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BRIEF ANALYSIS OF NATIONAL AGRICULTURE MARKETING COUNCIL (NAMC) ANNUAL REPORT, 2005/06

1. Introduction

The document provides an analysis of the 2005/06 Annual Report of the NAMC in order to assess its performance. The performance of the NAMC during the year under review is evaluated in terms of meeting its targets as set out in the strategic plan and budget.

2. Legislative Mandate

The Marketing of Agriculture Products Act, No. 47 of 1996 (amended in 1997 and 2001) provided for the establishment of the NAMC and its mandate is spelled out in the Act.

The role of the NAMC is "to advise the Minister of Agriculture on the application and co-ordination of the agriculture marketing policy in accordance with national economic goals, social and developmental policies and international trends, as well as matters relating to statutory measures affecting the marketing of agriculture products."¹

The objectives of the Act are to:

- Increase market access for all participants.
- Promote the efficiency of the marketing of agriculture products.
- Optimise export earnings from agriculture products.
- Enhance the viability of the agriculture sector.

3. Human Resource Management (HRM)

The measurable objective of HRM is to build capacity within the organisation in order to improve service delivery. This would be achieved through training and development of NAMC members and staff in various skills.²

¹ Source: Agricultural Marketing News, vol. 1 March 2003

² NAMC Business Plan 2005/06: Presentation to the Portfolio Committee on Agriculture and Land Affairs.

The Staff complement of NAMC during the year under review comprised twenty (20) persons and there were ten (10) vacant positions seven (7) of which are for economists. In terms of gender and race the staff component of NAMC is demographically representative. However, the NAMC still has no disabled person in its staff.

4. Programme Performance

NAMC has five key programmes, which are Council, Administration, Horticulture, Field crops, and Livestock.

4.1 Programme 1: Council

The aims of the programme are to:

- Provide leadership to the organisation.
- Provide strategic advice to the Minister on all matters relating to agricultural marketing.
- Act as accounting authority of the NAMC.

The key activities, which the Council performed during the year under review in fulfilling its mandate were:

- Release of the competitiveness study.
- Food price monitoring: NAMC produced Food Cost Review and quarterly food price trends.
- Outreach programme.
- Evaluation of statutory measures in terms of the Act.
- Facilitation of the generic promotion workshop: NAMC held a workshop on 15 August 2005 to give stakeholders an opportunity to present their views on statutory funding for generic promotion.

Outreach Programme

The NAMC planned to visit all nine provinces and hold four workshops in each with a view to reach 36 000 farmers by 31 March 2006.³ However, towards the end of 2005 the NAMC restructured and the outreach programme was cancelled from the NAMC activities. This had an impact on the target that was set, as result only 21 workshops were conducted in five provinces.⁴

The Council achieved most of its other targets for 2005/06 except the number of Ministerial enquiries and Management Committee meetings held. The Council only had 4 Ministerial inquiries instead of the targeted 21. It had 44 Management Committee meetings instead of the targeted 46.

³NAMC Business Plan 2005/06

⁴NAMC Annual Report, 2005/06

4.2. Programme 3: Horticulture

The measurable objective is to have an understanding of the constraints and opportunities with regard to market access for subtropical fruit, citrus, sugar, flower, fresh produce, deciduous fruit, canning fruit, dried fruit and wine industries particularly for emerging farmers.

The following statutory measures were undertaken during the period under review:

- **Potatoes:** request for the appointment of Inspectors. Report had been submitted to the Minister.
- **Potatoes:** request for amendment of certain Government Gazette Notices relating to statutory measures in the potato industry. Investigation completed and report had been submitted to the Minister.
- **Wine:** Request for introduction of statutory measures in the wine industry. Submission sent to the Minister.

4.3. Programme 4: Field Crops

The following statutory measure investigations were undertaken during the period under review:

- **Sorghum:** Request for the implementation of a new four-year period statutory levy on sorghum.
- **Grains:** Request for continuation of statutory measures for maize, winter cereals, sorghum and oil seeds.
- **Cotton:** Request for amendment of statutory measures (levies) on cotton.
- **Maize:** Request for the amendment of statutory measures on maize.
- **Winter cereals:** Request for the implementation of a new four-year period of statutory measures on winter cereals.
- **Cotton:** Request for continuation of statutory measures for cotton.

4.4. Programme 5: Livestock

The following statutory measure investigations in the livestock section were undertaken during the period under review:

- **Dairy:** New statutory measures for dairy industry were approved by the Minister and were then published in the Government Gazette of 23 December 2005.
- **Red Meat:** Statutory levies on red meat were approved. The Red meat levy was the first one that was approved subject to the condition that 20% of the levy income should be used for transformation purpose.

In addition to the above activities the Council appointed a Section 7 Committee to discuss assistance for emerging cattle producers to increase their marketing share on the marketing of beef products.

5. Auditor General's Report

The Auditor General issued an unqualified report.

6. Financial Performance

6.1. Income and Expenditure

	2005/06	2004/05 000
Transfer from Department of Agriculture	R 12,163,000	R 10,601,000
Other Income	R 1,879,000	R 561,000
Total Income	R 14,042,000	R 11,162,000
Actual Expenditure	R 14,109,000	R 9,400,000
Spending as a %	100.5%	84.2%
Over/unspent Funds	-R 67,000	R 1,762,000
Over/unspent Funds as a %	-0.5%	18.7%

The table above shows that the NAMC has overspent its funding by 0.5% in the year under review while it underspent its budget by 18.7% in the previous financial year. This implies that the NAMC has improved on its spending capacity and there might be a need to increase its budget.

7. Comments/Questions

- The report in many parts look similar to the annual report of the previous financial year (with changes in figures and list of activities undertaken). Information under programme 2: Administration is exactly the same as in 2004/05 annual report.
- It is a concern that there were 7 vacancies for economists by March 2006, who are very critical for the work of the NAMC. This should have negative impact on service delivery. What steps have been taken or are going to be taken to fill these vacancies?
- There is some inconsistency in reporting because the staff complement of the NAMC in 2005/06 was 20 but table 3 on page 22 of the report indicates the total number of employees as 29. The NAMC should provide clarity on this.
- The Council had lesser meetings and conducted lesser workshops in year under review compared previous financial year. Did this have a negative impact on the performance of the NAMC in 2005/06 financial year?

- In the tables for emoluments for Council Members and senior management on page 66 there is a column for other payment, which represent significant amounts. What does the other payment include?
 - The Chief Executive Officer (CEO) joined in October 2005 but was able to get a performance bonus of R19, 166.67 within 5 months. What is the NAMC policy on Performance bonus?
 - The NAMC has overspent its budget by 0.5% during the period under review. Does this imply a need to increase the budget of the NAMC and to what amount?
 - What is the impact of imports on farmers in South Africa? (especially from countries where farmers are subsidised? Would the NAMC consider advising the Minister to introduce subsidies for South African farmers so that they can compete effectively at the international market?
 - In the State of the Nation Address of February 2005, which set government objectives for 2005/06, the President emphasise the need for interventions in the Second Economy. What kind of interventions has the NAMC undertaken during the year under review to increase the access to market for emerging farmers?
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Sources

Agricultural Marketing News, vol. 1 March 2003

Mbeki, T. State of the Nation Address, 11 February 2005

NAMC Business Plan 2005/06: Presentation to the Portfolio Committee on Agriculture and Land Affairs.

NAMC Annual Report, 2004/05

NAMC Annual Report, 2005/06