

CHAIRPERSON'S FOREWORD



IT IS MY PLEASURE TO PRESENT THE 2015/2016 ANNUAL REPORT OF THE PERISHABLE PRODUCTS EXPORT CONTROL BOARD (PPECB). THE PERIOD UNDER REVIEW REMAINED CHALLENGING FOR THE AGRICULTURAL SECTOR AND THE FRESH PRODUCE INDUSTRY

The extended local drought conditions that we have experienced have exacerbated the negative impact on producers, the agricultural sector and food security.

The global economy continues to be in turmoil, with interest rates on the rise in the United States, and headline inflation, core inflation and consumer prices remaining depressed in Europe. The latest Chinese trade data thankfully showed signs of improvement, despite the latest market turmoil. The South African economy was negatively impacted by the global economic slowdown with our growth rate predicted to be as low as 1%, and interest rates on an increase cycle to stem inflationary pressures. There has also been a call by the Treasury for financial prudence by State-Owned Enterprises and Agencies.

The PPECB Board and management took proactive steps to prepare for the instability and have responded well to the global and industry vagaries by delivering more than adequately on their core performance mandate.

IT'S ABOUT CLEAR STRATEGY

The PPECB, as a national public entity and as custodian of the country's perishable produce exports standards, supports Government's priorities and the National Development Plan (NDP) of employment creation, promoting food security and economic growth by focusing on the organisation's core mandate and vision of enabling its customers to become the preferred suppliers of perishable products worldwide.

This requires a fine balance between containing its cost base and simultaneously investing sufficiently in human capital, infrastructure and systems to ensure that services are delivered efficiently and cost effectively to all stakeholders.

IT'S ABOUT PEOPLE AND CULTURE

The focal point at the PPECB over the last three years has been on corporate culture change: shifting from an internally-focused bureaucracy to a customer-focused, business-orientated culture that excels at responding quickly and appropriately to customer requirements; developing a total service culture across all areas of the business, supported by processes that enable interaction between the PPECB and its customers to exceed their expectations; and building mutually beneficial relationships based on integrity, ethical behaviour and trust.

The PPECB was refocused to ensure that it enables and appoints the right people to execute the agreed Board approved strategy. A new Chief Executive Officer, Lucien Jansen, was appointed in July 2015, after the resignation of Stuart Symington.

IT'S ABOUT EXECUTION

The Board has acknowledged that in order for the PPECB to execute and roll out its approved strategic plan and mandate and to be able to respond appropriately to the needs of its customers, it is necessary for the organisation's ageing ICT (Information and Communications Technology) systems and processes to be more integrated and streamlined. Thus the Board has approved further capital and human resources expenditure to go towards updating the current ICT infrastructure. Project Titan – where inspectors are doing away with outdated clipboards and moving onto tablet technology – continues to grow and has already assisted in enhancing the industry's effectiveness and competitiveness.

IT'S ABOUT LEADERSHIP

The PPECB Board has resolved to play a leadership role and focus on ensuring that key strategic operational issues are

tackled through innovation, collaboration and partnerships with sister entities, clients, the private sector and developmental organisations where relevant. This strategy paid dividends and the looming citrus ban threat by the European Union Authorities for the Citrus Black Spot (CBS) fungus has been averted, with all the role players joining forces to ensure minimal interceptions and compliance with revised protocols.

Another challenge was the Laboratory. After the Board and management reviewed the Laboratory's strategy and obtained input from stakeholders and industry experts on crafting a revised strategy and vision, I am pleased to report that the Board has approved significant capital expenditure in order to support the Laboratory in optimising the endless opportunities in the marketplace. Significant cost-saving measures were also implemented which have assisted in the financial performance of the Laboratory.

IT'S ABOUT GOVERNANCE

The two Acts governing the PPECB – the Agricultural Products Standards Act and the Perishable Products Export Control Act – that will give it the opportunity to move to a more risk-based inspection methodology, are currently out for public comment and the organisation remains hopeful that they will soon be promulgated.

The PPECB complies with the Public Finance Management Act (PFMA) and the relevant corporate governance provisions expected of it as a national public entity. The Board has ensured that the PPECB remains financially sustainable in this unsteady agricultural economic environment.

The planned deficit for 2015/2016 has been significantly eradicated despite the negative trading conditions. This was mainly due to the cost-saving measures approved by the Board and implemented by management. For the period under review, the PPECB has again received an unqualified audit report.

The PPECB appointed the Institute of Directors of South Africa (IOD) to facilitate its Accounting Authority (AA) appraisal process. The appraisal revealed that the AA (PPECB Board) has significantly more areas that are viewed as performing well and should be complimented for this with the AA receiving an average overall score of 3.5, which is significantly above the benchmark of similar public entities.

IT'S ABOUT TRANSFORMATION

During the Board's last strategic review session it was resolved that transformation will be added as a strategic pillar and

programme in the PPECB and that existing transformation programmes will be enhanced. These programmes assist resource-poor farmers to become export ready, and train newcomers to agriculture (with a focus on youth and women). The organisation's collaborative partnerships will help to strengthen these initiatives as well as assist with efforts to transform the agricultural industry.

I wish to extend thanks to the Honourable Minister Senzeni Zokwana, the Portfolio Committee on Agriculture, Forestry and Fisheries, the team at the Department of Agriculture, Forestry and Fisheries (DAFF), and the organisation's clients for their continued support and assistance during the period under review.

I would furthermore like to thank the Board, whose term of office will expire at the end of August 2016, for their unwavering support and dedication in ensuring that they leave an excellent platform for the new Board to build on. All that remains for me to do is to extend my gratitude to the staff and management at the PPECB for their commitment and drive to ensure that the PPECB delivers on its mandate even during difficult times.

ANGELO PETERSEN

Chairperson, the PPECB