

# CHAIRPERSON'S FOREWORD



**It gives me pleasure to present the annual report of the Perishable Products Export Control Board (PPECB) for the 2021/22 financial year.**

The PPECB continues to provide an outstanding service to its clients in the fresh produce agricultural sector. For this, I must thank our loyal and diligent staff who have stuck to their task, despite the numerous challenges faced, like the pandemic, the unrest in KwaZulu-Natal and Gauteng and other obstacles. The PPECB, through these efforts, has continued to provide a world-class service to its clients, thereby enhancing the credibility of the South African export certificate and supporting the export competitiveness of South Africa's perishable product industries.

Due to the current tough economic environment, climate variability, the lack of international market access and growing competition from especially Latin America, the agricultural sector finds itself in a difficult place. The sharp rise in input costs, including fuel, fertiliser, and electricity (including loadshedding), puts one of the best performing sectors in our economy at great risk. This, together with the deteriorating road and rail infrastructure and the problems with our ports, does not bode well for agricultural exports. To this end, the PPECB has been collaborating with port authorities and service providers in Maputo,

and the first set of refrigerated containers for this season has been shipped from the Maputo port.

Despite these setbacks, the agricultural sector was the best performing sector of the economy in Quarter 4 of 2021.

Compared to 2020, agriculture in 2021 recorded the second-best growth behind mining.

The fourth quarter of 2021 was upbeat, with personal services, trade, manufacturing and agriculture driving growth. An increase in the demand for goods and services drove the expenditure side of the economy, with exports and household expenditure the most significant contributors to growth.

Despite these positive figures, real GDP has yet to recover to the level recorded in the second quarter of 2021, before civil unrest and stricter lockdown restrictions shook the economy in the third quarter.

Real GDP continues to lag pre-pandemic levels, with economic activity on par with the third quarter of 2017. The economy is 1.8% smaller than it was in the first quarter of 2020.

**CLIVE GARRETT**  
Chairperson, the PPECB

## LEGISLATION: PPEC ACT AND OTHER CHALLENGES

From a legislative point of view, it appears that the long-awaited the Perishable Products Export Control Bill (PPEC Bill) might have to revert to an amendment of the old Perishable Products Export Control Act No. 9 of 1983 (PPEC Act) instead of a new act being tabled. Further clarification in this regard is awaited.

The effect of the European Commission's (EC's) restriction on the importation of citrus (oranges) due to Citrus Black Spot (CBS) and False Codling Moth (FCM) from South Africa unless certain phytosanitary conditions are met is yet to be determined but could have a devastating effect on South African orange exports to the European Union (EU).

## STAKEHOLDERS: INTERACTIONS WITH CUSTOMERS AND OTHER STAKEHOLDERS

The PPECB completed its annual customer satisfaction survey earlier this year. A satisfaction rating of 90% was received, up on the 84% of the previous year. Clients cited the PPECB's staff being willing to go the extra mile and improved engagement with the PPECB during a very difficult year as reasons for this rating.

Members of the management team visited Fruit Logistica again this year to interact with stakeholders from across the globe. Fruit Logistica is one of the largest fresh produce trade fairs and covers all sectors of the fresh produce industry. This year was no different, and the event attracted 40 661 visitors from 86 countries. The team also visited their German and Moroccan counterparts to share ideas and learn from one another.

Members of the Portfolio Committee (PC) on Agriculture, Land Reform and Rural Development (DALRRD) visited the PPECB on 29 March 2022 as part of their oversight role. The PC members were accompanied by senior DALRRD officials.

## SOCIO-ECONOMIC TRANSFORMATION: ENSURING TRANSFORMATION IN OUR INDUSTRY

Transformation remains a strategic focus area for the PPECB, and it will continue to seek partnerships to expand its transformation agenda. For the 2021/2022 fiscal year, the PPECB trained 302 smallholder farmers and certified another 89 as export-ready. The programme is managed in collaboration with the DALRRD and in all nine provinces.

The PPECB continues to invest in its people by providing technical and non-technical training. To this end, 2 923 people have been trained through 735 initiatives in 2021/2022. The training focused on developing soft skills and preparing the people for the future. The training included cyber security, leadership, the Protection of Personal Information Act No. 4 of 2013 (POPIA) and data analysis, among other things.

