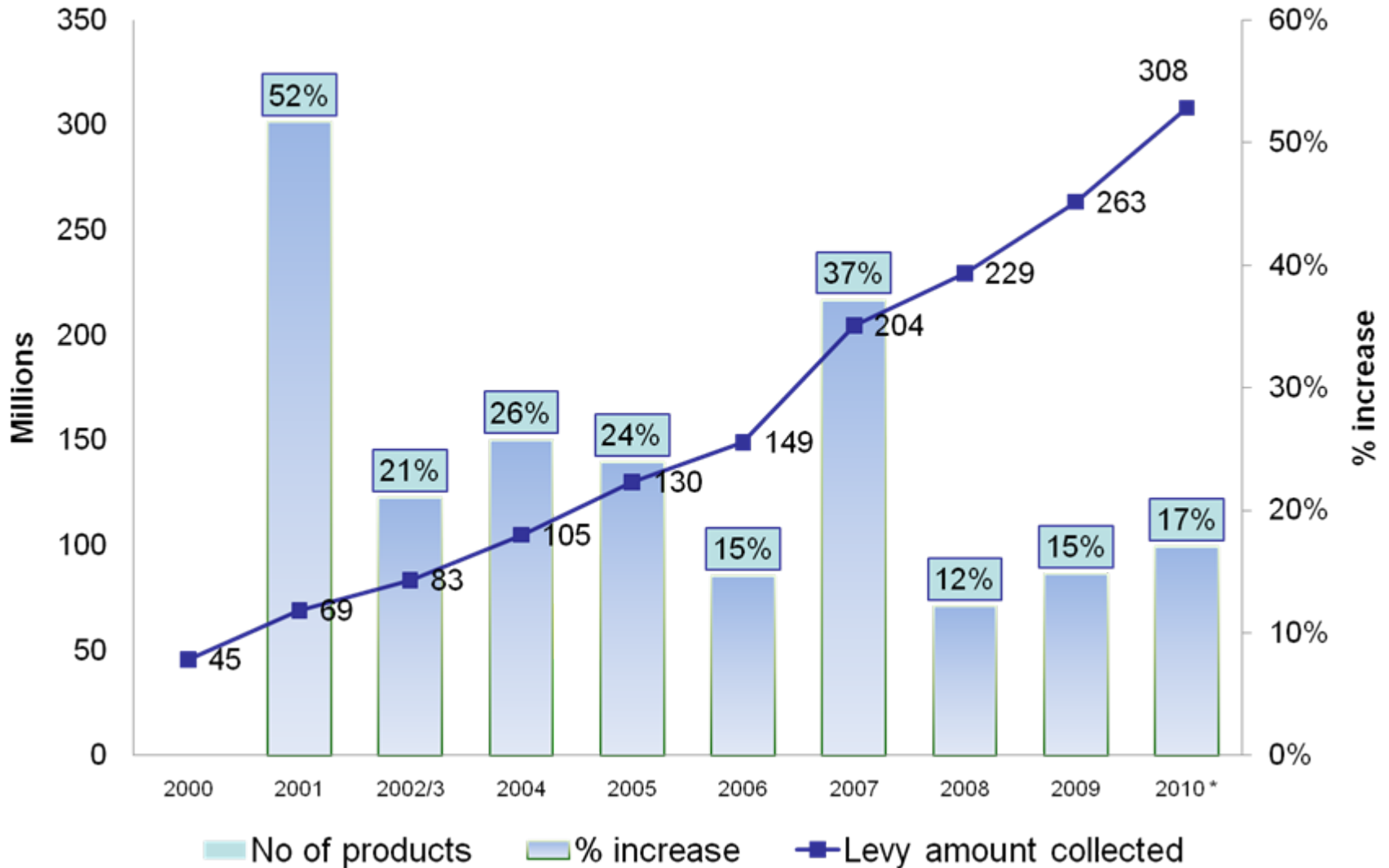
■ Challenges

- In the case of the continuation of statutory measures - to get new statutory measures promulgated before the existing measures lapse
- To ensure that industries spend 20 % of levy income on transformation
- To ensure that the market share of black role-players in the production of agricultural products, increase on a continuous basis

