

# BOARD REPORT

## 1. Introduction

In terms of the Perishable Products Export Control Act (Act No. 9 of 1983) (PPEC Act) and the Public Finance Management Act (Act No. 1 of 1999) (PFMA) this report addresses the performance of the Perishable Products Export Control Board (PPECB) and its relevant compliance with statutory requirements.

In the opinion of the PPECB 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 2016 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 2016.

## 2. Our statutory basis

As a national public entity, the PPECB is constituted and mandated in terms of the PPEC Act (Act No. 9 of 1983) 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 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 No. 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 that of the EU inspection bodies and therefore ensures less frequent checks at the port of import into the EU.

## 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
- Collaboration

## 5. Board

The constitution of the Board is prescribed by the PPEC Act which requires that nine and a maximum of ten members be appointed by the Executive Authority. As at the date of this report, there were nine Board members of whom all were non-executive members.

Name	Industry
Ms J Atwood-Palm	Fruit and Vegetable Canning
Ms C Engelbrecht	Citrus
Ms L Kutta	Citrus
Dr M Mashaba	Deciduous
Mr A Petersen	Other Products
Mr A Rabe	Deciduous
Ms E Scholtz	Table Grapes
Mr W Steenkamp	Ministerial Representative
Mr D Westcott	Subtropical

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

## 6. Board meetings

The Board meets at least four times per annum, or as circumstances necessitate. During the period under review, the Board met four times and a Board Workshop also took place to discuss strategic matters. 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 Executive Committee and approved by the Chief Executive Officer to ensure completeness and relevance.

## 7. Changes in executives

Mr Lucien Jansen was appointed as the Chief Executive Officer on 1 July 2015 and Ms Yanesh Ramiah as the Chief Information Officer on 1 November 2015.

## BOARD REPORT (CONTINUED)

### 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 R1.8 million (2015: deficit of R10.9 million) for the year ended March 2016. The financial review provides further details regarding financial performance.

### 10. Financial statements

The Board and the Executive Committee confirm 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 48 to 70 have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) and the PFMA.

They are based on appropriate accounting policies and are supported by reasonable and prudent judgements 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 43 and 44.

### 11. Going concern

The Board reviewed and approved the PPECB's financial budgets for the period 1 April 2016 to 31 March 2017 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 plans, together with associated budgets, are 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 identified the cost of doing business, financial performance of the laboratory and the retention of core technical skills as some of its biggest challenges. 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 bar one.

### 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 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 395 (2015: 392) permanent employees and 51 (2015: 32) fixed-term contract workers as at 31 March 2016.

### 18. Events subsequent to reporting date

The Board members are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements that 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 No. 9 of 1983) and the Agricultural Product Standards Act (Act No. 119 of 1990).

The Board believe 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 No. 1 of 1999), the Treasury Regulations and the Income Tax Act (Act No. 58 of 1962).

## 20. Auditors

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