## TECHNOLOGY: CONTINUOUS IMPROVEMENT IN SYSTEMS

Project TITAN, which aims to eliminate the manual processes in quality inspections and export certification, continues to gain traction. The system data assists the PPECB in providing timeous and accurate statistical data to industry stakeholders and ensures accurate billing.

The adoption of the system by the larger commodities is grapes (98%), avocados (88%) and citrus (87%). For the coming season, it will be compulsory for citrus fruit inspections to take place on the TITAN 2.0<sup>®</sup> platform. Good progress has been made on the development of the container inspection module on TITAN 2.0<sup>®</sup>. A Stability Task Team consisting of industry role players, particularly clearing and forwarding agents and logistical service providers, has been formed to solicit improvements and address concerns on e-addendums. Additionally, various forums were established, comprising software vendors, call and forwarding agents, exporters and the PPECB, to support these initiatives. The objective of these forums is to provide end-to-end operational and technological solutions to the issues identified across the entire digital platform.

The PPECB has officially launched its data intelligence online platform called Intellex . A lot of interest was shown in the platform, and to date, 220 users have registered. Users will be requested to provide feedback on how they experience the platform so that the PPECB can make the necessary improvements.

During the last financial year, multiple infrastructure enhancements and projects were initiated to stabilise and create a robust platform to support the PPECB's strategy and digital transformation objectives. The key infrastructure initiatives for the last financial year were private cloud migration, Software-Defined Wide Area Network (SD-WAN), Access Point Network (APN), Voice Over IP (VOIP) and the server and Local Area Network (LAN) refresh.

Not only has the PPECB invested in Information and Communications Technology (ICT) hardware and software, but it has also invested in people skills. We have created an internal development academy for our development staff where we are developing an in-house training programme. The programme will formalise and implement a training plan for developers that brings them up-to-speed with the current trends and allows for the transfer of the knowledge gained.

The PPECB is busy implementing an Enterprise Resource Planning (ERP) system to deliver business value, system integration and business intelligence (BI). The ERP system will replace legacy information and financial systems at the PPECB, optimise resources and processes, and enhance efficiencies. Going forward, it will become the platform that the PPECB uses to communicate and interact with its clients and vendors. The implementation of the ERP system is in line with the PPECB's strategic focus on digitalisation and the drive towards a more customer-centric approach. We look forward to the efficiencies it will bring about and trust our clients and vendors will benefit from its implementation.

The PPECB Laboratory has continued battling a decline in sample volumes over the last year and has once again incurred a financial loss. However, a turnaround strategy in collaboration with DALRRD to refocus the Laboratory will be implemented during the coming financial year. DALRRD has further reiterated the importance of the PPECB Laboratory in terms of ensuring compliance.

## **RESULTS: CONTINUED GOOD PERFORMANCE**

The PPECB achieved a surplus for the year ended 31 March 2022 of R35.4 million compared to a surplus of R23.4 million for the same period last year. Income grew by 15.3%, while expenses only grew by 13.5%. The PPECB's largest cost remains its employee costs since it is a service-orientated organisation. The second largest expense was computer expenses. This cost showed the largest year-on-year growth as the PPECB continued its digitalisation drive. The PPECB's financial position at year-end remains strong, with cash reserves of R149.7 million, working capital of R144.1 million and a general reserve fund of R132.8 million.

I am pleased to report that the PPECB has again achieved an unqualified audit opinion.

The Board commissioned an independent external service provider – Grant Thornton - to evaluate the functionality of the Board. This was done via questionnaires, a review of Board documentation and interviews. The overall score for the Board was 4.2, indicating that the Board was performing above expectations.

## **IN GRATITUDE: MY THANKS TO OUR CLIENTS, SHAREHOLDER AND THE BOARD**

Thank you to our clients for their continued support of the PPECB. We acknowledge the tough times the industry finds itself in, and we are doing whatever we can to smooth the waters. Thank you also to the Honourable Minister Thokozile Didiza, the Portfolio Committee and the team at DALRRD for their ongoing support and assistance.

All of this would not be possible without the expert guidance and support of my fellow Board members. Thank you for your commitment and your unwavering leadership of the PPECB. Together with the management team, we have made good progress on our strategy and look forward to the next chapter in the evolution of the PPECB.