AGRICULTURAL PRODUCTS SUBJECTED TO STATUTORY MEASURES

	Statutory levies	Registration Records and Returns	No statutory measures	Total
	R ' million	R ' million	R ' million	R ' million
Field crops	6 033	25 032	5 489	36 554
Horticulture	21 211		11 241	32 452
Animal products	57 455	1 283	2 924	61 662
Sub-total	84 699	26 315	19 654	130 668
Agricultural sector	64.8%	20.1%	15.1%	100

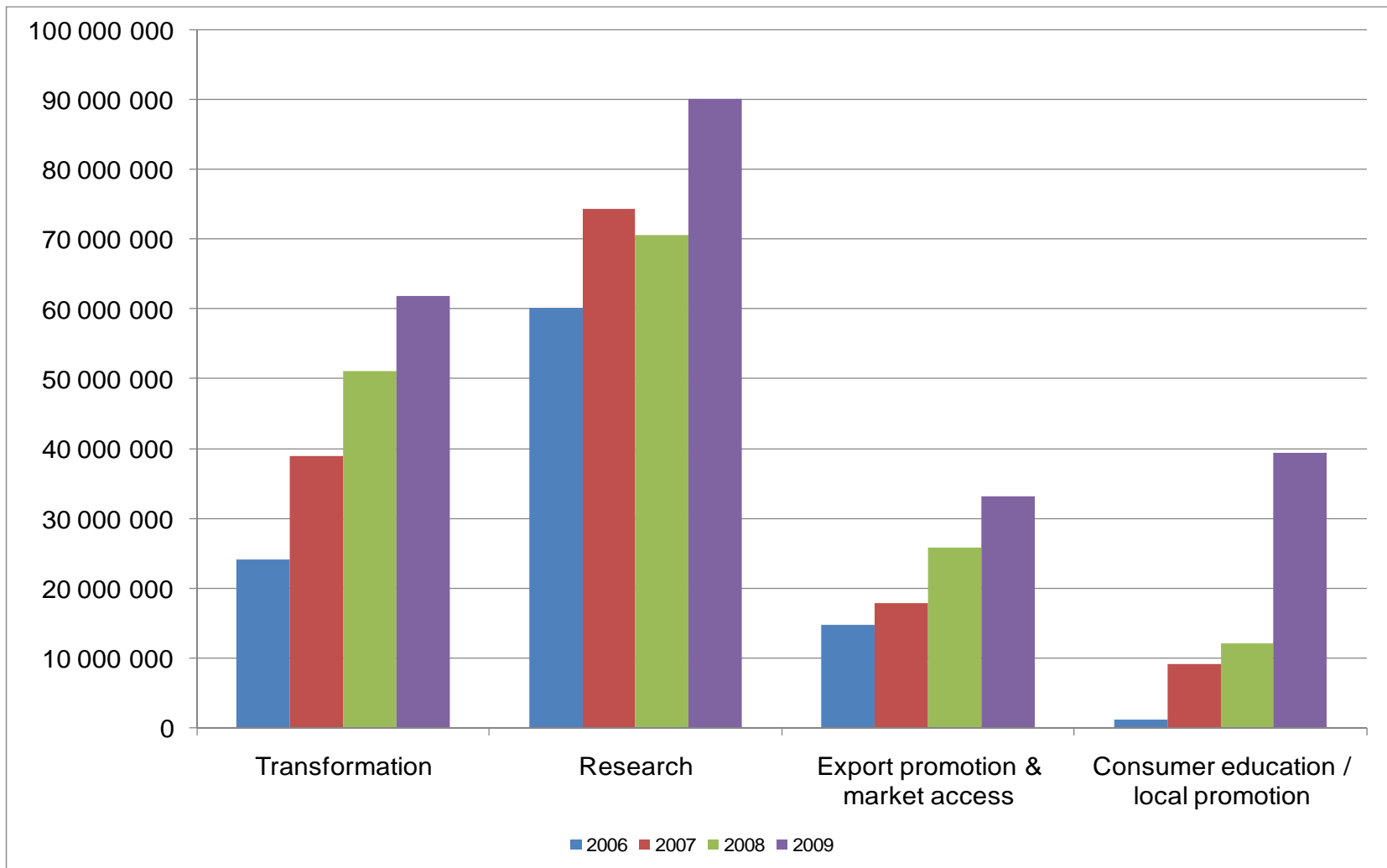
Levies collected 2000 - 2009



FUNCTIONS FINANCED THROUGH STATUTORY LEVIES - 2009 SURVEY

Functions	Amount spent R	Percentage of total levy expenditure %
Administration	16 759 976	6
Transformation	61 832 155	22
Export Promotion	33 114 219	12
Research	90 169 729	33
Information	24 264 856	9
Production development	2 832 839	1
Plant improvement	2 658 981	1
Local promotion	39 319 855	14
Quality control	5 924 738	2
TOTAL	276 877 338	100

STATUTORY MEASURES FUNCTIONS



TRAINING

- During the 2009/2010 financial year the NAMC supported 110 emerging producers on various training programmes
 - **Below are some of the highlights**
 - AgriBiz Training course for Women
 - A three day training course was hosted for 32 women entrepreneurs
 - The objective of the course was to capacitate women entrepreneurs through marketing, financial and strategic management to assist them to built successful and thriving businesses.
 - Making Markets Matter Training Course
 - The NAMC in collaboration with industries supported 15 agribusinesses to attend an intensive 5 day business development training workshop, which was also attend by over 70 African agribusinesses,
 - Global-Gap Training
 - The NAMC in collaboration with PPECB trained 26 emerging fruit farmers on Global-Gap standards requirements
-

LINKING FARMERS TO MARKETS: TUGELA FERRY (MSINGA) IRRIGATION SCHEME FARMERS: NAMC PROJECT

Demographics (Beneficiaries):

- 2000 small-scale farmers in the Tugela Ferry (Msinga) in KZN (1400 women & 600 men)
- These farmers have secure tenure to irrigated (uThukela river) land
- Produce a variety of products, mainly tomatoes, butternuts, cabbages and maize

Challenge(s)

Envisaged Solution(s)

Objective 1: Migration of small-scale farmers from the informal (second) to the formal (first) economy(Linking the farmers to formal markets)

- Many farmers producing the same produce and marketing locally (informal)
- Lack of business acumen

- Planned production and identified marketing channels.
- Basic record and bookkeeping training has been offered to 40 farmers (38 female)

Objective 2: Improved rural livelihoods and poverty alleviation

Msinga one of the poorest areas in SA

Linking farmers to lucrative markets - Using agricultural markets as an exist out of poverty for participants

LINKING FARMERS TO MARKETS: TUGELA FERRY (MSINGA) IRRIGATION SCHEME FARMERS: NAMC PROJECT

Challenge(s)	Envisaged Solution(s)
<p>Objective 3: Creation of a vibrant, viable irrigated vegetable production and market links (input and output) through the establishment of multi-facet stakeholder forum and market linkages</p>	
<ul style="list-style-type: none">•Farmers not well-organised•Inconsistent supply (quality and quantity)	<ul style="list-style-type: none">•Help farmers to be better organised - quantity and economies of scale issues (co-ops, etc)•Help farmers to certified (quality); Address post-harvest quality issues through collaboration with Stellenbosch University

VINEYARD DEVELOPMENT SCHEMES

- NAMC and role players within the wine industry completed the design of the vineyard development scheme
 - The designed is completed and the NAMC, Department of Agriculture in the Northern Cape and Free State have started with the implementation
 - The following projects in the Northern Cape and Free state have are being supported under the scheme to produce efficiently
 - **Realeboga Farm** – the farm is owned by 5 beneficiaries producing 46 ha of grapes
 - **Blocuso Trust** – the size of the farm is 216, but only 18 ha is under production with wine grapes. There are 466 beneficiaries
 - **Sanddraai Farm** - this is an equity scheme where 58 beneficiaries owned 75%. The farm has 11 ha under wine grapes
 - **Boitumelo** – the farm has 7 beneficiaries and has 25 ha under wine grapes
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EASTERN CAPE RED MEAT PROJECT

■ Objective:

- to increase income earned by developing farmers from raising cattle, through greater, more beneficial participation in formal and informal red meat markets

■ Activities:

- building farmers' understanding of structure, operation, requirements of formal markets
 - broadening, deepening and reducing distance to markets in developing farming areas by
 - (re-)establishing auction pens;
 - 'custom feeding programmes' (CFPs)/feedlots (farmers pay feed+veterinary costs)
-

EASTERN CAPE RED MEAT PROJECT (cont)

- ❑ training, practical assistance to reshape herd age/gender/genetic composition in order to begin to increase calving rate/quality weaner production
- **Achievements:**
 - ❑ auctions: +/-R5m earned from sale of +/-1 650 animals on 50+ auctions since 2005; at most recent auction (Fort Cox College) 50% of animals on offer were weaners – 93% sold at average R14,06/kg (live)
 - ❑ CFPs/feedlots: 3 operating (Mount Frere, Fort Cox, Ngqushwa); +/-350 animals marketed since 2008; capacity 40-80 animals; demand to enter animals now greater than capacity; farmers in 22 local municipalities have asked for help to set up CFPs
 - ❑ ave. net carcass price at abattoirs +/-R3 700; ave. net informal market (live) price +/-R7 500 (mostly older, heavier animals);
 - ❑ attractive marketing channels established for both weaners and older animals should gradually help increase calving rate, weaner marketing, income from livestock production



TRUSTS ASSETS

Trust	Current assets
Maize Trust	R862 million
Mohair Trust	R196 million
Oil and Protein Seed Trust	R177 million
Wool Trust	R205 million
Wine Industry Trust	R140 million
All the other trusts	R204 million
Total	R 1, 784 million



National Agricultural
Marketing Council

Strategic positioning of South African Agriculture
in dynamic global markets

BUDGET

FINANCIAL REPORT

This presentation will cover the following:

- Financial overview
- Statement of Financial Performance
- Performance comparatives
- Expenditure trends per programme
- Overview of the audit report

FINANCIAL OVERVIEW 2009/10

- The NAMC received funding of R28,360 million during 2009/10 financial year, whilst other sponsorship income amounted to R2,007 million. The net interest received from investments amounted to R1,141 million
- The total income for the year was R31,508 million
- Total expenditure amounted to R30,128 million and together with net interest income the resulting surplus amounted to R1,380 million

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR 31 MARCH 2010

	2009/10	2008/09
	R'000	R'000
Revenue	31,508	26,027
Non-exchange revenue	30,367	24,361
Exchange revenue	1,141	1,666
Expenses	30,125	24,717
Administrative expenses	2,544	2,923
Personnel expenditure	15,125	11,610
Other operating expenses	11,954	9,743
Depreciation and amortisation	474	389
Finance cost	28	52
Loss on disposal of fixed assets	(3)	(30)
Surplus for the year	1,380	1,280

PERFORMANCE COMPARATIVES

- The main features and trends highlighted in the statement of financial performance are summarised below:
- Overall, we spent 99,3 % (R28,1m) of the R28,3m of the budget that was allocated

EXPENDITURE TRENDS PER PROGRAMME

Name of Programme	Actual expenditure 2008/09 R'000	Actual expenditure 2009/10 R'000	Variance R'000	Reasons for variances
Finance & Admin	6,293	7,691	1,398	<ul style="list-style-type: none"> • Staff compliment increased with 32 %: 31 – 41 employees. • Leasing additional office space, increase in staff costs, telephone expenses, parking bays and administrative expenses. • Acquisition of fixed assets to the value of R503 000.
Human Resources	3,641	3,105	(536)	<ul style="list-style-type: none"> • Saving of 15 %. These funds were reallocated to other divisions.
Agricultural Trust	622	1,193	571	<ul style="list-style-type: none"> • Expansion of division to assist Statutory Measures division. • Increase in operational expenses: flights, accommodation, conferences etc.
Statutory Measures	1,358	1,432	74	<ul style="list-style-type: none"> • Variance of 5 %.
MERC	5,632	9,351	3,719	<ul style="list-style-type: none"> • Increase in research projects which are focused at creating an environment conducive to improve marketing of agricultural products by improving relations between government and industry business structures. • Increase in operational expenditure: flights, accommodation, conferences etc. • Statistics SA project = R 2 200 000.
Council	1,470	1,182	(288)	<ul style="list-style-type: none"> • Saving of 20 %. The provision made for Council was over estimated.
Total	24,747	30,128	5,381	

AN OVERVIEW OF THE AUDIT FOR 2009/10

Annual Financial Statement audit

- The Auditor-General conducted the audit of the Annual Financial Statements for 2009/10. There were no significant adjustments resulting from the audit for the Report on Predetermined Objectives, no significant findings were identified during the audit, and all the queries raised were clarified and rectified by management
- The overall result of the 2009/10 audit was an unqualified audit report with no matters of emphasis

THANK YOU
